

# DNYANSAGAR ARTS AND COMMERCE COLLEGE



**SUBJECT: HUMAN RESOURCE  
MANAGEMENT PRINCIPLES AND  
FUNCTIONS**

**SUBJECT CODE: 505-C**

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# UNIT-1

# HUMAN RESOURCE MANAGEMENT AND HR PLANNING





# MEANING AND DEFINITION OF HUMAN RESOURCE MANAGEMENT

- **MEANING**

**It focuses on the working criteria of manpower force within an organisation. Human resource management is an executory function that tries to coordinate the organisation with the talent and competency of the staff.**

- **DEFINITION**

**According to the Invancevich and Glueck, “HRM is concerned with the most effective use of people to achieve organizational and individual goals. It is the way of managing people at work, so that they give their best to the organization”.**



# NATURE AND FEATURES OF HR MANAGEMENT

## NATURE

- Applying management principles and functions
- Integrated decision making
- Decisions influencing the effectiveness at organization
- HRM functions are not confined within corporate boundaries

## FEATURES

- Action oriented
- Individual oriented
- Development oriented
- People oriented
- Continuous function
- Auxiliary service



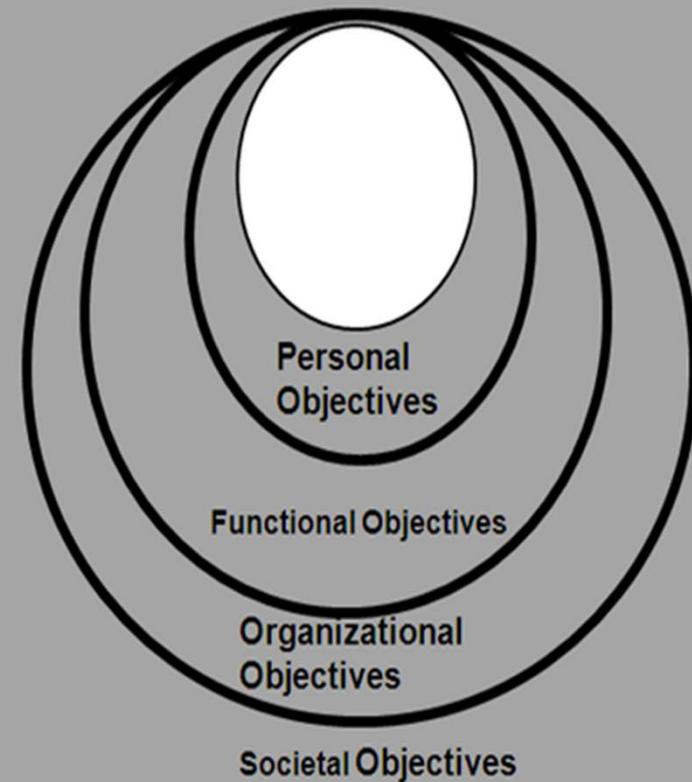


# SCOPE AND OBJECTIVES OF HRM

## SCOPE

- Human Resource Planning
- Design of the Organization and Job
- Selection and Staffing
- Training and Development
- Organizational Development
- Compensation and Benefits
- Employee Assistance
- Union/Labor Relations
- Personnel Research and Information System

## Objectives of HRM





# FUNCTIONS OF HRM

1. STRATEGIC HR MANAGEMENT
2. EQUAL EMPLOYMENT OPPORTUNITY
3. STAFFING
4. TALENT MANAGEMENT AND DEVELOPMENT
5. TOTAL REWARDS
6. RISK MANAGEMENT AND WORKER PROTECTION
7. EMPLOYEE AND LABOUR RELATIONS



# ROLE OF HR MANAGER

1. **ADVISORY ROLE**
2. **PRO-ACTING ROLE**
3. **WELFARE ROLE**
4. **DEVELOPMENTAL ROLE**
5. **MEDIATOR'S ROLE**
6. **SOCIAL UPLIFTMENT ROLE**
7. **COUNSELLOR'S ROLE**
8. **SPOKESPERSON ROLE**
9. **MOTIVATOR'S ROLE**
10. **PROCURER'S ROLE**
11. **CHANGE AGENT ROLE**
12. **MAINTENANCE ROLE**
13. **DISPUTES PREVENTION ROLE**
14. **EXECUTIVE ROLE**
15. **DECISION MAKER'S ROLE**
16. **COORDINATOR'S ROLE**
17. **STRATEGIST ROLE**
18. **MONITORING ROLE**



# CHALLENGES OF HRM

1. COMPLIANCE WITH LAWS AND REGULATION
2. MANAGEMENT CHANGES
3. LEADERSHIP DEVELOPMENT
4. WORKFORCE TRAINING AND DEVELOPMENT
5. ADAPTING TO INNOVATION
6. COMPENSATION
7. UNDERSTANDING BENEFITS PACKAGES
8. RETAINING TALENTED EMPLOYEES



# HUMAN RESOURCES PLANNING





# MEANING AND DEFINITION

Human resource planning (HRP) is the continuous process of systematic planning ahead to achieve optimum use of an organization's most valuable asset—quality employees. Human Resource planning ensures the best fit between employees and jobs while avoiding manpower shortages or surpluses.

## DEFINITION

According to Robbins, “The process by which an organisation ensures that it has the right number and kind of people at the places, at the right time capable of effectively and efficiently completing those tasks that will help organisation achieve its overall objectives.”



# NEED FOR HR PLANNINGS

- ▶ Determining Recruitment Needs
- ▶ Determining Training Needs
- ▶ Management Development
- ▶ Balancing the Cost between the Utilization of Plant and Workforce
- ▶ Industrial Relations
- ▶ Replacement of Persons
- ▶ Expansion Plans
- ▶ Labour Turnover





# PROCESS FOR HR PLANNING

- ▶ **Determining the Objectives of Human Resource Planning:** *The objective for which the manpower planning is to be done should be defined precisely, so as to ensure that a right number of people for the right kind of job are selected.*
- ▶ **Analysing Current Manpower Inventory:** *The next step is to analyze the current manpower supply in the organization through the stored information about the employees in terms of their experience, proficiency, skills, etc. required to perform a particular job.*
- ▶ **Forecasting Demand and Supply of Human Resources:** *The required skills of personnel for a particular job are matched with the job description and specification.*





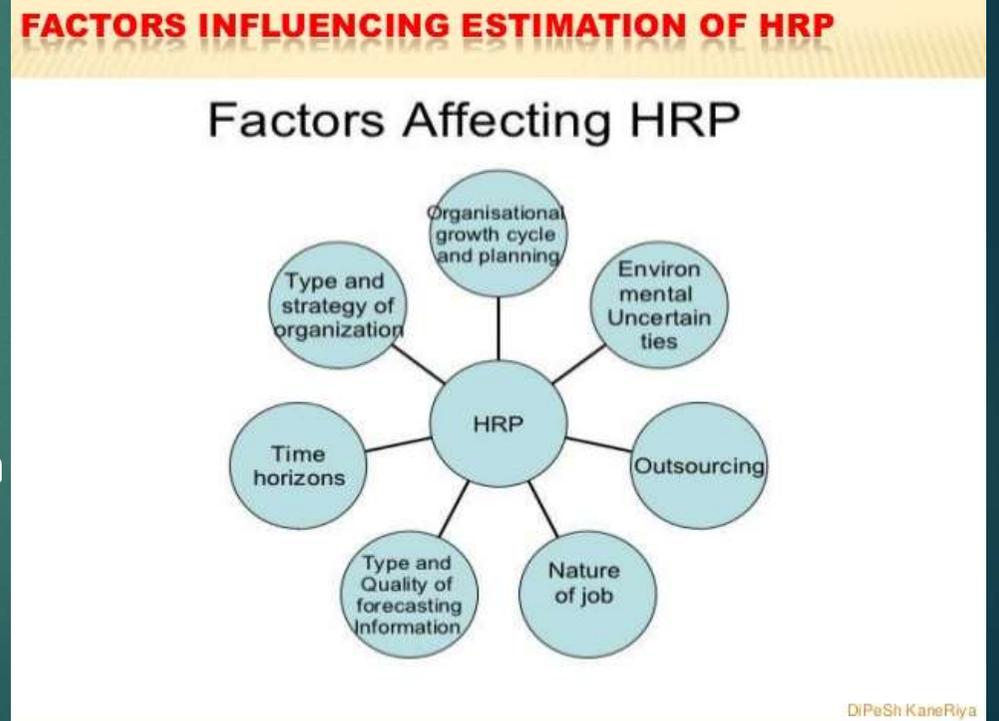
## CONT...

