

UNIT I

INTRODUCTION OF HRM

MEANING OF HRM

- HRM is the art of Procuring, developing and maintaining competent workforce to achieve organisational goals effectively.
- The process of employing people, developing their resources, utilising, maintaining & compensating their service in tune with the job & organisational requirements with a view to contribute to the goals of the organisation, individual & the society.

DEFINITION

According to Wendell L French “ the human resource management refers to the philosophy, policies, procedures, & practice related to the management of people within an organisation.

According to Stephen P Robbins, HRM is a process consisting of the acquisition, development, motivation & maintenance of human resources.

SCOPE OF HRM

The Scope of Human Resource management into the following aspects

1. The Personnel Aspect

This aspect of HRM is concerned with the manpower planning, recruitment, selection, placement, induction, transfer, promotion, demotion, termination, training & development, layoff & retrenchment, wage & salary administration, incentives, productivity etc.

2. The Welfare Aspect:-

The welfare aspect is concerned with working conditions & amenities such as canteens, crèches, rest rooms, lunch rooms, housing, transport, education, medical help, health & safety, washing facilities recreation & cultural activities etc.

3. The Industrial Aspect:-

This aspect is concerned with employees. It includes union management relations, joint consultation, negotiating collective bargaining, grievance handling, disciplinary actions, settlement of industrial disputes etc.

IMPORTANCE OF HRM

1. Importance for the Organisation:-

HRM is important for the organisation to the following:

- Good human resource practices help in attracting & retaining the best people in the organisation.
- In order to make use of latest technology the appointment of right type of persons is essential. The right people can be fitted into new jobs properly only if the management performs its HR function satisfactorily.
- Globalisation has increased the size of the organisation who employ thousands of employees in different countries. The performance of the company depends upon the qualities of the people employed. This has further increased the importance of HRM
- HR planning alerts the organisation to the types of people it will need in the short , medium & long run.
- HR development is essential for meeting the challenges of future. The importance of HRM has increased because of the shortage of really managerial talent in the country.

2. Importance for the employees

- HRM stress on the motivation of employees by providing them various financial & non-financial incentives.
- Right organisational climate is also stressed upon so that the employees can contribute their maximum to the achievement of the organisational objectives.
- Effective management of HR promotes team wok & team spirit among employees.
- It offers excellent growth opportunities to people who have the potential to rise.
- It also encourages people to work with diligence & commitment.

3. Importance for the society:-

Good HR efforts lead to productivity gains (ration of output to input) to the society, since it enables the managers to reduce costs, save scarce resources, enhance profits & offer better pay, benefits & working conditions to employees.

OBJECTIVES OF HRM

1) Societal Objectives :-

- To manage human resources in an ethical & socially responsible manner.
- To ensure compliance with legal & ethical standards.
- To minimise the negative impact of societal demands upon the organisation.

2) Organisational Objective:-

- HR department, like any other department in an organisation, should focus on achieving the goals of the organisation first. If it does not meet this purpose, the HR department cannot exist in the long run.
- HR department should recognise its role in bringing about organisational effectiveness.
- HRM is not an end in itself. It is only a means to assist the organisation with its primary objectives.

3) Functional Objectives:-

- To maintain the HRM departments contribution at a level appropriate to the organisation's needs. Resources are wasted when HRM is either more or less sophisticated to suit the organisation's demands.
- The department's level of service must be tailored to fit the organisation it serves.
- HRM should employ the skills & abilities of the workforce efficiently. It should aim at making the people's strength more productive & beneficial to the organisation.
- HRM should aim at providing the organisation with well trained & well motivated employees.

4) Personnel Objectives

- HRM should increase employees job satisfaction to the fullest extent.
- HRM should also meet the self actualisation needs of the employees. It should stimulate every employee to achieve his potential.
- HRM should assist the employees in achieving their personal goals, at least in so far as these goals enhance the individual's contribution to the organisation.
- HRM should develop & maintain a quality of work life. It makes employment in the organisation a desirable, personal & social situation. Organisational performance can never be improved without the quality of work life.

- The HRM should also communicate HR policies to all employees. It will help the HRM in tapping the ideas, opinions, feelings, & the views of the employees.

PERSONNEL MANAGEMENT

Meaning:- it is the process of Planning, organising, compensation, integration & maintenance of people for the purpose of contributing to organisational individual & societal goals.

Personnel management can be defined as obtaining, using & maintaining a satisfied workforce.

Definition:- Acc. to Flippo “ personnel management is the planning, organizing, compensation, integration & maintenance of people for the purpose of contributing to organisational, individual & societal goals.

Acc. to Brech “ personnel management is that part which is primarily concerned with human resources of organisation.

DIFFERENCES BETWEEN PERSONNEL MANAGEMENT & HRM

PERSONNEL MANAGEMENT	HRM
It is a traditional approach to managing people in the organisation.	It is modern approach to managing people in the organisation.
It focuses on personnel administration, employee welfare, & labour relation.	It focuses on acquisition, development, motivation & maintenance of HR in the organisation.
It assumes people as input for achieving the desired output.	It assumes people as in important & valuable resource for achieving the desired output.
It undertaken for employee satisfaction.	It undertaken for goal achievement.
Job design is done on the basis of division of labour.	Job design function is done on the basis of group work/teamwork.
Employees are provided with less training & development opportunities.	Employees are provided with more training & development.
Decisions are made by the top management as per the rules & regulation of the organisation	Decisions are made collectively after considering employee's participation, authority, decentralization, competitive environment etc.
It focuses on increased production & satisfied employees	It focuses on effectiveness, culture, productivity & employee's participation.
It is concerned with the personnel manager.	It is concerned with all levels of managers from top to bottom.
It is a routine function.	It is a strategic function.

FUNCTIONS OF HRM(15 marks 2017 & 2018)

1. MANAGERIAL FUNCTION

Managerial function includes

a) Planning:-

It is pre-determined course of action. Planning pertains to formulating strategies of personnel programmes & changes in advance that will contribute to the organisational goals.

In other words it involves planning of HR, requirements, selection, training etc.

b) Organising:- an organisation is a means to an end. It is essential to carry out the determined course of action. Acc. to J.C Massie, an organisation is a structure & a process by which a co-operative group of human beings allocates its task among its members, identifies relationship & integrates its activities towards a common objective.

c) Directing:- activating employees at different level & making them contribute maximum to the organisation is possible through proper direction & motivation. Tapping the maximum potentialities of the employees is possible through motivation & command.

d) Controlling:- after planning, organizing, & directing the actual performance of employees is checked, verified & compared with the plans. If the actual performance is found deviated from the plan, control measures are required to be taken.

ii) OPERATIVE FUNCTIONS

the operative functions of HRM are related to specific activities like

1) Employment:-

It is concerned with securing & employing the people possessing the required kind & level of human resources necessary to achieve the organisational objectives. It includes

i) **Job Analysis:-** it is the process of study & collection of information relating to the Role & Responsibilities of a specific job.

ii) **HR Planning:-** it is a process for determination & assuring that the organisation will have an adequate number of qualified persons, available at proper times, performing jobs, which would meet the needs of the organisation & which would provide satisfaction for the individuals involved.

- iii) **Recruitment:-** it is the process of searching for prospective employees & stimulating them to apply for jobs in an organisation.
- iv) **Selection:-** it is the process of ascertaining the qualifications, experiences, skills, knowledge etc of an applicant with a view to appraising his/her suitability to a job.
- v) **Placement:-** it is the process of assigning the selected candidate with the most suitable job in terms of job requirements. It is matching employee specifications with job requirements.
- vi) **Induction & Orientation:-** Induction & orientation are the techniques by which a new employee is rehabilitated in the changed surrounding & introduced to the practices, policies, purposes & people of the organisation.

2. Human Resource Development:-

It is the process of improving, moulding & changing the skills, knowledge, creative ability, aptitude, values, commitment etc based on present & future job organisational requirements. It includes.

- i) **Performance Appraisal:-** it is the systematic evaluation of individuals with respect to their performance on the job & their potential for development.
- ii) **Training:-** it is the process of imparting to the employees technical & operating skills & knowledge.
- iii) **Managerial Development:-** it is the process of designing & conducting suitable executive development programmes so as to develop the managerial & human relations skill of employees.
- iv) **Career Planning & Development:-** it is the planning of one's career & implementation career plans by means of education, training, job search & acquisition of work experience. It includes internal mobility & external mobility.
- v) **Transfer:-** it is process of placing employees in the same level jobs where they can be utilised more effectively in consistence with their potentialities & needs of the employees & the organisation.
- vi) **Promotion:-** it deals with upward reassignment given to an employee in the organisation occupy higher position which commands better status or pay keeping in view in human resources of the employees & the job requirements.
- vii) **Demotion:-** it deals with downward reassignment to an employee in the organisation.
- viii) **Retention Management:-** employers prefer to retain more talented employees while they retrench less talented employees. Employers modify existing human resource strategies & craft new strategies in order to pay more salaries, provide more benefits & create high quality

of work life to retain the best employees.

