

BALAJI INSTITUTE OF I.T AND MANAGEMENT KADAPA

HUMAN RESOURCE MANAGEMENT

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Units covered: **1st, 2nd & half of 3rd Units**

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SYLLABUS

(17E00201) HUMAN RESOURCE MANAGEMENT

The objective of the course is to provide basic knowledge of functional area of Human Resource Management. This will be the prerequisite for enabling students to take any HRM stream electives offered in third and fourth semesters.

- 1. Introduction:-** Meaning of HR and HRM, Nature & Scope of HRM, Functions of HRM, Role and Objectives of HRM, Personnel Management, Policies and Strategies of HRM.
- 2. Designing and Developing HR systems:-** Human Resource Planning, Job Design, Job Analysis, Job Evaluation, Job Enlargement, Job Enrichment, Job Rotation, Recruitment & Selection, Placement, Promotion & Transfer.
- 3. Compensation Management:-** Introduction, objectives of wages and salaries administration, influencing factors for determining compensation- Monetary and non monetary benefits.
- 4. Human Resource Development:-** Concepts, Development Function, Training and Development, Performance Appraisal & Career Planning and Development.
- 5. Recent Trends in HRM:** Outsourcing, Work Life Balance, Quality Circles and Total Quality Management.

Textbooks:

- Personnel and Human Resource Management – Text and cases, P. Subbarao, Himalaya.
- Human Resource Management, Noe A.Raymond, John Hollenbeck, Barry Gerhart and Patrick Wright, Tata McGraw Hill.

References

- Human Resource Management, Aswathappa, 4th Edition, TMH 2006
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- Strategies HRM by Rajeev Lochan Dhar, Excel Books.

- Human Resource Management, Text and Cases, VSP Rao, Excel Books 2006.

UNIT-1

INTRODUCTION

BRIEF SUMMARY OF THIS UNIT

Human: *refers to the skilled workforce in an organization.*

Resource: refers to limited availability or scarce.

Management: refers how to optimize and make best use of such limited or scarce resource, to meet the organization goals and objectives.

- *Human resources means the people. It includes all activities starting from manpower planning till employee leaves the organization.*
- *HRM strategic plans must build on the firm's strengths.*
- **Main objective/aim of hrm function is increasing employees' job satisfaction and self actualization.**
- *The HR department must be a proactive.*
- **The functions of HRM can vary widely from one organization to another, depending upon its nature, size, and objectives.**

An organization is made up of 4 resources

- Men
 - Material
 - Money
 - Machinery
- Non Living

It is the human that make use of non human resources.

Attract and retain talent

Train people for challenging roles

Develop skills and competencies

Promote team spirit

Develop loyalty and commitment

Increase productivity and profits

Improve job satisfaction

Enhance standard of living

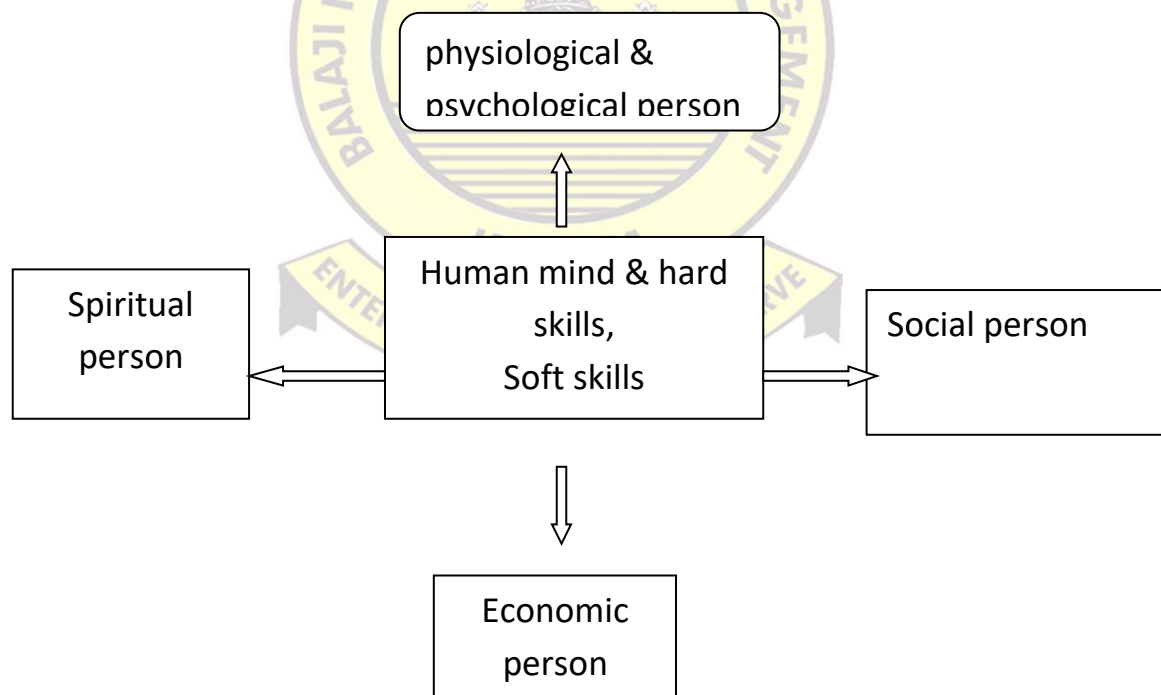
GOOD HR PRACTICES HELP



1. MEANING OF HR & HRM:-

1.1 MEANING OF HR:-

- ✓ According to Leon C. Megginson, HRM means the total knowledge, skills, creative abilities, talents, competencies & aptitudes of an organization's workforce.
- ✓ The term **human resource is a Source like any other natural resource.**
- ✓ Human resources are also regarded as human factor, human assets, human capital etc.
- ✓ *The term human resource had been used widely in the recent past.*
- ✓ People are **economic beings** as they need money in exchange of their Resources. people can't live in isolation.
- ✓ **They prefer to work in groups & terms.**



1.2 MEANING OF HRM:-

Human resource management is like **Labor management, employee-employer relations, Industrial relations, human resource administration** etc.

Human resource management means employing people, developing them, utilize their services according to organizational requirements.

Human resource management is a continuous and never ending process.

HRM is a responsibility at all line managers and a function of staff managers in an organization.

The history of HRM in India dates back to the early 1980s when MR.UDAI PAREEK & MR.T.V.RAO championed the cause of the HRM movement.

1.3 DEFINITION OF HRM:-

“Human Resource Management is the set of organizational activities directed at attracting, developing and maintaining an effective workforce.”

- Ricky W. Griffin

Example of HRM:



2.Nature & Scope of HRM :-

2.1 Nature of HRM

- Human resources management of the complex & dynamic components (resources) of all the people (owner (or) employed directly (or) directly related) at all levels of organizations in a social setup.
- *Managing human resources is a challenging task compared to all other resources like money & materials.*
- HRM consists of people-related functions as **hiring, training & Development, compensation, welfare etc.**
- HRM involves Management principles & functions to **doables (feasibility/possible)** and deliverables of people management.
- *HRM makes alignment of HR policies & practices, with strategies.*
- The HR executive helps formulate & implement business strategies.

A.A part of Management Discipline: *HRM is a part of management discipline.* It is not a discipline in itself but is only a field of study. HRM, being a part of management process, draws heavily from management concepts, principles and techniques and apply these in the management of human resources

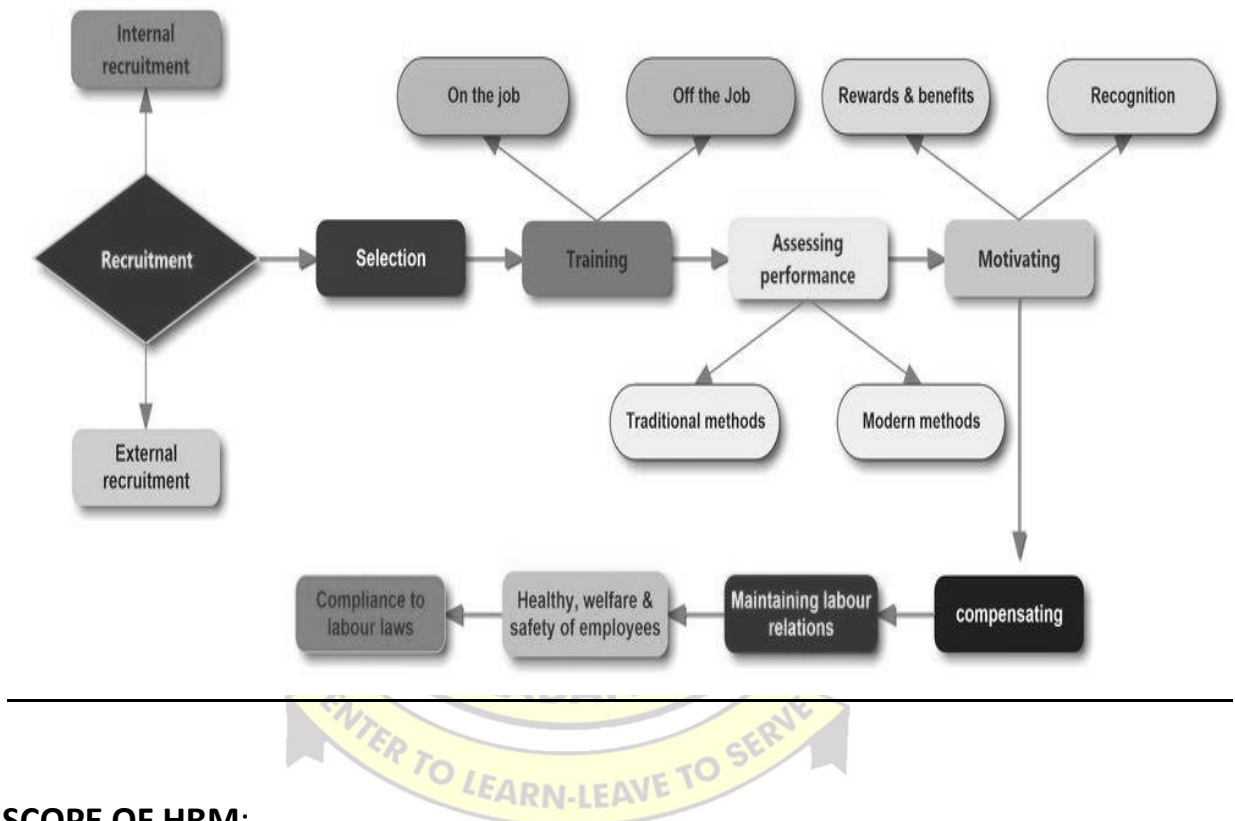
B.Concerned with People: **HRM is all about people at work, both as individuals and groups.** It tries to put people on assigned job in order to produce goods results. The resultant gains are used to reward people and motivate them towards further improvement is productivity.