- ▶ **Analysing the Manpower Gaps:** After forecasting the demand and supply, the manpower gaps can be easily evaluated. In case there is a deficit, new candidates are to be hired. If there arises a surplus the employees have to be removed.
- ▶ **Employment Plan/Action Plan:** In a case of a deficit, the firm may go either for recruitment, training, interdepartmental transfer plans whereas in the case of a surplus, the voluntary retirement schemes, redeployment, transfer, layoff, could be followed.
- ▶ **Training and Development:** The training programmes are conducted to equip the new employees as well as the old ones with the requisite skills to be performed on a particular job.
- ▶ **Appraisal of Manpower Planning:** Here the human resource plan is compared with its actual implementation to ensure the availability of a number of employees for several jobs. At this stage, the firm has to decide the success of the plan and control the deficiencies, if any.

# FACTORS INFLUENCING THE ESTIMATION OF HUMAN RESOURCE IN ORGANISATION

Human Resource Planning (HRP) is influenced by several considerations. The more important of

- (i) Type and strategy of organization
- (ii) Organizational growth cycles and planning
- (iii) Environmental uncertainties
- (iv) Time horizons
- (v) Type and quality of forecasting information
- (vi) Labor market.





# BENEFITS OF HRP

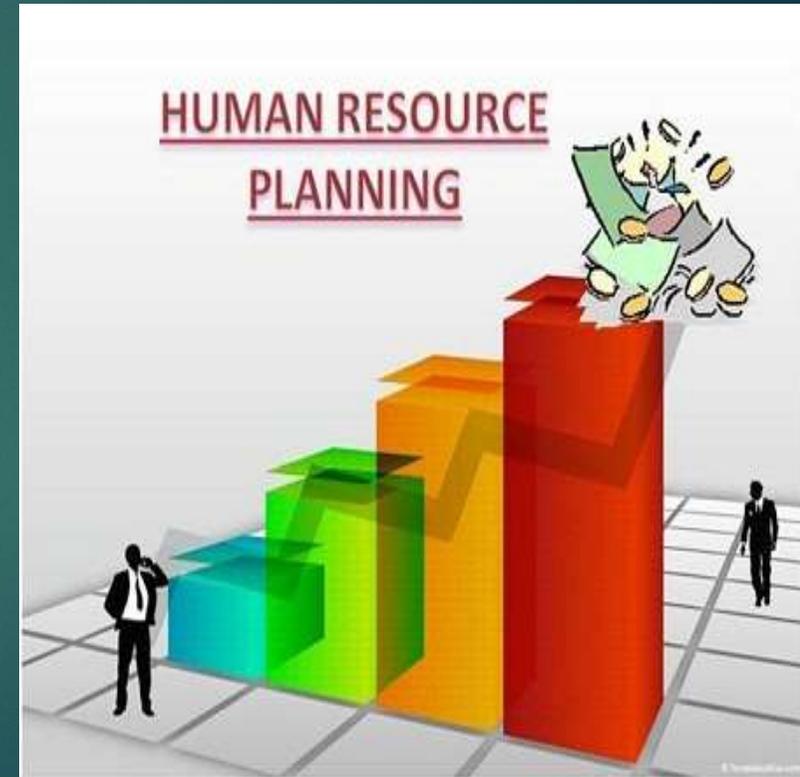
1. Nature of Human Resources.
2. Supply of Skilled Manpower.
3. Rapid Technological Change.
4. Costs of Recruitment and Hiring.
5. Decreased Mobility.
6. Reduction of Wastage.
7. Human Resources as Corporate Assets.
8. Size of the Firm.
9. Profitability.
10. Management Development.





# LIMITATIONS OF HRP

1. The future is uncertain
2. Conservative attitude of top management
3. Problem of surplus staff
4. Time consuming activity
5. Expensive process





# JOB ANALYSIS

17

## MEANING

Job analysis, contains a simple term called "analysis", which means detailed study or examination of something (job) in order to understand more about it (job). therefore job analysis is to understand more about a specific job in order to optimize it. Job analysis is a systematic process of collecting complete information pertaining to a job. Job analysis is done by job analyst who is an officer have been trained for it.

## DEFINITION

According to Blum, "A job analysis is an accurate study of the various components of a job. It is concerned not only with an analysis of the duties and conditions of work, but also with the individual qualifications of the worker."



# OBJECTIVES OF JOB ANALYSIS

18

The main objectives of job analysis are as follows:

- Job description
- Job specification
- Job evaluation
- Setting up of standards





# BENEFITS OF JOB ANALYSIS

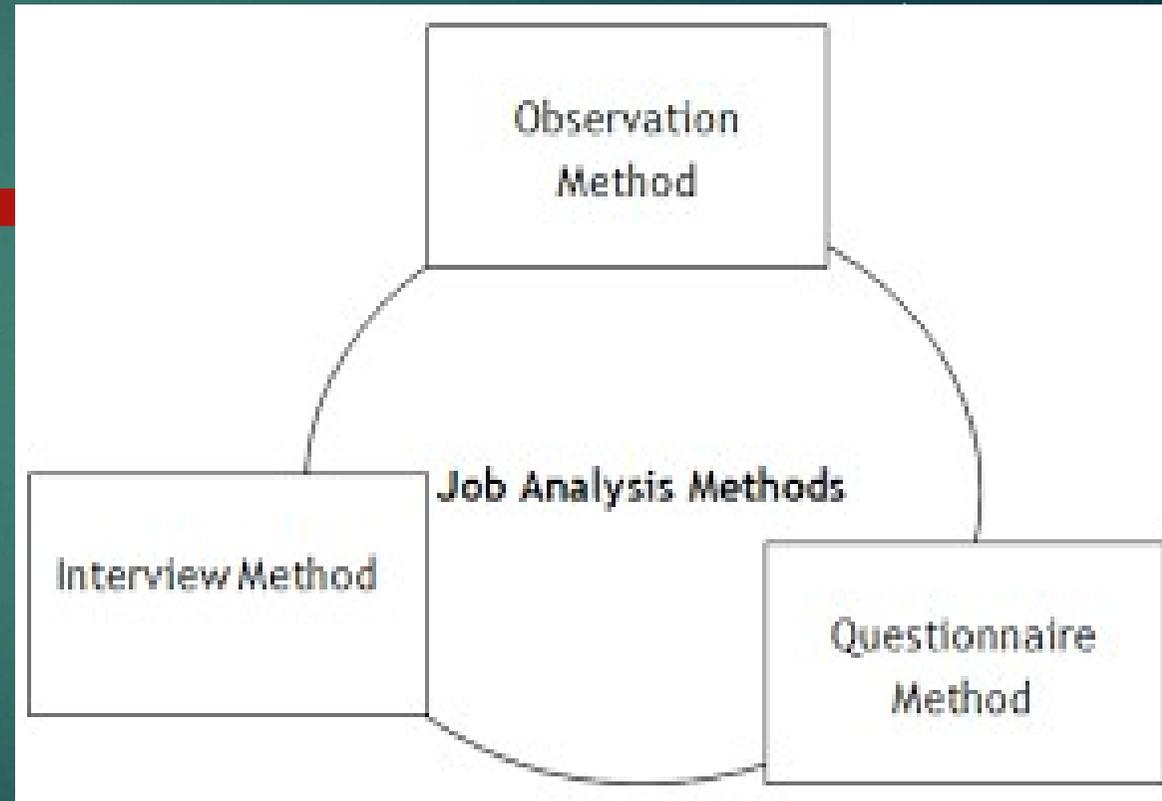
- Provides First Hand Job-Related Information
- Helps in Creating Right Job-Employee Fit
- Helps in Establishing Effective Hiring Practices
- Guides through Performance Evaluation and Appraisal Processes
- Helps in Analyzing Training & Development Needs
- Helps in Deciding Compensation Package for a Specific Job

