

Selection procedure

Companies follow different selection techniques or methods depending upon the size of the business, nature of the business, kind and number of persons to be employed, govt regulations to be followed. Selection procedure employs several methods of collecting information about the candidate qualifications, physical and mental abilities, experience, knowledge, aptitude etc.

Steps in selection process

1. **Job analysis:** It is the basis for selecting the right candidate. Every organization should finalize job description, job specification, employee specification before proceeding to the next step.
2. **Recruitment:** It refers to the process of searching prospective employees and stimulating them to apply for jobs in an org.
3. **Application form:** Also known as application blank .it is used as a device to screen the candidates at primary level. Many companies formulate their application forms depending upon their requirement of information. The information is generally required on the following items of the application forms are: personal background information, educational attainments, work experience, salary, personal details and references.
4. **Written examination:** The orgs. Have to conduct written examinations for the qualified candidate after they are screened out to know the candidates ability in arithmetical calculations and to know the candidate attitudes towards the job.
5. **Preliminary interview:** These are short and known as stand-up interviews or sizing up of the applicants. However certain care is to be taken to ensure that desirable workers are not eliminated. This interview is also useful to provide the basic information about the company to the candidate.
6. **Group discussion:** The technique of GD is used in order to secure further information regarding the suitability of the candidate for the job. GD is a method where groups of successful applicants are brought and are asked to discuss either a case study or a subject matter. The selection panel observes the candidates in the area of initiating, discussing, explaining the problem etc.
7. **Test:** The most vital technique of selection which gained significance is testing. Employment-tests help the mgmt. In evaluating the candidate's suitability to the job. These tests are also called as psychological tests. The purpose of these tests is to help in judging the ability of a candidate in a given situation.
8. **Final interview:** In this step the interviewer matches the information obtained abt the candidate through various means of job requirements and to the info obtained through his own observation during interview.
9. **Medical examination:** Certain jobs require physical qualities like clear vision, perfect hearing, stamina, tolerance of hard working etc. Medical examination reveals whether or not a candidate possesses these qualities.

10. **Reference checks:** Candidate is required to give the names of reference in their application form. It is taken for as a matter of routine and treated casually in many orgs. But a good reference check will fetch a useful and reliable info to org.

11. **Final decision by the line manager:** He will make the final decision whether to select or reject a candidate. A true understanding b/w line managers and personnel managers should be established to take proper decisions.

12. **Employment:** After taking the final decisions the org has to intimate the decision to the candidate. The org sends the appointment orders to the successful candidates either immediately or after sometime depending upon its schedule.

(7) **Tests:** The next stage in the selection process is conducting different tests as given below. The objective of tests is to solicit further information to assess the employee suitability to the job.

The most vital technique of selection which gained significance in recent years is testing. It would be difficult for the organisations to evaluate the candidate's performance only on the basis of application blank and/or interviews. Employment-tests help the management in evaluating the candidate's suitability to the job. These tests are also called psychological tests because psychologists have contributed a lot in developing these tests.⁷ Employment test is an instrument designed to measure⁸ the nature and degree of one's psychological potentialities, based on psychological factors, essential to perform a given job efficiently. The purpose of these tests is to help in judging the ability of a candidate in a given job-situation. The tests help in ranking candidates and are valuable in determining subsequent success on the job.⁹

Thus, tests are useful in selection, placement, promotions, performance appraisal and potential appraisal.

GUIDES TO TESTING

Dale S. Beach suggested the following guidelines for the employment test:¹⁰

1. Tests should be in addition to other selection techniques as entire tests can only provide information about a part of total behaviour of a candidate.
2. Test information should be taken into consideration to find out candidate's weaknesses rather than strengths (as tests are more accurate at predicting failures than success).
3. Tests are helpful in picking a most likely successful group from a larger group rather than successful individuals.

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essentials of Human Resource Management and Industrial Relations

4. A test should be tested in one's own organisation as "a valid test is one that measures what it is supposed to measure."
 5. Tests can be held only in case of failure of other selection devices in providing satisfactory information.
 6. Test administrators should not heavily depend upon test score in making decision regarding selection of a candidate.
- Relationship between test score and job success is not always linear. Hence, decision-makers should use the test score judiciously.

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TYPES OF TESTS

Tests are classified into five types (Fig. 6.3). They are: (i) Aptitude tests; (ii) Achievement tests; (iii) Situational tests; (iv) Interest tests; and (v) Personality tests.

(i) *Aptitude Tests*: These tests measure whether an individual has the capacity or latent ability to learn a given job if given adequate training.¹³ Aptitudes can be divided into general and

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mental ability or intelligence and specific aptitudes such as mechanical, clerical, manipulative capacity etc.

- (a) **Intelligence Tests:** These tests in general measure intelligence quotient of a candidate. In detail these tests measure capacity for comprehension, reasoning,¹⁴ word fluency, verbal comprehension, numbers, memory and space.¹⁵ Other factors such as digit spans — both forward and backward, information known, comprehension, vocabulary, picture arrangement and object assembly.¹⁶

Though these tests are accepted as useful ones, they are criticised against deprived sections of the community. Further, it is also criticised that these tests may prove to be too dull as a selection device.

- Intelligence tests include: sample learning, ability, the adaptability tests, etc.
- (b) **Mechanical Aptitude Tests:** These tests measure the capacities of spatial visualisation, perceptual speed and knowledge of mechanical matter. These tests are useful for selecting apprentices, skilled, mechanical employees, technicians, etc.
- (c) **Psychomotor Tests:** These tests measure abilities like manual dexterity, motor ability and eye-hand co-ordination of candidates. These tests are useful to select semi-skilled workers and workers for repetitive operations like packing and watch assembly.
- (d) **Clerical Aptitude Tests:** Measure specific capacities involved in office work. Items of this test include spelling, computation, comprehension, copying, word measuring, etc.

(ii) **Achievement Tests:** These tests are conducted when applicants claim to know something as these tests are concerned with what one has accomplished. These tests are more useful to measure the value of specific achievement when an organisation wishes to employ experienced candidates. These tests are classified into: (a) Job knowledge test, and (b) Work sample test.

- (a) **Job Knowledge Test:** Under this test a candidate is tested in the knowledge of a 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 questions about Accountancy Principles, Banking, Law, Business Management, etc.
- (b) **Work Sample Test:** Under this test a portion of the actual work is given to the candidate as a test and the candidate is asked to do it. If a candidate applies for a post of lecturer in Management he may be asked to deliver a lecture on Management Information System as work sample test.

Thus, the candidate's achievement in his career is tested regarding his knowledge about the job and actual work experience.

(iii) **Situational Test:** This test evaluates a candidate in a similar real life situation. In this test the candidate is asked either to cope with the situation or solve critical situations of the job.

- (a) **Group Discussion:** This test is administered through group discussion approach to solve a problem under which candidates are observed in the areas of initiating, leading, proposing valuable ideas, conciliating skills, oral communicating skills, coordinating and concluding skills.
- (b) **In Basket:** Situational test is administered through in basket. The candidate, in this test, is supplied with actual letters, telephone and telegraphic message, reports and requirements by various officers of the organisation, adequate information about the job and organisation. The candidate is asked to take decisions on various items based on the in basket information regarding requirements in the memoranda.

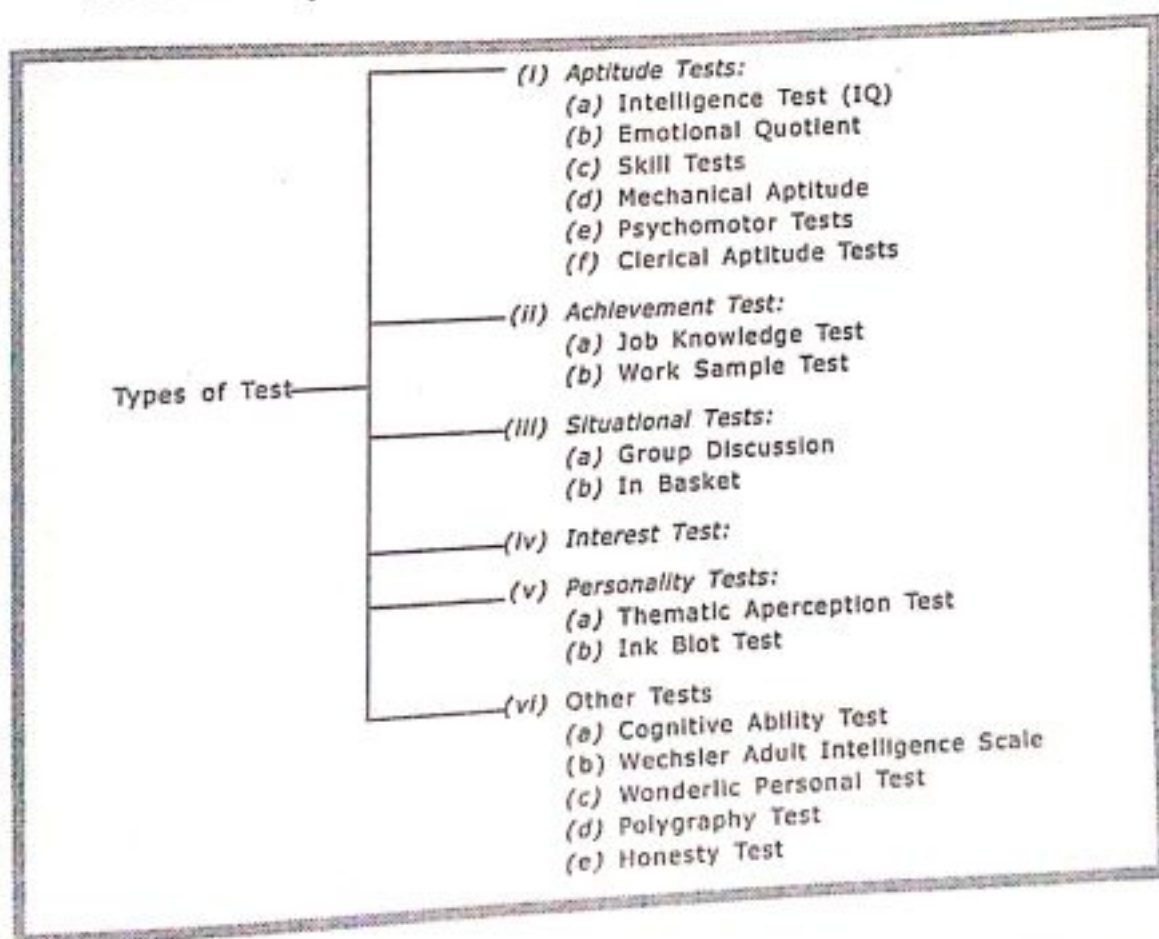
(iv) **Interest Test:** These tests are inventories of the likes and dislikes of candidates in relation to work, job, occupations, hobbies and recreational activities. The purpose of this test is to find out whether a candidate is interested or disinterested in the job for which he is a candidate

and to find out in which area of the job range/occupation the candidate is interested. The assumption of this test is that there is a high correlation between the interest of a candidate in a job and job success. Interest inventories are less faked and they may not fluctuate after the age of 30.

(v) **Personality Tests:** These tests probe deeply to discover clues to an individual's value system, his emotional reactions and maturity and characteristic mood. They are expressed in such traits like self-confidence, tact, emotional control, optimism, decisiveness, sociability, conformity, objectivity, patience, fear, distrust, initiative, judgment dominance or submission, impulsiveness, sympathy, integrity, stability and self-confidence.

(a) **Thematic Apperception Test (TAT):** Candidates are shown a series of pictures and are asked to write a story based on these pictures. This test measured candidates' conceptual, imaginative, projective and interpretative skills.

(b) **Ink-Blot Test:** The Rorschach Inkblot test was first described in 1921. The candidates are asked to see the ink-blot and make meaningful concepts out of them. The examiner keeps a record of the responses, time taken, emotional expressions and other incidental behaviours.



(vi) **Other Tests**

(a) **Cognitive Ability Tests:** These tests measure mathematical and verbal abilities. Popularly known tests of this category include Graduate Record Examination (GRE) and Scholastic Aptitude Test (SAT).

(b) **Wechsler Adult Intelligence Scale:** This is a comprehensive test including general information, arithmetic, similarities, vocabulary, picture completion, picture arrangement, object assembly and similar items.

(c) **Wonderlic Personnel Test:** This test includes perceptual, verbal and arithmetic.

(d) **Polygraph Tests:** The polygraph is an instrument that records changes in breathing, blood pressure, pulse and skin response associated with sweating of palms and plots

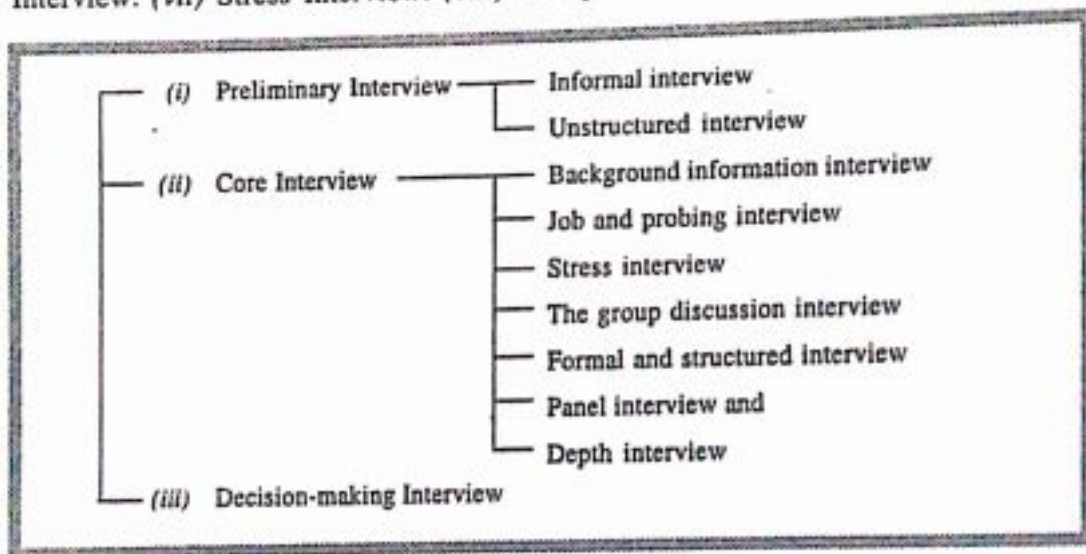
these reactions on paper. The candidate is asked a series of simple, complicated, related, unrelated and critical questions. This test was used in personnel selection extensively in 1980s, but objections have been raised to the use of this test in personnel selection in 2000s.

- (e) **Honesty Tests:** The two types of pre-employment honesty tests are overt integrity tests and personality-based integrity tests. Overt integrity tests make direct questions to assess dishonest behaviour and gather a history of theft and illegal behaviour. Personality-based integrity tests assess an individual's predisposition towards deviant and disruptive behaviour.¹⁷

(8) **Final Interview:** Final interview is usually followed by testing. This is the most essential step in the process of selection. In this step the interviewer matches the information obtained about the candidate through various means to the job requirements and to the information obtained through his own observation during interview.

Types of Interviews: The types of interviews are: (i) Informal Interview. (ii) Formal Interview. (iii) Planned Interview. (iv) Patterned Interview. (v) Non-directive Interview. (vi) Depth Interview. (vii) Stress Interview. (viii) Group Interview. (ix) Panel Interview (Fig. 6.4).