3) Compensation :-

It is the process of providing adequate, equitable & fair remuneration to the employees. It includes

- i) **Wage & salary Administration:-** it is the process of developing & operating a suitable wage & salary programme
- ii) **Incentives:-** it is the process of formulating administrating & reviewing the schemes of financial incentives in addition to regular payment of wages & salary.
- iii) **Fringe Benefits:-** these are the various benefits at the fringe of the wage. Management provides these benefits to motivate the employees & to meet their life's contingencies. Ex:- housing facilities, canteen facilities, medical facilities, disablement benefits etc.
- iv) **Social Security Measures:-** management provide social security to their employees in addition to the fringe benefits. These includes worker men compensation, maternity benefits for women , medical benefits , retirement benefits lie PF, pension, gratuity etc.

4)Human Relations:-

It is the process of interaction among human beings. Human relations is an area of management in integrating people into work situation in a way that motivates them to work together productively cooperatively & with economic, psychological & social satisfaction.

5.Industrial relations:-

It refers to the study of relations among employee, employer, government & trade unions. It includes Trade union, collective bargaining, Quality circles etc.,.

6.Recent Trends in HRM:-

HRM has been advancing at a fast rate. The recent trends in HRM includes Quality of work life, Total quality in human resources, HR accounting, audit & research & Recent techniques of HRM.

HR MANAGER

A person who headed with HRM department. Or A person who is charge of the department that deals with the employment, training, support, records etc, of company.

Role of HR Manager

1. **The conscience role:-** the conscience role is that of humanitarian who reminds the management of its morals & obligations to its employees.
2. **The Counsellor :-** employees who are dissatisfied with the present job approach the personnel manager for counselling. In addition employees facing various problems like marital, health, children's education/marriage, mental, physical & career problems.
3. **The Mediator:-** as a Mediator, the Personnel Manager plays the role of peace maker. He settles the disputes between employees & the management. He acts as a liaison & communication link between both of them.
4. **The spokesman:-** he is a frequent spokesman for or representative of the company.
5. **The Problem Solver:-** he acts as a problem solver with respect to the issues that involve human resources management & overall long range organisational planning.
6. **The Change Agent:-** he acts as a change agent & introduces changes in various existing programmes.

EVOLUTION OF HRM (5 marks)

The evolution of the concept of Human Resource Management is presented below

- **Period before industrial revolution** – The society was primarily an agriculture economy with limited production. Number of specialized crafts was limited and was usually carried out within a village or community with apprentices assisting the master craftsmen. Communication channel were limited.
- **Period of industrial revolution (1750 to 1850)** – Industrial revolution marked the conversion of economy from agriculture based to industry based. Modernization and increased means of communication gave way to industrial setup. A department was set up to look into workers wages, welfare and other related issues. This led to emergence of personnel management with the major task as

– Worker's wages and salaries

- Worker's record maintenance
- Worker's housing facilities and health care

An important event in industrial revolution was growth of Labour Union (1790) – The works working in the industries or factories were subjected to long working hours and very less wages. With growing unrest , workers across the world started protest and this led to the establishment of Labour unions. To deal with labour issues at one end and management at the other Personnel Management department had to be capable of politics and diplomacy , thus the industrial relation department emerged.

- **Post Industrial revolution** – The term Human resource Management saw a major evolution after 1850. Various studies were released and many experiments were conducted during this period which gave HRM altogether a new meaning and importance.

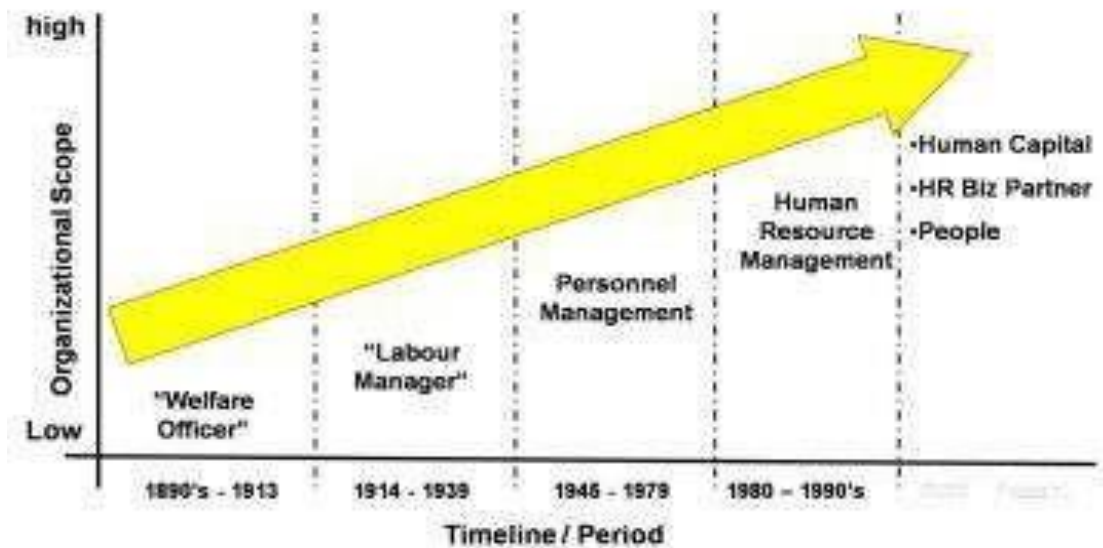
A brief overview of major theories release during this period is presented below

- Frederick W. Taylor gave principles of scientific management (1857 o 1911) led to the evolution of scientific human resource management approach which was involved in
 - Worker's training
 - Maintaining wage uniformity
 - Focus on attaining better productivity.
- Hawthorne studies, conducted by Elton Mayo & Fritz Roethlisberger (1927 to 1940).
 - Observations and findings of Hawthrone experiment shifted the focus of Human resource from increasing worker's productivity to increasing worker's efficiency through greater work satisfaction.
- Douglas McGregor Theory X and Theory Y (1960) and Abraham Maslow's Hierarchy of needs (1954) – These studies and observations led to the transition from the administrative and passive **Personnel Management approach to a more dynamic Human Resource Management approach** which considered workers as a valuable resource.

As a result of these principles and studies, Human resource management became increasingly line management function , linked to core business operations. Some of the major activities of HR department are listed as-

1. Recruitment and selection of skilled workforce.
2. Motivation and employee benefits
3. Training and development of workforce
4. Performance related salaries and appraisals.

Evolution of HRM ...



HRM POLICY

- Policy is predetermined course of action established to guide the performance of work towards accepted objectives.
- In organisational context” policy is a statement or general understanding which provides guideline to member of the organisation for making decision in respect to any course of action.
- Acc. to Edwin B Flippo a policy is rule or pre-determined course of action established to guide an organisational towards its objectives.

NEED/IMPORTANCE OF HRM POLICY

1. To Achieve the Objectives of the Organization:

Policies guide the employees to take action for achieving the objectives of the organization. Hence, they must be known and well understood by everyone in order to concentrate efforts on the objectives.

2. To Bring Uniformity in Decisions:

HR policies furnish the general standard on which decisions are taken. Various line authorities take decisions in an organization keeping in view the HR policies. Thus, uniformity of action is maintained in similar cases.

3. To Delegate Authority:

HR policies make delegation of authority possible, which means assigning the work to others and give them authority to do it. HR policies help executives at various levels of decision centres to act with confidence without consulting the superiors every time. HR policies give a manager liberty to choose the alternatives provided and to decide upon the action.

4. To Achieve Better Control:

HR policies specify relationships among organization, management and workers. Therefore, each group works for the achievement of the larger objectives of the organization without any policy conflicts. Thus, HR policies provide better control.

5. To Evaluate Efficiency:

HR policies serve as standards in execution of work. Efficiency of a group may be evaluated by its performance in the light of the policy. After assessing whether organization has achieved the desired results set in the policy, HR policy may be amended or a new policy may be formulated in the light of the actual performance.

6. To Create Confidence among Employees:

HR policies provide the workers a security against exploitation and create confidence in employees who may know where they stand in the organization.

7. To Motivate:

HR policies introduce the employees to the objectives of the organization. It guides the workers in achieving the objectives. They work enthusiastically and with loyalty to get those objectives.

8. To Guide the Management:

HR policies provide guidance to management in relation to the HR problems. HR policies decide how to get the work done by the people or how to behave with them.

CHARACTERISTICS OF SOUND HRM POLICY

While developing sound personnel policies management should pay attention to the following things:

1. **Related to Objectives:-** Policies must be capable of relating objectives functions, physical factors and Organisational personnel.

2. **Easy to Understand:** Policies should be stated in define, positive, clear and understandable language.

3. **Precise:** Policies should be sufficiently comprehensive and prescribe limits and yardsticks for future action.

4. **Stable as well as Flexible:** Personnel policies should be stable enough assure people that there will not be drastic overnight changes. They should be flexible enough to keep the organization in tune with the times.

5. **Based on Facts:** Personnel policies should be built on the basis of facts and sound judgment and not in personal feelings or opportunistic decision.

6. **Appropriate Number:** There should be as many personnel policies as necessary to cover conditions that can be anticipated, but not so many policies as to become confusing or meaningless.

7. **Fair & Equitable:-** policies should be just fair & equitable to internal as well as external groups. Eg:- a policy of recruitment from within may limit opportunities to bright candidates from outside & a policy of recruitment from outside only a would limit promotional avenue to promising internal candidates.

