

LECTURENOTES

SubjectName:

***HUMAN RESOURCE
MANAGEMENT***

Year / Branch:

IMBA II SEM

Regulation: *R22*

Prepared By:

DR.JYOSHNA.C

1. Syllabus Contents

I MBA – Semester - II					
CourseCode	HUMANRESOURCEMANAGEMENT	L	T	P	C
22MBA123			4	0	0
Course Educational Objectives (CEO):					
CEO1: To provide knowledge about Principles of Human Resources Management CEO2: To inculcate various aspects pertinent to HRP, Recruitment and selection CEO3: To elucidate Placement, Induction and Training & Development of Human Resource CEO4: To provide necessary knowledge about Performance Appraisal and Career Planning CEO5: To give an elaborate view about Compensation Management and Grievance Redressal					
UNIT-I	Introduction to Human Resource Management			Lecture Hrs: 8	
Importance-Scope and Objectives of HRM, Functions of HRM - Personal Management Vs Human Resource Management-HRM and Competitive advantage- HR as a Strategic Business Partner					
UNIT-II	Human resource planning, Recruitment and selection			Lecture Hrs: 10	
Job Analysis-Uses of Job Analysis- Process of Job Analysis- Methods of Job Analysis- Methods of Human Resource Planning-Recruitment, Process, Methods and Selection Process.					
UNIT-III	Placement, Induction and Training & Development			Lecture Hrs: 10	
Placement and Induction, Training of Employees- Need for Training- Objectives-Methods-Training Evaluation-Executive Development Methods- Promotion and Transfer.					
UNIT-IV	Performance Appraisal and Career Planning			Lecture Hrs: 10	
Need and Importance- Objectives-Process- Methods and Problems of Performance Appraisal, Performance Feedback, Concept of Career Planning –Features- Methods – Uses of Career Development-Succession Planning.					
UNIT-V	Compensation Management and Grievance Redressal			Lecture Hrs: 12	
Compensation Planning-Objectives –Factors Influencing Compensation, Compensation for Special Groups, Sources of Grievance, Grievance Handling Procedure- Essentials of a Good Discipline System.					
Course Outcomes:					
On successful completion of the course the student will be able to,				POs & PSOs related to COs	
C01	Demonstrate knowledge of Principles of Human Resources Management.			PO1, PO2, PO6, PS01, PS02	
C02	Analyze the skills related to HRP, Recruitment and selection.			PO2, PO4, PO6, PS01, PS02	
C03	Apply the Knowledge of Placement, Induction Training & Development of Human Resource.			PO4, PO6, PS01, PS02	
C04	Apply Knowledge of Performance Appraisal and Career Planning.			PO5, PO6, PS01, PS02	
C05	Outline the concept of Compensation Management and Grievance Redressal.			PO2, PO6, PS01, PS02	

Text Books:
<ol style="list-style-type: none"> Human Resource Management: Text & Cases, 2/e, Pande Sharon & Basak Swapnalekha, Vikas Publishing House Pvt. Ltd., 2015. Human Resource Management-Texts, Cases And Games, Subbarao.P, (Himalaya), 2011.
Reference Books:
<ol style="list-style-type: none"> Human Resource Management – Text and cases, 6/e, VSP Rao, Excel Books, New Delhi, 2006. Human Resource Management, 5/e, K.Aswathappa, Tata McGraw Hill, New Delhi, 2007. Personnel and Human Resource Management, Subba Rao, HPIL, New Delhi, 2009. Human Resource Management, 10/e, Dessler Gary, Pearson/Prentice Hall of India, New Delhi, 2006.
Online Learning Resources:
https://borgenproject.org/topic-1-introduction-to-human-resources-management/ http://www.uou.ac.in/sites/default/files/slm/BHM-702T.pdf https://www.researchgate.net/publication/305954894_Human_Resource_Management_Theory_and_Practice https://indiafreeNotes.com/umbms-performance-management-career-planning/ https://www.economicdiscussion.net/human-resource-management/compensation-management/32258 https://www.economicdiscussion.net/human-resource-management/grievance-management/31890

COURSE OUTCOMES VS POs MAPPING (DETAILED; HIGH:3; MEDIUM:2; LOW:1):

Course	CO \ PO	PO	PO	PO	PO	PO	PO	PO	PO	PO	PSO1	PSO2
		1	2	3	4	5	6	7	8			
C1203:HUMANRESOURC E MANAGEMENT	C1203.1	3	2	-	-	-	2	-	-	2.5	2	
	C1203.2	-	3	-	2	-	2	-	-	2.5	2	
	C1203.3	-	-	-	2	-	2	-	-	2	2	
	C1203.4	-	-	-	-	2	2	-	-	2	2	
	C1203.5	-	2	-	-	-	2	-	-	2	2	
	C1203	3	2.3	-	2	2	2	-	-	2.2	2	

UNIT- I
INTRODUCTION TO
HUMAN RESOURCE
MANAGEMENT

**“Great vision without great people
is irrelevant.” – Jim Collins**

UNIT- I

INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

UNIT OVERVIEW

Human Resource Management (HRM) focuses on managing people in an organization effectively to achieve organizational goals. It involves activities such as recruitment, training, motivation, performance management, and employee welfare. HRM considers employees as valuable assets and aims to develop their skills and abilities while ensuring organizational growth. This unit introduces the basic concepts of HRM, its importance, scope, objectives, and different approaches. It also explains the difference between Personnel Management and HRM and highlights the role of HR in achieving competitive advantage and acting as a strategic business partner. The unit also briefly discusses emerging trends such as digital HR, HR analytics, and diversity and inclusion.

OBJECTIVES OF THE UNIT

The main objectives of this unit are to:

- Understand the meaning and concept of Human Resource Management.
- Explain the importance and scope of HRM in organizations.
- Identify the objectives and functions of HRM.
- Understand different approaches to HRM.
- Distinguish between Personnel Management and HRM.
- Explain the role of HR in achieving competitive advantage and supporting business strategy.

LEARNING OUTCOMES

After studying this unit, students will be able to:

- Define Human Resource Management and explain its basic concepts.
- Describe the importance and functions of HRM in organizations.
- Differentiate between Personnel Management and HRM.
- Understand the strategic role of HR in business success.

- Identify modern trends influencing HR practices.

IMPORTANCE OF STUDYING THE UNIT

This unit provides a foundation for understanding how organizations manage their human resources effectively. It helps students recognize the importance of recruiting the right people, developing employee skills, maintaining good employee relations, and improving productivity. Understanding HRM also helps future managers align employee performance with organizational goals and create a motivated and committed workforce.

KEY CONCEPTS

- Human Resource Management (HRM)
 - Importance and Scope of HRM
 - Objectives and Functions of HRM
 - Approaches to HRM
 - Personnel Management vs HRM
 - HRM and Competitive Advantage
 - HR as a Strategic Business Partner
-

Meaning of Human Resource Management (HRM)

Human Resource Management (HRM) is the process of acquiring, developing, motivating, and maintaining human resources in an organization to achieve organizational goals efficiently and effectively.

According to **Edwin B. Flippo**:

HRM is the planning, organizing, directing and controlling of procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and societal objectives are accomplished.

Key Idea:

People are considered the **most valuable asset** of an organization.

Importance of HRM

HRM plays a crucial role in organizational success. It is not just about hiring employees but managing them strategically.

1. Achievement of Organizational Goals

- Right person for the right job.
- Aligning employee performance with company objectives.

2. Optimum Utilization of Human Resources

- Proper workforce planning.
- Avoids underutilization and overstaffing.

3. Employee Development

- Training and development programs.
- Skill enhancement and career growth.

4. Improving Employee Morale

- Motivation strategies.
- Employee welfare measures.

5. Reducing Employee Turnover

- Job satisfaction.

- Proper compensation and benefits.

6. Maintaining Industrial Relations

- Managing employer–employee relationships.
- Preventing conflicts and disputes.

7. Competitive Advantage

- Skilled and committed workforce.
- Innovation and productivity improvement.

Scope of HRM

The scope of HRM is very wide and includes all activities related to managing people.

A. Managerial Functions

1. Planning (HR Planning)
2. Organizing (Designing structure)
3. Directing (Leadership & Motivation)
4. Controlling (Performance Appraisal)

B. Operative Functions

1. Procurement (Recruitment & Selection)
2. Development (Training)
3. Compensation (Salary & Incentives)
4. Integration (Employee Relations)
5. Maintenance (Welfare & Safety)
6. Separation (Retirement, Resignation)

C. Advisory Functions

- Advising top management on HR policies.
- Legal compliance guidance.

Objectives of HRM

- Ensure availability of competent and motivated workforce
- Acquire the right people for the right jobs
- Develop employee skills and abilities
- Improve performance and productivity
- Maintain harmonious employer–employee relations
- Provide safe and healthy working conditions
- Satisfy economic, psychological, and social needs of employees
- Retain talented and productive employees
- Ensure compliance with labour laws
- Increase employee satisfaction and self-actualization
- Improve quality of work life
- Promote ethical policies and behaviour

HRM aims at achieving:

1. Organizational Objectives

- Productivity
- Profitability
- Growth

2. Functional Objectives

- Maintaining HR department effectiveness.

3. Social Objectives

- Ethical practices.
- Corporate social responsibility.

4. Personal Objectives

- Career growth.
- Job satisfaction.
- Work-life balance.

Approaches to HRM

Different approaches explain how organizations view employees.



1. Strategic Approach

People are the strategic asset of an organization. People have core competencies, the basis of competitive advantage. 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. People can be hired and fired through money. It is money that matters most.