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1. Preliminary Interview

(a) **Informal interview:** This is the interview which can be conducted at any place by any person to secure the basic and non-job related information. The interaction between the candidate and the personnel manager when the former meets the latter to enquire about the vacancies or additional particulars in connection with the employment advertisement is an example of informal interview.

(b) **Unstructured interview:** In this interview the candidate is given the freedom to tell about himself by revealing his knowledge on various items/areas, his background, expectations, interest, etc. Similarly, the interviewer also provides information on various items required by the candidate.

2. Core Interview

It is normally the interaction between the candidate and the line executive or experts on various areas of job knowledge, skill, talent, etc. This interview may take various forms like:

(a) **Background information interview:** This interview is intended to collect the information which is not available in the application blank and to check that information provided in the application blank regarding education, place of domicile, family, health, interests, hobbies, likes, dislikes, extracurricular activities of the applicant.

(b) **Job and probing interview:** This interview aims at testing the candidate's job knowledge about duties, activities, methods of doing the job, critical/problematic areas, methods of handling those areas, etc.

(c) **Stress interview:** This interview aims at testing the candidate's job behaviour and level of withstanding during the period of stress and strain. Interviewer tests the candidate by putting him under stress and strain by interrupting the applicant from answering, criticising his opinions, asking questions pertaining to unrelated areas, keeping silent for unduly long period after he has finished speaking, etc. Stress during the middle portion of the interview gives effective results.

(d) **Group discussion interview:** There are two methods of conducting group discussion interviews, viz., group interview method and discussion interview method. All the candidates are brought into one room, i.e., interview room and are interviewed one by one under group interview. This method helps a busy executive to save valuable time and gives a fair account of the objectivity of the interview to the candidates.

EMPLOYMENT INTERVIEW



Source: <http://www.google.co.in/imgres?q=employment+interviews&um=1> (Accessed on 21/01/2012)

Under the discussion interview method, one topic is given for discussion to the candidates who assemble in one room and they are asked to discuss the topic in detail. This type of interview helps the interviewer in appraising, certain skills of the candidates like initiative, inter-personal skills, dynamism, presentation, leading, comprehension, collaboration, etc.

Interviewers are at ease in this category of interview because of its informality and flexibility. But it may fail to cover some significant portions of the candidates' background and skills.¹⁸

(e) **Formal and structured interview:** In this type of interview, all the formalities, procedures like fixing the value, time, panel of interviewers, opening and closing, intimating the candidates officially, etc., are strictly followed in arranging and conducting the interview. The course of the interview is preplanned and structured, in advance, depending on job requirements. The questions items for discussion are structured and experts are allotted different areas and questions to be asked. There will be very little room for the interviewers to deviate from the questions prepared in advance in a sequence.

(f) **Panel interview:** Interviewing of candidates by one person may not be effective. Hence most organisations invite a panel of experts, specialised in different areas/fields/ disciplines to interview candidates. A panel of experts interviews each candidate, judges his performance individually and prepares a consolidated judgment based on each expert's judgment and weight of each factor. This type of interview is known as panel interview.

(g) **Depth interview:** In this type of interview, the candidates would be examined extensively in core areas of knowledge and skills of the job. Experts in that particular field examine candidates by posing relevant questions as to extract critical answers from them, initiate discussions regarding critical areas of the job, and by asking the candidates to explain the minute operations of the job performance. Thus the candidate is examined thoroughly in critical core areas in their interview. Exhibit 6.3 presents questions frequently asked in interviews.

3. Decision-Making Interview

After the candidates are examined by the experts including the line managers of the organisation in the core areas of the job, the head of the department/section concerned interviews the candidates once again, mostly through informal discussion. The interviewer examines the interest of the candidate in the job, organisation, reaction/adaptability to the working conditions, career planning, promotional opportunities, work adjustment and allotment, etc. The HR Manager also interviews the candidates with a view to find out his reaction/acceptance regarding salary, allowances, benefits, promotions, opportunities, etc. The head of the department and the personnel manager exchange the views and then they jointly inform their decision to the chairman of the interview board, which finally makes the decision about the candidates' performance and their ranks in the interview.

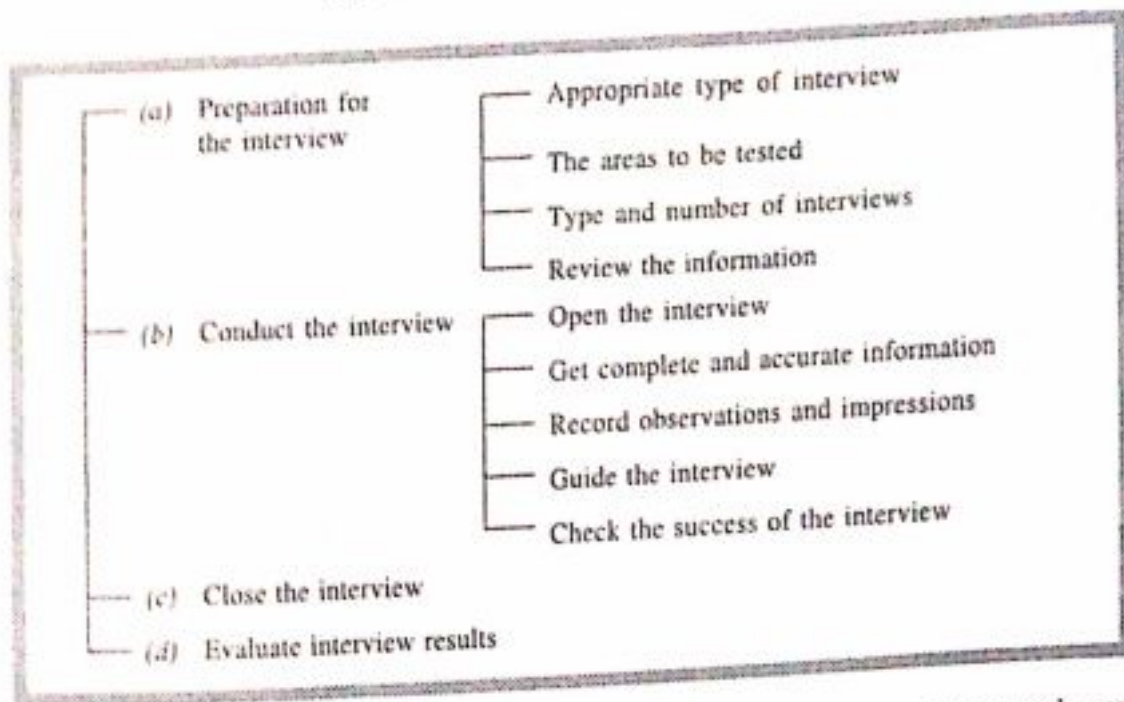
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INTERVIEW PROCESS

Interview is not a single step. It is a process consisting of several steps. The major steps are grouped into four categories (Fig. 6.5).

(a) **Preparation for the interview:** Advance preparation for interview is essential as it helps in focussing its coverage on the vital aspects and it helps the interviewer to remember and recall many impressions and facts. The following preparations have to be made by the organisation before starting an interview:

- (i) Choose the appropriate types of interviews based on job requirements and the nature of the interviews discussed earlier.
- (ii) Identify the knowledge, skill areas to be examined through interviews based on job requirements.
- (iii) Determine the type and number of interviewers: Interviewers should be selected on personal characteristics, technical competence, initiative, common sense, smartness, ability to inspire confidence, capacity to work in a team and potential for growth.



Interviewers may be drawn from personnel specialists, line managers concerned, experts in the discipline concerned, from academicians, practitioners and psychologists.

Use of Psychologists: A number of research studies and observations regarding the effectiveness of psychologist conclude that:

- There is a wide variation in the abilities of psychologists as in case of other specialists.
- The psychologist would be a competent interviewer if he has got knowledge of job requirements and organisational interests.
- Psychologists' ability as an interviewer is probably higher than non-psychologists, if they are qualified, experienced and trained.
- Psychologist would act as an additional source of information rather than a deciding factor.

(b) Conducting the interview: The next major step in the interview process is conducting the interview. To conduct the interview effectively is difficult and hence most of the line managers avoid this task.

The interviewers should take much care in the process of conducting interview in view of the scope for committing mistakes at various levels. Adequate information from the candidate can be obtained by listening to and observing, rather than talking too much.

- (i) Open the interview:** The interviewer has to open the interview with a conscious effort and with conducive voice, speech and appearance during the first few minutes of the interview. This helps the interviewer to establish a rapport with and gain the confidence of the interviewee.
- (ii) Get complete and accurate information:** The interviewer should get full information relating to skill, knowledge, aptitude, attitude, traits of the candidate. The best way of getting full information is by structured interview.
- (iii) Recording of observations and impressions:** The interviewer has to record his observations and impressions in the course of interview with a view to manage the information system for evaluating the candidate's suitability at the later stage.
- (iv) Guide the interview:** Guiding the interview is essential as:
 - to have sufficient discussion (not too much or too less) on a topic;
 - to lead the applicant tactfully and surely towards the interview goals;

- some applicants are talkative and some are intelligent in giving information which they know and in avoiding other areas;
- applicant sometimes is reticent.

The interviewer has to guide the interview tactfully without causing much psychological inconvenience to the interviewee while aiming at getting complete and reliable information.

The next major step of the interview is to check the success of the interviewer in conducting the interview.

(v) **Check the success of the interviewer:** The success of the interviewer in conducting the interview can be checked through the following items:

- making favourable impression on the candidate at the beginning of the interview;
- refraining from making judgement at the beginning;
- closing the interview pleasantly with an indication.

(c) **Closing the interview:** Closing of interview is as important as its commencement. It should end pleasantly. The interviewer may show some signs of the close of the interview at appropriate time. Interview results should be evaluated after closing the interview.

(d) **Evaluation of interview results:** The interviewer/the board of interviewers evaluate the candidates' strengths and weaknesses against the job and organisational requirements. The evaluation is generally based on the observations, impressions and information collected during the course of interview. However, the final decision about the suitability of candidate to the job is made on the basis of the results of all selection techniques. But the interview results influence the selection decision much more than any other technique. The evaluation may be in descriptive form or grading form or rating form. The interviewer has to strike a fine balance between job requirements and employee values, skills, knowledge, etc.

In view of the errors in evaluation, the interviewer has to write explanation of each factor which clarifies his thinking and enables discussion among the interviewers. The interviewer should also take into consideration the equation record, physical attributes, sociability and social intelligence, flexibility in behaviour, tact, manners, temperament, dependence on self-confidence of the candidate with a view to minimise errors in evaluations and to evaluate the candidate effectively, in general.

Recruitment is the generating of applications or applicants for specific positions to be filled up in the organisation. In other words, it is a process of searching for and obtaining applicants for jobs so that the right people in right number can be selected.

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DEFINITIONS

Recruitment is defined as, "a process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient workforce."¹ Edwin B. Flippo defined recruitment as "the process of searching for prospective employees and

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stimulating them to apply for jobs in the organisation."² Those definitions can be analysed by discussing the processes of recruitment through systems approach.

OBJECTIVES OF RECRUITMENT

The objectives of recruitment are:

- (i) to attract people with multi-dimensional skills and experiences that suit the present and future organisational strategies,
- (ii) to induct outsiders with a new perspective to lead the company,
- (iii) to infuse fresh blood at all levels of the organisation,
- (iv) to develop an organisational culture that attracts competent people to the company,
- (v) to search or head hunt/head pouch people whose skills fit the company's values,
- (vi) to devise methodologies for assessing psychological traits,
- (vii) to seek out non-conventional development grounds of talent,
- (viii) to search for talent globally and not just within the company,
- (ix) to design entry pay that competes on quality but not on quantum,
- (x) to anticipate and find people for positions that do not exist yet.

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SOURCES OF RECRUITMENT

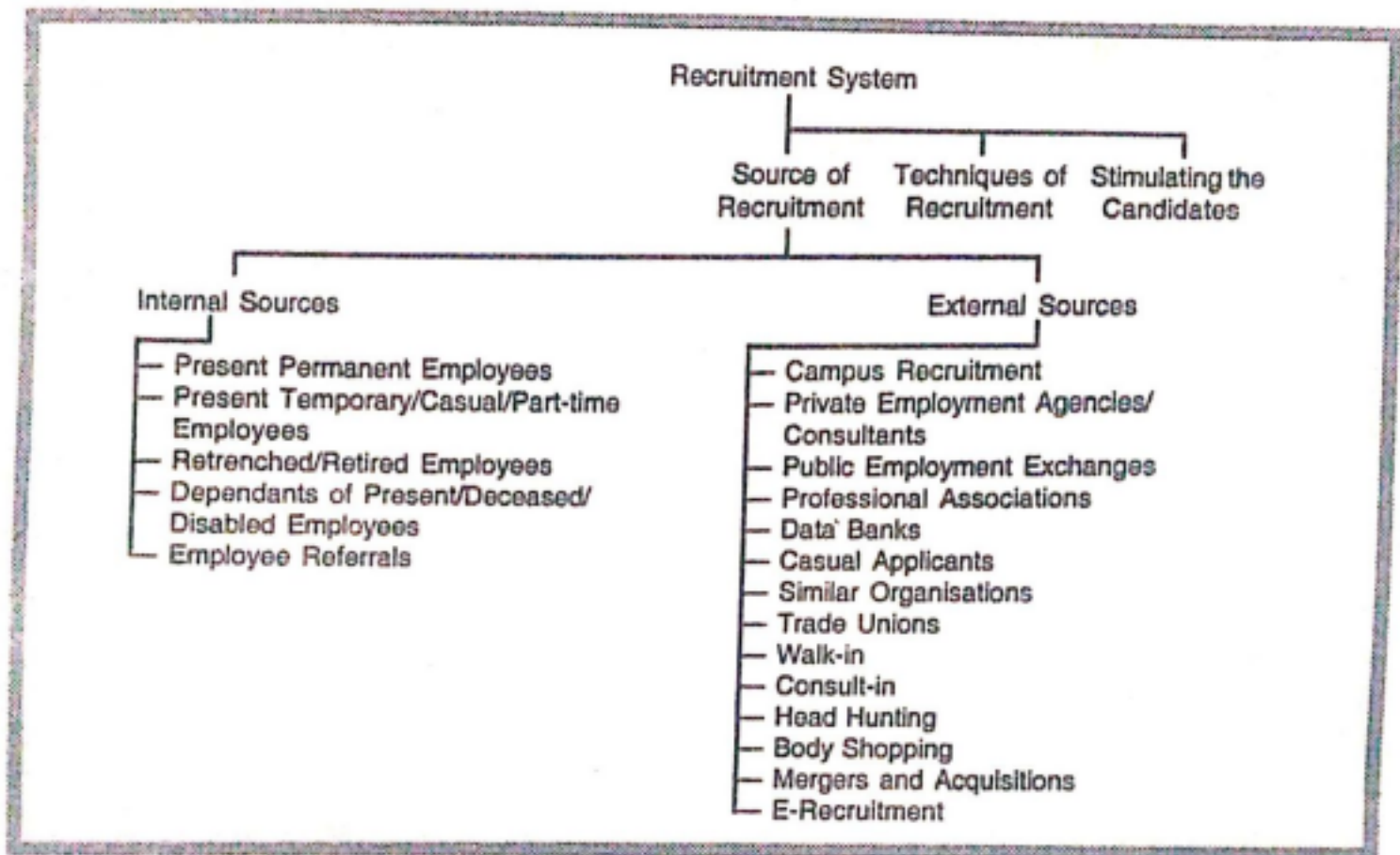
Before an organisation actively begins to recruit applicants, it should consider the most likely source of the type of employee it needs. Some companies try to develop new sources while most try to tackle the existing sources they have. These sources, accordingly, may be termed as-internal and external.