# METHODS OF JOB ANALYSIS

- Observation method

Interview method

- Questionnaire Method





# JOB DESIGN

## MEANING

Job design means to decide the contents of a job. It fixes the duties and responsibilities of the job, the methods of doing the job and the relationships between the job holder (manager) and his superiors, subordinates and colleagues.

Job design also gives information about the qualifications required for doing the job and the reward (financial and non-financial benefits) for doing the job. Job design is mostly done for manager's jobs. While designing the job, the needs of the organization and the needs of the individual manager must be balanced.

## DEFINITION

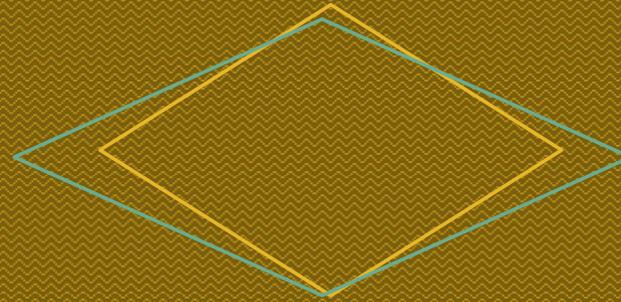
According to Davis (1966) has defined job design as “the specification of the content, methods and relationships of jobs in order to satisfy technological and organizational requirements as well as the social and personal requirements of the job holder”.



# GOALS OF JOB DESIGNING

22

- i. Facilitating the interest of employees towards the job and enhancing their satisfaction.
- ii. Increasing employee motivation and productivity
- iii. Enhancing employees' skills by identifying their training needs
- iv. Covering the modern needs of employee participation
- v. Ensuring safer working environment
- vi. Making the communication process clear and effective in the organization
- vii. Improving the quality of working life of employees.
- viii. Eliminating the unnecessary levels of supervision, checking, and control
- ix. Establishing high-level standards for customer service
- x. Minimizing cost by reducing wastage.



## UNIT-2

# HR RECRUITMENT AND SELECTION



# RECRUITMENT

## MEANING

Recruitment is the process of actively seeking out, finding and hiring candidates for a specific position or job. The recruitment definition includes the entire hiring process, from inception to the individual recruit's integration into the company.

## DEFINITION

- ▶ According to Edwin B. Flippo, "It is a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organization." He further elaborates it, terming it both negative and positive.
- ▶ He says, "It is often termed positive in that it stimulates people to apply for jobs, to increase the hiring ratio, i.e. the number of applicants for a job. Selection, on the other hand, tends to be negative because it rejects a good number of those who apply, leaving only the best to be hired."



# RECRUITMENT SOURCE

The eligible and suitable candidates required for a particular job are available through various sources. These sources can be divided into two categories: Internal & External.

## ▶ INTERNAL SOURCE OF RECRUITMENT

- ❖ Promotions
- ❖ Demotions
- ❖ Retirements
- ❖ Former employees
- ❖ Transfers
- ❖ Internal advertisement
- ❖ Absorption of trainees

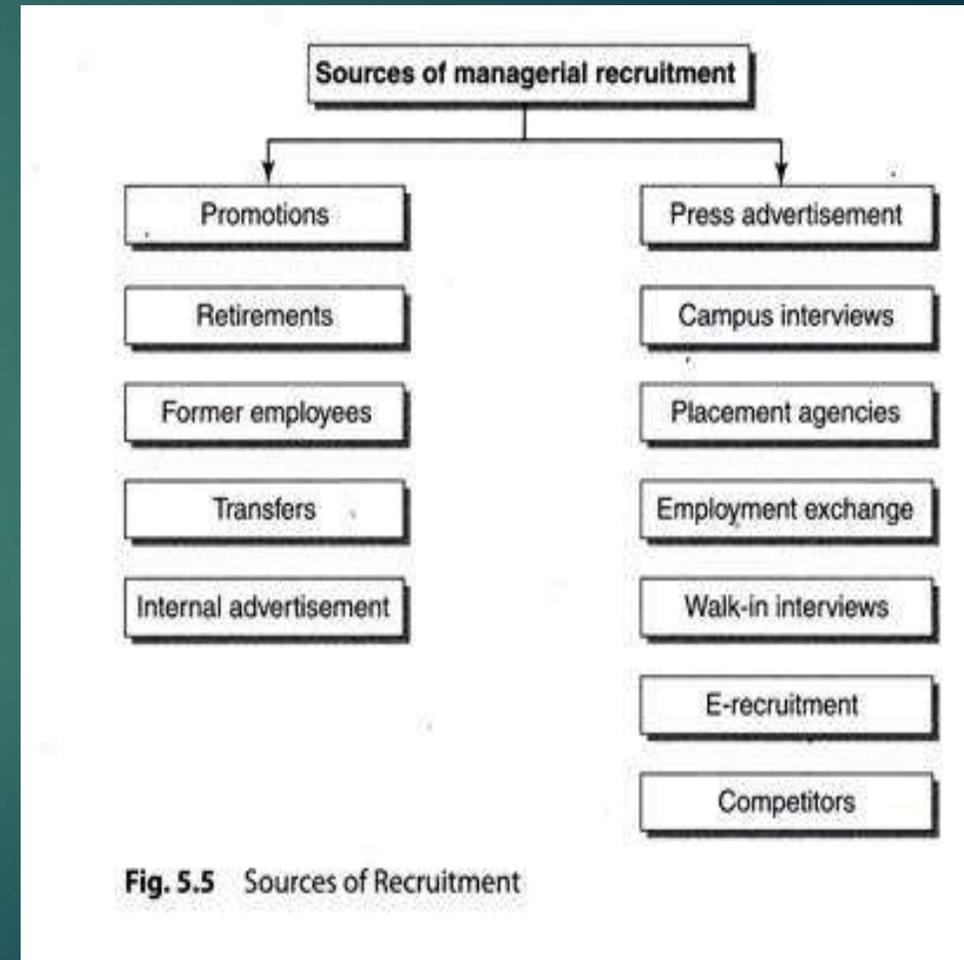


Fig. 5.5 Sources of Recruitment



## ▶ EXTERNAL SOURCE OF RECRUITMENT

- ❖ Press advertisement
- ❖ Campus interviews
- ❖ Placement agencies
- ❖ Employment exchange
- ❖ Walk-in interviews
- ❖ E- recruitment
- ❖ Competitors
- ❖ Temporary help agencies
- ❖ Labour unions
- ❖ Referrals

## Recruitment Sources: *External Sources*

Direct applicants

Public employment agencies

Referrals

Private employment agencies

Advertisements in newspapers and magazines

Colleges and universities

Electronic recruiting



# MERITS AND DEMERITS OF E-RECRUITMENT

## BENEFITS

- ❖ Includes low cost
- ❖ Enhances the geographical coverage
- ❖ Opens opportunity for both employer & employee
- ❖ Time saving
- ❖ Carry effective and efficient working
- ❖ Competent selection

## LIMITATIONS

- ❖ Lack of awareness
- ❖ Tedious exercise to screen and map the valid resume
- ❖ Less reliable
- ❖ Privacy issues
- ❖ Least personal touch
- ❖ Discrimination with those who do not have internet access.