This approach views people as economic men.

5. Proactive Approach

HR managers must anticipate the challenges or problems before they arise.

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.

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.

PERSONNEL MANAGEMENT VS HUMAN RESOURCE MANAGEMENT

Basis	Human Resource Management (HRM)	Personnel Management (PM)
Nature	Modern and strategic approach	Traditional and administrative
Focus	Development and utilization of people	Routine personnel activities
View of employees	Employees are assets / partners	Employees are labour / cost
Orientation	Proactive and future-oriented	Reactive and short-term
Scope	Wide – strategic planning & development	Limited – welfare & administration
Decision making	Decentralized, shared with line managers	Centralized in personnel department
Motivation	Emphasis on motivation, participation, empowerment	Emphasis on rules, discipline, control

Training	Continuous development	Job-oriented training
Industrial relations	Emphasis on cooperation and commitment	Emphasis on compliance and negotiation
Objective	Mutual growth of organisation & employees	Maintaining workforce and discipline

Key Difference:

Personnel Management focuses on **administration**,

HRM focuses on **development and strategy**.

HRM AND COMPETITIVE ADVANTAGE

Competitive advantage means the ability of a firm to outperform competitors.

According to **Michael Porter**, firms gain competitive advantage through:

- Cost Leadership
- Differentiation
- Focus Strategy

How HR Creates Competitive Advantage:

1. Hiring talented employees
2. Continuous training
3. Performance-based rewards
4. Strong organizational culture
5. Innovation encouragement

VRIO Framework:

- Valuable
- Rare

- Inimitable
- Organized

Human resources that satisfy VRIO create sustainable advantage.

HR AS A STRATEGIC BUSINESS PARTNER

Modern organizations treat HR as a strategic partner.

What Does It Mean?

HR participates in:

- Business planning
- Decision making
- Organizational restructuring
- Change management

HR as a strategic partner means that the **HR function actively contributes to achieving organisational goals** by aligning human resource strategies with **business strategy**, rather than performing only administrative tasks.

ROLE OF HR AS A STRATEGIC PARTNER

- Align HR policies with organisational vision and mission
- Participate in strategic planning and decision-making
- Forecast future manpower requirements
- Develop employee competencies to support business goals
- Build leadership and succession planning
- Drive organisational change and innovation
- Improve productivity and competitive advantage

Ulrich's HR Model: Developed by **Dave Ulrich**

Four Roles of HR:

1. Strategic Partner
2. Administrative Expert
3. Employee Champion
4. Change Agent

KEY ACTIVITIES

- Strategic workforce planning
- Talent management and retention
- Performance management systems
- Learning and development aligned with strategy
- Employee engagement and culture building

BENEFITS OF HR AS A STRATEGIC PARTNER

- Better organisational performance
- Stronger leadership pipeline
- Higher employee commitment
- Improved adaptability to change
- Sustainable competitive advantage

Emerging Trends in HRM

- Digital HR
- Artificial Intelligence in recruitment
- HR Analytics
- Remote Workforce Management
- Diversity & Inclusion

UNIT – I HIGHLIGHTS (INTRODUCTION TO HUMAN RESOURCE MANAGEMENT)

Human Resource Management (HRM) focuses on managing people effectively to achieve organizational goals. Employees are considered the **most valuable asset** of an organization.

HRM involves **recruitment, training, motivation, compensation, and employee welfare**.

The **importance of HRM** lies in improving productivity, employee satisfaction, and organizational growth.

The **scope of HRM** includes managerial, operative, and advisory functions. Major **objectives of HRM** are developing employee skills, maintaining good industrial relations, and improving quality of work life.

Various **approaches to HRM** include strategic, management, human resource, commodity, proactive, reactive, and system approaches.

Human Resource Management is modern and strategic, whereas **Personnel Management is traditional and administrative**.

HRM helps organizations gain **competitive advantage** through skilled employees, innovation, and performance-based rewards.

Modern organizations treat HR as a **strategic business partner** involved in decision-making and organizational development.

Case Study: People Management at ABC Manufacturing Ltd.

ABC Manufacturing Ltd. is a medium-sized company that produces electrical equipment. The company has grown rapidly in the last five years due to increased demand for its products. However, the management recently noticed several problems related to employees.

Many workers complained about lack of training, poor communication with supervisors, and limited opportunities for career growth. Employee turnover has also increased, and some experienced employees have left the company for better opportunities. The management realized that the company had been focusing mainly on production and profits while paying less attention to managing its human resources.

Previously, the company followed a traditional personnel management approach where the HR department mainly handled administrative tasks such as attendance, payroll, and maintaining employee records. There was very little focus on employee development, motivation, or participation in decision-making.

The new Managing Director believes that employees are the most valuable asset of the organization. He suggested transforming the personnel department into a modern Human Resource Management (HRM) department. The proposed changes include introducing training and development programs, performance appraisal systems, employee welfare measures, and better communication between management and employees. The management also plans to involve HR in strategic planning so that the company can attract talented employees and improve productivity.

Questions

1. Identify the major HR problems faced by ABC Manufacturing Ltd.
2. Explain how Human Resource Management can help solve the problems in the organization.
3. Differentiate between Personnel Management and Human Resource Management based on the case.
4. Why is it important for HR to act as a strategic partner in organizations like ABC Manufacturing Ltd.?

Text Books:

1. Subbarao.P: Human Resource Management-Texts, Cases And Games (Himalaya), 2011.
2. Human Resource Management, 10/e, 2006, Dessler Gary, Pearson/Prentice Hall of India, New Delhi.

S.No.	CO	Questions	BT
Unit I: Introduction to Human Resource Management			
<i>PART- A (TWO MARKS QUESTIONS)</i>			
1	1	Define Human Resource Management (HRM). (L1 – Remember)	L1
2	1	State any two objectives of Human Resource Management.	L1
3	1	What is meant by Human Resources?	L1
4	1	List any two functions of Human Resource Management.	L1
5	1	What is Personnel Management?	L1
6	1	Explain the concept of Competitive Advantage in HRM.	L2
7	1	What is Strategic Human Resource Management?	L1
8	1	Mention two differences between Personnel Management and HRM.	L2
S.No.	CO	Questions	BT
<i>PART-B (TEN MARKS QUESTIONS)</i>			
1	1	Define Human Resource Management (HRM). Explain its importance in modern organizations.	L2
2	1	a. Discuss the scope of Human Resource Management. (5M) b. Objectives of Human Resource Management. (5M)	L2
3	1	Explain the concept and features of Human Resource Management.	L2
4	1	Describe the different approaches to HRM.	L4
5	1	Differentiate between Personnel Management and Human Resource Management.	L4
6	1	Explain how HRM contributes to competitive advantage in an organization.	L4
7	1	Discuss the role of HR as a Strategic Business Partner.	L4
8	1	Explain the evolution from Personnel Management to Human Resource Management.	L2
9	1	Discuss the functions of HRM in achieving organizational goals.	L4
10	1	Why is HR considered the strategic asset of an organization? Explain with reasons.	L5

UNIT – II
HUMAN RESOURCE PLANNING,
RECRUITMENT, SELECTION

“Train people well enough so they can leave, treat them well enough so they don’t want to.” – *Richard Branson*

Unit Overview

This unit focuses on the process of planning and acquiring the right human resources for an organization. Human Resource Planning (HRP) helps organizations determine the number and type of employees required to achieve organizational goals. The unit explains job analysis, which involves identifying job duties, responsibilities, and required qualifications. It also discusses the uses, process, and methods of job analysis. In addition, the unit covers recruitment and selection, which are important HR functions used to attract and choose suitable candidates for jobs. Effective recruitment and selection ensure that the right person is placed in the right job, which improves organizational efficiency and productivity.

Objectives of the Unit

The main objectives of this unit are to:

- Understand the concept and importance of Human Resource Planning.
- Explain the meaning, uses, and process of job analysis.
- Identify different methods of job analysis.
- Understand the methods of Human Resource Planning.
- Explain the recruitment process and methods used to attract candidates.
- Understand the selection process used to choose the most suitable employees.

Learning Outcomes

After studying this unit, students will be able to:

- Explain the concept and need for Human Resource Planning.
- Describe the process and methods of job analysis.
- Identify various methods used for HR planning.
- Understand different recruitment methods used by organizations.
- Explain the steps involved in the employee selection process.

Importance of Studying the Unit

This unit is important because it explains how organizations plan their workforce and ensure the availability of the right employees at the right time. Proper human resource planning helps organizations avoid labour shortages and surpluses. Job analysis provides essential information about job roles and requirements. Recruitment and selection are crucial activities that help organizations attract qualified candidates and choose the best employees. Studying this unit helps students understand how effective staffing contributes to organizational performance and success.

Key Concepts

- Human Resource Planning (HRP)
- Job Analysis
- Uses of Job Analysis
- Process of Job Analysis
- Methods of Job Analysis
- Methods of Human Resource Planning
- Recruitment
- Recruitment Process
- Recruitment Methods
- Selection Process

UNIT – II
HUMAN RESOURCE PLANNING, RECRUITMENT, SELECTION

JOB ANALYSIS

- Job Analysis is a systematic process of collecting information about a job.
- It identifies duties, responsibilities, skills, and qualifications required.
- Foundation for all HR activities.

According to Edwin B. Flippo:

“Job analysis is the process of studying and collecting information relating to the operations and responsibilities of a specific job.”