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INTERNAL SOURCES

Internal source is one of the important sources of recruitment. The employees already working in the organisation may be more suitable for higher jobs than those recruited from outside. The present employees may help in the recruitment of new persons also. Internal sources consist of the following :

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Internal Sources: Internal sources include: (a) present permanent employees, (b) present temporary/casual employees, (c) retrenched or retired employees, (d) dependants of deceased, disabled, retired and present employees, (e) employee referrals.

Present permanent employees: Organisations consider the candidates from this source for higher level jobs due to: (i) availability of most suitable candidates for jobs relatively or equally to the external source, (ii) to meet the trade union demands, (iii) to the policy of the organisation to motivate the present employees.

- **Present temporary or casual or part-time employees:** Organisations find this source to fill the vacancies relatively at the lower level owing to the availability of suitable candidates or trade and pressures or in order to motivate them on the present job.
- **Retrenched or retired employees:** Generally, a particular organisation retrenches the employees due to lay-off. The organisation takes the candidates for employment from the retrenched employees due to obligation, trade union pressure and the like. Sometimes the organisations prefer to re-employ their retired employees as a token of their loyalty to the organisation or to postpone some inter-personal conflicts for promotion, etc.
- **Dependants of deceased, disabled, retired and present employees:** Some organisations with a view to developing the commitment and loyalty of not only the employee but also his family members and to build up image provide employment to the dependant(s) of deceased, disabled and present employees. Such organisations, find this source as an effective source of recruitment.
- **Employee referrals:** Employee referrals are the candidates/applicants recommended by the current employees. Current employees recommend those candidates whose performance and behaviour are known to them as well as suitable to the job and organisational needs. This source helps the organisation to get high quality applicants. Organisations in the USA provide incentives to the current employees for recommending the most suitable candidates. This source reduces the cost of recruitment drastically. William M. Mercer suggests the following measures to increase the effectiveness of employee referrals.
 - **Up the ante:** Provide benefits/incentives/commissions to current employees for recommending a suitable candidate as the companies pay commissions to employment agencies.
 - **Pay for performance:** Pay the benefits to the current employee for the higher performance of newly hired employee recommended by the current employee concerned.
 - **Tailor the program:** Educate the current employees about the type of candidates including skills, knowledge, behaviour and ethical aspects that the company is looking for.

External Sources: External sources are those sources which are outside the organisational pursuits. Organisations search for the required candidates from these sources for the following reasons:

- The suitable candidates with skill, knowledge, talent etc., are generally available.
- Candidates can be selected without any pre-conceived notion or reservations.
- Cost of employees can be minimised because employees selected from this source are generally placed in minimum pay scale.
- Expertise, excellence and experience in other organisations can be easily brought into the organisation.
- Human resources mix can be balanced with different background, experience, skill, etc.
- Latest knowledge, skill, innovative or creative talent can also be flowed into the organisation.
- Long-run benefit to the organisation in the sense that qualitative human resources can be brought.

External Sources Include: (a) Campus Recruitment, (b) Private Employment Agencies/Consultants, (c) Public Employment Exchanges, (d) Professional Associations, (e) Data Banks, (f) Casual Applicants, (g) Similar Organisations, and (h) Trade Unions.

(a) Campus recruitment: Different types of organisations like industries, business firms, service organisations, social or religious organisations can get inexperienced candidates of different types from various educational institutions like Colleges and Universities imparting education in Science, Commerce, Arts, Engineering and Technology, Agriculture, Medicine, Management Studies, etc., and trained candidates in different disciplines like vocational, engineering, medicine from the training institutes like Vocational Training Institutes of State Governments in various trades, National Industrial Training Institutes for Engineers, etc. Most of the Universities and Institutes imparting technical education in various disciplines like engineering, technology, and

management studies provide facilities for campus recruitment and selection. They maintain the bio-data and performance required of the candidates. Organisations seeking to recruit the candidates from this source can directly contact the institutes either in person or by post and stimulate the candidates to apply for jobs. Most of the organisations using this source, perform the function of selection after completing recruitment in the campus of the Institute itself with a view to minimising time lapse and to securing the cream before it is attracted by some other organisations.

(b) Private employment agencies/consultants: Public employment agencies or consultants like ABC Consultants in India perform the recruitment functions on behalf of a client company by charging fee. Line managers are relieved from recruitment functions so that they can concentrate on their operational activities and recruitment functions is entrusted to a private agency or consultants. But due to limitations of high cost, ineffectiveness in performance, confidential nature of this function, managements sometimes do not depend on this source. However, these agencies function effectively in the recruitment of executives. Hence, they are also called executive search agencies. Most of the organisations depend on this source for highly specialised positions and executive positions.

(c) Public employment exchanges: The Government set-up Public Employment Exchanges in the country to provide information about vacancies to the candidates and to help the organisations in finding out suitable candidates. The Employment Exchange (Compulsory Notification or Vacancies) Act, 1959 makes it obligatory for public sector and private sector enterprises in India to fill certain types of vacancies through public employment exchanges. These industries have to depend on public employment exchanges for the specified vacancies.

(d) Professional organisations: Professional organisations or associations maintain complete bio-data of their members and provide the same to various organisations on requisition. They also act as an exchange between their members and recruiting firms in exchanging information, clarifying doubts, etc. Organisations find this source more useful to recruit the experienced and professional employees like executives, managers, engineers.

(e) Data banks: The management can collect the bio-data of the candidates from different sources like Employment Exchange, Educational Training Institutes, candidates, etc., and feed them in the computer. It will become another source and the company can get the particulars as and when it needs to recruit.

(f) Casual applicants: Depending upon the image of the organisation, its prompt response, participation of the organisation in the local activities, level of unemployment, candidates apply

casually for jobs through mail or hand over the applications in Personnel Department. This would be a suitable source for temporary and lower level jobs.

(g) *Similar organisations:* Generally, experienced candidates are available in organisations producing similar products or are engaged in similar business. The management can get most suitable candidates from this source. This would be the most effective source for executive positions and for newly established organisation or diversified or expanded organisations.

(h) *Trade unions:* Generally, unemployed or underemployed persons or employees seeking change in employment put a word to the trade union leaders with a view to getting suitable employment due to latter's intimacy with management. As such the trade union leaders are aware of the availability of candidates. In view of this fact and in order to satisfy the trade union leaders, management enquires trade unions for suitable candidates. Management decides about the sources depending upon the type of candidates needed, time lapse period, etc. It has to select the recruitment technique(s) after deciding upon source.

MODERN SOURCES AND TECHNIQUES OF RECRUITMENT

A number of modern recruitment sources and techniques are being used by the corporate sector in addition to traditional sources and techniques. These sources and techniques include walk in and consult in, head-hunting, body-shopping, business alliances, and tele-recruitment.

(i) *Walk-in:* The busy organisations and the rapid changing companies do not find time to perform various functions of recruitment. Therefore, they advise the potential candidates to attend for an interview directly and without a prior application on a specified date, time and at a specified place. The suitable candidates from among the interviewees will be selected for appointment after screening the candidates through tests and interviews.

(ii) *Consult-in:* The busy and dynamic companies encourage the potential job seekers to approach them personally and consult them regarding the jobs. The companies select the suitable candidates from among such candidates through the selection process.

(iii) *Head-hunting:* The companies request the professional organisations to search for the best candidates particularly for the senior executive positions. The professional organisations search for the most suitable candidates and advise the company regarding the filling up of the positions. Head-hunters are also called search consultants.

(iv) *Body shopping:* Professional organisations and the hi-tech training institutes develop a pool of human resources for the possible employment. The prospective employers contact these organisations to recruit the candidates. Otherwise, the organisations themselves approach the prospective employees to place their human resources. These professional and training institutions are called body shoppers and these activities are known as body shopping. The body shopping is used mostly for computer professionals

(v) *Business alliances:* Business alliances like acquisitions, mergers, and take-overs help in getting human resources. In addition, the companies do also have alliances in sharing their human resources on *ad-hoc* basis.

It does mean that, the company with surplus human resources offers the services of their employees to other needy organisations.

(vi) *E-recruitment:* The technological revolution in telecommunication helped the organisations to use internet as a source of recruitment. Organisations advertise the job vacancies through the World Wide Web (www) internet. The job seekers send their applications through e-mail or internet. Alternatively, job seekers place their CVs in the world wide web/internet, which can be drawn by the prospective employers depending upon their requirements.

7.1 MEANING AND DEFINITION

What is selection? Selection is hiring the best candidate from the pool of applications. It is the process of offering jobs to one or more applicants/candidates from the applications received through recruitment. In other words, it is the process of picking the suitable candidates from the pool of job applications to fill various jobs in the organisation.

Following are some of the popular definitions of selection:

According to Yoder¹, "Selection is the process by which candidates for employment are classified into two classes — those who will be offered employment and those who will not".

David and Robbins² have defined selection as a "managerial decision-making process to predict which job applicants will be successful if hired".

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ESSENTIALS OF SELECTION PROCEDURE

The selection process can be successful if the following requirements are satisfied:

1. Some one should have the authority to select. This authority comes from the job requisition, as developed by an analysis of the work-load and work-force.
2. There must be some standard of personnel with which a prospective employee can be compared, i.e., a comprehensive job description and job specification should be developed beforehand.
3. There must be a sufficient number of applicants from whom the required employees may be selected.

SIGNIFICANCE OF SELECTION PROCESS

Selection of HR to man to organisation is a crucial, complex and continuing function. The ability of an organisation to attain its goals effectively and to develop in a dynamic environment largely depends upon the effectiveness of its selection programme. If right personnel are selected, the remaining functions of personnel management become easier, the employee commitment will be at optimum level and employee-employer relations will be congenial. In the opposite situation where the right person is not selected, the remaining functions of personnel management, employee-employer relations will not be effective. If the right person is selected, he is a valuable asset to the organisation and if faulty selection is made, the employee becomes a liability to the organisation.

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Employee Training

How Training Benefits the Organisation

- Leads to improved profitability and/or more positive attitudes toward profits orientation
- Improves the job knowledge and skills at all levels of the organisation
- Improves the morale of the workforce
- Helps people identify with organisational goals
- Helps create a better corporate image
- Fosters authenticity, openness and trust
- Improves the relationship between boss and subordinate
- Aids in organisational development
- Learns from the trainee
- Helps prepare guidelines for work
- Aids in understanding and carrying out organisational policies
- Provides information for future needs in all areas of the organisation
- Organisation gets more effective decision-making and problem solving
- Aids in development for promotion from within
- Aids in developing leadership skill, motivation, loyalty, better attitudes, and other aspects that successful workers and managers usually display
- Aids in increasing productivity and/or quality of work
- Helps keep costs down in many areas, e.g., production, personnel, administration, etc.
- Develops a sense of responsibility to the organisation for being competent and knowledgeable
- Improves labour-management relations
- Reduces outside consulting costs by utilising competent internal consulting
- Stimulates preventive management as opposed to putting out fires
- Eliminates sub-optimal behaviour (such as hiding tools)
- Creates an appropriate climate for growth, communication
- Aids in improving organisational communication
- Helps employees adjust to change
- Aids in handling conflict, thereby helping to prevent stress and tension.

Benefits to the Individual Which in Turn Ultimately Should Benefit the Organisation

- Helps the individual in making better decisions and effective problem solving
- Through training and development, motivational variables of recognition, achievement, growth, responsibility and advancement are internalised and operationalised
- Aids in encouraging and achieving self-development and self-confidence
- Helps a person handle stress, tension, frustration and conflict
- Provides information for improving leadership knowledge, communication skills and attitudes
- Increases job satisfaction and recognition
- Moves a person toward personal goals while improving interactive skills
- Satisfies, personal needs of the trainer (and trainee)
- Provides the trainee an avenue for growth and a say in his/hers own future
- Develops a sense of growth in learning

advantages of training.

NEED FOR TRAINING

Every organisation big or small, productive or non-productive, economic or social, old or newly established should provide training to all employees irrespective of their qualification, skill, suitability for the job, etc. Thus, no organisation can choose whether or not to train employees.

Training is not something that is done once to new employees; it is used continuously in every well run establishment. Further, technological changes, automation, require up-dating the skills and knowledge. As such an organisation has to retrain the old employees.³

Specifically, the need for training arises due to the following reasons:

(i) To Match the Employee Specifications with the Job Requirements and Organisational Needs: An employee's specification may not exactly suit to the requirements of the job and the organisation irrespective of his past experience, qualifications, skills, knowledge, etc. Thus, every management finds deviations between employee's present specifications and the job requirements and organisational needs. Training is needed to fill these gaps by developing and moulding the employee's skill, knowledge, attitude, behaviour, etc., to the tune of the job requirements and organisational needs.

(ii) Organisational Viability and the Transformation Process: The primary goal of most of the organisations is 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 and knowledge in order to enable them to contribute to the organisational efficiency and to cope with the changing environment. In addition, it provides continuity to the organisation process and development.

(iii) Technological Advances: Every organisation in order to survive and to be effective should adopt the latest technology, i.e., mechanisation, computerisation and automation. Adoption of the latest technological means and methods, will not be complete until they are manned by employees possessing skill to operate them. So, organisation should train the employees to enrich them in the areas of changing technical skills and knowledge from time to time.⁴

(iv) Organisational Complexity: With the emergence of increased mechanisation and automation, manufacturing of multiple products and 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 leads to growth in number and kind of employees and layers in organisation hierarchy. This creates the complex problems of co-ordination and integration of activities adaptable for and adaptable to the expanding and diversifying situations. This situation calls for training in the skills of co-ordination, integration and adaptability to the requirements of growth, diversification and expansion.

(v) Human Relations: Trends in approach towards personnel management has changed from the commodity approach to partnership approach, crossing the human relations approach. So today, managements of most of the organisations has to maintain human relations besides maintaining sound industrial relations although hitherto the managers are not accustomed to deal with the workers accordingly. So training in human relations is necessary to deal with human problems (including alienation, inter-personal and inter-group conflicts, etc.) and to maintain human relations.

(vi) Change in the Job Assignment: Training is also necessary when the existing employee is promoted to the higher level in the organisation and when there is some new job or occupation due to transfer. Training is also necessary to equip the old employees with the advanced disciplines, techniques or technology.

The need for training also arises to:

- Increase productivity.
- Improve quality of the product/service.
- Help a company to fulfill its future personnel needs.
- Improve organisational climate.
- Improve health and safety.
- Prevent obsolescence.
- Effect the personal growth.
- Minimise the resistance to change.

(F) STAGE - 4: EVALUATION OF TRAINING PROGRAMME

The specification of values forms a basis for evaluation. The basis of evaluation and the mode of collection of information necessary for evaluation should be determined at the planning stage. The process of training evaluation has been defined as "any attempt to obtain information on the effects of training performance, and to assess the value of training in the light of that information."¹² Evaluation leads to controlling and correcting the training programme. Hamblin suggested five levels at which evaluation of training can take place, viz., reactions, learning, job behaviour, organisation and ultimate value.

(i) **Reactions:** Training programme is evaluated on the basis of trainee's reactions to the usefulness of coverage of the matter, depth of the course content, method of presentation, teaching methods, etc.

(ii) **Learning:** Training programme, trainer's ability and trainee ability are evaluated on the basis of quantity of content learned and time in which it is learned and learner's ability to use or apply, the content he learned.

(iii) **Job behaviour:** This evaluation includes the manner and extent to which the trainee has applied his learning to his job.

(iv) **Organisation:** This evaluation measures the use of training, learning and change in the job behaviour of the department/organisation in the form of increased productivity, quality, morale, sales turnover and the like.