8. **Reasonable:-** policies must be reasonable & capable of being accomplished. To gain acceptance & commitment from employees, the policy should be conditioned by the suggestions & reactions of those who are affected by the policy.

9. **Review:-** periodic review of policies is essential to keep in tune with changing times & a avoid organisational complacency or managerial stagnation.

BENEFITS OF HRM POLICY

1. Recruitment and Selection

Policies pertaining to the recruitment and selection process are the foundation of building any workforce. You must have a plan for creating applications, how to prequalify applicants, how applicants move up to become a candidate and other employment procedures. This set of policies also benefits current employees who refer applicants to your business.

2. Training and Professional Development

Provisions for employee training and development are included in human resource policy documents because it informs employees of the kind of professional development available to them. In addition, policies related to training and development assistance in the formulation of employee development plans or performance improvement plans. Training and development policies serve as an outline of educational benefits available to current employees.

3. Handling Employee Concerns

Many companies have written procedures for handling employee complaints, whether they are internal, informal complaints or allegations made about the employer to enforcement agencies. The benefit of this policy is to document your company's commitment to non-discriminatory practices and how such complaints are resolved. These policies also benefit employees because they provide important information about workplace communication in the event an employee is unsure of who she contacts to discuss any concerns or problems.

4. Workplace Safety

In a time when more than worker safety in the performance of her job is the primary issue addressed in safety policies, employers distribute policies that address matters such as workplace violence. These types of policies are generally discussed in detail with employee groups; an emergency evacuation policy isn't effective if you don't discuss it until the emergency happens. Another benefit to having a human resources safety policy is adherence to federal and state guidelines for workplace safety.

5. Organizational Structure

An introduction to the human resources policy manual explains the organizational structure, what departments fulfill which expectations and company leadership. In the introductory section, many employers also explain the company philosophy as it is related to customer service, co-workers, leadership and business ethics. Ethics statements are extremely popular, especially in a world where social responsibility is observed by so much of the population. This section of a human resources policy manual may also state the company's compliance with federal, state and local anti-discrimination laws.

6. Employment Rules:-

Employees are accustomed to learning specific workplace rules such as dress code, discipline procedures, parking, attendance and working hours, holidays, employee benefits and payroll dates. The human resources policy on these issues is easy accessed by employees who have questions, or reviewed by new employees eager to learn more about their new employer.

UNIT II
HUMAN RESOURCE PLANNING

HUMAN RESOURCE PLANNING

Meaning:-

HRP means deciding the number & type of the human resources required for each job, unit & the total company for a particular future date in order to carry out organisational activities.

HRP or manpower planning is essentially the process of getting the right number of qualified people into the right job at the right time. It is a system matching the supply of people (existing employees & those to be hired or searched for) with openings the organisation expects over a time frame.

Definition:- Edwin B. Geisler “Manpower planning is the process (including forecasting, developing, implementing & controlling) by which a firm ensures that it has the right number of people & the right kind of people, at the right places, at the right time, doing things for which they are economically useful.

Acc. Bruce P. Coleman “Manpower planning is the process of determining manpower requirements in order to carry out the integrated plan of the organisation”.

OBJECTIVES/PURPOSES OF HRP

i. Forecasting Human Requirements:

HRP Human resource planning is essential to determine the future human resource needs in an organization. In the absence of such a plan, it would be difficult to have the services of the right kind of people at the right time.

ii. Effective Management of Change:

Proper planning is required to cope with changes in market conditions, technology products, and government regulations in an effective way. These changes call for continuous allocation or reallocation of skills and in the absence of planning there might be under-utilization of human resource.

iii. Realizing Organizational Goals:

In order to meet the needs of expansion programmes and growth strategies of the organizations planning is essential.

iv. Promoting Employees:

The database available provides a comprehensive skill repertoire, which facilitates for decision making as to the promotional opportunities to be made available for the organization.

v. Effective Utilisation of Human Resource:

This database is also useful for identifying surplus and unutilized human resource and resources. In times of downsizing or in estimating the cost-benefit analysis of human resources would add value to the process.

The objective of human resource planning is to maintain and improve the organization's ability to achieve its goals by developing strategies that will result in optimum contribution of human resources.

Short points

1. To forecast the future needs of human resources.
2. To ensure fuller and effective utilisation of existing human resources.
3. To ensure that necessary manpower is available as and when required.
4. To relate human resource planning with the organisational planning.
5. To estimate the surplus or shortage of human resource in the organisation at any given time.
6. To get information about the manner in which the existing personnel are deployed, the kind of skills needed for various jobs, and manpower requirements over a specified period of time in relation to the organisational goals.
7. To anticipate the impact of technology on jobs and human resources.
8. To determine the levels of recruitment and training.
9. To estimate the cost of labour force and its housing requirements.
10. To provide a basis for management development programme.
11. To meet the needs of expansion and diversification programmes.
12. To increase the labour productivity and thereby reduce the labour costs.

FACTORS AFFECTING /INFLUENCING HRP

The factors can be classified into Internal & External factors

1.Internal Factors:-

- 1. Government Policies:-** Policies of the government like labour policy, industrial relations policy, policy towards reserving certain job for different communities & sons of the soil etc affect the HRP.
- 2. Level of Economic Development:-** level of economic development determines the level of HRD in the country & thereby the supply of human resources in the future in the country.
- 3. Business Environment:-** external business environmental factors influence the volume & mix of production & thereby the future demand for human resources.
- 4. Level of Technology:-** level of technology determine the kind of human resources required.
- 5. International Factors:-** International factors like the demand for the resources & supply of HR in various counties.

II. Internal Factors

- 1.Company Policies & strategies:-** Company's policies & strategies relating to expansion, diversification, alliances etc. determines the human resource demand in terms of quantity & quality.
- 2. Human Resource Policies:-** HR Policies of the company regarding quantity of HR compensation level, quality of work life etc. influences human resources plan.
- 3.Job Analysis:-** fundamentally, HR plan is based on job analysis, job description & job specification determines the kind of employees required.
- 4.Time Horizons:-** companies with stable competitive environment can plan for the long run whereas the firms with unstable competitive environment can plan for only short term range .
- 5. Type & quality of information:-** any planning process need qualitative & accurate information. This is more so with human resource plan, strategic, organisational & specific information affect HRP.

6. Company's production operation policy:- company's policy regarding how much to produce & how much to buy from outside to prepare a final product influence the number & kind of people required.

7. Trade unions:- Influence of trade unions, regarding number of working hours per week, recruitment sources etc affect the HRP.

PROCESS OF HRP

1.Environmental Scanning:-Environmental scanning refers to the systematic monitoring of the external forces influencing the organisation. Managers monitor several forces but the following are pertinent for HRP.

- i. Economic factors, including general & regional conditions.
- ii. Technological changes, including robotics & automation
- iii. Demographic changes, including age, composition & literacy.
- iv. Political & legislative child care & educational facilities & priorities.
- v. Social concerns, including child care & educational facilities & priorities.

2.Organisational objectives & Policies:- HR plans need to be based on organisational objectives. In practice, this implies that objectives of the HR plans must be derived from organisational objectives. Specific requirements in terms of number & characteristics of employees should be derived from the organisational objectives.

3.HR demand forecast:- it is the process of estimating the future quantity & quality of people required. The basis of the forecast must be the annual budget & long term corporate plan translated into activity levels for each function & department.

4. HR supply forecast:- Personnel demand analysis provides the manager with the means of estimating the number & kind of employees that will be required. The next logical step for the management is to determine whether it will be able to procure the required number of personnel & the sources for such procurement. This information is provided by supply forecasting. Supply forecasting measures the number of people likely to be available from within & outside an organisation after making allowance for absenteeism, internal movements & promotions, wastage & changes in hours & other conditions of work.

5. HR Programming:- Once an organization's personnel & supply are forecast the two must be reconciled or balanced in order that vacancies can be filled by the right employees at the right time. HR programming is the third step in the planning process, therefore assumes greater importance.

6. HR Plan Implementation:- implementation requires converting an HR plan into action. A series of action programmes are initiated as a part of HR plan implementation. Some such programmes are recruitment, selection & placement, training & development, retaining & redeployment, the retention plan, the succession plan & redundancy plan.

7. Control & Evaluation:- this represents the fifth & final phase in the HRP process. The HR plan should include budgets, targets & standards. It should also clarify responsibilities for implementation & control & establish reporting procedures, which will enable achievements to be monitored against plan.

JOB ANALYSIS

Definition:- Job analysis is the process of studying & collecting information relating to the operation & responsibilities of a specific job. The immediate products of this analysis are job descriptions & job specification.

Meaning:- Job Analysis is a process of collecting information about a job. The process of job analysis results in two sets of data

a)Job Description :- A statement contains Job title, Location, Job summary, Duties, Machines, tools & equipment, Materials & forms used, supervision given of received, working conditions, hazards.

b)Job Specification:- A statement of human qualification necessary to do the job, which contains Education, Experience, Training, Judgement, Initiative, Physical effort, Physical skills, Responsibilities, Communication skills, Emotional characteristics.

