

COURSE: HUMAN RESOURCE MANAGEMENT

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E-LEARNING MANAGEMENT SYSTEM

UNIT-I

HUMAN RESOURCE MANAGEMENT

Human resource management is that part of management process which develops and manages the human element of the enterprise considering their resourcefulness in terms of total knowledge, skills, creative abilities, talents, aptitudes and potentialities for effectively contributing to the organizational objectives.

According to the Dessler , “ Human resource management is the process of acquiring ,training ,appraising and compensating employees and attending to their labour relations ,health ,safety and fairness concerns.”

The National Institute of Personal management (NIPM) of India has defined human resource – personal management as “ that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective organization of the men and women who makeup enterprise and having regard for the well-being of the individuals and of working groups, to enable them to make their best contribution to its success.

Thus Human resource management is a process of bringing people and organization together so that the goals of each are met . The various features (nature) of HRM include

- It is pervasive in nature as it is present in all enterprises .
- Its focus is on results rather than on rules.
- It tries to help employees develop their potential fully
- It encourages employees to give their best to the organization
- It is all about people at work, both as individuals and groups .
- It tries to put people on assigned jobs in order to produce good results .

- It helps organization meet its goals in the future by providing for competent and well motivated employees .
- It tries to build and maintain cordial relations between people working at various levels in the organization.

SCOPE OF HUMAN RESOURCE MANAGEMENT

The scope of human resource is very wide :

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

Thus the main areas coming under the scope of human resource management are ;

- (1) Forecasting and determination of manpower requirements of the organization, especially keeping in view the fast changing technology and the requirements of competitive markets.
- (2) Conducting job analysis for determining the requirements of different jobs and ascertaining the personal traits needed.
- (3) HR planning and forecasting ,candidates sourcing, recruitment ,selection ,placement and induction.
- (4) Training and development of human resources.
- (5) Wage and salary administration including forms of compensation ,compensation policy ,job evaluation ,components of compensation, requirements of wage legislation and incentive payments.
- (6) Fringe benefits and social security provisions.
- (7) Performance appraisal.

- (8) Workforce adjustment such as promotion, transfer and redundancy.
- (9) Disciplinary matters and grievance settlement.
- (10) Employee relations
- (11) Industrial relations, settlement of industrial disputes and collective bargaining.

HUMAN RESOURCE /MAN POWER PLANNING

Human resource planning may be considered as a process that identifies the current and future human resources needs of an organization to achieve its goals .

According to Decenzo and Robbins , “Human resource planning is the process by which an organization ensures that it has the right number and right kind of people ,at the right place ,at the right time ,capable of effectively and efficiently completing those tasks that will help the organization achieve its overall objectives .”

To quote Dale s. Beach , “ Human resource planning is the process of determining and ensuring that the organization will have an adequate number of qualified persons ,available at the proper times ,performing jobs which meet the needs of the enterprise and which provides satisfaction for the individuals involved.”

Human resource planning is a two phased process by which management can project the future man power requirements and develop suitable action plan to accommodate the implications of projections. Human resource planning is a continuous process.it cannot be rigid or static ;it is amenable to modifications ,review and adjustments in accordance with the needs of the organization or the changing circumstances .

Thus, human resource planning is the process of developing and determining objectives ,policies and programmes that will procure ,develop and utilize human resource so as to achieve of the goals of the organization.

The main elements of human resource planning comprise the following :

- Formulating a plan for effective utilization of human resource;
- Forecasting HR needs both in terms of quantity and quality;
- Developing appropriate strategies to meet such needs ;
- Installing a system for the development of available manpower through training and career planning;
- Adopting measures for the improvement of working conditions most congenial to the effective utilization of human resources and
- Establishing a system of reviewing and controlling the process involved with a focus on the requirements of future change and selecting the most appropriate of the available options .