C.Development Oriented:HRM intends to develop the full potential of employees. The reward structure is turned to the needs of employees. *Training is provided to improve the skill of employees* to fulfill the organization goals/ requirements.

D. Continuous Process: HRM is not a one short deal. It cannot be practiced only one hour each day or one day a week. *It requires constant alertness and awareness of human relations and their importance in every day operations.*

www.whatishumanresource.com

HRM Process



2. SCOPE OF HRM:-

A. Personal Aspect:-

- i. This is concerned with manpower planning, recruitment, selection, placement, transfer, promotion, training & development, incentives etc.
- ii. The overall objective is individual growth, development and effectiveness which indirectly contribute to organizational development

B. Welfare aspect:

- i. This includes a wide range of responsibilities and services such as *safety services, health services, welfare funds, etc.*
- ii. It also covers appointment of safety officers, eliminating workplace hazards (Problems), support by top management, **job safety, safeguarding machinery, cleanliness, proper ventilation and lighting, sanitation etc.**
- iii. It also take care of canteen facilities, crèches, rest and lunch rooms, housing, transport, medical assistance, education, etc.

C. Industrial relations aspect:-

- i. It needs careful interactions with labor or employee unions, addressing their grievances and settling the disputes effectively, to maintain peace and harmony in the organization.
- ii. Maintaining co-ordinal relations with the **union members. with employer-employee, employee- employee**, This will help the organization to **coordinate with one another for smooth working.**

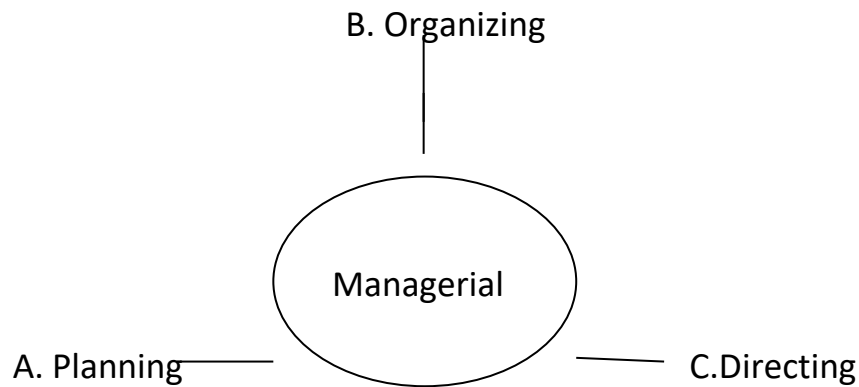
3. FUNCTIONS OF HRM:

The functions HRM can be broadly classified into two categories like.

I. Managerial Functions

II. Operative Functions

I. Managerial Functions



A. Planning :-

- + It is pre-determined course of action.
- + It also forecasting of human resource needs, Changing values, attitudes & behaviors of employees and their impact on organization.
- + **Planning is necessary to determine the goals of the organizations & lay down policies & procedures to reach the goals.**
- + *It is deciding in advance "what to do, when to do, how to do and who will do".*
- + Planning is an ongoing step and can be highly specialized based on organizational goals, division goals, departmental goals and team goals.
- + **Both long-term and short-term plans are necessary to achieve goals.**
- + Planning is a part of the activities of all managers.

B. Organizing:-

- + Complex relationships exist between the specialized departments & the general departments, *top managers are seeking the advice of human resource manager.*
- + Organizing is the process of linking and arranging activities in a sequence. Grouping of personnel activity into functions or positions.
- + **Delegating authority** according to the tasks assigned and responsibilities involved. **Coordinating activities of different employees**
- + *By organizing properly the effectiveness of repetition and duplication of the activities is avoided.*

C. Directing:-

- + Direction is an important managerial function in building **sound industrial & human relations** besides securing employee contributions.
- + Human resource management function should also be co-ordinate with other functions i.e. **3M'S (material, machine & money).**
- + *Direction is the key to achieve required goal.* Directing motivates the employees to perform their responsibilities to reach Organizational goals. To reach / attainment of organizational goals is possible through only effective co-operation of employees.
- + Thus, direction is an important managerial function in securing employees contribution.

D controlling:-

- + Controlling also involves checking, verifying & comparing of the actual with the plans, identifications of deviations.
- + **It also involves appraisals, audit, statistics, etc.**

- ✚ Action & operation are adjusted to predetermined plans & standard through control. Controlling helps the personal manager to evaluate the control the performance of the personnel department in terms of various operative functions.

II Operative Functions:-

The operative functions of human resource management are related to specified activities of human resource management.

A.EMPLOYMENT:



1. Human Resource Planning :

- It involves Estimation of present & future requirements and supply of human resources based on objectives and long range plans of the organization.
- Human resource is the most **important asset** of an organization. Human resources planning are the important managerial function.
- HR planning involves choosing and placing the **right person** at the **right job** and at the **right time**.

2. Recruitment:

- Creation/identification of new sources of applicants.
- Striking a balance between internal & external sources.
- Stimulating the candidates to apply for jobs in the organization.
- It is the process of searching for **prospective employees** and stimulating them to apply for jobs in an organization.

3. Selection:-

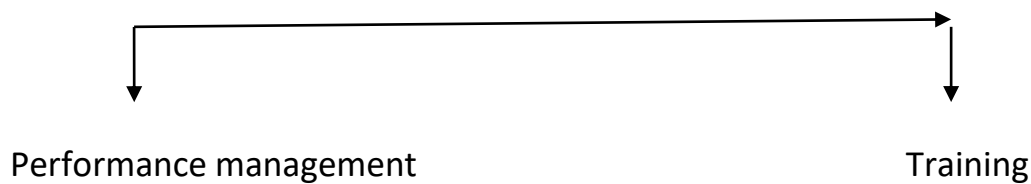
- a) Framing & developing applicants banks
- b) Checking of reference, line manager's decision testing techniques.
- c) Formulating interviewing techniques & checking of reference.
- d) It is the process of ascertaining the qualifications, experience, skill, knowledge etc., of an applicant with a suitability to a job .Framing and developing application blanks.
- e) Creating and developing valid and reliable testing techniques.
- f) Sending letters of appointment and rejection.
- g) Employing the selected candidates who report for duty.

4. Placement:

- (a) Placement is understood as assigning jobs to the selected candidates.
- (b) Thus, placement may include initial assignment of job to new employee, on transfer, promotion of the present employees.
- (c) Placement involves assigning a specific job to each one of the selected candidates.
- (d) However, *placement is not so simple as it looks*. it involves striking a fit between the requirements of a job and the qualifications of a candidate.

Significance of placement

- A. It improves employee morale.
- B. It helps in reducing employee turnover.
- C. It helps in reducing absenteeism.
- D. It avoids misfit between the candidate and the job.
- E. It helps the candidate to work as per the predetermined objectives of the organization.

B. HUMAN RESOURCE DEVELOPMENT:-

1. PERFORMANCE MANAGEMENT :It is the systematic evaluation of individuals with respect to their performance. *Reviewing of reports & consolidation of reports. Evaluating the effectiveness of a various programmes. Performance management is a whole work system; It begins when a job is defined as needed. It ends when an employee leaves your organization.*

2. TRAINING: Training is the act of increasing the knowledge and skill of an employee for doing a particular job. **Training plays a significant** role in human resource management. To prepare employees for more responsible positions. To bring about change in attitudes of employees in all directions To absorb **new skills & technology.** Helpful for the growth **& improvement** of employee's **skills & knowledge.**

C. COMPENSATION / REMUNERATION:-

1. WAGE & SALARY ADMINISTRATION:-At the majority of companies and organizations, wages are usually dispersed to all employees on a specific data. *Conducting wage & salary survey.* Determining wage & salary rates based on various factors.

Wages' refers to – Blue collar workers

Salary' refers to – White collar workers

2. INCENTIVES :*Incentives refer to rewards given to employees in monetary on non-monetary form. It is a reward or encouragement to an employee* for the hard work and efficiency at job, assigned by the organization.