Uses of Job Analysis

- **Human Resource Planning:-** HRP determines as to how many & what type of personnel will be needed in the coming period. The number & the type of personnel are determined by the jobs which need to be satisfied. Job related information is therefore, necessary for human resource planning.
- **Recruitment & Selection:-** Recruitment needs to be preceded by job analysis. Job analysis helps human resource manager to locate places to obtain employees for openings anticipated in the future. An understanding of the types of the skills needed & types of jobs that may open in the future. Selection a qualified person to fill a job requires knowing clearly the work to be done & the qualifications needed for someone to perform the work satisfactorily, without a clear & precise understanding of what a job entails.
- **Training & Development:-** Job analysis is useful for human resource development manager is as much as it helps him/her know what a given job demands from the incumbent in terms of knowledge & skill. Training & development programmes can be designed depending on the job requirements. Selection of trainees is also facilitated by job analysis.
- **Job Evaluation:-** it involves determination of relative worth of each job for the purpose of establishing wage & salary differentials, relative worth is determined mainly on the basis of job description & job specification.
- **Remuneration:-** job evaluation helps determine wage & salary grades for all the jobs. Employees need to be compensated depending on the grades of jobs, which they occupy. Remuneration involves fringe benefits, bonus & other benefits.
- **Performance Appraisal:-** it involves assessment of the actual performance of an employee against what is expected to him/her. Such assessment is the basis for awarding promotion, effecting transfers, or assessing training needs.
- **Safety & Health:-** the process of conducting a detailed job analysis provides an excellent opportunity to uncover & identify hazardous conditions & unhealthy environmental factors (such as heat, noise fumes & dust) so that

corrective measures can be taken to minimise & avoid the possibility of human injury.

RECRUITMENT

Meaning:- Recruitment is the process of searching for prospective employees & stimulating them to apply for jobs in the organisation.

Definition:- Acc. to Yoder “ Recruitment is a process to discover the sources of manpower to meet the requirements of the staffing schedule & to employ effective measures for attracting the manpower in adequate number to facilitate effective selection of an efficient working force”.

SOURCES OF RECRUITMENT (METHODS/TECHNIQUES)

I. INTERNAL SOURCES/METHODS:- Internal methods seeks applicants for positions from those who are currently employed . it included

i) Promotions & Transfers:-

Promotion , movement of employee from a lower level position to a higher level position accompanied by (usually) changes in duties, responsibilities, status & values.

Transfer, is an internal movement within the same grade, from one job to another. It may lead to changes in duties & responsibilities, working condition etc, but not necessarily salary.

ii) **Job Posting:-** job posting is another way of hiring people from within. In this method, the organisation publicizes job openings on bulletin boards, electronic media & similar outlets.

iii) **Employee Referrals:-** Employee referral means using personal contacts to locate job opportunities. It is a recommendation from a current employee regarding a job applicant. The logic behind employee referral is that “it takes on to know one”.

II. EXTERNAL SOURCE/METHODS

Every enterprise has to use external sources for recruitment to higher positions when existing employee are not suitable. More persons are needed when expansions are undertaken . external methods includes

1. **Advertisement:-** Advertisement is the best method of recruiting person for higher & experienced jobs. The advertisements are given in local or national press trade or professional journals. The requirements of jobs are given in the advertisements. The prospective candidates evaluate

themselves against their requirements for jobs before sending their applications. Management gets a wider range of candidates for selection. The flood of applications may create difficulties in the process.

2. **Direct Recruitment:-** Direct recruitment refers to the external source of recruitment where the recruitment of qualified candidates are done by placing a notice of vacancy on the notice board in the organization. This method of sourcing is also called as **factory gate recruitment**, as the blue-collar and technical workers are hired through this process.
3. **Employment Exchanges:-**As per the law, for certain job vacancies, it is mandatory that the organization provides details to the employment exchange. Employment exchange is a government entity, where the details of the job seekers are stored and given to the employers for filling the vacant positions. This external recruitment is helpful in hiring for unskilled, semi-skilled, and skilled workers.
4. **Employment Agencies:-**Employment agencies are a good external source of recruitment. Employment agencies are run by various sectors like private, public, or government. It provides unskilled, semi-skilled and skilled resources as per the requirements of the organization. These agencies hold a database of qualified candidates and organizations can use their services at a cost.
5. **Professional Associations:-** Professional associations can help an organization in hiring professional, technical, and managerial personnel, however they specialize in sourcing mid-level and top-level resources. There are many professional associations that act as a bridge between the organizations and the job-seekers.
6. **Campus Recruitment:-**Campus recruitment is an external source of recruitment, where the educational institutions such as colleges and universities offers opportunities for hiring students. In this process, the organizations visit technical, management, and professional institutions for recruiting students directly for the new positions.
7. **Word of Mouth Advertising:-**Word of mouth is an intangible way of sourcing the candidates for filling up the vacant positions. There are many reputed organizations with good image in the market. Such organizations only need a word-of-mouth advertising regarding a job vacancy to attract a large number of candidates.

SELECTION

Meaning:- selection is the process of examining the applicants with regard to their suitability for the given job or jobs, & choosing the best from the suitable candidates & rejecting the others.

Definition:- Acc. to Dale Yoder, “ Selection is the process in which candidates for employment are divided into two classes those who are to be offered employment & those who are not. Selection means a process by which qualified personnel may be chosen from the applicants offering their services to the organization for employment”.

SELECTION PROCESS/STEPS IN SELECTION

- 1. Screening of Applicants (Application Blank):-** Prospective employees have to fill up some sort of applications forms. These forms have variety of information about the applicants like their personal bio-data, achievements, experience etc. such information is used to screen the applicants who are found to be qualified for the consideration of employment. The information may also be used to keep permanent records of those persons who are selected. Based on screening of applications, only those candidates are called for further process for selection that are found to be meeting the job standards of the organization.
- 2. Selection Methods/Tests:-** Organizations hold different kinds of selection tests to know more about the candidate or to reject the candidates who cannot be called for interview etc. selection test normally supplement the information provided in the application forms, such forms may contain factual information about candidates selection tests may give information about their aptitude, interest, personality etc, which cannot be known by the application forms.
- 3. Interview:-** Selection tests are normally allowed by personal interview of the candidates. The basis idea here is to find out over all suitability of candidates for the jobs. It also provides opportunity to give relevant information about the organisation to the candidates. In many cases, interview of preliminary nature can be conducted before the selection tests.
- 4. Reference & Background Verification:-** many organisation ask the candidates to provide the names of referees from whom more information about the candidates can be solicited. Such information may be related to character, working etc. the usual referees may be previous

employers, person's associated with the educational institutions from where the candidates have received education or other person's of prominence who may be aware of the candidates' behaviours ability.

5. **Medical Examinations:-** certain jobs require unusual strength to tolerance of hard working conditions. A physical examination reveals whether or not a candidate possesses these qualities. It brings out deficiencies not as a basis of rejection but as a positive aid to selective placement & as indicating restrictions on his transfer to other positions.
6. **Approval by Appropriate Authority or Hiring Decisions:-** on the basis of the above steps suitable candidates are recommended for selection by the selection committee or personnel department. Though such a committee or personnel department may have authority to select the candidate finally , often it has staff authority to recommend the candidates for selection to the appropriate authority.
7. **Placement:-** After all the formalities are completed the candidates are placed on their jobs initially on probation basis. The probation period may range from 3 months to 2 years. During this period, they are observed keenly, & when they complete this period successfully, they become the permanent employees of the organization.

TYPES OF TESTS/ SLECTION TEST

1. **Aptitude Test:-** these tests measure whether an individual has the capacity or latent ability to learn a given job, if given adequate training. Aptitudes can divided into general & mental ability or intelligence & specific aptitudes such as mechanical, clerical, manipulative capacity etc.
2. **Psycho motor Test :-** these tests measure abilities like manual dexterity, motor ability & eye hand coordination of candidates. These tests can are useful to select semi-skilled workers & workers for repetitive operations like packing & watch assembly.
3. **Job knowledge Test:-** under this test, a candidate is tested in the knowledge of particular job. For example. If a junior lecturer applies for the job of a senior lecturer in commerce he may be tested in job knowledge where he is asked question about accountancy principles, banking law, business management etc.
4. **Vocational / Interest Test:-** these tests are inventories of the like & dislikes of candidates in relation to work, job, occupations, hobbies & recreational activities. The purpose of this test is to find out whether a candidate is interested or disinterested in the job for which he is a candidate & to find out

there is high correlation between the interest of a candidate in a job & job success.

5. **Personality test:-** these tests probe deeply to discover clues to an individual's value system, his emotional reactions & maturity & characteristic mood. They are expressed in such traits like tact, emotional control, optimism, decisiveness, sociability, conformity, objectivity, patience, fear, distrust, initiative, judgement dominance or submission, impulsiveness, sympathy, integrity, stability & self confidence.
6. **Group discussion:-** this test administered through the group discussion approach to solve a problem under which candidate are observed in the areas of initiating, leading, proposing valuable ideas, conciliating skills, oral communicating skills, coordinating & concluding skills.

INTERVIEW

Meaning:- Interview means a conversation between interviewer & interviewee aimed at assessing the potentialities for a job.

