

## **Introduction of HRM**

Human resource management is that part of management which is directly concerned with the people employed in an organization. It involves procuring, developing and maintaining a competent work force so as to achieve the goals of organization efficiently and effectively. In short, human resource management may be defined as obtaining, utilizing and maintaining an effective and satisfied work force.

### **Concept of HRM**

Human Resource Management has come to be recognized as an inherent part of management, which is concerned with the human resources of an organization. Its objective is the maintenance of better human relations in the organization by the development, application and evaluation of policies, procedures and programmes relating to human resources to optimize their contribution towards the realization of organizational objectives.

In other words, HRM is concerned with getting better results with the collaboration of people. It is an integral but distinctive part of management, concerned with people at work and their relationships within the enterprise. HRM helps in attaining maximum individual development, desirable working relationship between employees and employers, employees and employees, and effective modeling of human resources as contrasted with physical resources. It is the recruitment, selection, development, utilization, compensation and motivation of human resources by the organization.

### **Features of HRM**

- 1) **Part of Management**-Human resource management is an integral part of the management process. It is inherent in all organizations because people comprise an essential part in every organization.
- 2) **Pervasive Function**-Human resource management is a function that is performed by all managers at all levels of the organization. It is an essential part of the job of every manager.

Every manager has to deal with his subordinates to get things done. Therefore, human resource management is required in all functional areas such as finance, marketing, production etc.

3) **Concerned with People**-Human resource management is concerned with people at work and their relationships. It deals with employees as individual and as groups.

4) **Wide Scope**-The scope of human resource management is very wide. It includes a broad spectrum of activities like recruitment, selection, placement, training, transfer, promotion, appraisal and compensation of employees.

### **Nature of HRM**

Human Resource Management is a process of bringing people and organizations together so that the goals of each are met. The various features of HRM include:

- It is pervasive in nature as it is present in all enterprises.
- Its focus is on results rather than on rules.
- It tries to help employees develop their potential fully
- It encourages employees to give their best to the organization.
- It is all about people at work, both as individuals and groups.
- It tries to put people on assigned jobs in order to produce good results.
- It helps an organization meet its goals in the future by providing for competent and well-motivated employees.
- It tries to build and maintain cordial relations between people working at various levels in the organization.
- It is a multidisciplinary activity, utilizing knowledge and inputs drawn from psychology, economics, etc.

## Scope of HRM

The scope of HRM is very wide:

1. **Personnel aspect**-This is concerned with manpower planning, recruitment, selection, placement, transfer, promotion, training and development, layoff and retrenchment, remuneration, incentives, productivity etc.
2. **Welfare aspect**-It deals with working conditions and amenities such as canteens, crèches, rest and lunch rooms, housing, transport, medical assistance, education, health and safety, recreation facilities, etc.
3. **Industrial relations aspect**-This covers union-management relations, joint consultation, collective bargaining, grievance and disciplinary procedures, settlement of disputes, etc.

## Objectives of HRM

- To help the organization reach its goals.
- To ensure effective utilization and maximum development of human resources.
- To ensure respect for human beings.
- To ensure reconciliation of individual goals with those of the organization.
- To achieve and maintain high morale among employees.
- To provide the organization with well-trained and well-motivated employees.
- To increase to the fullest the employee's job satisfaction and self-actualization.
- To develop and maintain a quality of work.

## Importance of HRM

### 1) Recruitment and Training

This is one of the major responsibilities of the human resource team. The HR managers come up with plans and strategies for hiring the right kind of people. They design the criteria which is best suited for a specific job description. Their other tasks related to

recruitment include formulating the obligations of an employee and the scope of tasks assigned to him or her. Based on these two factors, the contract of an employee with the company is prepared. When needed, they also provide training to the employees according to the requirements of the organization. Thus, the staff members get the opportunity to sharpen their existing skills or develop specialized skills which in turn, will help them to take up some new roles.

## **2) Performance Appraisals**

HRM encourages the people working in an organization, to work according to their potential and gives them suggestions that can help them to bring about improvement in it. The team communicates with the staff individually from time to time and provides all the necessary information regarding their performances and also defines their respective roles. This is beneficial as it enables them to form an outline of their anticipated goals in much clearer terms and thereby, helps them execute the goals with best possible efforts. Performance appraisals, when taken on a regular basis, motivate the employees.

## **3) Maintaining Work Atmosphere**

This is a vital aspect of HRM because the performance of an individual in an organisation is largely driven by the work atmosphere or work culture that prevails at the workplace. A good working condition is one of the benefits that the employees can expect from an efficient human resource team. A safe, clean and healthy environment can bring out the best in an employee. A friendly atmosphere gives the staff members' job satisfaction as well.

## **4) Managing Disputes**

In an organization, there are several issues on which disputes may arise between the employees and the employers. You can say conflicts are almost inevitable. In such a scenario, it is the human resource department which acts as a consultant and mediator to sort out those issues in an effective manner. They first hear the grievances of the employees. Then they come up with suitable solutions to sort them out. In other words, they take timely action and prevent things from going out of hands.

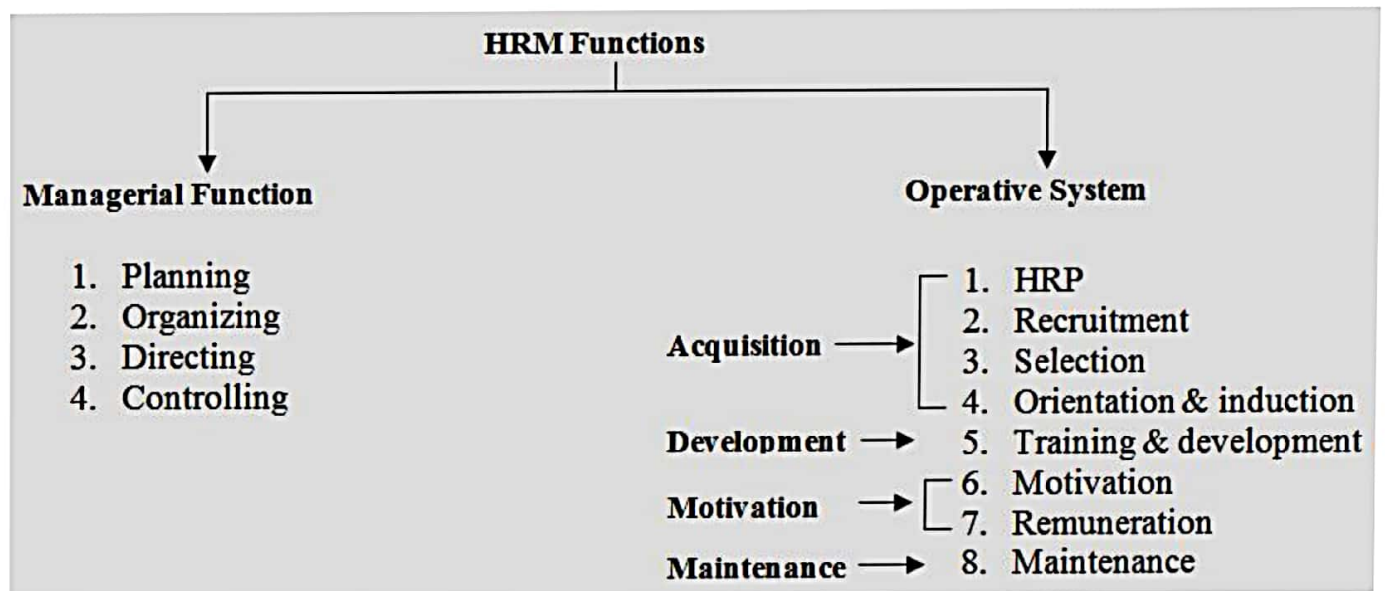
## **5) Developing Public Relations**

The responsibility of establishing good public relations lies with the HRM to a great extent. They organize business meetings, seminars and various official gatherings on

behalf of the company in order to build up relationships with other business sectors. Sometimes, the HR department plays an active role in preparing the business and marketing plans for the organization too.

Any organization, without a proper setup for HRM is bound to suffer from serious problems while managing its regular activities. For this reason, today, companies must put a lot of effort and energy into setting up a strong and effective HRM.

### Functions of HRM



### Role of HRM in strategic Management

**Role in Strategy Formulation:** HRM is in a unique position to supply competitive intelligence that may be useful in strategy formulation. Details regarding advanced incentive plans used by competitors, opinion survey data from employees, elicit information about customer complaints, information about pending legislation etc. can be provided by HRM. Unique HR capabilities serve as a driving force in strategy formulation.

**Role in Strategy Implementation:** HRM supplies the company with a competent and willing workforce for executing strategies. It is important to remember that linking strategy and HRM effectively requires more than selection from a series of practice choices. The challenge is to develop a configuration of HR practice choices that help implement the organization's strategy and enhance its competitiveness.

## **Human Resource Development**

### **Concept and Meaning of HRD**

The active resource of an organization is human resource. Other resources remain inactive unless there are competent people to utilize the available resources for the production of goods and services. Human brain has a limitless energy to think and act in a productive way. Hence, competent and qualified human resource is a key factor of organizational success. In this regard, the emergence of human resource development (HRD) plays a vital role in enhancing the entrepreneurial skill of people.

Human Resource Development (HRD) is a process of developing skills, competencies, knowledge and attitudes of people in an organization. The people become human resource only when they are competent to perform organizational activities. Therefore, HRD ensures that the organization has such competent human resource to achieve its desired goals and objectives. HRD imparts the required knowledge and skill in them through effective arrangement of training and development programs. HRD is an integral part of Human Resource Management (HRM) which is more concerned with training and development, career planning and development and the organization development. The organization has to understand the dynamics of HR and attempt to cope with changing situation in order to deploy its HR effectively and efficiently. And HRD helps to reach this target.

Hence, HRD is a conscious and proactive approach applied by employers which seeks to capacitate employees through training and development to give their maximum to the organization and to fully use their potential to develop themselves.

HRD concept was first introduced by Leonard Nadler in 1969 in a conference in US. "He defined HRD as those learning experience which are organized, for a specific time, and designed to bring about the possibility of behavioral change".

Human Resource Development (HRD) is the frameworks for helping employees develop their personal and organizational skills, knowledge, and abilities. Human Resource Development includes such opportunities as employee training, employee career development, performance management and development, coaching, mentoring, succession planning, key employee identification, tuition assistance, and organization development.

According to M.M. Khan, "Human resource development is the across of increasing knowledge, capabilities and positive work attitudes of all people working at all levels in a business undertaking."

### **Nature of HRD**

1. HRD is a continuous process
2. HRD concerned with behavioral knowledge.
3. HRD is a well integrated system
4. HRD provides better quality of life.
5. HRD focuses on all round development of human resources.

### **Importance of HRD**

#### **1. HRD Develops Competent HR**

HRD develops the skills and knowledge of individual; hence, it helps to provide competent and efficient HR as per the job requirement. To develop employment's skill and competencies, different training and development programs are launched.

#### **2. HRD Creates Opportunity for Career Development**

HRD helps to grasp the career development opportunities through development of human skills and knowledge. Career development consists of personal development efforts through a proper match between training and development opportunities with employee's need.

### **3. Employ Commitment**

Trained and efficient employees are committed towards their jobs which is possible through HRD. If employees are provided with proper training and development opportunities, they will feel committed to the work and the organization.

### **4. Job Satisfaction**

When people in the organization are well oriented and developed, they show higher degree of commitment in actual work place. This inspires them for better performance, which ultimately leads to job satisfaction.

### **5. Change Management**

HRD facilitates planning, and management of change in an organization. It also manages conflicts through improved labor management relation. It develops organizational health, culture and environment which lead to change management.

### **6. Opportunities for Training and Development**

Trainings and development programs are tools of HRD. They provide opportunity for employee's development by matching training needs with organizational requirement. Moreover, HRD facilitates integrated growth of employees through training and development activities.

### **7. Performance Improvement**

HRD develops necessary skills and abilities required to perform organizational activities. As a result of which, employees can contribute for better performance in an organization. This leads to greater organizational effectiveness.

## **Evolution of HRD**

- Early apprenticeship programs
- Early vocational education programs
- Early factory schools
- Early training for unskilled/semiskilled
- Human relations movement
- Establishment of training profession
- Emergence of HRD

### **Prehistory**

The term "human resources" was coined only in the 20th century. However, the human race developed employee selection processes long before that. Even during the prehistoric period, humans carefully considered a candidate's qualification before choosing him for a leadership position. In addition, the earliest human beings placed high importance on passing down necessary knowledge. Human resource development relies on education, which involves transmitting essential materials to employees so they can do their jobs better.