Objectives of Job Analysis

- To determine job duties and responsibilities
- To identify required skills and qualifications
- To establish performance standards
- To assist in recruitment and selection
- To ensure proper compensation

Importance of Job Analysis

- Helps in manpower planning
- Improves recruitment & selection process
- Supports training and development
- Assists in performance appraisal
- Ensures fair compensation
- Reduces role ambiguity

Job Description

Meaning: Written statement describing job duties and responsibilities.

Contents:

- Job title
- Job location
- Duties & responsibilities
- Reporting authority
- Working conditions

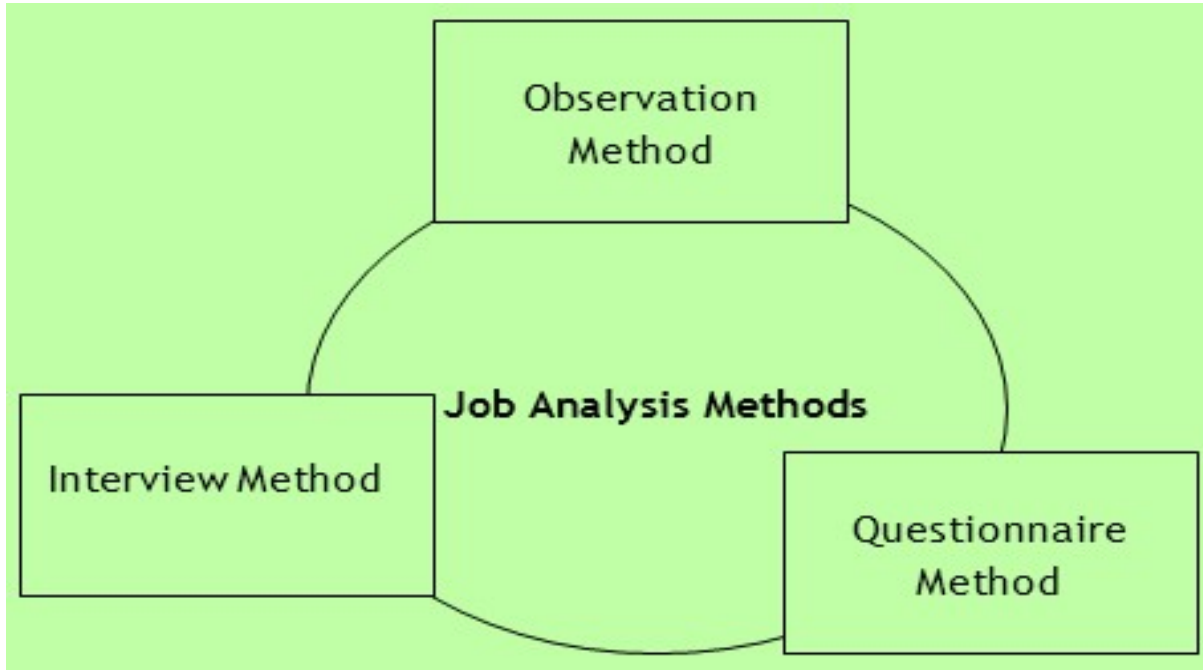
Job Specification

Meaning: Statement of minimum qualifications required.

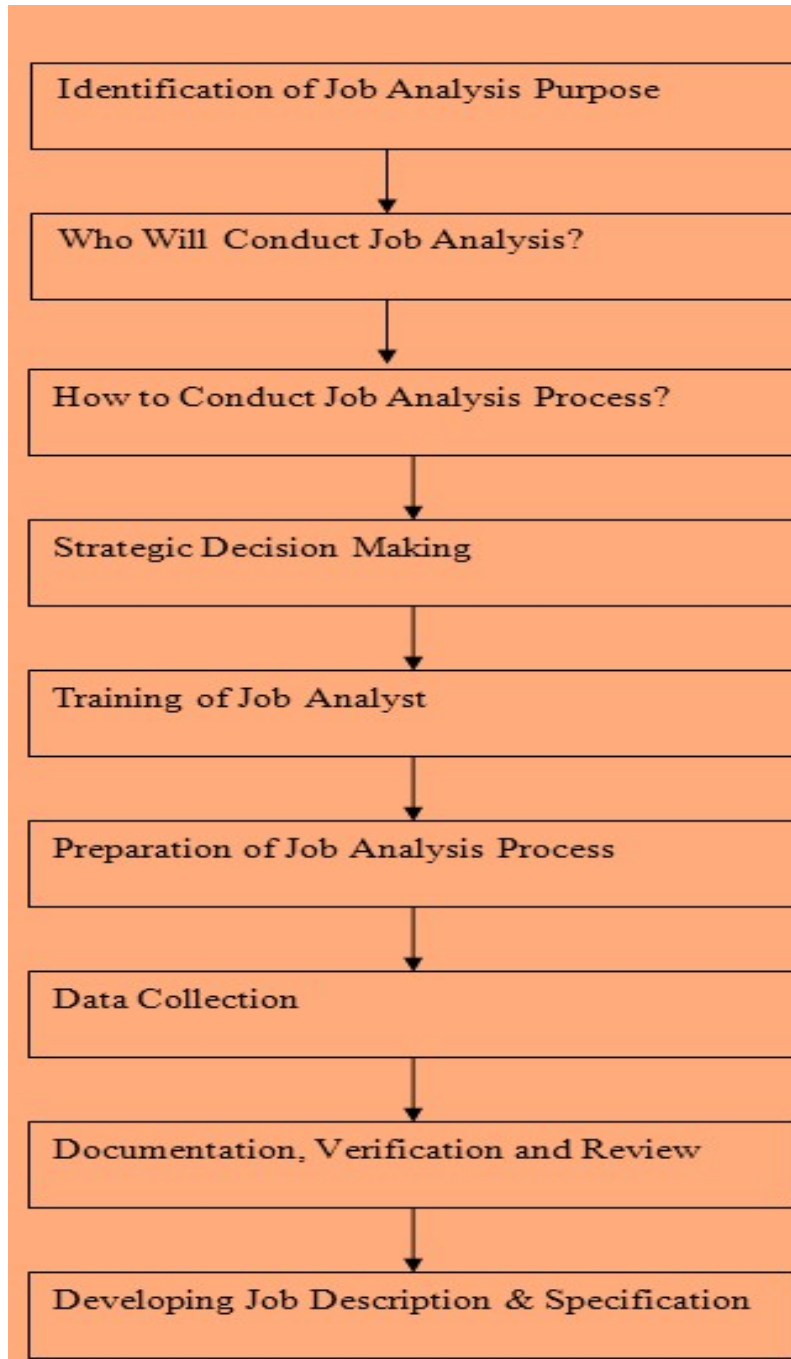
Includes:

- Education
- Experience
- Skills
- Physical requirements
- Personal attributes

JOB ANALYSIS METHODS



JOB ANALYSIS PROCESS



HUMAN RESOURCE PLANNING

Human Resource Planning Process



METHODS OF HRP

1. Workload Analysis Method

Estimates manpower based on total workload.

Formula:

Required Employees = Total Work / Productivity per Employee

MBA Example:

A bank processes 2,000 loan applications per month.

One officer handles 200 applications.

Required officers = $2000 / 200 = 10$ officers

Suitable For:

Manufacturing, banking operations, service centers

2. Trend Analysis (Historical Method)

Uses past employment data to forecast future needs.

Example:

If employee strength increased by 10% annually for 3 years, HR may assume similar growth next year.

Year 1: 100 employees

Year 2: 110

Year 3: 121

Projected Year 4: ~133 employees

Limitation:

Does not consider sudden market changes.

3. Ratio Analysis

Uses ratio between business activity and number of employees.

Example:

1 HR executive for every 50 employees.

If total employees = 500

HR executives required = 10

Useful In:

Retail, IT services, FMCG companies

4. Delphi Technique

Forecasting through expert opinions collected anonymously.

Steps:

Experts give forecasts

Responses summarized

Revised estimates collected

Final decision made

Example:

Before entering AI-based services, a company consults industry experts to estimate future skill requirements.

Advantage:

Reduces group pressure and bias.

5. Managerial Judgment

Managers estimate manpower based on experience and intuition.

Example:

Sales manager estimates 5 more sales executives required for new territory expansion.

Types:

Top-down approach

Bottom-up approach

6. Succession Planning

Identifying and preparing employees for future leadership roles.

Example:

Deputy Manager trained to replace Manager retiring in 2 years.

Importance:

Ensures continuity

Reduces disruption

Develops internal talent

RECRUITMENT

It is the process of searching for, attracting, and encouraging qualified candidates to apply for jobs in an organization.

It is the **first step** in building human capital and ensuring the right person is placed in the right job at the right time.

Edwin B. Flippo: Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization.

It is a **positive process** because it aims at attracting more applicants.

Objectives of Recruitment

- To attract qualified candidates
- To create a pool of talent
- To reduce recruitment cost and time
- To increase organizational effectiveness
- To meet present and future manpower needs

METHODS OF RECRUITMENT**1 Internal Methods of Recruitment**

(Recruiting from within the organization)

1. Promotion

Upgrading an existing employee to a higher position with more responsibility and salary.

✓ Motivates employees

✓ Saves time and cost

2. Transfer

Shifting an employee from one department or location to another without major change in rank.

3. Internal Job Posting

Vacancies are announced on notice boards, emails, or company portals.

4. Employee Referrals

Current employees recommend suitable candidates.

5. Re-employment of Ex-Employees

Former employees are rehired if they left on good terms.