In other words “ An interview is an attempt to secure maximum amount of information from the candidate concerning his suitability for the job under consideration”.

Types of Interview

1. **Informal Interview:** This is may take place anywhere. The employer or a manager in the personnel department may ask a few questions, like name, place of birth, previous experience, etc. It is not planned and is used widely when the labour market is tight and you need workers very badly. A friend or a relative of the employer may take a candidate to the house of the employer or manager where this type of interview may be conducted.
Formal Interview: This held in a more formal atmosphere in the employment office by the employment officer with the help of well-structured questions. The time and place of the interview are stipulated by the employment office.
2. **Planned Interview:** This is a formal interview carefully planned. The interviewer has a plan of action worked out in relation to time to be devoted to each candidate, type of information to be sought, information to be given, the modality of interview and so on. He may use the plan with some amount of flexibility.
3. **Patterned Interview:** This is also a planned interview but planned to a higher degree of accuracy, precision and exactitude. A list of questions and areas are

carefully prepared. The interviewer goes down the list of questions, asking them one after another.

4. **Non-directive Interview:** This is designed to let the interviewee speak his mind freely. The interviewer is a careful and patient listener, prodding whenever the candidate is silent. The idea is to give the candidate complete freedom to 'sell' himself without encumbrances of the interviewer's questions.
5. **Depth Interview:** This is designed to intensively examine the candidate's background and thinking and to go into considerable detail on a particular subject to special interest to the candidate. The theory behind it is that if the candidate is found good in his area of special interest, the chances are high that if given a job he would take serious interest in it.
6. **Stress Interview:** This is designed to test the candidate and his conduct and behaviour by putting him under conditions of stress and strain. This is very useful to test the behaviour of individuals under disagreeable and trying situations.
7. **Group Interview:** This is designed to see how the candidates react to and against each other. All the candidates may be brought together in the office and they may be interviewed. The candidates may, alternatively, be given a topic for discussion and be observed as to who will lead the discussion, how they will participate in the discussion, how each will make his presentation and how they will react to each other's views and presentation.
8. **Panel Interview:** This is done by members of the interview board or a selection committee. This is done usually for supervisory and managerial positions. It pools the collective judgement and wisdom of members of the panel. The candidate may be asked to meet the panel individually for a fairly lengthy interview.

INDUCTION & PLACEMENT

PLACEMENT

Meaning:- Placement is the actual posting of the candidate for the specific job. It involves the assigning of specific rank & responsibility to that candidate.

In other words, Induction is the task of introducing the new employee to the policies, procedures, rules & regulations of the organisation.

Acc. to Pigors & Myers "Placement is the determination of the job to which an accepted candidate is to be assigned & the work of that job. It is the match of what the supervisor has reason to think he can do with what the job demands".

Significance of Placement

1. It improves employee morale.
2. It helps in reducing employee turnover.
3. It helps in reducing absenteeism
4. It helps in reducing accident rates.
5. It avoids misfit between the candidate & the job.
6. It helps the candidate to work as per the predetermined objectives of the organisation.

INDUCTION

Meaning :- Induction is the process of receiving & welcoming an employee when he first joins the company & giving him his basic information he needs to settle down quickly & happily & starts work.

Objectives of Induction

- To help the new comer to overcome his shyness & overcome his nervousness in meeting new people in a new environment.
- To give new comer necessary information such as location of café, rest period etc.
- To build new employee confidence in the organisation
- It helps in reducing labour turnover & absenteeism.
- It reduces confusion & develops healthy relations in the organisation.
- To ensure that the new comer do not form false impression & negative attitude towards the organisation.
- To develop among the new comer a sense of belonging & loyalty to the organisation.
- To provide basic skills, terms & ideas of the business world & help the new employee in human relations.

UNIT III

DEVELOPMENT AND CAREER PLANNING

TRAINING

Meaning:-

- Training is concerned with increasing knowledge and skill in doing a particular job and the major burden of training falls upon the business organisation in which the job is located.
- Training is the act of increasing the knowledge & skill of an employee for doing a particular job. It is a short term educational process utilising a systematic & organised procedure by which employees learn technical knowledge skills for definite purpose.

DEFINITION

Dale S. Beach defines the training “ the organised procedure by procedure by people learn knowledge and/or skill for definite purpose”.

OBJECTIVES OF TRAINING

1. To provide the basic knowledge & skill to the newly joined people to perform the tasks as designed by the organisation.
2. To develop the existing employees by exposing them to latest concepts, information & techniques, and thereby strengthen their skills.
3. To develop second & third line executive to strengthen the working links & levels, so that they can occupy higher positions.
4. To improve the outlook of senior level managers & other policy-makers enabling them to look into new horizons of the organisation.
5. To make employees more effective & productive which increase the image of employees' earning power & job security.
6. To would the employee attitude with the purpose of achieving a better co-operative with the company & develop loyalty to the organisation.

NEED/IMPORTANCE OF TRAINING

1. **To Match the employee specifications with the job requirements & organisational needs:-** managements find deviations between employee's present specification & the job requirements & organisational needs. Training is needed to fill these gaps by developing & moulding the employee's skill, knowledge, attitude, behaviour etc., to the tune of the job requirements & organisational needs.

2. **Organisational Viability and the Transformation process:-** the primary goals of most of the organisations is that their viability is continuously influenced by environmental pressure. If the organisation does not adapt itself to the changing factors in the environment, it will lose its market share. If the organisation desires to adapt these changes, first it has to train the employees to impart specific skills & knowledge in order to enable them to contribute to organisational efficiency & to cope with the changing environment.
3. **Technical Advances:-** Every organisation in order to survive & to be effective should adopt the latest technology i.e., mechanisation, computerisation & automation. Adoption of latest technological means & methods will not be complete until they are manned by employees possessing skills to operate them. So, the organisation should train the employees to enrich them in the areas of changing technical skills & knowledge from time to time.
4. **Organisational Complexity:-** with the emergence of increased mechanisation & automation, manufacturing of multiple products & by-products or dealing in services of diversified lines, extension of operations to various regions of the country or in overseas countries, organisation of most of the companies has become complex,. This creates the complex problems of coordination & integration of activities adaptable for adaptable to the expanding & diversifying.
5. **Human Relation :-** Trends in approach towards personnel management has changed from the commodity approach to partnership approach, crossing the human relations approach. So today, management of most of the organisation has to maintain human relations besides maintaining sound industrial relations although hitherto the managers are not accordingly.
6. **Change in the Job Assignment:-** training is also necessary when the existing employee is promoted to the higher level in the organisation & when there is some new job or occupation due to transfer. Training is also necessary to equip old employees with the advanced disciplines, techniques or technology.
7. The training also need for
 - Increase productivity
 - Improve quality of the products/service.
 - Help a company to fulfil its future personnel needs.
 - Improve organisational climate.

- Improve health & safety
- Prevent health & safety
- Prevent obsolescence.
- Effect personal growth
- Minimise the resistance to change.

METHODS OF TRAINING

I – ON THE JOB TRAINING

This type of Training, also known as job instruction training, is the most commonly used method. Under this method, the individual is placed on a regular job & taught the skills necessary to perform that job. The trainee learns under the supervision & guidance of a qualified worker or instructor. On- the job training methods includes

1. Job Instruction Training:-

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

2. Vestibule Training:-

In this method, actual work conditions are simulated in a classroom. Material, files & equipment which are used in actual job performance are also used in training. This type of training is commonly used to training personnel for clerical & semi-skilled jobs. The Duration of this training ranges from days to a few weeks. Theory can be related to practice in this method.

3. Simulation:-

The real situation of work environment in an organisation is presented in the training session. In other words, in simulation, instead of taking participants into the field, the field is simulated in the training session itself. The participants act out samples of real business behaviour in order to get practice in making decisions. It covers situations of varying complexities & roles for the participants. Role Playing is one of the common simulation methods of training.

4. Job Rotation:-

This type of training involves the movement of the trainee from one job to another. The trainee receives job knowledge & gains experience from his supervisor or trainer in each of the different job assignments. Though this method of training is common in training managers for general management positions, trainees can also be rotated from job to job in workshop jobs.

5. Coaching :-

The trainee is placed under a particular supervisor who functions as a coach in training the individual. The supervisor provides feedback to the trainee on his performance & offers him some suggestions for improvements. Often the trainee shares some of the duties & responsibilities of the coach & relieves him of his burden. A limitation of this method of training is that the trainee may not have the freedom or opportunity to express his own ideas.

6. Apprenticeship:-

It is a structured process by which people become skilled workers through a combination of classroom instructions & on-the-job training. It is widely used to train individuals for many occupations. Many organisations have apprenticeship laws with supervised plans for such training.

II OFF-THE-JOB TRAINING

Under this method of training the trainee is separated from the job situation & his attention is focused upon learning the material related to his future job performance. Since the trainee is not distracted by job requirements, he can place his entire concentration on learning the job rather than spending his time in performing it. There is an opportunity for freedom of expression for the trainees.

Off-the Job Training includes

1. Lecture Method:-

The lecture is traditional & direct method of instruction. The instructor organises the material & gives it to group of trainees in the form of a talk. To be effective, the lecture must motivate & create interest among the trainees. Thus, costs & time involved are reduced. The major limitation of the lecture method is that it does not provide for transfer of training effectively.