### **Ancient History**

As human civilization continued to develop, so did the desire to improve employee performance and knowledge. Historians have found evidence of employment screening exams dating back to 1115 B.C. in China. The ancient Greeks and Babylonians created the apprenticeship system, which trained entry level employees in a particular trade. Apprenticeships continued well into the middle Ages.

## **The Industrial Revolution**

In the late 18th century, Europe and America's economies shifted from agriculture to manufacturing. Inventors developed mechanisms to speed up production. However, mechanization led to injuries, a monotonous work environment and low wages in favor of more efficient production. Some employers realized productivity correlated strongly to worker satisfaction and attempted to improve training and salary.

## **Human Relations Movement**

World War I brought about huge changes in the labor market. After World War I, the government and businesses realized that employees would no longer contribute to the economy if mistreated. In 1928, social scientist Elton Mayo began researching the effect of better working conditions on employees. Not surprisingly, workers under improved conditions produced more. Mayo discovered that under better conditions, employees worked as a team and generated a higher output. He promoted stronger human relations between subordinates and supervisors, which he called "the Human Relations movement."

## **Human Resources Approach**

By the 1960s, managers and researchers realized that just because an employee has better working conditions does not mean he will work harder. Instead, a new theory emerged. Both bosses and social scientists concluded that each worker has individual needs and requires a more personalized form of motivation in order to produce more. Businesses began treating employees as assets or resources, which needed cultivation and encouragement in order for the company to succeed.

## **Developing Resources**

During the last decades of the 20th century, supervisors began to focus on bringing organizational and individual employee goals closer together. To do this, managers strove to make work meaningful. Upper management gave human resources professionals the responsibility of optimizing employee skills to create a more valuable, skilled workforce. This trend has prevailed into the 21st century, with human resource departments emphasizing skill development and training for employees.

## **Human Capital**

A measure of the economic value of an employee's skill set. This measure builds on the basic production input of labor measure where all labor is thought to be equal. The concept of human capital recognizes that not all labor is equal and that the quality of employees can be improved by investing in them. The education, experience and abilities of an employee have an economic value for employers and for the economy as a whole.

## **Emotional Quotient**

EQ actually stands for Emotional Intelligence Quotient. Much like an intelligence quotient, or IQ, an EQ is said to be a measure of a person's emotional intelligence. However, there is much debate surrounding the legitimacy of a definition of emotional intelligence quotient, primarily because there is no standard against which it can be measured.

Research on EQ began with Yale psychologist Peter Salovey and John Mayer of the University of New Hampshire in the late 1980s. EQ is a concept that was further popularized by Daniel Goleman, another well-respected psychologist, who has written many books on the subject and is co-chair of The Consortium for Research on Emotional Intelligence in Organizations. While these and many other psychology experts view EQ as a scientific study of social behavior and relationships, the actual science behind measuring EQ is often convoluted at best.

## **Mentoring**

Mentoring is most often defined as a professional relationship in which an experienced person (the mentor) assists another (the mentoree) in developing specific skills and knowledge that will enhance the less-experienced person's professional and personal growth.

What does a mentor do?

- The following are among the mentor's functions:
- Teaches the mentoree about a specific issue
- Coaches the mentoree on a particular skill
- Facilitates the mentoree's growth by sharing resources and networks

- Challenges the mentoree to move beyond his or her comfort zone
- Creates a safe learning environment for taking risks.
- Focuses on the mentoree's total development

### **ESOP**

An Employee Stock Ownership Plan (ESOP) is an employee benefit plan which makes the employees of company owners of stock in that company. Several features make ESOPs unique as compared to other employee benefit plans. First, only an ESOP is required by law to invest primarily in the securities of the sponsoring employer. Second, an ESOP is unique among qualified employee benefit plans in its ability to borrow money. As a result, "leveraged ESOPs" may be used as a technique of corporate finance.

The benefits for the company include increased cash flow, tax savings, and increased productivity from highly motivated workers. The main benefit for the employees is the ability to share in the company's success. Due to the tax benefits, the administration of ESOPs is regulated, and numerous restrictions apply. It is also called stock purchase plan

### **Flexi-Time**

Flexi time (or flextime, flexi-time, originally derived from the German word Gleitzeit which literally means "sliding time") is a variable work schedule, in contrast to traditional work arrangements requiring employees to work a standard 9 a.m. to 5 p.m. day. Its invention is usually credited to William Henning. Under flextime, there is typically a core period (of approximately 50% of total working time/working day) of the day, when employees are expected to be at work (for example, between 11 a.m. and 3 p.m.), while the rest of the working day is "flexi time", in which employees can choose when they work, subject to achieving total daily, weekly or monthly hours in the region of what the employer expects, and subject to the necessary work being done.

A flextime policy allows staff to determine when they will work, while a flex place policy allows staff to determine where they will work. Its practical realization can mainly be attributed to the entrepreneur Wilhelm Haller who founded Hengstler Gleitzeit, and later "Inter flex

Datensysteme GmbH" in Southern Germany, where today a number of companies offer Flexi time (Gleitzeit) solutions which have grown out of his initiative

## Quality Circles

Quality Circles are (informal) groups of employees who voluntarily meet together on a regular basis to identify, define, analyze and solve work related problems.

Usually the members of a particular team (quality circle) should be from the same work area or who do similar work so that the problems they select will be familiar to all of them. In addition, interdepartmental or cross functional quality circles may also be formed.

An ideal size of quality circle is seven to eight members. But the number of members in a quality circle can vary.

### Objectives of Quality Circles

- Promote job involvement
- Create problem solving capability
- Improve communication
- Promote leadership qualities
- Promote personal development
- Develop a greater awareness for cleanliness
- Develop greater awareness for safety
- Improve morale through closer identity of employee objectives with organization's objectives
- Reduce errors.
- Enhance quality
- Inspire more effective team work

## **Kaizen**

Kaizen was created in Japan following World War II. The word Kaizen means "continuous improvement". It comes from the Japanese words 改 ("kai") which means "change" or "to correct" and 善 ("zen") which means "good".

Kaizen is a system that involves every employee - from upper management to the cleaning crew. Everyone is encouraged to come up with small improvement suggestions on a regular basis. This is not a once a month or once a year activity. It is continuous. Japanese companies, such as Toyota and Canon, a total of 60 to 70 suggestions per employee per year are written down, shared and implemented.

In most cases these are not ideas for major changes. Kaizen is based on making little changes on a regular basis: always improving productivity, safety and effectiveness while reducing waste.

Suggestions are not limited to a specific area such as production or marketing. Kaizen is based on making changes anywhere that improvements can be made. Western philosophy may be summarized as, "if it ain't broke, don't fix it." The Kaizen philosophy is to "do it better, make it better, and improve it even if it isn't broken, because if we don't, we can't compete with those who do."

## **TQM**

Total quality management or TQM is an integrative philosophy of management for continuously improving the quality of products and processes.

TQM functions on the premise that the quality of products and processes is the responsibility of everyone who is involved with the creation or consumption of the products or services offered by an organization. In other words, TQM capitalizes on the involvement of management, workforce, suppliers, and even customers, in order to meet or exceed customer expectations. Considering the practices of TQM as discussed in six empirical studies, Cua, McKone, and Schroeder (2001) identified the nine common TQM practices as cross-functional product design, process management, supplier quality management, customer involvement, information and feedback, committed leadership, strategic planning, cross-functional training, and employee involvement.

## **Six Sigma**

Six Sigma seeks to improve the quality of process outputs by identifying and removing the causes of defects (errors) and minimizing variability in manufacturing and business processes. It uses a set of quality management methods, including statistical methods, and creates a special infrastructure of people within the organization ("Black Belts", "Green Belts", etc.) who are experts in these methods. Each Six Sigma project carried out within an organization follows a defined sequence of steps and has quantified financial targets (cost reduction and/or profit increase).

The term Six Sigma originated from terminology associated with manufacturing, specifically terms associated with statistical modeling of manufacturing processes. The maturity of a manufacturing process can be described by a sigma rating indicating its yield, or the percentage of defect-free products it creates. A six sigma process is one in which 99.99966% of the products manufactured are statistically expected to be free of defects (3.4 defects per million). Motorola set a goal of "six sigma" for all of its manufacturing operations, and this goal became a byword for the management and engineering practices used to achieve it.

### **Overview of Government policy since 1991 affecting Human Resources**

Human resources practices regularly involve rights and activities protected by employment laws that confer employee rights and impose legal responsibilities on employers. Human resources professionals must know current federal, state and local employment laws that apply to their size and type of business in their geographic location. Common employee rights protected under employment laws include nondiscrimination and equal employment opportunity, freedom to join and form unions, minimum standards for terms and conditions of employment, and the right to privacy.

It provides a survey of employment laws, including employment discrimination (such as protected class, disparate impact, disparate treatment, retaliation); military leave; drug-free workplace legal issues; workplace violence; the Family and Medical Leave Act of 1993 (FMLA); the Americans with Disabilities Act of 1990 (ADA); negligent referral; negligent hiring; negligent retention; and employee references. Human Resource Management (HRM)

involves compliance and litigation avoidance. These modules underscore the importance for HR professionals to understand these legal issues.

### **Anti-Discrimination**

Title VII of the Civil Rights Act of 1964 prohibits discrimination against employees on the basis of "race, color, religion, sex, or national origin." The regulations apply to employers who had 15 or more employees on the payroll, every day for at least 20 weeks during the current or prior calendar year. Employers cannot refuse to hire an employee, dismiss him from employment, or otherwise discriminate against the employee for one of these reasons. Likewise, the employer may not retaliate against an employee for making a charge of discrimination under the Act. The Age Discrimination in Employment Act extends the prohibition of discrimination in hiring and firing actions to employees aged 40 and older. This legislation does not apply to businesses with less than 20 workers.

### **Wage and Hour**

The Fair Labor Standards Act (FLSA) establishes the amount of the federal minimum wage, which is revised on a periodic basis. Because several states have legislation establishing a minimum wage higher than the federal minimum, HR professionals should continuously verify the accuracy of the amount paid to employees. In addition to extensive child labor regulations, FLSA regulations also require all covered employees to be paid overtime for any hours worked over 40 in a workweek. Several exemptions to the FLSA exist, and HR managers should ensure employees are classified appropriately for their job duties. Failure to comply with the FLSA can lead to penalties and back pay for up to two years — or three, if the violation is deemed to be willful. Don't assume that your business is too small to be covered — the FLSA does not specify a minimum number of employees.

### **Leave Provisions**

The federal Family and Medical Leave Act (FMLA) provides eligible employees with the ability to take up to 12 weeks of unpaid leave in a 12-month period for a variety of circumstances, such as the serious health condition of the employee, his spouse or child, bonding with a new baby or a qualifying exigency related to active military service. Up to 26 weeks of leave are permitted for

an employee who is caring for an eligible service member. Employees are entitled to job protection during the absence and their health coverage continues as if they had remained at work. The burden is on the employer to recognize that FMLA time is appropriate — the employee does not even have to mention FMLA to request the leave — and HR staff should train managers and supervisors on the eligible reasons for leave.

### **Medical and Disability**

Various federal laws dictate how the employer must treat an employee with a disability or medical condition. The Americans with Disabilities Act prohibits an employer from discriminating against employees on the basis of a disability or perceived disability. The Act also requires employers to make reasonable accommodations to allow employees to perform their job duties and provide accommodations — like interpreters — to enable disabled customers to access the goods or services the company provides. The Act also requires companies to modify the premises to allow customers to access the facility. Other medical legislation includes the Genetic Information and Nondiscrimination Act (GINA), which prohibits discrimination on the basis of genetic information, such as a family history of a disorder. The Health Insurance Portability and Accountability Act protects an employee's privacy regarding medical information and means HR must train managers on what information they should, or should not, require regarding an employee's medical situation.

## Acquisition of Human Resources

**Human Resource Planning:** HR planning refers to classic HR administrative functions, and the evaluation and identification of human resources requirements for meeting organizational goals. It also requires an assessment of the availability of the qualified resources that will be needed. To ensure their competitive advantage in the marketplace and anticipate staffing needs, organizations must implement innovative strategies that are designed to enhance their employee retention rate and recruit fresh talent into their companies. Human resources planning is one way to help a company develop strategies and predict company needs in order to keep their competitive edge.