# MERITS & DEMERITS OF INTERNAL RECRUITMENT

## BENEFITS

- ❖ Employee motivation
- ❖ Employee's loyalty
- ❖ Cost effectiveness
- ❖ Simplified process
- ❖ Reliability
- ❖ Time saving

## LIMITATIONS

- ❖ Lack of fresh talent
- ❖ Encourages favouritism
- ❖ Limited scope
- ❖ Raises conflicts



# MERITS & DEMERITS OF EXTERNAL RECRUITMENT

## BENEFITS

- ❖ Fair and Impartial
- ❖ Transparency
- ❖ Fresh talent
- ❖ Wider scope
- ❖ Organizational growth

## LIMITATIONS

- ❖ Employee turnover
- ❖ Time consuming
- ❖ involves huge cost
- ❖ Employee dissatisfaction
- ❖ Insecurity



# E-RECRUITMENT

The **E-Recruitment**, also called as Online Recruitment, is the process of hiring the potential candidates for the vacant job positions, using the electronic resources, particularly the internet.

Nowadays, companies make use of the internet to reach a large number of job seekers and hire the best talent for the company at a less cost, as compared to the physical recruitment process.

## METHODS

- ❖ E-mail
- ❖ Social media
- ❖ Online jobs listings
- ❖ Website
- ❖ Linked In





# FACTORS AFFECTING RECRUITMENT

## INTERNAL FACTORS

1. Recruitment policy
2. Human Resource Planning
3. Size of the Organisation
4. Cost involved in recruitment
5. Growth and expansion

## EXTERNAL FACTORS

1. Supply and demand
2. Labour mark
3. Image of the organization
4. Political-social- legal environment
5. Unemployment rate
6. Competitors





# SELECTION



## MEANING

Selection is the process of picking or choosing the right candidate, who is most suitable for a vacant job position in an organization. In other words, selection can also be explained as the process of interviewing the candidates and evaluating their qualities, which are required for a specific job and then choosing the suitable candidate for the position.

Different authors define Selection in different ways. Here is a list of some of the definitions –

- ▶ Employee selection is a process of putting a right applicant on a right job.
- ▶ Selection of an employee is a process of choosing the applicants, who have the qualifications to fill the vacant job in an organization.
- ▶ Selection is a process of identifying and hiring the applicants for filling the vacancies in an organization.
- ▶ Employee selection is a process of matching organization's requirements with the skills and the qualifications of individuals.





# DIFFERENCE BETWEEN RECRUITMENT AND SELECTION

Comparison	Recruitment	Selection
Meaning	An activity of searching for potential candidates and encouraging them to apply.	A process of selecting the best candidates and offering them the job.
Approach	Positive – seeking out an increase in the applicant pool.	Negative – seeking out ways to reduce the applicant pool until one ideal candidate is identified.
Objective	Inviting more candidates to apply for a vacant position.	Choosing the most suitable candidate and rejecting the rest.
Key Factor	Advertising the job.	Appointing the candidate.
Sequence	First.	Second.
Process	Vacancies are notified by the organization through various sources, then an application form is made available to candidates.	The organization makes an applicant go through various levels (submitting a form, writing a test, undergoing an interview, etc.) to deem whether they're an appropriate fit.
Specifications	The recruitment policy specifies the objectives of recruitment, providing rules and regulations for the implementation of the recruitment program.	The selection policy consists of a series of methods/steps/stages by which the evaluation of the candidate will be done.
Contractual Relation	Recruitment only implies communication of vacancies and open positions – therefore, no contractual relation is established.	Selection involves the creation of a contractual agreement between the employer and employee.
Method	Economical.	Expensive.



# SELECTION PROCESS

- **Preliminary Interview**

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

- **Receiving Applications**

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

- **Screening Applications**

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

- **Employment Tests**

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

- **Employment Interview**

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





## CONT...

- **Checking References**

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

- **Medical Examination**

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

- **Final Selection and Appointment Letter**

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



# E-SELECTION

## MEANING

The E-selection system enables HR employees to manage the selection process more actively and to provide more evidence of the effectiveness of the chosen selection method. The E-selection system enables the sustainability of the organization and evolves the system to satisfy the changing requirements of selection. The E-selection method enables HR practitioners to reduce the time and other resources, which are required to manage the selection process.

## DEFINITION

E-selection begins where e-recruitment ends. Gueutal and Stone (2005) define e-selection as a process of web-based testing, face to face interviews, and job offers.

Most organizations use e-selection to achieve some specific purposes, such as cost reduction, maximum utilization of human resources and sustainability. To operate e-selection properly, organizations need to consider few procedural requirements, including design upfront, vendor selection, and project steps, assessment steps, and protocol for the test event, and feedback to candidates.



# MERITS OF E-SELECTION

- 1. It's Cost Effective**-When you post a job ad on Facebook, you can pay for as much or as little exposure as you want, as well as target it to a very specific audience.
- 2. It's Immediate**- Most job posts and replies appear in real time. This can help you either increase your efforts to attract more candidates, a different set of candidates or even stop candidates from applying if you've already found the right person for the job.
- 3. You Can Reach a Bigger Audience**-If you are looking for younger recruits in particular, than e-recruitment is probably the single most effective and efficient strategy possible; in the US, for instance, 98% of the 18-29 age group are active internet users.
- 4. It's Easy**- Almost anyone can post a job advertisement online, because the majority of established job boards make the process clear, easy to understand and user-friendly.
- 5. You Can Make Your Job Ad More Dynamic**- Posting a job online or via social media platforms gives you a chance to be more creative with your ad for instance, you could create and attach a short video showing off the benefits of working for your company.



**6. It's Flexible**- With online posts, most platforms will allow you to edit, update or remove your job post whenever you wish.

**7. It's Durable**- Online job posts, stay live until the author or the host website removes it.

**8. It's Accessible**- No matter where you are in the world – if you have an internet-enabled device and connection, then you can perform all the management tasks.

**9. It Expedites the Hiring Process**- All of these advantages directly lead to the biggest one of all: a shortened hiring process. You can shortlist (or even directly contact) the best applicants as their applications come in.



# DISADVANTAGES OF E-SELECTION

- 1. Costs Can Spiral**- Depending on the online platform you use, you may have to pay a subscription fee or other costs to post your vacancy.
- 2. It Can Be Difficult to Measure Effectiveness**- Not all online recruitment services offer an in-depth analysis of your posting; therefore, it can be hard to figure out what is and isn't working and how to optimise your ad.
- 3. It's Informal**- For some roles, companies perceive that online job postings – particularly on social media – can give off the wrong image of their company. This is particularly true for executive-level roles, particularly at firms that have a strong corporate or professional culture.
- 4. It Attracts Bad Candidates**- Posting a position online usually results in hundreds of applicants, many of whom will not be suitable for, or serious about, the role, thus diluting the quality of your talent pool.