2. Conference or Discussion:-

It is a method in training the clerical, professional & supervision personnel. This method involves a group of people who pose ideas, examine & share facts, ideas & data test assumptions & draw conclusions, all of which contribute to the improvement of job performance. Discussion has the distinct advantage over the lecture method, in that the discussion involves two-way communication & hence, feedback is provided. The participants feel free to speak in small groups. The success of this method depends on the person who leads the group.

3. Case Discussion (Case studies):-

The case study method , the instructor describes the actual situation or problem on a specific concern of the problem. This method increases the trainee's power of observation & also his analytical ability.

4. Role Play:-

It is defined as a method of human interaction that involves realistic behaviour in imaginary situations. This method of training involves action, doing & practice. The participants play the role of certain characters such as the production manager, mechanical engineer, superintendents, maintenance engineers, quality control inspectors, foreman, workers & the like. This method is mostly used for developing interpersonal interactions & relations.

5. Programmed Instruction:

In recent years, this method has become popular. The subject matter to be learned is presented in a series of carefully planned sequential units. These units are arranged from simple to more complex levels of instruction. The trainees go through these units by answering question or filling the blanks. This method is expensive & time consuming.

6. T- Group or Sensitivity Training:-

This method aims to influence an individual's behaviour through group discussion. In group discussion, the trainees freely express their ideas, beliefs & attitudes. In this method the trainees are enabled to see themselves as others see them & develop an understanding of others' views & behaviour. Further, any. In addition the trainees by interaction in a group become sensitive to one another's feelings & also develop increased tolerance for individual's differences.

7. In basket Training:-

In this method to acquaint employees about their job where a number of problems are kept in the in basket (usually kept on the desk of the employee). The worker has to look at the problems which could also the complaints from different employees & simultaneously deal with those problems.

DIFFERENCE BETWEEN TRAINING AND DEVELOPMENT

BASIS FOR COMPARISON	TRAINING	DEVELOPMENT
Meaning	Training is a learning process in which employees get an opportunity to develop skill, competency and knowledge as per the job requirement.	Development is an educational process which is concerned with the overall growth of the employees.
Term	Short Term	Long Term
Focus on	Present	Future
Orientation	Job oriented	Career oriented
Motivation	Trainer	Self
Objective	To improve the work performances of the employees.	To prepare employees for future challenges.
Number of Individuals	Many	Only one
Aim	Specific job related	Conceptual and general knowledge

CAREER PLANNING

Meaning

Career planning is the self-evaluation & planning done by a person to have a strong career path. Career planning process is the continuous reiterative process of understanding oneself, setting career goals, revising skills and searching for the right career options.

Importance of Career Planning

1. To attract competent person & to retain them in the organisation.
2. To provide suitable promotional opportunity.
3. To enable the employees to develop & take them ready to meet the future challenges.
4. To increase the utilization of managerial reserves within an organisation.
5. To attract employment placement.
6. To reduce employee dissatisfaction & turnover.
7. To improve motivation & morale .

STEPS IN THE CAREER PLANNING PROCESS



Career planning process is an important aspect for an individual's **career development**. Some of the basic steps in a career planning process are:

1. **Self-Assessment:** The first step in the career planning process is self-assessment to be done by the individual to understand his or her skills, areas of interest etc.
2. **Research on Careers:** The second step in the career planning process is to understand the career options, companies available, growth options in career etc.
3. **Set Career Objectives:** The next step in the career planning is to set short-term as well as long-term career goals for oneself, and to have a clear career path.
4. **Learn & Improve Skills:** The fourth step in the career planning process is to keep acquiring new skills and knowledge to be in line with career objectives and with industry requirements.
5. **Preparation of CV:** The next step in the career planning is to be fully prepared in terms of CV, cover letter, recommendations etc.
6. **Job Search:** The sixth step in the career planning process is to short-list the companies where an individual is seeking a job & start applying.
7. **Revise Career Goals:** The last step in the career planning process is to continuously evaluate the career goals and again do a self-assessment to build a strong career path.

SUCCESSION PLANNING

Meaning

- Succession Planning is the process of identifying and tracking high-potential employees who will be able to fill top management positions when they become vacant.
- Succession planning is an ongoing process that identifies necessary competencies, then works to assess, develop, and retain a talent pool of employees, in order to ensure a continuity of leadership for all critical positions. Succession planning is a specific strategy, which spells out the particular steps to be followed to achieve the mission, goals, and initiatives identified in workforce planning. It is a plan that managers can follow, implement, and customize to meet the needs of their organisation, division, and/or department.
- **Succession planning** establishes a process to recruit employees, develop their skills, and prepare them for advancement, all while retaining them to ensure a return on the organization's training investment. Succession planning involves understanding the organization's long-term goals and objectives, identifying employee development needs, and determining trends.

DIFFERENCE BETWEEN CAREER PLANNING & SUCCESSION PLANNING

BASIS FOR COMPARISON	CAREER PLANNING	SUCCESSION PLANNING
Meaning	Career Planning is the process through which an individual selects the goals of his work life and finds ways to reach the goals.	Succession Planning is a process who tends to spot and develop the employees, that can occupy the key positions in the organization, when they become vacant.
Subset of	Career Management	Succession Management
What is it?	Individual Planning	Organizational Strategy
Position	One employee holds different positions, in his/her work life.	One position is held by different employees, over a period of time.
Ensures	Success in one's career.	Continuity in leadership for all key positions.

UNIT IV

EVALUATING AND REWARDING EMPLOYEES

PERFORMANCE APPRAISAL

MEANING

Performance appraisal is the process of measuring quantitative & qualitatively an employee's past or present performance against the background of his expected role performance and about his future potential of an organisation.

DEFINITION

Acc. to Edward flippo “ performance appraisal is a systematic, periodic & an impartial rating of an employee's excellence in matters pertaining to his present job & his potential for a better job”.

Acc. to Wayne Cascio as “the systematic description of employee's job relevant, strength, weakness. Performance appraisal may be conducted once in every 6 months or once in a year. The basic idea of the appraisal is to evaluate the performance of the employee, giving him a feed back. Identify areas where improvement is required so that training can be provided. Give incentives and bonus to encourage employees etc.

ADVANTAGES/NEEDS/IMPORTANCE/USE/PURPOSE OF PERFORMANCE APPRAISAL

1. Feedback to the employee :- Performance appraisal is beneficial because it provides feedback to the employee about his performance. It identifies the areas for improvement so that employee can improve itself.

2. Training and development :- Due to performance appraisal it is easy to understand what type of training is required for each employee to improve himself accordingly training programs can be arranged.

3. Helps to decide promotion :- Performance appraisal provides a report about the employee. Based on this report future promotions are decided, incentives, salary increase is decided.

4. Validation of selection process :- Through performance appraisal the HR department can identify whether any changes are required in the selection process of the company normally a sound selection process results in better performance and positive appraisal.

5. Deciding transfers and lay off of the worker :- Employee with specific talent can be transferred to places where their talents are utilized properly; similarly decisions regarding termination of employees depend upon performance appraisal reports.

6. Human resource planning and career development:- Companies can plan for future vacancies at higher levels based on performance appraisal reports. Similarly career planning can be done for the employee on the performance appraisal report.

PROCESS OF PERFORMANCE APPRAISAL

1. Setting performance standards :- In this very first step in performance appraisal the HR department decides the standards of performance i.e. they decide what exactly is expected from the employee for each and every job. Sometimes certain marking scheme may be adopted eg. A score 90/100 = excellent performance, a score of 80/100 = good. And so on.

2. Communication standard set to the employee :- Standards of performance appraisal decided in 1st step are now conveyed to the employee so that the employee will know what is expected from him and will be able to improve his performance.

3. Measuring performance :- The performance of the employee is now measure by the HR department, different methods can be used to measure performance i.e. traditional and modern method. The method used depends upon the company's convenience.

4. Comparing performance with standard :- The performance of the employee is now judged against the standard. To understand the score achieved by him. Accordingly we come to know which category of performance the employee falls into i.e. excellent, very good, good, satisfactory etc.

5. Discussing result :- The results obtained by the employee after performance appraisal are informed or conveyed to him by the HR department. A feedback is given to the employee asking him to change certain aspects of his performance and improve them.

6. Collective action :- The employee is given a chance or opportunity to improve himself in the areas specified by the HR department. The HR department constantly receives or keeps a check on the employee's performance and notes down improvements in performance.

7. Implementation and review :- The performance appraisal policy is to be implemented on a regular basis. A review must be done from time to time to check whether any change in policy is required. Necessary changes are made from time to time.

METHODS OF PERFORMANCE APPRAISAL

I. Traditional method

Traditional approach is also known as traits approach . it is based on the evaluation of traits in a person. This system may list ten to fifteen personal characteristics such as ability to get in along with people, competence, judgement, initiative & leadership etc.

1. Check list method :-

In this method the senior, the boss is given a list of questions about the junior. These questions are followed by check boxes. The superior has to put a tick mark in any one of the boxes This method can be explained with the following eg. * Y N Does the employee have leadership qualities?

*Y N Is the employee capable of group efforts?