Human resources planning is a process that identifies current and future human resources needs for an organization to achieve its goals. Human resources planning should serve as a link between human resources management and the overall strategic plan of an organization. Aging worker populations in most western countries and growing demands for qualified workers in developing economies have underscored the importance of effective Human Resources Planning.

### HRP concept

The process that links the human resource needs of an organization to its strategic plan to ensure that staffing is sufficient, qualified, and competent enough to achieve the organization's objectives. HR planning is becoming a vital organizational element for maintaining a competitive advantage and reducing employee turnover. The ongoing process of systematic planning is to achieve optimum use of an organization's most valuable asset - its human resources. The objective of human resource (HR) planning is to ensure the best fit between employees and jobs, while avoiding manpower shortages or surpluses. The three key elements of the HR planning process are forecasting labor demand, analyzing present labor supply, and balancing projected labor demand and supply.

As defined by Bulla and Scott, human resource planning is 'the process for ensuring that the human resource requirements of an organization are identified and plans are made for satisfying those requirements'. Reilly defined workforce planning as: 'A process in which an organization

attempts to estimate the demand for labour and evaluate the size, nature and sources of supply which will be required to meet the demand.' Human resource planning includes creating an employer brand, retention strategy, absence management strategy, flexibility strategy, talent management strategy, and recruitment and selection strategy.

### **Responsibilities:**

Three main responsibilities are important to complete in order to prepare for the planning process. These responsibilities include forecasting the demand for labor, performing a supply analysis, and balancing supply and demand considerations.

### **Goals:**

The goals of human resource planning are to ultimately improve how a company operates. Creating a stable team is an important goal based on recruiting and revised/new training methods. It is also important to include innovative strategies that fall in line with the company business objectives. Finally, the ability to adapt to any changes within the external and internal environment appropriately is critical to effective human resource planning.

## **Significance of HRP**

Human resource planning aims at fulfilling the objectives of manpower requirement. It helps to mobilize the recruited resources for the productive activities. The human resource planning is an important process aiming to link business strategy and its operation. The importance of human resource planning is as follows:

### **1. Future Manpower Needs**

Human resource planning ensures that people are available to provide the continued smooth operation of an organization. It means, human resource planning is regarded as a tool to assure the future availability of manpower to carry on the organizational activities. It determines the future needs of manpower in terms of number and kind.

### **2. Coping with Change**

Human resource planning is important to cope with the change associated with the external environmental factors. It helps assess the current human resources through HR inventory and adapts it to changing technological, political, socio-cultural, and economic forces.

### **3. Recruitment of Talented Personnel**

Another purpose of HR planning is to recruit and select the most capable personnel to fill job vacancies. It determines human resource needs, assesses the available HR inventory level and finally recruits the personnel needed to perform the job.

### **4. Development of Human Resources**

Human resource planning identifies the skill requirements for various levels of jobs. Then it organizes various training and development campaigns to impart the required skill and ability in employees to perform the task efficiently and effectively.

### **5. Proper Utilization of Human Resources**

Human resource planning measures that the organization acquires and utilizes the manpower effectively to achieve objectives. Human resource planning helps in assessing and recruiting skilled human resource. It focuses on the optimum utilization of human resource to minimize the overall cost of production.

### **6. Uncertainty Reduction**

This is associated with reducing the impact of uncertainty which are brought by sudden changes in processes and procedures of human resource management in the organization.

## **Approaches of HRP**

On the theoretical plane there are three options to any educational planner. The first option is to treat the education as consumption goods and demand for education as an aggregate of individual consumer's demand schooling, and to provide the facilities for education and training according. The second option is to view education an investment goods, evaluate the investments in education at par with investment in education with the rate of return on investment in physical capital. The third option is to considered skilled manpower as basic inputs to the production

goods and services within the economy; assess the skill requirements to achieve any predetermined economic growth target, and to gear the expansion of educational system to provide the needed education and training.

There are three approaches to educational planning:

- Social demand approach
- Rate of return approach, and
- Manpower requirement approaches.

**Social Demand Approach:** The social demand approach lies on the assessment of society's requirement for education. In principles, it is an aggregate of individuals demand for education in respect of all individuals within the society. It is not always possible particularly in large societies, to assess individual demand for education. In practice, therefore, social demand approach relies on a projection of past trends in demographic aspects of population and the enrollment at the different levels of education.

Social demand approach is thus capable of revealing the number of students with differently types of professional preparations that may be a given target date, based on past experiences. Projections of social demand for education are contingent upon given levels of:

- Income of educated people,
- Taste and references of household for education,
- Demographic characteristics such as fertility and mortality,
- Direct costs of education,
- Student grants, and
- Existing standard of admission to various levels of education.

Added to these constraints, there are the perennial problems associated with the data base on demographic aspects at disaggregated levels such as districts, blocks and villages and data on wastage and stagnation in education, and intensity of utilization of existing educational facilities.

Social demand approach thus suffers from the difficulties associated with any futuorological exercise.

**Rate of Return Approaches:** Critics of social demand approach argue that the decision to choose more or less of education, beyond a legal school-learning age, is made by an individual who attaches a positive value to the present and the future benefits of education. Aggregate of individuals demand for education, which is constructed the social demand for education, should then be based exaggerate of individual's assessment of benefits of education-reflecting the social benefits. This brings us the rate of return approach to education:

Rate of return approach looks upon education as a contributor to productivity and this sense, it is expected to facilitate investment decisions in education whether or not the students should undergo more schooling, or whether or not the state should invest more and expand educational facilities.

Like in the rate of return on investment analysis, rate of return on investment in education is used to expand educational facilities until schooling equalizes.

- On the one hand yield of investment in different types of education, and
- On the other hand yield of investment in education vis-à-vis other sectors of economy.

**Manpower Requirement Approach:** The fundamental axioms of manpower requirements approach is that there is a definite link between the education and economic growth and that lack of skilled manpower in required number impedes growth. In this approach an attempt is made to forecast future requirements of educated manpower to fulfill a future target of Gross National Product (GNP) or specified targets of industrial production. Based on the forecasts of educated manpower requirement over a specified period, the planners would then indicate the directions of development of the educational sector over the same specific period.

### **Human Resource Forecasting**

Human resources forecasting involves projecting labor needs and the effects they'll have on a business. An HR department forecasts both short- and long-term staffing needs based on projected sales, office growth, attrition and other factors that affect a company's need for labor.

In addition to forecasting the number and type of workers you'll need, HR planning includes analyzing the various costs and administrative work that go along with adding workers or downsizing.

### **Types and Techniques**

There are number of techniques of estimating/forecasting human resources demand:

(a) Managerial Judgment

(b) Work Study Technique

(c) Ratio-trend Analysis

(d) Econometric Models

(e) Delphi Model

(f) Other Techniques

(a) **Managerial Judgment:** Managerial judgment technique is very common technique of demand forecasting. This approach is applied by small as well as large scale organizations. This technique involves two types of approaches i.e. 'bottom-up approach' and 'top-down approach'. Under the 'bottom-up approach', line managers send their departmental requirement of human resources to top management. Top management ultimately forecasts the human resource requirement for the overall organization on the basis of proposals of departmental heads. Under the 'Top-down approach', top management forecasts the human resource requirement for the entire organization and various departments. This information is supplied to various departmental heads for their review and approval. However, a combination of both the approaches i.e. 'Participative Approach' should be applied for demand forecasting. Under this approach, top management and departmental heads meet and decide about the future human resource requirement. So, demand of human resources can be forecasted with unanimity under this approach.

(b) **Work-Study Technique:** This technique is also known as 'work-load analysis'. This technique is suitable where the estimated work-load is easily measurable. Under this method,

estimated total production and activities for a specific future period are predicted. This information is translated into number of man-hours required to produce per units taking into consideration the capability of the workforce. Past-experience of the management can help in translating the work-loads into number of man-hours required. Thus, demand of human resources is forecasted on the basis of estimated total production and contribution of each employee in producing each unit items. The following example gives clear idea about this technique. Let us assume that the estimated production of an organization is 3,00,000 units. The standard man-hours required to produce each unit are 2 hours. The past experiences show that the work ability of each employee in man-hours is 1500 hours per annum. The work-load and demand of human resources can be calculated as under:

- Estimated total annual production = 300000 units
- Standard man-hours needed to produce each unit = 2 hrs
- Estimated man-hours needed to meet estimated annual production (i x ii) = 600000 hrs
- Work ability/contribution per employee in terms of man-hour = 1500 units
- Estimated no. of workers needed (iii / iv) =  $600000/1500 = 400$  units

The above example clearly shows that 400 workers are needed for the year. Further, absenteeism rate, rate of labour turnover, resignations, deaths, machine break-down, strikes, power-failure etc. should also be taken into consideration while estimating future demand of human resources/manpower.

(c) **Ratio-Trend Analysis:** Demand for manpower/human resources is also estimated on the basis of ratio of production level and number of workers available. This ratio will be used to estimate demand of human resources. The following example will help in clearly understanding this technique.

Estimated production for next year = 1, 40,000 units

Estimated no. of workers needed (on the basis of ratio-trend of 1: 200) will be = 700

(d) **Econometrics Models:** These models are based on mathematical and statistical techniques for estimating future demand. Under these models relationship is established between the dependent variable to be predicted (e.g. manpower/human resources) and the independent variables (e.g., sales, total production, work-load, etc.). Using these models, estimated demand of human resources can be predicted.

(e) **Delphi Technique:** Delphi technique is also very important technique used for estimating demand of human resources. This technique takes into consideration human resources requirements given by a group of experts i.e. managers. The human resource experts collect the manpower needs, summarize the various responses and prepare a report. This process is continued until all experts agree on estimated human resources requirement.

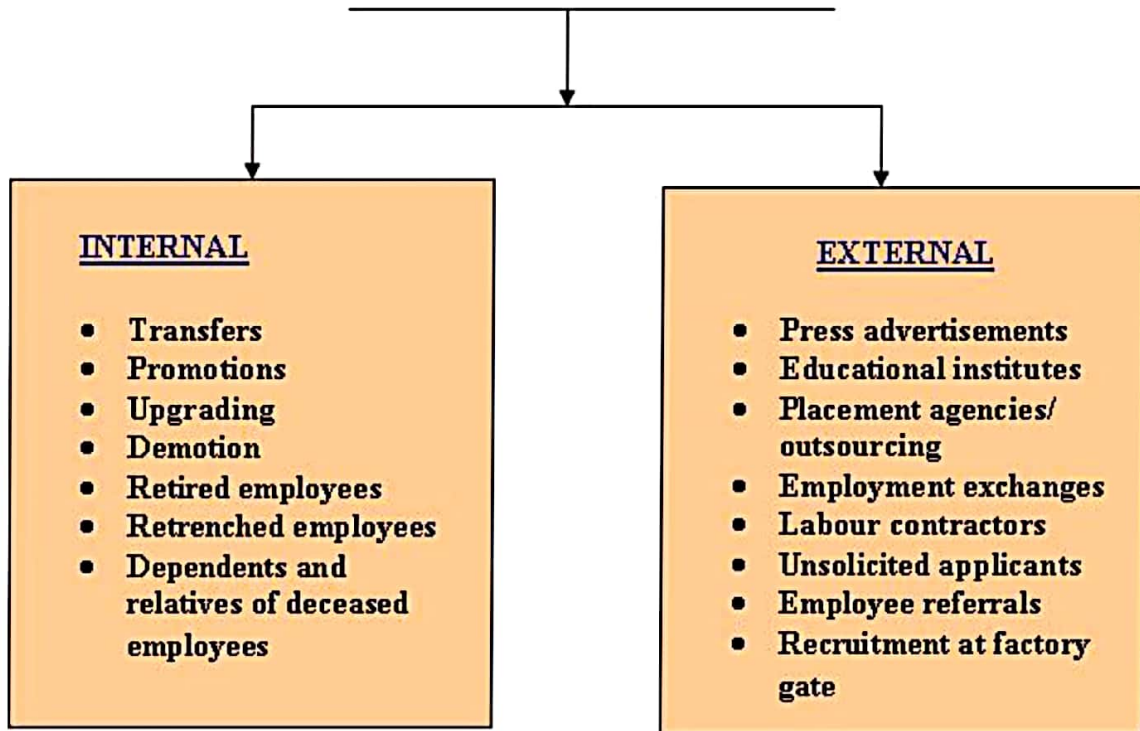
(f) **Other Techniques:** The other techniques of Human Resources demand forecasting are specified as under:

- i. Following the techniques of demand forecasting of human resources used by other similar organizations
- ii. Organization-cum-succession-charts
- iii. Estimation based on techniques of production
- iv. Estimates based on historical records
- v. Statistical techniques e.g. co-relation and regression analysis.