**5. There's a Lot of Competition**- The main downside to following trends is that everybody else is doing the same thing. As a result, your post can quickly become buried under a mountain of other job offers.

**6. There Could Be Lost Labour Hours**- If you are receiving large volumes of applications that need to be pruned, there are technical issues with the platform you are working with, or the job ad itself constantly needs to be changed, then the process can start to become difficult to manage.

**7. It Attracts Fraudulent Applicants**- If you give away too many details in your ad, malicious hackers can even use the information to potentially gain access to your company's IT systems.



# PROMOTION

## MEANING

Promotion means advancement of employee to a higher post with greater responsibilities and higher salary, Better service conditions and thus higher status.

## DEFINITION

According to Dale Yoder- Promotion is "A movement to a position in which responsibilities and presumably , prestige are increased"



# Objectives of Promotion

- To recognize an individual's performance and reward him for his work.
- To put the employee in a position where he will be of greater value to the company.
- To promote job satisfaction among the employees and give them an opportunity for unbroken continuous service.
- To build up morale , loyalty and a sense of belonging on the part of the employees.
- To demonstrate effective career development plans.
- To attract suitable and competent employees for the organization.
- To create among employees a feeling of satisfaction with their present conditions and encourage them to succeed in the company.





# Types of Promotion

## □ Open promotions

An organization or a company considers all individuals within it as a potential candidate and announces it to various aspirants internally.

## □ Closed promotions

An organization or company in which the candidate for higher position opening or vacancies is restricted and not open for all the individuals ,within the organization and also does not announce the vacancies internally.

## □ Multiple Chain promotions

Which provides for a systematic linkage of each position to several others. Such promotions identify multi- promotional opportunities through clearly defined avenues of approach.



## □ Dry promotions

Dry promotions refers to an increase in responsibility & status without any increase in pay. On the basis of factors involved in promotion it can be classified into 2 forms.

- ❖ **Horizontal promotion** :Promotions have similar kind of work. Ex – lower grade to higher grade without any change in work content (lower division clerk to upper division clerk).
- ❖ **Vertical promotion** : Those which change the nature of the work. Ex – Supervisor to Manager.



# Promotion Policy

The **Promotion Policy** is based on the recognition that in the course of meeting organizational objectives, the duties and functions of an employee may change in complexity and responsibility.

**Promotions** therefore, are based on status changes that involve increasing responsibility levels.



# Elements of Promotion Policy

## 1. Policy Statement

There should be a policy statement from the management regarding promotion policy. It should clearly state that promotions will be from within the organization.

## 2. Assessing Performance

The basis to be followed for promotions should be indicated. How to assess the performance of employees while considering them for promotion? Performance appraisal may be one criterion, confidential reports may be another. The employees should know in advance the criterion to be followed for assessing their performance.

## 3. Promotion Routes

The promotion routes to be followed for different posts should be clearly mentioned. Every post has a different route. For example, an accounts clerk may be promoted as an accountant or accounts officer and so on.



## 4. Employee Training

Every promotion from within the organisation should have a provision for training and orientation. This will improve the skill and knowledge of employees and make them suitable for taking up higher assignments.

## 5. Maintaining Service Records

A promotion policy can be successfully pursued only if records of employees' performance are properly maintained.

## 6. Communication

The promotion policy should be communicated to the employees. It will avoid suspicion, confusion and wrong notions in the minds of employees. If they know the criterion to be followed for promotions, they can judge themselves against those yardsticks.

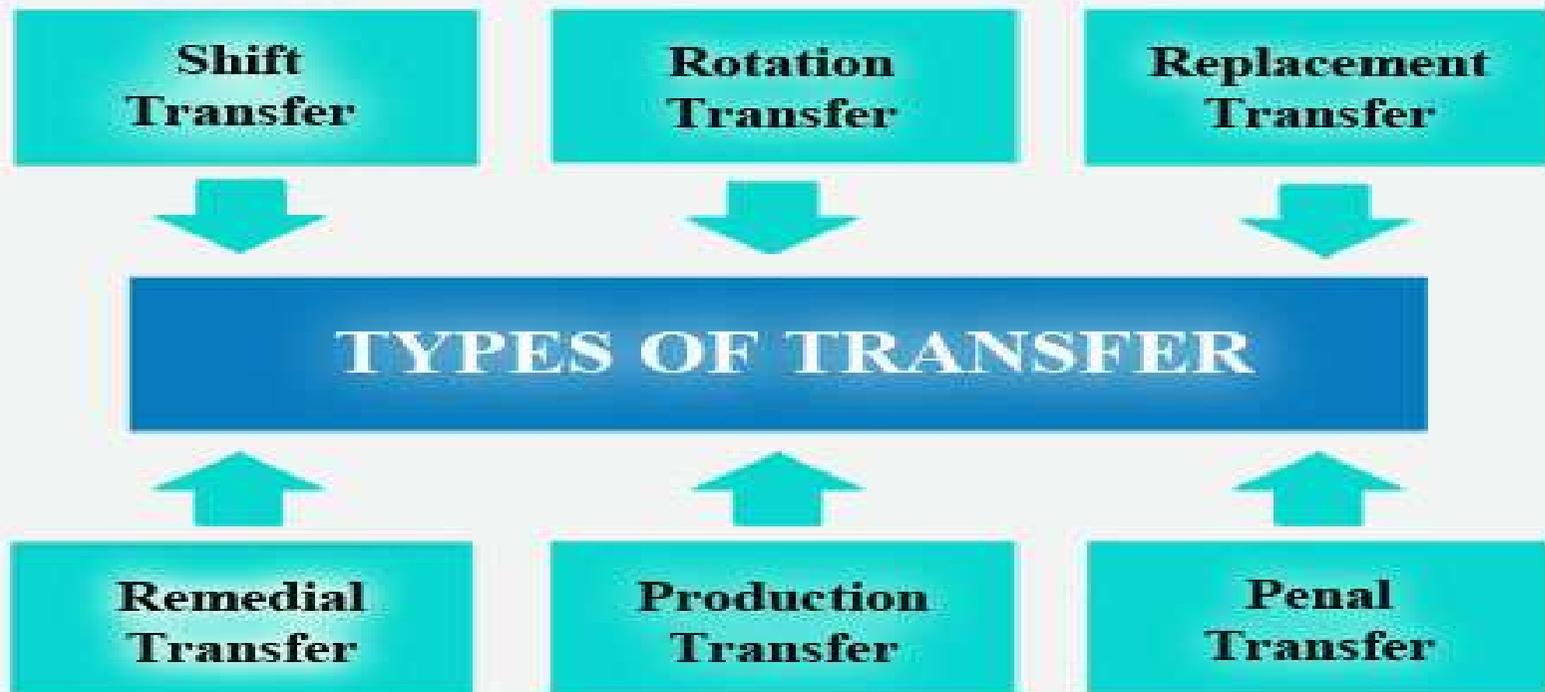


# TRANSFER

## MEANING

The meaning of word transfer is to move people or finances from one place to another. It is a common word used in the field of human resource which indicates the movement of employees from one job to another. The transfer generally took place in a later fashion moving employees within the same grade.

