# UNIT I

## INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

Human Resource Management (HRM) is a relatively new approach to managing people in any organisation. People are considered the key resource in this approach. it is concerned with the people dimension in management of an organisation. Since an organisation is a body of people, their acquisition, development of skills, motivation for higher levels of attainments, as well as ensuring maintenance of their level of commitment are all significant activities. These activities fall in the domain of HRM.

Human Resource Management is a process, which consists of four main activities, namely, acquisition, development, motivation, as well as maintenance of human resources.

*French Wendell*, defines ―Human resource management as the recruitment, selection, development, utilisation, compensation and motivation of human resources by the organisation‖. According to *Edwin B. Flippo,* ―Human resource management is the planning, organising, directing and controlling of the procurement, development, resources to the end that individual and societal objectives are accomplished. This definition reveals that human resource (HR) management is that aspect of management, which deals with the planning, organising, directing and controlling the personnel functions of the enterprise.

### Personnel Management VS Human Resource Management

Contemporary Human Resource Management, as a part and parcel of management function, underscores strategic approach to management in areas of acquisition, motivation, and management of people at work.

Human Resource Management derives its origin from the practices of the earlier personnel management, which assisted in the management of people in an organisation setup. Human Resource Management leverages setting up the systems and procedures for ensuring efficiency, controlling and providing equality of opportunities for all working for the organisation.

Human Resource Management (HRM) differs from Personnel Management (PM) both in scope and orientation. HRM views people as an important source or asset to be used for the

benefit of organisations, employees and society. There are several similarities between Human Resource Management (HRM) and Personnel Management (PM)

(a) Both models emphasise the importance of integrating personnel/HRM practices with organisational goals.

(b) Both models vest Personnel/HRM firmly in line management.

(c) Human Resource Management (HRM) and Personnel Management (PM) both models emphasise the importance of individuals fully developing their abilities for their own personal satisfaction to make their best contribution to organisational success.

(d) Both models identify placing the right people into the right jobs as an important means of integrating personnel/HRM practice with organisational goals.

**Key Differences Between Personnel Management and Human Resource Management**

The following are the major differences between Personnel Management and Human Resource Management:

1. The part of management that deals with the workforce within the enterprise is known as Personnel Management. The branch of management, which focuses on the best possible use of the enterprise's manpower is known as Human Resource Management.

2. Personnel Management treats workers as tools or machines whereas Human Resource Management treats it as an important asset of the organisation.

3. Human Resource Management is the advanced version of Personnel Management.

4. Decision Making is slow in Personnel Management, but the same is comparatively fast in Human Resource Management.

5. In Personnel Management there is a piecemeal distribution of initiatives. However, integrated distribution of initiatives is there in Human Resource Management.

6. In Personnel Management, the basis of job design is the division of work while, in the case of Human Resource Management, employees are divided into groups or teams for performing any task.

7. 		In PM, the negotiations are based on collective bargaining with the union leader. Conversely, in HRM, there is no need for collective bargaining as individual contracts exists with each employee.

8. 		In PM, the pay is based on job evaluation. Unlike HRM, where the basis of pay is performance evaluation.

9. 		Personnel management primarily focuses on ordinary activities, such as employee hiring, remunerating, training and harmony.

## OBJECTIVES OF HUMAN RESOURCE MANAGEMENT

The primary objective of HRM is to ensure the availability of competent and willing workforce to an organization. The specific objectives include the following:

1) **Human capital :** assisting the organization in obtaining the right number and types of employees to fulfill its strategic and operational goals

2) Developing organizational climate: helping to create a climate in which employees are encouraged to develop and utilize their skills to the fullest and to employ the skills and abilities of the workforce efficiently

3) Helping to maintain performance standards and increase productivity through effective job design; providing adequate orientation, training and development; providing performance-related feedback; and ensuring effective two-way communication.

4) Helping to establish and maintain a harmonious employer/employee relationship

5) Helping to create and maintain a safe and healthy work environment

6) Developing programs to meet the economic, psychological, and social needs of the employees and helping the organization to retain the productive employees

7) Ensuring that the organization is in compliance with provincial/territorial and federal laws affecting the workplace (such as human rights, employment equity, occupational health and safety, employment standards, and labour relations legislation). To help the organization to reach its goals

8) To provide organization with well-trained and well-motivated employees

9) To increase the employees satisfaction and self-actualization

10) To develop and maintain the quality of work life

11) To communicate HR policies to all employees.

12) To help maintain ethical polices and behavior.

The above stated HRM objectives can be summarized under four specific objectives: societal, organizational, and functional and personnel.

**Objectives of HRM**

**1) Societal Objectives**: seek to ensure that the organization becomes socially responsible to the needs and challenges of the society while minimizing the negative impact of such demands upon the organization. The failure of the organizations to use their resources for the society's benefit in ethical ways may lead to restriction.

**2) Organizational Objectives**: it recognizes the role of HRM in bringing about organizational effectiveness. It makes sure that HRM is not a standalone department, but rather a means to assist the organization with its primary objectives. The HR department exists to serve the rest of the organization.

**3) Functional Objectives:** is to maintain the department's contribution at a level appropriate to the organization's needs. Human resources are to be adjusted to suit the organization's demands. The department's value should not become too expensive at the cost of the organization it serves.

**4) Personnel Objectives:** it is to assist employees in achieving their personal goals, at least as far as these goals enhance the individual's contribution to the organization. Personal objectives of employees must be met if they are to be maintained, retained and motivated. Otherwise employee performance and satisfaction may decline giving rise to employee turnover.

The scope of Human Resource Management refers to all the activities that come under the banner of Human Resource Management. These activities are as follows.

*Human resources planning :-*

Human resource planning or Human Resource Planning refers to a process by which the company to identify the number of jobs vacant, whether the company has excess staff or shortage of staff and to deal with this excess or shortage.

*Job analysis design :-*

Another important area of Human Resource Management is job analysis. Job analysis gives a detailed explanation about each and every job in the company.

*Recruitment and selection :-*

Based on information collected from job analysis the company prepares advertisements and publishes them in the newspapers. This is recruitment. A number of applications are received

after the advertisement is published, interviews are conducted and the right employee is selected thus recruitment and selection are yet another important area of Human Resource Management.

### Orientation and induction :-

Once the employees have been selected an induction or orientation program is conducted. This is another important area of Human Resource Management. The employees are informed about the background of the company, explain about the organizational culture and values and work ethics and introduce to the other employees.

### Training and development :-

Every employee goes under training program which helps him to put up a better performance on the job. Training program is also conducted for existing staff that have a lot of experience. This is called refresher training. Training and development is one area where the company spends a huge amount.

### Performance appraisal :-

Once the employee has put in around 1 year of service, performance appraisal is conducted that is the Human Resource department checks the performance of the employee. Based on these appraisal future promotions, incentives, increments in salary are decided.

### Compensation planning and remuneration :-

There are various rules regarding compensation and other benefits. It is the job of the Human Resource department to look into remuneration and compensation planning.

### Motivation, welfare, health and safety :-

Motivation becomes important to sustain the number of employees in the company. It is the job of the Human Resource department to look into the different methods of motivation. Apart from this certain health and safety regulations have to be followed for the benefits of the employees. This is also handled by the HR department.

### Industrial relations :-

Another important area of Human Resource Management is maintaining co-ordinal relations with the union members. This will help the organization to prevent strikes lockouts and ensure smooth working in the company.

**Approaches of Human Resource Management**
iEduNote.com

| | |
|---|---|
| Strategic Approach | Commodity Approach |
| Management Approach | Proactive Approach |
| Human Resource Approach | Reactive Approach |
| | System Approach |

1. **Strategic Approach**

People are the strategic asset of an organization. People have core competencies, the basis of competitive advantage.

Human resources are the combination of talent and skills; some are inborn and other skills they have acquired through learning and education. The **strategic HRM approach focuses on people management** programs and long-term solutions.

2. **Management Approach**

HRM is a part of general management. **Management is nothing but managing people in the workplace**. Managers at all levels are responsible for managing their employees or subordinates.

3. **Human Resource Approach**

People are human beings with a lot of potentials and intellectual abilities. It is important to treat people with respect and dignity.

4. **Commodity Approach**

People are a commodity. They are viewed as a cog of a machine. People can be hired and fired through money. It is money that matters most. There is a saying, "money is sweeter than honey." This approach views people as economic men.

### 5. Proactive Approach

HR managers must anticipate the challenges or problems before they arise. Prevention is better than cure.

In a perfect world, every startup would take the proactive approach and build their company from the beginning by identifying not only the **mission**, **vision**, **values**, **goals**, **objectives**, etc., but will determine where they want to go in the short- and long-term and build a holistic, aligned organization beginning at the founder level where they can attract, hire, and retain the top talent to get them where they want to go."

### 6. Reactive Approach

It occurs when decision-makers respond to problems. If efforts are reactive only, problems may be compounded, opportunities may be missed, and organizations may suffer loss. Companies may lose time and money if they take a reactive approach.

### 7. System Approach

A system is a set of interrelated but separate elements or parts working together for a common goal.

For example, HRM is a system that may have parts such as procurement, **training**, **performance appraisal** and reward, etc. One part affects and is affected by the other.

**Competitive Advantage Through Human Resource Management**

Organizations are operating in a dynamic and competitive environment. They need to create and sustain a competitive advantage if they want to survive and grow. A traditional source of competitive advantage has been eroded. Now it is believed that productivity is through people.

People provide an organization with a source of competitive advantage. Various studies have concluded that an organization's human resources can be a significant source of competitive advantage. The human factor is the only organizational resource that can develop a competitive advantage.

Achieving competitive success through people requires a basic change in how managers think about their employees and how they view the working relationship. For gaining competitive advantage through people,

Professor Pfeffer of Harvard University suggested few HRM guidelines and these are listed below:

- Employment security.
- Selective recruiting.
- High and lucrative wages.
- Incentive pay.
- Employee ownership.
- Employee empowerment and participation.
- Information sharing.
- Training and development of skills.
- Treat people with respect and dignity.
- Wage compression.
- Promotion from within.

**Employment Security**

Employment security is a critical element of a high-performance work arrangement. The security of employment signals a longstanding commitment by the organization to its workforces.

Feeling of stable employment may generate loyalty, commitment, or willingness to expend extra efforts for the organization's benefits.

## Selective Recruiting

Organizations serious about making a profit through people will expend the efforts needed to ensure that they recruit the right people in the first place. Organizations need to have a large applicant pool from which to select the right person.

Firms serious about selection put applicants through several rounds of interviews and a rigorous selection procedure. Japanese companies have a reputation for their extensive screening of employees.

## High and Lucrative Wages

An organization can attract and retain qualified candidates if it pays a high and lucrative pay package.

Higher wages tend to attract more outstanding applicants, permitting the organization to be more selective in finding people who will be committed to the organization. Higher wages send a message that the organization values its people. Low labor costs cannot ensure competitive success for a long time.

## Incentive Pay

The pay system should be based on the performance or productivity of employees. Employees will contribute more if they earn more. The contingent incentive can take many forms, such as gain sharing, profit sharing, stock ownership, pay for skills, or various forms of individual or team incentives.

## Employee Ownership

Organizations should make an employee a mini-employer. This can be done by a stock ownership plan. This may increase their sense of ownership.

## Employee Empowerment and Participation

Empowerment indicates many things to many experts. It refers to mutual influence, creative distribution of power, and shared responsibility. It is a democratic and long-lasting process.

Empowering enables people to use their talents and capabilities, fosters accomplishment, invests in learning, finds the spirit in an organization and builds effective relationships, informs, leads, coaches, serves, creates, and liberates.

Participation increases both satisfaction and employee productivity. Managers should encourage the decentralization of decision making.

**Information Sharing**

If people are to be a source of competitive advantage, they must have the information necessary to do what is required to be successful.

Information sharing is an essential element of high-performance work systems. The sharing of information on issues like budget, strategy, and financial performance conveys the people of an organization that they are trusted.

**Training and Development of Skills**

Training is an essential component of high-performance works systems because these systems rely on front line employee's skill and initiative to identify and resolve problems, to initiate change in work methods, and to take responsibility for quality.

**Treat People with Respect and Dignity**

Dignity is a term used in moral, ethical, legal, and political discussions to signify that human being has an innate right to be valued and receive ethical treatment.

**Wage Compression**

Pay differential among the [levels of management](#) should be lower. Wage compression between senior managers and other employees will reduce status differences and develop a sense of common fate. A huge pay gap may damage the cooperative spirit between managers and workers.

**Promotion from Within**

It is of vital importance to [encourage employee promotion from within the organization](#). This practice may boost employee morale. It encourages training and skill development because of the availability of promotion opportunities within the firm bind workers to employers and vice versa.

# HR AS A STRATEGIC PARTNER

The role of HR as a strategic partner is to develop and direct an HR agenda that supports and drives the overarching goals of the organization.

In other words, **a strategic HR partner bridges the gap between the work of the HR team on the ground and the mission of the C-suite**.

To do this, strategic HR partners make sure that the HR policy, procedures, and governance align with the big picture. Strategic HR partners ask, "How can HR help create an engaging, high-performance culture that drives the whole business forward?"

## HR Manager vs. HR as a Strategic Partner

So what's the difference between a strategic partner and an HR manager? While your HR department can operate as a strategic partner collectively, the individual roles of a strategic HR partner and a manager are distinct.

**The strategic HR partner is responsible for working with the senior leadership of the company to develop and communicate the organization's strategy.** It is a high-level, birds-eye-view role.