## **Recruitment**

**Recruitment** refers to the overall process of attracting, selecting and appointing suitable candidates for jobs within an organization, either permanent or temporary. Recruitment can also refer to processes involved in choosing individuals for unpaid positions, such as voluntary roles or training programmes. Recruitment may be undertaken in-house by managers, human resource generalists and/or recruitment specialists. Alternatively, parts of the process may be undertaken by public-sector employment agencies, commercial recruitment agencies, or specialist search consultancies. The use of internet-based services and computer technologies to support all aspects of recruitment activity and processes has become widespread.

## Methods of Recruitment



### Third-Party Sourcing

Third-party sourcing involves using a placement agency or headhunter to find qualified job candidates. These third-party sources use various techniques and tools to find appropriate job applicants, such as extending offers of improved salary compensation and more flexible benefits packages.

### Objectives of Recruitment

#### Finding Skilled Employees

Most obviously, when recruiting new employees, you must aim to find those with particular skills and training. Determine how much education and experience you deem appropriate for the position before starting your search. Consider what combinations of education and experience you'll accept. Determining the specific skills and areas of expertise that new recruits must have will also help your search go more smoothly.

## **Finding Employees Who Fit Your Culture**

Your new recruits must fit into your company's culture. Look for employees you connect with on a personal level. This certainly shouldn't be your only requirement, but it must play a role. Employees who engage well with others will develop your organization's team spirit, instead of detracting from it.

## **Hiring Particular Demographics**

Determine whether you wish to hire employees from a particular demographic, such as women or minorities. Ask yourself if you prefer new college grads or experienced professionals. If you're filling more than one position, consider how many new hires should be from particular demographics. Then advertise in places, websites and publications where people from your chosen demographics are likely to look.

## **Meeting Your Salary Requirements**

When recruiting employees, you must also strive to find those who will accept your salary and benefits package. Seeking overly qualified employees may lead to wasted efforts, as they may try to negotiate a higher salary than you can currently provide. A realistic search for excellent employees with less experience or education will pay off. These employees may also stay with the company longer, growing along with it.

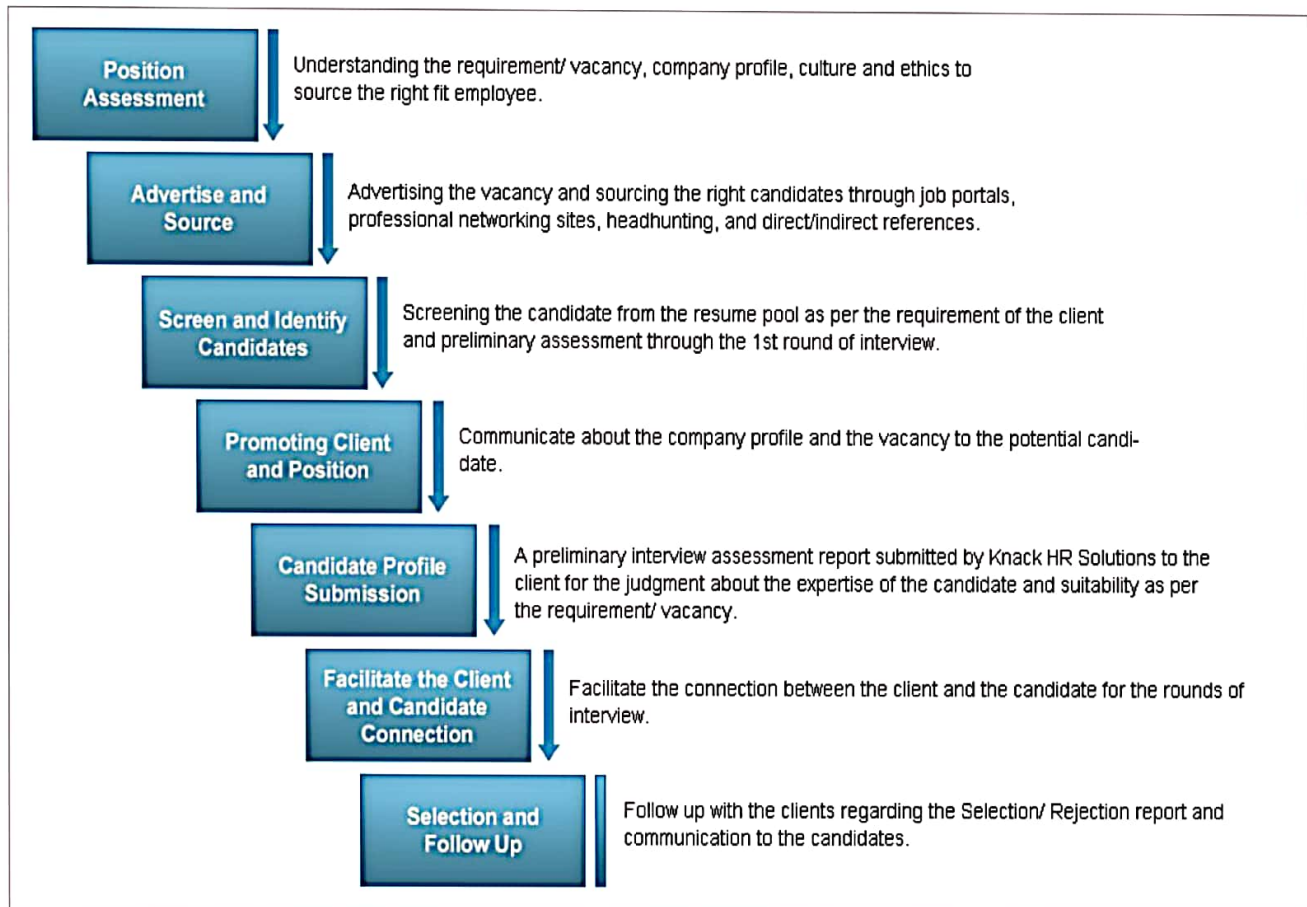
## **Finding Trustworthy Employees**

In your search, you must also aim to find employees with good character. Never sacrifice honesty for talent or experience. Complete a thorough background check on each of the candidates you're seriously considering. Talk with past employers to ensure that the employee has been an honest, hardworking team player at past jobs.

## **Conducting a Fair and Legal Search**

You must also ensure that your recruiting practices are completely legal and fair. Refrain from asking any questions forbidden by law, such as questions about a candidate's religion or marital status, for instance. Consult with a business law attorney to make sure your practices are acceptable under current law.

## Process of recruitment



## Contemporary Methods of Recruitment

**E-Recruitment** is the process of personnel recruitment using electronic resources, in particular the internet. Companies and recruitment agents have moved much of their recruitment process online so as to improve the speed by which candidates can be matched with live vacancies. Using database technologies, and online job advertising boards and search engines, employers can now fill posts in a fraction of the time previously possible. Using an online e-Recruitment system may potentially save the employer time as usually they can rate the e- Candidate and several persons in HR independently review - . Recruitment agencies also use a method of e-Recruitment by using a cloud based SaaS service; there are several online offerings for ready to use recruitment software. The internet, which reaches a large number of people and can get immediate feedback has become the major source of potential job candidates and well known as

online recruitment or E-recruitment. However, it may generate many unqualified candidates and may not increase the diversity and mix of employees. In terms of HRM, the internet has radically changed the recruitment function from the organizational and job seekers' perspective. Conventional methods of recruitment processes are readily acknowledged as being time-consuming with high costs and limited geographic reach. However, recruitment through World Wide Web (WWW) provides global coverage and ease. Likewise, the speedy integration of the internet into recruitment processes is primarily recognized due to the internet's unrivalled communications capabilities, which enable recruiters for written communications through e-mails, blogs and job portals.

### **Advantages of E-Recruiting**

- Efficiency
- Audience
- Cost

### **Disadvantages of E-Recruiting**

- High Volume of Responses
- Logistical Problems
- Technology Issues
- Poor websites
- Too impersonal

### **Recruitment Process Outsourcing**

Recruitment Process Outsourcing (RPO) is the use of an external organization to manage some or all of the activities associated with the recruitment of permanent employees. Unlike a recruitment agency, an RPO partner provides highly scalable and consultative recruitment services holistically focused on optimal hiring results. Employers may engage an RPO provider to supplement their entire talent acquisition function and recruiting activities or for limited scope

services for particular businesses, positions, initiatives, projects and/or geographies. Recruitment process outsourcing (RPO) is a form of business process outsourcing (BPO) where an employer outsources or transfers all or part of its recruitment activities to an external service provider.

The Recruitment Process Outsourcing Association defines RPO as follows: "when a provider acts as a company's internal recruitment function for a portion or all of its jobs. RPO providers manage the entire recruiting/hiring process from job profiling through the on boarding of the new hire, including staff, technology, and method and reporting. A properly managed RPO will improve a company's time to hire, increase the quality of the candidate pool, provide verifiable metrics, reduce cost and improve governmental compliance".

The RPO Alliance, a group of the Human Resources Outsourcing Association (HROA), approved this definition in February 2009: "Recruitment Process Outsourcing (RPO) is a form of business process outsourcing (BPO) where an employer transfers all or part of its recruitment processes to an external service provider. An RPO provider can provide its own or may assume the company's staff, technology, methodologies and reporting. In all cases, RPO differs greatly from providers such as staffing companies and contingent/retained search providers in that it assumes ownership of the design and management of the recruitment process and the responsibility of results."

Occasional recruitment support, for example temporary, contingency and executive search services, is more analogous to out-tasking, co-sourcing or just sourcing. In this model, the service provider is just a source for certain types of recruitment activity.[3] The distinction between RPO and other types of staffing is that in RPO, the service provider assumes control of the process.

### **Benefits:**

RPO providers claim the method has lower costs because the economies of scale enables them to offer recruitment processes at lower cost while economies of scope allow them to operate as high-quality specialists. Those economies of scale and scope arise from a larger staff of recruiters, databases of candidate resumes, and investment in recruitment tools and networks. RPO solutions are also claimed to change fixed investment costs into variable costs that flex with fluctuation in recruitment activity. Companies may pay by transaction rather than by staff

member, thus avoiding under-utilization or forcing costly layoffs of recruitment staff when activity is low.

They also claim higher quality, because the commercial relationship between an RPO provider and a client is likely to be based on specific performance targets. With remuneration dependent on the attainment of such targets, an RPO provider will concentrate their resources in the most effective way - at times to the exclusion of non-core activity. Traditional internal recruitment teams are less likely to have such clearly defined performance target.

**Risk:**

RPO can only succeed together with a well-defined corporate staffing strategy. A company must manage its RPO activities, providing initial direction and continued monitoring to assure good results. An RPO solution may not work if the company's existing recruitment processes are performing poorly, or if the service provider lacks the necessary recruitment processes or procedures to work with the client. In these situations, it is better for the company to undergo a recruitment optimization program. Cost and quality can be issues, The cost of engaging an RPO provider may be more than with internal recruiting staff, as the outside provider is likely to have higher business overhead. Poorly implemented RPO could reduce the effectiveness of recruitment, if the provider does not understand the business situation. Service providers may fail to provide the quality or volume of staff required, especially in industry sectors where there are staff shortages. RPO providers do not necessarily act as custodians of their clients' employer brand in the way that a strongly aligned retained search firm or internal recruiting resource would. Many RPO organizations perform their staffing functions and service offsite or offshore, disconnecting the provider from the client company's growth and recruiting strategy, and some of the momentum and energy associated with the rapid up scaling of a workforce through recruitment may dissipate. Additionally, placing all recruitment in the hands of a single outside provider may discourage the competition that would arise if multiple recruitment providers were used.

## Selection

Selection is the process of picking up individuals (out of the pool of job applicants) with requisite qualifications and competence to fill jobs in the organization. "Selection is the process of differentiating between applicants in order to identify and hire those with a greater likelihood of success in a job."

