

# **BALAJI INSTITUTE OF I.T AND MANAGEMENT KADAPA**

## **HUMAN RESOURCE MANAGEMENT (21E00204)**

ICET CODE: BIMK

**1<sup>st</sup> & 2<sup>nd</sup> Internal Exam Syllabus**

ALSO DOWNLOAD AT <http://www.bimkadapa.in/materials.html>



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Units covered : **1 to 5 Units**

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**JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY ANANTAPUR**  
(Established by Govt. of A.P., ACT No.30 of 2008)  
**ANANTHAPURAMU – 515 002 (A.P) INDIA**

**MASTER OF BUSINESS ADMINISTRATION**  
**MBA; MBA (General Management); MBA (Business Management)**  
**COMMON COURSE STRUCTURE & SYLLABI**

| Course Code                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | HUMAN RESOURCE MANAGEMENT | L              | T | P | C |
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| 21E00203                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                           | 4              | 0 | 0 | 4 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Semester                  | II             |   |   |   |
| <b>Course Objectives:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                           |                |   |   |   |
| <ul style="list-style-type: none"><li>To provide knowledge on functions, roles and objectives of HR managers and the policies and strategies to be followed as a HR manager.</li><li>To explain concepts of HR planning and methods in selection, placement, promotion and transfer of employees in an organization.</li><li>To inject objectives of wage and salary administration for the employees and the influencing factors in fixing and managing compensation for the employees.</li><li>To introduce and educate the recent trends in HR management and the methods to balance personal life and work life under complex &amp; uncertainty work environment.</li></ul> |                           |                |   |   |   |
| <b>Course Outcomes (CO):</b> Student will be able to                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                           |                |   |   |   |
| <ul style="list-style-type: none"><li>Know the nature, scope, functions, roles, goals, strategies and policies of HR management.</li><li>Learn to design and develop HR planning related aspects.</li><li>Acquires knowledge on administration of monetary and non monetary benefits for the employees in the organization.</li><li>Learn recent trends in the human resource function and to balance the work life in the present dynamic work environment.</li></ul>                                                                                                                                                                                                          |                           |                |   |   |   |
| UNIT - I                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                           | Lecture Hrs:08 |   |   |   |
| <b>Introduction:-</b> Meaning of HR and HRM, Nature & Scope of HRM, Functions of HRM, Role and Objectives of HRM, Personnel Management, Policies and Strategies of HRM.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                           |                |   |   |   |
| UNIT - II                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                           | Lecture Hrs:12 |   |   |   |
| <b>Designing and Developing HR systems:-</b> Human Resource Planning, Job Design, Job Analysis, Job Evaluation, Job Enlargement, Job Enrichment, Job Rotation, Recruitment & Selection, Placement, Promotion & Transfer.                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                           |                |   |   |   |
| UNIT - III                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                           | Lecture Hrs:12 |   |   |   |
| <b>Compensation Management:-</b> Introduction, objectives of wages and salaries administration, influencing factors for determining compensation- Monetary and non monetary benefits.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                           |                |   |   |   |
| UNIT - IV                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                           | Lecture Hrs:12 |   |   |   |
| <b>Human Resource Development:-</b> Concepts, Development Function, Training and Development, Performance Appraisal & Career Planning and Development.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                           |                |   |   |   |
| UNIT - V                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                           | Lecture Hrs:12 |   |   |   |
| <b>Recent Trends in HRM:</b> Outsourcing, Work Life Balance, Quality Circles and Total Quality Management, Fish Bone Diagram.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                           |                |   |   |   |
| <b>Textbooks:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                           |                |   |   |   |
| <ul style="list-style-type: none"><li>1. Personnal and Human Resource Management – Text and cases, P. Subbarao, Himalaya.</li><li>2. Human Resource Management, Noe A.Raymond, John Hollenbeck, Barry Gerhart and Patrick Wright, Tata McGraw Hill.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                   |                           |                |   |   |   |
| <b>Reference Books:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                           |                |   |   |   |
| <ul style="list-style-type: none"><li>1. Human Resource Management, Aswathappa, 4<sup>th</sup> Edition, TMH 2006</li><li>2. Human Resource Mangement, Ian Beardwell&amp; Len Holden-Macmillan India Ltd.</li><li>3. Human Resource Management, Khanka S.S., S.Chand</li><li>4. Human Resource Management, Text and Cases, VSP Rao, Excel Books 2006.</li></ul>                                                                                                                                                                                                                                                                                                                  |                           |                |   |   |   |
| <b>Online Learning Resources:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                           |                |   |   |   |
| <a href="https://onlinecourses.swayam2.ac.in/cec21_mg06/preview">https://onlinecourses.swayam2.ac.in/cec21_mg06/preview</a><br><a href="https://onlinecourses.swayam2.ac.in/nou21_hs19/preview">https://onlinecourses.swayam2.ac.in/nou21_hs19/preview</a><br><a href="https://onlinecourses.nptel.ac.in/noc20_mg15/preview">https://onlinecourses.nptel.ac.in/noc20_mg15/preview</a>                                                                                                                                                                                                                                                                                           |                           |                |   |   |   |

## UNIT-1

### INTRODUCTION

#### BRIEF SUMMERY 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

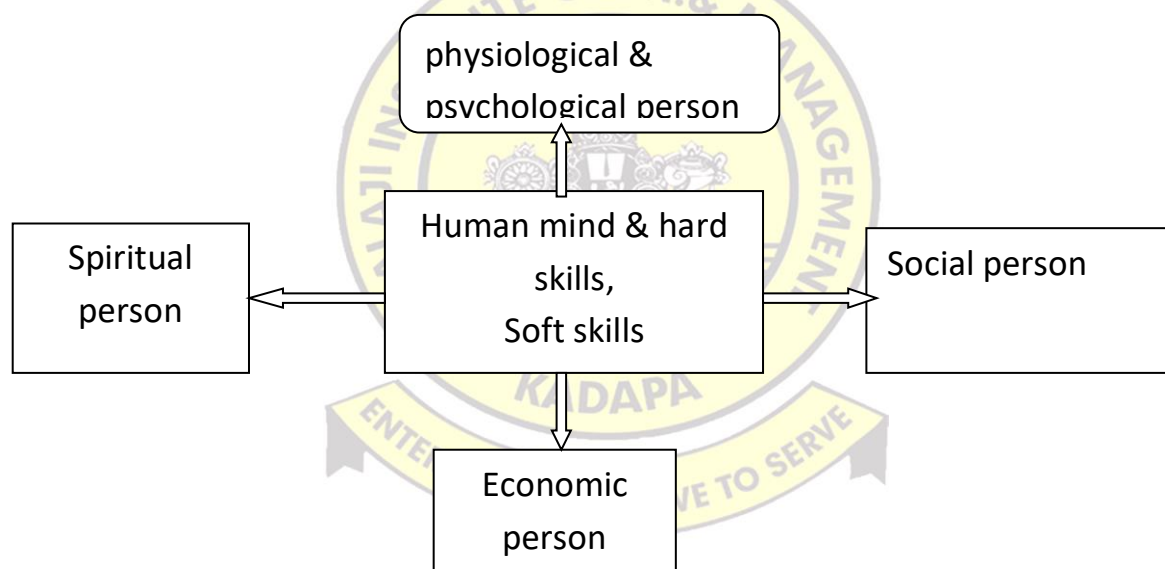
Enhance standard of living

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 has 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 & teams.**