Unlike an HR manager whose job is involved in the day-to-day administration of HR policy and programs (such as payroll and recruiting), a strategic HR partner operates as a:

- Strategic advisor
- Problem solver
- Mentor and coach
- Independent leader

## Why you should become a strategic HR partner

Too often, HR teams operate in a silo, disconnected from the conversations and decision making happening among senior leadership. This fosters misalignment between HR and the rest of the business and hinders HR's ability to support (and ultimately drive) strategic business outcomes.

Successful, high-performance organizations build alignment across teams and departments. And HR is uniquely positioned to enable and promote this kind of engagement when working together with senior leadership as a strategic partner.

HR is the glue that binds teams and organizations together—which means it has potential for high impact across the organization. From behind-the-scenes administration to internal communication, leadership training, and recruiting and onboarding programs, HR plays a critical role in company culture, employee engagement, and ultimately, business performance.

That's where HR as a strategic partner can really make a difference for both HR efforts and overall business success.

Strategic HR partners can help drive individual, team, and organizational performance by:

- Connecting HR efforts and initiatives to business goals
- Collaborating with leadership to communicate the company mission and strategy
- Building HR programs, policies, and initiatives strategically

**How to become a strategic HR partner**

Executives want HR leaders who are strategic partners. Use the following tips to become a strategic HR partner and start transforming the HR relationship in your organization.

**1. Know your business.**

While you probably have an in-depth knowledge of HR operations, to be a successful business partner, you have to understand the entire business inside and out.

Take time to educate yourself on the company products, services, and business model. Spend a day shadowing employees "on the ground" to see how they work, what processes they follow, and uncover key strengths and pain points.

Understanding how each department and role actually work and how it all fits together is the first step to being able to act strategically.

**2. Look at the big picture.**

It's easy to get stuck in the weeds of HR. The daily HR operations touch every aspect of the business from compensation and benefits to hiring and firing.

However, if you want to be a strategic partner, you can't be constantly stuck in firefighter mode. You need to be able to zoom out and look at the big picture. Take time to assess the current state of HR and think about the long-term future of your organization.

Consider what your needs will be for the next 1-5 years so you can plan the programs and processes that will help your company reach its goals now and in the future.

**3. Make data-driven decisions.**

Data is your friend. HR strategy should always be driven by data and evidence—not hunches or assumptions. Get comfortable pulling reports and reviewing and analyzing data.

Your ability to use data to identify key insights and tell stories that drive action on the right things at the right time is one of the most valuable contributions a strategic HR partner can make.

**4. Assess business readiness and prioritize investment.**

Since no business has an unlimited budget, you won't be able to invest in every idea or opportunity. As a strategic HR partner, you need to be able to identify what resources are available and where to invest them for the most impact.

Use the data and HR metrics you've compiled to evaluate whether you have the organizational resources and support for different strategies and prioritize your plans accordingly. This is where your value as a strategic partner comes in focus. The more effective you are at assessing business readiness and priorities, the more aligned your HR efforts will be with the overall business goals.

HR has the potential to make a huge impact on your business success.

# UNIT- II

## HUMAN RESOURCE PLANNING, RECRUITMENT & SELECTION

## JOB ANALYSIS

Job analysis is **the procedure through which you determine the duties and nature of the jobs and the kinds of people who should be hired for their goal**. It provides to write job descriptions and job specifications, which are utilized in recruitment and selection, compensation, performance appraisal, and training.

Job analysis refers to a systematic process of collecting all information about a specific job, including skill requirements, roles, responsibilities and processes in order to create a valid job description. Job analysis also gives an overview of the physical, emotional & related human qualities required to execute the job successfully.

Job analysis is an important step in ensuring that the right candidate is selected.

**Edwin B. Flippo defined Job Analysis as the process of studying and collecting information relating to the operations and responsibilities of a specific job.**

**Job Analysis Process**

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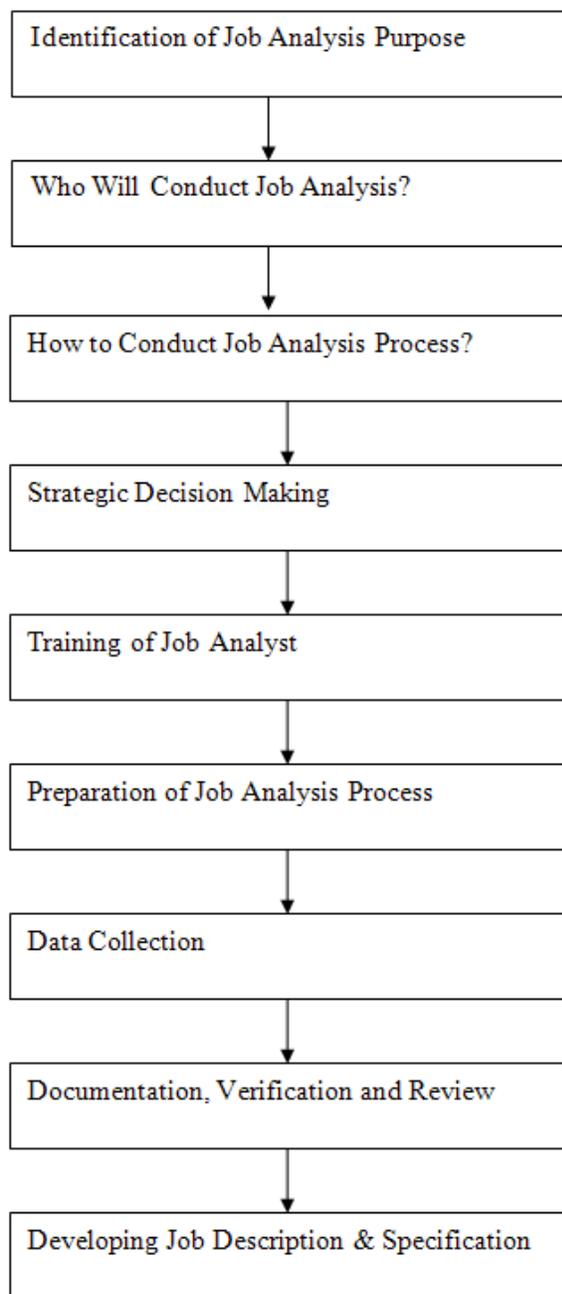
- **Identification of Job Analysis Purpose:** Well any process is futile until its purpose is not identified and defined. Therefore, the first step in the process is to determine its need and desired output. Spending human efforts, energy as well as money is useless until HR managers don't know why data is to be collected and what is to be done with it.

- **Who Will Conduct Job Analysis:** The second most important step in the process of job analysis is to decide who will conduct it. Some companies prefer getting it done by their own HR department while some hire job analysis consultants. Job analysis consultants may prove to be extremely helpful as they offer unbiased advice, guidelines and methods. They don't have any personal likes and dislikes when it comes to analyze a job.

- **How to Conduct the Process:** Deciding the way in which job analysis process needs to be conducted is surely the next step. A planned approach about how to carry the whole process is required in order to investigate a specific job.

- **Strategic Decision Making:** Now is the time to make strategic decision. It's about deciding the extent of employee involvement in the process, the level of details to be collected and recorded, sources from where data is to be collected, data collection methods, the processing of information and segregation of collected data.

- **Training of Job Analyst:** Next is to train the job analyst about how to conduct the process and use the selected methods for collection and recoding of job data.

- **Preparation of Job Analysis Process:** Communicating it within the organization is the next step. HR managers need to communicate the whole thing properly so that employees offer their full support to the job analyst. The stage also involves preparation of documents, questionnaires, interviews and feedback forms.

- **Data Collection:** Next is to collect job-related data including educational qualifications of employees, skills and abilities required to perform the job, working conditions, job activities, reporting hierarchy, required human traits, job activities, duties and responsibilities involved and employee behaviour.

- **Documentation, Verification and Review:** Proper documentation is done to verify the authenticity of collected data and then review it. This is the final information that is used to describe a specific job.

- **Developing Job Description and Job Specification:** Now is the time to segregate the collected data in to useful information. Job Description describes the roles, activities, duties and

responsibilities of the job while job specification is a statement of educational qualification, experience, personal traits and skills required to perform the job.

**USES OF JOB ANALYSIS**

1. **Job Descriptions** – Job descriptions define what a job is by identifying its content, requirements and context.   Because job descriptions provide a written summary of the duties and responsibilities of the job, they help managers and current and prospective employees understand what the job is and how it is to be performed.

2. **Job Specification** – Job specifications focus on the personal characteristics and qualifications that an employee must possess to perform the job successfully.

3. **Job Design** – Job design identifies what work must be performed, how it will be performed, where it is to be performed and who will perform it. Job analysis information is invaluable in determining which tasks should be grouped together to form a job and structuring jobs so that employee satisfaction and performance can be enhanced.

4. **Organisational Structure and Design** – Job analysis by clarifying job requirements and the inter relationships among jobs means content and tasks duties and responsibilities at all levels can be specified, thus promoting efficiency by minimizing overlap or duplication. Job analysis information is invaluable in determining which tasks should be grouped together to form a job and structuring jobs so that employee satisfaction and performance can be enhanced.

5. **HR Planning** – HR or personnel planning involves "getting the right number of qualified people into the right job at the right time".   Job analysis information is essential for this if the number and types of employees to be recruited or exited from the organisation are to be accurately determined.

6. **Recruitment** – Job analysis information helps the HR Manager attract better qualified candidates by identifying who to recruit and how and where to recruit them by establishing the job requirements that must meet. In addition, job analysis permits the HR Manager to provide realistic job previews by highlighting irrelevant and or distorted job information.

7. **Selection** – Job analysis information identifies what the job is by defining what duties and responsibilities must be performed. This facilitates the development of job related selection

techniques, helps ensure that EEO requirements are met, and increases the likelihood of a proper matching of an applicant with a job. Finally, job analysis information can be used to validate the selection techniques.

8. **Orientation** – Effective job orientation requires a clear understanding of the work to be performed. A new employee cannot be properly taught how to do a job if job duties and responsibilities are not clearly defined.

9. **Performance Appraisal** – Job analysis information is essential to the establishment of performance standards. Through job analysis a thorough understanding of what the employee is supposed to do is obtained. Without this, acceptable levels of performance cannot be determined or an accurate measure of actual performance obtained.

10. **Training and Development** – Job analysis information is used to design and implement training and development programs. The job specification defines the knowledge, skills and abilities required for successful job performance. This allows the HR Manager to establish training and development objectives, design programs and determine whether or not a current or potential employee requires training.

11. **Career planning and Development** – HR Managers are better placed to offer career guidance when they have a good understanding of the types of jobs existing in an organisation. Similarly, by identifying jobs and job requirements, employees become aware of their career options and what constitutes a realistic career objective for them in the organisation.

12. **Compensation and Benefits** – The job description is the foundation of job evaluation. It summarises the nature and requirements of the job and permits its evaluation relative to other jobs. Once the relative worth of a job has been determined an equitable level of compensation and benefits can be assigned.

13. **Health & Safety** – Job analysis information helps create a healthy and safe working environment. Jobs with hazardous conditions methods or procedures can be identified and redesigned to eliminate or reduce exposure to health and safety hazards.

14. **Industrial Relations** – Misunderstandings and disagreement among managers, employees and unions over job content is a major source of grievance and demarcation disputes. Job analysis

information can help avoid such [disputes](#) by providing a clear description of tasks and responsibilities and identifying the formal qualifications, skills, abilities, knowledge and experience required to successfully perform the work.

**JOB ANALYSIS METHODS**
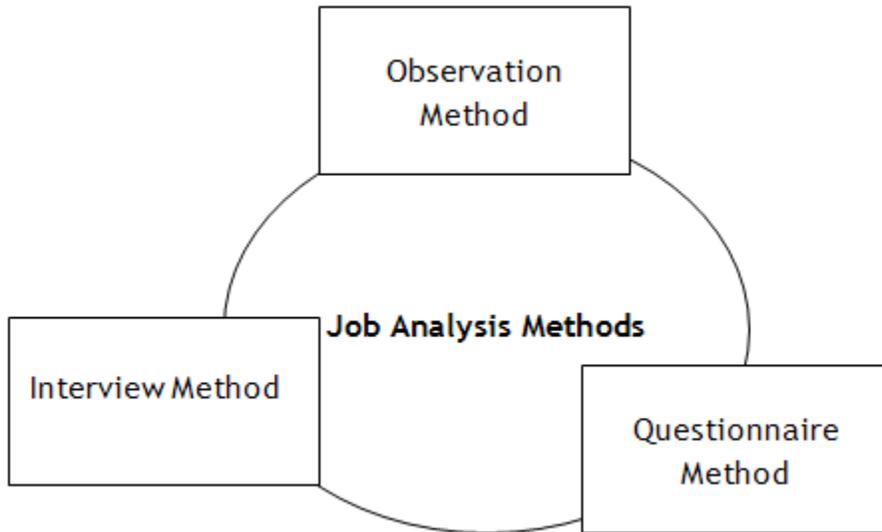


Most Common Methods of Job Analysis

**Observation Method:**

A job analyst observes an employee and records all his performed and non-performed task, fulfilled and un-fulfilled responsibilities and duties, methods, ways and skills used by him or her to perform various duties and his or her mental or emotional ability to handle challenges and risks. However, it seems one of the easiest methods to analyze a specific job but truth is that it is the most difficult one. Why? Let's Discover.

It is due to the fact that every person has his own way of observing things. Different people think different and interpret the findings in different ways. Therefore, the process may involve personal biasness or likes and dislikes and may not produce genuine results. This error can be avoided by proper training of job analyst or whoever will be conducting the job analysis process.

This particular method includes three techniques: direct observation, Work Methods Analysis and Critical Incident Technique. The first method includes direct observation and recording of behaviour of an employee in different situations. The second involves the study of time and motion and is specially used for assembly-line or factory workers. The third one is about identifying the work behaviours that result in performance.