### Difference between Recruitment and Selection

Recruitment	Selection
<ol style="list-style-type: none"><li>1. Recruitment refers to the process of identifying and encouraging prospective employees to apply for jobs.</li><li>2. Recruitment is said to be positive in its approach as it seeks to attract as many candidates as possible.</li></ol>	<ol style="list-style-type: none"><li>1. Selection is concerned with picking up the right candidates from a pool of applicants.</li><li>2. Selection on the other hand is negative in its application in as much as it seeks to eliminate as many unqualified applicants as possible in order to identify the right candidates.</li></ol>

### Process / Steps in Selection

1. Preliminary Interviews- It is used to eliminate those candidates who do not meet the minimum eligibility criteria laid down by the organization. The skills, academic and family background, competencies and interests of the candidate are examined during preliminary interview. Preliminary interviews are less formalized and planned than the final interviews. The candidates are given a brief up about the company and the job profile; and it is also examined how much the candidate knows about the company. Preliminary interviews are also called screening interviews.
2. Application blanks- The candidates who clear the preliminary interview are required to fill application blank. It contains data record of the candidates such as details about age, qualifications, reason for leaving previous job, experience, etc.

3. **Written Tests-** Various written tests conducted during selection procedure are aptitude test, intelligence test, reasoning test, personality test, etc. These tests are used to objectively assess the potential of candidate. They should not be biased.

4. **Employment Interviews-** It is a one to one interaction between the interviewer and the potential candidate. It is used to find whether the candidate is best suited for the required job or not. But such interviews consume time and money both. Moreover the competencies of the candidate cannot be judged. Such interviews may be biased at times. Such interviews should be conducted properly. No distractions should be there in room. There should be an honest communication between candidate and interviewer.

5. **Medical examination-** Medical tests are conducted to ensure physical fitness of the potential employee. It will decrease chances of employee absenteeism.

6. **Appointment Letter-** A reference check is made about the candidate selected and then finally he is appointed by giving a formal appointment letter.

### **Selection: Test**

**Personality Tests:** Selection procedures measure the personality characteristics of applicants that are related to future job performance. Personality tests typically measure one or more of five personality dimensions: extroversion, emotional stability, agreeableness, conscientiousness, and openness to experience.

#### **Advantages**

- It can result in lower turnover due if applicants are selected for traits that are highly correlated with employees who have high longevity within the organization
- It can reveal more information about applicant's abilities and interests
- It can identify interpersonal traits that may be needed for certain jobs

#### **Disadvantages**

- There is difficult to measure personality traits that may not be well defined

- The applicant's training and experience may have greater impact on job performance than applicant's personality
- The responses by applicant may be altered by applicant's desire to respond in a way they feel would result in their selection
- There is lack of diversity if all selected applicants have same personality traits
- The cost may be prohibitive for both the test and interpretation of results
- There is lack of evidence to support validity of use of personality tests.

### **Types of Personality Tests**

**Personal Attribute Inventory:** An interpersonal assessment instrument which consists of 50 positive and 50 negative adjectives from Gough's Adjective Check List. The subject is to select 30 which are most descriptive of the target group or person in question. This instrument was specifically designed to tap affective reactions and may be used in either assessing attitudes toward others or as a self-concept scale.

**Personality Adjective Checklist:** A comprehensive, objective measure of eight personality styles. These eight personality styles are: introversive, inhibited, cooperative, sociable, confident, forceful, respectful, and sensitive. This instrument is designed for use with non psychiatric patients and normal adults who read minimally at the eighth grade level. Test reports are computer-generated and are intended for use by qualified professionals only. Interpretive statements are based on empirical data and theoretical inference. They are considered probabilistic in nature and cannot be considered definitive.

**Cross-Cultural Adaptability Inventory:** Self-scoring six-point rating scale is a training instrument designed to provide feedback to individuals about their potential for cross-cultural effectiveness. It is most effective when used as part of a training program. It can also be used as a team-building tool for culturally diverse work groups and as a counseling tool for people in the process of cross-cultural adjustment. The inventory contains 50 items, distributed among 4 subscales: emotional resilience, flexibility/openness, perceptual acuity, personal autonomy.

Materials:



3. Selection tests are standardized and unbiased method of selecting the candidate. Thus a person who is not selected on the basis of test cannot argue for the partiality in selection process. Impartiality is very important for organizations like public sector.

### **Selection: Interview**

**Interviews:** A selection procedure designed to predict future job performance on the basis of applicants' oral responses to oral inquiries.

#### **Advantages**

- It is useful for determining if the applicant has requisite communicative or social skills which may be necessary for the job
- The interviewer can obtain supplementary information used to appraise candidates' verbal fluency
- It can assess the applicant's job knowledge
- It can be used for selection among equally qualified applicants
- It enables the supervisor and/or co-workers to determine if there is compatibility between the applicant and the employees
- It allows the applicant to ask questions that may reveal additional information useful for making a selection decision
- The interview may be modified as needed to gather important information

#### **Disadvantages**

- The subjective evaluations are made
- The decisions tend to be made within the first few minutes of the interview with the remainder of the interview used to validate or justify the original decision
- The interviewers form stereotypes concerning the characteristics required for success on the job

- The research has shown disproportionate rates of selection between minority and non-minority members using interviews
- The negative information seems to be given more weight
- Not much evidence of validity of the selection procedure not as reliable as tests.

There are two primary types of interviews used by companies: screening interviews, and selection interviews. Every company's hiring process is different. Some companies may require only two interviews while others may require three or more. It is also not uncommon to see a company conduct testing (personality, skills based, aptitude, etc.) as an intermediate step in the hiring process. Here is an overview of the major types of interviews and tips on how to handle them:

**Screening Interview:** Your first interview with a company will often be a screening interview. The purpose of a screening interview is to ensure that prospective candidates meet the basic qualifications for a given position. It may take place in person or on the telephone. If you meet the basic qualifications, express interest in the position, and make a positive impression on the interviewer, you will likely be selected for a selection interview.

**Selection Interview:**

Selection interviews are typically conducted onsite at the hiring company. The purpose of a selection interview is to determine whether a candidate will be selected for the position he or she is interviewing for. A selection interview is typically more rigorous than a screening interview. At this point, a company is trying to decide whether or not you should either be moved to the next step in the hiring process or an offer is going to be extended, so there will be more scrutiny than with a screening interview. The company wants to know - Are you qualified for the job? Are you a good cultural fit? Can you make an immediate impact, or will you need extensive training? Questions will be more specific and your answers will need to be more detailed.

Selection interviews can come in several forms:

## **Round-Robin Interview**

A round-robin interview is the interview technique most commonly used by our client companies. You will interview with multiple interviewers in succession. The key to a round-robin interview is giving good consistent answers. Interviewers will typically meet after to discuss your answers, and will uncover any inconsistencies.

## **Panel Interview**

A panel interview is an interview that consists of two or more interviewers. Typically, the interviewers will both ask questions. The purpose of a panel interview is to gain multiple perspectives on a prospective candidate. The key to a panel interview is to keep all interviewers involved. Make eye contact with all interviewers even when answering a question for a specific individual.

## **One-on-One Interview**

A one-on-one interview is an interview with a single interviewer. The key to a one-on-one interview is to build rapport with the interviewer. Smile. Be friendly. Try to match your interviewer's energy level. Typically, you will have a short period of time to make an impact. Know the position and the key attributes the company is seeking, and emphasize those things.

## **Stress Interview**

A stress interview is designed to test your responses in a stressful environment. The interviewer may try to intimidate you, and the purpose is to weed out candidates who don't deal well with adversity. The interviewer will make deliberate attempts to see how you handle yourself using methods such as sarcasm, argumentative style questions, or long awkward silences. The key to a stress interview is to recognize that you are in a stress interview. Don't take it personally. Stay calm, focused, and don't allow yourself to be rushed. Ask for clarification if you need it. Know how to push back. Ask an interviewer for a couple of problems they are currently facing, and propose solutions.

## **Selection: Decision**

After the final interview, panel members should compare their ratings and judgments (and any scoring system agreed prior to the interviews) amongst themselves. It is preferable to review candidates and their performances immediately after the interview process whilst the information is still fresh in the minds of the panel. All discussion should be supported by assessment evidence - not just personal impression. Candidates should be rated against the agreed and specified criteria and not against each other.

Time to review and discuss should be timetabled into the interview/selection planning. However, it is not essential that a recommendation for appointment has to be made on the same day as the interviews. Every appointment is a serious investment and the selection decision should not be rushed. Organizing a further review meeting should always be considered an option and is preferable to making what could prove to be a poor appointment due to a hasty decision.

### **Essential action in the decision-making process**

Decisions must be fair, objective, transparent and relevant to the advertised person specification.

Decisions must not be made on the basis of:

- Snap judgments
- Prejudice
- Stereotyping and presumption
- Halo or horns effects
- Mirroring (selecting candidates "in their own image")
- Personalities rather than abilities
- Over-reliance on a single element in the selection process
- Information provided informally

It is each panel member's responsibility to challenge their own personal prejudice and ensure that they are not acting in a discriminatory manner.

### **Action by panel:**

- Review all candidates on an individual basis
- Consider all elements of the assessment process
- All members of the panel should contribute
- Agree constructive, factually based feedback as a panel for each candidate and confirm who will provide this information
- The decision-making should not be rushed.

Ultimately, the Chair and the panel must be satisfied that the recommended appointee is of the appropriate high standard. If reaching consensus is proving difficult:

- reconsider the favourite candidates afresh against the essential/desirable criteria for the post
- consider reconvening to review the candidates again if the decision-making process has become heated or reached stalemate
- if there is deadlock over 2 or more candidates, consider bringing them back for a further interview or additional assessment test.

### **Recording Decisions:**

The outcome of the selection process should be recorded in e-Recruitment.

## **Placement Induction**

Companies conduct recruitment and selection and finally select employees. The employees undergo an induction program. After the induction program is over the employee is given a specific job in the company. This is called placement.

The induction starts with an introduction session about the company, number of branches, a brief history of the company, number of products, number of countries operating in,

organizational structure, culture, values, beliefs, the names of top management personnel etc. Apart from this introductory session there will be other sessions also like sessions on behavioral science, soft skill training, sessions on giving details about the job, salary, bonus, information about different leaves that can be taken by the employee about upward mobility in the organization etc. There are different ways in which sessions can be conducted i.e. using lecture method, power point presentation, group discussion, psychological test, roll play sessions etc. The induction program concludes with the employee reporting for duty at his respective branch after induction. When he reports for duty the senior most people in the branch takes the new employee around the office and introduces to all other employees and gives information about the working of the branch. The senior people regularly stay in touch with the new employee in the first week so that he can make the new employee comfortable and help him to adjust to the company. After this the company may start a training program for the new employee.

### **Job Analysis**

Job analysis (also known as Work analysis is a family of procedures to identify the content of a job in terms of activities involved and attributes or job requirements needed to perform the activities. Job analysis provides information to organizations which helps to determine which employees are best fit for specific jobs. Through job analysis, the analyst needs to understand what the important tasks of the job are, how they are carried out, and the necessary human qualities needed to complete the job successfully. The process of job analysis involves the analyst describing the duties of the incumbent, then the nature and conditions of work, and finally some basic qualifications. After this, the job analyst has completed a form called a job psychograph, which displays the mental requirements of the job. The measure of a sound job analysis is a valid task list. This list contains the functional or duty areas of a position, the related tasks, and the basic training recommendations. Subject matter experts (incumbents) and supervisors for the position being analyzed need to validate this final list in order to validate the job analysis. Job analysis is crucial for first, helping individuals develop their careers, and also for helping organizations develop their employees in order to maximize talent. The outcomes of job analysis are key influences in designing learning, developing performance interventions, and improving processes. The application of job analysis techniques makes the implicit assumption

that information about a job as it presently exists may be used to develop programs to recruit, select, train, and appraise people for the job as it will exist in the future.

**Definition:** Job analysis is a systematic exploration of the activities within a job. It is a basic technical procedure, one that is used to define the duties, responsibilities and accountabilities of a job.

In simple terms, job analysis may be understood as a process of collecting information about a job. The process of job analysis results in two sets of data:

- i) Job description and
- ii) Job specification.

**Job Description:** Job Description is an important document, which is basically descriptive in nature and contains a statement of job Analysis. It provides both organizational information's (like location in structure, authority etc) and functional information (what the work is).