* Y N Has the employee shown analytical skills?

2. Confidential report :-

This method is very popular in government departments to appraise IAS officers and other high level officials. In this method the senior or the boss writes a report about the junior giving him details about the performance about the employee. The +ve and - ve traits, responsibilities handled on the job and recommendations for future incentives or promotions. The report is kept highly confidential and access to the report is limited.

3. Critical incident method :-

In this method critical or important incidents which have taken place on this job are noted down along with employee's behavior and reaction in all these situations. Both +ve and -ve incidents are mentioned. This is followed by an analysis of the person, his abilities and talent, recommendations for the future incentives and promotions.

4. Ranking method :-

In this method ranks are given to employees based on their performance. There are different methods of ranking employees. Simple ranking method Alternate ranking method Paired comparison method

i. Simple ranking method :- Simple ranking method refers to ranks in serial order from the best employee eg. If we have to rank 10 best employees we start with the first best employee and give him the first rank this is followed by the 2nd best and so on until all 10 have been given ranks.

ii. Alternate ranking :- In this method the serial alternates between the best and the worst employee. The best employee is given rank 1 and then we move to the worst employee and give him rank 10 again to 2nd best employee and give him rank 2 and so on.

iii. Paired comparison :- In this method each and every person in the group, department or team is compared with every other person in the team/group/department. The comparison is made on certain criteria and finally ranks are given. This method is superior because it compares each and every person on certain qualities and provides a ranking on that basis.

5. Graphic rating scale :-

Graphic rating scale refers to using specific factors to appraise people. The entire appraisal is presented in the form of a chart. The chart contains certain columns which indicate qualities which are being appraised and other columns which specify the rank to be given.

Eg. Employee A Quality of work Quantity of work Intelligence Excellent Very good good satisfactory poor The senior has to put a tick mark for a particular quality along with the ranking. Such charts are prepared for every employee. According to the department in which they work. Sometimes the qualities which are judged may change depending upon the department.

6. Narrated essay :-

In this method the senior or the boss is supposed to write a narrative essay describing the qualities of his junior. He may describe the employees strength and weakness, analytical abilities etc. the narrative essay ends with a recommendation for future promotion or for future incentives. Modern methods Modern methods of appraisal are being increasingly used by companies. Now days one of the striving feature that appraisal involves is, the opinion of many people about the employee and in some cases psychological test are used to analyze the ability of employee.

7. Paired Comparisons Method:-

In this method every person is compared traits-wise, with other person, one at a time, the number of times one person is compared with other is tallied on a piece of paper. These numbers help in yielding rank order of employees.

Example:- if there are five persons to be compared A's performance is first compared with that of N to find out who has better performance, then A is compared with C, D & E in turn & performance is recorded.

8. Grading System:-

Under this system certain features like analytical ability, co-operativeness, dependability, job-knowledge etc are selected for evaluation the employees are given grades according to the judgement of the rater. The grades may be such as

A-Outstanding

B-very Good

C-Satisfactory

D-Average

E-Below average etc.

9. Forced Distribution method:-

Some raters suffer from a constant error i.e. they rate of employees as only good, average or poor. They thus do not evaluate the employees properly. This system minimises rater's bias so that all employees are not similarly rated. This system is based on presumption that all employees can be divided into five categories i.e. Outstanding, Above average, Average, Below average & poor.

10. Nominations:-

Under the nominations method, appraisers are asked to identify the exceptionally good & exceptionally poor performers, who are then singled out for special treatment.

11. Work Sample Tests:-

In this method, employees are given from time to time, work related tests which are then evaluated.

II. Modern method

1. Assessment centers :-

Assessment centers (AC) are places where the employee's are assessed on certain qualities talents and skills which they possess. This method is used for selection as well as for appraisal. The people who attend assessment

centers are given management games, psychological test, puzzles, questioners about different management related situations etc. based on their performance in these test an games appraisal is done.

2. Management by objective :-

This method was given by Petter Druckard in 1974. It was intended to be a method of group decision making. It can be use for performance appraisal also. In this method all members of the of the department starting from the lowest level employee to the highest level employee together discuss, fix target goals to be achieved, plan for achieving these goals and work together to achieve them. The seniors in the department get an opportunity to observe their junior- group efforts, communication skills, knowledge levels, interest levels etc. based on this appraisal is done.

3. Behavioral anchored rating scale :- (BARS)

In this method the appraisal is done to test the attitude of the employee towards his job. Normally people with +ve approach or attitude view and perform their job differently as compared to people with a -ve approach.

4. Human resource audit/accounting :-

In this method the expenditure on the employee is compared with the income received due to the efforts of the employee. A comparison is made to find out the utility of the employee to the organization. The appraisal informs the employee about his contribution to the company and what is expected in future.

5. 360 Degree Performance appraisal :-

In this method of appraisal and all round approach is adopted. Feedback about the employee is taken from the employee himself, his superiors, his juniors, his colleagues, customers he deals with, financial institutions and other people he deals with etc. Based on all these observations an appraisal is made and feedback is given. This is one of the most popular methods.

LIMITATIONS OF PERFORMANCE APPRAISAL

1. Halo effect :- In this case the superior appraises the person on certain positive qualities only. The negative traits are not considered. Such an appraisal will no give a true picture about the employee. And in some cases employees who do not deserve promotions may get it.

2. Horn effect :- In this case only the negative qualities of the employee are considered and based on this appraisal is done. This again will not help the

organization because such appraisal may not present a true picture about the employee.

3. Central tendency :- In this case the superior gives an appraisal by giving central values. This prevents a really talented employee from getting promotions he deserves and some employees who do not deserve anything may get promotion.

4. Leniency and strictness :- Some bosses are lenient in grading their employees while some are very strict. Employee who really deserves promotions may lose the opportunity due to strict bosses while those who may not deserve may get benefits due to lenient boss.

5. Spill over effect :- In this case the employee is judged +vely or -vely by the boss depending upon the past performance. Therefore although the employee may have improved performance, he may still not get the benefit.

6. Fear of losing subordinates and spoiling relations :- Many bosses do not wish to spoil their relations with their subordinates. Therefore when they appraise the employee they may end up giving higher grades which are not required. This is an injustice to really deserving employees.

7. Goodwill and techniques to be used :- Sometimes a very strict appraisal may affect the goodwill between senior and junior. Similarly when different departments in the same company use different methods of appraisal it becomes very difficult to compare employees. 8. Paper work and personal biased :- Appraisal involves a lot of paper work. Due to this the work load of HR department increases. Personal bias and prejudice result in bosses favoring certain people and not favoring others.

COMPENSATION MANAGEMENT

Meaning:- Compensation Management is the act of providing monetary value to an employee for the work they do by means of a company process or policy. Some types of compensation include salary, bonuses & benefit packages.

Acc. to D.S. Beach “ the establishment & implementation of sound policies & practices of employee compensation. It includes such areas as job evaluation, surveys of wage & salaries, analysis of relevant organisational problems, development & maintenance of wage structure, establishing rules for administering wages, wage payment incentives, profit sharing, wage changes & adjustments, supplementary payments, control of compensation costs & other related items.

Importance of Compensation Management

A good compensation is a must for every business organization, as it gives an employee a reason to stick to the company.

An organization gains from a structured compensation management in the following ways –

- It tries to give proper refund to the employees for their contributions to the organization.
- It discovers a positive control on the efficiency of employees and motivates them to perform better and achieve the specific standards.
- It creates a base for happiness and satisfaction of the workforce that limits the labor turnover and confers a stable organization.
- It enhances the job evaluation process, which in return helps in setting up more realistic and achievable standards.
- It is designed to abide with the various labor acts and thus does not result in conflicts between the employee union and the management. This creates a peaceful relationship between the employer and the employees.
- It excites an environment of morale, efficiency and cooperation among the workers and ensures satisfaction to the workers.

COMPONENTS OF COMPENSATION MANAGEMENT

1. **Wage:-** wage is general term referring to direct monetary compensation. It is also used specifically to refer to payments to service workers on the basis of hourly rated production.
2. **Salary:-** salary refers to weekly or monthly rates paid to clerical, administrative & professional employees.
3. **Allowances:-** Allowances can be defined as the amount of something that is allowed, especially within a set of rules and regulations or for a specified purpose. Various allowances are paid in addition to basic pay.

Some of these allowances are as follows –

- **Dearness Allowance** – This allowance is given to protect real income of an employee against price rise. Dearness allowance (DA) is paid as a percentage of basic pay.

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

Incentives and Performance Based Pay

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

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

Fringe Benefits/Perquisites

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

FACTORS AFFECTING WAGES & SALARY

The factors can be catergorised into

I. External Factors:-

External factors are

1. Demand & Supply:- the labour market conditions or demand & supply forces operate at the national & local levels & determine organisational wage structure. When the demand for a particular type of labour is more & supply is less then the wages will be more. On the other hand, if supply of labour is more & demand on the other hand is less then persons will be available at lower wage rates.

2. Cost of Living:- the wage rates are directly influenced by cost of living of a place. The workers will accept a wage which may ensure them a minimum standard of living. Wages will also be adjusted according to price index number. The increase in price index will erode the purchasing power of workers & they will demand higher wages. When the prices are stable then frequent may not be undertaken.