### 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.

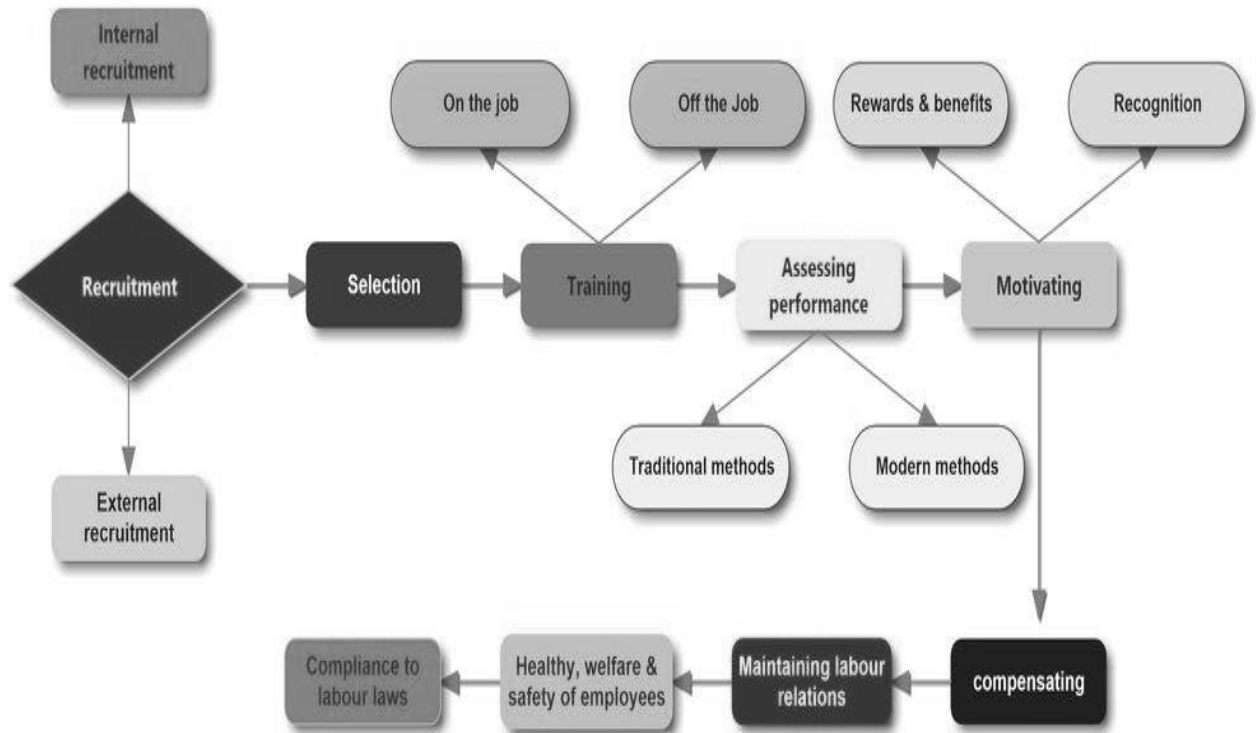
**D. Continuous Process:**

**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:-

### 1. Personal Aspect:-

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

### 2.Welfare aspect:-

This includes a wide range of responsibilities and services such as *safety services, health services, welfare funds, etc.*

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.**

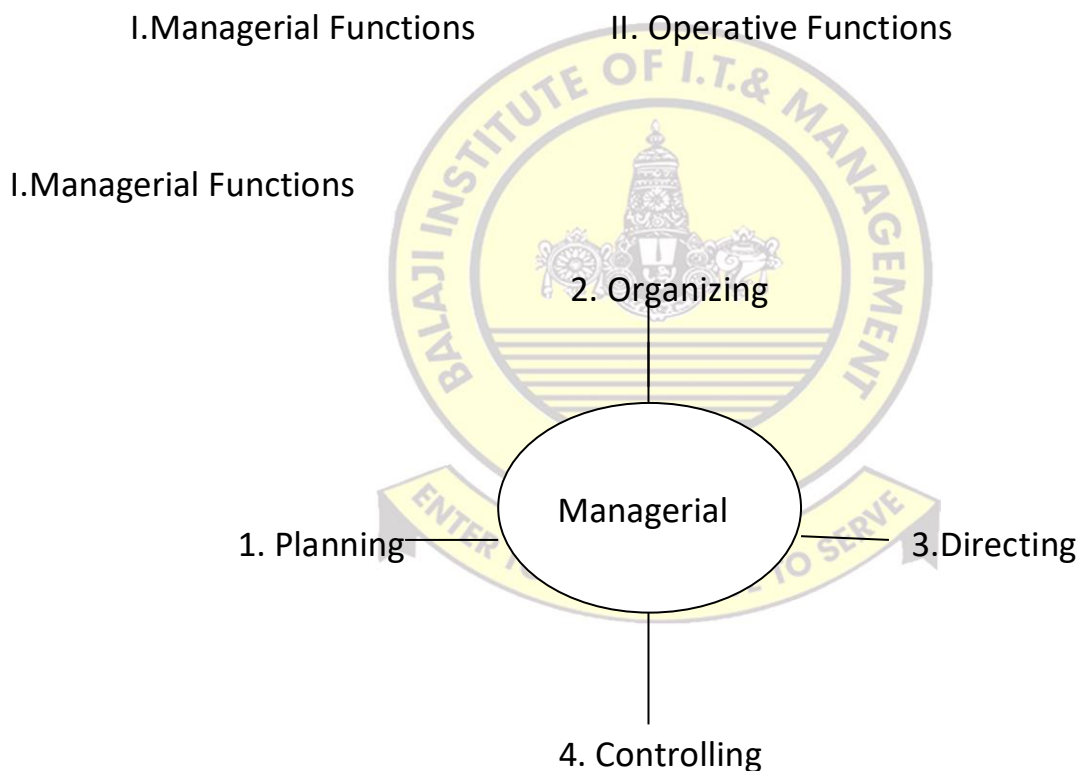
It also take care of canteen facilities, crèches, rest and lunch rooms, housing, transport, medical assistance, education, etc.

### 3.Industrial relations aspect :-

- 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.
- 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.



#### 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.

## **2.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.*

## **3. 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.

## **4 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**.

#### 1.2The objectives of human resource planning are to

1. Ensure adequate supply of manpower as and when required.
2. Ensure proper use of existing human resources in the organization.
3. Forecast future requirements of human resources with different levels of skills.
4. Control the human resources already deployed in the organization.

### 2.Recruitment :-

- (a) Creation/identification of new sources of applicants.
- (b) Striking a balance between internal & external sources.
- (c) Stimulating the candidates to apply for jobs in the organization.
- (d) 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:-**

Placement is understood as assigning jobs to the selected candidates.

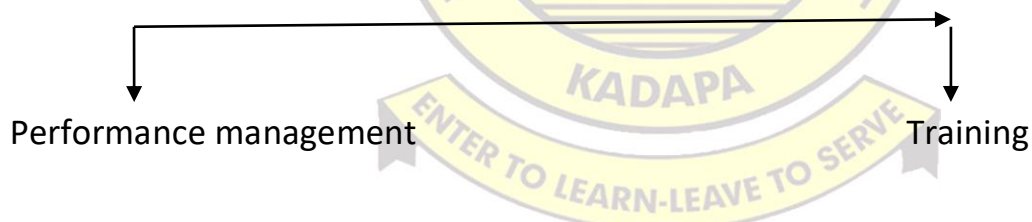
Thus, placement may include initial assignment of job to new employee, on transfer, promotion of the present employees.

Placement involves assigning a specific job to each one of the selected candidates. 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.

#### **4.2Significance 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.

#### **II 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 began around 60 years ago as a source of income justification and was used to determine an employee's wage based on performance. *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.

|                                                 |
|-------------------------------------------------|
| <b>Wages' refers to – Blue collar workers</b>   |
| <b>Salary' refers to – White collar workers</b> |

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**.

### III COMPENSATION / REMUNERATION:-

Wage & salary administration

Incentives

Social security measures

Fringe Benefits

#### 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.

#### 2. INCENTIVES :-

*Incentives refer to rewards given to employees in monetary or 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.

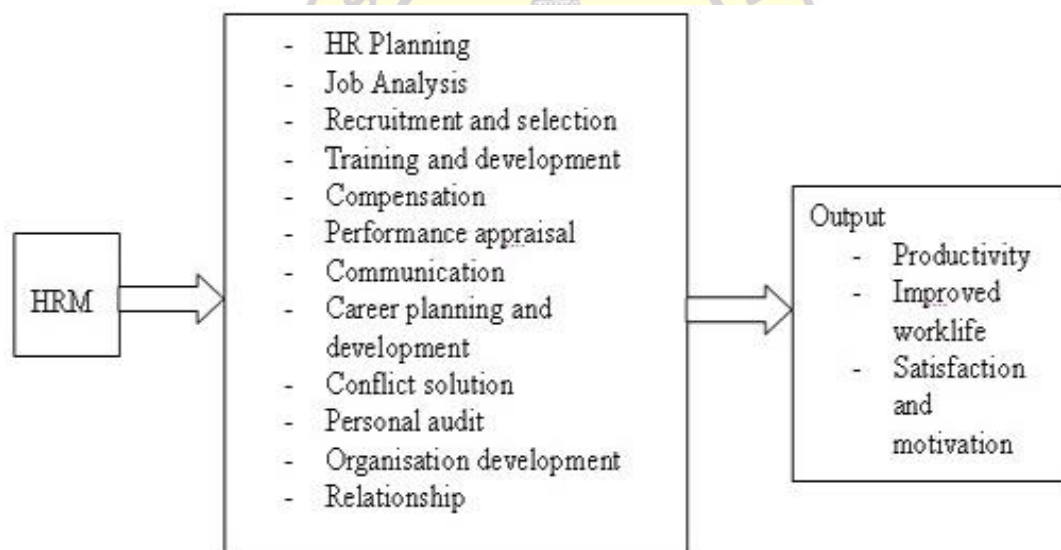
These benefits help raise the living standards of the employees.