**Interview Method:**

In this method, an employee is interviewed so that he or she comes up with their own working styles, problems faced by them, use of particular skills and techniques while performing their job and insecurities and fears about their careers.

This method helps interviewer know what exactly an employee thinks about his or her own job and responsibilities involved in it. It involves analysis of job by employee himself. In order to generate honest and true feedback or collect genuine data, questions asked during the interview should be carefully decided. And to avoid errors, it is always good to interview more than one individual to get a pool of responses. Then it can be generalized and used for the whole group.

**Questionnaire Method:**

Another commonly used job analysis method is getting the questionnaires filled from employees, their superiors and managers. However, this method also suffers from personal biasness. A great care should be takes while framing questions for different grades of employees.

In order to get the true job-related info, management should effectively communicate it to the staff that data collected will be used for their own good. It is very important to ensure them that it won't be used against them in anyway. If it is not done properly, it will be a sheer wastage of time, money and human resources.

These are some of the most common methods of job analysis. However, there are several other specialized methods including task inventory, job element method, competency profiling, technical conference, threshold traits analysis system and a combination of these methods. While choosing a method, HR managers need to consider time, cost and human efforts included in conducting the process.

# HUMAN RESOURCE PLANNING

Meaning Human Resource Planning:

Human resource is the most important asset of an organisation. Human resources planning are the important managerial function. It ensures the right type of people, in the right number, at the right time and place, who are trained and motivated to do the right kind of work at the right time, there is generally a shortage of suitable persons.

The enterprise will estimate its manpower requirements and then find out the sources from which the needs will be met. If required manpower is not available then the work will suffer. Developing countries are suffering from the shortage of trained managers.

According to E.W. Vetter, human resource planning is "the process by which a management determines how an organisation should make from its current manpower position to its desired manpower position.

## Objectives of HRP

(i) Proper assessment of human resources needs in future.

(ii) Anticipation of deficient or surplus manpower and taking the corrective action.

(iii) To create a highly talented workforce in the organization.

(iv) To protect the weaker sections of the society.

(v) To manage the challenges in the organization due to modernization, restructuring and re-engineering.

(vi) To facilitate the realization of the organization's objectives by providing right number and types of personnel.

(vii) To reduce the costs associated with personnel by proper planning.

(viii) To determine the future skill requirements of the organization.

(ix) To plan careers for individual employee.

(x) Providing a better view of HR dimensions to top management.

(xi) Determining the training and development needs of employees.

**HUMAN RESOURCE PLANNING PROCESS**

The Human Resource Planning is a process of forecasting the organization's demand for and supply of manpower needs in the near future.

**Human Resource Planning Process**



1. **Determining the Objectives of Human Resource Planning:**

   The foremost step in every process is the determination of the objectives for which the process is to be carried on. The objective for which the manpower planning is to be done should be defined precisely, so as to ensure that a right number of people for the right kind of job are selected. The objectives can vary across the several departments in the organization such as the personnel demand may differ in marketing, finance, production, HR department, based on their roles or functions.

2. **Analyzing Current Manpower Inventory:**

   The next step is to analyze the current manpower supply in the organization through the stored information about the employees in terms of their experience, proficiency, skills, etc. required to perform a particular job. Also, the future vacancies can be estimated, so as to plan for the manpower from both the internal (within the current employees) and the external (hiring

candidates from outside) sources. Thus, it is to be ensured that reservoir of talent is maintained to meet any vacancy arising in the near future.

3. **Forecasting Demand and Supply of Human Resources:**

Once the inventory of talented manpower is maintained; the next step is to match the demand for the manpower arising in the future with the supply or available resources with the organization. Here, the required skills of personnel for a particular job are matched with the job description and specification.

4. **Analyzing the Manpower Gaps:**

After forecasting the demand and supply, the manpower gaps can be easily evaluated. In case the demand is more than the supply of human resources, that means there is a deficit, and thus, new candidates are to be hired. Whereas, if the Demand is less than supply, there arises a surplus in the human resources, and hence, the employees have to be removed either in the form of termination, retirement, layoff, transfer, etc.

5. **Employment Plan/Action Plan:**

Once the manpower gaps are evaluated, the action plan is to be formulated accordingly. In a case of a deficit, the firm may go either for recruitment, training, interdepartmental transfer plans whereas in the case of a surplus, the voluntary retirement schemes, redeployment, transfer, layoff, could be followed.

6. **Training and Development:**

The training is not only for the new joinees but also for the existing employees who are required to update their skills from time to time. After the employment plan, the training programmes are conducted to equip the new employees as well as the old ones with the requisite skills to be performed on a particular job.

7. **Appraisal of Manpower Planning:**

Finally, the effectiveness of the manpower planning process is to be evaluated. Here the human resource plan is compared with its actual implementation to ensure the availability of a number of employees for several jobs. At this stage, the firm has to decide the success of the plan and control the deficiencies, if any.

# METHODS OF HRP

Human resource planning uses methods within recruiting, development and employee retention to achieve organizational goals. Workforce analysis allows human resources to compare the current workforce to future employment needs. Determining future requirements allows for methods of attracting, training and retaining of quality employees to fulfill key roles within the organization.

## 1. Workforce Analysis

Human resources must consider what kind of future workforce is needed to satisfy the organization's strategic objectives. By analyzing the current workforce and comparing to future employment requirements, it can discover what gaps or surpluses exist. This information allows human resources to prepare plans that adjust the workforce as needed. An organization that plans to increase sales by 50 percent in the next three years may require the workforce to grow by 5 percent. After considering what employment changes are needed, human resources should prepare evaluation plans to ensure the future workforce meets objectives.

## 2. Seminars and Job Fairs

To achieve strategic objectives, human resources must plan for attracting and recruiting employees in quality and quantity. Seminars and job fairs offer employers an opportunity to introduce themselves, advertise and promote the company. Participating in fund-raising events and other social functions is another method for attracting and recruiting job candidates.

## 3. Training Programs

To improve its current and future workforce, human resource planning must focus on employee development or training. Training and development programs can improve general employee skills such as customer service and sales training or focus on specific work-related skills. Training and retraining programs can also reduce current and future liability with employee safety emphasis.

## 4. Retention Programs

Retaining employees is difficult because of the other employment opportunities that may attract them. But human resources can reduce the the likelihood of employee departures by

planning retention programs. These programs can focus on employee recognition and benefits. They can also include rewards, advancement or growth and work-life balancing. By showing a sincere interest in employees and valuing their contributions, the organization is able to further increase employee retention. In the unfortunate event an employee decides to leave, exit interviews provide valuable feedback that can assist the organization with employee loss prevention.

## RECRUITMENT PROCESS

Recruitment Process can be defined as "it is a way to attract and find potential manpower to fill up the vacant post in the company". The HR Recruitment Process helps to hire candidates based on their ability to work and attitude which is essential for accomplishment of organizational goals.

The Recruitment Process in human resource management starts with identification of job vacancy in the organization, later the HR department analyzes the job requirement, review the job application, screen and shortlist the desirable candidates and the process ends with hiring of right and best candidate for the job.

**What is Recruitment Process in HRM?**

The recruitment process is the most important function of HRM department. The Human Resource Manager use different tactics to reach the potential candidate. The recruitment method used to contact the candidates differs based on the source of recruitment.

The Recruitment In-charge often does the job analysis to find out the skills and ability to perform the job. Once the skills and abilities required are clear they start searching for people with such specialties. The HRM department explains the potential candidate about their job profile and the benefits (rewards) they can gain from the organization.

## Methods of Recruitment

There are three significant methods of recruitment which are regularly used in the corporate world namely:

1. Direct Recruitment Methods

2. Indirect Recruitment Methods

3. Third Party Recruitment Methods

The major difference between direct and indirect method of recruitment is that the organization send a representative to contact the potential candidate (which means direct contact) in the case of direct recruitment method while in the case of indirect recruitment methods the candidates are informed about job vacancy through different channel of advertisement.

**Direct Recruitment Methods:**

The campus recruitment is a major part of recruitment carried out using direct method. The organization sends a representative from HRM department in educational institutes to interact with potential candidates. The candidates who are seeking for jobs are explained about the job vacancy in the organization and the skills which are required to perform the job. The representative interacts with the candidates with the help of placement cells of the institutions. A briefing session is conducted before the actual screening and interview process.

The Organization (Employer) gets information about the academic records of the candidates through the placement cell. Once the organization is ensured about the presence of excellent working skills in the candidate the Human Resourse Representative is sent to the institution to conduct recruitment process. The organization use various recruitment methods like conducting seminars, participating in conventions, job fair to recruit the candidates using direct method. Through this method the candidates from the academic background of engineering, management and medical science are mostly recruited by the organization.

**Indirect Recruitment Methods:**

In the indirect method of recruitment the organization use the advertisement channel such as news papers, radio, job sites, radio, television, magazines and professional journals to reach the potential candidates. The advertisement provides information about the job requirement, the range of salary offered, the type of job (full time or part time) and job location. The candidates who are interested in the job apply for it and share their resume with the organization.

The Human Resource Management (HRM) Department of an organization uses indirect method of recruitment in three situations :

- When organization doesn't have a suitable employee who can be promoted to perform the higher position jobs.

- When the organization is new to the work territory and want to reach out new talent in the market

This method is often used to fill up the vacancy in scientific, technical and professional department.

To fill up the higher position in the organization the widely dispersed advertisement is very useful as it helps the company to reach various suitable candidates. Many organizations also use blind advertisement to reach out candidates in which the identity of the organization is not revealed.

**Third Party Recruitment Methods:**

The third party method of recruitment includes the helping hands which are outside the organization. The Recruitment Consultant or Employment Agencies, Search & Select Companies, Employee Referral, Voluntary Organization, Data Banks, Trade Unions and Labor Contractors are different channels which help the organization to establish contact with the potential candidates.

## Recruitment Process Steps

Broadly, there are five steps of recruitment process in HRM which is used by many companies in corporate world to increase the efficiency of hiring. The five Recruitment Process Steps ensure that recruitment takes place without any interruption and within the allotted time period. It also helps to maintain compliance and consistency in the recruitment process.

**Five Best Recruitment Process Steps:**

1. Recruitment Planning
2. Strategy development
3. Searching
4. Screening
5. Evaluation and control

1. **Recruitment Planning**

It is the first step of HR Recruitment Process in which the job vacancies in the organization are analyzed and relevant job description is prepared. It also includes preparation of job specification and details about qualification and skills needed to perform the job.

This step is very vital for recruitment process as it helps in attracting the right and suitable candidates for the job. Based on the education and experience requirement described in the recruitment plan a pool of interested candidate can be created.

2. **Strategy Development**

After the job description and job specification is prepared the organization decides the number of recruits needed to work on the profile to close the vacancy as soon as possible. The recruiter decides the strategy that should be adopted for successful recruitment of employee. The strategic draft includes the following point:-

**Sources of Recruitment**- Based on the job position and skills required to perform the job the recruiter choose the source of recruitment. The internal and external are the two categories of the recruitment source. This decision is critical as rest of the recruitment strategy is based on this step of recruitment.

**Methods of Recruitment**- The HRM department decides on the method of recruitment whether the firm wants to recruit the candidate using direct or indirect method. A lot of companies now are using third party recruitment method and outsourcing some part of recruitment process to the experienced consulting firms.

**Geographical Area**- The location of job is fixed and thus recruitment team has to decide the area from which they can search candidates who want to join the job. The area in which large amount of qualified candidates are located is selected to search the suitable employee for the organization.

**Make Employees or Buy Employees**- The investment required for recruitment is depending on this decision. The organization can choose to select the skilled employees and pay them appropriate salary or can selected less qualified people and trained them to perform better.

3. **Searching**

The searching step is divided into two parts that is :

      i. Source activation

      ii. Selling.

The activation took place when the department which has vacancy confirms it to the HR manager about the requirement; also approve the draft of job description as well as specification. Under selling the organization selects the channel of communication to reach the prospective candidates.

4. **Screening**

Once the job applications are received by the HR Recruiter it starts the screening process. It is a step in which the application are shortlisted for the further selection process. After short-listing of application based on the job specification the selection process begins. At the early stage the recruiter has to remove the applications which are clearly under qualified and not suitable for the job.

5. **Evaluation and Control**

The validity and effectiveness of HR Recruitment Process is assessed in this step. The step is essential as organization has to check the cost incurred during recruitment and the output in terms of selection of suitable candidates and their joining. The cost of recruitment includes the time spent by the management by involving in the recruitment process, the cost of advertisement, selection, consultant fees in case of recruitment outsourcing and also the salaries of recruiter. The output is calculated in terms of selection and how soon the employee as joined the organization also the suitability as well as performance of the newly joined employee.

# SELECTION PROCESS

The selection process can be defined as the process of selection and shortlisting of the right candidates with the necessary qualifications and skill set to fill the vacancies in an organisation. The selection process varies from industry to industry, company to company and even amongst departments of the same company.