# TYPES OF EMPLOYEE TRANSFER





# DEMOTION

## MEANING

Demotion is “reverse” of promotion. Demotion is the lowering of a rank, reduction in salary, status and responsibilities. It may be defined as the assignment of an individual to a job of lower rank and pay usually involving lower level of authority and responsibility



# CAUSES OF DEMOTION

1. Breach of Discipline
2. Inadequacy of Knowledge
3. Unable To Cope With Change
4. Organisational Re-Organisation



# LABOUR TURNOVER

## MEANING

In each concern, employees often join and leave the concern for variety of reasons. The relation between the number of persons joining the firm and leaving the same on account of retirement, resignation, Layoff or retrenchment, etc., to the average number of pay roll is termed as Labour Turnover.

## DEFINITION

Labour turnover involves accessions and separations of employees. Accessions means employment of workers, whereas separation involve termination of employment due to lay-offs, deaths, discharges, quits, etc. The rate of separation can be calculated with the help of the following formula:

$$\text{Labour Turnover Formula} = \frac{\text{Total number of workers leaving the organization per month or year}}{\text{Average number of workers on payroll for a month or year}} \times 100$$



# CAUSES LABOUR TURNOVER



Causes for labour turnover could be classified into two types. They are:

1. Unavoidable causes i.e., Natural causes, and
2. Avoidable causes.

## **8 Unavoidable causes of labour turnover**

Unavoidable causes are natural causes are not under the control of the management. Such causes normally include

1. Change of Locality
2. Death, retirement etc., of workers.
3. Transport or housing problem in the firm's locality.
4. Unfit for the work.
5. Misconduct of workers.
6. Sickness, accident, etc., of workers.
7. On account of personal betterment.
8. Domestic matter like marriage, etc.



# 10 AVOIDABLE CAUSES OF LABOUR TURNOVER

Avoidable causes are the causes that are under the control of the management and are due to the personnel policy of the organization. Such causes are

1. Low wage rates and other allowances when compared to other concerns.
2. Unhealthy and bad working conditions.
3. Lack of job satisfaction due to faulty placement of workers.
4. Heavy work load and long working hours.
5. Absence of sound training programmes.
6. Lack of proper promotion methods.
7. Unsatisfactory medical and recreational facilities.
8. No job security.
9. Ill treatment of management towards the employees.
10. Temporary Job.



# MEASURES TO CONTROL LABOUR TURNOVER

The following measures may be adopted to minimize the labour turnover.

1. Appointing right man on the right job.
2. Fair and equal treatment of all workers throughout the organization.
3. Improvement of working conditions.
4. Provision of fair wages, allowances and other monetary benefits.
5. Provision of proper training facilities to new as well as existing employees.
6. Provision of medical facilities to protect employees from sickness.
7. Provision of welfare activities.
8. Allowing workers participation in the management.
9. Adopting sound promotion and transfer policies.



# MEASUREMENT OF LABOUR TURNOVER

- 1. Separation Rate Method-** According to this method, turnover rate is measured by dividing the usual number of separations during a period by the average number of workers on the payroll during the same period
- 2. Replacement Method-** This method takes into consideration only the actual replacement of employees, irrespective of the number of people leaving. It is to be noted that in case new workers are employed on account of expansion of the business, they should not be included in replacements.
- 3. Flux Rate Method-** This method takes into consideration both the number of replacements and the number of separations.



## UNIT-3

# TRAINING, DEVELOPMENT AND EVALUATION





# TRAINING

## MEANING

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



# OBJECTIVES OF TRAINING

1. Providing knowledge
2. Enhancing skills
3. Change of employees attitude
4. Increase productivity
5. Reduction in accidents
6. Avoid wastage of time and material
7. Imparting advanced skills





# NEED OF TRAINING

1. Higher productivity
2. Quality improvement
3. Reduction of learning time
4. Industrial safety
5. Reduction of turnover and absenteeism
6. Technology update
7. Effective management



# TRAINING PROCESS

- 1. Identifying Training Needs-** under this phase, the gap is identified in order to assess the training needs.
- 2. Establish Specific Objectives-** basic objective of training is to bring proper match between man and the job.
- 3. Select Appropriate Methods-** There are number of training methods available but their suitability is judged as per the need of organizational training needs.
- 4. Implement Programs-** Under this employees are trained to develop for better performance of organisational activities.





# CONT...

5. Evaluate Program- It consists of an evaluation of various aspects of training in order to know whether the training program was effective

6. Feedback- a feedback mechanism is created in order to identify the weak areas in the training program and improve the same in future.



# METHODS OF TRAINING

## 1. On-the-job Training (OJT) Methods:

This is the most common method of training in which a trainee is placed on a specific job and taught the skills and knowledge necessary to perform it.

- Job rotation
- Coaching
- Job instructions
- Committee assignments
- Internship training



## 2. Off-the-job Methods:

On the job training methods have their own limitations, and in order to have the overall development of employee's off-the-job training can also be imparted. The methods of training which are adopted for the development of employees away from the field of the job are known as off-the-job methods.

- Case study method
- Incident method
- Role play
- In-basket method
- Business games
- Grid training
- Lectures
- Simulation
- Management education
- Conferences



# MANAGEMENT DEVELOPMENT

## MEANING

Management development is a planned and organised process and programme of training and growth whereby an individual manager or executive (at each level of management hierarchy) gains knowledge, skills and attitude to manage workers and work organizations effectively.



# METHODS OF MDP

## 1. On the job methods

- Coaching
- Job rotation
- Under study
- Multiple management
- Selected readings
- Committee assignment
- Project assignment



## 2. Off the job methods

- Case studies
- Conference method
- Role playing
- Lectures
- Group discussion
- In-basket exercise
- Management games
- Sensitivity training



# EVALUATION OF MANAGEMENT DEVELOPMENT PROGRAMME

1. Planning and preparation is key
2. Two dimensions to measuring progress
3. Measuring behaviours and actions- the power of storytelling
4. Measuring results- what does the data say?



# PERFORMANCE APPRAISAL

## MEANING

Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development.

## OBJECTIVES

1. Maintain records
2. Identify strengths and weakness
3. Polishing the potential
4. Feedback of performance
5. Influencing working habits
6. Retain promotional programmes.



# TRADITIONAL AND MODERN TECHNIQUES

**Table 28.4 : Methods of Performance Appraisal**

<i>Traditional Methods</i>	<i>Modern Methods</i>
<ol style="list-style-type: none"><li>1. Ranking method</li><li>2. Paired comparison</li><li>3. Grading</li><li>4. Forced distribution method</li><li>5. Forced choice method</li><li>6. Checklist method</li><li>7. Critical incidents method</li><li>8. Graphic scale method</li><li>9. Essay method</li><li>10. Field review method</li><li>11. Confidential report</li></ol>	<ol style="list-style-type: none"><li>1. Management by Objectives (MBO)</li><li>2. Behaviourally anchored rating scales</li><li>3. Assessment centres</li><li>4. 360-degree appraisal</li><li>5. Cost accounting method</li></ol>



# POSSIBLE ERRORS IN APPRISAL

1. Central tendency
2. Favouritism
3. Grouping
4. Guilt by association
5. The halo effect
6. Holding a grudge
7. The horns effect
8. Bias
9. Recency
10. The sunflower effect



# PERFORMANCE MANAGEMENT SYSTEM

## MEANING

Performance management system is the systematic approach to measure the performance of employees. It is a process through which the organization aligns their mission, goals and objectives with available resources (e.g. Manpower, material etc), systems and set the priorities.



# IMPORTANCE OF PERFORMANCE MANAGEMENT SYSTEM

1. Helps in reducing conflicts
2. Highly motivating
3. Improve the organizational performance
4. Increase valuable employees
5. Helps in achieving job satisfaction
6. Provides ample learning opportunity
7. Leads to matured growth
8. Fair and accurate appraisal



# E- PERFORMANCE MANAGEMENT

## MEANING

E-Performance Appraisal is nothing but utilizing intelligent software instead of paper-and-pencil method to capture, store, analyze, rate and report the personnel's activities inside the company to let the HR professionals or line managers be informed about employee's strengths and weaknesses and take the right decisions about them.