3.SOCIAL SECURITY MEASURES :Maternity benefits to common employees. Sickness benefits & medical benefits. Dependent benefits, Disablement benefits. Retirement benefits like provident fund, pension etc.

4. FRINGE BENEFITS:- They are supplementary forms of compensation. Fringe benefits are indirect compensation because they are extended as a condition for employment. These benefits may be statutory or voluntary.

For example Provident funds are statutory, but the transportation facility is voluntary.

These benefits help raise the living standards of the employees.

Housing facilities, canteen facilities. Recreational facilities, legal clinic, company stores. Educational facilities to employees & children. Safety, health, medical & welfare facilities.

4. ROLE & OBJECTIVES OF HRM:-

4.1 Role of HRM :-

- *Humans are the greatest resource of an organization; without them, all business functions like communicating through all kinds of media, manage cash transaction or dealing with customers could not be accomplished.*
- *Its role is to play an active role in the process – a facilitator- to advocate all the members and ensure that every employee's voice and concerns are heard.*
- *Human resources are a key element in the success or failure of monitoring programmes to meet their objectives.*

- To diagnose problems and determine appropriate solution particularly in the human resource areas. HR Department also performs various functions of employment, training & development etc.
- The HR manager control very tactfully to win the confidence & co-operation of all line managers. HR professionals frame different strategies for increasing employee commitment to the organization.

They advise managers on many issues related to employees.



A. Working Together: *At all levels of the organization, managers and HR professionals work together to develop employees' skills. In a flexible organization, employees are shifted around to different business functions based on business priorities and employee preferences.*

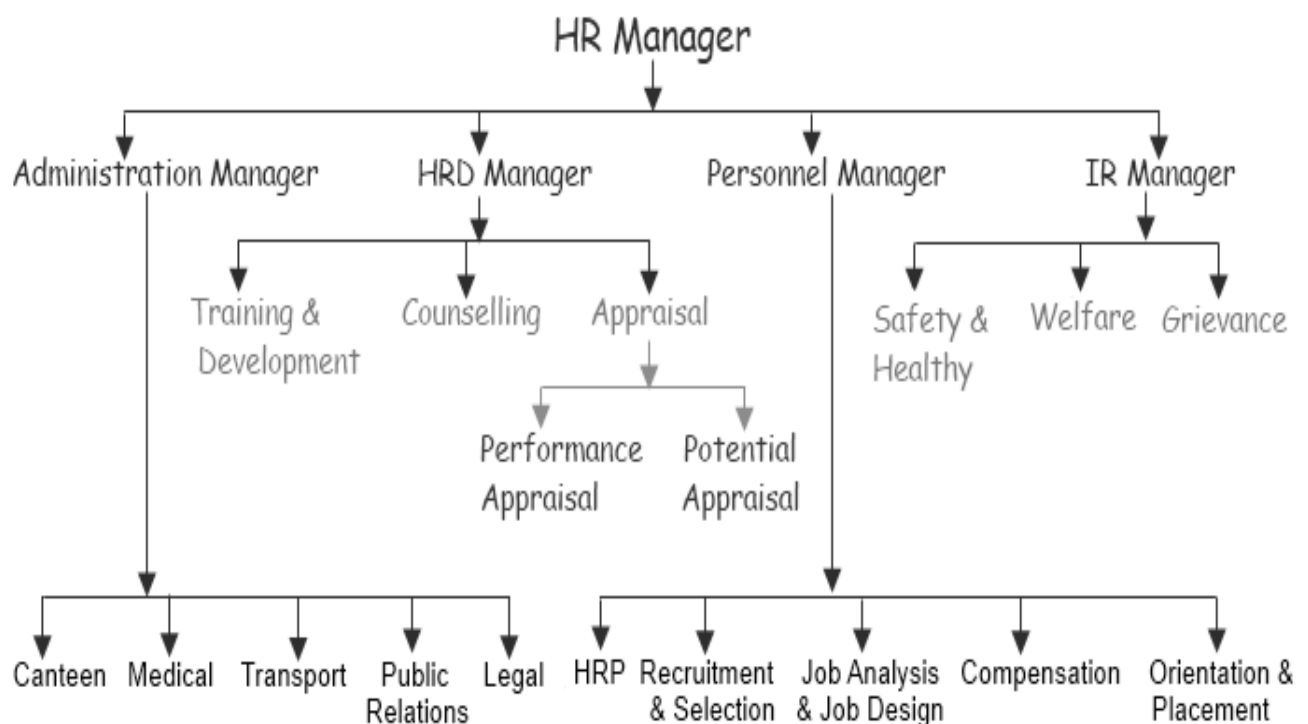
For example, *HR professionals advise managers and supervisors how to assign employees to different roles in the organization, thereby helping the organization adapt successfully to its environment.*

B. Commitment Building: HR professionals also suggest strategies for increasing employee commitment to the organization. This process begins with the

recruiting process according to their qualifications. *Once hired, employees must be committed to their jobs and feel challenged throughout the year by their manager.*

C. Building Capacity: An HRM team develops a competitive advantage, which involves building the capacity of the company, to provide goods or services to their customers. To build the effective human resources, private companies compete with each other in a "war for talent." It's not just about hiring talent; this game is about keeping people and helping them grow and stay committed over the long term.

4.2 ROLES & RESPONSIBILITIES OF HR MANAGER



4.2 OBJECTIVES OF HRM:-

1. Recruit, select, **train** and utilize motivate the workforce, to accomplish the basic **organizational goals**.
2. **Establish and maintain healthy organizational structure** and working relationships with all the members of the organization.

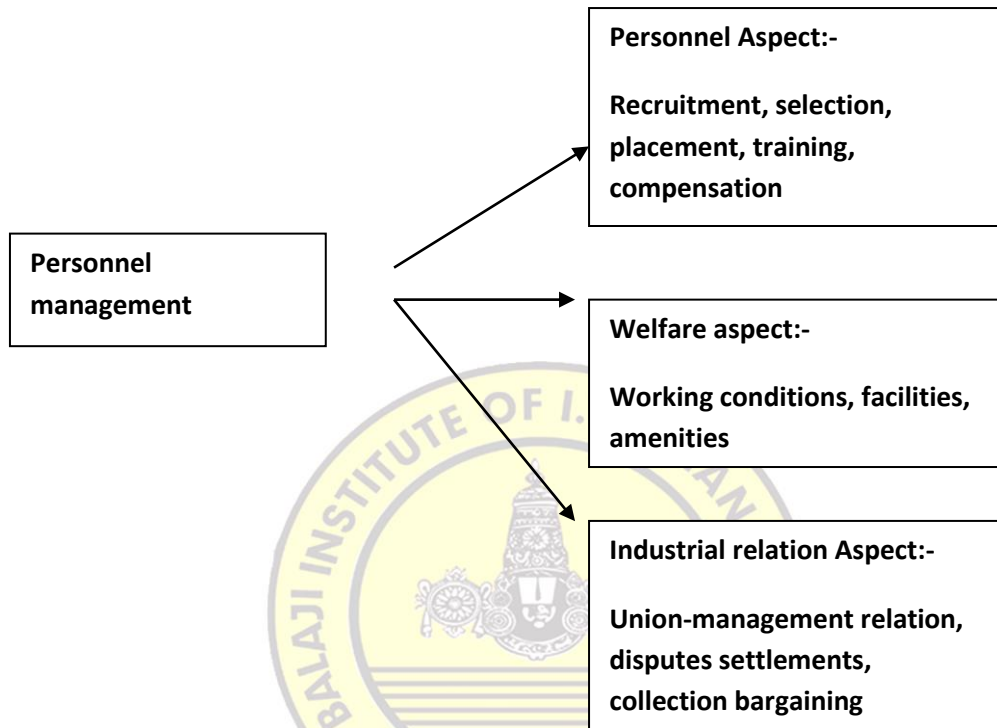
3. To **integrate individual or groups** within the organization.
4. **Provide facilities and give opportunities** to individual or **group development** to make growth of the organization.
5. **Maximize utilization of** human resources in the achievement of organizational goals.
6. **Identify and satisfy** individual and group needs by providing adequate and equitable wages, incentives, employee benefits etc.for challenging work.
7. Maintain **high employee's morale and sound human relations** by sustaining and improving the various facilities.
8. **Enhance and appreciate the human assets** continuously by providing training and development programs, performance appraisal.
9. Give employees **chance to explore their leadership Skills**
10. Provide **facilities and conditions of work and creation of a favorable atmosphere** for maintaining the **stability of employment**.