## *Selection Process*

Every organisation creates a selection process because they have their own requirements. Although, the main steps remain the same. So, let's understand in brief how the selection process works.

```
Preliminary Interview
        ↓
Receiving Applications
        ↓
Screening of Applications
        ↓
Employment tests ──────────────→  REJECTION
        ↓
Interview ─────────────────────→  If found unsuitable
        ↓
Reference checking ────────────→
        ↓
Medical Examination ───────────→
        ↓
FINAL SELECTION
```
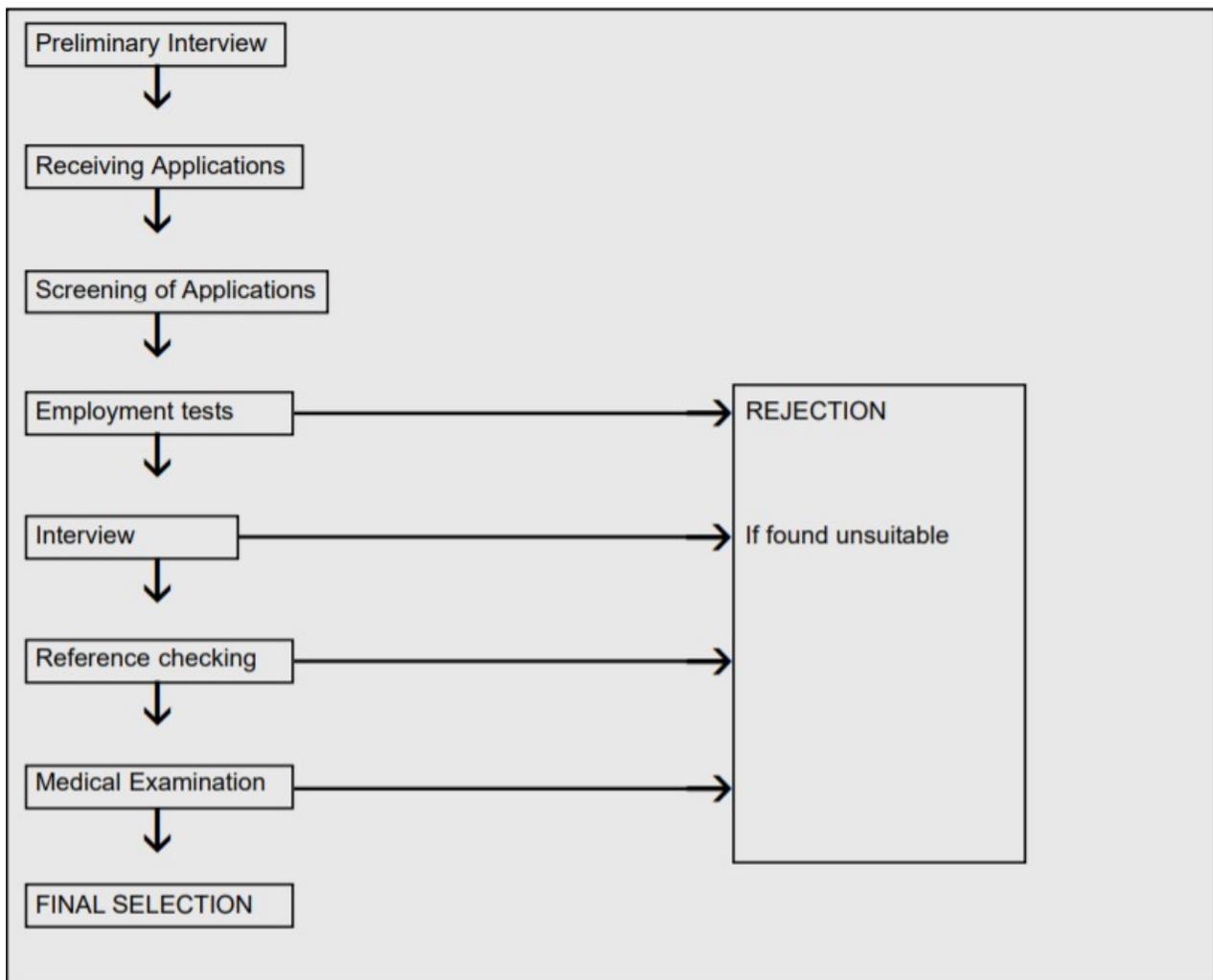
1. Preliminary Interview

This is a very general and basic interview conducted so as to eliminate the candidates who are completely unfit to work in the organisation. This leaves the organisation with a pool of potentially fit employees to fill their vacancies.

2. Receiving Applications

Potential employees apply for a job by sending applications to the organisation. The application gives the interviewers information about the candidates like their bio-data, work experience, hobbies and interests.

3. Screening Applications

Once the applications are received, they are screened by a special screening committee who choose candidates from the applications to call for an interview. Applicants may be selected on special criteria like qualifications, work experience etc.

4. Employment Tests

Before an organisation decides a suitable job for any individual, they have to gauge their talents and skills. This is done through various employment tests like intelligence tests, aptitude tests, proficiency tests, personality tests etc.

5. Employment Interview

The next step in the selection process is the employee interview. Employment interviews are done to identify a candidate's skill set and ability to work in an organisation in detail. Purpose of an employment interview is to find out the suitability of the candidate and to give him an idea about the work profile and what is expected of the potential employee. An employment interview is critical for the selection of the right people for the right jobs.

6. Checking References

The person who gives the reference of a potential employee is also a very important source of information. The referee can provide info about the person's capabilities, experience in the previous companies and leadership and managerial skills. The information provided by the referee is meant to kept confidential with the HR department.

**7.** Medical Examination

The medical exam is also a very important step in the selection process. Medical exams help the employers know if any of the potential candidates are physically and mentally fit to perform their duties in their jobs. A good system of medical checkups ensures that the employee standards of health are higher and there are fewer cases of absenteeism, accidents and employee turnover.

**8.** Final Selection and Appointment Letter

This is the final step in the selection process. After the candidate has successfully passed all written tests, interviews and medical examination, the employee is sent or emailed an appointment letter, confirming his selection to the job. The appointment letter contains all the details of the job like working hours, salary, leave allowance etc. Often, employees are hired on a conditional basis where they are hired permanently after the employees are satisfied with their performance.

**Importance of the Selection Process**

1. Proper selection and placement of employees lead to growth and development of the company. The company can similarly, only be as good as the capabilities of its employees.

2. The hiring of talented and skilled employees results in the swift achievement of company goals.

3. Industrial accidents will drastically reduce in numbers when the right technical staff is employed for the right jobs.

4. When people get jobs they are good at, it creates a sense of satisfaction with them and thus their work efficiency and quality improves.

5. People who are satisfied with their jobs often tend to have high morale and motivation to perform better.

# UNIT – III

## PLACEMENT, INDUCTION & INTERNEL MOBILITY OF HUMAN RESOURCE

## WHAT IS PLACEMENT?

Placement is a process of assigning a specific job to each of the selected candidates. It involves assigning a specific rank and responsibility to an individual. It implies matching the requirements of a job with the qualifications of the candidate. Placement is understood assigning jobs to the selected candidates. Assigning jobs to employees may involves a new job or different jobs. Thus, placement may include initial assignment of job to new employee, on transfer, promotion or demotion of the present employees.

"Placement is the determination of the job to which an accepted candidate is to be assigned and his assignment to that job. It is a matching of what the supervisor has reason to think he can do with the job demands (job requirements) and it is matching of what he imposes (in strain, working conditions etc.) and what he offers (in the form of payroll companionship with others, promotional possibilities etc.).''-PIGORS and MYRES DEFINITION OF PLACEMENT

**Right placement of workers can have the following advantages:**

1. Reduced labour turnover rate.

2. Reduced absenteeism rate.

3. Increased safety of workers and lower accidents.

4. Increased morale of workers.

5. Better human relations in the organisations.

**While taking the placement decision, the following consideration or principles must be kept in mind:**

1. **Job Requirements:**

An employee should be placed on the job according to the requirements of the job such as physical and mental ability, eyesight, hearing, stress etc. The job shouldn't be adjusted according to the qualification and abilities of the employees. Job placement profile charts can be used to

match the worker's physical and mental abilities with the job requirements. This profile chart displays an evaluation of both job requirements and worker abilities for key features of the job so that the management can easily determine how well worker fits a job.

2. **Suitable Qualifications:**

The job should be offered to only that person who is suitably qualified. Over qualified and under qualified persons might create problems for the organisation in the long run.

3. **Adequate Information to the Job Incumbent:**

The employee should be provided with the complete information and facts relating to the job, including the working conditions prevailing in the firm. He should also be made known to the rewards associated with the performance levels.

4. **Commitment and Loyalty:**

While placing the new employee, an effort should be made to develop a sense of commitment, loyalty and cooperation in his mind so that he may realise his responsibilities better towards the job, the organisation and his associates.

5. **Flexibility:**

The placement in the initial period may be temporary as changes are likely after the completion of training. The employee may be later transferred to the job where he can do better justice.

## INDUCTION OF EMPLOYEES

According to **Edwin B.Flippo,** "Induction is concerned with introducing or orienting a new employee to the organisation. It is the welcoming process to make the new employee feel at home and generate in him a feeling of belongingness to the organisation". It is the first step in a proper communication policy which seeks to build a two-way channel of information between the management and employees.

The new employee, on his joining the organisation, must be helped to get adjusted and acquainted with the fellow employees and the work environment. Rather than leaving him to make his own way through the organisation. It is much better to properly and systematically introduce him to the company, its philosophy, its place in the industry or economy, its major policies etc.

**Contents of Induction Programme:**

Topics to be covered in induction –

1. Company's history, mission, vision and philosophy.

2. Products and services of the company.

3. Company's organisation structure.

4. Location of departments and employee services.

5. Employee's activities like clubs, credit society.

6. Personnel policies and procedures.

7. Standing orders.

8. Rules and Regulations.

9. Terms and conditions of services.

10. Grievance procedures.

11. Safety measures.

12. Benefits and services for employees.

13. Training, promotions and transfer facility.

14. Career advancement schemes.

15. Counselling facility.

**Induction Process:**

The following are the steps in induction process:

**(1) Welcoming the New Employees:**

The first fundamental step in induction is welcoming the new employees as soon as he joins the organizations and is duly placed on the job and gives basic instruction.

**(2) Induction with Immediate Superior:**

After welcome of the new employees, the next step is to introduce him with his immediate superior or with his colleagues and briefly explains his duties, responsibilities authorities, work procedure and practices.

**(3) To Impart Detail Instructions:**

The third and last important step in induction is to give detail information about the company such as company policies, plans, targets objectives, goals, products services, future prospects, working environment, future facilities, salary structure promotional opportunities, transfer facilities etc. At this stage a new comer knows his job and forms opinion about it, of course which is positive and starts integrating himself with the organization his job and the environment.

Induction takes place sometimes within one week to six months from the time of the initial hiring and orientation. It is generally conducted either by foreman or a specialist. Its main purpose is to find out whether the employee is reasonably satisfied or not.

Induction Methods:

**The following gives us an idea as to how new employees are inducted into the organization:**

(1) New employees are shown where they have to work and left to themselves for getting acquainted with fellow workers, company rules, etc.

(2) New employees are taken to the place of work and introduced to the supervisor/departmental heads, who in turn introduce them to their task and fellow workers.

(3) The supervisor informs the new employees about the plant, company rules, nature of product/products, process of production, etc. and

(4) An old experienced employee (sponsor) introduces the new employees to their work and fellow workers.

In many organizations, a booklet is issued, titled as 'know your company', or 'this concerns you', or aap ki company ki parichay pustika, introducing new employees to the organization and giving relevant information to them.

The information given to various categories of employees at the time of induction is noted to be as follows:

(1) Information about the organization,

(2) Information about the company product/products,

(3) Information about the working rules and regulations,

(4) Information about the company's benefit plans in operation,

(5) Information about the company's recreational and educational activities,

(6) Information about the union (if the company is unionized).

## SOCIALISATION:

It refers to process of making the new employees get acquainted to the new environment of the organization. This reduces the anxiety of the new hires and allows them to adjust with the other existing employees in the company. In fact, induction is only a part of socialization.

## DEFINITION OF SOCIALISATION: -

"The process of learning the ropes, the process of being indoctrinated and trained, and the process of being taught what is important in an organization.'' -Schein

## SOCIALISATION AND TRAINING

Many organizations intentionally include socialization as art of an employee's initial training. During the first few days on a new job, as important as it is to train on job duties, it is equally important to provide an opportunity for him to meet colleagues and begin to build relationships Workplace relationships plays a significant role in our experiences and enjoyment at work.

# TRAINING OF EMPLOYEES

**Meaning, Objectives, Need and Importance!**

Training of employees takes place after orientation takes place. Training is the process of enhancing the skills, capabilities and knowledge of employees for doing a particular job. Training process moulds the thinking of employees and leads to quality performance of employees. It is continuous and never ending in nature

Training is concerned with increasing the knowledge and skills of employees for doing specific jobs, and development involves the growth of employees in all aspects.

## *Meaning of Training:*

"Training is the act of increasing the knowledge and skills of an employee for doing a particular job." — Edwin B. Flippo

Training is an organized activity for increasing the technical skills of the employees to enable them to do particular jobs efficiently. In other words, training provides the workers with facility to gain technical knowledge and to learn new skills to do specific jobs. Training is equally important for the existing as well as the new employees. It enables the new employees to get acquainted with their jobs and also increase the job-related knowledge and skills.

## *Objectives of Training:*

**The objectives of training are as follows:**

(i) To provide job related knowledge to the workers.

(ii) To impart skills among the workers systematically so that they may learn quickly.

(iii) To bring about change in the attitudes of the workers towards fellow workers, supervisor and the organization.

(iv) To improve the productivity of the workers and the organization.

(v) To reduce the number of accidents by providing safety training to the workers,

(vi) To make the workers handle materials, machines and equipment efficiently and thus to check wastage of time and resources.

(vii) To prepare workers for promotion to higher jobs by imparting them advanced skills.

### *Need and Importance of Training:*

**(i) Higher Productivity:**

It is essential to increase productivity and reduce cost of production for meeting competition in the market. Effective training can help increase productivity of workers by imparting the required skills.

**(ii) Quality Improvement:**

The customers have become quality conscious and their requirement keep on changing. To satisfy the customers, quality of products must be continuously improved through training of workers.

**(iii) Reduction of Learning Time:**

Systematic training through trained instructors is essential to reduce the training period. If the workers learn through trial and error, they will take a longer time and even may not be able to learn right methods of doing work.