Nature of human resource planning

- Human resource planning aims at ascertaining the manpower needs of the organization both in number and kind.
- It presents an inventory of existing manpower of the organization.
- It helps in determining the shortfall (or surplus) of the manpower by comparing the total manpower needs with the present supply of manpower. It also helps in projecting future manpower needs.
- It is concerned with the initiation of various organization programmes depending upon the demand and supply of human resources. If the future needs exceed presently available talent, this gap becomes the basis for a programme of employment and training. And if the presently available talent exceeds the future needs, this difference may become the basis for a programme of retirements, discharge etc.
- Effective human resource planning encompasses the acquisition, utilization, improvement and preservation of the organization's human resources.

THE PROCESS OF HUMAN RESOURCE PLANNING

The process of human resource planning involves the following steps :

(1) Determination of objectives of manpower planning ;

Man power planning should be more concerned with filling future vacancies with right type of people rather than with matching existing personnel with existing jobs so as to maximize the future return on investment in human resources.

(2) Current manpower inventory ;

Analysis of current manpower supply may be undertaken by department, by function, by the occupation, or by level of skill or qualifications. Systematic steps must be taken in order to ensure that a reservoir of talent is available when vacancies occur. The search for talented employees in the organization must be continuous.

(3) Demand forecasting (Demand side of HR planning);

A proper forecast of manpower required in the future (Say after one year ,two years and so on) must be attempted .The factors relevant for manpower forecasting are as follows:

- (a) Replacement needs; the need for replacement arise due to death, retirement, resignation and termination of employees.
- (b) Productivity; Gains in productivity add to the growth potential of the organization and can make possible healthy wage increase .Gains in productivity will also influence the requirements of manpower.
- (c) Ratio analysis ; A forecasting technique for determining future staff needs by using ratios between ,for example ,sales volume and number of employees needed or between quantity of output and number of employees required for the production of that quantity or any other relevant positive correlated variables .
- (d) Work -study technique : This technique is based on the volume of operation and work efficiency of personnel. It is applicable where it is possible to measure the increase or decrease in operation and the number of workers required .The planned output is determined by taking into account the standard output per hour and standard hours per person .

(4) Supply forecasting (Supply side of HR planning);

After the needs for human resources has been forecasted, the next step is to identify their availability .this calls for consideration of both the internal and external supplies .

(a) Internal supply of human resource

This would require evaluation of the present personnel abilities ,their strengths and weaknesses ,so as to gauge their suitability for different jobs .

The potential internal sources of candidates include the following ;

- (i) Employees who may be available by promotion ,
- (ii) Prospective employees whose services can be utilized by transfer ,lateral movement or additional assignment,
- (iii) Employees developing additional skills and capabilities through training and developing programmes.

(b) External supply of human resource

This includes media advertisement, employment agencies, campus recruitment ,internet , E-recruitment etc.

(5) Estimating the net human resource requirements;

The shortfall or surplus of manpower can be determined by comparing the total manpower needs or projected future manpower needs with present supply of manpower of the organization.

(6) Determining job requirements of positions to be filled ;

Job analysis is the qualitative aspect of manpower planning since it helps in determining the requirements of jobs and qualifications needed to fill various jobs.

(6) Strategic action plan ;

If the future needs exceed presently available talent ,this gap becomes the basis for a programme of employment(recruitment and selection ,transfer and/or promotion) and training and if the present available talent exceeds the future needs ,this difference may become the basis for a programme of retirements ,discharge etc.

STRATEGIC HUMAN RESOURCE MANAGEMENT

Strategic human resource management means formulating and executing human resource policies and practices that produce the employee competencies and behaviors, the company needs to achieve its strategic aims.

The basic idea behind strategic human resource management is this: In formulating human resource management policies and practices, the aim should be to produce the employee skills and behaviors that the company needs to achieve its strategic goals.

Managers use several tools to translate the company's strategic goals into human resource management policies and practices .Three important tools include the strategy map, the HR scorecard and the digital dashboard.

- **Strategy Map**

The strategy map summarizes how each department's performance contributes to achieving the company's overall strategic goals .It helps the manager and each employee to visualize and understand the role his or her department plays in achieving the strategic plan by linking their efforts with company's ultimate goals .