5. PERSONNEL MANAGEMENT :

- ❖ Personnel management is concerned with people at work their relationship with each other.
- ❖ It May be defined as a set of programmes functions and activities designed to maximize both personal and organizational goals.
- ❖ It involves the establishment of various policies to deal with employees to retain them.
- ❖ It ensures that the organization and hires qualified imaginative and competent peoples.
- ❖ It lays out the rules regarding working conditions designs appropriate compensation plans and strengthens employer employee relations
- ❖ ***Personal management is an extension to general management***

According to the national institute of personnel management (NIPM) the three important dimensions of personnel management include,

Three dimensions of personnel management:-



DIFFERENCE BETWEEN PERSONNEL MANAGEMENT AND HRM

<u>PERSONNEL MANAGEMENT</u>	<u>HUMAN RESOURCE MANAGEMENT</u>
1. Management of people employed	Management of employees KSA
2. Employees are treated as economic man&Services are exchanged for salary, wages.	Employees are treated as economic Social & Psychological man.
3. Employees are treated as cost centre	Employees are treated as profit centre

4. Employees are mostly used for organizational benefits.	Employees are mostly used for multiple benefits.
5. Personnel mgmt is treated as secondary function	HRM is treated as strategic function
6. Actions are based on procedure	Actions are based on business needs
7. Mgmt task are monitoring	Tasks are nurturing
8. Decision is slow	Facilities are speedy decisions
9. Communication is indirect	Communication is direct
10. Behaviour is based on norms policies, customs & practices.	Behaviour is based on values, mission
11. Pay is based on job evaluation	Pay is based on performance evaluation
12. Mgmt note is transactional	Role is transformational leadership
13. It focuses on personnel administration, employee welfare and labor relation	It focuses on acquisition, development, motivation and maintenance of human resources.
14. It deals with employees, their payroll and Employment laws.	It deals with the management of the work force, and contributes to an organization's success.
15. It is considered to be reactive	It deals with developing personnel management Skills.
16. It focuses on administrating people or employees	it is stated to be proactive
17. It is independent from an organization	The prime focus of HRM is to build a dynamic culture

6. POLICIES AND STRATEGIES OF HRM:

6.1 Policies of HRM:-

- ✓ A policies is a plan of action it is statement of intention committing the management to a genteel course at action
- ✓ Human resource polices guide the course of action intended to accomplish human resource objectives
- ✓ Every organization should have human resources as well as the organization
- ✓ Further organization needs human resource policies in order to
- ✓ Consider the favorites and discrimination in treating the employees

HR policies allow an organization to be clear with employees on

- a) The nature of the organization
- b) What they should expect from the company
- c) What the company expects of them
- d) How policies and procedures work at your company
- e) What is acceptable and unacceptable behavior
- f) The consequences of unacceptable behavior

6.2 Analyze about each potential policy:

- a) How have we handled this issue in the past?
- b) Does the size of our workforce justify having a policy about this issue?
- c) Are we willing to invest the time it takes to keep the policy up to date?
- d) What do we hope to accomplish with this policy? What are the outcomes?
- e) Drafting the policy, Purpose of the policy
- f) Policy name, References
- g) Effective date of the policy and date of any revisions

- h) Approval status
- i) Main policy statement
- j) Definitions of any key concepts or terms used in the policy

6.3 LIST OF HUMAN RESOURCE POLICIES: There are two different parts of human resource (HR) policies, first half of the human resource policies and procedures are formulated on the basis of their source and second half of the human resource policies are provided on the basis of their description.

1. Originated policy: The actual nature of working in relation with the originated policy is handled and established by the senior manager, so that the senior manager can understand all the necessary requirements of the employees. Moreover, these senior managers provide guidelines to their subordinates to improve and develop their professional career.

2. Implicit policy: With the help of these policies, the managers can express their intention in favour of the company. First of all the actual importance of these implicit policies are implied because of the nature and behavior of the managers. And that is why these implicit policies are also called and recognized by the name of implied policies of the company. *It is quite clear that these implicit policies are recognized by the managers of the company.*

3. Imposed policies: The nature of working in the company doesn't include only the management of the company. *The organizational structure of the company even depends upon the governmental agencies of the company.* It is one of the policies which are made for the development of the staff and workers value in the company.

4. Appealed policy: It is not an actual policy; it is such kind of policies which are requested by the managers of the company. The appealed policies can be generated by the managers and employees of the company, *whether it is accepted or rejected can be decided by the human resource management of the company.*

Example: when hiring a salesperson, the hiring manager might have the responsibility to assess the individual's sales ability, his or her aggressiveness, and other specific work requirements. The Human Resources Director may want to assess the candidate's cultural fit with both questions and observations about how the candidate treated staff.

6.2 Strategies of HRM: Human resource strategies are the plans that lead to implanting different functions in the human resource department of an organization. HR strategies are developed in order to cultivate talents attitudes and behavior in the staff members which will in turn help the organization to meet its goals.

Hr strategies must be put in line with the transitional mission, vision, and goals.

A. Talent: *Talent represents the human capital of an organization and is crucial to the success of that business.* It is an important asset that the business should strive to maintain. The human resources department should forecast the staffing needs of the business in the future while also recruiting, hiring, and keeping the best talent in the organization. The most successful businesses in the world pride themselves in hiring the best talent in the world.

B.Leadership: The leadership of the organization is linked to what the head is to a body. *The HRM department plays a key role in the leadership of the organization*, because it is tasked with finding the best executives to steer the business in the right direction. In order to do job effectively, HR managers need to be active in an advisory capacity when engaging with other organizational leaders, *to give their input on what is best for the company's future.*

C.Planning: The HRM department plays an important role in helping the business to plan for the future. for example: by conducting regular surveys of the employees to determine employee satisfaction, the HRM department can give important insights to business leaders on what needs to be done in the future to contribute to a happier workplace.

CASE STUDY

One Monday morning SANJAY NAGPAL, a recent recruit from a reputed management institute in Chennai walked into the sales office at manipal as a new sales trainee. REGHAVAN the zonal sales manager for a large computer hardware firm was there to greet him. RAGHAVAN'S job consisted of overseeing the work of sales officers field executives and trainee salesman numbering over 50 of three areas namely manipal, Bangalore, Trivandrum. The sales of computers parts and other office equipments in his area was highly satisfactory, especially in recent years thanks to the development initiatives taken by respective state government in spreading computer education in office schools colleges, banks and other institutions. RAGHAVAN had collected several sales reports catalogues and pamphlets describing in detail the types of office equipment sold by the company. After a pleasant chat about their backgrounds, RAGHAVAN gave SANJAY the collected material and showed him to his assigned desk. Thereafter raghavan excused him and did not return.

Sanjay spent the whole day scanning the material and at 5.00p.m. He picked up his things and went home.

Question

What do you think about raghavan approach for training programme?

Ans: As mentioned in the case raghavan has given sanjay the collected material (sales reports catalogues and pamphlets describing in detail the types of office equipment sold by the company) and showed him his place of work. Thereafter he excused himself and did not return. Sanjay spent the whole day scanning the material and at 5.00pm he picked up his things and went home. This approach of raghavan clearly implies that he wants to analyze the knowledge skills and ability of the new trainee sanjay nagpal by giving him complete freedom to handle his assigned work.

UNIT-I External Questions: (Old Question papers)

1. Define HRM and discuss its nature and scope?
2. Define human resource management. Explain the significance of human resource management?
3. Briefly explain the major activities of HRM?
4. Bring out the evolution and growth of HRM in India.
5. How HRM is differ from personnel management? What are various strategies of HRM?

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UNIT –II

DESIGNING AND DEVELOPING HR SYSTEM

BRIEF SUMMARY OF THIS UNIT

- a) **Designing Human Resource Management Systems** provides a framework for designing and implementing Human Resource Management systems in various kinds of organizations, even those with limited resources
- b) HR Design aims to foster engagement, attract, **develop and retain** 'right fit' talent, and create a culture that's adaptable and diverse.
- c) *Human resource planning should serve as a link between human resource management and the overall strategic plan of an organization*
- d) The coverage of concepts pertaining to each system and sub-system— *job analysis, human resource planning, recruitment and selection, performance management, training and development etc.*

1. HUMAN RESOURCE PLANNING

Human resources planning is the important managerial function. Human resource plans are prepared for varying time periods i.e. short term plans covering a time of **2 years** and long term plans encompassing a period of **5 or more years**.

Human Resource Planning is a continuous process because the demand and supply of Human Resource keeps fluctuating throughout the year.

Human resource plans should be balanced with the corporate plans of the enterprise.

It helps the organization to develop a succession plan for all its employees.

Evaluate excess or scarcity of resources that are available at a given point of time.

To make the best use of its human resources. To estimate the cost of human resources.



1.1 DEFINITION OF HUMAN RESOURCES PLANNING

According to E.W. Vetter, human resource planning is “the process by which a management determines how an organization should make from its current manpower position to its desired manpower position.

1.2 BENEFITS/ ADVANTAGES OF HUMAN RESOURCE PLANNING

Human resource planning anticipates not only the required kind and number of employees but also determines the action plan for all the function of personnel management.

The major benefits of human resource planning like

- It causes the development of various sources of human resource to meet the organizational needs .
- It causes the development of various sources of human resources to meet the organizational needs.
- To plan for physical facilities working conditions and the volume at fringe benefits like canteen schools, hospitals, child care centers etc.

1.3 IMPORTANCE OF HUMAN RESOURCE PLANNING

- a. **Reservoir for talent:** The origination can have the reservoir of talent at any point of time People with requisite skills are readily available to carry out the assigned talks

- b) **Prepare people for future:** People can be trained motivated and develop in advance and this helps in meeting future needs for won quality employees quit easily. Human resource shortages can also be met comfortably when people quit the organization for various reasons through proper human resource panning
- c) **Cut cost :**Planning facilitates the preparation of an appropriate HR budget for each department The physical facilities like canteen quarters school medical help etc.