2 External Methods of Recruitment

(Recruiting from outside the organization)

1. Direct Recruitment

Walk-in interviews or gate hiring.

2. Campus Recruitment

Hiring fresh graduates from colleges and universities.

3. Advertisement

Through newspapers, magazines, TV, or online job portals.

4. Employment Exchanges

Government employment offices help match candidates with jobs.

Recruitment Agencies

Private agencies help in hiring specialized talent.

E-Recruitment

Online platforms such as company websites and job portals.

Social Media Recruitment

Using platforms like LinkedIn and professional networks.

8. Labour Contractors

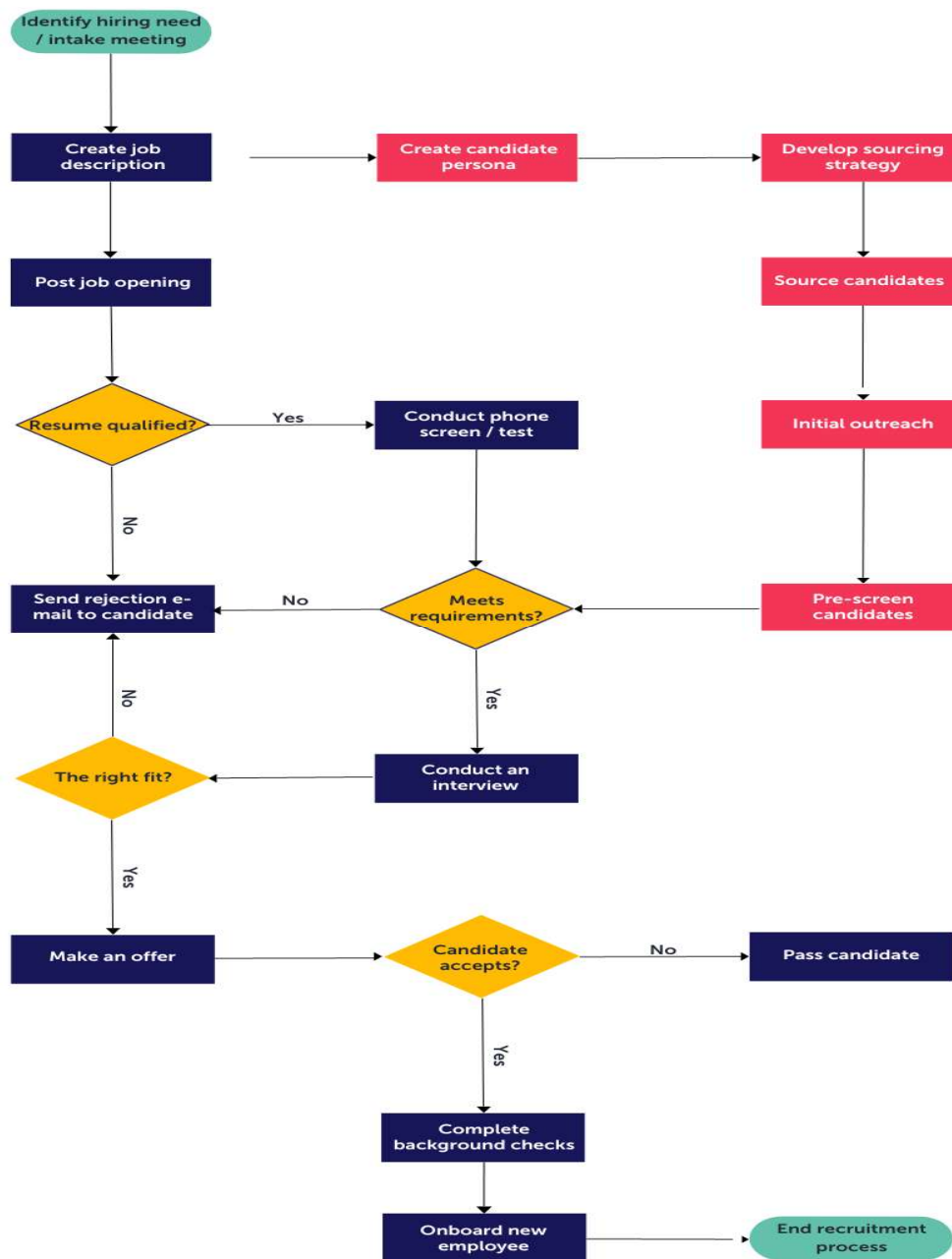
Common in construction and manufacturing industries.

Recruitment Process

1. Manpower Planning

2. Job Analysis

3. Job Description & Job Specification
4. Choosing Recruitment Sources
5. Advertising the Job
6. Receiving Applications
7. Screening of Applications



SELECTION

Selection is the process of choosing the most suitable candidate from the pool of applicants for a particular job.

It is a **negative process** because unsuitable candidates are rejected and only the best candidate is selected.

Definition

According to **Dale Yoder**, selection is the process in which candidates for employment are divided into two classes — those who are to be offered employment and those who are not.

Objectives of Selection

- To select the right person for the right job
- To reduce employee turnover
- To improve organizational performance
- To ensure job satisfaction
- To minimize training cost

SELECTION PROCESS (STEPS)

1. Preliminary Interview

Basic screening of candidates

2. Application Blank Review

Checking qualifications and experience

3. Written/Online Tests

1. Aptitude test
2. Technical test
3. Psychological test

4. Group Discussion (if required)

To assess communication and teamwork

5. Personal Interview

HR interview and Technical interview

6. Reference Check

Verifying previous employment details

7. Medical Examination

Ensuring physical fitness

8. Final Selection & Offer Letter

Types of Selection Tests

- Intelligence Test
- Aptitude Test
- Personality Test
- Interest Test
- Achievement Test

UNIT – II HIGHLIGHTS

Human Resource Planning, Recruitment and Selection

- **Human Resource Planning (HRP)** helps organizations determine the number and type of employees required to achieve organizational goals.
- **Job Analysis** is the process of collecting information about job duties, responsibilities, and required qualifications.
- **Uses of Job Analysis** include recruitment, selection, training, performance appraisal, and compensation planning.
- The **process of job analysis** includes collecting job information, analyzing duties, preparing job descriptions, and job specifications.
- **Human Resource Planning methods** include demand forecasting, supply forecasting, workload analysis, and trend analysis.
- **Recruitment** is the process of attracting qualified candidates to apply for jobs in an organization.
- Recruitment methods include **internal recruitment** (promotion, transfer) and **external recruitment** (advertisements, campus recruitment, employment agencies).
- **Selection** is the process of choosing the most suitable candidate from the applicants.
- The **selection process** generally includes application screening, tests, interviews, reference checks, medical examination, and final appointment

CASE STUDY: RECRUITMENT AND SELECTION PROBLEM

Background

A retail company hired 25 sales executives in a hurry during festival season. Within 3 months:

- 12 employees left the company.
- Many employees lacked communication skills.
- Customer complaints increased.
- Sales targets were not achieved.

The company did not conduct proper interviews or skill tests.

Questions

1. What mistakes were made in recruitment?
2. What is the importance of proper selection?
3. What selection tests can be used?
4. What is induction? Why is it important?

Text Books:

1. Subbarao.P: Human Resource Management-Texts, Cases And Games (Himalaya), 2011.
2. Human Resource Management, 10/e, 2006, Dessler Gary, Pearson/Prentice Hall of India, New Delhi.

S.No.	CO	Questions	BT
UNIT-II: Human resource planning, Recruitment and selection			
<i>PART- A (TWO MARKS QUESTIONS)</i>			
1	2	Define Human Resource Planning (HRP).	L1
2	2	What is Job Analysis?	L1
3	2	Define Job Description.	L1
4	2	What is Job Specification?	L1
5	2	List any two methods of Job Analysis.	L1
6	2	Explain the concept of Recruitment in HRM.	L2
7	2	Mention two sources of Recruitment.	L1
8	2	What is meant by Selection in Human Resource Management?	L2
S.No.	CO	Questions	BT
<i>PART-B (TEN MARKS QUESTIONS)</i>			
1	2	Define Human Resource Planning (HRP). Explain its objectives and importance in an organization.	L2
2	2	Discuss the various methods of Human Resource Planning.	L4
3	2	a) What is Job Analysis & Explain its uses in HRM. (5M) b) Explain Process of Job Analysis. (5M)	L2
4	2	Describe the process of Job Analysis in detail.	L2
5	2	Explain the various methods of Job Analysis with suitable examples.	L4
6	2	Define Recruitment. Explain the recruitment process followed in organizations.	L2
7	2	Discuss the internal and external methods (sources) of Recruitment.	L4
8	2	Explain the Selection Process in detail followed in organisations.	L2
9	2	Differentiate between Recruitment and Selection.	L4
10	2	How does effective Human Resource Planning improve the Recruitment and Selection process? Explain.	L5

UNIT-III: PLACEMENT, INDUCTION AND TRAINING & DEVELOPMENT

**“Take care of your employees
and they will take care of your
business.” – Richard Branson**

Placement, Induction and Internal Mobility of Human Resources

Unit Overview

This unit explains how organizations place employees in suitable jobs and help them adjust to the workplace. Placement ensures that the right person is assigned to the right job according to skills and qualifications, while induction introduces new employees to the organization, its policies, rules, and work environment. The unit also discusses the importance of employee training, including the need, objectives, and different methods used to improve employee knowledge, skills, and performance. Training evaluation helps organizations measure the effectiveness of training programs. In addition, the unit explains executive development methods used to prepare managers for higher responsibilities. The concept of internal mobility, including promotion and transfer, is also discussed as a way to utilize employees effectively and support career growth within the organization.