(v) **Ultimate value:** It is the measurement of ultimate result of the contributions of the training programme to the Company goals like survival, growth, profitability, etc., and to the individual goals like development of personality and social goals like maximising social benefit.

Utility Models of Training Effectiveness

being, motivation and pride of employees.

According to Pulapa Subba Rao, HRD from the organisational point of view is a process in which the employees of an organisation are helped/motivated to acquire and develop technical, managerial and behavioural knowledge, skills and abilities and mould the values, beliefs and attitudes necessary to perform present and future roles by realising the highest human potential with a view to contribute positively to the organisational, group, individual and social goals.⁵

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society.

FEATURES OF HUMAN RESOURCES DEVELOPMENT

- (i) HRD is a systematic and planned approach for the development of individuals in order to achieve organisational, group and individual goals.
- (ii) HRD is a continuous process for the development of technical, managerial, behavioural and conceptual skills and knowledge.
- (iii) HRD develops the skills and knowledge not only at the individual level, but also at dyadic level, group level and organisational level.
- (iv) HRD is multi-disciplinary. It draws inputs from Engineering, Technology, Psychology, Anthropology, Management Commerce, Economics, Medicine, etc.
- (v) HRD is embodied with techniques and processes. HRD techniques include performance appraisal, training, management development, career planning and development, organisation development, counselling, social and religious programmes, employee involvement /workers' participation, quality circles, etc.
- (vi) HRD is essential not only for manufacturing and service industry but also for information technology industry.

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All business and industrial organisations are dynamic. In fact, liberalisation, privatisation and globalisation made the business firms further dynamic. In other words, they have been changing continuously in terms of technology, type of business, products/services, organisational strength and the like. The changes invariably demand for the development of human resources.

(i) Changes in Economic Policies: Almost all the governments across the globe have changed their economic policies from communistic/socialistic pattern to capitalistic pattern. Even the Government of India liberalised its economic policies in 1991. Liberalisation, privatisation and globalisation posed threat to the weak firms and created opportunities to the large firms. These firms started developing their human resources in order to exploit the opportunities. Thus, the capitalistic economic policies and their successful implementation needs the development of human resources in the country at large.

(ii) Changing Job Requirements: Organisational dynamism brings changes in organisational design and job design. The changes in job design bring changes in job description and job specifications. These changes demand for HRD.

(iii) Need for Multi-skilled Human Resources: The changing trends in industrialization, structuring jobs and organisations demand the employee to take up multiple activities. The customer-centred approach led to de-jobbing, flexible organisations and flexible work. All these changes demand the employees with multiple skills. Human resources developmental activities provide the opportunity to the employees to acquire and develop multiple skills.

(iv) Organisational Viability and Transformation Process: Organisational viability is continuously influenced by the environmental threats. If the organisation does not adapt itself to the changing environmental factors, it will lose its market share. If the organisation desires to adopt these changes first, it has to develop human resources.

(v) Technological Advances: Organisations in order to survive and develop should adopt the latest technology. Adaptation of the latest technology will not be complete until they are manned by developed employees. Employee development is possible through human resources development. These are the days of information technology and high level production and service technology. Therefore, HRD is essential in the new millennium.

(vi) Organisational complexity: With the emergence of increased mechanisation and automation, manufacturing of multiple products and rendering of services, organisations become complex. Management of organisational complexity is possible through HRD.

(vii) Human Relations: Most of the organisations today tend to adopt the human relations approach. This in turn needs HRD.

(E) HRD OBJECTIVES

The objectives of HRD are:

- to prepare the employee to meet the present and changing future job requirements.
- to prevent employee obsolescence.
- to develop creative abilities and talents.
- to prepare employees for higher level jobs.
- to impart new entrants with basic HRD skills and knowledge.
- to develop the potentialities of people for the next level job.
- to aid total quality management.
- to promote individual and collective morale, a sense of responsibility, co-operative attitudes and good relationships.
- to broaden the minds of senior managers by providing them with opportunities for an interchange of experiences within and outside.
- to ensure smooth and efficient working of the organisation.
- to provide comprehensive framework for HRD.
- to enhance organisational capabilities.
- to create a climate that enables every employee to discover, develop and use his/her capabilities to a fuller extent in order to further both individual and organisational goals.

MEANING

Performance appraisal is a method of evaluating the behaviour of employees in the workstation, normally including both the quantitative and qualitative aspects of job performance.¹ Performance here refers to the degree of accomplishment of the tasks that make up an individual's job. It indicates how well an individual is fulfilling the job demands. Often the term is confused

Introduction

After an employee has been selected for a job, has been trained to do it and has worked on it for a period of time, his performance should be evaluated. Performance Evaluation or Appraisal is the process of deciding how employees do their jobs. Performance here refers to the degree of accomplishment of the tasks that make up an individual's job. It indicates how well an individual is fulfilling the job requirements. Often the term is confused with efforts, which means energy expended and used in a wrong sense. Performance is always measured in terms of results. A bank employee, for example, may exert a great deal of effort while preparing for the CAIIB examination but manages to get a poor grade. In this case the effort expended is high but performance is low.¹

Definition

Performance appraisal is a method of evaluating the behaviour of employees in the workspot, normally including both the quantitative and qualitative aspects of job performance. It is a systematic and objective way of evaluating both work-related behaviour and potential of employees. It is a process that involves determining and communicating to an employee how he or she is performing the job and ideally, establishing a plan of improvement.²

Under performance appraisal we evaluate not only the performance of a worker but also his potential for development.⁴ Some of the important features of performance appraisal may be captured thus:

- Performance appraisal is the systematic description of an employee's job-relevant strengths and weaknesses.
- The basic purpose is to find out how well the employee is performing the job and establish a plan of improvement.
- Appraisals are arranged periodically according to a definite plan.
- Performance appraisal is not job evaluation. Performance appraisal refers to how well someone is doing the assigned job. Job evaluation determines how much a job is worth to the organisation and, therefore, what range of pay should be assigned to the job.
- Performance appraisal is a continuous process in every large scale organisation.

PURPOSE

Purposes of performance appraisal can be broadly of two types *viz.*, administrative purposes and developmental purposes.

Administrative Purposes: Administrative purposes include:

- Document human resource decisions with regard to performance and its related issues.
- Determine promotion of employees.
- Determine transfers and change in job assignments.
- Identify poor performance areas of employees.
- Decide retention or termination.
- Decide on layoffs.
- Validate selection criteria relating performance scores to selection test and interview scores.
- Meet legal requirements.

- Evaluate the performance of training programmes.
- Plan for changes in human resource requirements.
- Decide on salary and reward issues. Many contemporary companies those performing successfully linked performance ratings to a particular percentage of salary and rewards. (See Box 8.1).

Performance management and rewards is a topic that separates high performing and poor performing companies. High performing companies concentrate on a fewer and carefully HR projects including linking performance-rewards linkage.

Source: Creating People Advantage-2010, BCG and WFPMA, 2010.

Developmental Purposes: Developmental purposes include:

- Provide performance feedback to all concerned.
- Identify individual skills, core competencies, strengths and weaknesses.
- Recognise individual performance levels.
- Assist the employees in setting goals/identifying goals based on unit level/departmental level and organisational goals.
- Evaluate goal achievement of employees.
- Identify individual training needs.
- Determine organisational training needs.
- Reinforce authority structure.
- Allow employees to discuss concerns.
- Improve communication.
- Provide a forum for leaders to help the subordinates.

360° PERFORMANCE APPRAISAL

The appraiser may be any person who has thorough knowledge about the job content, contents to be appraised, standards of contents, and who observes the employee while performing a job. The appraiser should be capable of determining what is more important and what is relatively less important. He should prepare reports and make judgments without bias. Typical appraisers are: Supervisor, peers, subordinates, employees themselves, users of service and consultants. Performance appraisal by all these parties is called "360° Performance appraisals." 360° appraisals

can be done by using software developed by a number of companies. Organisational universe system sells software and provides discussion on 360° feedback to managers.⁷ Exhibit 8.2 presents pros and cons of 360° appraisal.

MEANING

After an employee is selected, placed and introduced he or she must be provided with training facilities. Training is the act of increasing the knowledge and skill of an employee for doing a particular job. Training is a short-term educational process and utilising a systematic and organised procedure by which employees learn technical knowledge and skills for a definite purpose. Dale S. Beach defines training as "... the organised procedure by which people *learn* knowledge and/or skill for a definite purpose."

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In other words, training improves, changes, moulds the employee's knowledge, skill, behaviour, aptitude, and attitude towards the requirements of the job and organisation. Training refers to the teaching and learning activities carried on for the primary purpose of helping members of an organisation, to acquire and apply the knowledge, skills, abilities and attitudes needed by a particular job and organisation.

Thus, training bridges the differences between job requirements and employee's present specifications.

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ON-THE-JOB TRAINING METHODS

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 and taught the skills necessary to perform that job. The trainee learns under the supervision and guidance of a qualified worker or instructor. On-the-job training has the advantage of giving firsthand knowledge and experience under actual working conditions. While the trainee learns how to perform a job, he is also a regular worker rendering the services for which he is paid. The problem of transfer of trainee is also minimised as the person learns on-the-job. The emphasis is placed on rendering services in the most effective manner rather than learning how to perform the job. On-the-job training methods include job rotation, coaching, job instruction or training through step-by-step and committee assignments.

(a) Job rotation: This type of training involves the movement of the trainee from one job to another. The trainee receives job knowledge and 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. This method gives an opportunity to the trainee to understand the problems of employees on other jobs and respect them.

(b) 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 and offers him some suggestions for improvement. Often the trainee shares some of the duties and responsibilities of the coach and 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.

(c) *Job instruction*: This method is also known as training through step by step. Under this method, trainer explains the trainee the way of doing the jobs, job knowledge and skills and allows him to do the job.¹⁰ The trainer appraises the performance of the trainee, provides feedback information and corrects the trainee.

(d) *Committee assignments*: Under the committee assignment, group of trainees are given and asked to solve an actual organisational problem. The trainees solve the problem jointly. It develops team work.

(1) Productivity Measures

Under the productivity measures of performance appraisal, employees are appraised based on the ratio of output they turned out to the input they used. For example, sales to employee salary and benefits, number of clients served per day etc. These measures are not free from limitations as measurement of all kinds of output as well as all kinds of input would be difficult.

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(2) The Balanced Scorecard

The balanced scorecard was developed by Robert Kaplan and David Norton. It brings the linkages among financial, customer, processes and learning. Learning and people management contribute to the enhancement of internal processes. Internal processes (product development, services development etc.) are critical for enhancing customer satisfaction and loyalty. Customer satisfaction leads to customer value creation, which drives financial performance and profitability.

The balanced scorecard can be used to appraise employee performance. The following

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(3) Human Resource Accounting

Human Resource Accounting deals with cost of and contribution of human resources to the organisation. Cost of the employee includes cost of manpower planning, recruitment, selection, induction, placement, training, development, wages and benefits, etc. Employee contribution is the money value of employee service which can be measured by labour productivity or value added by human resources.

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Cost of human resources may be taken as standard. Employee performance can be measured in terms of employee contribution to the organisation (Fig. 8.10). Employee performance can be taken as positive when contribution is more than the cost and performance can be viewed as negative if cost is more than contribution. Positive performance can be measured in terms of

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which implemented MBO reported excellent results, others disappointments, and many...

Stated briefly MBO is a 'process whereby the superior and subordinate managers of an organisation jointly identify its common goals, define each individual's major areas of responsibility in terms of results expected of him, and use these measures of guides for operating the unit and assessing the contribution of its members. Thus, MBO focuses attention on goals set on participative basis that are tangible, verifiable and measurable. The emphasis is on what must be accomplished rather than how it is to be accomplished. Generally, the MBO process is undertaken along the following lines:

- The subordinate and superior jointly determine goals to be accomplished during the appraisal period and what level of performance is necessary for the subordinate to satisfactorily achieve specific goals.
- During the appraisal period the superior and subordinate update and alter goals as necessary due to changes in the business environment.

Both superior and subordinate jointly determine...

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An objective view of a person's career is given by **Flippo**. According to him, "a career is a sequence of positions held by a person during the course of life time. It comprises of a series of work related activities that provide continuity, order and meaning to a person's life." Another subjective view of career is that

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CAREER PLANNING

"Career planning is the deliberate process through which a person becomes aware of personal career related attributes and the life long series of stages that contribute to his career fulfillment." Career planning is a process by which one selects career goals and the path to these goals. The major focus of career planning should be on assisting the employees in achieving a better match between personal goals and the opportunities that are realistically available in the organisation. Career planning is an effort to pinpoint and highlight those areas that offer psychological success instead of vertical growth. Career planning is not an event or end in itself, but a continuous process of developing human resources for achieving optimum results.

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IVES EER ING

Career planning aims to meet the following objectives :

- (i) To offer careers, not jobs to the employees so that talent can be attracted and retained in the organisation
- (ii) To have effective utilisation of human resources which will, in turn, lead to greater productivity
- (iii) To reduce employee turnover
- (iv) To motivate the employees and to boost their morals
- (v) To meet the immediate and future human resource needs of the organisation on a timely basis.

(H) COUNSELLING

Counselling occasionally is necessary for employees due to job and personal problems that subject them to excessive stress.

Counselling is discussion of a problem that usually has emotional content with an employee in order to help the employee cope with it better.¹¹ Counselling seeks to improve employee's mental health. People feel comfortable about themselves and about other people and able to meet the demands of life when they are good in mental health.

CHARACTERISTICS OF COUNSELLING

- (i)* Counselling is an exchange of ideas and feelings between two people.
- (ii)* It tries to improve organisational performance by helping the employees to cope with the problems.
- (iii)* It makes organisation be more human and considerate with people's problems.
- (iv)* Counselling may be performed by both professionals and non-professionals.
- (v)* Counselling is usually confidential in order to have free talk and discussions.
- (vi)* It involves both job and personal problems.

Performance Appraisal

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

1. The supervisors measure the pay of employees and compare it with targets and plans.
2. The supervisor analyses the factors behind work performances of employees.
3. The employers are in position to guide the employees for a better performance.

Objectives of Performance Appraisal

Performance Appraisal can be done with following objectives in mind:

1. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
2. To identify the strengths and weaknesses of employees to place right men on right job.
3. To maintain and assess the potential present in a person for further growth and development.
4. To provide a feedback to employees regarding their performance and related status.
5. To provide a feedback to employees regarding their performance and related status.
6. It serves as a basis for influencing working habits of the employees.
7. To review and retain the promotional and other training programmes.

Trait Methods:

1. Ranking Method:

It is the oldest and simplest formal systematic method of performance appraisal in which employee is compared with all others for the purpose of placing order of worth. The employees are ranked from the highest to the lowest or from the best to the worst.

2. Paired Comparison:

In this method, each employee is compared with other employees on one- on one basis, usually based on one trait only. The rater is provided with a bunch of slips each coining pair of names, the rater puts a tick mark against the employee whom he insiders the better of the two. The number of times this employee is compared as better with others determines his or her final ranking.

The number of possible pairs for a given number of employees is ascertained by the following formula:

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

ADVERTISEMENTS:

Where N = the total number of employees to be evaluated. Let this be exemplified with an imaginary example.

3. *Forced Distribution Method:*

The rater may rate his employees at the higher or at the lower end of the scale under the earlier methods. But this method is developed to prevent the raters from rating too high or too low. Under this method the rater after assigning the points to the performance of each employee has to distribute his ratings in a pattern to conform to normal frequency distribution.