**(iv) Industrial Safety:**

Trained workers can handle the machines safely. They also know the use of various safety devices in the factory. Thus, they are less prone to industrial accidents.

**(iv) Reduction of Turnover and Absenteeism:**

Training creates a feeling of confidence in the minds of the workers. It gives them a security at the workplace. As a result, labour turnover and absenteeism rates are reduced.

**(vi) Technology Update:**

Technology is changing at a fast pace. The workers must learn new techniques to make use of advance technology. Thus, training should be treated as a continuous process to update the employees in the new methods and procedures.

**(vii) Effective Management:**

Training can be used as an effective tool of planning and control. It develops skills among workers and prepares them for handling present and future jobs. It helps in reducing the costs of

supervision, wastages and industrial accidents. It also helps increase productivity and quality which are the cherished goals of any modern organization.

**Benefis of Training**

The benefits of training can be summed up as:

1. **Improves morale of employees-** Training helps the employee to get job security and job satisfaction. The more satisfied the employee is and the greater is his morale, the more he will contribute to organizational success and the lesser will be employee absenteeism and turnover.

2. **Less supervision-** A well trained employee will be well acquainted with the job and will need less of supervision. Thus, there will be less wastage of time and efforts.

3. **Fewer accidents-** Errors are likely to occur if the employees lack knowledge and skills required for doing a particular job. The more trained an employee is, the less are the chances of committing accidents in job and the more proficient the employee becomes.

4. **Chances of promotion-** Employees acquire skills and efficiency during training. They become more eligible for promotion. They become an asset for the organization.

5. **Increased productivity-** Training improves efficiency and productivity of employees. Well trained employees show both quantity and quality performance. There is less wastage of time, money and resources if employees are properly trained.

**WAYS/METHODS OF TRAINING**

**On the job training methods**

This type of training also known as job instruction training this is most commonly used as a method. Under this method, the individual is placed on a regular job & taught the skills necessary to perform the job.

*Following are the job training methods.*

**1. Job Rotation**

It involves the movement of the trainee from one job to another. The trainee receives job knowledge & gains experience from his supervisor or trainer. This type of training gives an opportunity to the trainee to understand the problem of employees on other jobs & respect them.

**2.Coaching**

The trainee is placed under a particular supervisor who functions as a coach in training the individual. The supervisor provides feedback to the trainee on his performance & offers him some suggestions for improvement**.**

**3.Job Instruction**

This method is also known as step by step training. Under this method, the trainer explains to the trainee the way of doing the jobs, knowledge & skill and allows him to do the job. The trainer appraises the performance, provides information & corrects the trainees.

**4. Committee Assignment**

Under this method, a group of trainees is given and asked to solve an actual organization problem. The trainees solve the problem jointly and develop teamwork.

**Off the Job Methods**

Under this method of training, the trainee is separated from the job situation and his attention is focused on learning the material related to his future job performance.

**1.Vestibule training**

In this method, actual work conditions are simulated in a classroom. Material files and needed equipment are also used in training. This type is used for training personnel for clerical and semi-skilled jobs.

**2 Role-Playing**

It is defined as a method of human interaction that involves realistic behavior in an imaginary situation. This method of training involves action doing the practice. This method is mostly used for developing inter-personal interaction and relations.

**3. Lecture Method**

The lecture is a traditional & direct method of instruction. The instructor organizes the material & gives it to a group of trainees in the form of a talk. This is beneficial to train a large group of trainees.

**4. Conference**

It is a method for clerical, professional & supervisory personnel. This involves a group of people who put forth ideas, examine & share facts, ideas assumptions & draw a conclusion..the success of this method depends on the leadership qualities of the person who leads the group.

**5.Programmed Instructions**

In recent years this method has become popular the subject matter to be learned is presented in a series of carefully planned sequential .this method is expensive & time-consuming.

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**TRAINING EVALUTAION**

</div>

Training evaluation is defined as a systematic approach where data and information is gathered to ascertain the suitability and effectiveness of a training program. The evaluation process is beneficial as it can assess the usefulness of the process, help in overall working and boost employee engagement.

Training evaluation is a method that helps to analyze whether the initiatives and training programs are efficient and whether they are aligned with the objectives, vision, and goals of an organization. It is a process that discovers opportunities and training gaps while employee training.

It is necessary to determine whether the involved participants were in accordance with the deliverables of the program. Did they learn something useful, apply those skills and knowledge in the workplace and were able to better their performance and efficiency is what the training evaluation process addresses.

**Benefits**

Evaluation of training gives comprehensive feedback on the value of the training programs and their effectiveness in achieving business goals. It helps the management to better understand and identify skill gaps to analyze the desired outcomes of training programs. It also helps the organization to:

- identify issues and improve the overall processes of training programs;

- analyze the effectiveness of training materials and other tools;

- determine the needed leadership competencies to solve critical problems;

- support continuous change in career development; and

- assess the overall training experience of the participants.

<mark>**Training Evaluation – 3 Steps in the Process of Evaluating Training: Before Training, During Training and After Training**</mark>

The process of training evaluation has been defined by A. C. Hamblin as "any attempt to obtain information on the effects of training performance and to assess the value of training in the light of that information". Thus, evaluation of training effectiveness refers to the process of obtaining information on the effects of a training programme and assessing the value of training in the light of the information so obtained.

It involves controlling and correcting the training programme. The basis and mode of evaluation are determined when the training programme is designed. According to Hamblin A. C., there are five levels at which evaluation of training can take place.

*i. Before Training:*

Generally the HR manager or the employee's supervisor appraises the employee's skills and knowledge before the training programme. Employee is asked to give his/her opinions on the methods of the training used and whether those methods confirm to his/her preferences and learning style.

*ii. During Training:*

This is the step which instruction is started. This step usually consists of short tests at regular intervals.

*iii. After Training:*

This is the step when employee's skills and knowledge are assessed again to measure the effectiveness of the training. This phase is designed to determine whether training has had the desired effect at individual department and organizational levels. There are various evaluation techniques for this phase.

Evaluation helps in controlling and correcting the training programme. Hamblin(1974) suggested five levels at which evaluation of training can take place.

**These are:**

**1. Reactions**- This measures participants' reaction to the training at the time of training. Whether they like or dislike the training programme? Trainee's reaction to the overall usefulness of the training includes coverage of the topics, the method of presentation, the techniques used to clarify things and effectiveness of the programme.

**2. Learning**- This measures participants' learning of the content of the training. The extent to which the trainees have assimilated the knowledge offered and skills practiced in the training programme. Does the participant score higher on tests after the training or development than before?

**3. Job Behaviour**-This indicates participants' use of their new skills and knowledge back on the job. This includes a comparison of ratings; a participant receives before training and after training.

**4. Organization-**This measures participants' use of training, learning and change in the job behaviour of the department/organization in the form of increased productivity, quality, morale, sales turnover and the like.

**5. Ultimate Value-**This measures contributions of training programme to company goals like survival, growth, profitability etc. and to the individual goals like development of personality and social goals like maximizing social benefits.

# EXECUTIVE DEVELOPMENT

**Executive Development** is an ongoing process that helps managers gain knowledge, skills and abilities to handle current situations in a more efficient manner and get matured to handle future challenges successfully.

Executive development is also known as management development. According to Flippo, Executive development includes the process by which managers and executives acquire not only skills and competency in their present job but also capabilities for future managerial tasks of increasing difficulty and scope.

## Objectives of Executive Development

4 major objectives of executive development are:

1. Sustain in a dynamic and competitive environment

2. Ensure competent staff at all levels

3. Develop leaders

4. Executive Career Growth

## METHODS OF EXECUTIVE DEVELOPMENT

Management development programs help in acquiring and developing managerial skill and knowledge. A Varity of methods of management development have come into prominence these days. Different types of techniques are used to acquire and develop various types of managerial skill and knowledge as given in the table below:

| S. No. | Competency Development Area | Methods |
|---|---|---|
| 1. | Decision-making skill | In-basket, Business games, Case study |
| 2. | Interpersonal skill | Role plying, Sensitivity Training |
| 3. | Job Knowledge | On-the-Job experiences, Coaching, Understudy |
| 4. | Organizational Knowledge | Job Rotation, Multiple Management |
| 5. | General Knowledge | Special course, Special Meeting, Specific Reading |
| 6. | Specific Individual Needs | Special Projects, Committee Assignments |

**Managerial Training / Management development:** The following diagram shows the stages involved in the managerial training.
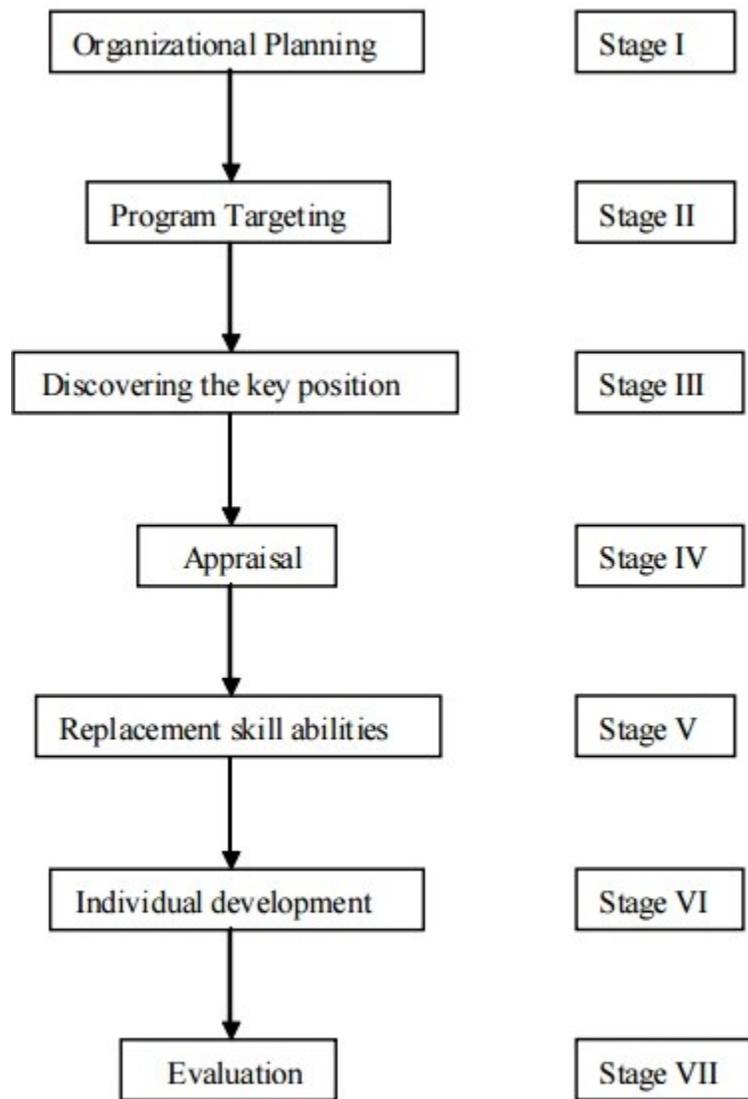


**Stages of Managerial Training**

# PROMOTION AND TRANSFER

**Promotions**

According to Pigours and Myers, 'Promotion is advancement of an employee to a better job – better in terms of greater responsibility, more prestige or status, greater skill and especially increased rate of pay or salary".

**Conditions of promotions are:**

- Reassignment of higher level job to an employee than what he is presently performing

- The employee will naturally be delegated with greater responsibility and authority than what he has had earlier. Promotion normally accompanied higher pay. It means in some cases, the employee perform higher level job and receive the salary related to the lower level job.

- Promotion may be temporary or permanent depending upon the organizational needs and employee performance.

**Types of Promotion:**

1. Vertical Promotion

2. Up gradation

3. Dry Promotion

**Purposes of Promotion:**

- To utilize the employee's skill knowledge at the appropriate level in the organizational hierarchy

- To develop competitive spirit and inculcate the zeal in the employees to acquire the skill, knowledge etc. required by higher level jobs.

- To develop competent internal source of employees ready to take up jobs at higher levels in the changing environment.

- To promote employees' self development and make them await their turn of promotions. It reduces labour turnover.

- To promote interest in training, development programmes and in team development areas.

- To build loyalty and to boost morale.

- To get rid of the problems created by the leaders of workers' unions by promoting them to the officers' levels where they are less effective in creating problems.

- Promotion places the employees in a position where an employee's skills and knowledge can be better utilized.

- It creates and increases the interest of other employees in the company as they believe that they will also get their turn.

- It improves morale and job satisfaction

- Ultimately it improves organizational health.

**Bases of Promotion:**

1. **Merit as a basis of Promotion**: skill, knowledge, ability, efficiency as aptitude as measured from educational, training and past employment record.

*Advantages:*

i.      The resourced of higher order of an employee can be better utilized at higher level It results in maximum utilization of human resources in an organization.

ii.      Competent employees are motivated to exert all their resources and contribute them to the organizational efficiency and effectiveness.

iii.      It works as golden hand-cuffs regarding employee turnover.

iv.      It continuously encourages the employees to acquire

*Demerits:*

1. Measurement or judging of merit is highly difficult.

2. Many people, particularly trade union leaders, distrust the management's integrity in judging merit.

3. The techniques of merit measurement are subjective.

4. Merit denotes mostly the past achievements, efficiency but not the future success. Hence, the purpose of promotion may not be served if merit is taken as the sole criteria for promotion.

2. **Seniority as a Basis of Promotion:** refers to relative length of service in the same job and in the same organization. The logic behind this as a basis of promotion is that there is a positive correlation between the length of service in the same job and the amount of knowledge and the level of skill acquired by an employee is an organization.