Objectives of the Unit

The objectives of this unit are to understand the concepts of placement and induction, explain the need and objectives of employee training, identify different training methods, understand training evaluation techniques, explain executive development methods, and understand internal mobility practices such as promotion and transfer.

Learning Outcomes

After studying this unit, students will be able to explain the importance of placement and induction in organizations, identify the need and objectives of training programs, describe different training and development methods, evaluate the effectiveness of training programs, understand executive development techniques, and explain the role of promotion and transfer in employee development and organizational growth.

Importance of Studying the Unit

Studying this unit helps students understand how organizations develop and manage their employees after recruitment. Proper placement and induction help new employees adjust quickly to their jobs and organizational culture. Training and development improve employee skills, productivity, and efficiency. Executive development prepares managers for future leadership roles. Internal mobility practices such as promotion and transfer motivate employees, improve job satisfaction, and help organizations utilize their human resources effectively.

Key Concepts

Placement, Induction, Orientation, Employee Training, Need for Training, Objectives of Training, Training Methods, Training Evaluation, Executive Development, Executive Development Methods, Internal Mobility, Promotion, and Transfer.

Induction (also called **employee orientation** or **onboarding**) is the process of introducing a newly appointed employee to the organization, its culture, policies, people, and job responsibilities.

It helps the new employee adjust smoothly to the work environment.

Objectives of Induction

To make the employee feel **welcome and comfortable**

To explain **organizational goals, vision, and mission**

To clarify **job roles and responsibilities**

To introduce **company policies and rules**

To reduce **anxiety and confusion**

To improve **employee engagement and retention**

Contents of Induction Programme

1 ☐ Organizational Information

History of the organization

Vision & mission

Organizational structure

Departments and key officials

2 ☐ Job-related Information

Job duties

Performance expectations

Reporting authority

3 ☐ HR Policies

Leave policy

Attendance rules

Salary & benefits

Code of conduct

Grievance procedure

4 ☐ Safety & Welfare Measures

Workplace safety rules

Employee welfare facilities

Types of Induction

Formal Induction

- Structured program
- HR department conducts sessions
- Orientation presentations, training schedules

Informal Induction

- Introduction by supervisor
- On-the-job explanation
- Less structured

✿ Benefits of Induction

- Reduces employee turnover
- Improves job satisfaction
- Builds confidence
- Enhances productivity
- Creates positive employer image

☐ Induction Process Steps

- Welcome letter
- Joining formalities
- Orientation session
- Departmental introduction
- Training & follow-up

Placement

Placement in HRM refers to assigning the right employee to the right job after recruitment and selection.

It ensures that an employee's **skills, qualifications, experience, and interests** match the job requirements.

Placement is the process of assigning a selected candidate to a specific job position in the organization.

Objectives of Placement

1. To match employee skills with job requirements
2. To ensure maximum efficiency and productivity
3. To reduce employee turnover
4. To increase job satisfaction
5. To utilize human resources effectively

Placement Process

- 1 Selection of candidate
- 2 Assignment of job position
- 3 Allocation of department
- 4 Fixing reporting authority
- 5 Orientation/Induction

Principles of Placement

- Right person for the right job
- Based on merit and qualification
- Consider employee interest and aptitude
- Fair and unbiased decision
- Proper training support

Importance of Placement

- Reduces absenteeism
- Improves employee morale

- Enhances performance
- Saves training cost
- Promotes organizational growth

Training

Training is a systematic process of improving employees' knowledge, skills, abilities, and attitudes to perform a specific job effectively.

According to **Edwin B. Flippo**:

Training is the act of increasing the knowledge and skills of an employee for doing a particular job.

◊ **Key Concept:**

Training focuses on **present job performance**, whereas development focuses on **future roles**.

2. Need for Training

Training is essential due to rapid changes in technology, competition, and work environment.

1. To Improve Job Performance

- Enhances efficiency and productivity.
- Reduces errors and wastage.

2. To Update Technical Skills

- New machinery, AI tools, automation.
- Digital transformation in organizations.

3. To Reduce Accidents

- Safety training prevents workplace injuries.
- Important in manufacturing and healthcare sectors.

4. To Improve Employee Morale

- Employees feel valued.
- Builds confidence.

5. To Adapt to Organizational Changes

- Mergers, restructuring, policy changes.
- Helps manage resistance to change.

6. To Prepare for Promotions

- Leadership training.
- Succession planning.

☑ 7. To Reduce Supervision

- Trained employees work independently.

3☐ Objectives of Training

Training aims at achieving the following objectives:

🌀 1. Increase Productivity

Better skills → Better output.

🌀 2. Improve Quality

Reduces defects and complaints.

🌀 3. Develop Team Spirit

Encourages cooperation and communication.

🌀 4. Reduce Turnover & Absenteeism

Satisfied employees stay longer.

🌀 5. Ensure Organizational Growth

Skilled workforce leads to innovation.

🌀 6. Maintain Safety Standards

Prevents legal and compliance issues.

4☐ Methods of Training

Training methods are broadly classified into:

◇ A. On-the-Job Training (OJT)

Training given at the workplace while performing the job.

1☐ Job Instruction Method

- Step-by-step demonstration.
- Common in technical roles.

2☐ Coaching

- Supervisor guides the employee.
- Continuous feedback.

3☐ Mentoring

- Senior employee supports junior.

- Focus on career growth.

4 ☐☐ Job Rotation

- Employees moved across departments.
- Broadens knowledge.

5 ☐☐ Apprenticeship Training

- Combination of classroom + practical training.
- Used in skilled trades.

◇ B. Off-the-Job Training

Training conducted away from the workplace.

1 ☐☐ Lecture Method

- Traditional classroom teaching.
- Useful for theory.

2 ☐☐ Case Study Method

- Real-life business situations.
- Improves decision-making.

3 ☐☐ Role Playing

- Employees act out situations.
- Improves interpersonal skills.

4 ☐☐ Simulation

- Artificial work environment.
- Common in aviation & medical fields.

5 ☐☐ Management Games

- Develop leadership and strategy skills.

6 ☐☐ Sensitivity Training

- Improves human relations.
- Based on behavioral theories.

7 ☐☐ Vestibule Training

- Training in a separate setup with similar equipment.

Difference Between On-the-Job & Off-the-Job Training

Basis	On-the-Job Training	Off-the-Job Training
Location	Workplace	Outside workplace
Cost	Low	High
Practical Exposure	High	Moderate
Distraction	Possible	Less
Suitability	Technical jobs	Managerial skills

Training Process (Systematic Approach)

Training should follow a structured process:

◇ Step 1: Training Need Assessment

- Organizational analysis
- Task analysis
- Individual analysis

◇ Step 2: Designing Training Program

- Setting objectives
- Selecting method
- Preparing materials

◇ Step 3: Implementation

- Conducting training sessions

◇ Step 4: Evaluation of Training

Evaluation models by **Donald Kirkpatrick**:

1. Reaction (Participant feedback)
2. Learning (Knowledge gained)
3. Behaviour (Application at workplace)
4. Results (Impact on organization)

Benefits of Training

For Employees:

- Career growth
- Job satisfaction
- Increased confidence

For Organization:

- Higher productivity
- Competitive advantage
- Reduced accidents
- Better employee retention

Modern Trends in Training

- E-learning & LMS
- AI-based training modules
- Microlearning
- Virtual Reality (VR) training
- Hybrid training models

Training Evaluation

Training evaluation refers to the systematic assessment of the effectiveness of a training program in achieving its objectives.

◇ Need for Training Evaluation

- To measure improvement in employee performance
- To justify training costs
- To identify strengths and weaknesses of the program
- To improve future training programs
- To ensure alignment with organizational goals

Levels of Training Evaluation

The most widely used model was developed by **Donald Kirkpatrick**.

Kirkpatrick's Four-Level Model

Reaction Level

- Measures participant satisfaction.
- Example: Feedback forms.

Learning Level

- Measures knowledge or skill gained.
- Example: Tests, assessments.

Behaviour Level

- Measures change in workplace behaviour.
- Example: Supervisor observation.

Results Level

- Measures impact on organizational performance.
- Example: Increased productivity, reduced costs.

◇ Other Evaluation Methods

- Pre-test & Post-test comparison
- ROI (Return on Investment) analysis
- Performance appraisal reports
- Control group method

Executive Development

Meaning

Executive Development refers to the process of developing managerial and leadership skills among executives to prepare them for higher responsibilities.

According to **Edwin B. Flippo**,

Executive development is a long-term educational process utilizing systematic procedures for improving managerial skills.

◇ Objectives of Executive Development

- Develop leadership qualities
- Improve decision-making skills
- Enhance strategic thinking

- Prepare managers for future roles
- Improve human relations skills

Methods of Executive Development

Executive development methods are classified into:

On-the-Job Methods

1. Coaching

- One-to-one guidance by senior managers.

2. Mentoring

- Long-term career guidance.

3. Job Rotation

- Moving executives across departments.

4. Committee Assignments

- Participation in committees for exposure.

5. Project Assignments

- Handling special projects.

Off-the-Job Methods

1. Case Study Method

- Analysis of business situations.

2. Role Playing

- Acting out management situations.

3. Management Games

- Business simulations for strategy learning.

4. Sensitivity Training (T-group)

- Improves interpersonal relations.

5. Lectures & Seminars

- Theoretical knowledge enhancement.

6. Business Simulations

- Real-world scenario-based learning.