4. *Essay Method:*

Essay method is the simplest one among various appraisal methods available. In this method, the rater writes a narrative description on an employee's strengths, weaknesses, past performance, potential and suggestions for improvement. Its positive point is that it is simple in use. It does not require complex formats and extensive/specific training to complete it.

5. *Group Appraisal:*

Under this method, an employee is appraised by a group of appraisers. This group consists of the immediate supervisor of the employee, to other supervisors who have close contact with the employee's work, manager or head of the department and consultants.

6. *Check-List Method:*

The basic purpose of utilizing check-list method is to ease the evaluation burden upon the rater. In this method, a series of statements, i.e., questions with their answers in 'yes' or 'no' are prepared by the HR department. The check-list is, then, presented to the rater to tick appropriate answers relevant to the appraisee. Each question carries a weight-age in relationship to their importance.

When the check-list is completed, it is sent to the HR department to prepare the final scores for all appraises based on all questions.

7. *Graphic Rating Scale Method:*

The graphic rating scale is one of the most popular and simplest techniques for appraising performance. It is also known as linear rating scale. In this method, the printed appraisal form is used to appraise each employee.

The form lists traits (such as quality and reliability) and a range of job performance characteristics (from unsatisfactory to outstanding) for each trait. The rating is done on the basis of points on the continuum. The common practice is to follow five points scale.

The rater rates each employee by checking the score that best describes his or her performance for each trait all assigned values for the traits are then totaled.

8. Confidential Report:

It is the traditional way of appraising employees mainly in the Government Departments. Evaluation is made by the immediate boss or supervisor for giving effect to promotion and transfer. Usually a structured format is devised to collect information on employee's strength weakness, intelligence, attitude, character, attendance, discipline, etc. The superior does not allow the employee to know the report and his performance.

Behavioral Methods:

1. **Behavioral Checklist Method:** A checklist is designed with the list of statements that describe the behavior essential for employee performance. The appraiser checks whether the appraisee possesses them or not. Employee performance is rated based on the behavioral skills that the employee possesses to the total statements.

2. Critical Incidents Method:

Under this method the supervisor continuously records the critical incidents of the employee performance or behavior relating to all the characteristics such as positive and negative in a specially design note book. The supervisor rates the performance on the basis of notes taken by him.

3. **Behaviorally Anchored Rating Scales (BARS):** This method combines elements of the traditional rating scales and critical incident method. Using BARS, job behaviors from critical incidents-effective and ineffective behaviors are described more objectively. This method employs individuals who are familiar with a particular job to identify its major components.
4. **Behavior Observation Scales (BOS):** The appraiser under this method measures how frequently each of the behavior has been observed. Appraiser plays the role of the observer rather than a judge and provides the feedback to the appraisee continuously.
5. **Assessment Centre:** It is a system or organization, where assessment of several individuals is done by various experts by using various techniques. These techniques include methods such as in basket, role playing, case studies etc. it is basically meant for evaluating the potential of candidates to be considered for promotion, training and development.
6. **Psychological Appraisal:** Are conducted to assess the employee's potential. It consists of in-depth interview, psychological tests, consultations and discussion with the employee, discussions with the superiors, subordinates etc. its results are useful for decision making about employee placement, career-planning and development and training and development.

Mentoring: Is about enhancing an individual staff member's career development through a collaborative knowledge- sharing relationship with another staff member who serves as their mentor. Mentoring provides career support and facilitates the transfer of knowledge and organizational culture.

Mentor: Are professionals who help others to assist them in better understanding and honing skills and expertise.

Mentee: Are those who are being mentored and given advice.

INFORMATION SYSTEM APPLICATIONS IN HUMAN RESOURCE MANAGEMENT

A unified data model provides a single, accurate view of HR activities ranging from recruitment, employment, training, performance management, compensation management and real time management. Oracle human resource leverage workflow and internet-based processes optimize various HRM activities. The system maintains global HR data in case of trans-national companies and total organizational human resource data in case of national companies in a single location for accurate and easy availability.

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Essentials of Human Resource Management and Industrial Relations

The system of applications of information technology (IT) in HRM is referred to as human resource management information system (HRIS) or human resource module. HRIS merges some of HRM functions with the IT field, wherein the planning and programming of data processing systems have evolved into standardized routines and packages of enterprise resource planning (ERP) software. ERP integrates the human resource module with finance-, production-, and sales- and administration modules.

Generally, traditional HRM functions are common to all organizations. They consist of tracking data regarding personal histories, family details, skills, capabilities, experiences, pay, benefits and grievances. Performance of these functions is increasingly complex, must be performed at the lowest possible cost and also at a fast rate, leading to increased challenges for HR professionals. Organizations have started to automate these functions by introducing HRIS technology.

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E-business is about using the convenience, availability and world-wide reach to enhance existing business or creating new virtual business. According to the concept developed by the IBM, E-business combines the traditional information system with the vast reach of the web and connect critical business systems directly to critical business constitutercies viz., production, marketing, finance, customers, suppliers and employees via, internets, extranets and the World Wide Web.

E-business within the organisation uses the Intranet. Business-to-business (B2B) dealings take place over the extranet. Extranet consists of two or more intranets connected via the internet whereby two organisations are allowed to have access to the information of each other and to interact with each other.

Yet another information technology breakthrough is the neural networks which change the way people do their jobs. Neural networks combine computer software and chips that are capable of mimicking brain functions. These brain networks are currently regarded as one of the most important forms of emerging information technology and they have an impact on the way work is done. For example, when a purchase order is issued to a vendor, he simultaneously enters the order in the on-line data base. All the activities in the operation are entered into the on-line data base. Finally, when the goods are received, the person at the receiving-end checks a computer terminal to ensure that the shipment corresponds to the purchase order in the data-base. If it

E-JOB DESIGN AND JOB ANALYSIS

Most of the organisations tended towards 'dejobbing' environment and introduced alternative work-schedules, flexi-work, broad job banding, employee empowerment, multiskilling etc.

HR Manager's job under this environment is identifying the skill requirements of the company, identifying the employee skills and matching these two. HR Managers do these activities through 'listing skills' and 'competency mapping'. The information of listing skills and competency mapping are placed on the net. Then, the system matches the listing skills and competency mapping and produces the output of identifying the employee suitable for a particular task/activity. Thus, the e-HRM plays a vital role in a de-jobbed environment.

E-HUMAN RESOURCE PLANNING

Computer programmes are developed and used extensively for the purpose of planning human resource requirements based on the data and information. These programmes indicate the number of employees required at each level for each category of the jobs based on sales and production forecasts. As indicated in earlier Chapter, "Human Resource Planning," the recent trends in this function are outsourcing and contingency clause. The extranet which connects the intranets of different organisations identifies the suitable people from other organisations for the purpose of outsourcing and also to draw them where and when contingency situations arise.

E-RECRUITMENT/APPLICANT TRACKING

Organisations advertise the job vacancies through the world wide web (www) or send the information directly to the most competent people through e-mail. The job seekers send their applications through e-mail using the internet. Alternatively, job seekers place their CVs in the world wide web through various sites like hot jobs.com and jobs.com, which can be drawn by the prospective employers depending upon their requirements.

E-recruitment
does appli
tracking

E-recruitment manages job descriptions and job vacancies, search for candidates and the interview process. It is also referred to as an applicant-tracking system; this is a web-based application that enables the electronic handling of organizational employment needs. These activities include posting job advertisement on web sites to stimulate and attract candidates, known as job boards. Job boards allow candidates to apply on-line and the candidates' data are stored on a database that allows searching, screening and filtering of applications. The application tracking system shortlists the candidates and arranges for interview and recruitment related activities.

E-recruitment maintains profiles, searches for and refers jobs to colleagues and follows the recruitment process. It integrates resume extraction capabilities using the Magnaware/Mohomine extraction engine to search for potential candidates. It uses event-driven applicant tracking and

using Internet.

E-SELECTION

E-selection has become popular with the conduct of various tests through on-line, contacting the candidates through e-mail and conducting the preliminary interviews and final interview through audio-conferencing and video-conferencing. Further, the employers get the reference letters/opinions from the referees through e-mail.

Advantages of e-selection include:

- The candidate need not move from his place to take the written test, preliminary interview, provide additional information and final interview. Thus, it eliminates inconveniences, reduces cost and time required to conduct the selection process;
- It reduces the time required for other selection techniques;
- It drastically reduces the overall cost of selection process.

However, there are certain limitations of e-selection. They include:

LIMITATIONS OF E-SELECTION

- It can not operate certain selection-tests like psychological tests;
- Mechanical defects in transmitting information reduce the efficiency of selection techniques; and
- Judgement based on the e-selection process cannot be as perfect as traditional process)

E-PERFORMANCE MANAGEMENT

Several software packages are developed to measure employee performance and offer suggestions for improvement of employee performance. Many employers tend towards using these software packages and computerize the employee performance appraisal systems.

The software on employee performance appraisal provides a number of statements and substatements on each of the performance categories. The appraiser selects and clicks the appropriate rating for each statement. The system generates a detailed report, by the time the appraiser has moved all the performance categories and subfactors. This report can be modified, comments can be added or deleted by the appraiser and a final report can be prepared by the manager.)

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E-TRAINING AND DEVELOPMENT

Companies started providing on-line training and on-line executive development. Employees learn various skills by staying at the place of their work. Participants complete course work from wherever they have access to computer and internet.

E-learning via intranet/internet is now a global phenomenon and is central to training and development in many companies.

E-learning represents the total category of technology-based learning while on-line learning is synonymous with web based learning. The term e-learning covers a wide set of applications and processes, including computer-based learning, web-based learning, virtual classrooms and digital collaboration.

E-learning is enabled by the delivery of content via all electronic media, including the internet, intranets, extranets, satellite broadcast, audio/video tape, interactive TV and CD-ROM.

The content of various training and executive development programmes are placed on the internet/intranet and the trainees are supplied with the audio/video tapes and CD-ROM. The trainees move on to the programmes relevant for their skill development based on training needs. They go through the content, which is moduled based on the interactive sessions and acquire the necessary skills.

E-training provides a complete, scalable and open infrastructure that allows organizations to manage, deliver, and track employee training participation in on-line or classroom-based environments. Trainees interact with content and/or trainers at their own pace. Managers set the business flow from order processing to delivery and performance management to training output automatically. E-training systems deploy content to global learners, makes use of mixed media and multiple learning modalities. They also create learning paths, establish multiple discrete sites on a single instance of the application, define competencies attained by trainees, and update the trainees' competency profiles. It aims to ensure that HRM provides the right resources, competent and experienced trainers, and consolidate training initiatives on a scalable and cost effective basis. In addition, it aims to measure training effectiveness.

E-training, provides learning opportunities not only to employees, but to customers and all other stakeholders by providing one-stop administration, automate catalogue distribution and enrolment, and collaborative sites with other strategic partners.

(C) EXPATRIATES

Global companies, after selecting the candidates place them on the jobs in various countries, including the home country of the employee. But, the employees of the global companies are also placed in foreign countries. Even those employees who are placed initially in their home countries are sometimes transferred to various foreign countries. Thus, the employees of global companies mostly work and live in foreign countries and their family members also live in foreign countries. Employees and their family members working and/or living in foreign countries are called expatriates in the foreign country.

Expatriates are those living or working in a foreign country. The parent country nationals working in foreign subsidiary and third country nationals are expatriates. Large number of expatriates normally has adjustment problems with the working culture of the company, country's culture, laws of the country etc. Some expatriates adjust themselves easily, while some others face severe problems of adjustments. Such employees about their assignments and return to home country by terminating their work contracts. Many Indian expatriate employees in Maldives could not adjust to the culture and returned to India before their assignments were completed. Thus, the major problem with expatriates is adjustment in the new international environment.

1. INTERNATIONAL ADJUSTMENT

The international adjustment is the degree to which the expatriate feels comfortable living and working in the host culture. This significantly influences job performance. The expatriate is completely new to the host country environments, social rules, norms etc. The expatriates have a strong desire to reduce psychological uncertainty in the new environment. Psychological uncertainty is also called *cultural shock*.

Nancy Adler defines *cultural shock* as, "the frustration and confusion that result from being bombarded by un-interpretable cues." For example, students in the USA drink beverages in the class-room, students in African countries leave the class immediately after the close of the lecture but before the teacher leaves the class, people in the USA wish you immediately when there is eye-to-eye contact with you. These cultural differences cause *cultural shock* to Indians.

Researchers found that to a large degree culture shock follows the general pattern of a U-shaped curve as presented in Fig. 28.1. This figure presents the relationship between culture shock and the length of time the expatriate has been working in the host country's culture. The 'U' is divided into four stages, viz., honeymoon, culture shock, adjustment and mastery.

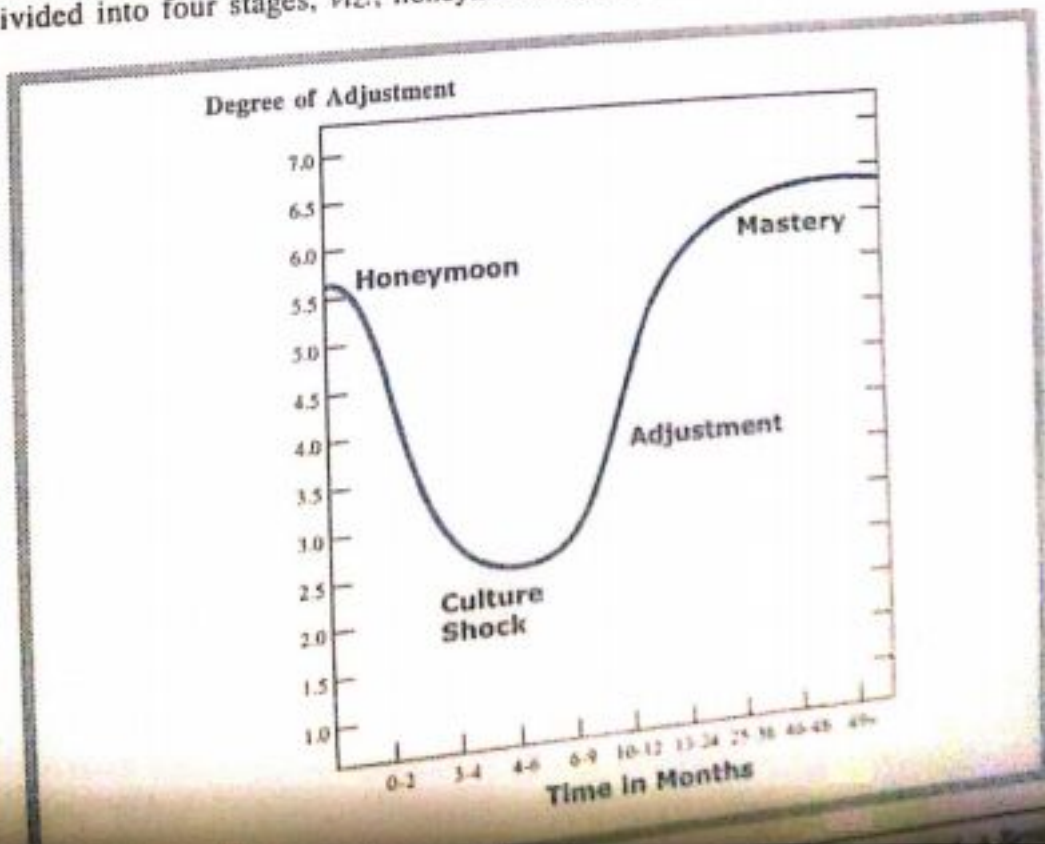


Fig. 28.1
The U-Curve of
Cross-Cultural
Adjustment

- **Honeymoon stage:** The expatriate and his family members are fascinated by the culture of the host country, the accommodation, the transportation facilities, educational facilities to the children etc., during the early stage of arrival. This stage lasts up to 2-3 months period.
- **Culture shock stage:** The Company takes care of the new arrivals and completely neglects the previously arrived employee and his family after three months. During this stage, the employee has to take care of himself and his family members. Expatriate gets frustrated, confused and unhappy with living and working abroad. His social relations are disillusioned during this stage. He gets the shock of the existing culture.
- **Adjustment stage:** The expatriate slowly learns the values, norms, behaviour, of the people, their culture etc. He slowly adjusts himself to the culture of the foreign country.
- **Mastery stage:** The expatriate after adjusting himself with the culture of the foreign country, can concentrate on working efficiently. He learns and adopts to the new environment completely and becomes like a citizen. He behaves and functions like a citizen at this stage.