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.*

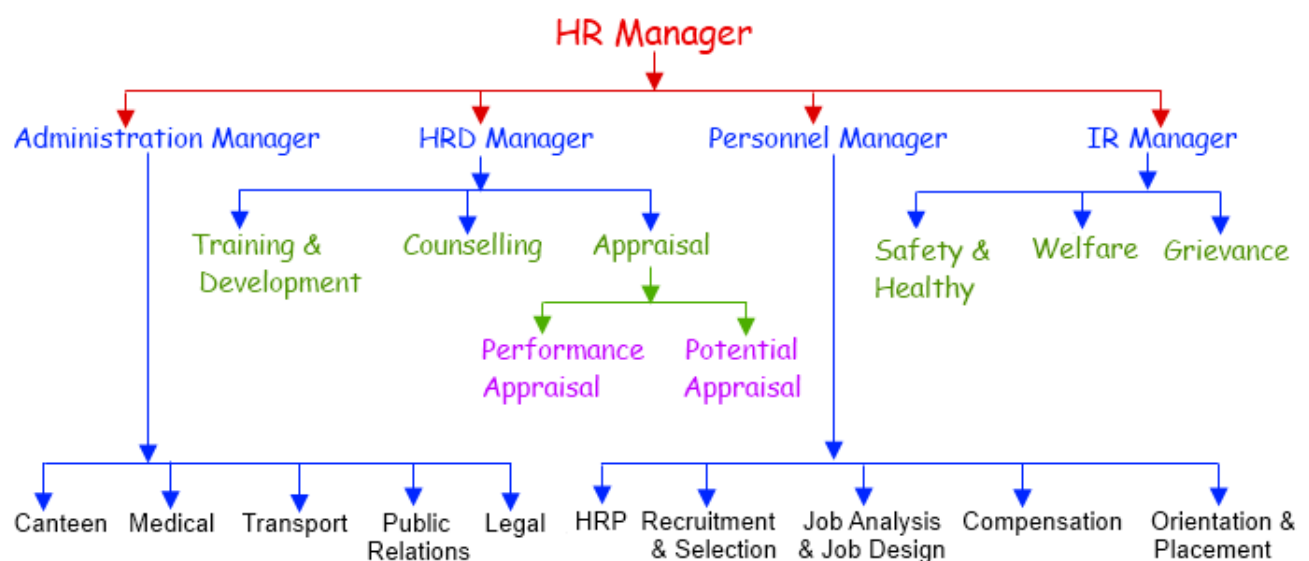
### B.Commitment Building

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 develop a competitive advantage, which involves building the capacity of the company , to provide goods or services to their customers.
- To build the an 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.

### 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 :-

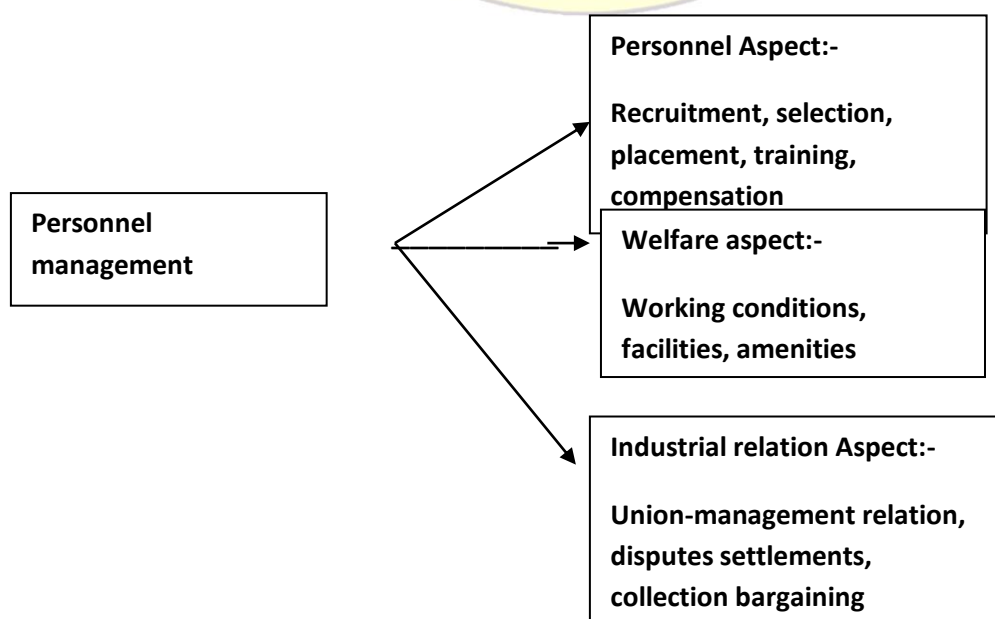
Personnel management is concerned with people at work their relationship with each other. It May be defined as a set of programmes functions and activities designed to maximize both personal and organizational goals.

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:-



| <b><u>DIFFERENCE BETWEEN PERSONNEL MANAGEMENT AND HRM</u></b>                        |                                                                                               |
|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| <b><u>PERSONNEL MANAGEMENT</u></b>                                                   | <b><u>HUMAN RESOURCE MANAGEMENT</u></b>                                                       |
| 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:-**

### **6.1Policies 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

### **HRpolicies 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

Identify the important policy issues for your *organization*. Consider:

- (a) current laws, any collective agreements that affect your organization
- (b) issues that address important concerns and support what your organization represents

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

## **6.2 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**

### **TRAINING**

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.

External Questions: (Old Question papers)UNIT-I

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?



## 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**

#### **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

**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

**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 are thuds and origination 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 loose focus on core competencies

## **3. JOB ANALYSIS**

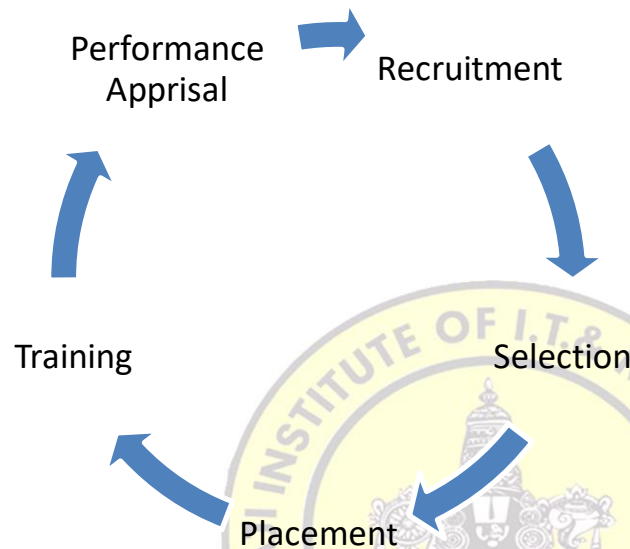
**Job analysis is a formal and detailed examination of job.** It is systematic investigation of the task duties responsibilities necessary today a job. Job analysis is an important personnel activity because it is identify what people do in their jobs. And what they require In order to do the job satisfactory. 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 aliened 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.

**Other uses of job Analysis:-**



**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**

#### **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.

#### **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.

#### **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.

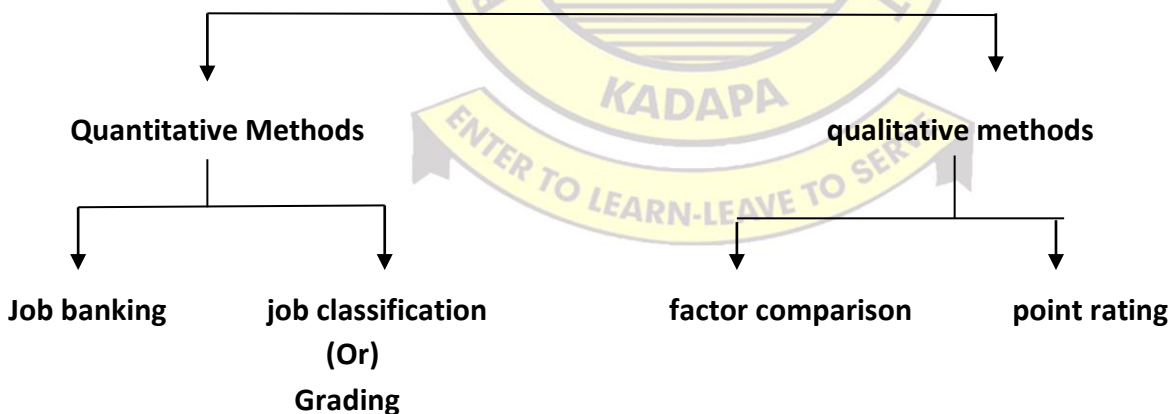
### **4.1 Advantages of Job Evaluation**

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.