Promotion

◇ Meaning

Promotion is the upward movement of an employee to a higher position involving:

- Higher responsibility
- Better status
- Increased salary

◇ Objectives of Promotion

- Motivate employees
- Reward performance
- Retain talent
- Fill higher-level vacancies

◇ Types of Promotion

1 □ Vertical Promotion

- Movement to a higher position.

2 □ Horizontal Promotion

- Increase in pay but same level of authority.

3 □ Dry Promotion

- Increase in responsibility without pay increase.

◇ Basis of Promotion

- Merit-based promotion
- Seniority-based promotion
- Merit-cum-seniority

Advantages of Promotion

- Boosts morale
- Encourages loyalty
- Reduces turnover

Transfer

Transfer refers to shifting an employee from one job to another at the same level of authority, pay, and responsibility.

Objectives of Transfer

- Meet organizational requirements
- Correct improper placement
- Reduce employee conflicts
- Provide job rotation
- Balance workforce

◇ Types of Transfer

1 □ Production Transfer

- To meet production needs.

2 □ Replacement Transfer

- To replace an employee.

3 □ Remedial Transfer

- To correct wrong placement.

4 □ Versatility Transfer

- To develop multi-skilled employees.

5 □ Shift Transfer

- Changing work shifts.

Text Books:

1. Subbarao.P: Human Resource Management-Texts, Cases And Games (Himalaya), 2011.
2. Human Resource Management, 10/e, 2006, Dessler Gary, Pearson/Prentice Hall of India, New Delhi.

Reference Books:

1. Human Resource Management – Text and cases, 6/e, 2006, VSP Rao, Excel Books, New Delhi.
2. Human Resource Management, 5/e, 2007, K.Aswathappa, Tata McGraw Hill, New Delhi.

UNIT – III Highlights

Placement, Induction and Internal Mobility of Human Resources

- **Placement** refers to assigning the selected employee to a suitable job according to skills and qualifications.
- Proper placement ensures **right person in the right job**, improving efficiency and productivity.
- **Induction (Orientation)** introduces new employees to the organization, its policies, rules, and work environment.
- Induction helps employees **adjust quickly to the organization** and reduces anxiety for new employees.
- **Training** is the process of improving employees' knowledge, skills, and abilities to perform their jobs effectively.
- The **need for training** arises due to technological changes, skill development, and improvement in employee performance.

CASE STUDY: Employee Turnover Problem at Godrej Pvt. Ltd.

Godrej Pvt. Ltd. is a medium-sized manufacturing company located in Andhra Pradesh. The company has 120 employees. Over the past one year, the company has been facing a **high employee turnover rate**, especially among junior executives.

The HR Manager noticed the following problems:

- Employees are leaving within 8–10 months of joining.
- No proper induction or training program is conducted.
- Salaries are slightly lower than competitors.
- No performance appraisal system exists.
- Promotions are unclear and not based on performance.
- Employees complain about poor communication from supervisors.

Recently, three talented employees resigned in the same month. The Managing Director has asked the HR department to analyze the issue and suggest solutions.

Key HR Issues Identified

1. Lack of proper recruitment and selection process
2. No employee training and development
3. Poor performance appraisal system
4. Weak motivation and reward system
5. Communication gap between management and employees

Questions for Discussion

1. What is the main HR problem in this case?
2. What are the reasons for high employee turnover?
3. How does lack of training affect employee performance?

1	3	What is Placement in Human Resource Management?	L1
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2	3	Define Induction or Orientation.	L1
3	3	What is meant by Employee Training?	L1
4	3	State any two objectives of training.	L1
5	3	What is Training Evaluation?	L1
6	3	What is Executive Development?	L2
7	3	Define Promotion.	L1
8	3	What is meant by Transfer in HRM?	L2
S.No.	CO	Questions	BT
PART-B (TEN MARKS QUESTIONS)			
1	3	Define Placement. Explain its importance in effective utilization of human resources.	L2
2	3	Explain Induction? Describe the induction process followed in organizations.	L2
3	3	Explain the need and objectives of training in an organization.	L4
4	3	Discuss the various methods of training employees.	L4
5	3	Explain the process of training evaluation. Why is it important?	L5
6	3	What is Executive Development? Discuss various executive development methods.	L4
7	3	Differentiate between Training and Executive Development.	L4
8	3	Explain the concept of Internal Mobility in HRM. Discuss its forms.	L2
9	3	Define Promotion and Transfer. Explain their objectives and types.	L2
10	3	How do Placement, Training, and Internal Mobility contribute to organizational effectiveness?	L5

Unit IV

Performance Appraisal and Career Planning

**“The way your employees feel
is the way your customers will
feel.” – Sybil F. Stershic**

UNIT – IV

Performance Appraisal and Career Planning

Unit Overview

This unit explains the concept and importance of performance appraisal and career planning in organizations. Performance appraisal is a systematic process used to evaluate employee performance and contribution to organizational goals. The unit discusses the need, objectives, process, methods, and common problems associated with performance appraisal. It also explains the importance of performance feedback in improving employee performance and motivation. In addition, the unit introduces the concept of career planning, its features, methods, and uses in employee development. The concept of career development and succession planning is also discussed as an important strategy for preparing employees for future leadership roles and ensuring continuity in organizational management.

Objectives of the Unit

The objectives of this unit are to understand the concept and importance of performance appraisal, explain the objectives and process of performance appraisal, identify different methods used for evaluating employee performance, understand the problems associated with performance appraisal, explain the importance of performance feedback, and understand the concept, features, methods, and uses of career planning and succession planning.

Learning Outcomes

After studying this unit, students will be able to explain the concept and importance of performance appraisal, describe the process and methods of performance appraisal, identify common problems in performance appraisal systems, understand the role of performance feedback in improving employee performance, explain the concept and features of career planning, and understand the importance of career development and succession planning in organizations.

Importance of Studying the Unit

Studying this unit helps students understand how organizations evaluate employee performance and develop their careers. Performance appraisal helps organizations identify employee strengths and weaknesses, improve productivity, and make decisions regarding promotions, training, and rewards. Career planning helps employees set career goals and develop skills required for future growth. Succession planning ensures that organizations have capable employees ready to fill key positions in the future. This unit therefore plays an important role in improving employee motivation, organizational effectiveness, and long-term growth.

Key Concepts

Performance Appraisal, Need for Performance Appraisal, Objectives of Performance Appraisal, Performance Appraisal Process, Methods of Performance Appraisal, Problems of Performance Appraisal, Performance Feedback, Career Planning, Features of Career Planning, Methods of Career Planning, Career Development, Uses of Career Development, and Succession Planning.

UNIT- IV

PERFORMANCE APPRAISAL AND CAREER PLANNING

Performance Appraisal

Performance Appraisal (PA) is a systematic evaluation of an employee's job performance and

contribution to the organization.

According to **Edwin B. Flippo**:

Performance appraisal is the systematic, periodic and impartial rating of an employee's excellence in matters pertaining to his present job and potential for a better job.

◇ **Key Focus:**

- Past performance
- Present efficiency
- Future potential

Need and Importance of Performance Appraisal

Performance appraisal is essential for both employees and the organization.

1. Basis for Promotion & Rewards

- Identifies deserving employees.
- Helps in pay increments and incentives.

2. Improves Employee Performance

- Identifies strengths and weaknesses.
- Encourages continuous improvement.

3. Training & Development

- Detects skill gaps.
- Helps design training programs.

4. Career Planning

- Identifies high-potential employees.
- Helps succession planning.

5. Motivation

- Recognition improves morale.

6. Organizational Control

- Aligns individual performance with company goals.

Objectives of Performance Appraisal

1. To Measure Work Performance
2. To Identify Training Needs
3. To Assist in Promotion & Compensation Decisions
4. To Improve Communication Between Superior & Subordinate
5. To Develop Future Leaders
6. To Maintain Organizational Discipline

Process of Performance Appraisal

A systematic appraisal process includes the following steps:

◇ Step 1: Establish Performance Standards

- Based on job description.
- Measurable & realistic.

◇ Step 2: Communicate Standards

- Employees must clearly understand expectations.

◇ Step 3: Measure Actual Performance

- Through observation, reports, KPIs.

◇ Step 4: Compare with Standards

- Identify deviations.

◇ Step 5: Discuss Results with Employee

- Provide constructive feedback.

- **◇ Step 6: Take Corrective Action**

- Training / Promotion / Counseling.

Methods of Performance Appraisal

Appraisal methods are classified into:

A. Traditional Methods

1 □ Ranking Method

- Employees ranked from best to worst.

2 □ Paired Comparison Method

- Each employee compared with others.

3 □ Grading Method

- Employees placed in categories (A, B, C).

4 □ Graphic Rating Scale

- Rating on traits like punctuality, quality.

5 □ Forced Distribution Method

- Fixed percentage in each performance category.

6 □ Checklist Method

- Yes/No questions about employee behavior.

B. Modern Methods

1 □ Management by Objectives (MBO)

Developed by **Peter Drucker**

- Joint goal setting.
- Performance measured based on goal achievement.

2 □ B60-Degree Appraisal

- Feedback from:
 - Supervisor
 - Peers
 - Subordinates
 - Customers

3 □ Behaviourally Anchored Rating Scale (BARS)

- Combines qualitative & quantitative assessment.

4 □ Assessment Centre Method

- Simulations, group discussions, case studies.

5 □ Psychological Appraisal

- Evaluates potential for future growth.

Problems of Performance Appraisal

Despite its importance, appraisal has several limitations:

1. Halo Effect

- One positive trait influences overall rating.