2. DIMENSIONS OF INTERNATIONAL ADJUSTMENT

International adjustment has three dimensions, viz., adjustment to the overseas workplace, adjustment to interacting with the host nationals and adjustment to the general environment. The research studies discovered certain skills which would help both the individual expatriate and international organisations in dealing with the adjustments. Fig. 28.2 presents a framework of international adjustment. There are four dimensions of adjustment, viz., individual, job, organisation culture, and non-work.

Individual Dimension

Individual dimension includes the skills and the capabilities that the expatriate possess. These skills include cross-cultural skills. There are three sets of individual skills, viz., self-efficacy, relational and perception skills. Now, we discuss these three types of skills.

Self-Efficacy Skills

The expatriate should have self-confidence, self-esteem and mental hygiene. He should be able to keep mental and social health with a feeling of being able to control or deal with surprises from the host cultural environment. Areas of self-efficacy are: stress reduction, technical competence and reinforcement substitution.

Relational Skills

Relational skills include expatriate's ability, desire and tendency to interact, mix or involve and develop relationships with host nationals. The skills in this regard include:

- **Finding mentors:** The expatriates find the host nationals, who have similar interests and can guide them. My own personal experience, while I was working in Eritrea, I found common interests in Dr. Tesfa-Yesus Mehary and in myself. I also found guiding and mentoring skills in Dr. Tesfa-Yesus Mehary and I accepted him as my mentor. He helped me in building relations with other Eritreans and adjust to Eritrea with least problems.
- **Willingness to communicate:** Fluency in the host country's language is not a pre-condition for building relations with the foreign nationals. What is more important is making efforts to learn the language as a means for familiarising with the foreign nationals and their culture. Strategically using the proverbs, popular songs, famous incidents from the history, jokes, information about religion, sports of the host country is called, "Conversational Currency." Using these tidbits fastens the process of building the relations with the foreigners.

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Perception Skills

These skills include expatriate's ability to understand the behaviour of the host nationals, their practices, culture etc. These skills reduce the degree of psychological uncertainties associated with cross-cultural experiences. The expatriate should not view the host nationals as backward, or stupid or unsophisticated.

Non-work Dimension

The non-work dimensions include culture novelty and family/spouse adjustment.

- **Culture novelty:** Culture novelty includes differences in beliefs, values, norms, religious faith, sex roles, etc. The degree of culture novelty is more, if these factors of the host country vary much from those of the home country of the expatriate.
- **Family-spouse adjustment:** The employee may take a decision, to leave the host country before the contract expires, if the employee's spouse and family members fail to adjust to the host country's culture. Some of the Indian housewives fail to adjust to foreign

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JOB DIMENSION

It is needless to mention that the expatriate should have required skills, knowledge and abilities to carry out the job successfully in the host country. However, certain factors help or hamper the expatriate's adjustment in the host country. These factors include:

- **Role clarity:** Role clarity deals with the degree of clarity that the employee understands the job duties, responsibilities, tasks, demands and roles. High degree of clarity reduces uncertainties and helps the employee to adjust to the new environment quickly. In contrast, a low degree of clarity hampers the process of employee adjustment.
- **Role discretion:** Role discretion is the degree of flexibility of work place rules, regulations, expectations, procedures and policies. The expatriate's role can be significant and can influence others, if there is flexibility at work place. Otherwise, the expatriate has to adapt himself/herself to the rules at work place. Most of the Indians adapt themselves to the workplace rules in various countries.
- **Role novelty:** Role novelty refers to the degree of distinctiveness of the duties, responsibilities, tasks etc., of the new job compared to those of the old job in the home country. The expatriate would feel it difficult and take more time, if the degree of distinctiveness is high. In contrast, the expatriate would take less time and feel it easy to adjust himself to the new job if the degree of distinctiveness is low.
- **Role conflict:** Role conflict occurs when the expatriate starts receiving conflicting signals regarding his role, duties, behaviour and performance levels from the people at work place. These signals hinder the adjustment process of the expatriate.

Now, we shall study the last dimension, i.e., organisational culture dimension.

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ORGANISATIONAL CULTURE DIMENSION

Organisational culture is "pattern of basic assumptions – invented, discovered or developed by a given group as it learns to cope with its problems of external adoption and internal integration that had worked well enough to be considered valuable, and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems."

Every organisation has its own culture with different rules, regulations, customs, traditions, norms, expectations, etc. The expatriate is informed of the organisation culture. Similarly, the expatriate should also learn culture of the new organisation in the foreign country.

Culture of the new organisation is novel and it is close to the cultural novelty and role novelty. The expatriate may find it difficult during the early days of his assignment due to the cultural novelty. Slowly, he learns the organisational culture and adapts himself to the new organisational culture.

The expatriate feels that he is a member of the large corporate family when he/she is provided with housing, medical, conveyance, schooling for children, shopping information and such other facilities. Despite an attractive salary and a number of benefits and facilities provided by foreign employers, expatriates fail.

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ETHICAL ISSUES IN EMPLOYMENT

Ethical issues in employment include ethical issues in job design, human resource planning, recruitment and selection.

ETHICS IN JOB DESIGN

Job design options include work simplification, job rotation, job enlargement, job enrichment, autonomous work team, high performance work teams, empowerment and de-jobbing.

- (i) **Work simplification:** Under this option, work is over simplified. Therefore, it results in boredom, committing mistakes and tendering resignations. Unethical issue involved in this option is over simplification of jobs.
- (ii) **Job rotation:** Unethical issues involved in this option are: jobs do not improve from innovative perspectives and workers may feel alienated.
- (iii) **Job enlargement:** Though the job enlargement claims to have motivational impact, it results in more boring task.
- (iv) **Job enrichment:** Job enrichment seems to be more ethical compared to other options, as it results in increased motivation and reduced absenteeism. It enables the employees to meet their psychological needs and ultimately brings out empowered teams.
- (v) **Autonomous work teams:** This option involves the employees in decision-making, execution, coordination and controlling fully. It enables the workers to use their human resources to the maximum extent and benefit the organisation. Hence, it is viewed that designing the jobs based on this option is ethical.
- (vi) **High performance work design:** This option provides complete freedom to the workers and encourages them to be innovative and creative.
- (vii) **Empowerment:** This option develops the employee in acquiring skill and knowledge in addition to enabling him to do the jobs in which he has aptitude.

- (viii) **De-jobbing:** De-jobbing environment is more suitable for the competitive markets. It checks the companies from overstaffing in addition to preparing the committed employees. It is more ethical to design the jobs based on empowerment and de-jobbing as the organisations under the liberalized and global environment are more competitive.

Thus, it is viewed that, job design options which benefits the organisations and employees by utilising the human resources and human potentialities are viewed as ethical.

HUMAN RESOURCE PLANNING

According to Leon C. Megginson, human resource planning is "an integrated approach to performing the planning aspects of the personnel function in order to have a sufficient supply of adequately developed and motivated people to perform the duties and tasks, required to meet organisational objectives and satisfy the individual needs and goals of the organisational members".

It is clear from this definition that the intention of the human resource planner is to have a sufficient supply of adequately developed and motivated people to perform the duties.

According to normative philosophy, moral worth of the behaviour of a person is determined solely by the outcome of the behaviour. According to utilitarian theory, it is ethical, if the human resource manager plans for human resources for the future, so that the company will have required people with adequately developed skills to carry out the activities. If not, it is deemed that the act of the human resource manager is unethical/immoral.

RECRUITMENT AND SELECTION

Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in an organisation. The sources of recruitment are (i) internal sources, and (ii) external sources.

The competitive environment in the industry demands highly skilled and talented candidates. If such candidates are not available within the company, the company searches for the candidates from outside. This practice makes the organisation to discharge 'dharma' towards itself rather than towards the existing employees. Such practices reduce the promotional opportunities to the internal candidates. Nevertheless, it would be more ethical, on the part of the organisation, if it recruits the internal candidates, if they meet the organisational requirements after training and development. However, it would be unethical, if the organisation recruits internal candidates, even if they are (or would not be) not suitable to the job requirements.

Now, we discuss the ethical issues involved in selection function.

Selection function involves evaluating the candidates against the job and organisational requirements.

The practical issues involved in the selection function are:

- (i) Selecting the man - to - the - job or job - to - the - man.
- (ii) Selecting the unsuitable candidates due to recommendations and, or pressures, and
- (iii) Selecting the number of candidates more than that of required due to pressures.

(i) **Selecting the man to the job or job to the man:** Selecting the man to the job is quite normal and is expected. But, adjusting the job specification based on the candidates qualifications and skills is an ethical dilemma. If the job specifications are modified to select the candidates due to influence from politicians or others, it would be treated as an unethical practice.

Sometimes, the job specifications are modified due to the non-availability of exactly suitable candidates to the job. If this modification does not affect the job and organisational performance adversely, this act can be viewed as an ethical practice. Otherwise, it would be viewed as an unethical practice.





UNIT – 1 INTRODUCTION

Meaning: HR is a paramount importance for the sources of any organization. It is a source of strength and aid. HR is the wealth of the organization which can help it in achieving its goals. HRM is concerned with the human beings in the org. it reflects the new look which views org man power as its resources an asset.

HR is the total knowledge, abilities, skills, talents and aptitude of an org workforce. The values, ethics, believes of the individuals working in the org also form a part of the HR. the resourcefulness of various categories of people and other people available to the org can be treated as HR.

HR is the resource like any other natural resource it means that mgmt. can get a use the skill, knowledge, ability etc. HRM is that process of mgmt. which develops and manages the human elements of enterprise. It is not only the mgmt. of attitudes and aspirations of people. when individuals come to work place they come with not only technical skills, knowledge, experience but also with their personal feelings, perceptions, desires ,motives, attitudes and values.

DEFINITION : According to FLIPPO : HRM is the planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and reproduction of HR to the end that individual, organizational and societal objectives are accomplished.

In short HRM is an art of managing people at work in such a manner that they give their best to the org.

OBJECTIVES: objectives are pre-determined goals to which individual or group activity in org is directed. Objectives of HRM are influenced by organizational objectives and individual social goals. The other objectives of HRM are to meet the needs, aspirations, values and dignity of individual employees and having due concern for the socio-economic problems of the community and the country.

The primary objective of HRM is to ensure the availability of right people for right job as the organizational goals are achieved effectively.

1. To help the org to attain its goals effectively and efficiently by providing competent and motivated employees.
2. To utilize the available HR's effectively.
3. To secure the integration of individual and groups within the organization by co-ordination of the individual and group goals with those of the org.
4. To increase to the fullest the employees job satisfaction and self-actualization.
5. To strengthen and appreciate the human assets continuously by providing training and development programs.

6. To provide an opportunity for expression, fair, acceptable and efficient leadership.
7. To provide facilities and conditions of work and creation of favorable atmosphere for maintaining stability of employment.
8. To develop and maintain the quality of work life which makes employment in the org a desirable personal and social situation.
9. To establish and maintain cordial relationship b/w employees and mgmt.
10. To identify and satisfy individual and group needs by providing adequate and equitable wages, incentives, social security and measures for challenging work, prestige, recognition , security etc.
11. To create and utilize an able and motivated workforce, to accomplish the basic organizational goals.
12. To create facilities and opportunities for individual or group development so as to match it with the growth of the organization.

SIGNIFICANCE: HR's plays crucial role in the development process of modern economics.it is in fact said that all development comes from the human mind.

1. **HRs in the nation's wellbeing:** a nation with the abundant with physical resource will not benefit itself unless HR makes use of them. In fact HRs are solely responsible for making use of national resources and further transformation of traditional economies into the modern and industrial economies. Lack of org of HR is largely responsible for the backwardness of the nation.
The key element is the proportion is that the values, attitudes, general orientation and quality of the people of a country determine its economic development.
2. **Man v/s machine:** Most of the problems in corporate sector are human and cultural rather than physical, technical or economic. No industry can be rendered efficient as long as the basic fact remains unrecognized that it is principally human. It is not a mass of machines and technical process but a body of men.
3. **Hrm and general mgmt:** mgmt. of an org in modern economies is not only complex and sophisticated but it is also vital and influences the economic growth of a country, its efficiency determines the property and wellbeing of the people of the nation. One of the fundamental areas of mgmt. is the mgmt. of HRs thus, in the mgmt. of 4 M's man material money machinery. One of the fundamental tasks of mgmt. is to manage HRs. Among other things if the company economy is successful it means the mgmt. has been able to manage HRs affectively.
4. **HR accounting:** one important development arising out of recognition of crucial importance of HRs in org is the HR accounting. HRA is the measurement of cost and value of people for org. it is clear that HRA is useful to both general managers as well as HR mangers, since HR information influence planning and controlling functions of mgmt. and various operating functions of HRM. It helps the mgmt. to utilize HRs most

economically and efficiently. It also helps the managers in making sound decisions in HR matters by providing required information. Thus it is useful control technique.

5. **HRM is a central sub system of organization:** As a central subsystem HRM interacts clearly and continuously with all other subsystems like finance, technical, marketing, material etc. the qualities of people in all sub systems depends largely upon the policies, programs and practices of the HRM subsystem. The quantity of HR determine intron the success of an org.

QUALIFICATIONS & QUALITIES OF HR MANAGERS:

The functions of HRM vary from org to org in nature and degree. So, the qualification is required of an HR manager defers from org to org depending upon the nature, size, location etc. However the qualifications and qualities which will be applicable in general can be summarized as follows:

- **Personal attributes:** the HR manager as in case of any other manager, must have initiative, resourcefulness, depth of perception, maturity in judgment and analytical ability. Freedom from bias would enable the HR manager to take an objective view of both of mgmt. and workers. he must does have intellectual integrity. Moreover the HR manager should be thorough with labour laws. An understanding of human behavior essential to the HR manager. HR manager must be familiar with human needs, wants, hopes and desires, value aspiration etc ..without which adequate motivation is impossible. The HR manager should also possess other personal attributes like
 - a. intelligence
 - b, educational skills
 - c. discriminating skills
 - d. executing skillsfurther HR manger is expected to have leadership qualities : deep faith in human values, empathy with human problems, foreseeing future needs of employees, orgs, govt, trade unions etc.
- **Experience and training:** previous experience is undoubtedly an advantage, provided the experience was in an appropriate environment and in the same area .Training in psychological aspects, labour legislations and more specifically in HR mgmt and general mgmt. is an additional benefit. Experience is an enterprise in some other executive capacity can also help towards an appreciation of general mgmt. problems and a practical approach in meeting HR problems
- **Professional attitudes:** Finally, it is more necessary particularly in Indian context. The HR managers job as in case of other managers is getting professionalized. He should have patience and understanding, ability to listen before offering advice. As mentioned earlier he should have knowledge of various disciplines like technology, engineering, mgmt, human psychology, commerce and law. He must be able to couple his social

justice with a warm personal interest in people which must be secured by an common degree of common sense.