- **The HR score card**

It refers to a process for assigning financial and non-financial goals or metrics to the human resource management –related strategy map chain of activities required for achieving the company's strategic aims.

- **Digital dashboards**

The saying " a picture is worth a thousand words" explains the purpose of the digital dashboards .A digital dashboard presents the managers with desktop graphs and charts ,showing a computerized picture of how the company is doing on all the metrics from the scorecard process so that corrective action can be taken if required.

UNIT II

RECRUITMENT

According to Edwin Flippo , "recruitment is the process of searching the candidates for employment and stimulating them to apply for jobs in the organization ."It is the linking activity that brings together those offering jobs and those seeking jobs.

Recruitment is a positive process as it attracts applicants to apply for available jobs .the process of recruitment :

- (I) Identifies the different sources of labour supply
- (II) Assesses their validity
- (III) Chooses the most suitable source(S)
- (IV) Invites applications from the prospective candidates for the vacant posts/jobs .

Thus recruitment refers to the attempt of getting interested applicants and creating a pool of prospective employees so that the management can select the right person for the right job from this pool.

INTERNAL SOURCES OF RECRUITMENT

(a) Transfer

It involves the shifting of an employee from one job to another ,one department to another department or from one shift to another . At the time of transfer ,it should be ensured that the employees to be transferred to another job is capable of performing it .Transfer or job rotations are also used for training of employees in learning different jobs.

(b) Promotion

It leads to shifting an employee to a higher position, carrying higher responsibilities, facilities, status and pay .Many companies follow the practice of filling higher jobs by promoting employees who are considered fit for such positions.

MERITS AND DEMERITS OF INTERNAL SOURCES

Filling vacancies in higher jobs from within the organization or through internal transfer has the following merits :

- (a) Employees are motivated to improve their performance.
- (b) Morale of the employees is increased.
- (c) Industrial peace prevails in the enterprise because of promotional avenues.
- (d) Filling of jobs internally is cheaper as compared to getting candidates from external sources.
- (e) A promotion at higher level may lead to a chain of promotions at lower levels in the organization. This motivates the employees to improve their performance through learning and practice.
- (f) Transfer or job rotation is a tool of training the employees to prepare them for higher jobs.
- (g) Transfer has the benefit of shifting workforce from the surplus departments to those where there is shortage of staff.

Internal sources of recruitment have certain demerits also .these are listed below :

- (a) When vacancies are filled through internal promotions ,the scope of fresh talent is reduced.
- (b) The employees may become lethargic if they are sure of time bound promotions.
- (c) The spirit of completion among the employees may be hampered.

EXTERNAL SOURCES OF RECRUITMENT

(a) Media Advertisement :

Advertisement in newspapers or trade and professional journals is generally used when qualified and experienced personal are not available from other sources .The advantage of advertising is that more information about the organization, job descriptions and job specification can be given in advertisement to allow self-screening by the prospective candidates.

(b) Employment Agencies:

Employment exchanges run by the government are regarded as a good source of recruitment for unskilled, semi-skilled and skilled operative jobs. Employment exchanges and selected private agencies provide a nationwide service in attempting to match personnel demand and supply.

(c) **Campus Recruitment:**

Recruitment from educational institutions is a well-established practice of thousands of business houses and other organizations. Example, udaan project in Jammu and Kashmir.

(d) **Recommendations or referrals :**

Applicants introduced by friends and relatives may prove to be a good source of recruitment as something about the background of candidate is known.

(e) **Labour contractor:**

Labour contractors are an important source of recruitment in construction industry in India .workers are recruited through labour contractors who are themselves employees of the organization.

(f) **Poaching or Raiding :**

Poaching means employing a competent and experienced person already working with another reputed company which might be a rival in the industry. A company can attract talent from another firm by offering attractive pay packages and other terms and conditions. Raiding has become a challenge for the human resource managers of modern organizations because poaching of a key executive by a rival firm will weaken the competitive strength of a firm.