# ADVANTAGES OF E-PMS

1. Facilitate the process of writing reviews
2. Greater span of control
3. More and cheaper feedback during a year
4. Reducing biases in appraisal and
5. Linking performance information
6. Rich variety of information
7. Anonymity of the raters
8. Built-in tutorial or training



# DISADVANTAGES OF E-PMS

1. Dissatisfaction to unfair appraisal
2. Lack of intelligence on qualitative controls
3. Anonymity creates gap
4. Stresses on employees under control lead to less quality
5. More negative evaluations than positive
6. Privacy concerns



## UNIT-4

# PERSONNEL RECORDS REPORTS AND AUDIT





# RECORDS AND REPORTS

## MEANING

Good reports are time savers. They prevent duplication of work, decrease errors and show efficiency level of the staff.



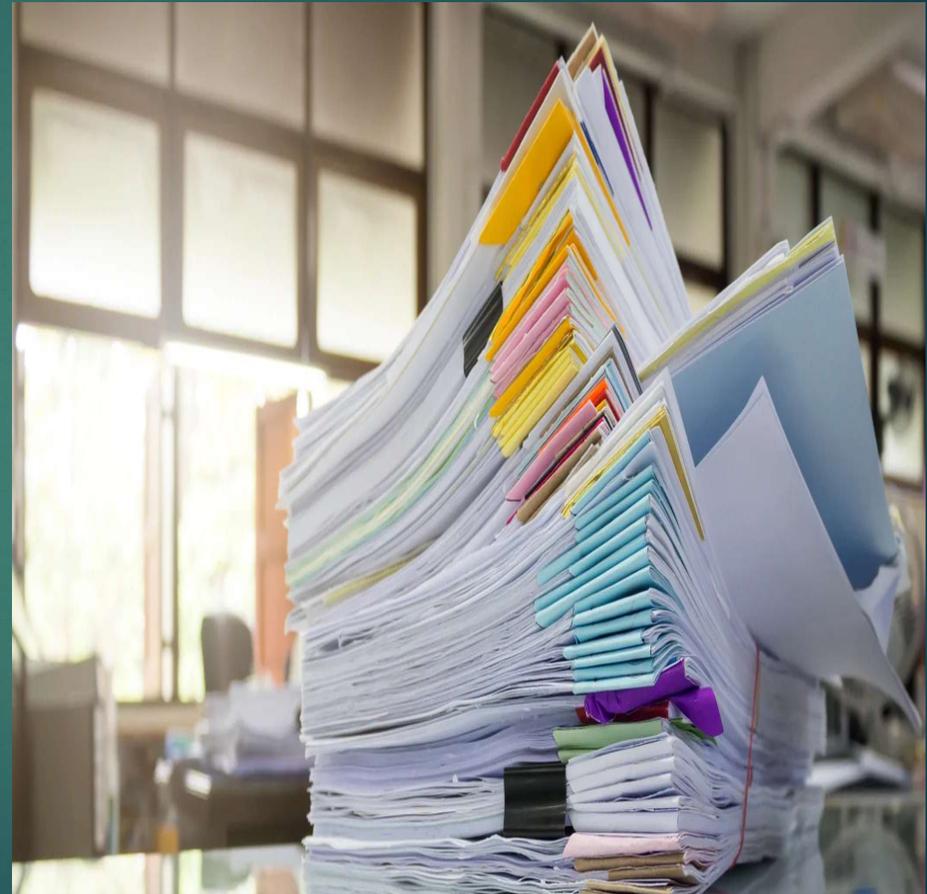
# IMPORTANCE OF RECORDS AND REPORTS

1. Importance of records for patients
2. Importance of records for doctor
3. Importance of records for hospital
4. Importance of records for public health
5. Importance of records in education and research



# ESSENTIALS OF GOOD RECORD AND REPORT

1. Accuracy
2. Conciseness
3. Thoroughness
4. Up to date
5. Organization
6. Confidentiality
7. Objectivity





# PERFORMANCE AUDIT

## MEANING

Personnel audit is a periodic review to measure the effectiveness of personnel management and to determine the steps required for more effective utilization of human resources.



# OBJECTIVES

1. To review the whole organizational system
2. To evaluate the effectiveness of various personnel policies and practices.
3. Identify shortcomings of HR Practices
4. Modify the challenging HR practices.



# SCOPE

1. HR strategies and policies
2. HRM functions
3. HR compliance
4. HR climate.



# IMPORTANCE

1. A change in managerial philosophy
2. The changing role of the government
3. The increasing role played by trade unions
4. The rising wages, changes in the skills of technical and professional workers



# ANALYSING AND INTERPRETING INFORMATION

1. Always start with your research goals
2. Basic analysis of "quantitative" information
3. Basic analysis of "qualitative" information
4. Interpreting information



# AUDIT REPORT

## MEANING

An audit report is, therefore, an official evaluation of an organization's financial status, in combination with the opinion of the auditor and collected data on the company's financial transactions and situation



# IMPORTANCE OF AUDIT REPORT

1. Getting detailed review
2. Receiving additional perspective
3. Improving credit rating
4. Evaluating internal controls