Example of the Basic Human Resource Planning Model



2. JOB DESIGN

Job design is defined as a process of deciding on the content of jobs in terms of its duties and responsibility. The goal of job design is to integrate the needs of the individual with the organizational requirements. To increase **motivation**, satisfaction and safety of employees enhancing the quality of work life. The aim of job design is not improve job satisfactions, to improve quality, and to reduce employee problems *If the jobs are designed properly, then highly efficient managers will join the organization.* They will be motivated to improve the productivity and profitability of the organization **Job design is a continuous ever evolving process.** It requires

the use of techniques like work study process planning organizational methods and origin analysis

2.1 ADVANTAGES OF JOB DESIGN

- a) Job design helps create a job profile which can motivate the employees at work place and reduce dissatisfaction.
- b) This ensures that the job is simplified or broken down to employees, especially for those who have limited skills and are lesser learned.
- c) Effective job design can expose the employees to a wider set of roles and help them understand the best role suited to them.
- d) Job design also sees what training and development is required for employees to increase employee productivity.
- e) It can help understand the employee output, efficiency, work-load and the number of hours required for work vs. rest.

2.2 DISADVANTAGES OF JOB DESIGN

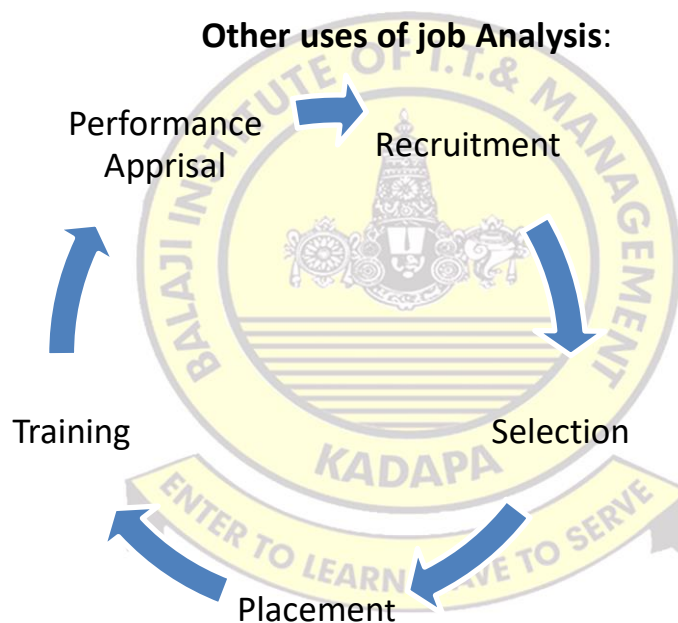
1. Job design can lead to monotonous work and boredom.
2. Job design by enrichment gives too much control to senior employees which can lead to poor results or conflicts with lower staff.
3. Job design by rotation can affect the flow of work & hamper the quality of output.
4. Enlargement can cause employees to lose focus on core competencies

3. JOB ANALYSIS

Job analysis is a formal and detailed examination of job. It is systematic investigation of the task duties responsibilities necessary today a job. Job analysis is an important personnel activity because it identifies what people do in their jobs. And what they require in order to do the job satisfactorily. It involves collection of information that should include knowledge, skill, ability. Job analysis is a process where judgments are made about data collected about one job. Job analysis aims to create jobs that are aligned to the organization's work flow that is required to be completed.

3.1 USES OF JOB ANALYSIS

- A. Indicate training needs. Put together work groups (or) teams.
- B. Provide information to conduct salary surveys.
- C. As input for strategic planning & organizational Analysis.
- D. Provide a basis for putting together recruitment.
- E. As a basis co-ordination safety concerns.
- F. Produce a basis job description of the job that cans facilities selection of appropriate human resources.
- G. To provide employees & supervisors with a basic description of jobs describing cuties & characteristics of each incumbent in common with & different from other position (or) job.



1. Recruitment: Job Analysis is used to find out how & when to hire people for future job openings. An understanding of the skills needed & the position that is vacant in future helps managers to plan & hire people in a systematic.

2. Selection: Without proper understanding of what is to be done one job, it is not possible to select the right person.

3. Placement: After selecting people, we have to place them on jobs best suited to their interests, activities.

To teach a new employee how to handle a job, we have to clearly define the job.

4. Training :If there is any confusion about what the job is and what is supposed to be done, proper training efforts cannot be initiated.

Potential job holder requires additional training can be determined only after the specific needs of the jobs have been identified through a job analysis.

5. Performance: Every organization has to pay a fair remuneration to people based on their performance. To achieve this, it is necessary to compare what individuals should do (as the performance standards) with what they have actually done (as per job analysis).

3.2 IMPORTANT OBJECTIVES OF JOB ANALYSIS

a. Determine training needs

- a. Training content.
- b. Assessment tests to measure effectiveness of training.
- c. Equipment to be used in conducting the training used in training to identify (or) develop.

b.Compensation

- a) job analysis can be used in compensation to identify.
- b) Skill level.
- c) Compensable job factors.
- d) Work environment
- e) Responsibilities
- f) Required level to education.

c. Selection Procedures

- a) Job duties that should be included in advertisement of vacant positions.
- b) Interview question.
- c) Applicant appraisal / evaluation forms.
- d) Selection tests / instruments.
- e) Minimum requirements (Education & or experience)

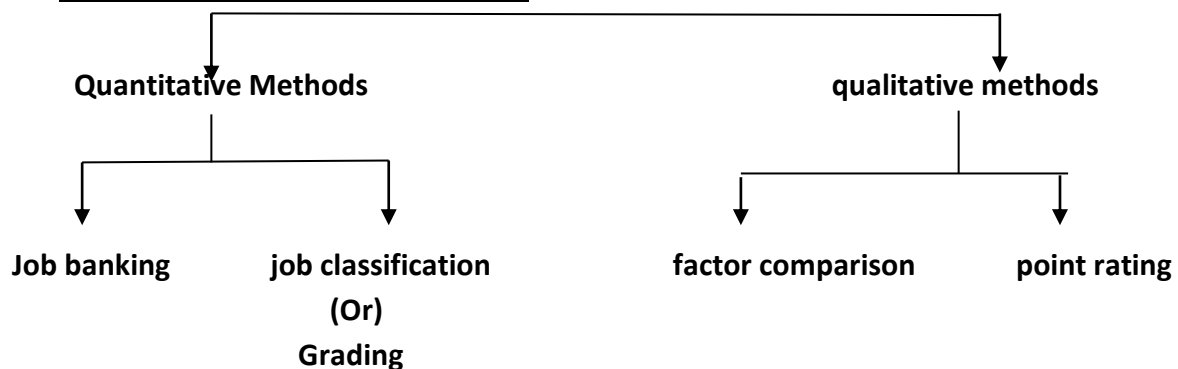
4. JOB EVALUATION

- *Job evaluation is a systematic way of determine the value worth of a job in relation to other jobs in an organization.*
- The aim of job evaluation is to find the relative value worth at a job & determine what a fair wage for such a job should be.
- **Job evaluation** is carried out by **groups** not by **individuals**. Job evaluation does not fair pay scales but merely provides a basis for evaluation a rational wage structure.

4.1 ADVANTAGES OF JOB EVALUATION

1. It is a logical and to a certain extent an objective method of ranking and grading the jobs.
2. It help to fit the newly created jobs in the existing structure
3. Employee grievances, doubts and complaints would be at the lower ebb as it a systematic and objective method of wage fixation
4. It eliminates some undesirable factors like in qualities in bargaining capacities of employees and employers, fluctuations in market rates etc.
5. It satisfies the principles of fair wage, wage equity, uniformity in wages etc.
6. It ensures employee satisfaction about wage level and wage equity
7. It also helps to redesign the jobs by reallocating the easy and difficult tasks equally among various jobs.

4.2 JOB EVALUATION METHODS:-



I. Quantitative Methods

A. Job Ranking:-

- ❖ In the ranking method of job evaluation, *a whole job is compared with others & rank is provided on the basis of this comparison.*
- ❖ *It is very easy to understand & least expensive.*
- ❖ *All jobs are ranked in the order of their importance from the simplest to the hardest or from the highest to the lowest.*
- ❖ Jobs are usually ranked in each department and then the department rankings are combined to develop an organizational ranking.

For example:-

According to the Ranking Method

Rank	Month Salaries
1. Accountant	3000/-
2. Accounts clerk	1800/-
3. Purchase assistant	1700/-
4. Machine-operator	1400/-
5. Typist	900/-
6. Office boy	600/-

The variation in payment of salaries depends on the variation of the nature of the job performed by the employees. It is suited for a small organization.

Advantages/Merits:

- a) It is the simplest method.
- b) It is quite economical to put it into effect.
- c) It is less time consuming and involves little paper work.

Disadvantages/Demerits:

- a. The main demerit of the ranking method is that there are no definite standards of judgment and also there is no way of measuring the differences between jobs.
- b. It suffers from its sheer unmanageability when there are a large number of jobs

B. Classification method:-

- According to this method, a predetermined number of job group (or) job classes are established & jobs are assigned to these classification.
- The grades or classes are created by identifying some common denominator **such as skills, knowledge and responsibilities.**
- This system can be effectively used for a variety a job comprises.

I-Class I-Executives:-Further classification under this category may be office manager, deputy officer manager, office superintendent etc.

II-Skilled Workers:-Under this category may come the purchasing assistant, cashier, etc.

III-Semiskilled Workers:-Steno typists, switch board operators etc.

Advantages/Merits:

- A. This method is easy to understand and simple to operate.
- B. It is economical and, therefore, suitable for small organizations.
- C. The grouping of jobs into classifications makes pay determination problems easy to administer.
- D. This method is useful for Government jobs.