Qualifications: It prescribes for the post of HR managers which vary from industry to industry and state to state. These qualifications have been undergoing several changes from time to time. Minimum basic degree, specialization in HRM course.

Challenges of HRM:

- 1. Recruiting new staff:** Companies sometimes need to recruit new talent for various reasons such as an increase in project scope, operations. While recruiting, HRM faces major challenges i.e. selecting the best candidate and making the hired candidate familiar with the environment and culture.

HRM has to select such candidates which are not only technically expert but socially too because the company cannot receive expected output from employees who are unable to socialize. This affects the productivity of the company.

2. Retention

Hiring employees is not only the challenge that HRM faces; retaining them is also one. Retention of employees is essential to minimize employee turnover rate. This is a major challenge for HRM because of following reasons:

i. Contingent workforce

The contingent workforce includes part-time, temporary contract and work-at-home employees. Maintaining such employees in the company is a challenge because they are less attached to the company. So it becomes a major duty of HRM to make such employees feel that they are a part of the company in order to retain them for a long term.

ii. Demand of expert employees

Personnel with greater professional and technical knowledge are highly demanded in the job market as such employees have the ability to keep their company ahead in the race. Such employees are an valuable asset for any company and HRM should focus on maintaining them.

3. Training

Skilled workers are the key to the smooth functioning of the organization. Therefore, HRM should manage on-site (within the workplace) as well as off-site (outside the workplace) job training for employees.

- 4. Productivity :**Maximizing profit and minimizing cost is the essence of productivity. Higher the productivity level, more successful will be the company. HRM should always focus on maintaining high productivity level.

Despite HRM's continuous effort, the company might sometimes get an unsatisfactory result. In such case, it should thoroughly analyze the situation and make a proper conclusion i.e. whether it is the result of inefficient employee or inadequate resources. If an inefficient employee is the case, HRM should look forward to train employee, or even recruiting new staffs while it should find alternative resources for sufficient input if inadequate resources are the case.

- 5. Health and safety:** It is one of the essential functions of HRM to collect its staff's complete information, including health information. It is necessary for employee's personal safety. Keeping health information about employees help the company in knowing what kind of tasks or activities are safe for their employees to participate in.

Maintaining health information is also necessary to avoid the risk of legal complications. Several companies at present provide health insurance to its employees as a fringe benefit. In lack of proper health information about employees, various legal issues may arise when such insurance is claimed.

6. Workforce diversity

The composition of the workforce is getting diverse at present situation. Here diversity is not only created by age, gender, educational background and religion but also by the nature, personality and background of workers.

With more diversification of workforce, issues related to bullying, harassment, discrimination, etc may arise, to control which HRM should formulate and implement strict rules and regulations.

7. Payroll

Payroll is a written document which provides information about the company's employees along with the amount of remuneration to be paid.

HRM has to conduct a number of tasks every day. In this process, HR manager might forget to pay its employees, if not then he can forget the amount to be paid to the individual employee.

With proper maintenance of payroll, HR manager will be able to pay right amount to right employee at right time, which is essential for extracting satisfactory output from employees.

- 8. Globalization** : Globalization is a process by which a business firm or organization starts operating on an international scale, creating international influence.

Internationalization of firms is obviously a Sign of Success but it is a challenge at the same time because globalization invites issues related to unknown language, laws, work ethics, attitudes, management approach, culture and tradition.

A human resource manager will need to deal with more heterogeneous functions such as scheduling meetings, holiday management, human resource outsourcing, etc to overcome the challenge.

- 9. Discipline:** Discipline is one of the important issues that HRM needs to handle at present days. Lack of discipline causes various problems which ultimately affect the productivity of the company.

For an instance, when discipline is not maintained, employees neglect their responsibilities and duties. They may procrastinate their tasks and may misbehave with co-workers, leading to a conflict that consumes time as well as energy to resolve. The ultimate result of these activities is decreased productivity of the company.

10. Advancement in technology

With rapid advancement in technology, companies nowadays require such human force that has the ability to learn and cope with the changes at an opportune moment.

Technological changes must be taken into consideration by any kind of company. It is because the present world demands every firm to move along with the change, or else be left behind and get extinct.

Technological changes influence overall nature of work and the company will need to find out employees that are capable to adjust with the change. During this process, unemployment, as well as employment opportunities, arise, creating new challenges for HRM.

BPO issues

1. Changing Political Scenarios

Political situations in regions of America and Europe can affect the BPO industry drastically. Citizen protests, wars, falling economies, etc. can force the governments to pass certain bills which prevent outsourcing to other countries. This can have a major effect on the BPO companies.

2. Exceeding Customer Expectations

Providing customers with complete satisfaction has always been a difficult task for all BPO companies. Various social media channels and increasing competition in the market has resulted in increasing customer expectations to the roof and proves to be quite a challenge for the BPO industry.

3. Budget

One of the major challenges faced by the BPO industry is the budget. Most of the times outsourcing companies are expected to produce the best results with minimal cost. They are forced to get the maximum out from a limited number of resources.

4. Health Concerns

Most of the outsourcing companies are situated in regions which come under different time zones, hence the resources may be working at all times of the day. This can result in major health concerns among the employees and reduce their efficiency drastically.

5. Customer Attrition

At some point of the project, the client may just terminate the deal and hand over the project to your competitor for different reasons. The cost of such sudden deal termination can be huge and can affect most BPO companies to a large extent.

6. Scarcity of Talent

One of the major challenges in BPO recruitment is to find the right talented workforce to work in the industry. According to a recent survey it was noticed that only a fraction of graduates are actually suitable and ready to work in the BPO industry.

7. Employee Attrition

It is quite notable that the employee attrition rate in the BPO industry is quite high. The companies are not able to convincingly retain their employees for long and thereby suffer huge losses every time they have to train new employees. The cost of hiring a new employee and training that person for the job is again time consuming and expensive.

8. Communication Channels

The number of communication channels has increased drastically over the past decade. People have moved on to social media channels to send messages apart from the usual calls and mails. This proves to be quite challenging for the BPO companies to decide which channel to concentrate on when interacting with their clients.

9. Frequent Disruptions

Call traffic management, poor internet connection, unclear phone lines, power shutdowns etc. may result in disrupting the various processes. BPO companies usually work in 24/7 schedule and are expected to be available at all times. Such disruptions can cost the companies a lot and can be very challenging to the industry.

10. Brand Equity: Brand building is an important task performed by the HR professional. This is one of the common challenges for HR managers. They are expected to provide adequate training and a good working environment, so when they leave the company they are the brand ambassadors of the company. If the employees are unhappy, it can easily lead to negative word-of-mouth, thereby leading to diminished brand equity.

CAREERS IN HRM

Candidates, after completing HRM courses and related courses successfully, can pursue a variety of careers in HRM area. Employees already working in various organisations at clerical level also acquire qualifications in HRM in addition to fresh candidates. These candidates are elevated to supervisory/officers' level. The fresh candidates, if selected are placed in the junior management level in HR department and the fresh candidates from premier institutions like XLR1, TISS, IIMs, etc., are placed in the middle level in HR department. The HR executives in the middle level are promoted to the senior level in the HR department and then to the General Management level in the organisation.

- **Supervisors'/Officer Level:** HR jobs at this level include Human resource Officers, Industrial Relations Officers, Labour Welfare Officers, Welfare Inspectors, Human Resource Managers, Wage/Salary Officers, etc. These jobs are for the internal promotees who acquire the HRM qualifications like one-year diplomas in PM&IR or in HRM or in HRD. Employees at this level mostly deal with the data, ground level implementation activities, etc.

- **Junior Management Level Jobs:** Candidates with MBA (HRM) qualification MHRM qualification, MA(PM&IR) qualification are placed at junior management level. Employees at this level deal with the coordination activities.
- **Middle Management Level Jobs:** Candidates with post-graduate qualification from premier institutions and promotees from the junior management level are placed at this level. Employees at this level coordinate the activities of various HR functions, implement the HR strategies, etc. In some organisations, employees at this level also head the HR departments at the regional office level or subsidiary office level, etc.
- **Senior Management Level:** Employees working at the middle level management in HR departments in various organisations are either promoted to this level or selected for this level. Employees at this level formulate HR strategies and participate in the top level deliberations, while formulating corporate level strategies.
- **General Management Level:** Some of the efficient managers at the senior management level are placed as the General Manager/President/CEO of the company.



FUNCTIONS OF HRM

The functions of HRM can be broadly classified into two categories, viz., (I) Managerial functions and (II) Operative functions. Fig. 1.3 presents the Human Resource Management Model followed in the current edition of this book.

I. MANAGERIAL FUNCTIONS

Managerial functions of human resource management involve planning, organising, directing, and controlling. All these functions influence the operative functions.

(i) Planning: It is a pre-determined course of action. Planning is determination of human resource programmes and changes in advance that will contribute to the organisational goals. In other words, it involves planning of human resources, requirements, recruitment, selection, training, etc. It also involves forecasting of human resource needs, changing values, attitudes and behaviour of employees and their impact on organisation.

(ii) Organising: An organisation is a means to an end. It is essential to carry out the determined course of action. In the words of J.C. Massie, an organisation is a "structure and a process by which co-operative group of human beings allocates its task among its members, identifies relationships and integrates its activities towards common objective." Complex relationships exist between the specialised departments and the general departments, as many top managers are seeking the advice of human resource manager. Thus, organisation establishes relationships among the employees so that they can collectively contribute to the attainment of company goals.

(iii) Directing: The next logical function after completing planning and organising is the execution of the plan. The basic function of human resource management at any level is motivating, commanding, leading and activating people. The willing and effective co-operation of employees for the attainment of organisational goals is possible through proper direction. Tapping the maximum potentialities of the people is possible through motivation and command. Thus, direction is an important managerial function in building sound industrial and human relations besides securing employee contributions. Co-ordination deals with the task of blending efforts in order to secure successful attainment of an objective. The human resource manager has to co-ordinate with various managers at different levels as far as human resource functions are concerned. Human resource management function should also be co-ordinated with other functions of management like management of material, machine and money.

(iv) **Controlling:** After planning, organising and directing the various activities of the human resource management, the performance is to be verified in order to know that the human resource functions are performed in conformity with the plans and directions. Controlling also involves checking, verifying and comparing of the actual with the plans, identification of deviations, if any, and correcting of identified deviations. Thus, action and operation are adjusted to pre-determined plans and standard through control. Auditing training programmes, analysing labour turnover records, directing morale surveys, conducting separate interviews are some of the means for controlling the human resource management function.

II. OPERATIVE FUNCTIONS

The operative functions of human resource management are related to specific activities of human resource management (Fig. 1.3), viz., HR acquisition/employment, development, compensation, engagement and utilisation, human relations, HR analytics and other issues, retention, separation and re-employment. All these functions are interacted by managerial functions. Further these functions are to be performed in conjunction with management functions as shown in the Figure.

1. HR Acquisition/Employment: It is the first operative function of HRM. HR acquisition/employment is concerned with securing and employing the people possessing required kind and level of human resources necessary to achieve the organisational objectives. It covers the functions such as job analysis, human resource planning, recruitment, selection, placement, induction and internal mobility.

- (i) **Job Design and Job Analysis:** Job design is the process of designing on the content of a job in terms of duties, responsibilities, and the sociological and psychological factors involved in the process of discharging the responsibilities. Job analysis is the process of study and collection of information relating to the operations and responsibilities of a specific job.
- (ii) **Human Resources Planning:** It is a process for determining and 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 and which would provide satisfaction for the individuals involved.²⁷ It involves
 - (a) Estimation of present and future requirements and supply of human resources based on objectives and long range plans of the organisation.
 - (b) Calculation of net human resources requirements based on present inventory of human resources.
 - (c) Taking steps to mould, change, and develop the strength of existing employees in the organisation so as to meet the future human resource requirements.
 - (d) Preparation of action programmes to get the rest of human resources from outside the organisation and to develop the human resources of existing employees.
- (iii) **Recruitment:** It is the process of searching for prospective employees and stimulating them to apply for jobs in an organisation. It deals with:
 - (a) Identification of existing sources of applicants and developing them.
 - (b) Creation/identification of new sources of applicants.
 - (c) Stimulating the candidates to apply for jobs in the organisation.
 - (d) Striking a balance between internal and external sources.
- (iv) **Selection:** It is the process of ascertaining the qualifications, experience, skill, knowledge etc., of an applicant with a view to appraising his/her suitability to a job. This function includes:

- (v) **Placement:** It is the process of assigning the selected candidate with the most suitable job in terms of job requirements. It is matching of employee specifications with job requirements. This function includes:
- (a) Counselling the functional managers regarding placement.
 - (b) Conducting follow-up study, appraising employee performance in order to determine employee adjustment with the job.
 - (c) Correcting misplacements, if any.
- (vi) **Induction and Orientation:** Induction and orientation are the techniques by which a new employee is rehabilitated in the changed surrounding and introduced to the practices, policies, purposes and people, etc., of the organisation.²⁸
- (a) Acquaint the employee with the company philosophy, objectives, policies, career planning and development, opportunities, product, market share, social and community standing, company history, culture, etc.
 - (b) Introduce the employee to the people with whom he or she has to work such as peers, supervisors and subordinates.
 - (c) Mould the employee attitude by orienting him to the new working and social environment.

2. Human Resources Development: It is the process of improving, moulding and changing the skills, knowledge, creative ability, aptitude, attitude, values, commitment, etc., based on present and future job and organisational requirements. This function includes:

- (i) **Performance Management:** It is the systematic evaluation of individuals with respect to their performance on the job and their potential for development.²⁹ It includes:
- (a) Developing policies, procedures and techniques.
 - (b) Helping the functional managers.
 - (c) Reviewing of reports and consolidation of reports.
 - (d) Evaluating the effectiveness of various programmes.
- (ii) **Training:** It is the process of imparting the employees the technical and operating skills and knowledge. It includes:
- (a) Identification of training needs of the individuals and the company.
 - (b) Developing suitable training programmes.
 - (c) Helping and advising line management in the conduct of training programmes.
 - (d) Imparting of requisite job skills and knowledge to employees.
 - (e) Evaluating the effectiveness of training programmes.
- (iii) **Management Development:** It is the process of designing and conducting suitable executive development programmes so as to develop the managerial and human relations skill of employees. It includes:
- (a) Identification of the areas in which management development is needed.
 - (b) Conducting development programmes.
 - (c) Motivating the executives.
 - (d) Designing special development programme for promotions.
 - (e) Using the services of specialists, and/or utilising of the institutional executive development programmes.
 - (f) Evaluating the effectiveness of executive development programmes.

- (iv) **Career Planning and Development:** It is the planning of one's career and implementation of career plans by means of education, training, job search and acquisition of work experiences. It includes internal and external mobility.

Internal Mobility: It includes vertical and horizontal movement of an employee within an organisation. It consists of transfer, promotion and demotion.

Transfer: It is the process of placing employees in the same level jobs where they can be utilised more effectively consistence with their potentialities and needs of the employees and the organisation. It also deals with:

- (a) Developing transfer policies and procedures.
- (b) Guiding employees and line management on transfers.
- (c) Evaluating the execution of transfer policies and procedures.

Promotion: It deals with upward reassignment given to an employee in the organisation to occupy higher position which commands better status and/or pay keeping in view the human resources of the employees and the job requirements.