1. It is relatively easy to measure the length of service and judge the seniority.

2. There would be full support of the trade unions to this system.

3. Every party trusts the management's action as there is no scope for favouritism and discrimination and judgement.

4. It gives a sense of certainty of getting promotion to every employee and of their turn of promotion.

5. Senior employees will have a sense of satisfaction to this system as the older employees are respected and their inefficiency cannot be pointed out.

6. It minimizes the scope for grievances and conflicts regarding promotion

*Advantages:*

*Demerits:*

1. The assumption that the employees learn more relatively with length of service is not valid.

2. It demotivates the young and more competent employees and results in employee turnover particularly among the dynamic force.

3. It kills the zeal and interest to develop as everybody will be promoted with or without improvement.

4. Organizational effectiveness may be diminished through the declaration of the human resources effectiveness as the human resources consists of mostly undynamic and old blood.

5. Judging seniority though it seems to be easy in the theoretical sense, it is highly difficult in practice.

**Transfer**

"a lateral shift causing movement of individuals from one position to another usually without involving any marked change in duties, responsibilities, skills needed or compensation"

Transfer is defined as "… the moving of an employee from one job to another. It may involve a promotion, demotion or no change in job status other than moving from one job to another".

|  | Reasons | Types of Transfer |
|---|---|---|
| 1. | To meet the organizational requirements | Production Transfer |
| 2 | To satisfy employees' needs | Personal Transfer |
| 3 | To utilize employee's skill knowledge etc | |
| 4 | To improve employee's background by placing him in different jobs of various departments, units etc. | Remedial Transfer |
| 5 | To correct inter-personal conflicts | |
| 6 | To adjust the workforce of one section/plant in other section/plant during lay-off, closure or adverse business conditions etc. | |
| 7 | To give relief to the employees who are overburdened or doing complicated or risky work for a long period | Replacement Transfer |
| 8 | To punish the employees who violate the disciplinary rules | Penal Transfer |
| 9 | To help the employees whose working hours or place of work is inconvenient to them | Shift Transfer |
| 10. | To minimize fraud, bribe etc which result due to permanent stay and conduct of an employee with customers, dealers, suppliers etc. | |
| 11 | To increase the versatility of employees | Versatile Transfer (Rotation transfer) |

# UNIT – IV

## Performance Appraisal and Career Planning

### Performance Appraisal

A performance appraisal is traditionally defined as a periodic assessment of an employee's performance that's qualitative and/or quantitative in nature. Although performance appraisals can technically happen at any time, the convention in most organizations is to conduct them on a quarterly, half-yearly or annual basis.

Without a performance appraisal, it's not possible for any organization to plan, develop, monitor, rate, reward or train their employees effectively, efficiently and without biases.

### Need For Performance Appraisal:

Performance appraisal is needed for the following reasons.

### Evaluation of an employee's performance helps to take management decisions on features of performance appraisal:

1. Evaluation of an employee's performance helps to take management decisions on transfers, promotions, increments etc.

2. Performance appraisal helps to ascertain the training and development needs of the employer.

3. Performance appraisal. or an individual's performance evaluation helps in designing the reward system.

4. The feedback presided after evaluating the performance of an individual acts as a motivator.

5. The Performance appraisal acts as a validation of the selection procedure.

### Importance of Performance Appraisal:

Performance appraisal provides important and useful information relating to employee's skill, knowledge, ability and overall job performance. This information helps in decision making in areas like promotion, training and development, wage and salary determination and so on.

### 1. Assessment of Employee Performance:

Performance appraisal helps supervisors to assess the work performance of their subordinates. The strength, weaknesses and potentialities of employees, level of performance are disclosed through performance appraisal.

### 2. Improvement of Performance:

The performance of employees are continuously scanned and reviewed. This creates a psychological pressure on employees to perform well, as well as motivates the employees. Performance appraisal helps to improve the performance of the employees.

### 3. Designing Training and Development Programme:

Performance appraisal helps in designing training and development programme for the employees. Training and development programme are designed considering the existing skill, knowledge, capability and performance of the employees as disclosed by performance appraisal. This enables to improve the performance of the work force. Performance appraisal also helps to assess the effectiveness of training and development programme by analysing employee performance before and after training.

### 4. Determination of Pay:

Often the pay structure of employees is linked to performance of employees and their productivity. Bonus and increment of salary is determined on the basis of performance of employees.

### 5. Decision Regarding Promotion and Transfer:

Performance appraisal helps in decision making regarding promotion and transfer. Performance appraisal on a continuous basis helps to evaluate the improvement of employee performance, their skill, knowledge, capability so that they can be allotted a new job.

**Objectives of Performance Appraisal**

Performance Appraisal can be done with following objectives in mind:

1. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.

2. To identify the strengths and weaknesses of employees to place right men on right job.

3. To maintain and assess the potential in a person for growth and development.

4. To provide a feedback to employees regarding their performance and related status.

5. It serves as a basis for influencing working habits of the employees.

6. To review and retain the promotional and other training programmes.

## Performance Appraisal Process
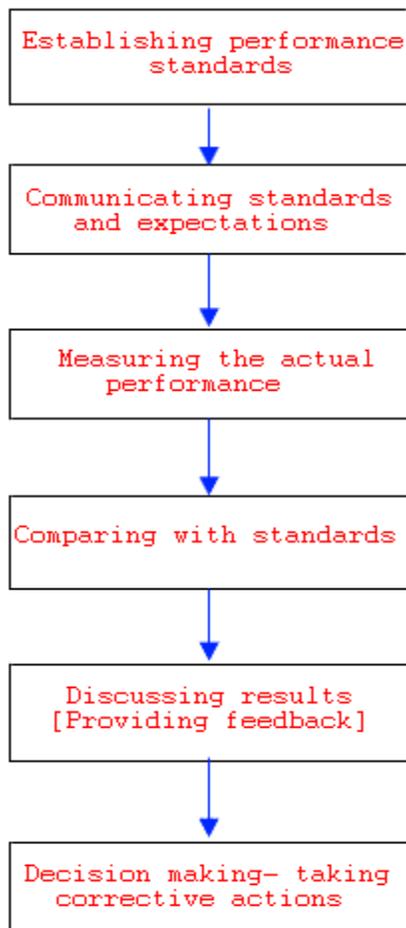
### 1.Establishing performance standards

The first step in the process of performance appraisal is the setting up of the standards which will be used to as the base to compare the actual performance of the employees.

This step requires setting the criteria to judge the performance of the employees as successful or unsuccessful and the degrees of their contribution to the organizational goals and objectives. The standards set should be clear, easily understandable and in measurable terms. In case the performance of the employee cannot be measured, great care should be taken to describe the standards.

### 2.Communicating the standards

Once set, it is the responsibility of the management to communicate the standards to all the employees of the organization. The employees should be informed and the standards should be clearly explained to the employees. This will help them to understand their roles and to know what exactly is expected from them. The standards should also be communicated to the appraisers or the evaluators and if required, the standards can also be modified at this stage itself according to the relevant feedback from the employees or the evaluators.

### 3.Measuring the actual performance

The most difficult part of the Performance appraisal process is measuring the actual performance of the employees that is the work done by the employees during the specified period of time. It is a continuous process which involves monitoring the performance throughout the year. This stage requires the careful selection of the appropriate techniques of measurement, taking care that personal bias does not affect the outcome of the process and providing assistance rather than interfering in an employees work.

### 4.Comparing actual performance with desired performance

The actual performance is compared with the desired or the standard performance. The comparison tells the deviations in the performance of the employees from the standards set. The result can show the actual performance being more than the desired performance or, the actual performance being less than the desired performance depicting a negative deviation in the organizational performance. It includes recalling, evaluating and analysis of data related to the employees' performance.

-4

The result of the appraisal is communicated and discussed with the employees on one-to-one basis. The focus of this discussion is on communication and listening. The results, the problems and the possible solutions are discussed with the aim of problem solving and reaching consensus. The feedback should be given with a positive attitude as this can have an effect on the employees' future performance. Performance appraisal feedback by managers should be in such way helpful to correct mistakes done by the employees and help them to motivate for better performance but not to demotivate. Performance feedback task should be handled very carefully as it may leads to emotional outburst if it is not handing properly. Sometimes employees should be prepared before giving them feedback as it may be received positively or negatively depending upon the nature and attitude of employees.

## TECHNIQUES / METHODS OF PERFORMANCE APPRAISALS

Numerous methods have been devised to measure the quantity and quality of performance appraisals. Each of the methods is effective for some purposes for some organizations only. None should be dismissed or accepted as appropriate except as they relate to the particular needs of the organization or an employee.

Broadly all methods of appraisals can be divided into two different categories.

- Past Oriented Methods

- Future Oriented Methods

**Past Oriented Methods**

1.  **Rating Scales:** Rating scales consists of several numerical scales representing job related performance criterions such as dependability, initiative, output, attendance, attitude etc. Each scales ranges from excellent to poor. The total numerical scores are computed and final conclusions are derived. Advantages – Adaptability, easy to use, low cost, every type of job can be evaluated, large number of employees covered, no formal training required. Disadvantages – Rater's biases

2.  **Checklist:** Under this method, checklist of statements of traits of employee in the form of Yes or No based questions is prepared. Here the rater only does the reporting or checking and

HR department does the actual evaluation. Advantages – economy, ease of administration, limited training required, standardization. Disadvantages – Raters biases, use of improper weighs by HR, does not allow rater to give relative ratings

3.  **Forced Choice Method:** The series of statements arranged in the blocks of two or more are given and the rater indicates which statement is true or false. The rater is forced to make a choice. HR department does actual assessment. Advantages – Absence of personal biases because of forced choice. Disadvantages – Statements may be wrongly framed.

4.  **Forced Distribution Method:** here employees are clustered around a high point on a rating scale. Rater is compelled to distribute the employees on all points on the scale. It is assumed that the performance is conformed to normal distribution. Advantages – Eliminates Disadvantages – Assumption of normal distribution, unrealistic, errors of central tendency.

5.  **Critical Incidents Method:** The approach is focused on certain critical behaviors of employee that makes all the difference in the performance. Supervisors as and when they occur record such incidents. Advantages – Evaluations are based on actual job behaviors, ratings are supported by descriptions, feedback is easy, reduces recency biases, chances of subordinate improvement are high. Disadvantages – Negative incidents can be prioritized, forgetting incidents, overly close supervision; feedback may be too much and may appear to be punishment.

6.  **Behaviorally Anchored Rating Scales:** statements of effective and ineffective behaviors determine the points. They are said to be behaviorally anchored. The rater is supposed to say, which behavior describes the employee performance. Advantages – helps overcome rating errors. Disadvantages – Suffers from distortions inherent in most rating techniques.

7.  **Field Review Method:** This is an appraisal done by someone outside employees' own department usually from corporate or HR department. Advantages – Useful for managerial level promotions, when comparable information is needed, Disadvantages – Outsider is generally not familiar with employees work environment, Observation of actual behaviors not possible.

8.  **Performance Tests & Observations:** This is based on the test of knowledge or skills. The tests may be written or an actual presentation of skills. Tests must be reliable and validated to be

useful. Advantage – Tests may be apt to measure potential more than actual performance. Disadvantages – Tests may suffer if costs of test development or administration are high.

9.   **Confidential Records:** Mostly used by government departments, however its application in industry is not ruled out. Here the report is given in the form of Annual Confidentiality Report (ACR) and may record ratings with respect to following items; attendance, self expression, team work, leadership, initiative, technical ability, reasoning ability, originality and resourcefulness etc. The system is highly secretive and confidential. Feedback to the assessee is given only in case of an adverse entry. Disadvantage is that it is highly subjective and ratings can be manipulated because the evaluations are linked to HR actions like promotions etc.

10.  **Essay Method:** In this method the rater writes down the employee description in detail within a number of broad categories like, overall impression of performance, promoteability of employee, existing capabilities and qualifications of performing jobs, strengths and weaknesses and training needs of the employee. Advantage – It is extremely useful in filing information gaps about the employees that often occur in a better-structured checklist. Disadvantages – It its highly dependent upon the writing skills of rater and most of them are not good writers.

**Future Oriented Methods**

1.   **Management By Objectives:** It means management by objectives and the performance is rated against the achievement of objectives stated by the management. MBO process goes as under.

- Establish goals and desired outcomes for each subordinate

- Setting performance standards

- Comparison of actual goals with goals attained by the employee

- Establish new goals and new strategies for goals not achieved in previous year.

**Advantage –** It is more useful for managerial positions.

**Disadvantages** – Not applicable to all jobs, allocation of merit pay may result in setting short-term goals rather than important and long-term goals etc.

2.   **Psychological Appraisals:** These appraisals are more directed to assess employees potential for future performance rather than the past one. It is done in the form of in-depth interviews,

psychological tests, and discussion with supervisors and review of other evaluations. It is more focused on employees emotional, intellectual, and motivational and other personal characteristics affecting his performance. This approach is slow and costly and may be useful for bright young members who may have considerable potential.

3. **Assessment Centers:** This technique was first developed in USA and UK in 1943. An assessment center is a central location where managers may come together to have their participation in job related exercises evaluated by trained observers. It is more focused on observation of behaviors across a series of select exercises or work samples. Assessees are requested to participate in in-basket exercises, work groups, computer simulations, role playing and other similar activities which require same attributes for successful performance in actual job. The characteristics assessed in assessment center can be assertiveness, persuasive ability, communicating ability, planning and organizational ability, self confidence, resistance to stress, energy level, decision making, sensitivity to feelings, administrative ability, creativity and mental alertness etc. Disadvantages – Costs of employees traveling and lodging, psychologists, ratings strongly influenced by assessee's inter-personal skills.

**Advantages** – well-conducted assessment center can achieve better forecasts of future performance and progress than other methods of appraisals. Also reliability, content validity and predictive ability are said to be high in assessment centers. The tests also make sure that the wrong people are not hired or promoted. Finally it clearly defines the criteria for selection and promotion.