3. Trade Union's Bargaining Power:- the wage rates are also influenced by the bargaining power of trade unions. Stronger the trade union higher will

be the wage rates. The strength of a trade union is judged by its membership, financial position & type of leadership. Union's last weapon is strike which may also be used for getting wage increases.

4. Government Legislation:- to improve the working conditions of workers, government may pass a legislation for fixing minimum wages of workers. This may ensure them a minimum level of living. In underdeveloped countries bargaining power of labour is weak & employers try to exploit workers by paying them low wages.

5. Psychological & social factors:- psychologically the level of compensation is perceived as a measure of success in life. Management should take into consideration the psychological needs of the employees while fixing the wage rates so that the employees take pride in their work. Sociologically & ethically, the employees want that the wage system should be equitable. Sociologically & ethically, the employees want that the wage system should be equitable, just & fair.

6. Economy:- economy also has its impact on wage & salary fixation. While it may be possible for some organisations to thrive in a recession, there is no doubt that economy affects remuneration decisions. A depressed economy will probably increase the labour supply. This, in turn should lower the going wage rate.

7. Technological Development:- with the rapid growth of industries, there is a shortage of skilled resources. The technological developments have been affecting skill levels at faster rates. Thus, the wage rates of skilled employees constantly change & an organisation has to keep its level upto the mark to suit the market needs.

8. Prevailing Market Rates:- No enterprise can ignore prevailing or comparative wage rates. The wage rates paid in the industry or other concerns at the same place will form a base for fixing wage rates. If a concern pays rates then workers leave their jobs whenever they get a job somewhere else. It will not be possible to retain good workers for long.

II. INTERNAL FACTORS

1. Ability to pay:- the ability to pay of an enterprise will influence wage rates to be paid. If the concern is running into losses then it may not be able to pay higher wage rate. A profitable concern may pay more to attract good workers. During the period of prosperity, workers are paid higher wages because management wants to share the profits with labour.

2. Job Requirements:- Basic wages depend largely on the difficulty level & physical & mental effort required in a particular job. The relative worth of a job can be estimated through job evaluation. Simple, routine tasks that can be done by many people with minimum skills receive relatively low pay. On the other hand, complex, challenging tasks that can be done by few people with high skill levels generally receive high pay.

3. Management Strategy:- the overall strategy which a company pursues should determine the remuneration to its employees. Where the strategy of the organisation is to achieve rapid growth, remuneration should be higher than what competitors pay. Where the strategy is to maintain & protect current earnings, because of the declining fortunes of the company, remuneration level needs to be average or even below average.

4. employees :- several employee related factors interact to determine his remuneration these are

i. Performance:- or Productivity is always rewarded with a pay increase . rewarding performance motivates the employees to do better in future.

ii. Seniority:- unions view seniority as the most objective criteria for pay increases whereas management prefers performance to effect pay increases.

iii. Experience:- Makes an employee gain valuable insights & is generally rewarded.

iv. Potential:- Organisation do pay some employees based on their potential. Young managers are paid more because of their potential to perform even if they are short of experiences.

FRINGE BENEFITS

Meaning:- Fringe benefits is a benefit which supplements the employee's ordinary wages & which of value to them & their families is so far as it materially increases their retirement benefits.

Definition

Acc. to D. Belcher “ Fringe benefits are any wage cost not directly connected with the employees productive effort, performance, service or sacrifice”.

Kinds of Fringe Benefits

1.Payment for time not worked:- this category includes the following:

a) **Paid Holiday:-** According to factories act 1948 an adult worker shall have weekly paid holidays, preferably Sunday. When a worker is deprived of weekly holidays, he is eligible for compensatory holidays of the same number in the same month.

b) **Shift premium:-** companies operating second & third shifts, pay a premium to the workers who are required to work during the night shift.

c) **Holiday Pay:-** generally organisation offer double the normal rate of the salary to those workers who work during holidays.

d) **Paid Vacation:-** worker in manufacturing mining & plantations who had worked for 240 days during a calendar year are eligible for paid vacation at the rate of one day for every 20 days worked in case of adult workers & one day for every 15 days worked in the case of child workers.

2. Employee Security:- a minimum & continuous wage or salary gives a sense of security to the employees. The payment of wages act 1936, The Minimum Wages act 1948, the payment of Bonus act 1965, provide income security to the employees. In addition to this, the Industrial Disputes Act 1947, provides for the payment of compensation in case of lay off & retrenchment.

3. Safety & Health:- employee's safety & health should be taken care of in order to protect the employees against accidents, unhealthy working conditions & to protect the workers productive capacity.

4. Workmen's Compensation:- in addition to health & safety measures, provision for the payment of compensation has also been made under Workmen's Compensation Act, 1923. The act is intended to meet the contingency of invalidity & death of a worker due to an employment injury or an occupational disease specified under the act as the sole responsibility of the employer.

5. Health Benefits:- Organisations provide various medical services like hospital, clinical & dispensary facilities to employees & their family members. As per Employees State Insurance Act 1948 provides

- Sickness benefits
- Maternity benefit
- Disablement benefit
- Dependent benefit
- Medical benefit

6. Voluntary Arrangement:- Most of the large organisations provide health service over & above the legal requirements free of cost to their employees by setting up hospitals, clinics, dispensaries & homeopathic dispensaries.

7. Welfare & Recreation Facilities:- welfare & recreational benefits include canteens, consumer societies, credit societies, Housing, Legal aid, Employee counselling, welfare organisation, holiday homes, Educational Facilities, Transportation parties & picnics, miscellaneous.

8. Old Age & Retirement Benefits:- employers provide some benefits to the employees, after retirement & during old age, with a view to create a feeling of security about the old age. These benefits are called old age & retirement benefits include Provident Fund, Pension, Deposit Linked scheme, Gratuity, Medical benefits.

INTERNAL MOBILITY

PROMOTION

Meaning:- Promotion is a term which covers a change & calls for greater responsibilities & usually involves higher pay & better terms & conditions of service and therefore, a higher status or rank.

Acc. to Scott & Clothier : “ A promotion is the transfer of an employee to a job which pays more money or one that carries some preferred status”.

Types of Promotion

1. Vertical Promotion:- under this type of promotion, employee is moved to the next higher level in the organisational hierarchy with greater responsibility, authority pay & status.

2. Upgradation:- under this type of promotion, the job is upgraded in the organisational hierarchy . consequently, the employee gets more salary, higher authority & responsibility.

3. Dry Promotion:- under this promotion, the employee is moved to the next higher level in the organisational hierarchy with greater responsibility, authority & status without any increase in salary.

Bases of Promotion

1. Merit as a basis of Promotion:- merit is taken to denote an individual employee's skill, knowledge, ability, efficiency & aptitude as measure from educational, training & past employment record.

2. Seniority as a Basis of Promotion:-

Seniority refers to relative length of service in the same job & in the same organisation . & the amount of knowledge & the level of skill acquired by an employee in an organisation.

3. Seniority -cum-Merit:-

A combination of both seniority & merit can be considered as the basis for promotion satisfying the management for organisational effectiveness & the employees & trade unions for respecting the length of service. A balance between seniority & merit should be struck & a new basis developed.

TRANSFER

Transfer is defined as “ a lateral shift causing movement of individuals from one position to another usually without involving any marked change in duties, responsibilities, skills, needed or compensation”.

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

Types of Transfer

1. Production Transfer:- transfer caused due to changes in production.

2. Replacement Transfer:- transfers caused due to initiation or replacement of a long standing employee in the same job

3. Rotation Transfer:- transfer initiated to increase the versatility of employees.

4. Shift transfer:- transfer of an employee from one shift to another.

5. Remedial transfer:- transfers initiated to correct the wrong placements.

6. Penal transfer:- transfers initiated as a punishment for indisciplinary action of employees.

SEPERATION

Separation of an employee exists when the service of an employee comes to an end because of one reason or other. Separation arises due to resignation; lay off, dismissal and retirement.

Types of separation:

i) **Resignation:** when the employee himself initiates the separation then it is termed as separation. There are some resignation which are avoidable and others which are unavoidable. It is the responsibility of the management to look out the real reason of the resignation. In such a cases the exit interview is better to conduct to find out the reason of resignation.

ii) **Lay off:** lay off is generally done to reduce the financial burden of the organization by temporary removing the surplus employees. This is done due to inability of the employee to recruit them due to shortage of sufficient resources. Lay off results in a great loss to the organization as they had to suffer all the expenses of selection, placement and training.

iii) **Dismissal:** dismissal or discharge means separating the employee from the payroll due to unsatisfactory performance where the employee fails to perform his duties well and he is not properly skilled to perform his job or due to violation of organizational rules it means indiscipline, dishonesty. What ever is the cause of dismissal but it should be done at the last stage.

iv) **Retirement:** number of separation in the organization happen due to retirement. There must be clear rules of retirement there may be compulsory retirement where an employee has to retire after attaining a particular age. Forced retirement means when a person is found guilty in the court of law or breaks any service agreement then has to retire forcibly irrespective of his age. Premature retirement means that the employee becomes disable to perform the job in that case he may be given the option to take retirement before his retirement age.