- (a) This function covers the formulating of equitable, fair and consistent promotion policies and procedures.
- (b) Advising line management and employees on matters relating to promotions.
- (c) Evaluating the execution of promotion policies and procedures.

Demotion: It deals with downward reassignment to an employee in the organisation.

- (a) Develop equitable, fair and consistent demotion policies and procedure.
- (b) Advising line managers on matters relating to demotions.
- (c) Oversee the implementations of demotion policies and procedures.

(v) **Organisation Development:** It is a planned process designed to improve organisational effectiveness and health through modifications in individual and group behaviour, culture and systems of the organisation using knowledge and technology of applied behavioural science.

3. Compensation/ Remuneration: It is the process of providing adequate, equitable and fair remuneration to attract, motivate and retain the employees. It includes job evaluation, wage and salary, incentives, bonus, fringe benefits, social security measures,³⁰ etc.

(i) **Job Evaluation:** It is the process of determining relative worth of jobs:

- (a) Select suitable job evaluation techniques.
- (b) Classify jobs into various categories.
- (c) Determining relative value of jobs in various categories.

(ii) **Wage and Salary Administration:** This is the process of developing and operating a suitable wage and salary programme. It covers:

- (a) Conducting wage and salary survey.
- (b) Determining wage and salary rates based on various factors.
- (c) Administering wage and salary programmes.
- (d) Evaluating its effectiveness.

(iii) **Incentives:** It is the process of formulating, administering and reviewing the schemes of financial incentives in addition to regular payment of wages and salary. It includes:

- (a) Formulating incentive payment schemes.
- (b) Helping functional managers on the operation.
- (c) Review them periodically to evaluate effectiveness.

- (iv) **Bonus:** It includes payment of statutory bonus according to the Payment of Bonus Act 1965, and its latest amendments.
- (v) **Social Security Measures:** Managements provide social security to their employees in addition to the fringe benefits. These measures include:
 - (a) Workmen's compensation to those workers (or their dependents) who involve in accidents.
 - (b) Maternity benefits to women employees
 - (c) Sickness benefits and medical benefits
 - (d) Disablement benefits/allowance
 - (e) Dependant benefits
 - (f) Retirement benefits like provident fund, pension, gratuity, etc.
- (vi) **Fringe Benefits:** These are the various benefits at the fringe of the wage. Management provides these benefits to motivate the employees and to meet their life's contingencies. These benefits include:
 - (a) Disablement benefit.
 - (b) Housing facilities.
 - (c) Educational facilities to employees and children.
 - (d) Canteen facilities.
 - (e) Recreational facilities.
 - (f) Conveyance facilities.
 - (g) Credit facilities.
 - (h) Legal clinic.
 - (i) Safety, Health, medical, maternity and welfare facilities.
 - (j) Company stores.

4. Human Resource Engagement and Utilisation:

- Motivation
- Leadership
- Communication
- Participation, Empowerment and Quality Circles

HR engagement and utilization includes motivating, involving and leading employees towards organizational mission and strategies. Engagement and utilisation of human resources would be effective by communicating the organizational goals clearly, encouraging employees to participate in decision-making and implementation, empowering the employees so that they manage the total workstation rather than looking for directions. Further quality circles enable employees to prevent and set right the workstations.

5. Human Relations, HR Analytics, and other Issues

- Industrial Relations
- Unions and Associations
- Grievance and Discipline
- Conflicts and Collective Bargaining
- HR Accounting, Audit, Research and Information
- Ethical and Contemporary Issues.

Performance of Various functions of human resource management would result in creation and development of human relations would in turn affect the effective performance of human resource management functions.

6. Retention, Separation and Re-Employment

- Retention Management
- Separations: Natural, Employee-initiated and Employer initiated
- Re-Employment.

Organisations prefer to retain competent employees. However, sometimes employees prefer to separate from the organisation. In such cases organizations should allow employees to leave and use the situations to create social capital. Employees separate from the organization one day or the other due to natural separations like deaths, retirement and company closures, employee-initiated separations like employee resignations and voluntary retirements and employer-initiated separations like discharge, lay-off and retrenchments. Though the employees separate from organizations due to retirements and retrenchments, some retired employees are re-employed due to the shortage of skilled employees and some of the retrenched employees are also reemployed when the companies' business turn-around to normal conditions. Thus the relations among employees, trade unions, employers and their associations and government should be sustainable.

What is HRP? In simple words, HRP is a process of striking balance between human resources required and acquired in an organisation. In other words, HRP is a process by which an organisation determines how it should acquire its desired manpower to achieve the organisational goals. Thus, HRP helps an organisation have the right number and kind of people at the right places and right times to successfully achieve its overall objectives. Let us also consider a few important definitions of HRP:

According to T. M. ...

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Planning for human resource is more important than planning for any other resource as demand for the latter depends upon the size and structure of the former whether it is in a country or in an industry. Further, management of human resource hardly begins from human resource planning. In fact, it is the basis for most of the other functions.

OBJECTIVES OF HUMAN RESOURCE PLANNING

The important objectives of manpower planning in an organisation are:

- To recruit and retain the human resource of required quantity and quality;
- To foresee the employee turnover and make the arrangements for minimising turnover and filling up of consequent vacancies;

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- To meet the needs of the programmes of expansion, diversification, etc.;
- To foresee the impact of technology on work, existing employees and future human resource requirements;
- To improve the standards, skill, knowledge, ability, discipline, etc.;
- To assess the surplus or shortage of human resources and take measures accordingly;
- To maintain congenial industrial relations by maintaining optimum level and structure of human resources;
- To minimise imbalances caused due to non-availability of human resources of right kind, right number in right time and right place;
- To make the best use of its human resources; and
- To estimate the cost of human resources.

WHAT IS HUMAN RESOURCE PLANNING?

E.W. Vetter viewed human resource planning as "a process by which an organisation should move from its current manpower position to its desired manpower position. Through planning, management strives to have the right number and right kind of people at the right places at the right time, doing things which result in both the organisation and the individual receiving maximum long-run benefit."¹

BENEFITS OF HUMAN RESOURCE PLANNING

Human Resource Planning (HRP) anticipates not only the required kind and number of employees but also determines the action plan for all the functions of personnel management. The major benefits of human resource planning are:

- It checks the corporate plan of the organisation.
- HRP offsets uncertainties and changes to the maximum extent possible and enables the organisation to have right men at right time and in right place.
- It provides scope for advancement and development of employees through training, development, etc.
- It helps to anticipate the cost of salary enhancement, better benefits, etc.
- It helps to anticipate the cost of salary, benefits and all the cost of human resources facilitating the formulation of budgets in an organisation.
- To foresee the need for redundancy and plan to check it or to provide alternative employment in consultation with trade unions, other organisations and government through remodeling organisational, industrial and economic plans.
- To foresee the changes in values, aptitude and attitude of human resources and to change the techniques of interpersonal, management, etc.
- To plan for physical facilities, working conditions and the volume of fringe benefits like canteen, schools, hospitals, conveyance, child care centres, quarters, company stores, etc.
- It gives an idea of type of tests to be used and interview techniques in selection based on the level of skills, qualifications, intelligence, values, etc., of future human resource.
- It causes the development of various sources of human resources to meet the organisational needs.

- *It helps to take steps to improve human resource contributions in the form of increased productivity, sales, turnover, etc.*
- *It facilitates the control of all the functions, operations, contribution and cost of human resources.*

FACTORS AFFECTING HUMAN RESOURCE PLAN

Several factors affect HRP. These factors can be classified into external factors and internal factors (see Fig. 4.1).

EXTERNAL FACTORS

- **Government Policies:** Policies of the government like labour policy, industrial relations policy, policy towards reserving certain jobs for different communities and sons-of-the-soil, etc. affect the HRP.
- **Level of Economic Development:** Level of economic development determines the level of HRD in the country and thereby the supply of human resources in the future in the country.
- **Business Environment:** External business environmental factors influence the volume and mix of production and thereby the future demand for human resources.
- **Level of Technology:** Level of technology determines the kind of human resources required.
- **International Factors:** International factors like the demand for resources and supply of human resources in various countries.
- **Outsourcing:** Availability of outsourcing facilities with required skills and knowledge of people reduces the dependency on HRP and *vice-versa*.

INTERNAL FACTORS

- **Company policies and strategies:** Company's policies and strategies relating to expansion, diversification, alliances, etc. determines the human resource demand in terms of quality and quantity.
- **Human resource policies:** Human resources policies of the company regarding quality of human resource, compensation level, quality of work-life, etc., influences human resource plan.
- **Job analysis:** Fundamentally, human resource plan is based on job analysis. Job description and job specification determines the kind of employees required.
- **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. (See Exhibit 4.3).
- **Type and quality of information:** Any planning process needs qualitative and accurate information. This is more so with human resource plan; strategic, organisational and specific information.
- **Company's production operations policy:** Company's policy regarding how much to produce and how much to buy from outside to prepare a final product influence the number and kind of people required.
- **Trade unions:** Influence of trade unions regarding number of working hours per week, recruitment sources, etc., affect the HRP.

Process of Human Resource Planning consists of the following steps:

- (1) Analysing organisational plans.
- (2) **Demand Forecasting:** Forecasting the overall human resource requirements in accordance with the organisational plans.
- (3) **Supply Forecasting:** Obtaining the data and information about the present inventory of human resources and forecast the future changes in the human resource inventory.
- (4) Estimating the net human resource requirements.
- (5) In case of future surplus, plan for redeployment, retrenchment and lay-off.
- (6) In case of future deficit, forecast the future supply of human resources from all sources with reference to plans of other companies.
- (7) Plan for recruitment, development and internal mobility if future supply is more than or equal to net human resource requirements.
- (8) Plan to modify or adjust the organisational plan if future supply will be inadequate with reference to future net requirements.

The eight steps of human resource planning are depicted in Fig. 4.2 in the order mentioned above. But the same order need not be followed in the actual planning process as the steps are interdependent and sometimes, the first step and the last step may be processed simultaneously and the planner sometimes may not explicitly process some steps. However, it is helpful to the planner to plan for human resources effectively without any complications if he/she has an idea about all steps of HRP. These steps are discussed in detail as given below.

(1) Analysing the Organisational Plans

The process of human resource planning should start with analysing the organisational plan into production plan, technological plan, plans for expansion, diversification, etc., marketing plan, sales plan, financial plan. Each plan can be further analysed into sub-units. Detailed programmes should be formulated on the basis of unit-wise plans. Practicability of each programme should be ensured. Analysis of organisational plans and programmes helps in forecasting the demand for human resources as it provides the quantum of future work activity.

(2) Forecasting the Overall Human Resource Requirements

The existing job design and analysis may thoroughly be reviewed keeping in view the future capabilities, knowledge and skills of present employees. Further, the jobs should be redesigned and re-analysed keeping in view the organisational and unit-wise plans and programmes, future work quantum, future activity or task analysis, future skills, values, knowledge and capabilities of present employees and prospective employees. The jobs generally should be designed and analysed reflecting the future human resources and based on future organisational plans. Job analysis and forecasts about the future components of human resources facilitate demand forecasting. One of the important aspects of demand forecasting is the forecasting of the quality of human resources (skill, knowledge values, capabilities, etc.) in addition to quantity of human resources. Important forecasting methods are: (a) Managerial judgment; (b) Statistical techniques; and (c) Work study techniques.

(a) Managerial judgment: Most of the small scale and unorganised industries cannot have systematic data-banks for manpower information and job analysis. Such organisations resort to the management-judgment approach. Under this method, the managers or supervisors who are well acquainted with the workload, efficiency and ability of employees, think about their future workload, future capabilities of employees and decide on the number and type of human resources to be required. This is done by the supervisors concerned who send the proposals to the top officials for approval. Under this bottom-up approach, the management at the top compares the proposals with the organisational plans, makes necessary arrangements and finalises the plans. Alternatively, this exercise can also be done by the top management which in turn sends the information, at the top prepares the organisational plans, departmental plans and human resource

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(b) Statistical techniques: There are two types of statistical techniques useful for human resource planning, viz.: (i) ratio trend analysis, and (ii) econometric models.

(i) Ratio trend analysis: Under this method, the ratios are calculated, for the past data relating to number of employees of each category and production level, sales level, activity level/ work load level and direct employees and indirect employees. Future production level, sales level, activity level/work load are estimated with an allowance for changes in organisation, methods and jobs. Future ratios are also estimated when there

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(ii) **Econometric Models:** Econometric models for human resource planning are built up by analysing the past statistical data and by bringing the relationship among variables. These variables include those factors which affect manpower requirement directly and indirectly like investment, production, sales, activities/work load, etc. The econometric model or formula is used to forecast manpower needs based on movements in various variables.

(c) **Work Study Techniques:** These techniques are more suitable where the volume of work is easily measurable. Under this method, total production and activities in terms of clear units are estimated in a year. Man hours required to produce/perform each unit is calculated. Work ability

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(3) Supply Forecasting

The first step of forecasting the future supply of human resource is to obtain the data and information about the present human resource inventory.

Existing Inventory

The data relating to present human resources inventory in terms of human resources components, number, designation-wise and department-wise should be obtained. Principal dimensions of human resources inventory are:

- (i) Head counts regarding total, department-wise, sex-wise, designation-wise, skill-wise, pay roll-wise, etc.
- (ii) **Job Family Inventory:** It includes number and category of employees of each job family, i.e., all jobs related to same category like clerks, cashiers, typists, stenographers, etc., each sub-job family, i.e., all jobs having common job characteristics (skill, qualification, similar operations) like production engineer (mechanical) and maintenance engineer (mechanical) and broad job families like general administration, production, etc.
- (iii) **Age Inventory:** It includes age-wise number and category of employees. It indicates age-wise imbalance in present inventory which can be correlated in future selections and promotions.

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(4) Estimating the Net Human Resource Requirements

Net human resource requirements in terms of number and components are to be determined in relation to the overall human resource requirements (demand forecast) for a future date and supply forecast for that date. The difference between overall human requirements and future supply of human resource is to be found out.

(5) Action Plan for Redeployment, Redundancy/Retrenchment

If future surplus is estimated, the organisation has to plan for redeployment, redundancy etc. If surplus is estimated in some jobs/departments, employees can be redeployed in other jobs/departments where the deficit of employees is estimated. Organisation should also plan for training or reorientation before redeployment of employees. Redeployment takes place in the form of transfers. If the deficit is not estimated in any job/department and surplus is estimated for the entire organisation, the organisation, in consultation with the trade unions, has to plan for redundancy or retrenchment.

Redeployment and retrenchment programmes are as follows:

(6) Forecast Future Supply from All the Sources

If deficit is estimated in any department and in the entire organisation, management has to forecast the future supply of human resources from various sources like internal sources, comparable organisations, educational and training institutes, employment exchanges, labour market, etc.

(7) Action Plan for Outsourcing, Recruitment, Development, etc.

If the forecast relating to future supply of manpower from internal sources of the organisation shows favourable trends, the management may prefer internal candidates and plan for promotion, transfer, training and development. If suitable candidates are not available from internal sources and, if the forecasts relating to future supply from external sources indicate the availability of required human resources, plan for recruitment and selection.

(8) Modify the Organisational Plan

If future supply of human resources from all the external sources is estimated to be more or less than the requirements (share of the particular firm in labour market), the manpower planner has to suggest the management to alter or modify the organisational plan. For example, if computerisation should be completed in

(9) Retention Plan

Though there is the problem of unemployment, organisations experience shortage of some categories of employees and some organisations experience shortage of some other categories of employees due to employee mobility. Hence, the organisations have to plan for retention of the existing employees. Retention plan includes:

... of the comparable industries so as to remove





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