(g) **Outsourcing:**

Under this arrangement, a company may draw the required personnel from the outsourcing firms or agencies on commission basis rather than offering them employment .This is also leasing of human resources. The outsourcing firms develop their human resources pools by employing people for them and make available the personnel to various companies (called clients) as per their needs .the outsourcing firms get payment for their services to their clients and give salary directly to the personnel.

MERITS AND DEMERITS OF EXTERNAL SOURCES

The merits of external sources of recruitment are as under:

(I) **Qualified personnel :**

By using external sources of recruitment ,the management can make qualified and trained people to apply for vacant jobs in the organization .

(II) **Wider choice :**

When vacancies are advertised widely , a large number of applicants from outside the organization apply for jobs .The management has wider choice while selecting the people for employment .

- (III) **Fresh talent :**
The insiders may have limited talents. External sources facilitate infusion of fresh blood with new ideas into the enterprises. This will improve the overall working in the enterprises.
- (IV) **Competitive spirit :**
If a company can tap external sources, the existing staff will have to compete with the outsiders. They will work harder to show better performance.

The demerits of filling vacancies from external sources are as follows:

- (I) **Dissatisfaction among existing staff :**
External recruitment may lead to dissatisfaction and frustration among existing employees. They may feel that their chances of promotion are reduced.
- (II) **Lengthy process:**
Recruitment from outside takes a long time .The business has to notify the vacancies and wait for applications to initiate the selection process.
- (III) **Costly process:**
It is very costly to recruit staff from external sources. A lot of money has to be spent on advertisement and processing of applications.

SELECTION PROCESS

Selection involves a series of steps by which the candidates are screened for choosing the most suitable persons for vacant posts. The process of selection will lead to employment of persons who possess the ability and qualifications to perform the jobs which have fallen vacant in a organization .it divides the candidates for employment into two categories –“ those who will be offered the employment and those who will not be”.

The basic purpose of selection process is to choose right type of candidates to man various positions in the organization. In order to achieve this purpose , a well-organized selection procedure involves many steps and at each step ,unsuitable candidates are rejected.

Scientific selection and placement personnel will go a long way towards building up a stable work force .it will keep the rates of absenteeism and labour turnover low and will increase the morale of the employees.

The main steps or stages that could be incorporated in the selection procedure are as under:

(a) **Preliminary interview:** A Preliminary interview is usually the first step in the selection process, especially where the number of applicants is very large. The preliminary interview is generally brief and does the job of eliminating the totally unsuitable candidates. It may consist of a short exchange of information with respect to organization's interest in hiring and the candidate's enquiry .it may serve the applicant to fill into the application blank. Candidates who pass this crude screening are usually asked to fill in the application blank available with the employment office of the organization.

(a) **Issue of application forms :**

Standard application forms may be drawn up for different jobs and supplied to the candidates on request .The application form is useful for several reasons .It gives a preliminary idea about the candidate to the interviewer and helps him in formulating questions to have more information about age, qualifications, experience etc. may prove to be of greater value to the interviewers. Now a days, application forms can be made available online by organizations to faster the selection process.

(b) **Screening of applications:**

After the applications are received, they are screened by a screening committee and a list is prepared of the candidates to be interviewed. Applications may be called for interview on some specific criteria like sex, desired age group, experience and qualifications .the screened applications are then reviewed by the personnel manager and interview letters are dispatched by registered post.

(c) **Employment tests:**

Employment tests are widely used for judging the applicants suitability for the job .they bring out the qualities and weaknesses of individuals which could be analyzed before offering them jobs. Intelligence tests, aptitude tests trade tests, personality tests etc. are some examples of employment tests.

(d) **Employment interview :**

Interview may be used to secure more information about the candidate .The main purpose of an interview are:

- to find out the suitability of the candidate.
- to seek more information about the candidate.
- to give him/her an accurate picture of the job with details of terms and conditions and some idea of organization's policies .

For the selection of right types of people, employment interview is very important .the communication skill of the candidate can be judged in the interview .his way of thinking can also be known. the information contained in the application blank can be checked during the interview.