Disadvantages/Demerits:

- a) The method suffers from personal bias of the committee members.
- b) It cannot deal with complex jobs which will not fit neatly into one grade.
- c) This method is rarely used in an industry.

II. QUALITATIVE METHOD:-a. Factor Comparison Method:

A More systematic & Scientific method of job evaluation is – factor comparison method. Under this- instead of ranking completed jobs, each job is rank according to a series of factors. These factors include mental effort, physical effort, responsibility & working conditions etc. Pay will be assigned in this method by comparing the weights of the factors required for each job. The present wages paid for key jobs may be divided among the factors weighted by importance. Wages are assigned to the job in comparison to its ranking on each job factor.

STEPS INVOLVED:-

- Select Key Jobs, representing wage/ salary levels across the organizations.
- The selected jobs must represent as many departments as possible.

For example: all the jobs may be compared first by the factor 'mental requirements'. Then the skills factor, physical requirements, responsibility, and working conditions are ranked. Thus, a job may rank near the top in skills but low in physical requirements. Then total point values are then assigned to each factor.

Competitive picture of the ranking of these two jobs is shown in matrix of factor rankings.

FACTOR RANKING OF TWO KEY JOBS		
Factor Rank Order	Welder	Mechanical Engineer
1.	Physical requirements	Skill requirement
2.	Working conditions	Mental requirement
3.	Skill requirements	Responsibility
4.	Responsibility	Working conditions
5.	Mental requirements	Physical requirements

Advantages

- A. It is analytical and quantitative method.
- B. This method is a combination of two techniques, i.e., ranking and factor comparison.
- C. *It is fairly easy method to explain to employees*
- D. The method is flexible as there is no upper limit on the rating of a factor

Disadvantages

- a) It is expensive and time-consuming method.
- b) It is difficult to understand and operate.
- c) This technique does not consider all the sub-factors as the operating of the system would be difficult if it considers all the factors.

B.Point Rating Method:

This is the most widely used method of job evaluation. Points are assigned to each factor after prioritizing each factor in order of importance. Jobs with similar point totals are placed in similar pay grades.

Typically the compensable factors include the major categories of:

1. Skill
2. Responsibilities
3. Effort
4. Working Conditions

These factors can then be further defined.

1.Skill

- Experience
- Education
- Ability

2. Responsibilities

- Fiscal
- Supervisory

3.Effort

- Mental, Physical

4. Working Conditions

- Location
- Hazards
- Extremes in Environment

Merits

1. It is the most comprehensive and accurate method of job evaluation.
2. Being the systematic method, workers of the organization favor this method.
3. The scales developed in this method can be used for long time.
4. Jobs can be easily placed in distinct categories.

Demerits

- i.It is both time-consuming and expensive method.
- ii.It is difficult to understand for an average worker.
- iii.A lot of clerical work is involved in recording rating scales.

5. JOB ENLARGEMENT:

Job enlargement is a job design technique where in there is an increase in the number of tasks associated with a certain job. *“Job enlargement refers to adding a few more task elements horizontally.”* Job enlargement involves combining various activities at the same level in the organization and adding them to the existing job.

Job enlargement can be explained with the help of the following example

If Mr. A is working as an executive with a company and is currently performing 3 activities on his job after job enlargement or through job enlargement we add 4 more activities to the existing job so now Mr. A performs 7 activities on the job. It must be noted that the new activities which have been added should belong to the same hierarchy level in the organization. By job enlargement we provide a greater variety of activities to the individual so that we are in a position to increase the interest of the job and make maximum use of employee's skill. Job enlargement is also essential when policies like VRS are implemented in the company.

5.1 ADVANTAGES OF JOB ENLARGEMENT

1. Variety of skills: Job enlargement helps the organization to improve and increase the skills of the employee due to organization as well as the individual benefit.

2. Improves earning capacity: Due to job enlargement the person learns many new activities. When such people apply for jobs to other companies they can bargain for more salary.

3. Wide range of activities: Job enlargement provides wide range of activities for employees. Since a single employee handles multiple activities the company can try and reduce the number of employee's.

This reduces the salary bill for the company.

Disadvantages of job enlargement

- I. Job enlargement tends to be a costly affair. Workers may require additional training for their enlarged jobs.
- II. Productivity may fall in the short run, due to the introduction of the new system.

- III. (iii) Employee-unions often argue for increased pay because of the increased work load.
- IV. (iv) Some jobs may still be routine and boring even after enlargement.

6. JOB ENRICHMENT

- ✓ Job enrichment is a term given by **Fredric Herzberg**. *According to him a few motivators are added to a job to make it more rewarding, challenging and interesting.*
- ✓ According to Herzberg the motivating factors enrich the job and improve performance.
- ✓ Job enrichment gives lot of freedom to the employee but at the same time increases the responsibility.
- ✓ Some workers are power and responsibility hungry. Job enrichment satisfies the needs of the employees.

In other words we can say that job enrichment is a method of adding some motivating factors to an existing job to make it more interesting.

6.1 JOB ENRICHMENT MOTIVATING FACTORS

- a) Giving more freedom.
- b) Encouraging participation.
- c) Giving employees the freedom to select the method of working.
- d) Allowing employees to select the place at which they would like to work.
- e) Allowing workers to select the tools that they require on the job.
- f) Allowing workers to decide the layout of plant or office.

6.2 ADVANTAGES OF JOB ENRICHMENT

- I. **Job enrichment reduces the work load of senior staff.** *When decisions are taken by juniors the seniors work load is reduced.*
- II. Job enrichment helps in reducing the rates of employee turnover and absenteeism.
- III. The enriched jobs give more job satisfaction to the employees.
- IV. Employees tend to be more creative when they work in an enriching context of complex and challenging jobs.

6.3 DISADVANTAGES OF JOB ENRICHMENT

1. Job enrichment is basically limited to the unskilled and semiskilled jobs.
2. Job enrichment has negative implications
3. Superiors may feel that power is being taken away from them and given to the junior's. This might lead to ego problems.
4. Technology may not permit the enrichment of all the jobs.

Example: It has been proven that a customer service associate will perform much better when given a certain amount of authority. A company can improve their customer service by empowering the associates with making decision on-the-spot, instead of permanently asking for confirmation from the management. **For example**, they can refund a certain amount of money to customers, within certain limits. However, the company needs to monitor these decisions to make sure they are doing the right thing.

7. JOB ROTATION



Job rotation involves shifting a person from one job to another, so that he is able to understand and learn what each job involves. Job rotation is done to decide the final posting for the employee. Job rotation gives an idea about the jobs to be performed at every level. A person is required to perform one job at a time but he is rotated at different jobs after certain period of time.

Example: Mr. A is assigned to the marketing department where he learns all the jobs to be performed for marketing at his level in the organization. After this he is shifted to the sales department and to the finance department and so on. He is finally placed in the department in which he shows the best performance.

7.1 ADVANTAGES OF JOB ROTATION

- i. *Job rotation reduces the boredom and monotony through diversifying the employee's activities.*
- ii. It broadens the range of experience of employees and is an effective training technique.
- iii. Having a job rotation strategy helps employees develop their skills.
- iv. *A job rotation strategy can point out an employee's strengths and weaknesses.*
- v. By having a job rotation plan, you have multiple employees who know how to do each job.

7.2 DISADVANTAGES OF JOB ROTATION

1. Frequent interruption: Job rotation results in frequent interruption of work .A person who is doing a particular job and gets it comfortable suddenly finds himself shifted to another job or department .this interrupts the work in both the departments.

2. Reduces uniformity in quality : Quality of work done by a trained worker is different from that of a new worker .when a new worker is shifted or rotated in the department, he takes time to learn the new job, makes mistakes in the process and affects the quality of the job.

3. Misunderstanding with the union member: Sometimes job rotation may lead to misunderstanding with members of the union. The union might think that employees are being harassed and more work is being taken from them. In reality this is not the case.

8. RECRUITMENT & SELECTION:

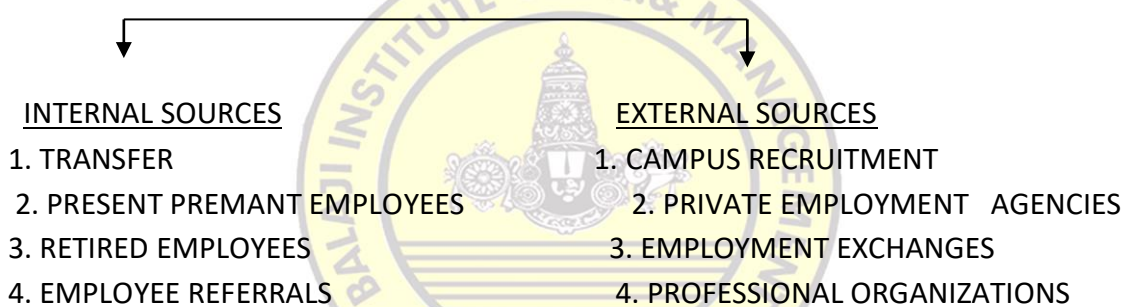
8.1 RECRUITMENT:

- Recruitment as the process of searching for & obtaining applicants for jobs, from among whom the right people can be selected.
- Recruitment is the process of locating & encouraging potential applicants to apply for existing (or) anticipated job openings.
- Recruitment is influenced by a variety of environmental factors- economic, social, technological, political, legal etc.