The basic information on which job evaluation are made is obtained from job analysis.

- It tries to assess jobs, not people.
- The standards of job evaluation are relative not absolute.

### **4.1 JOB EVALUATION METHODS:-**



### **1. 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:**

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

**Disadvantages/Demerits:**

- 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.
- 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 superintend 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.

**2.QUANTITATIVE 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.

### Jon 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 **Fredrick 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.

### **The motivating factors can be**

- 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.

### **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.

### **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.

### **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.

### **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:-**

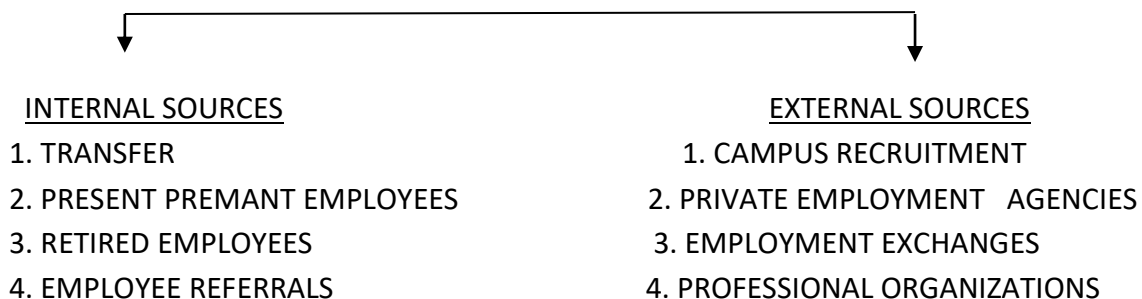
### **8.1Recruitment:-**

- 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.*

### **8.3SOURCES OF RECRUITMENT:-**



**1.INTERNAL SOURCES**

**A.TRANSFER :-**Transfer involves shafting 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 like 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.SELECTION:**

Selection is the process of picking or choosing the right candidate, who is most suitable for vacant job position in an organization. Employee selection is a process of putting a right applicant on a right job. Selection is an important process because hiring good resources can help increase the overall performance of the organization.

### **9.1ADVANTAGES OF SELECTION:**

1. It is cost-effective and reduces a lot of time and effort.
2. It helps avoid any biasing while recruiting the right candidate.
3. It helps eliminate the candidates who are lacking in knowledge, ability, and proficiency.

4. It provides a guideline to evaluate the candidates further through strict verification and reference-checking.
5. It helps in comparing the different candidates in terms of their capabilities, knowledge, skills, experience, work attitude, etc.

## **9.2SELECTION PROCESS:**

The Employee selection Process takes place in following order-

**1.Preliminary Interviews-** It is used to eliminate those candidates who do not meet the minimum eligibility criteria laid down by the organization. The skills, academic and family background, competencies and interests of the candidate are examined during preliminary interview. Preliminary interviews are less formalized and planned than the final interviews. The candidates are given a brief up about the company and the job profile; and it is also examined how much the candidate knows about the company. Preliminary interviews are also called screening interviews.

**2.Application blanks-** The candidates who clear the preliminary interview are required to fill application blank. It contains data record of the candidates such as details about age, qualifications, reason for leaving previous job, experience, etc. The information contained in the application blank differ from one organization to another organization and in job posts, it may vary even within the same organization.

**3.Written Tests-** Various written tests conducted during selection procedure are aptitude test, intelligence test, reasoning test, personality test, etc. These tests are used to objectively assess the potential candidate. They should not be biased.

**4.Employment Interviews-** It is a one to one interaction between the interviewer and the potential candidate. It is used to find whether the candidate is best suited for the required job or not. In the interview, the interviewer & applicant exchange information in order to achieve a goal through conversation. The employment interviews are conducted during the selection process through proper planning. The pleasant location of the interviewing place is selected and the interviewer has the good personality with empathy & ability to communicate & listen effectively. A job profile must be prepared on the basis of job description before conducting interview. There should be an honest communication between candidate and interviewer.

## Contents of the Interview

Although the contents of the employment interview varies from one organization to another & also according to the nature of job but still following are the essential contents of the interview.

- Occupational Experience
- Academic Achievement
- Interpersonal Skills
- Personal Qualities
- Organizational Fit

**5.Back Ground Checks :**The accuracy of the application form of the candidate is verified through references & former employer. The educational, criminal record & legal status to work are verified. Personal references of applicant are contacted to confirm the validity & accuracy of the provided information. Background checks assist the selection committee in dropping the applicants that have past insubordination issues, attendance problem, theft or special behavioral problems. The level of responsibility of the new job directs the intensity of the background investigation.

**6.Conditional Job Offer:**After going through all the previous steps of selection process, there comes the most important step of the selection process in which the decision of hiring is made. The applicant that best meets the requirements of the job is selected. At start conditional job letter is issued which must be followed by medical exam.

**7.Medical examination-** Medical tests are conducted to ensure physical fitness of the potential employee. It will decrease chances of employee absenteeism. When the conditional job letter is issued the next step of the selection process starts in which the physical/medical examination of the selected candidate is conducted. The medical exam of the candidate is essential to check either he takes the drugs or not. If he passes the exam, he would be finally selected for the job.

**8.Appointment Letter-** After passing the medical exam by the candidate, the final offer for the job is made to the candidate by the relative department. An appointment letter will be given to him mentioning the terms of appointment, pay scale, post on which selected etc. When he joins the organisation, it is the primary duty of the personnel manager to introduce him to the company and his job.

## **10.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.*

### **10.1Def:**

**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.).”

### **10.2A 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.*

**11.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 status, better pay, increased responsibility & better working conditions to the promoter.
- + **Promotion makes the employee financially as well as personally stronger.**
- + It inspires employees to compete and get ahead of others promotion paves the way for employee self-development.
- + It encourages them to remain loyal & 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 personnel more effectively. **To promote good human relations.**
- + **To retain skilled and talented people, To attract trained, competent and hard working people.**

**12.BASES OF PROMOTION:-****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:-**

- A. It motivates employees to work hard, improve their knowledge, acquire new skills & contribute to organizational efficiency.
- B. It also inspires other employees to improve their standards of performance through active participation in all developmental initiatives undertaken 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.*

**13.TRANSFER**

*Transfer refers to the shifting of employees from 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".*

**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 anotherPlace to reduce conflicts.

**CASE STUDY ON JOB ANALYSIS/ JOB SPECIFICATION:****Name of the organization – 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. Ramakant 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.

External Questions: (Old Question papers)

UNIT-II

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.?

UNIT-IIICOMPENSATION MANAGEMENTBRIEF 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.

COMPENSATION MANAGEMENT DEFINED1.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.*
- In a salary administration, the employer should not feel that the employees are paid more than they deserve and the employees should not feel that they are underpaid.

**a) To Employees:**

- i. 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.
- ii. The chances of favoritism are minimized.
- iii. Jobs sequence and lines of promotion are established wherever they are applicable.
- iv. *Employee's moral and motivation are increased because of the sound compensation structure*

**b) To Employers:**

- i. They can systematically plan for and control the turnover in the organization.
- ii. A sound compensation structure reduces the likelihood of friction and grievance over remunerations.
- iii. It enhances an employee morale and motivation because adequate and fairly administrative incentives are basis to his wants and need.
- iv. 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

### **The following are the 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 attract 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 organisation mostly on the basis of the amount of remuneration the organisation offers. Qualified and competent people join the best-paid organisation.
- 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 organisation<sup>4</sup>

**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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## UNIT-III

### COMPENSATION MANAGEMENT

### 3. INFLUENCING FACTORS FOR DETERMINING COMPENSATION

These factors can be categorized into

- (i) External Factors
- (ii) Internal Factors.

#### ***I. External Factors:***

##### **1. Demand and Supply:**

The **labour market conditions or demand and supply** forces operate at the national and local levels and determine organizational wage structure. When the demand for a *particular type of labour is more and supply is less, then the wages will be more.* On the other hand, if supply of labour is more and demand is less, then persons will be available at lower wage rates also. In the words of *Mescon*, 'the supply and demand compensation criterion is very closely related to the prevailing pay, comparable wage and ongoing wage concepts since, in essence, all these remuneration standards are determined by immediate market forces and factors.

##### **2. Cost of Living:**

The wage rates are directly ***influenced by cost of living of a place.*** *When the prices are stable then frequent wage increases may not be undertaken.* The wage rates are **directly influenced by cost of living of a place.** The workers will accept a wage which may ensure them a minimum standard of living. When the prices are stable, then frequent wage increases may not be required.