It gives information about the scope of job activities, major responsibilities and positioning of the job in the organization. This information gives the worker, analyst, and supervisor with a clear idea of what the worker must do to meet the demand of the job. Who can better describe the characteristics of good job description?

**Uses of Job Description: –**

- Preliminary drafts can be used as a basis for productive group discussion, particularly if the process starts at the executive level.
- It helps in the development of job specification.
- It acts as a tool during the orientation of new employees, to learn duties & responsibilities. It can act as a basic document used in developing performance standards.

**Contents of job descriptions:**

**Job identification or Organization Position:** – This includes the job title, alternative title, department, division and plant and code number of the job. The job title identifies and designates

the job properly. The department, division etc., indicate the name of the department where it is situated and the location give the name of the place.

**Job Summary:** – This serves two important purposes. First is it gives additional identification information when a job title is not adequate; and secondly it gives a summary about that particular job.

**Job duties and responsibilities:** – This gives a total listing of duties together with some indication of the frequency of occurrence or percentage of time devoted to each major duty. These two are regarded as the “Heart of the Job”.

**Relation to other jobs:** – This gives the particular person to locate job in the organization by indicating the job immediately below or above in the job hierarchy.

**Supervision:** – This will give an idea the number of person to be supervised along with their job titles and the extent of supervision.

**Machine:** – These will also gives information about the tool, machines and equipment to be used.

**Working Conditions:** – It gives us information about the environment in which a jobholder must work.

**Hazards:** – It gives us the nature of risks of life and limb, their possibilities of occurrence etc.

### **Job Specification:**

Job Specification translates the job description into terms of the human qualifications, which are required for performance of a job. They are intended to serve as a guide in hiring and job evaluation.

Job specification is a written statement of qualifications, traits, physical and mental characteristics that an individual must possess to perform the job duties and discharge responsibilities effectively.

In this, job specification usually developed with the co-operation of personnel department and various supervisors in the whole organization.

## **Job Specification Information: –**

The first step in the programme of job specification is to prepare a list of all jobs in the company and where they are located. The second step is to secure and write up information about each of the jobs in a company. Usually this information includes:

1. **Physical specifications:** – Physical specifications include the physical qualifications or physical capacities that vary from job to job. Physical qualifications or capacities
2. **Include physical features** like height, weight, chest, vision, hearing, ability to lift weight, ability to carry weight, health, age, capacity to use or operate machines, tools, equipment etc.
3. **Mental specifications:** – Mental specifications include ability to perform, arithmetical calculations, to interpret data, information blue prints, to read electrical circuits, ability to plan, reading abilities, scientific abilities, judgment, ability to concentrate, ability to handle variable factors, general intelligence, memory etc.
4. **Emotional and social specifications:** – Emotional and social specifications are more important for the post of managers, supervisors, foremen etc. These include emotional stability, flexibility, social adaptability in human relationships, personal appearance including dress, posture etc.
5. **Behavioral Specifications:** – Behavioral specifications play an important role in selecting the candidates for higher-level jobs in the organizational hierarchy. This specification seeks to describe the acts of managers rather than the traits that cause the acts. These specifications include judgments, research, creativity, teaching ability, maturity trial of conciliation, self-reliance, dominance etc.

## **Job Design**

Job design is the process of Work arrangement (or rearrangement) aimed at reducing or overcoming job dissatisfaction and employee alienation arising from repetitive and mechanistic tasks. Through job design, organizations try to raise productivity levels by offering non-monetary rewards such as greater satisfaction from a sense of personal achievement in meeting the increased challenge and responsibility of one's work. Job enlargement, job enrichment, job rotation, and job simplification are the various techniques used in a job design exercise.

Although job analysis, as just described, is important for an understanding of existing jobs, organizations also must plan for new jobs and periodically consider whether they should revise existing jobs. When an organization is expanding, supervisors and human resource professionals must help plan for new or growing work units. When an organization is trying to improve quality or efficiency, a review of work units and processes may require a fresh look at how jobs are designed.

These situations call for job design, the process of defining the way work will be performed and the tasks that a given job requires, or job redesign, a similar process that involves changing an existing job design. To design jobs effectively, a person must thoroughly understand the job itself (through job analysis) and its place in the larger work unit's work flow process (through work flow analysis). Having a detailed knowledge of the tasks performed in the work unit and in the job, a manager then has many alternative ways to design a job.

Job design (also referred to as work design or task design) is the specification of contents, methods and relationship of jobs in order to satisfy technological and organizational requirements as well as the social and personal requirements of the job holder. Or in other words, it's how a job is positioned and designed in relation to the job holder and more specifically a company's goals. Its principles are geared towards how the nature of a person's job affects their attitudes and behavior at work, particularly relating to characteristics such as skill variety and autonomy. The aim of a job design is to improve job satisfaction, to improve through-put, to improve quality and to reduce employee problems (e.g., grievances, absenteeism).

### **Steps in Job Design: -**

1. Specification of Individual Tasks
2. Specification of Methods of Tasks Performance
3. Combination of Tasks into Specific Jobs to be assigned to individuals

### **Factors affecting Job Design: -**

#### **Organizational factors:**

- Characteristics of Tasks (Planning, Execution and Controlling of Task)

# Training and Development

## Introduction:

Training can be introduced simply as a process of assisting a person for enhancing his efficiency and effectiveness to a particular work area by getting more knowledge and practices. Also training is important to establish specific skills, abilities and knowledge to an employee. For an organization, training and development are important as well as organizational growth, because the organizational growth and profit are also dependent on the training. But the training is not a core of organizational development. It is a function of the organizational development. Training is different from education; particularly formal education. The education is concerned mainly with enhancement of knowledge, but the aims of training are increasing knowledge while changing attitudes and competences in good manner. Basically the education is formulated within the framework and to syllabus, but the training is not formed in to the frame and as well as syllabus. It may differ from one employee to another, one group to another, even the group in the same class. The reason for that can be mentioned as difference of attitudes and skills from one person to another. Even the situation is that, after good training programme, all different type skilled one group of employees can get in to similar capacity, similar skilled group. That is an advantage of the trainings.

In the field of Human Resources Management, Training and Development is the field concern with organizational activities which are aimed to bettering individual and group performances in organizational settings. It has been known by many names in the field HRM, such as employee development, human resources development, learning and development etc. Training is really developing employees' capacities through learning and practicing. Training and Development is the framework for helping employees to develop their personal and organizational skills, knowledge, and abilities. The focus of all aspects of Human Resource Development is on developing the most superior workforce so that the organization and individual employees can accomplish their work goals in service to customers.

All employees want to be valuable and remain competitive in the labour market at all times, because they make some demand for employees in the labour market. This can only be achieved through employee training and development. Hence employees have a chance to negotiate as well as employer has a good opportunity to select most suitable person for his vacancy. Employees will always want to develop career-enhancing skills, which will always lead to employee motivation. There is no doubt that a well trained and developed staff will be a valuable asset to the company and thereby increasing the chances of his efficiency in discharging his or her duties. Trainings in an organization can be mainly of two types; Internal and External training sessions. Internal training involves when training is organized in-house by the human resources department or training department using either a senior staff or any talented staff in the particular department as a resource person.

On the other hand external training is normally arranged outside the firm and is mostly organized by training institutes or consultants. Whichever training, it is very important for all staff and helps in building career positioning and preparing staff for greater challenges in developing world. However the training is costly. Because of that, people who work at firms do not receive external trainings most of times. The cost is a major issue for the lack of training programmes in Sri Lanka. But nowadays, a new concept has come with these trainings which is “Trainers through trainees”. While training their employees in large quantities, many countries use that method in present days to reduce their training costs. The theory of this is, sending a little group or an individual for a training programme under a bonding agreement or without a bond. When they come back to work, the externally trained employees train the employees who have not participated for above training programme by internal training programmes. Employers of labour should enable employees to pursue training and development in a direction that they choose and are interested in, not just in company-assigned directions. Companies should support learning, in general, and not just in support of knowledge needed for the employee's current or next anticipated job. It should be noted that the key factor is keeping the employee interested, attending, engaged, motivated and retained. For every employee to perform well, especially Supervisors and Managers, there is a need for constant training and development. The right employee training, development and education provides big payoffs for the employer in increased productivity, knowledge, loyalty, and contribution to general growth of the firm. In most cases external trainings for instance provide participants with the avenue to meet new set of

people in the same field and network. The meeting will give them the chance to compare issues and find out what is obtainable in each other's environment. This for sure will introduce positive changes where necessary. It is not mentioned in any where that the employers, managers and supervisors are not suitable for training programmes. They also must be highly trained if they are expected to do their best for the organization. Through that they will have best abilities and competencies to manage the organization. Training employees not only creates a more positive corporate culture, but also add a value to its key resources. Raw human resources can make only limited contribution to the organization to achieve its goals and objectives. Hence the demands for the developed employees are continuously increasing. Thus the training is a kind of investment.

Definition of Training - Organized activity aimed at imparting information and/or instructions to improve the recipient's performance or to help him or her attain a required level of knowledge or skill.

### **Benefits of training**

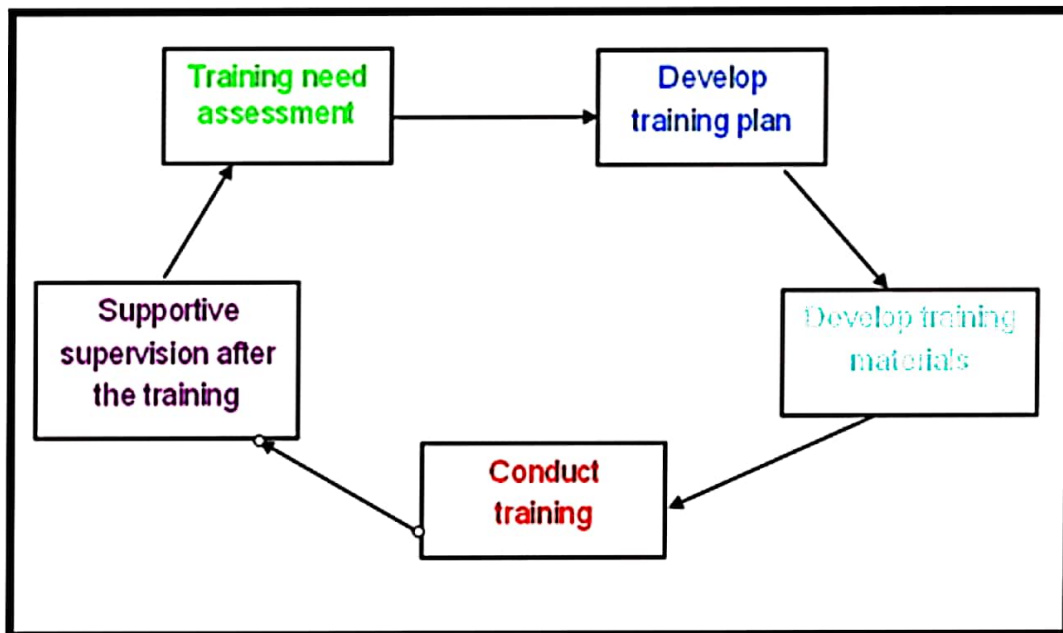
1. Improves morale of employees- Training helps the employee to get job security and job satisfaction. The more satisfied the employee is and the greater is his morale, the more he will contribute to organizational success and the lesser will be employee absenteeism and turnover.
2. Less supervision-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

### Training as a System

A training system is a group or family of coursework that will achieve a stated series of training objectives. A training system typically employs a syllabus or similar document that specifies and outlines the coursework to be followed. A training system may also incorporate a training manual that may serve as a guide, reference source, or both during training. A training system typically mandates the use of specific teaching methods for coursework; the choice of the teaching methods to be used depends largely on the information or skill being taught and the aptitude and skills of the trainee. Specialized equipment is often used in training systems that are used to teach physical skills. For example, a bare is used in ballet training. In some cases, simulators are used, especially when the use of actual hardware is impractical due to high cost or risk of injury. Examples of this are the flight simulators used in pilot training and the tactical engagement simulation systems used in combat training.

### Training Process/ Training Wheels



■The process of training begins with the **needs assessment stage**. The aim of the assessment stage is to understand whether or not training is required. If the answer is yes; the next step is determining competency or skills gaps and the appropriate training intervention required. The training intervention is essentially decided in terms of attitude, knowledge and skill (ASK), the combination of which is called as competency. The assessment also called as the 'training needs analysis' is undertaken at three levels, the job, the individual and organizational analysis.