8.2 OBJECTIVES OF RECRUITMENT:

1. To attract people with multi-dimension skills & experiences that suits the present & future organizational strategies.
2. **To search for talent globally & no just within the company.**
3. To develop an organizational culture that attracts competent people to the company.
4. To anticipate & find people for positions that do not exist yet.
5. **To infuse fresh blood at all levels of organization.**
6. *Recruitment is a positive process of searching for prospective employees & stimulating them to apply for the jobs in the organization.*

8.3 SOURCES OF RECRUITMENT:



1. INTERNAL SOURCES

A. transfer: Transfer involves shifting of persons from present jobs to other similar jobs; there do not involve any change in rank, responsibility. A transfer has to be viewed as a change in assignment in which an employee moves from one job to another in the same level of hierarchy, requiring similar skills, involving approximately same level.

B. present permanent employees: Organizations consider the candidates from this source for higher level jobs. To meet the trade union demands. Availability of most suitable candidates for jobs relatively. Policies of the organization to motivate the present employees.

C. Retired employees: The organization takes the candidates for employment from the retrenched employees due to obligation, trade union pressure & the like.

D. employee referrals: *Employee referrals are the candidates recommended by the current employees.* Current employees recommend those candidates

whose performance & behavior are known to them as well as suitable to the job & organizational needs.

This source helps the organization to get high quality applicants.

2. EXTERNAL SOURCES:

A. campus recruitment:

- Organizations seeking to recruit the candidates from this source can directly contact the institutes either in person, on by post, and stimulate the candidates to apply for jobs.
- Most of the organizations using this source perform the function of selection after completing recruitment in the campus of the institute itself with a view to minimizing time lapse and to securing the cream before it it's attracted by some other organizations.
- Companies realize that campus recruitment is one of the best sources for recruiting the **cream of the new blood**.

B. private employment agencies:

- A databank of candidates is sent to organizations for their selection purpose and agencies get commission in return.
- They also keep prospective employer and the employee anonymous
- Private agencies also provide a more complete line of services. They advertise the position, screen applicants against the criteria specified by the employer, and usually provide a guarantee covering **six months** or a **year** as protection to the employer should the applicant not perform satisfactorily.
- **The private employment agency's fee** can be totally observed by either the **employer or the employee**, or it can be split.

C. employment exchanges:

- The govt. set up employment exchanges in the country to provide information about vacancies to the candidates & to help the organizations in finding out suitable candidates.

- The employment Exchanges Act, 1959 makes it obligatory for public sector & private sector enterprises in India to fill certain types of vacancies through public employment.

D. professional organizations:

- Professional organizations maintain complete bio-data of their members & provide the same to various organizations.
- Organizations find this source more useful to recruit the experienced & professional employees like executives, managers etc.
- Organization likes the chambers of commerce and industries, engineer's institutions, management associations, etc.
- May act as external sources of recruitment. These lists to members. It is also common practice to provide placement facilities at regional and national meetings where individuals looking for employment and companies looking for employees can find each other.

9. INTRODUCTION TO PLACEMENT

- ❖ Placement is the process of assigning a specific job to each one of the selected candidates.
- ❖ In very simple words placement means sending the newly employed person to some department for work. It also implies assigning a specific rank and responsibility to an individual.
- ❖ Matching the requirements of the job with the qualifications of a candidate is the essence of placement.
- ❖ *Proper placement helps to improve employee morale.*
- ❖ The capacity of the employee can be utilized fully if he is placed on the job for which he is most suitable.
- ❖ Right placement also helps to reduce labour turnover, absenteeism and accident rates.

Ex: If a candidate adjusts himself to the job and continues to perform as per expectations, it might mean that the candidate is properly placed.

9.1 PLACEMENT DEFINITION:

According to Pigors and Myers “Placement is the determination of the job to which an accepted candidate is to be assigned and his assignment to that job. It is a matching of what the supervisor has reason to think he can do with the job demands. It is a matching of what he imposes (in strain, working conditions etc.) and what he offers (in the form of payroll, companionship with others, promotional possibilities etc.).”

9.2 A FEW BASIC PRINCIPLES SHOULD BE FOLLOWED AT THE TIME OF PLACEMENT OF A WORKER ON THE JOB

- A. Man should be placed on the job according to the requirements of the job.
- B. The job should not be adjusted according to the qualifications or requirements of the man.
- C. ***He should also be made aware of the penalties if he commits a wrong.***
- D. While introducing the job to the new employee, an effort should be made to develop a sense of loyalty and co-operation in him , he may realize his responsibilities better towards the job and the organization.
- E. *The placement should be ready before the joining date of the newly selected person.*

10. PROMOTION:

- ✚ *Promotion refers to upward movement of an employee from current job to another that is higher in pay, responsibility and /or organizational level.*
- ✚ Promotion brings enhanced statuses, better pay, increased responsibility & better working conditions to the promoter.
- ✚ **Promotion makes the employee financially as well as preciously stronger.**
- ✚ It inspires employees to compete and get ahead of others promotion paves the way for employee self-development.
- ✚ It encourages them to remain royal & committed to other jobs and the organization.
- ✚ **To boost confidence, loyalty and morale of the employee.**
- ✚ The organization would be able to utilize the skills & abilities of its personal more effectively. **To promote good human relations.**

- ✚ *To retain skilled and talented people, To attract trained, competent and hard working people.*



a. MERIT-BASED PROMOTION: Merit-based promotions occur when an employee is promoted because of superior performance in the current job. Merit here denotes an individual's **knowledge, skills, abilities & efficiency** as measured from his educational qualifications, experiences etc.

ADVANTAGES:

- It motivates employees to work hard, improve their knowledge, acquire new skills & contribute to organizational efficiency.
- It also inspires other employees to improve their standards of performance through active participation in all developmental initiatives under –taken by the employer training.

b. SENIORITY –BASED PROMOTIONS: *Seniority refers to the relative length of service in the same organization.* It is easy to measure the length of service and judge the seniority. Every party trusts the management's action as there is no scope for favoritism and discrimination and judgment. *It gives a sense of certainty of getting promotion to every employee and of their turn of promotion.* Senior employees will have a sense of satisfaction to this system as the older employees are respected and their inefficiency cannot be pointed out. ***It minimizes the scope for grievances and conflicts regarding promotion.***

11. TRANSFER

Transfer refers to the shifting of employees form one job to another within the same organization. Transfers of employees are quite common in all organizations.

This can also be defined as a “change in job within the organization where the new job is substantially equal to the old in terms of pay, status and responsibilities”.

11.1 PURPOSES OF TRANSFER

- i. To meet the organizational requirements:** Organizations may have to transfer employees due to changes in technology, changes in volume of production, production schedule, product line, quality of products, Changes in the job pattern caused by change in organizational structure, fluctuations in the market conditions like demands fluctuations, introduction of new lines and/or dropping of existing lines.
- ii. To satisfy the employee needs:** Employees may need transfers in order to satisfy their desire to work under a friendly superior, in a department/region where opportunities for advancement are bright, in or near their native place or place of interest, doing a job where the work itself is challenging, etc.
- iii. To utilize employees better:** An employee may be transferred because management feels that his skills, experience and job knowledge could be put to better use elsewhere.
- v. To adjust the workforce:** Workforce may be transferred from a plant where there is less work to a plant where there is more work.
- Vii. To reduces conflicts:** Where employees find it difficult to get along with colleagues in a particular section, department or location – they could be shifted to another Place to reduce conflicts.

CASE STUDY ON JOB ANALYSIS/ JOB SPECIFICATION:

APOLLO HOSPITAL

Apollo Hospital has been growing in size as it offers quality, prompt-caring services to the patients. Dr. Chandrasekhar the Administrator is a person with good medical knowledge but lacks knowledge and skills involved in human resources management. The hospital has large quantities of medicine, equipment, spare parts of important machines installed in the hospital. As usual, the Hospital has employed a “storekeeper” with no previous experience

of Hospital Stores. Mr. Ramadan the storekeeper was working earlier in an engineering firm and had sufficient knowledge of such stores. Ramakant reports to the purchase Executive whose job is to order requisite materials for requirements of the entire Hospital, Dr. Chandrasekhar has been receiving various complaints from the staff and doctors of non-availability of medicines, drugs, spares of equipment and other consumables required in the Hospital having 500 beds. Since the hospital so far did not employ qualified Personnel Manager, the administrators are not aware of the job analysis procedures, nor do they have job description and job specification of any of the jobs being performed.

Questions:

(1) Write down the job analysis, job specification of a storekeeper's job?

Ans:

- ✓ A storekeeper's job analysis should cover:
- ✓ Work activities, Human behaviors
- ✓ Machine, tools, equipment and work aids
- ✓ Performance standards, Job context, Human requirements

This job analysis can be used for:

- Recruitment and selection
- Training and development
- Performance appraisal

A storekeeper's job specification should include:

- 1) Receives, stores, and issues supplies and equipment and compiles records of supply transactions aboard ship: Verifies that supplies received are listed on requisitions and invoices.
- 2) Stores supplies and equipment in storerooms.
- 3) Issues supplies.
- 4) Inventories supplies and equipment at end of each voyage.
- 5) Compiles report of expenditures

(2) What specific standards and specification would you include in the job specification?

Specifications that we should include in the job description:

- 1) Candidate must know strong verbal communication skills.
- 2) Candidate must be very confident for his\her job.
- 3) Ability to perform under high pressure.