4. **360-Degree Feedback:** It is a technique which is systematic collection of performance data on an individual group, derived from a number of stakeholders like immediate supervisors, team members, customers, peers and self. In fact anyone who has useful information on how an employee does a job may be one of the appraisers. This technique is highly useful in terms of broader perspective, greater self-development and multi-source feedback is useful. 360-degree appraisals are useful to measure inter-personal skills, customer satisfaction and team building skills. However on the negative side, receiving feedback from multiple sources can be intimidating, threatening etc. Multiple raters may be less adept at providing balanced and objective feedback.

## PERFORMANCE FEEDBACK?

Performance feedback is a broad term that describes both managing and assessing the work that needs to be done and providing opportunities for professional growth and development. It is a strategic and integrated approach that includes:

**Planning:** Employees and supervisors meet to clarify expected outcomes for the year and set goals that link the employee's job to individual, department and strategic objectives.

**Check-In:** Once performance expectations and goals are set, employees and supervisors are responsible for checking in regularly to discuss the status of goals and for supervisors to provide feedback on areas of success and on those requiring improvement. Ongoing communication provides the opportunity to adjust objectives and expectations as needed.

**Review:** The performance review discussion summarizes the employee's contributions over the entire appraisal period; ascertains areas in which supervisor support may be needed; and provides an opportunity for the employee and the supervisor to identify professional development needs. The three phases of this integrated approach ensure that the process is a collaborative one that begins with a discussion of expectations and goals and is sustained with feedback and coaching, as well as communication that continues through to the performance review discussion at the end of the process cycle.

## WHAT'S IN IT FOR ME?

When done consistently and well, the performance feedback process results in better performance on the individual and organizational levels, higher satisfaction and morale among staff, retention of strong performers and an effective means for correcting poor performance.

There are also costs for failing to manage performance effectively. Unresolved performance issues lead to lower productivity, poor department morale and, ultimately, more time and energy spent resolving issues that could have been addressed by ongoing performance feedback practices.

**Benefits to Employees**

- A clear understanding of expectations

- An opportunity to receive ongoing coaching and feedback

- The creation of an action plan to develop skills that are required to perform successfully in a current role or to prepare for future opportunities

- The receipt of a documented overview of performance

**Benefits to Supervisors**

- The establishment of clear, measurable expectations

- Timely feedback on how effectively employees are applying job knowledge and skills to achieve the goals established for their positions

- Identification of performance issues and the ability to set a clear course for correcting or improving them

- Help in getting feedback, resources and training to meet performance goals

## PERFORMANCE FEEDBACK TRAINING

In support of the Performance Feedback Program, we now offer several training sessions: Overview of the Performance Feedback Program; Setting SMART Goals; Preparing for the Performance Feedback Discussion; and Coaching for Peak Performance.

**CAREER PLANNING**

*Meaning Of Career planning:*

Career is a sequence of attitudes and behaviours associated with the series of job and work related activities over a person's lifetime.

Career planning is a process by which one selects career goals and the path to those goals. It involves a clear selection of career goals and career paths.

• **Career goals:** Career goals are the desired future positions an employee strives to reach as a part of the career.

• **Career path:** Career path is the sequential pattern of jobs during a career. It can cover 30 years or more until the retirement of the employee. It takes a long-term perspective of the job.

*Features of Career Planning and Career Development:*

1.  It is an ongoing process.

2.  It helps individuals develop the skills required to fulfill different career roles.

3.  Strengthens work-related activities in the organization.

4.  Defines the life, career, abilities, and interests of the employees.

5.  It can also give professional directions, as they relate to career goals.

*Benefits of Career Planning:*

1.  Career planning ensures a constant supply of promotable employees.

2.  It helps in improving the loyalty of employees.

3.  Career planning encourages an employee's growth and development.

4.  Discourages the negative attitude of superiors who interest in suppressing the growth of the subordinates.

5.  It ensures that [senior management](#) knows about the caliber and capacity of the employees who can move upwards.

6.  It can always create a team of employees prepared enough to meet any contingency.

7.  Career planning reduces labor turnover.

**Career Development Methods:**

There are many methods that are used extensively for the purpose of careers development. Following are the commonly used methods of career development.

*Discussion with Knowledgeable Individuals*

In this method the subordinate is combined with his superior to agree on the best career development activities. Hence in certain cases guidance counselors and psychologists provide this service. Moreover in case of academic institutions like colleges and universities, specialized career planning and development guidance is provided to the students. Professors are usually responsible for such guidance.

*Company Material*

There are certain organizations that have developed certain specific material for the development of its employees. The developed material is in accordance with the needs of the organizations. Moreover the job descriptions can be considered as good material that show the employees.

*Performance Appraisal System*

The performance appraisal system in the organizations can also be regarded as a good source of career development. When the strengths and weaknesses of employees are discussed with their relative supervisors than the needs for the development of employees emerged clearly.

*Workshops*

Certain organizations offer the workshops for their employees that last for two or more days. So that the employees can be able to develop their career within the organization. The career objectives are described and matched by the employees with the needs of the organizations.

*Personal Development Plans (PDP)*

There are some organizations that encourage their employees to present their own plans of personal development. Such a plan consists of a summary of needs of personal development of employees along with the specified action list for the achievement. So the management encourages the employees to analyze their weaknesses and strengths.

# SUCCESSION PLANNING

**Definition**: Succession Planning is defined as the systematic process of **recognizing and creating future leaders** who are able to take the position of the old ones when they leave the organization due to retirement, resignation, termination, transfer, promotion or death.

In finer terms, it is a modern technique followed by many companies, that concentrates on identifying the prospects, out of many employees in the organisation, who might be possible successors, for the key positions.

## Need for Succession Planning

Succession Planning is a part and parcel of the Human Resource Planning, which acknowledges that the employees may or may not work with the organization in the future. And so to be at the safer side, a succession plan is developed to analyse the vacancies which might take place when an employee leaves the organization, the business areas which might be affected, job requirements and the skills of the existing incumbent.

Hence, there is a need for strategic planning, to determine where and how viable employees can fill the vacant positions.

## Process of Succession Planning
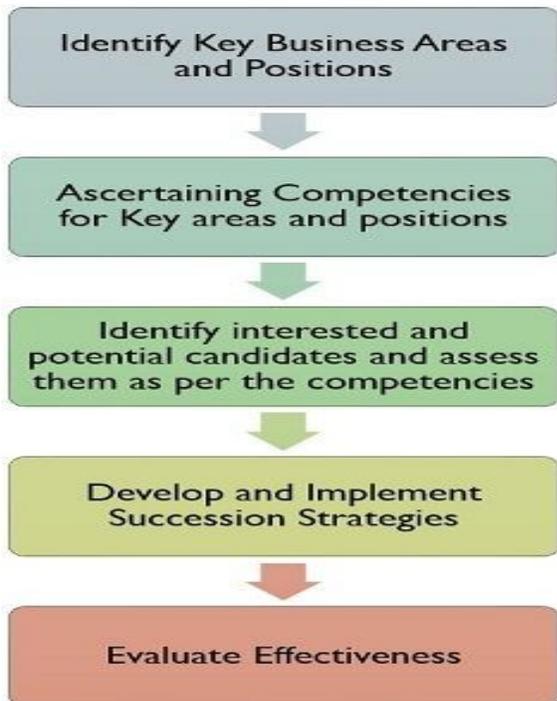
1. **Identifying Key Business Areas and Positions**: First and foremost, the key business areas are identified, i.e. the areas which are significant with respect to the operational activities and strategic objectives. After that, those positions are identified which if vacant can cause difficulty in achieving business objectives.

2. **Ascertaining Competencies for Key areas and positions**: Next, you need to determine the required competencies for key business areas and position, in order to create the selection criteria, establish performance standards and fill the difference between what the viable successors know and what they need to know, through the <u>training and development</u> process.It determines the knowledge, skills, ability and experience required to achieve business goals.

3. **Find out the interested and potential candidates and assess them as per the competencies**: After competency is analysed, the next step is to identify among various employees working in the organization, who are interested as well as they have the capability to fill key business areas and positions.The Human Resource Manager discusses future career plans and interests with the candidates and identifies the potential successors who are ready to replace the old ones and can be trained and developed for future contingencies.

4. **Develop and Implement Succession Strategies**: Strategies for learning, training, development, knowledge transfer, experience sharing is developed and implemented for potential successors.

5. **Evaluate Effectiveness**: The last step to the succession planning process is to evaluate the succession planning and management, to ensure that all the key business areas and positions are covered under the succession planning.Further, it also ensures that in case of any sudden vacancies in future, key positions can be filled as soon as possible and the successors perform effectively when they hold the position.

   Therefore, **Succession Planning is all about developing a leadership substitute**, for a perpetual succession of the organization without any kind of disturbance, when there are changes in the top management.

   An ideal Succession Planning is one that involves the participation of the top management, a thorough review of the plan developed, evaluation of the performance and capability of the candidates and each candidate is provided with the written development plan.

# UNIT – V

## COMPENSATION MANAGEMENT

In very simple terms, **compensation** is the results or rewards that the employees receive in return for their work.

Compensation includes payments like bonuses, profit sharing, overtime pay, recognition rewards and sales commission, etc.

Compensation can also include **non-monetary perks** like a company-paid car, company-paid housing and stock opportunities. Compensation is a vital part of human resource management, which helps in encouraging the employees and improving organizational effectiveness.

Compensation management is **the discipline for determining employees' appropriate pay and benefits**. A critical element in talent management and employee retention, it uses financial and nonmonetary benefits to attract recruits, reduce turnover, spur performance and boost employee engagement.

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

**Compensation Management – 8 Main Objectives**

**A well-developed remuneration system should aim at achieving the following objectives:**

1. To attract competent and qualified persons towards organization by offering fair wage and incentive.

2. To retain present employees by paying competitive remuneration.

3. To establish fair and equitable remuneration so as to avoid pay disparities.

4. To improve production, productivity and profitability of the organization.

5. To minimise un-necessary expenditure and to control cost through a device of internal check and establishment of standard.

6. To improve and maintain good human relation between employer and employee through a process of payment of bonus, profit sharing and other fringes benefits.

7. To enhance the name and fame of the company through a proper system of wage payment.
8. To ensure prompt and regular payment of wage and salary to all the employees.

**Types of Compensations**

We have learnt about what compensation and its importance is. However, when it comes to an organization, be it private or public, compensations are further divided into the following −

**Direct Compensation**

It is naturally made up of salary payments and health benefits. The creation of salary ranges and pay scales for different positions within an organization are the central responsibility of compensation management staff.

Direct compensation that is in line with the industry standards facilitates employees with the assurance that they are getting paid fairly. This helps the employer not to worry about the costly loss of trained staff to a competitor.

**Indirect Compensation**

It focuses on the personal encouragements of each individual to work. Although salary is essential, people are most productive in jobs where they share the company's values and priorities.

These benefits can include things like free staff development courses, subsidized day care, the chances for promotion or transfer within the company, public recognition, the ability to effect change or bring some changes in the workplace, and service to others.

**Components of Compensation**

Compensation as a whole is made up of different components that work as an aid for an employee after retirement or in case of some accident or injury. Now we shall see the key elements or components that make compensation.

**Wages and Salary**

Wages mark hourly rates of pay, and salary marks the monthly rate of pay of an employee. It is irrelevant of the number of hours put in by an employee working in the firm. These are subject to annual increase.

**Allowances**

Allowances can be defined as the amount of something that is allowed, especially within a set of rules and regulations or for a specified purpose. Various allowances are paid in addition to basic pay. Some of these allowances are as follows −

- **Dearness Allowance** − This allowance is given to protect real income of an employee against price rise. Dearness allowance (DA) is paid as a percentage of basic pay.
- **House Rent Allowance** − Companies who do not provide living accommodation to their employees pay house rent allowance (HRA) to employees. This allowance is calculated as a percentage of salary.
- **City Compensatory Allowance** − This allowance is paid basically to employees in metros and other big cities where cost of living is comparatively more. City compensatory allowance (CCA) is normally a fixed amount per month, like 30 per cent of basic pay in case of government employees.
- **Transport Allowance/Conveyance Allowance** − Some companies pay transport allowance (TA) that accommodates travel from the employee's house to the office. A fixed amount is paid every month to cover a part of traveling expenses.

**Incentives and Performance Based Pay**

Incentive compensation is performance-related remuneration paid with a view to encourage employees to work hard and do better.

Both individual incentives and group incentives are applicable in most cases. Bonus, gain-sharing, commissions on sales are some examples of incentive compensation.

**Fringe Benefits/Perquisites**

Fringe benefits include employee benefits like medical care, hospitalization, accident relief, health and group insurance, canteen, uniform, recreation and the likes.

## FACTORS AFFECTING EMPLOYEE COMPENSATION

The Compensation is the monetary and non-monetary rewards given to the employees in return for their work done for the organization. Basically, the compensation is in the form of salaries and wages. There are several internal and external factors affecting employee compensation

**A. Internal factors**

The internal factors exist within the organization and influence the pay structure of the company.

These are as follows:

I. **Ability to Pay-** The prosperous or big companies can pay higher compensation as compared to the competing firms whereas the smaller companies can afford to maintain their pay scale up to the level of competing firm or sometimes even below the industry standards.

II. **Business Strategy**- The organization's strategy also influences the employee compensation. In case the company wants the skilled workers, so as to outshine the competitor, will offer more pay as compared to the others. Whereas, if the company wants to go smooth and is managing with the available workers, will give relatively less pay or equivalent to what others are paying.

III. **Job Evaluation and Performance Appraisal**- The job evaluation helps to have a satisfactory differential pays for the different jobs. The performance Appraisal helps an employee to earn extra on the basis of his performance.