The interview should be conducted in a room free from any disturbance, noise and interruption, so that interview may be held confidentially and in a quiet environment. Privacy and comfort are recognized as aids to free talk. People generally speak freely and frankly when they are at ease and do not feel threatened.

(e) Checking references :

A reference is potentially an important source of information about a candidate's ability and personality if he holds a responsible position in some other organization or has been the boss or employer of the candidate. Prior to final selection ,the prospective employer normally makes an investigation on the reference s supplied by the applicant and undertakes more or less a thorough search into the candidate's past employment ,education ,personal reputation ,financial condition ,police record etc.

(f) Final selection and appointment letter :

After a candidate has cleared all the hurdles in the selection procedure, he is formally appointed by issuing him/her an appointment letter or by concluding with him a service agreement.

(g) Medical Examination :

A proper medical examination will ensure high standard of health and physical fitness of the candidate and will reduce the rates of accident ,labour turnover and absenteeism .

The advantage of physical examinations are ;

- (1) It serves to ascertain the applicant's physical capability to meet the job requirements .
- (2) It helps to prevent communicable diseases entering the organization .

Organizations do not necessarily follow the same sequence of steps mentioned above .some organizations may confine their selection process only to preliminary review of the applications and employment interview ;others rely heavily on conduct of tests and employment interview ,whereas a few others decide to go through all the steps in a systematic manner. All these steps have their own advantages and limitations.

PERFORMANCE APPRAISAL

Performance appraisal may be defined as any procedure that involves (1) setting work standards; (2) assessing the employee's actual performance relative to the standards; and (3) providing feedback to the employee with the aim of motivating that person to eliminate performance deficiencies or to continue the performance above par. Performance appraisal also seeks to assess employee's behaviour, accomplishments, and potentials for future improvement, and points of his strength and weakness.

Effective appraisal requires that the supervisor set performance standards and it requires that the employee receives the training, feedback, and incentives required to eliminate performance deficiencies. Thus, Performance appraisal may be viewed as a systematic and objective process of assessing an individual employee's job performance and productivity at specified intervals of time in relation to certain pre-established criteria and the organization's objectives.

METHODS OF PERFORMANCE APPRAISAL

Numerous methods of performance appraisal have come into existence during the course of time. The specific type chosen has ,however considerably varied depending on the purpose that it is intended to serve, the particular conditions prevalent in the organization ,the categories of employees intended to be covered and the changing needs of the organization .some of the more frequently used methods of performance appraisal are described below.

(a) Rating scales/ Graphic rating method:

It involves filling out a rating form ,most usually by the immediate supervisor and subsequently reviewed by a higher competent authority .it contains a list of specified traits to be evaluated and also a range of scales for awarding scores or ratings at different levels of performance of employees.

The most common traits in the conventional rating form comprise the following:

(1) Job knowledge (2) Judgement capability (3) Attitude (4) Dependability Creativity

(5) Skill in dealing with people Leadership (6) Ability to delegation (7) Efficiency

Various degrees on the scale awarding scores or rating for different levels of performance are also specified. The scores may in numerical forms such as 1,2,3,4 and 5 or in descriptive form such as (I) unsatisfactory (ii) fair (iii) good (iv) very good and (v) excellent

(b) Forced distribution method :

Under this method, the rater, the rater ranks subordinates by class instead of ascribing a set of rating points to each individual .The organization places all the employees in separate and distinct classes in a hierarchy of the lowest to the highest class. For example rater may be required to place 20% in the highest, 70% in the middle and remaining 10% in the bottom categories. Generally, only overall rating of ability, rather than a series of ratings on separate traits, is adhered to. The system has been adopted in many reputed companies having international businesses such as General Electric, Microsoft, Intel and Cisco systems.

(c) Ranking method:

Ranking essentially involves listing all employees to be rated in numerical order of merit i.e from highest to the lowest. Ranking may be done on the basis of overall performance of the employees or on a particular trait.