- 4) Must Experience about cold calling & lead generation.
- 5) Ability to work in any type of environmental situation of constant change.
- 6) Always show great attitude with customer.

3. Which are the staff members from whom you would collect useful information and requirements of this job?

Collecting useful information and requirements of this job from the staff member:

Gather the appropriate people for the task: The manager to whom the position will report takes the lead in developing a job description, but other employees who are performing similar jobs can contribute to its development, too Perform a job analysis : I need as much data as possible to develop a job description.

The job analysis may include:

The job responsibilities of current employees. Internet research and sample job descriptions online or offline highlighting similar jobs. An analysis of the work duties, tasks, and responsibilities that need to be accomplished by the employee filling the position.

UNIT-II-External Questions: (Old Question papers)

1. Explain the different steps in Job analysis?
2. What is Human Resource Planning? Explain the meaning and nature of HR planning?
3. Explain about the methods and sources of recruitment?
- 4 What is job evaluation? Explain in detail the job grading as a method of job evaluation?
5. Describe the concept of job analysis?
6. What is promotion? Explain the relative merits and demerits of seniority and merit as the basis of promoting employees.

SYLLABUS

(17E00201) HUMAN RESOURCE MANAGEMENT

The objective of the course is to provide basic knowledge of functional area of Human Resource Management. This will be the prerequisite for enabling students to take any HRM stream electives offered in third and fourth semesters.

- 1. Introduction:-** Meaning of HR and HRM, Nature & Scope of HRM, Functions of HRM, Role and Objectives of HRM, Personnel Management, Policies and Strategies of HRM.
- 2. Designing and Developing HR systems:-** Human Resource Planning, Job Design, Job Analysis, Job Evaluation, Job Enlargement, Job Enrichment, Job Rotation, Recruitment & Selection, Placement, Promotion & Transfer.
- 3. Compensation Management:-** Introduction, objectives of wages and salaries administration, influencing factors for determining compensation- Monetary and non monetary benefits.
- 4. Human Resource Development:-** Concepts, Development Function, Training and Development, Performance Appraisal & Career Planning and Development.
- 5. Recent Trends in HRM:** Outsourcing, Work Life Balance, Quality Circles and Total Quality Management.

Textbooks:

- Personnel and Human Resource Management – Text and cases, P. Subbarao, Himalaya.
- Human Resource Management, Noe A.Raymond, John Hollenbeck, Barry Gerhart and Patrick Wright, Tata McGraw Hill.

References

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- Human Resource Management, Ian Beardwell & Len Holden-Macmillan India Ltd.
- Managing Human Resources: Productivity, quality of work life, profits- Wayne F.
- Cascio TMH.
- Strategies HRM by Rajeev Lochan Dhar, Excel Books.
- Human Resource Management, Text and Cases, VSP Rao, Excel Books 2006.

UNIT-III

COMPENSATION MANAGEMENT

BRIEF SUMMARY OF THIS UNIT

- ❖ The concept of workers' compensation had its *origins in Germany, Great Britain and the United States* between the late **1800's and early 1900's**.
- ❖ Workers' compensation became common in the US in the 1930's and 1940's and it continues until today.
- ❖ The term compensation means any form of payment made to an individual for services rendered as an employee for an employer; services performed as an employee representative.
- ❖ Salary was determined on the basis of the job work and the years of experience the employee is holding
- ❖ A 'wage' (or pay) is the remuneration paid, for the service of labour in production, periodically to an employee/worker.



1. INTRODUCTION

Compensation is what employees receive in exchange for their contribution to the organization.

Pay refers to the base wages & salaries employees normally receive.

Compensation forms like **bonuses, commission, and profit sharing plans, incentives** designed to encourage employees to produce results beyond

normal expectation. *It plays a key role in recruitment, job performance & job satisfaction.* Employee's satisfaction with pay is an important criterion. **Pay satisfaction is a result of input-outcome ratio.** *Remuneration occupies an important place in the life of an employee. Compensation is a hot potato for the Human Resource Department.* The motivation level of the employees to great extent lies in monetary rewards. **'Salary** is defined as the remuneration paid to the clerical and managerial personnel employed on monthly or annual basis'.

- ❖ Salary Paid to **white-collar employees**; *paid in monthly basis; paid to employees whose contribution cannot be measured easily.*
- ❖ Wages – **paid to blue-collar employees**; *paid daily, weekly or monthly; paid to jobs which can be measured in terms of money's worth.*

a) To Employees: Employees are paid according to requirement of their jobs i.e highly skilled jobs are paid more compensation than low skilled jobs. This eliminates inequalities. The chances of favoritism are minimized. Jobs sequence and lines of promotion are established wherever they are applicable. *Employee's moral and motivation are increased because of the sound compensation structure*

b) To Employers: They can systematically plan for and control the turnover in the organization. A sound compensation structure reduces the likelihood of friction and grievance over remunerations. It enhances an employee morale and motivation because adequate and fairly administrative incentives are basis to his wants and need. It attracts qualified employees by ensuring and adequate payment for all the jobs.

1.1 Components of remuneration

1 Wages and Salary :Wages refer the hourly rates of pay, salary refers to the monthly rate pay, wages and salaries are subject to annual increments. They **differ from emp. To emp.** Depend upon the nature of job , seniority and merits Wage & salary administration is essentially the application of a systematic approach to the problem of ensuring that employees are paid in a logical, equitable and fair manner

2. Incentives: It is also called '*payment by result*'- paid in addition to wages and salaries. depend upon productivity, sale profit.

There are

- A. individual incentives scheme
- B. group incentives scheme

3. Fringe benefits: These include such employee benefits as provident fund, medical care, hospitalization, accident relief, health insurance, canteen uniform and like

4. Perquisites: These are allowed to executives and include company car, club membership, paid holidays, furnished house and like

ADVANTAGE OF THE WAGE SALARY STRUCTURE:

1. It affects the workers' earning and standard of living.
2. It eases the recruitment and maintenance of an effective labor force.
3. It develops employee morale and increases work efficiency.
4. It represents cost and competitive advantage in the industry.
5. It helps in preparing budgetary allocations and ease computation of salary adjustments and as an aid in short term and long range plans.
6. It eliminates pay distortions and inequities in employee compensation.
7. It establishes an equitable salary range for various jobs.

2. OBJECTIVES OF WAGE & SALARY ADMINISTRATION

- a. Employee compensation may be classified into two types-base compensation & supplementary compensation.
- b. Base compensation refers to minatory payments to employees in the form of wages & salaries.
- c. *The term wages implies remuneration to workers doing manual work.*
- d. The term salary is usually defined to mean compensation to office, technical staff.
- e. The term compensation administration denotes the process of managing a company's compensation programmer.
- f. *To establish a fair & equitable remuneration offering similar pay for similar work.*

OTHER OBJECTIVES

A.To attracts qualified & competent personal:To retain the present employees by keeping wage levels in tune with competing units. To control labour & administrative costs in line with the ability of the organization to pay. To improve **motivation & morale of employees** and to improve **union-management relations**. To establish job sequence and lines of promotion wherever applicable. *To project a good image of the company and to comply with legal needs relating to wages & salaries.*

B.To acquire qualified and competent personnel: Candidates decide upon their career in a particular organization mostly on the basis of the amount of remuneration the organization offers. Qualified and competent people join the best-paid organization. As such, the organisation should aim at payment of salaries at that level, where they can attract competent and qualified people.

C. To retain the present employees: If the salary level does not compare favourable with that of other similar organisation, employees quit the present one and join other organisation. The organisation must keep the wage & salary structure at the competitive level, with those of similar organisation⁴

D. To secure internal and external equity: Internal equity does mean payment of similar wages for similar jobs Within the organisation. External equity implies that payment of Similar wages to similar jobs in comparable organisations.

E. To ensure desired behavior:Good rewards reinforce desired behavior like performance, loyalty, Accepting new responsibilities and changes etc.

CASE STUDY: BONUS AND INCENTIVE PLANS

April 1, 2006 A dentist routinely provided his team with annual pay raises. When the practice experienced a decrease in production, the dentist did not give the raises that the team had come to expect. The employees were disappointed and angry. Three resigned, including the office manager of seven years who was a key employee. This caused the doctor major staffing and patient scheduling problems. A dentist routinely provided his team with annual pay raises. When the practice experienced a decrease in production, the dentist did not give the raises that the team had come to expect. The employees were disappointed and angry. Three resigned, including the office

manager of seven years who was a key employee. This caused the doctor major staffing and patient scheduling problems.

Solution: The easiest way to achieve these goals is through a well-designed bonus plan. The plan must be “self-liquidating,” meaning it must be paid for by a percentage of the increased revenue it induces. Bonus plans are not about people not doing their jobs, but rather about people working together and accomplishing more, thus sharing in the growth and financial success of the practice.

A good bonus and incentive plan removes the arbitrariness of raises and supports greater productivity, increased worker satisfaction, and more bottom-line income.

For a bonus plan to be successful, it needs to accomplish these four objectives:

- 1) Enlist and include all team members to foster teamwork, business awareness, and a sense that by working together everyone achieves more.
- 2) Be easy to use, understand, and administer. Everyone in the practice needs to be able to follow and track the plan, with no secrets, “black boxes,” difficult calculations, or hidden agendas.
- 3) Protect the practice’s cash flow and overhead - i.e., no bonus without the money to pay for it and cover expenses.
- 4) Drive increased profits as bonuses are achieved.

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