IV. **Employee-** The employee or a worker himself influences the compensation in one of the following ways.

- Performance- The better performance fetches more pay to the employee, and thus with the increased compensation, they get motivated and perform their job more efficiently.

- Experience- As the employee devotes his years in the organization, expects to get an increased pay for his experience.

- Potential- The potential is worthless if it gets unnoticed. Therefore,companies do pay extra to the employees having better potential as compared to others.

**B. External Factors**

The factors that exist out of the organization but do affect the employee compensation in one or the other way. These factors are as follows:

I. **Labor Market-** The demand for and supply of labor also influences the employee compensation. The low wage is given, in case, the demand is less than the supply of labor. On the other hand, high pay is fixed, in case, the demand is more than the supply of labor.

II. **Going Rate**- The compensation is decided on the basis of the rate that is prevailing in the industry, i.e. the amount the other firms are paying for the same kind of work.

III. **Productivity**- The compensation increases with the increase in the production. Thus, to earn more, the workers need to work on their efficiencies, that can be improved by way of factors which are beyond their control. The introduction of new technology, new methods, better management techniques are some of the factors that may result in the better employee performance, thereby resulting in the enhanced productivity.

IV. **Cost of Living**- The cost of living index also influences the employee compensation, in a way, that with the increase or fall in the general price level and the consumer price index, the wage or salary is to be varied accordingly.

V. **Labor Unions**- The powerful labor unions influence the compensation plan of the company. The labor unions are generally formed in the case, where the demand is more, and the labor supply is less or is involved in the dangerous work and, therefore, demands more money for endangering their lives. The non-unionized companies or factories enjoy more freedom with respect to the fixation of the compensation plan.

VI. **Labor laws**- There are several laws passed by the Government to safeguard the workers from the exploitation of employers. The payment of wages Act 1936, The Minimum wages act 1948, The payment of Bonus Act 1965, Equal Remuneration Act 1976, Payment of Gratuity Act 1972 are some of the acts passed in the welfare of the labor, and all the employers must abide by these. Thus, there are several internal and external factors that decide the amount of compensation to be given to the workers for the amount of work done by them.

## COMPENSATION OF SPECIAL GROUPS

**Who Are Special Groups?**

These people are typically paid extremely well and receive major additional compensation related to the company's performance such as **equity in the company that appreciates as the company does better, a portion of overall profit, or a generous bonus tied directly to performance of the company**.

- Supervisors
- Corporate directors
- Top management executives
- Professional employees
- Sales staff
- Contingent workers

**Characteristics of Special Groups**

- Tend to be strategically important to a company
- Positions tend to have built-in conflict that arises because different factions place incompatible demands on members of group

**Strategies: Supervisory Pay**

- Key base salaries of supervisors to an amount exceeding highest paid employee
- Pay supervisors for scheduled overtime
- Trend in supervisory compensation
- Increased use of variable pay
- More than half of all companies have a variable pay component for supervisors

**Corporate Directors**

Directors are much more active in decision making and somewhat less prone to grant huge salaries to the CEO

**Components of an Executive Compensation Package**

- Base salary
- Short-term (annual) incentives or bonuses
- Long-term incentives and capital appreciation plans
- Executive benefits
- Perquisites

**Popular Perks Offered to Executives**

Physical exam, Company car, Financial counseling, Company plane, Income tax preparation, First-class air travel, Country club membership, Loans at low or no interest, Legal counseling

**Scientists and Engineers in High-Technology Industries**

Scientists and engineers are classified as professionals

**Reward Components: Professional Employees**

Dual-career ladders, Performance-based incentives, Profit sharing, Stock ownership, Bonuses, Completion of projects on or before deadlines, PatentsPublications, Elections to professional societies, Attainment of professional licenses, Perks based on unique needs of professional employees

**Sales Compensation Packages**

Guaranteed base salary, Guaranteed base salary + commission, Guaranteed base salary + bonus, Guaranteed base salary + commission + bonus , Commission only, Combination plan.

# JOB EVALUATION

Job Evaluation is a systematic process of determining the worth of one job in relation to another job in the organisation. During job evaluation, the relative worth of various jobs are assessed so that wages can be paid depending upon the worth of the job.

**The objectives of job evaluation are enumerated below:**

1. To secure and maintain complete, accurate and impersonal descriptions of each distinct job or occupation in the entire plant.

2. To provide a standard procedure for determining the relative worth or value of each job in a plant.

3. To determine a rate of pay for each job which is fair and equitable with relation to other jobs in the plant, community and industry.

4. To ensure that like wages are paid to all qualified employees on like work.

5. To promote fair and accurate consideration of all employees for advancement and transfer.

6. To provide a factual basis for the consideration of wage rates for similar jobs both within the community and within the industry.

7. To provide information for the work organisation, employee's selection and training and numerous other important purposes.

**Process of Job Evaluation Program**

The Job evaluation program is a process involving a few steps.

These are listed below;

1. Gaining acceptance

2. Creating a job evaluation committee

3. Finding the jobs to be evaluated

4. Analyzing and preparing a job description

5. Selecting the method of evaluation

6. Classifying jobs.

**Gaining acceptance**

Before undertaking job evaluation, <u>top management</u> must explain the aims and uses of the program to the employees and unions.

To elaborate on the program further, <u>oral presentations</u> could be made. Letters, booklets could be used to classify all relevant aspects of the job evaluation program.

**Creating a job evaluation committee**

A single person can't evaluate all the key jobs in an organization.

Usually, a job evaluation committee consisting of experienced employees, union representatives, and HR experts is created to set the ball rolling.

**Finding the jobs to be evaluated**

Every job need not be evaluated. This may be too taxing and costly.

Certain key jobs in each department may be identified. While picking up the jobs, care must be taken to ensure that they represent the type of work performed in that department.

**Analyzing and preparing a job description**

This requires the [preparation of a job description](#) and also an analysis of job needs for successful performance.

**Selecting the method of evaluation**

The most important method of evaluating the jobs must be identified now, keeping the job factors and organizational demands in mind.

**Classifying jobs**

The relative worth of various jobs in an organization may be found out after arranging jobs in order of importance using criteria such as skill requirements, experience needed under which conditions job is performed, type of responsibilities to be shouldered degree of supervision needed, the amount of stress caused by the job, etc. Weights can be assigned to each such factor.

When we finally add all the weights, the worth of a job is determined. The points may then be converted into monetary values.

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**SOURCES OF GRIEVANCE**

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A grievance is any dissatisfaction or feeling of injustice having connection with one's employment situation which is brought to the attention of management. Speaking broadly, a grievance is any dissatisfaction that adversely affects organizational relations and productivity. To understand what a grievance is, it is necessary to distinguish between dissatisfaction, complaint, and grievance.

1. Dissatisfaction is anything that disturbs an employee, whether or not the unrest is expressed in words.

2. Complaint is a spoken or written dissatisfaction brought to the attention of the supervisor or the shop steward.

3. Grievance is a complaint that has been formally presented to a management representative or to a union official.

## Causes of Grievance

There are various factors that leave an employee unhappy and dissatisfied at the workplace. They become a cause of concern and results in a demotivated staff.
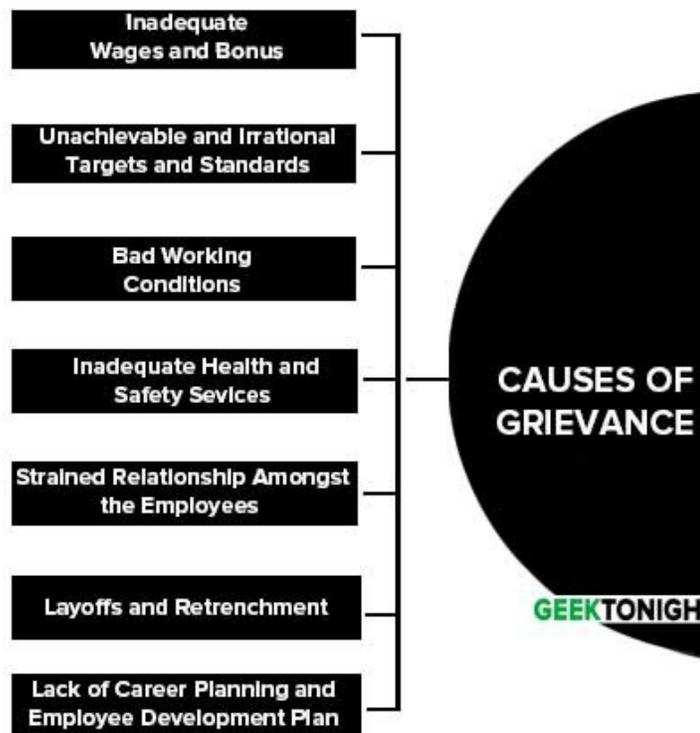


### Inadequate Wages and Bonus

When the workers are not paid an adequate amount of wages and bonuses for their hard work or if equal wages are not paid for the same work, the grievance may arise.

### Unachievable and Irrational Targets and Standards

Sometimes targets set by the managers are so impractical, that they cannot be achieved easily. Workers eventually get under tremendous stress and pressure in the effort of chasing the targets, which leads to grievance among the employees.

### Bad Working Conditions

Working conditions is a very important factor that impacts the satisfaction level of an employee. Bad working conditions, unavailability of tools and proper machinery etc lead to grievances amongst the employees.

### Inadequate Health and Safety Services

Companies while paying attention to maximizing their profit end up compromising the health and safety conditions of the employees. An unhygienic environment, poor safety conditions etc demotivate an employee to come to the workplace.

### Strained Relationship Amongst the Employees

Sometimes the employee feels jealous, anxious, nervous etc. working with their employees, superior or subordinate. The absence of healthy relationships amongst the employees leads to an environment which is conducive to unhappiness, dissatisfaction and grievance.

### Layoffs and Retrenchment

At the time of economic breakdown, every company try to reduce the strength of their employees so that they can cut down the overall cost. In such cases, the retrenched employees feel cheated and it also instils fear in the minds of the employees who are retained.

### Lack of Career Planning and Employee Development Plan

Planning enables employees to think about their future and overall development. For the employees to stay successful in their career it is a must for them to keep pace with the changing trend and environment. Lack of planning and showing no interest in the development of an employee makes them dissatisfied and stagnant in life.

### Grievance Handling Procedure

Grievance affects not only the employee and the manager but also the organization as a whole. The grievance procedure has to be carefully designed and implemented as it deals with human sentiments. Below steps should be followed to redress the grievance for the smooth functioning of the organization.

**Steps in Grievance Handling**

### Acknowledge and understand grievance

The first step in grievance handling is to timely acknowledge the problems before they turn into actual grievances through several means such as:

1. **Observation**: Through observation, a manager/supervisor can easily track the behaviour of people working under him. He can easily find out the unusual behaviour and prepare report accordingly.

2. **Opinion surveys**: Periodical interviews, group meetings, collective bargaining sessions etc with the workers are also helpful in knowing employee discontent before it becomes a grievance.

3. **Gripe boxes**: It is a box in which employees can drop their complaints. Employees do not have to disclose their identity while expressing their feelings of injustice or discontent.

4. **Exit interviews**: Employees usually leave their current jobs due to dissatisfaction regarding some areas at work. Exit interviews, conducted properly, can provide important information about employee's grievances.

5. **Open door policy**: This policy is useful in keeping touch with the employee's feelings as some organizations extend a general invitation to their employees to talk over their grievances in the manager's room.

### Gathering facts and data

The next step is to collect facts and data about the grievance from all the parties involved. Everyone's opinion should be given equal importance and no fact should be neglected or ignored

### Analysis of the grievance

The problem should be analyzed on the basis of the facts and data received after taking into consideration the economic, social, psychological and legal issues involved in them.

### Deriving a solution

After analyzing all the facts and data, different alternative solutions to the problem should be discussed and the best solution should be selected.

### Redressal

The grievance should be redressed by promptly putting into action the best solution selected. The employee should be relieved of the stress and discontent as soon as possible.

### Execution and Follow up

Once the solution is executed and implemented, there should be a timely follow up registering the employee's reaction to the decision. Also, it should be checked time and again whether the issue has been properly closed and it should be made sure that it does not reoccur.

## ESSENTIALS OF A GOOD DISCIPLINE SYSTEM

**The following are the prerequisite of discipline in an industrial organization.**

1. The goals or objectives of discipline should be clearly stated. The goals must be in clear and unambiguous terms. It should specify the standards expected of the workmen.

2. Specific and clear rules and regulation must be laid in consultation with the workers. Such rules and regulations should serve as a code of conduct for the workers and managers.

3. The code of conduct or rules and regulations should be communicated to all in the organization. It must be understood in same manner by those who enforce the rules and regulation and also by those who obey them.

4. Whenever a new employee joins the organization, he must be made to understand the rules and regulations so that he may produce acceptable behavior.

5. The rules of conduct must contain provision for investigation and settlement of grievances arising out of and during the course of employment.

6. The discipline policy should lay greater emphasis on the prevention of the breach of discipline than on the administration of penalties.

7. The approach of discipline should be positive and constructive.

8. The enforcement authority must be specified. The procedure for appeal against the disciplinary action by the aggrieved party should also be provided.

9. The quantum of prescribed punishment in specified cases of indiscipline should be known.

10. All rules and regulation should be executed objectively and consistently.

11. Disciplinary action should not be vindictive or should not be used to victimize employees but to prevent recurrence of indiscipline in future.

12. Penalties should be used only when it is absolutely necessary.

13. There should be suitable grievance procedure for the prompt redressal of all grievances of employees. All awards and agreements should be implemented without delay and discrimination.

14. A discipline committee may be constituted to look into the causes of indiscipline in the organisation and to suggest suitable measures for their removal.