■Once the training needs analysis is complete; the next stage is that of **Development**. This stage involves the development of content and the training material. Right from designing the appropriate environment to deciding the various tools, everything is taken care of in the development stage. Games, A/V's, Case Studies, Class room intervention are various means that may be decided upon apart from the content delivered. For example, in behavioral training emotional intelligence, teamwork, listening are examples of competencies that are required to perform superior work. The same may be transferred into the trainees through any of the above means depending upon various factors like demographics, job nature etc which are taken care of in the first stage.

■The most important stage and perhaps the least talked upon from the training process is the **delivery**. Once the development stage is over it is time to **conduct the training**. Factors like time and venue of delivery are already decided in the earlier stages. There are various factors that determine the process of delivery like the participant demographics, the training intervention, the individual style of the trainer etc. This brings in a lot of diversity to the training programs.

■**Evaluation** is the last stage in the training process and more important from the perspective of evaluation of the effectiveness of training. Needless to say, it is aimed at analyzing whether or not the training has been effective in achieving the objective (bridging the competency gap, changing the attitude, developing new skills etc). There are various ways in which the effectiveness of training programs can be evaluated but not many are able to answer in terms of ROI. The most effective tool for evaluation of training is the Kirk Patrick Model of Evaluation.

### **Training Formats**

Training formats/ manuals are particularly useful in the following situations:

- 1) Trainees can use the manuals for reviewing the subject after training.
- 2) It lets the trainee concentrate on and partake in the training during the training session instead of taking detailed notes.
- 3) It can serve as a reference document in the work place.

Developing a training manual is an important part in designing a formal training program. A formal training manual ensures consistency in the presentation of the training program. Another major advantage is that all the training information on skills, processes, and other information necessary to perform the tasks is together in one place. Training manuals should support the training objectives.

Manuals are generally developed using the most commonly used instructional design models - the "ADDIE" model.

"A" stands for Analysis of the audience, and of training needs;

"D" stands for Design of training, its objectives, sequencing of tasks, etc.

"D" represents Development of training/instructional materials, that are consistent with the design requirements.

"I" means Implementation of the training, and

"E" is evaluating the training.

Training formats can be designed to be used as:

**Work books:** often used in training sessions. It provides basic information, examples and exercises.

**Self-paced guides:** designed for trainees to work through on their own.

**Reference manuals:** for containing detailed information on processes and procedures.

**Handouts:** provide general information to support training done during the session.

**Job aids:** provide step-by-step instructions to be used in the work place.

## **Developing Training Modules**

In order to achieve the training objectives, an appropriate training policy is necessary. A training policy represents the commitment of top management to employee training. It consists of rules and procedures concerning training. It requires:

To indicate the company's intention to develop its employees

To guide the design and implementation of training programmes.

To identify the critical areas where training is to be given on a priority basis, and

To provide opportunities to employees for their own betterment.

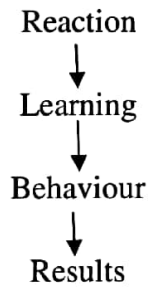
## **Training Evaluation**

Evaluation of training:

Training is indispensable for both the organization and the individuals working therein. It is very costly and time – consuming process. It is essential to determine its effectiveness in terms of achievement of specific training objectives. Individuals like to know how much they learnt or how well they are doing. The sooner employees know the result of their performance , the sooner they can assess their progress. The sooner employees receive positive feedback from the trainer, the less time they will waste.

Evaluation of training would provide useful information about the effectiveness of training as well as about the design of future training programmes. It will enable an organization to monitor the training programme and also to modify its future programme. The evaluation of training also provides useful data on the basis of which relevance of training and its integration with other functions of human resource management can be examined.

## **Process of Evaluation**



## **Methods of Evaluation**

Several methods can be employed to collect data on the outcomes of training. Some of these are:

1. The opinions and judgments of trainers, superiors and peers.
2. Asking the trainers to fill up evaluation forms.
3. Using questionnaire to know the reactions of trainees.
4. Giving oral and written tests to trainees to ascertain how far they have learnt.
5. Arranging structured interviews with the trainees.
6. Comparing trainees performance on the job before and after training
7. Studying profiles and career development charts of trainees
8. Measuring levels of productivity, wastage, costs, absenteeism, and employee turnover after training
9. Trainees' comments and reactions during the training period, and
10. Cost benefits analysis of the training programme.

# Model of Evaluation

## Kirkpatrick's Four Levels of Evaluation

### Level One - **Reaction**

- The evaluation at this level measures how the learners react to the training.
- This level is often measured with attitude questionnaires that are passed out after most training classes.
- This level measures one thing: the learner's perception (reaction) of the course.
- This level is not indicative of the training's performance potential as it does not measure what new skills the learners have acquired or what they have learned that will transfer back to the working environment.

### Level Two - **Learning**

- This is the extent to which participants change attitudes, improve knowledge, and increase skill as a result of participating in the learning process.
- The learning evaluation requires some type of post-testing to ascertain what skills were learned during the training.
- The post-testing is only valid when combined with pre-testing.
- Measuring the learning that takes place in a training program is important in order to validate the learning objectives. Evaluating the learning that has taken place typically focuses on such questions as: What knowledge was acquired? What skills were developed or enhanced? What attitudes were changed?

### Level Three - **Performance (behavior)**

- This evaluation involves testing the students capabilities to perform learned skills while on the job, rather than in the classroom.
- Level three evaluations can be performed formally (testing) or informally (observation).

- It determines if the correct performance is now occurring by answering the question, “Do people use their newly acquired learnings on the job?”

- In Kirkpatrick's original four-levels of evaluation, he names this level behavior. However, behavior is the action that is performed, while the final result of the behavior is the performance.

- It is important to measure performance because the primary purpose of training is to improve results by having the students learn new skills and knowledge and then actually applying them to the job. Learning new skills and knowledge is no good to an organization unless the participants actually use them in their work activities. Since level-three measurements must take place after the learners have returned to their jobs, the actual Level three measurements will typically involve someone closely involved with the learner, such as a supervisor/teacher.

#### **Level Four - Results**

- It measures the training program's effectiveness, that is, “What impact has the training achieved?”

- Impact informs you of the return the organization receives from the training. Decision-makers prefer this.

As we move from level one to level four, the evaluation process becomes more difficult and time-consuming; however, the higher levels provide information that is of increasingly significant value. The first three-levels give you information for improving the learning package. While the fourth-level gives you the returns for investing in the learning process.

### **Methods of training**

1. **On the job training-** On the job training methods are those which are given to the employees within the everyday working of a concern. It is a simple and cost-effective training method. The in proficient as well as semi- proficient employees can be well trained by using such training method. The employees are trained in actual working scenario. The motto of such training is “learning by doing.” Instances of such on-job training methods are job-rotation, coaching, temporary promotions, etc.

2. Off the job training- Off the job training methods are those in which training is provided away from the actual working condition. It is generally used in case of new employees. Instances of off the job training methods are workshops, seminars, conferences, etc. Such method is costly and is effective if and only if large number of employees have to be trained within a short time period. Off the job training is also called as vestibule training i.e., the employees are trained in a separate area (may be a hall, entrance, reception area, etc. known as a vestibule) where the actual working conditions are duplicated.

### **Models of Training**

Donald Kirkpatrick, professor emeritus, university of Wisconsin began working on evaluating the effectiveness of training very early in his life. His early work on the same was published in the year 1959 in a journal of American Society of Training Directors. He laid out four levels for evaluation of any training. This model is arguably the most widespread for evaluation in use. It is simple, very flexible and complete. The four levels as described by Kirkpatrick are as follows:

1. Reaction of the Trainee - thoughts and feelings of the participants about the training
2. Learning - the increase in knowledge or understanding as a result of the training
3. Behavior - extent of change in behavior, attitude or capability
4. Results - the effect on the bottom line of the company as a result of the training.

#### **Reaction**

Reaction implies how favorably the participants have responded to the training. This evaluation is primarily quantitative in nature and is a feedback to the training and the trainer. The most common collection tool is the questionnaire that analyses the content, methodology, facilities and the course content.

#### **Learning**

At the level of learning the evaluation is done on the basis of change in the ASK (Attitudes, skills and knowledge) of the trainees. The evaluation involves observation and analysis of the voice, behaviour, text. Other tools used apart from the observation are interviews, surveys, pre and post tests etc.

#### **Behaviour**

## **Performance Appraisal**

Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. Performance appraisal is generally done in systematic ways which are as follows:

1. The supervisors measure the pay of employees and compare it with targets and plans.

2. The supervisor analyses the factors behind work performances of employees.
3. The employers are in position to guide the employees for a better performance.

### **Objectives of Performance Appraisal**

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 present in a person for further growth and development.
4. To provide a feedback to employees regarding their performance and related status.
5. To provide a feedback to employees regarding their performance and related status.
6. It serves as a basis for influencing working habits of the employees.
7. To review and retain the promotional and other training programmes.

### **Advantages of Performance Appraisal**

1. Promotion: Performance Appraisal helps the supervisors to chalk out the promotion programmes for efficient employees. In this regards, inefficient workers can be dismissed or demoted in case.
2. Compensation: Performance Appraisal helps in chalking out compensation packages for employees. Merit rating is possible through performance appraisal. Performance Appraisal tries to give worth to a performance. Compensation packages which include bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal. The criteria should be merit rather than seniority.
3. Employees Development: The systematic procedure of performance appraisal helps the supervisors to frame training policies and programmes. It helps to analyze strengths and weaknesses of employees so that new jobs can be designed for efficient employees. It also helps in framing future development programmes.

4. **Selection Validation:** Performance Appraisal helps the supervisors to understand the validity and importance of the selection procedure. The supervisors come to know the validity and thereby the strengths and weaknesses of selection procedure. Future changes in selection methods can be made in this regard.

5. **Communication:** For an organization, effective communication between employees and employers is very important. Through performance appraisal, communication can be sought for in the following ways:

a. Through performance appraisal, the employers can understand and accept skills of subordinates.

b. The subordinates can also understand and create a trust and confidence in superiors.

c. It also helps in maintaining cordial and congenial labour management relationship.

d. It develops the spirit of work and boosts the morale of employees.

6. **Motivation:** Performance appraisal serves as a motivation tool. Through evaluating performance of employees, a person's efficiency can be determined if the targets are achieved. This very well motivates a person for better job and helps him to improve his performance in the future.

### **Methods of Performance Appraisals**

#### **Traditional methods:**

1. **Rating Scales:** Rating scales consists of several numerical scales representing job related performance criteria such as dependability, initiative, output, attendance, attitude etc. Each scale ranges from excellent to poor. The total numerical scores are computed and final conclusions are derived.

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.

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.
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.
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.
6. **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.
7. **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.
8. **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 assesses 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.
9. **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, promote ability of employee, existing capabilities and qualifications of performing jobs, strengths and weaknesses and training needs of the employee. Advantage – It is extremely useful in filling information gaps

about the employees that often occur in a better-structured checklist. Disadvantages – It is highly dependent upon the writing skills of rater and most of them are not good writers. They may get confused success depends on the memory power of raters.

10. **Comparative Evaluation Method (Ranking & Paired Comparisons):** These are collection of different methods that compare performance with that of other co-workers. The usual techniques used may be ranking methods and paired comparison method.

•**Ranking Methods:** Superior ranks his worker based on merit, from best to worst. However how the best and why best are not elaborated in this method. It is easy to administer and explanation.

•**Paired Comparison Methods:** In this method each employee is rated with another employee in the form of pairs. The number of comparisons may be calculated with the help of a formula as under.

$$N \times (N-1) / 2$$

### **Modern Methods:**

1. **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. Assesses 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

2. **Behaviorally Anchored Rating Scales (BARS):** is a relatively new technique which combines the graphic rating scale and critical incidents method. It consists of predetermined critical areas of job performance or sets of behavioral statements describing important job performance qualities as good or bad (for eg. the qualities like inter-personal relationships,

adaptability and reliability, job knowledge etc). These statements are developed from critical incidents.

In this method, an employee's actual job behaviour is judged against the desired behaviour by recording and comparing the behaviour with BARS. Developing and practicing BARS requires expert knowledge.

A behaviorally anchored rating scale is an employee appraisal system where raters distinguish between successful and unsuccessful job performance by collecting and listing critical job factors. These critical behaviors are categorized and appointed a numerical value which is used as the basis for rating performance.