##### **3. Trade Unions' Bargaining Power:**

The wage rates are also influenced by **the bargaining power of trade unions.** The strength of a trade union is judged by its membership, financial position and type of leadership. Union's last weapon is strike which may also be used for getting wage increases. If the workers are disorganized and disunited then employers will be successful in offering low wages.

#### 4. Government Legislation:

To improve the *working conditions of workers*, **government may pass legislation for fixing minimum wages of workers**. This may ensure them(workers) a minimum level of living. In underdeveloped countries bargaining power of labour is weak and employers try to exploit workers by paying them low wages. In **India, Minimum Wages Act, 1948 was passed to empower government to fix minimum wages of workers**.

#### 5. Economy:

Economy also has its impact on wage and salary fixation. While it may be possible for some organizations to **thrive in a recession**, there is no doubt that *economy affects remuneration decisions*.

#### 7. Technological Development:

With the rapid growth of industries, there is a shortage of skilled resources. The **technological developments** have been affecting skill levels at faster rates. Thus, the *wage rates of skilled employees constantly change* and an organization has to keep its level up to the mark to suit the market needs.

### II. Internal Factors:

#### 1. Ability to Pay:

The ability of an industry to pay will influence wage rate to be paid, if the concern (enterprise or industry) is running into losses, then it may not be able to pay higher wage rates. **A profitable concern may pay more wages to attract good workers**. During the period of prosperity (wealth), workers are paid higher wages because **management wants to share the profits** with labour.

#### 2. Job Requirements:

The worth of a job can be estimated through job evaluation. Simple, *routine tasks that can be done by many people with minimum skills receive low pay*. On the other hand, **complex, challenging tasks that can be done by few people with high skill levels generally receive high pay**.

#### 3. Management Strategy:

The overall strategy which a company pursues should determine the remuneration to its employees. Where the strategy of the organisation is to achieve rapid growth, remuneration should be higher than what competitors pay.

**4. Employee:****(i) Seniority:**

Unions view seniority as the most objective criteria for pay increases, whereas management prefers performance to effect pay increases.

**(ii) Experience:**

It makes an employee gain valuable insights (an accurate and deep understanding) and generally rewarded.

**(iii) Potential:**

Organisations do pay some employees based on their potential. Young managers are paid more wages because of their potential to perform even if they are short of experience.

**(v) Luck:**

Some people are rewarded because of their sheer(something pure) luck. They have the luck to be at the right place at the right time.

**3.1 PINK COLLAR VS. BLUE COLLAR VS. WHITE COLLAR JOBS /EMPLOYEES:****a.Blue Collar:**

A blue-collared job is defined by the manual labor required, meaning it focuses more on the worker's physical capability than their mind, so the educational requirement of a blue-collared worker is relatively low. The remuneration for blue collar jobs are waged.

These positions include:

- ✓ Factory laborers
- ✓ Miners
- ✓ Sanitation (janitors, cleaners, recycler)
- ✓ Plumbers
- ✓ Fishers
- ✓ Pest control operator
- ✓ Fisherman
- ✓ Landscaper
- ✓ Electrician etc.

b.Pink Collar:

It refers to those workers who are employed in low-paid jobs like librarian, receptionist. A pink-collar worker refers to someone working in the care-oriented career field or in fields historically considered to be women's work. These jobs usually pay less than white/blue collar jobs.

This may include

- ✓ beauty industry,
- ✓ nursing,
- ✓ social work,
- ✓ Teaching,
- ✓ secretarial work,
- ✓ child care. etc

C.White collar:

The term white collar refers to the jobs of officials, who performs managerial or professional work for the organization and get a fixed amount of salary as remuneration at the end of each month. The officials are supposed to wear white colored formal clothes, i.e. shirt, trousers, and tie. White collar jobs require high educational qualification, mental sharpness, good knowledge and expertise in a particular area. The workers of white collar jobs are paid well and the basis of their pay is the performance. These jobs are full-time salaried basis.

This may include

- ✓ corporate executives,
- ✓ advertising and public relation professionals,
- ✓ architects,
- ✓ stockbrokers,
- ✓ doctors,
- ✓ Data entry,
- ✓ Communications,
- ✓ Administrative tasks. Etc.

### **3.2 Different forms of compensation for executives and non executives:**

#### **A.Executive Compensation**

Compensation or remuneration for the executive managers is different from compensation for other employees in most the organizations. Executive compensation covers employees that include presidents of company, chief executive officers (CEOs), chief financial officers (CFOs), vice presidents, occasionally directors of the company, and other upper-level managers etc. These high level employees are paid executive compensation.

#### **The Components of Executive Compensation:**

- Base salary.
- Incentive pay, with a short-term focus, usually in the form of a bonus.
- Incentive pay, with a long-term focus, usually in some combination of stock awards, option awards, non-equity incentive plan compensation.
- Enhanced benefits package that usually includes a Supplemental Executive Retirement Plan (SERP).
- Extra benefits and perquisites, such as cars and club memberships.
- Deferred compensation earnings.

#### **B.Non- executive Compensation:**

Non-executive compensation is most often similar among employees who do the same job within a standard salary range. The comprehensive set of benefits and perks is also the same or similar for non-executive employees.

### **4.MONETARY & NON-MONETARY BENEFITS**

#### **4.1MONETARY BENEFITS:**

Monetary rewards are the incentives given to the employees in the form of money. The monetary incentives given to employees are direct benefits to them .The monetary incentives are mostly given based on the performance of an employee. Some employees are motivated only if there is money element involved.

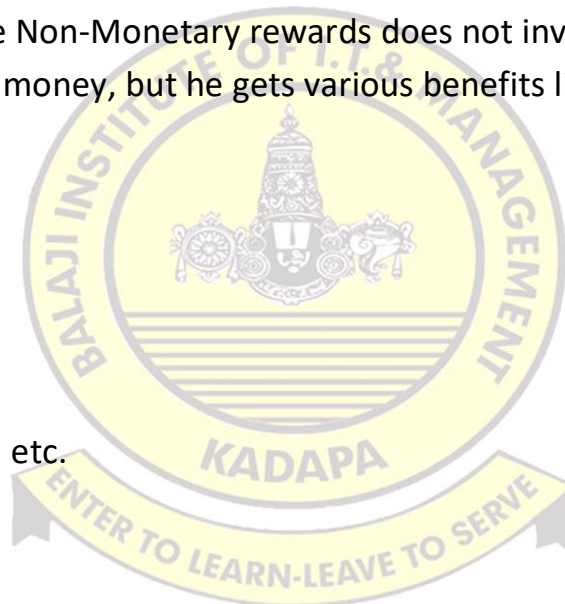
**The monetary incentives Some of the monetary benefits, which are given by the organization are**

- Profit sharing,
- Stock options,
- Bonuses,
- Commissions,
- Merit pay, etc.

#### **4.2NON-MONETARY REWARDS**

Non-Monetary rewards are the benefits given to the employees of the organization to increase the employee job performance, employee loyalty towards the organization, employee morale, etc. The Non-Monetary rewards does not involve direct money. i.e., the employee doesn't get any money, but he gets various benefits like,

- ✓ Food coupons,
- ✓ Promotions,
- ✓ Company uniforms,
- ✓ Flexible timings,
- ✓ Healthcare Benefits,
- ✓ Life insurance policy, etc.



| MONETARY REWARDS                                                                                                                                                                             | NON-MONETARY REWARDS                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Monetary rewards are the incentives which involve direct money to the employees.                                                                                                             | Non-Monetary rewards are the incentives which do not involve direct money to the employees.                                                                                                             |
| <b>GIVEN TO</b>                                                                                                                                                                              |                                                                                                                                                                                                         |
| Monetary rewards are given to the employees who are extremely performing or extremely talented.                                                                                              | Non-Monetary rewards are usually given to all the employees of a certain level to offer them convenience and security.                                                                                  |
| <b>NATURE</b>                                                                                                                                                                                |                                                                                                                                                                                                         |
| Monetary rewards can work as a negative force to the organization because the people of the organization who are getting monetary rewards only concentrate on money by leaving the morality. | Non-Monetary rewards always act as a positive force because the people who are getting non-monetary rewards usually don't get attracted to money and focus on the emotional and psychological benefits. |
| <b>PERCEIVED AS</b>                                                                                                                                                                          |                                                                                                                                                                                                         |
| Monetary rewards are considered as an expense to the organization because it is an additional payment to the employees.                                                                      | Non-Monetary rewards are also considered as an expense to the organization but there is no direct money given to the employee.                                                                          |

**4.3FRINGE BENEFITS** (an extra benefit supplementing an employee's money wage or salary, for example a company car, private healthcare, etc.)