2. Horn Effect

- One negative trait dominates evaluation.

3. Central Tendency

- Rating everyone average.

4. Leniency & Strictness Bias

- Overly generous or harsh ratings.

5. Personal Bias

- Gender, caste, favoritism, friendship bias.

6. Recency Effect

- Only recent performance considered.

7. Lack of Objectivity

- Subjective judgments.

Performance Feedback

◇ Meaning

Performance feedback is the process of communicating appraisal results to employees and guiding them for improvement.

◇ Importance of Performance Feedback

- Clarifies expectations
- Improves communication
- Increases motivation
- Corrects performance gaps
- Builds trust

◇ Principles of Effective Feedback

✓ Be Specific

Avoid vague statements.

✓ Be Timely

Immediate feedback is effective.

✓ **Focus on Behaviour, Not Personality**

✓ **Encourage Two-Way Communication**

✓ **Maintain Confidentiality**

◇ **Types of Feedback**

1 □ Positive Feedback – Appreciation & recognition

2 □ Constructive Feedback – Improvement suggestions

3 □ 360-Degree Feedback – Multi-source feedback

Difference Between Traditional & Modern Appraisal Methods

Basis	Traditional	Modern
Focus	Traits	Performance & Results
Participation	Manager Only	Multiple stakeholders
Orientation	Past-oriented	Future-oriented
Objectivity	Less	More
Development Focus	Limited	Strong

Career Planning

Career Planning is a systematic process by which an individual sets career goals and identifies the means to achieve them with organizational support.

According to **Edwin B. Flippo**,

A career is a sequence of separate but related work activities that provide continuity, order and meaning in a person's life.

Career planning means matching **individual career goals** with **organizational opportunities**.

◇ Objectives of Career Planning

- To attract and retain talented employees
- To reduce employee turnover
- To improve employee motivation
- To utilize human resources effectively
- To ensure long-term organizational growth

Features of Career Planning

1. Continuous Process

Career planning is not a one-time activity.

2. Goal-Oriented

Focuses on long-term career goals.

3. Individual & Organizational Integration

Aligns employee aspirations with company needs.

4. Development-Based

Emphasizes training and skill enhancement.

5. Future-Oriented

Prepares employees for higher responsibilities.

6. Mutual Responsibility

Both employee and employer share responsibility.

Methods of Career Development

Career Development refers to the formal activities undertaken by the organization to help employees develop their careers.

◇ 1. Career Counseling

- Guidance provided by HR or senior managers.
- Helps in identifying strengths and weaknesses.

◇ 2. Training & Development Programs

- Skill development workshops.
- Leadership training.

◇ 3. Job Rotation

- Movement across departments.
- Broadens exposure.

◇ 4. Mentoring

- Senior guides junior employee.
- Long-term professional support.

◇ 5. Performance Appraisal

- Identifies high-potential employees.
- Basis for promotions.

◇ 6. Management Development Programs

- Prepares employees for managerial roles.

◇ 7. Assessment Centres

- Evaluate leadership potential.

Uses / Importance of Career Development

Career development benefits both employees and organizations.

For Employees:

- Career growth opportunities
- Higher job satisfaction
- Skill improvement
- Increased confidence
- Better financial growth

For Organization:

- Reduced turnover
- Higher productivity
- Improved employee loyalty
- Leadership pipeline creation
- Competitive advantage

Succession Planning

Meaning

Succession Planning is the process of identifying and developing potential employees to fill key leadership positions in the future.

It ensures business continuity.

◇ Importance of Succession Planning

- Prevents leadership vacuum
- Ensures smooth transition
- Retains talented employees
- Supports long-term strategic goals

Process of Succession Planning

◇ Step 1: Identify Key Positions

Critical roles like CEO, Managers.

◇ **Step 2: Identify Potential Successors**

High-performing employees.

◇ **Step 3: Evaluate Competencies**

Skills, leadership qualities.

◇ **Step 4: Provide Development Programs**

Training, mentoring, job rotation.

◇ **Step 5: Monitor & Review Progress**

Benefits of Succession Planning

- Reduces risk
- Enhances stability
- Encourages employee commitment
- Saves recruitment costs

Text Books:

1. Subbarao.P: Human Resource Management-Texts, Cases And Games (Himalaya), 2011.
2. Human Resource Management, 10/e, 2006, Dessler Gary, Pearson/Prentice Hall of India, New Delhi.

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3. Personnel and Human Resource Management, 2009, Subba Rao, HPIL, New Delhi.

UNIT - IV Highlights

Performance Appraisal and Career Planning

- **Performance Appraisal** is the systematic evaluation of an employee's job performance and contribution to organizational goals.
- It helps organizations **measure employee efficiency, productivity, and performance**.
- The **need for performance appraisal** arises to identify employee strengths, weaknesses, and training requirements.
- Major **objectives of performance appraisal** include improving performance, providing feedback, determining promotions, and identifying training needs.
- The **performance appraisal process** includes setting performance standards, measuring performance, comparing results, and providing feedback.
- Common **methods of performance appraisal** include ranking method, rating scale method, management by objectives (MBO), and 360-degree feedback.
- **Problems of performance appraisal** may include bias, halo effect, leniency errors, and lack of proper evaluation standards.
- **Performance feedback** helps employees understand their performance level and areas for improvement.
- **Career planning** is the process through which employees identify career goals and plan steps to achieve

CASE STUDY : Poor Performance Appraisal System

Background Align Technologies is an IT company with 200 employees. The company conducts performance appraisal once a year. However, employees feel that the appraisal system is unfair.

Problems observed:

- Managers give ratings based on personal liking.
- No clear performance criteria.
- No feedback discussion after appraisal.
- Promotions are given without transparency.
- High-performing employees feel demotivated.

Recently, 5 senior employees resigned stating “no recognition for performance.”

Questions

1. What are the problems in the appraisal system?
2. Why is performance feedback important?
3. What appraisal method would you suggest?
4. How can bias be reduced in appraisal?

S.No.	CO	Questions	BT
Unit IV: Performance Appraisal and Career Planning			
<i>PART- A (TWO MARKS QUESTIONS)</i>			
1	4	Define Performance Appraisal.	L1
2	4	State any two objectives of Performance Appraisal.	L1

3	4	What is Performance Feedback?	L1
4	4	List any two methods of Performance Appraisal.	L1
5	4	What is meant by Career Planning?	L1
6	4	What is Career Development?	L2
7	4	Define Succession Planning.	L1
8	4	Mention any two problems of Performance Appraisal.	L2
S.No.	CO	Questions	BT
PART-B (TEN MARKS QUESTIONS)			
1	4	Define Performance Appraisal. Explain its need and importance in an organization.	L4
2	4	a. Discuss the objectives of Performance Appraisal. (5M) Challenges of Performance Appraisal. (5M)	L3
3	4	Explain the process of Performance Appraisal in detail.	L4
4	4	Describe the various methods of Performance Appraisal.	L3
5	4	Discuss the problems and challenges in Performance Appraisal.	L4
6	4	What is Performance Feedback? Explain its significance in improving employee performance.	L4
7	4	Define Career Planning. Explain its features and objectives.	L2
8	4	Discuss the methods of Career Development in organizations.	L4
9	4	Explain the concept and importance of Succession Planning.	L2
10	4	How does effective Performance Appraisal support Career Planning and Succession Planning? Explain.	L5

Unit V

Compensation Management and Grievance Redressal

UNIT – V

Compensation Management and Grievance Redressal

Unit Overview

This unit explains the concept and importance of compensation management and grievance redressal in organizations. Compensation management involves planning and administering employee wages,

salaries, incentives, and benefits in a fair and equitable manner. The unit discusses the objectives of compensation planning and the various factors influencing employee compensation. It also explains compensation provided to special groups such as executives, sales personnel, and professionals.

In addition, the concept of job evaluation is discussed as a method for determining the relative value of jobs in an organization. The unit also focuses on employee grievances, their sources, and the grievance handling procedure followed by organizations. Finally, it explains the essentials of a good discipline system that helps maintain order, fairness, and harmonious industrial relations in the workplace.

Objectives of the Unit

The objectives of this unit are to understand the concept and objectives of compensation management, explain the factors influencing compensation decisions, understand compensation practices for special groups, explain the concept and importance of job evaluation, identify the sources of employee grievances, understand the grievance handling procedure, and explain the essentials of an effective discipline system in organizations.

Learning Outcomes

After studying this unit, students will be able to explain the concept and objectives of compensation management, identify the factors affecting compensation decisions, understand compensation systems for different groups of employees, describe the concept and methods of job evaluation, identify sources of employee grievances, explain the grievance handling procedure, and understand the importance of discipline in maintaining organizational harmony.

Importance of Studying the Unit

Studying this unit helps students understand how organizations design fair compensation systems that motivate employees and improve job satisfaction. Proper compensation management helps attract and retain talented employees and improves organizational performance. Job evaluation ensures fairness and equity in wage structures. Understanding grievance redressal systems helps organizations resolve employee complaints effectively and maintain good industrial relations. A good discipline system promotes fairness, responsibility, and harmony in the workplace.

Key Concepts

Compensation Management, Compensation Planning, Objectives of Compensation, Factors Influencing Compensation, Compensation for Special Groups, Job Evaluation, Employee Grievance, Sources of Grievance, Grievance Handling Procedure, Discipline, and Essentials of a Good Discipline System.