## UNIT-5

# NEW TRENDS IN HRM & EXIT POLICY





# EXIT POLICY

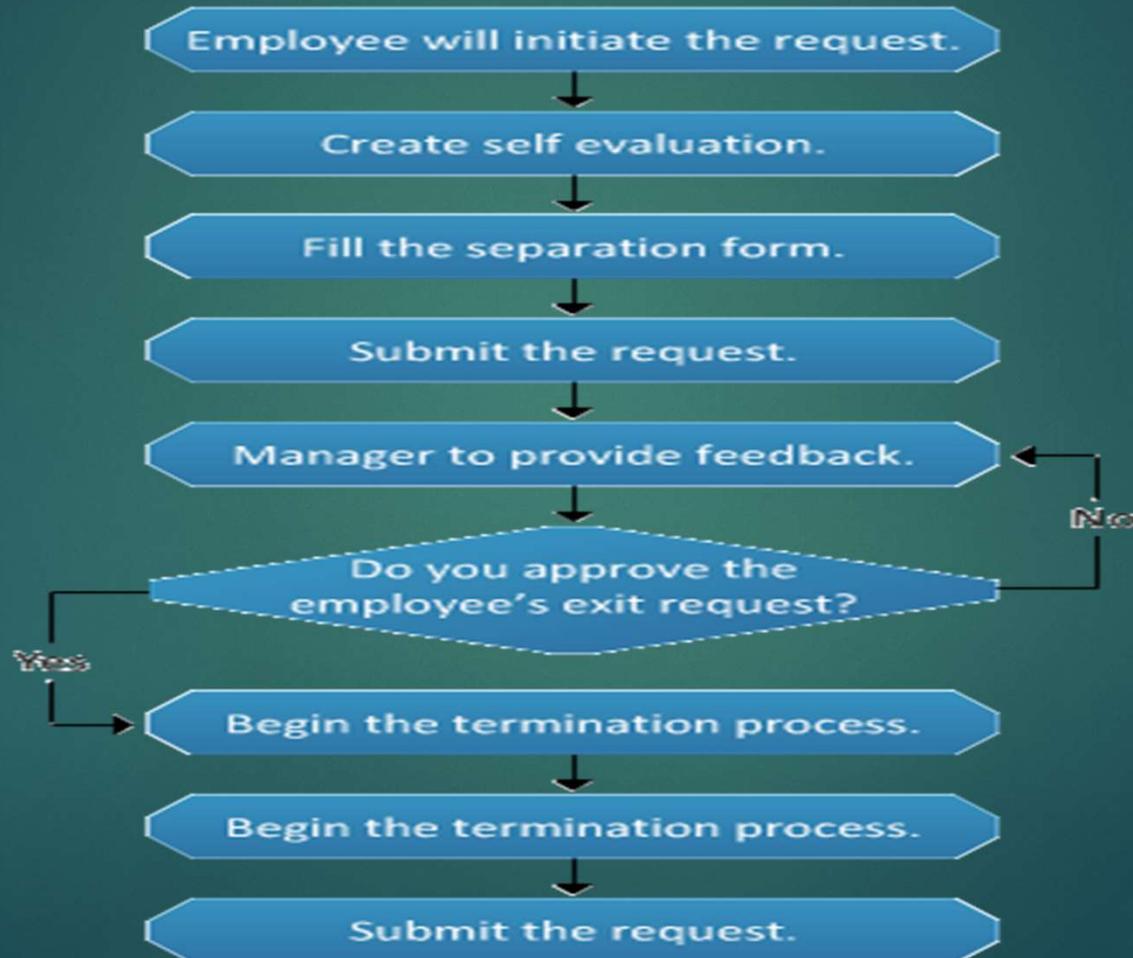
## MEANING

An exit policy governs the activities that take place when an employee voluntarily chooses to resign or is terminated by the company.



# PROCESS OF EXIT POLICY

## Exit Process





# CHALLENGES IN IMPLEMENTING EXIT POLICY

1. Policy measures relates to reforms in the labour sector.
2. Inducing competition
3. Enhancing the efficiency of resource use
4. Restrictions in the matter of reducing staff
5. No specific policy dealing with exit



# VOLUNTARY RETIREMENT SCHEME (VRS)

## MEANING

- ▶ The voluntary retirement scheme (VRS) is the most human technique to provide overall reduction in the existing strength of the employees. It is a technique used by companies for trimming the workforce employed in the industrial unit.
- ▶ It is now a commonly used method to dispense off the excess manpower and thus improve the performance of the organization. It is a generous, tax-free severance payment, to persuade the employees to voluntarily retire from the company.



# MERITS OF VRS

**A firm offering VRS to its employees can reap the following advantages:**

- (i) VRS is a more humane way to reduce surplus workforce than terminating services of employees. The firm's reputation remains intact.
- (ii) Payment of heavy compensation to retiring employees prevents resentment on their part.
- (iii) Trade unions also do not object to VRS as it is voluntary in nature.
- (iv) Despite heavy initial upfront costs in the form of heavy compensation package, VRS reduces payroll costs or wage bills significantly over time. The firm is saved from paying monthly wages or salaries to the employees opting for VRS.



# DEMERITS OF VRS

**VRS can also lead to the following negative consequences:**

- (i) Efficient employees may leave the firm and inefficient stay back. This would reduce the skill base of the firm.
- (ii) VRS might increase the workload of existing employees if it is used to cut the pay bill.
- (iii) VRS might create a sense of insecurity in the minds of employees not opting for VRS and deciding to stay with the firm.



# EFFECTS OF EXCESS MANPOWER

1. Accuracy of forecasts
2. Identity crisis
3. Support of top management
4. Expensive and time consuming
5. Insufficient initial efforts
6. Resistance from employees
7. Uncertainties
8. Management information system
9. Coordination with other managerial functions
10. Unbalanced approach



# HRM IN INTERNATIONAL CONTEXT

1. Expatriation
2. Cross- cultural shock
3. Intercultural communication
4. International recruitment and selection
5. International training and development
6. International performance management



# CROSS CULTURAL SENSITIVITY

1. Understanding and learning new culture
2. Feeling different from the rest of the group
3. Differences are more evident than similarities
4. Stereotyping
5. Variety
6. Interaction
7. Change with the time
8. Respecting other religion and culture



# HUMAN RESOURCE ACCOUNTING

## DEFINITION

“Human Resource Accounting is an attempt to identify and report investments made in human resources of an organisation that are presently not accounted for in conventional accounting practice. Basically it is an information system that tells the management what changes over time are occurring to the human resource in the business.”

“Human resource accounting is the measurement of the cost and value of the people for the organisation.”



# OBJECTIVE OF HR ACCOUNTING

1. Providing cost value information about acquiring, developing, allocating and maintaining human resources.
2. Enabling management to monitor the use of human resources.
3. Finding depreciation or appreciation among human resources.
4. Assisting in developing effective management practices.
5. Increasing managerial awareness of the value of human resources.
6. For better human resource planning.
7. For better decisions about people, based on improved information system.
8. Assisting in effective utilization of manpower.



# HR AUDIT

## MEANING

An HR audit is an objective examination of your business's HR policies, practices, and procedures. The goal is to look for trouble spots and/or identify ways you can improve. You can hire an outside company to perform the audit or you can instruct your HR department to perform an internal audit.



# AREAS OF HR AUDIT

1. Compliance
2. Best practices
3. Performance
4. Competitiveness
5. Function specific



# BENCHMARKING

## MEANING

Benchmarking is a valuable tool that allows companies to compare products, policies, and services. What is benchmarking for human services, exactly? It is a process of measuring and comparing human resources (HR) policies and practices with those of other organizations. By measuring various areas of business, such as recruitment and employee retention, companies can better gauge where they stand compared to their competitors and where they can improve.



# TYPES OF BENCHMARKING

1. **Internal-** Internal benchmarking occurs when a company looks at its inner operations to determine the best practices or policies for conducting a specific task. Ideally, businesses want to complete a job using as few resources as possible.
2. **External-** While internal benchmarking consists of companies looking within their own business, external benchmarking involves comparing a business and its performance to other companies in the same industry. By comparing your business to similar businesses, you can see where your company falls short and what areas of performance could benefit from improvements.



# BENEFITS

1. Effective way for businesses to identify opportunities
2. It is an excellent way to define success and pinpoint shortcomings
3. Provide companies with an independent perspective
4. Benchmarking puts businesses in the mindset for continuous improvement.
5. Human resources benchmarking can provide companies with countless benefits, including lowered labor costs.
6. Improving product quality
7. New opportunities help to grow business
8. An effective way to increase sales and profits
9. Encourage positive change



# HR Research

## MEANING

HR Research can be understood as the tool used to evaluate the HR practices and performance. HR research is simply a kind of research which is conducted in the field of human resources. HR research also offers detail analysis on the current development and management issues with the real-life case studies to enable the formulation and implementation of the strategy practice within the current organization.



# TYPES OF RESEARCH

Following are the types of applied research:-

- 1. Statistical approach-** The researchers generate statistical standards from the existing records to evaluate the activities and programs. With this approach the team can discover the smallest of errors easily.
- 2. Comparative approach-** The research team of the organization directly compares its organization with another organization to figure out the areas of poor performance. This helps in identifying the areas that need improvement in the organization.
- 3. Outside authority approach-** Here the research team counts on the expertise of the consultant or published researched records as the standards of activity or performance evaluation. The outside help may result in correcting the cause of problem.
- 4. Compliance approach-** With the help of samples from the human resource information system, the researchers look for the deviation from the laws and company policies. The compliance helps us to know whether the organization is complying with the company policies and legal regulations or not.



# PROCESS OF HR RESEARCH

1. Fixing Research Problem
2. Setting Objectives
3. Fixing Research Method
4. Collection of Data
5. Analysis and Interpretation
6. Report Preparation