Employees are paid several benefits in addition to wages, salary, allowances and bonus. *These benefits and services are called fringe benefits*, because these are offered by the employer as a fringe (additional benefit)'. Employees of the organization are provided several benefits and services by the employer to maintain and promote employee's favorable attitude towards the work and work environment. It not only *increases their morale* but also **motivate them**.

**According to D. Belcher**, — Fringe benefits are any wage cost not directly connected with the employees productive effort, performance, service or sacrifice.

**According to Werther and Davis**, —Fringe embrace a broad range of benefits and services that employees receive as part of their total compensation, package pay or direct compensation and is based on critical job factors and performance.

External Questions: (Old Question papers)

### UNIT-III

1. Discuss the factors influencing wage and salary structure.
2. Define compensation. Explain the objectives and influencing factors of compensation management.
3. What are internal and external influencing factors in determining compensation?

## UNIT-IV

### HUMAN RESOURCES DEVELOPMENT

#### BRIEF SUMMARY OF THIS UNIT

Human Resource Development (HRD) is the framework for helping employees to develop their personal and **organizational skills, knowledge, and abilities**. An environment of **trust and respect** can be created with the help of human resource development. **It improves employee participation**. Training is an educational process which involves the *sharpening of skills, concepts, changing of attitude and gaining more knowledge* to enhance the performance of the employees. Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. It is also known as an **annual review or performance review**.

#### 1. CONCEPTS:-

HRD is mainly concerned with the ***developing skills, knowledge and Competencies of people***. It is people –oriented concept. HRD is a positive concept in human resources management. HRD aims at helping people to **acquire competencies** required to perform all their functions effectively & make their organization of well. It can be planned & implemented to benefit both individuals & organizations. The competencies of human resources are developed through HR programmers. HRD plays a significant role in making the human resources vital, use & purposeful.

#### **1.1 Objectives of HRD:-**

- a) To prepare the employee to meet the present and changing future job requirements. To prevent employee obsolescent.
- b) To develop creative abilities & talents.
- c) To prepare employees for higher level jobs.
- d) To aid total quality management.
- e) To ensure smooth & efficient working of the organization.
- f) To enhance organizational unit.
- g) The team spirit & functioning in every organizational unit.
- h) Collaboration among different units of the organization.
- i) To broaden the minds of senior managers by providing them with opportunities for an interchange of experiences with & outside.

## **2. DEVELOPMENT FUNCTION:-**

### **A. Performance Appraisal:-**

It includes whether the employee **needs training to enhance** his efficiency in performing his present job (or) he has enough potentials for growth in organization. Under performance Appraisal we evaluate not only the performance of a worker but also his **potential** for development. Performance appraisal is the systematic description of an employee's job-relevant **strengths & weakness**.

### **B. Employee Training :-**

Employee training is the important **sub-system** of human resource development. Training is the act of increasing the knowledge and skill of an employee for doing a particular job. Organizational **efficiency, productivity, progress** to greater extent depends on training.

### **C. Career Planning & Development:-**

A career is all the jobs that are held during only working life. Career planning is the process by which one selects career goals & the path to these goals career development is those personal improvement one undertaken to achieve a personal career plan.

### **D. Organizational Development:-**

Change is the law of nature organizational change implies to the creation of imbalances in the existent pattern. Change requires individuals & organizations to make new adjustments.

### **E. Involvement in quality circles:-**

It is small group of employees in the same work area (or) doing similar type of work who voluntarily meet regularly for about an hour every week to identify, analyze, solve problem (work) not only to improve quality but also enrich the quantify of work like of employees.

## **3. TRAINING & DEVELOPMENT:-**

### **3.1 Training:-**

Every modern management has to develop the organization through human resources Development. Employee training is a **specialized function** & is one of the fundamental **operative functions** for human resources management. Training is a **short-term educational process** utilizing a systematic & organized procedure by which employees

learn **technical skill & knowledge** for a definite purpose. **Training** enables an employee to do his present himself for a higher level job.

**Definition:**

"Training is a learning process whereby people learn skills, concept, attitudes and knowledge to aid in the achievement of goals." - **Mathis and Jackson**

"Training is the act of increasing the knowledge and skill of an employee for doing a particular job." --- **Edwin B. Flippo**



### 3.2 Purpose of training:-

Newly recruited employee requires training so as to perform their tasks effectively. Training is necessary to prepare existing for higher-level jobs. Training is necessary when a person moves from one job to another (transfer). After training the employee can change jobs quickly, improve his performance levels & achieve career goals comfortably. Training is needed to bridge the gap between what the **employee** has & what the **job demands**. Training is necessary to make employees **versatile**. They can be placed on various jobs depending on organizational needs.

### 3.3 Objectives of Training:-

1. To prepare the employee both new & old to meet the present as well as the changing requirements of the job & the organization.
2. To prepare employees for higher level tasks. To develop the potentialities of people for the next level job.
3. To ensure economical output of required qualities.
4. To promote individual & collective morale, a sense of responsibility, co-operative attitudes & good relationships.

### 3.4 Benefits of Training:-

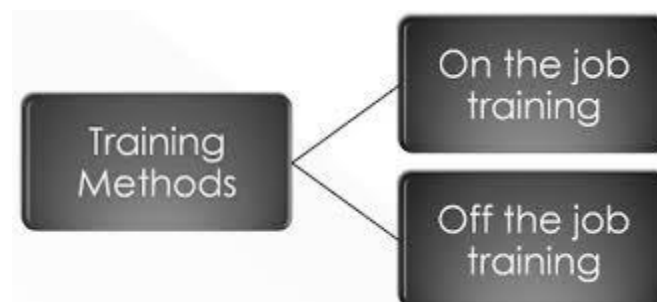
#### Training benefits the organization:-

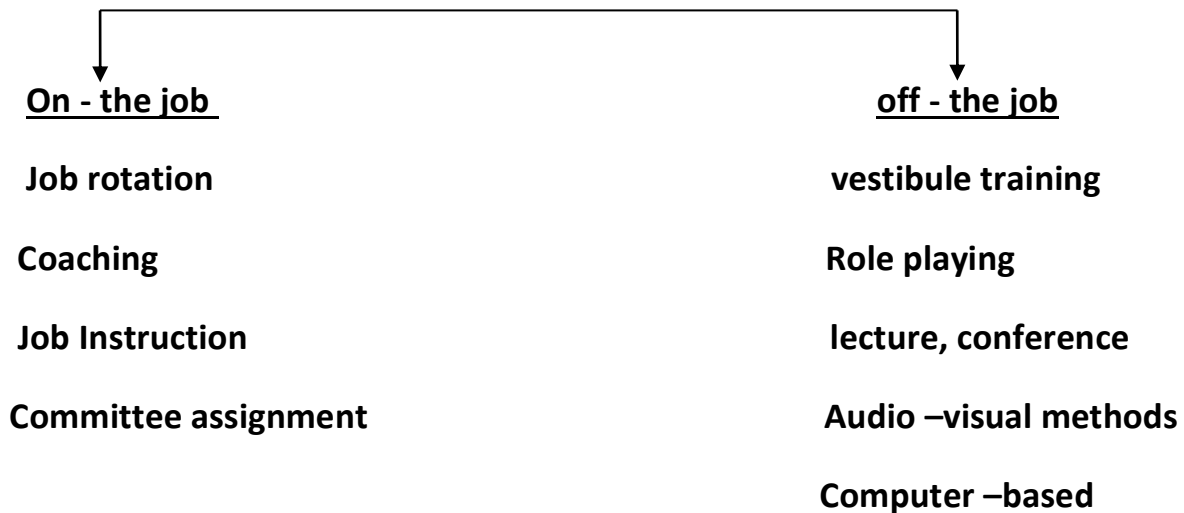
- a. It improves the morale of the workforce.
- b. Leads to improved **profitability** & more **positive attitudes** towards profits orientation.
- c. Improves labor – management relations. Aids in improving organizational communication.
- d. Aids in increasing **productivity (or) quality work**. Helps prepare guideline for work.
- e. Organization gets more effective decision – making and problem solving.
- f. Aids in handling conflict, thereby helping to prevent **stress & tension**.
- g. Helps keep costs down in many areas, eg., production, personal, administration, etc.

#### Benefits to the individual:-

- a) Helps the individual in making better decision and effective problem solving.
- b) Aids in encouraging & achieving self –development and self-confidence.
- c) Helps a person handle **stress, tension, frustration and conflict**.
- d) Provides information for improving leadership, knowledge, communication skills & attitudes.**
- e) Increase job satisfaction & recognition develops a sense of growth in learning. Develops a sense of growth in learning.
- f) Helps a person develop **speaking & listening skills** also **writing skills** when exercises required.
- g) Moves a person towards personal goals while improving interactive skills.
- h) Through training & Development, Motivational variables of recognition, **achievement, growth**, responsibility are internalized & operationally.