UNIT-V

COMPENSATION MANAGEMENT AND GRIEVANCE REDRESSAL

Compensation Planning

Compensation Planning refers to the systematic process of designing and implementing salary and wage

structures to attract, motivate, and retain employees.

According to **Edwin B. Flippo**,**

Compensation is the adequate and equitable remuneration of personnel for their contribution to organizational objectives.

Compensation Includes:

- Basic Salary / Wages
- Dearness Allowance (DA)
- Incentives & Bonuses
- Fringe Benefits
- Perquisites
- Retirement Benefits

Objectives of Compensation Planning

Compensation planning aims to balance organizational capability with employee expectations.

1. Attract Qualified Employees

Competitive pay attracts talent.

2. Retain Employees

Reduces employee turnover.

3. Motivate Employees

Performance-based incentives improve productivity.

4. Ensure Internal Equity

Equal pay for similar work within the organization.

5. Ensure External Equity

Comparable pay with industry standards.

6. Control Costs

Maintains balance between salary expenses and profitability.

7. Legal Compliance

Adherence to labor laws (Minimum Wages Act, Equal Pay Act).

8. Improve Employee Satisfaction

Fair pay enhances morale.

Factors Influencing Compensation

Compensation decisions are influenced by multiple internal and external factors.

A. Internal Factors

1 Ability to Pay

Financial position of the organization.

2 Job Evaluation

Relative worth of the job.

3 Employee Performance

Merit-based increments.

4 Organizational Policy

Compensation philosophy.

5 Labour Union Influence

Collective bargaining agreements.

B. External Factors

1 Labour Market Conditions

Demand and supply of talent.

2 ☐☐ Cost of Living

Inflation rate influences salary levels.

3 ☐☐ Government Regulations

Minimum wage laws, bonus laws.

4 ☐☐ Industry Wage Structure

Competitor salary standards.

5 ☐☐ Economic Conditions

Recession or economic boom.

Types of Compensation

Direct Compensation

- Basic pay
- Incentives
- Bonus
- Commission

Indirect Compensation

- Provident Fund
- Gratuity
- Insurance
- Paid leave
- Medical benefits

Compensation for Special Groups

Certain employee groups require special compensation structures.

1. Executives / Top Management

- High fixed salary
- Performance bonuses
- Stock options
- Profit sharing
- Long-term incentives

Purpose: Align executive goals with company performance.

2. Professionals (Doctors, Engineers, IT Experts)

- Skill-based pay
- Certification incentives
- Project bonuses

3. Blue-Collar Workers

- Time-rate wages
- Piece-rate wages
- Overtime compensation

4. Women Employees

- Maternity benefits
- Flexible working hours
- Equal pay for equal work

5. Differently-Abled Employees

- Special allowances
- Accessible workplace facilities

6. Expatriates (International Employees)

- Hardship allowance
- Foreign allowance
- Cost-of-living adjustment
- Relocation benefits

Part-Time & Contract Employees

- Hourly wages
- Limited benefits
- Project-based compensation

Principles of Sound Compensation Planning

- Equity (Internal & External)
- Fairness
- Simplicity
- Flexibility
- Motivation-Oriented
- Legal Compliance

Job Evaluation

◇ Meaning

Job Evaluation is a systematic process of determining the relative worth of jobs within an organization to establish a fair wage structure.

According to **Edwin B. Flippo**:

Job evaluation is a systematic and orderly process of determining the worth of a job in relation to other jobs.

◇ **Key Objective:**

Ensures **internal equity** (equal pay for equal work).

◇ **Objectives of Job Evaluation**

- Determine fair wage differentials
- Reduce wage inequalities
- Establish rational pay structure
- Prevent labour disputes
- Ensure transparency

◇ **Principles of Job Evaluation**

- Evaluates job, not the person
- Based on systematic analysis
- Considers skill, effort, responsibility & working conditions
- Ensures fairness and consistency

Methods of Job Evaluation

A. Non-Quantitative Methods

1 □ Ranking Method

- Jobs ranked from highest to lowest.
- Simple but subjective.

2 □ Job Classification / Grading Method

- Jobs grouped into grades/classes.
 - Common in government organizations.
-

◇ B. Quantitative Methods

3 □ Point Rating Method

- Points assigned to job factors (skill, effort, responsibility).
- Most widely used method.

4 □ Factor Comparison Method

- Compares jobs based on key factors.
 - More detailed and systematic.
-

◇ Advantages of Job Evaluation

- Promotes fairness
- Reduces grievances
- Improves employee morale
- Supports compensation planning

◇ Limitations

- Time-consuming
- Costly
- May face employee resistance
- Subjectivity in evaluation

Sources of Grievance

A grievance is any dissatisfaction or feeling of injustice experienced by an employee in connection with their job.

Common Sources of Grievance

Wage & Salary Issues

- Low pay
- Delay in salary
- Unequal pay

Working Conditions

- Unsafe workplace
- Long working hours

Supervision

- Biased behavior
- Harassment
- Lack of communication

Promotion & Transfer

- Denial of promotion
- Unfair transfer

Leave & Benefits

- Denial of leave
- Inadequate benefits

Disciplinary Actions

- Unjust punishment

Interpersonal Conflicts

- Disputes with colleagues

Grievance Handling Procedure

An effective grievance procedure ensures industrial harmony.

◇ Steps in Grievance Handling

Step 1 ☐☐- Presentation of Grievance

Employee presents complaint to immediate supervisor.

Step 2 ☐☐- Supervisor's Response

Supervisor investigates and attempts resolution.

Step 3 ☐☐- Escalation to Higher Authority

If unresolved, referred to department head or HR.

Step 4 ☐☐- Grievance Committee Review

Formal investigation and hearing.

Step 5 ☐☐- Final Decision

Top management decision.

Step 6 ☐☐- Arbitration (if necessary)

Involvement of external authority.

Principles of Effective Grievance Handling

- Quick action
- Fair hearing
- Confidentiality
- Impartial investigation
- Proper documentation

Essentials of a Good Discipline System

Discipline refers to orderly behavior and adherence to organizational rules and standards.

It ensures smooth functioning of the organization.

Objectives of Discipline

- Maintain order

- Ensure rule compliance
- Improve productivity
- Prevent misconduct

Types of Discipline

Positive Discipline

- Encouragement and self-control.

Negative Discipline

- Punishment for misconduct.

Essentials of a Good Discipline System

1. Clear Rules & Regulations

Employees must know expected behavior.

2. Fair & Consistent Application

No favoritism.

3. Progressive Discipline

Warning → Suspension → Termination.

4. Prompt Action

Delayed action weakens discipline.

5. Impartial Investigation

Natural justice principles.

6. Right to Appeal

Employees must have opportunity to defend.

7. Proper Documentation

Written records of actions.

8. Proportionate Punishment

Punishment should match misconduct.

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1. Human Resource Management – Text and cases, 6/e, 2006, VSP Rao, Excel Books, New Delhi.
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3. Personnel and Human Resource Management, 2009, Subba Rao, HPIL, New Delhi.

UNIT HIGHLIGHTS

- **Compensation management** deals with designing and administering employee wages, salaries, incentives, and benefits.
- The main **objectives of compensation planning** are fairness, employee motivation, and retention.
- Compensation is influenced by factors such as **skills, experience, market conditions, company policy, and government regulations**.
- Special compensation systems are designed for **executives, sales personnel, and professional employees**.
- **Job evaluation** is used to determine the relative value of different jobs within an organization.
- **Employee grievances** are complaints or dissatisfaction related to work conditions, pay, policies, or management practices.
- Common **sources of grievances** include unfair treatment, poor working conditions, and communication problems.
- The **grievance handling procedure** helps organizations resolve employee complaints systematically.
- A **good discipline system** ensures fairness, consistency, and respect for organizational rules.
- Effective compensation and grievance management improve **employee satisfaction, productivity, and industrial relations**.

CASE STUDY: EMPLOYEE GRIEVANCE HANDLING

Background

Sri Valli Textiles has 150 workers. Recently, workers complained about:

- Overtime wages not paid properly.
- Unsafe working conditions.
- Favoritism by supervisors.

There is no formal grievance handling procedure in the company.

Workers are planning to protest.

Questions

1. What are the sources of grievance in this case?

S.No.	CO	Questions	BT
Unit V: Compensation Management and Grievance Redressal			
<i>PART- A (TWO MARKS QUESTIONS)</i>			
1	5	Define Compensation Planning.	L1
2	5	List any two objectives of compensation management.	L1
3	5	What is Job Evaluation?	L1

4	5	State any two factors influencing employee compensation.	L1
5	5	Explain the meaning of grievance in an organization.	L1
6	5	Identify two sources of employee grievances.	L2
7	5	What is meant by grievance handling procedure?	L1
8	5	Mention two essentials of a good discipline system.	L2
S.No.	CO	Questions	BT
PART-B (TEN MARKS QUESTIONS)			
1	5	Define Compensation Planning. Explain its objectives in an organization.	L2
2	5	Discuss the various factors influencing compensation decisions in an organization.	L4
3	5	Explain the concept and components of Compensation Structure.	L2
4	5	What is meant by Compensation for Special Groups? Discuss with suitable examples.	L4
5	5	Define Job Evaluation. Explain its objectives and methods.	L4
6	5	Discuss the sources and causes of employee grievances in an organization.	L4
7	5	Explain the Grievance Handling Procedure followed in organizations.	L2
8	5	What are the essentials of a good discipline system? Explain.	L5
9	5	Differentiate between Grievance and Discipline.	L4
10	5	How does effective Compensation Planning help in reducing employee grievances? Explain.	L5