**3. 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.

**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.

**5. Human Resource Accounting:** is a method to measure the effectiveness of personnel management activities and the use of people in an organization.HRA is the process of Assigning,

budgeting, and reporting the cost of human resources incurred in an organization, including wages and salaries and training expenses.

Human resources are valuable assets for every organization. Human resource accounting method tries to find the relative worth of these assets in the terms of money. In this method the Performance appraisal of the employees is judged in terms of cost and contribution of the employees. The cost of employees include all the expenses incurred on them like their compensation, recruitment and selection costs, induction and training costs etc whereas their contribution includes the total value added (in monetary terms). The difference between the cost and the contribution will be the performance of the employees. Ideally, the contribution of the employees should be greater than the cost incurred on them.

### **Feedback System**

In human resources or industrial psychology, 360-degree feedback, also known as multi-rater feedback, multi source feedback, or multi source assessment, is feedback that comes from members of an employee's immediate work circle. Most often, 360-degree feedback will include direct feedback from an employee's subordinates, peers (colleagues), and supervisor(s), as well as a self-evaluation. It can also include, in some cases, feedback from external sources, such as customers and suppliers or other interested stakeholders. It may be contrasted with "upward feedback," where managers are given feedback only by their direct reports, or a "traditional performance appraisal," where the employees are most often reviewed only by their managers.

The results from a 360-degree evaluation are often used by the person receiving the feedback to plan and map specific paths in their development. Results are also used by some organizations in making administrative decisions related to pay and promotions. When this is the case, the 360 assessment is for evaluation purposes, and is sometimes called a "360-degree review." However, there is a great deal of debate as to whether 360-degree feedback should be used exclusively for development purposes, or should be used for appraisal purposes as well.

## HRD Score Card

The goal of an HR scorecard is to help businesses determine the value of their human resources departments. The challenge often is daunting because unlike most departments or divisions within a company, measurement tools traditionally have been lacking for HR purposes. Human capital is largely intangible and difficult to measure as a component in a company's business success.

**Processes** The first step in establishing an HR scorecard is identifying areas of an HR department that contribute to company goals, and then modifying that list. For example, measurements should be created to quantify items such as pay structures, pay-for-performance results, benefits programs and training programs. Process steps are then developed to implement the scorecard. The website e HR resources, for example, in a summary of the book "The HR Scorecard," recommends a four-step process that includes identifying the critical deliverables for human resources, identifying human resource customers, defining HR activities that provide deliverables like high-talent staffing or employee-retention initiatives, and conducting cost-benefit analyses of deliverable-providing activities.

**Perspectives** The development of an HR scorecard must be done with four perspectives in mind, according to the website Strategic Human Resource. These include a financial perspective to address strategies that satisfy customers; a customer perspective that asks what customers want and a strategy that positions HR in such a way that customers take notice; an internal perspective that addresses the stated desires of customers and designs processes consistent with those desires; and an organizational-learning perspective that takes into account how HR employees can implement steps to align HR goals with the overall company mission, vision and business objectives.

**Implementation and Measurement** Kaplan's and Norton's work emphasized strategic alignment as part of an overall business performance. An HR scorecard can enlighten senior management to the forces behind more easily measured financial results. HR Folks International provides a seven-step model based on the book "The HR Scorecard." First, HR managers must define the company's business strategy to employees and define employee roles in achieving that goal. Second, HR departments must make the case for their role as a strategic partner within an

organization. Next, a strategic map is created to identify the HR department's position in an organization's chain of command and barriers to its contribution to business success. Fourth, HR deliverables are established for the strategic maps that identify changes and potential contributions to overall company success. Fifth, the HR structure is aligned to achieve established deliverables. Next, a strategic HR measurement system is designed that provides for moving from traditional measurable like turnover and employee satisfaction to more intangible measurable. Finally, the new measures are implemented and constantly reviewed and modified.

### **Managing Compensation: Concept**

Compensation is a systematic approach to providing monetary value to employees in exchange for work performed. Compensation may achieve several purposes assisting in recruitment, job performance, and job satisfaction.

Compensation is a tool used by management for a variety of purposes to further the existence of the company. Compensation may be adjusted according to the business needs, goals, and available resources.

#### **Compensation may be used to:**

- recruit and retain qualified employees.
- increase or maintain morale/satisfaction.
- reward and encourage peak performance.
- achieve internal and external equity.
- reduce turnover and encourage company loyalty.
- modify (through negotiations) practices of unions.

### **Components of a Compensation System**

•Job Descriptions A critical component of both compensation and selection systems, job descriptions define in writing the responsibilities, requirements, functions, duties, location,

environment, conditions, and other aspects of jobs. Descriptions may be developed for jobs individually or for entire job families.

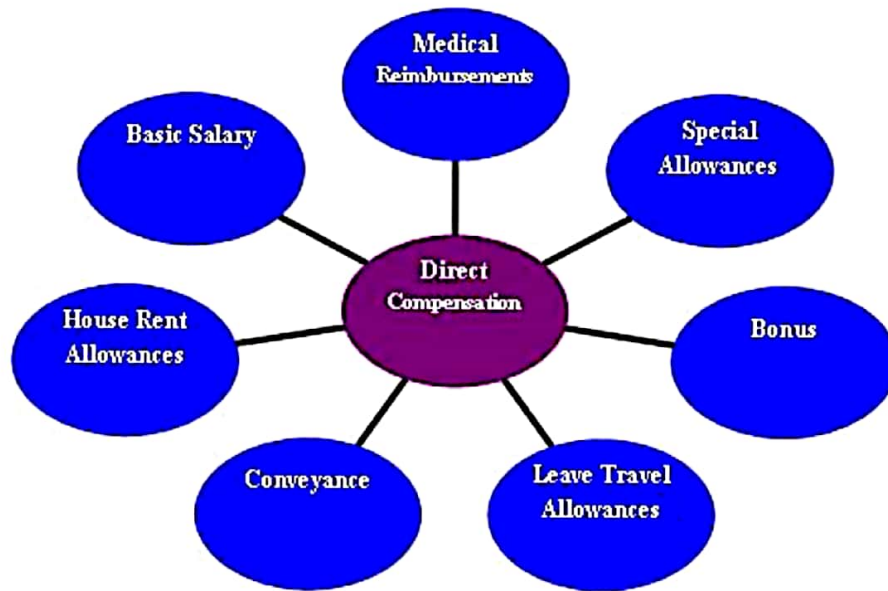
- Job Analysis** The process of analyzing jobs from which job descriptions are developed. Job analysis techniques include the use of interviews, questionnaires, and observation.

- Job Evaluation** A system for comparing jobs for the purpose of determining appropriate compensation levels for individual jobs or job elements. There are four main techniques: Ranking, Classification, Factor Comparison, and Point Method.

- Pay Structures** Useful for standardizing compensation practices. Most pay structures include several grades with each grade containing a minimum salary/wage and either step increments or grade range. Step increments are common with union positions where the pay for each job is pre-determined through collective bargaining.

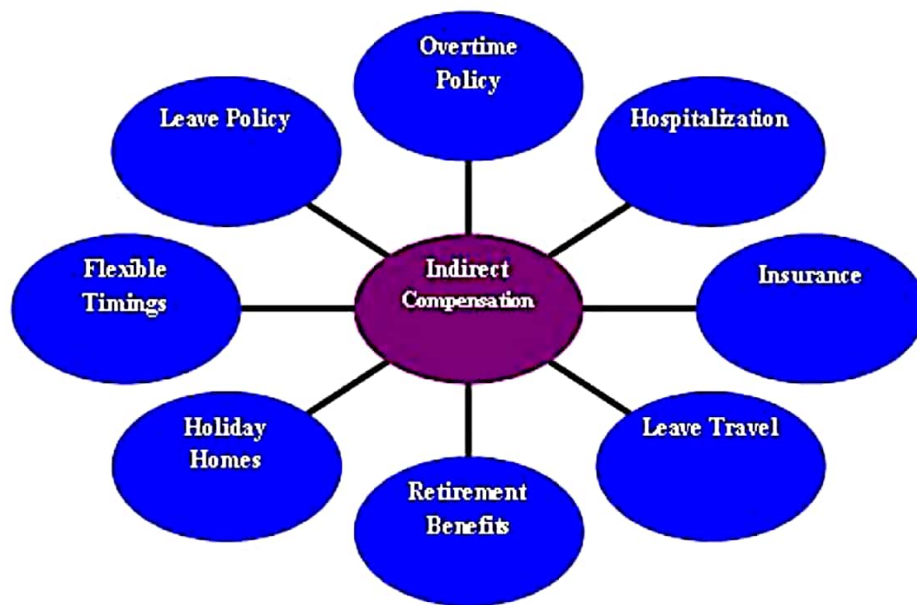
- Salary Surveys** Collections of salary and market data. It may include average salaries, inflation indicators, cost of living indicators, salary budget averages. Companies may purchase results of surveys conducted by survey vendors or may conduct their own salary surveys. When purchasing the results of salary surveys conducted by other vendors, note that surveys may be conducted within a specific industry or across industries as well as within one geographical region or across different geographical regions. Know which industry or geographic location the salary results pertain to before comparing the results to your company.

## Types of Compensation



**Direct compensation** refers to monetary benefits offered and provided to employees in return of the services they provide to the organization. The monetary benefits include basic salary, house rent allowance, conveyance, leave travel allowance, medical reimbursements, special allowances, bonus, Pf/Gratuity, etc. They are given at a regular interval at a definite time.

**Indirect compensation** refers to non-monetary benefits offered and provided to employees in lieu of the services provided by them to the organization. They include Leave Policy, Overtime Policy, Car policy, Hospitalization, Insurance, Leave travel Assistance Limits, Retirement Benefits, Holiday Homes.



### **Behavioral Issues: Compensation Management**

The various behavioral issues that might occur due to:

1. The nature of job of an employee,
2. Fellow employees, Peer group and Superiors,
3. Family and Social Life
4. Work and Career,
5. Organizational Values,
6. Professional Codes,
7. Type of leadership and,
8. Rewards according with the job

## **Ethics in Compensation**

**Ethics:** Ethics are the set of principles which deals with the morality. These are of code of conducts or the rules which determine the rightness and wrongness of the actions.

**Compensation:** Compensation refers to a wide range of financial and non –financial rewards to employees for their services rendered to the organization.

Ethics that should be followed by all the organization:

1. Compensation should be developed keeping in view the interest of the employer, the employees, the consumers and the community.
2. It should be uniform for same level of employees that is there should be no partiality.
3. Salary should be given on time and on regular intervals
4. The compensation given to the employees should be consistent with the other and overall plans of the organization.
5. All the compensation programmes a policy should be reviewed periodically and amendments should be made accordingly.
6. The salary given to the employees should be according to the wage policy.
7. The compensation paid should be increased according to the merits. As this kind of increment can be act as motivators.

## **Employee Benefits**

1. Payment without work. E.g.: sick leave, maternity leave, paid vacations, etc
2. Health and safety benefits
3. Retirement Benefit. E.g.: Provident fund, Pension, Gratuity etc
4. Subsidized housing, transport, lunch, free dress, etc.

## Health and Social Security Measures

### Health Measures:

It can be of two types:

- 1) Preventive Measures
- 2) Curative Measure

**1) Preventive Measures:** It is the measure which can be taken against the occupational health hazards. It may include: pre-employment and periodic medical examination, removal of health hazards to the maximum possible extent, check over women and other workers exposed to special risk, training of first aid staff, and educating workers in health and hygiene, etc.

**2) Curative Measure:** It consists of treatment for the affected workers. Of course prevention is always better than cure. Use of less toxic materials, providing protection devices, controlling noise, dust fumes, gases etc. are some of the convenient and inexpensive measures that can be taken by employers to prevent health hazards.

### Social Security Measures:

Social Security implies the measures to protect workers against distress caused by old age, sickness, death etc.

It can be provided through the different acts such as The Workmen's Compensation act, The Maternity Benefit Act, The Payment of Gratuity Act, etc.

Social Security Schemes are of two types:

1. Social Insurance: Provident fund and Group Insurance are the examples of this type.
2. Social Assistance: its example is Old Age Pension.

The Social Security prescribes the following components of Social Security:

- Medical Case
- Sickness Benefit
- Old Age Benefits
- Employment Injury Benefit
- Family Benefit
- Maternity Benefit, etc.