### 3.5 Training Methods:-





### 1. ON-THE JOB TRAINING METHODS:-

This type of training is the most commonly used method. The trainees learn under the supervision & guidance of a **qualified worker (or) instructor**. The emphasis is placed on rendering services in the most effective manner rather than learning how to perform the job.

**Example:** New trucking employees could ride with experienced drivers. They could ask questions about truck weigh stations, proper highway speeds, picking up hitchhikers, or any other issues that may arise.

#### Advantages of On-the-Job Training:

- a) It is directly in the context of job.
- b) It is often informal.
- c) It is most effective because it is learning by experience.
- d) It is least expensive.
- e) Trainees are highly motivated.
- f) It is free from artificial classroom situations.

#### Disadvantages of On-the-Job Training:

- a) Trainer may not be experienced enough to train or he may not be so inclined.
- b) It is not systematically organized.
- c) Poorly conducted programs may create safety hazards.

**Methods:****A. Job Rotation:**

It is the process of training employees by rotating them through a series of related jobs. Rotation not only makes a person well acquainted with different jobs, but it also alleviates boredom and allows to develop rapport with a number of people. Rotation must be logical.

**B.Coaching:**

Coaching is a one-to-one training. It helps in quickly identifying the weak areas and tries to focus on them. It also offers the benefit of transferring theory learning to practice. The biggest problem is that it perpetrates the existing practices and styles. In India most of the scooter mechanics are trained only through this method.

**C.Job Instruction:**

It is a Step by step (structured) on the job training method in which a suitable trainer (a) prepares a trainee with an overview of the job, its purpose, and the results desired, (b) demonstrates the task or the skill to the trainee, (c) allows the trainee to show the demonstration on his or her own, and (d) follows up to provide feedback and help. The trainees are presented the learning material in written or by learning machines through a series called 'frames'. This method is a valuable tool for all educators (teachers and trainers).

**It helps us:**

- a. To deliver step-by-step instruction.
- b. To know when the learner has learned.
- c. To be due diligent (in many work-place environments).

**D.Committee Assignments:**

Under the committee assignment, group of trainees are given and asked to solve an actual organizational problem. The trainees solve the problem jointly. It develops team work. Assigning talented employees to important committees can give these employees a broadening experience and can help them to understand the personality issues and processes governing the organization. It helps them to develop **team spirit** and work in a united way towards common goals.

## 2. OFF-THE JOB TRAINING METHODS:-

Under this method of training, trainee is separated from the **job situation** & his attention is focused upon the learning the material related to his future job performance. There is an opportunity for **freedom of expression** for the trainee.

### Advantages of Off-the-Job Training

- A. Trainers are usually experienced enough to train.
- B. It is systematically organized.
- C. Efficiently created programs may add lot of value.

### Disadvantages of Off-the-Job Training:

- a) It is not directly in the context of job.
- b) It is often formal.
- c) It may not be based on experience.
- d) It is expensive.
- e) Trainees may not be much motivated.
- f) It is artificial in nature.

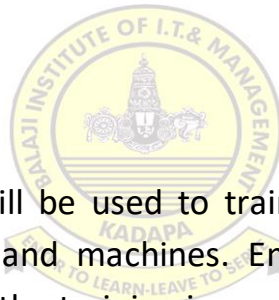
### Methods:

#### A. Vestibule Training:

Mostly this method of training will be used to train **technical staff, office staff and employees** who deal with tools and machines. Employees learn their jobs on the equipment they will be using, but the training is conducted away from the actual work floor by bringing equipments or tools to certain place where training is provided, but not work place. Vestibule training is provided to employees when new or advanced equipment or tools introduced in to the organization to do a particular job by using them. For this purpose such equipment is brought to a separate place to give demonstration and train how to use and that handle it by employees safely. It **prevents trainees to commit costly mistakes on the actual machines.**

#### B. Role Playing:

It is defined as a method of human interaction that involves realistic behavior in imaginary situations. This method of training involves action, doing and practice. The participants play the role of certain characters **such as the production mangers, mechanical engineer superintendents', maintenance engineers, quality control inspectors, foreman workers** and the like. This method is mostly used for developing interpersonal interactions and relations. Types of role play may be multiple role play, **single role play, role rotation, and spontaneous role play.**



**C. Lectures and Conferences:**

Lectures and conferences are the traditional and direct method of instruction. Every training programme starts with **lecture and conference**. It's a **verbal** presentation for a large audience. However, the lectures have to be motivating and **creating interest** among **trainees**. The speaker must have considerable depth in the subject. In the **colleges and universities, lectures and seminars** are the most common methods used for training.

**D. Management Games:**

This method requires trainees to gather information, analyze it and make decisions. Business games are primarily used for management skill development. This form of training is based on an artificial environment that simulates the real situation in the management of the organization, whether it's **planning, decision making, control, communications** or management itself. Business games allow monitoring of the consequences of decisions, and respond naturally to various situations.

**Example:**

Computer games (e.g. various turn-based strategies, building games) Team learning games (e.g. through teambuilding)

**E. Case Study:**

The trainees are given the situation or a problem in the form of a case study, and are required to solve it as per their learning from the training program. The case study method emphasize on approach to see a particular problem rather than a solution. Case Studies try to simulate decision-making situation that trainees may find at their work place. It reflects the situations and complex problems faced by managers, staff, HR, CEO, etc.

**Case Study method focuses on:**

- a) Building decision making skills.
- b) Assessing and developing Knowledge, Skills and Attitudes (KSAs).
- c) Developing communication and interpersonal skills.
- d) Developing management skills.
- e) Developing procedural and strategic knowledge.

**F.Audio-Visual:**

Providing training by way of using **Films, Televisions, Video, and Presentations etc.** This method of training has been using successfully in **education institutions** to train their students in subjects to understand and **assimilate (take in and understand fully, (information or ideas)** easily and help them to remember forever. New companies have come up for providing audio visual material for students in their concern subjects.

In the corporate sector, mainly in **customer care centers** employers are giving training to their employees by using **audio visuals material** to teach **how to receive, talk and behavior with the customer**.

#### **4.PERFORMANCE APPRAISAL:**

Performance appraisal is a method of **evaluating the behavior of employees** in the work station, normally including both the **quantitative & qualitative** aspects of job performance. Performance appraisal is the systematic description of an employee's job –relevant **strengths & weakness**. Performance appraisal is a **continuous process** in every large scale organization. It is a systematic & objective way of evaluating both work –related behavior & potential of employees. Performance appraisal is not a **post-oriented activity**. Performance appraisal is an organized process. It identifies the employee's performance and tries to develop a future improvement plan. Performance appraisal determines the capability of the employee to perform the allocated job effectively. Performance appraisal also emphasizes on overall development of employees. it guides **managers** to out like a **coach** rather than **judge**.

##### **4.1Uses of Performance Appraisal:-**

- a) Performance feedback allows the employee, manager & personnel specialist to intervene with appropriate actions to improve performance.
- b) Promotions transfer, & demotions are usually based on past performance.
- c) Poor performance may indicate the need for retraining.
- d) Good performance may indicate untapped potential that should be developed.
- e) Good (or) bad performance implies strengths (or) weakness in the personnel departments staffing procedures.
- f) Poor performance may be symptom of ill-conceited job designs. Appraisals help diagnose these errors.
- g) Performance feedback guides career decisions about specific career paths one should investigate.
- h) Performance evaluations help decision-makers determine who should receive pay raises.

## 4.2 Importance of Performance Appraisal:

### A. Selection justification:

Performance Appraisal helps the HR managers in validating the selection made by them. It makes them clear as to the strengths and weaknesses of the employees selected by them. This can be kept as sample study for future selection of employees.

**B.Compensation:** Appraisal system helps in merit rating from where a good compensation program can be chalked out. A compensation system which has good pay, bonuses, variable allowances and benefits is very much reliant on performance appraisal.

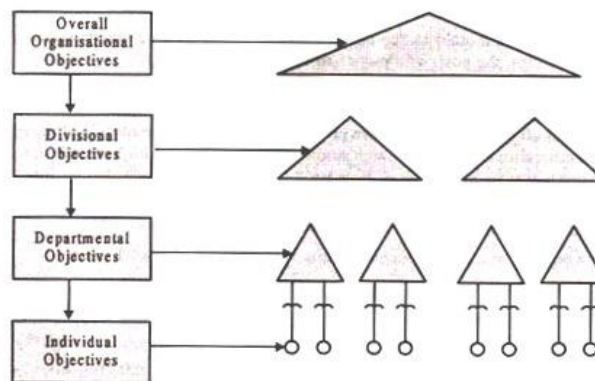
**C.Promotion:** It helps in deciding promotion programs for competent employees. By this, inefficient workers can be either demoted or dismissed from the company.