(d) Paired comparison method :

The method involves rating each member of the group being compared against other members of the same group most usually on a single criterion such as quantity of work or level of knowledge .The employee who secures the highest number of favourable comparisons is ranked the highest and the employees getting the lowest number of favourable comparisons is ranked the lowest.

(e) Critical incident method :

A critical incident means a significant act by an employee exceeding or failing any of the requirements of his/her job. It represents an exceptional behaviour of an employee at work, as for instance, resisted the implementation of change; Became upset overwork, Refused to help a fellow worker; suggested an improvement in the work method; tried to get a fellow workers to accept the management decisions; welcome new ideas. This method requires every supervisor to record all such significant incidents.

One major advantage of the method is that all the ratings under this method are based on objective evidences rather on a subjective of traits .when the supervisor records an unfavorable incident, he should give the employee an opportunity to explain his stand.

(f) 360 degree Feedback Evaluation:

The method involves evaluation of an employee's performance ratings available from various sources, both internal and external. The internal sources may comprise managers, supervisors, team members, peers, subordinates and the employee himself. The external sources may include customers, dealers, consumers, and other stakeholders. A final rating of employee's performance takes into account the relevant information and data available from all these sources. The method is however, more appropriate for management development programme. The method enables the identification of the areas which need special attention for promoting competencies for use not only within the organization, but also in outside dealing. Corporates like General Electric India (GE), Reliance Industries, Wipro, Infosys etc are all using this tool to find out truth about their managers. Although deployed mostly as a fact finding technique, 360 Degree appraisal is also used to design promotion and reward system in the organization.

(g) Management by objectives (MBO):

The concept of management by objectives, which was originally developed by Peter Drucker, is essentially a formal organization-wide programme in which managers at each organizational level meet with subordinates for setting goals and appraising their performance at specified intervals with a view to ascertain the extent to which these goals have been achieved. The notable features of the technique are as follows: (i) setting of goals for the organization as a whole and also for different departments and individuals, (ii) holding discussions at intervals and (iii) periodic review in regard to the progress made.

The main advantage of the technique is its simplicity in coordinating goals at different levels. It ensures employee's participation in setting goals as well as in reviewing the progress.

ADVANTAGES AND USES OF PERFORMANCE APPRAISAL

Some of the major HR areas in which advantages of performance appraisal can be obviously discerned are as follows:

(a) Production and productivity :

Where targets of performance or production per unit of time have been specified, employees try their best to achieve these and even go beyond within the specified time in expectation of consequential rewards.

(b) Employees' capabilities and competence :

Performance appraisal makes it possible to identify the points of strength and weaknesses of the employees. The organization can conveniently adopt measures to rectify their deficiencies through suitable training and development programmes.

(c) Promotions and transfers:

The potentials of employees revealed through performance appraisal enable the management to take objective decision about the employees deserving promotion and those who are unsuitable. The employees also become aware that their level of performance will be deciding factor in their future advancement .

(d) Selection :

Performance appraisal also enables the organization to identify those employees whose potentials could be more fruitful utilized for higher positions.

(e) Compensation:

The additional compensation packages for high performing employees usually comprise performance based lump sum bonus, enhanced annual increments and improved fringe benefits. Such inducements act as a potential motivational factor not only for the high performing employees ,but also for those whose level of performance is not up to the mark . The low performing employees start making efforts to improve their performance in expectation of higher earnings and improved facilities.

(F) Communication:

Performance appraisal is also useful in ensuring useful communication in the organization .when the employees are convinced about the objectivity of their performance appraisals ,they generally feel free in communicating with their superiors and peers about their strengths and weaknesses.

Performance appraisals are also useful in making the process of identifying ,measuring and developing the performance of individuals and teams and aligning their performance with the organization's goals more effective and acceptable.

Recommended books:

- (1) FUNDAMENTALS OF HUMAN RESOURCE MANAGEMENT BY GARY DESSLER***
- (2) HUMAN RESOURCE MANAGEMENT BY P.R.N SINHA***
- (3) HUMAN RESOURCE MANGEMENT BY T.N CHABRA***

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