**D.Employee Development:** A very good appraisal system helps the HR managers in developing good training programs. This in turn helps the employees to discuss their interests in getting trained in various programs with their managers.

**F.Motivation:** Appraisal can be called as a motivational tool for employees. By setting standards to achieve the targets, the employees are motivated to perform as well as to develop their performance in future.

## 4.3 MBO (MANAGEMENT BY OBJECTIVES):-

**Management by Objectives (MBO)** is a personnel management technique where managers and employees work together to set, record and monitor goals for a specific period of time. Organizational goals and planning flow top-down through the organization and are translated into personal goals for organizational members. The technique was first championed by management expert Peter Drucker and became commonly used in the 1960s. MBO requires the management to set specific measurable goals with each employee & then periodically discuss the latter progress towards these goals. MBO focuses attention on what must be accomplished (goals) rather than how it is to be accomplished.



**i.set organisational goals:** Establish an organization wide plan for next year & set company goals.

**ii.set departmental goals:** Department heads at this stage take the border company goals (like improving profits by 20% market share 10% etc) & with their superiors, jointly set goals for their departments.

**iii.discuss departmental goals:-** The Department goals are now put to discuss in a departmental meeting with subordinate. This Departmental heads require the subordinates to set their own preliminary individual goals, & departments Goals.

**iv.define expected results:** The Departmental heads & their subordinates agree on a set of participatory set short term, & individual performance targets.

**v.performance reviews:** Departmental heads compare each employee's actual & targeted performance, either periodically, annually. Employees are evaluated on their performance results; MBO is often called a result-based performance appraisal system.

**vi.provides feedback:-**

Both parties now discuss & evaluate the actual progress made in achieving goals, where things have gone off the track, how best to rectify the mistakes made in the part & how the employee could meet the targets next things focusing attention on his strengths.

#### 4.4Advantages of MBO:

1. The need to clarify objectives is stressed and suggestion for improvement is obtained from all levels of management.
2. All managers have a clear idea of the important areas of their work and of the standards required.
3. The performance of staff can be assumed and their needs for improvement highlighted.
4. Greater participation may improve morale and communication.
5. It makes individuals more aware of organizational goal.

#### 4.5 Disadvantages of MBO:

1. It takes a few years to be effective.
2. Some companies always tend to raise goals. If these are too high, employees become frustrated.
3. Appraisals are sometimes made on personality traits rather than on performance.
4. Some employees do not want to be held responsible and goals forced upon them may lead to ill-feeling.

**4.4. 360 PERFORMANCE APPRAISALS:-**360-degree feedback is an evaluation method that incorporates feedback from the **worker, his/her peers, superiors, subordinates, and customers**. Results of these confidential surveys are tabulated and shared with the worker, usually by a manager. Interpretation of the results, trends and themes are discussed as part of the feedback. Typical appraisers are superior, peers. Sub-ordinates, employees themselves, users of service & consultants performance appraisal by all these parties are called **“360 Performance appraisal”**. The primary reason to use this full circle of confidential reviews is to provide the worker with information about his/her performance from multiple perspectives. From this feedback, the worker is able to set **goals for self-development** which will advance their *career and benefit the organization*. With 360-degree feedback, the worker is central to the evaluation process and the ultimate goal is to **improve individual performance within the organization**. Under ideal circumstances, **360-degree feedback** is used as an assessment for personal development rather than Evaluation.

**There are 3 prime reasons -360 degree performance appraisal.**

1. In order to get a enhance review about performance and prospective of the future leader.
2. To broaden the insight of manpower development and its needs.
3. In order to collect feedback from all the employees and to ensure the organizational justice.

## 4.5 Process:

### 1.Superiors / supervisors:-

Supervisors evaluate performance from job description point of view. The immediate superior is in a very good position to evaluate the performance of his subordinates. This is because they have direct and accurate information about the work performance of their subordinates.

### 2.Peers:-

Peer or colleagues also evaluate each other's performance. They work continuously with each other, and they know each other's performance. Peer evaluation is used mostly in cases where team work is important.

### 3.Subordinates:-

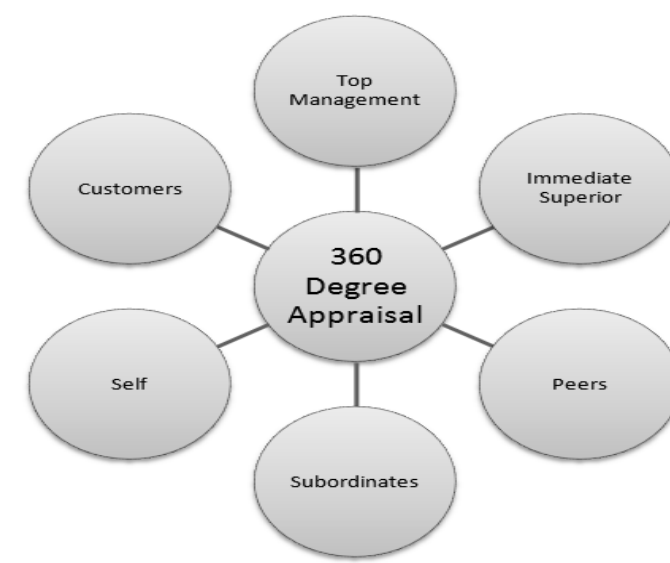
The subordinate can also evaluate the performance of his superior. Subordinates appraisal gives a chance to judge the employee on the parameters like Communication & motivation, superior's ability to delegate the work, leadership qualities etc.

### 4.Self-appraisal:-

Self-appraisal is an important part of the performance appraisal process where the employee himself gives the feedback regarding his performance. It gives a chance to the employee to look at **his/her strengths & weaknesses, achievements** etc.

### 5.External sources (customers & clients / consultants):-

Customers can also evaluate the performance of the employee who interacts with them. It is also given a lot of importance because the customers & clients are the most important person for the business, organizations use customer & clients appraisals to improve the strengths & remove the weaknesses of the employees.



**Advantages:-**

- A. Improve credibility of performance appraisal.
- B. Increase responsibilities of employees to their customers.
- C. Personal development & growth is crucial to a successful career & areas where one needs to improve on can be addressed through a 360 feedback.
- D. A 360 feedback focuses on competencies that reflect that standard for behavior & interaction within an organization. This system provides a comprehensive view towards the performance of employees.
- E. The feedback from colleagues helps to strengthen the self development process of the employee
- F. The different ideas coming from different raters combined provide more accurate 360 degree assessment.
- G. More persuasive opinions can be gathered from different participants.
- H. Here not only manager but colleagues are also responsible for assessment of staff performance which empowers them.
- I. Employees get motivated who generally undervalue themselves.
- J. Honest culture can be established among the organization using 360 degree performance appraisal system

**Disadvantages**

- 1. The process is very lengthy, complex and takes a lot of time.
- 2. If the feedback got exchange among the employees it can create trouble and tension among the staff.
- 3. A lot of effort has to be placed in order to train the employee to effectively use the 360 degree appraisal system.
- 4. It is very difficult to figure out the results.
- 5. Some feedbacks are useless and need to be deleted carefully.
- 6. A suspicious environment can be created in the organization as the information is not available to everybody.

**4.4 METHODS OF PERFORMANCE APPRAISAL:-****I. TRAIT METHODS****a. Graphic rating scale method:-**

Graphic rating scale compares individual performance to an absolute standard. This is the oldest & widely used technique. The rating scale is the most common method of evaluation of an employee's performance today. The appraisal are supplied with printed forms one for each employee. These forms contain a number of objectives, behavior & trait-based qualities & characters to be rated like quality & volume of work attitude etc. One reason for the popularity of the rating scales is its simplicity, which permits many employees to be quickly evaluated.

**EXAMPLE:-**

|                                                                                 |                |      |              |      |             |
|---------------------------------------------------------------------------------|----------------|------|--------------|------|-------------|
| Employee name –                                                                 | job title -    |      |              |      |             |
| Department -                                                                    | rate -         |      |              |      |             |
| Data -                                                                          |                |      |              |      |             |
|                                                                                 | Unsatisfactory | fair | satisfactory | good | outstanding |
| a.<br>quality of work. Neatness,<br>actuary work.                               |                |      |              |      |             |
| b.<br>co-operation (ability to work<br>with others to produce<br>desired goals) |                |      |              |      |             |
| c.<br>attitude enthusiasm & co-<br>operatives on the job                        |                |      |              |      |             |

**A.ranking methods :-**

Under this method the employees are ranked from best to worst on some characteristics. The rater first finds the employee with the higher performance and the employees with the lowest performance in that particular job category.

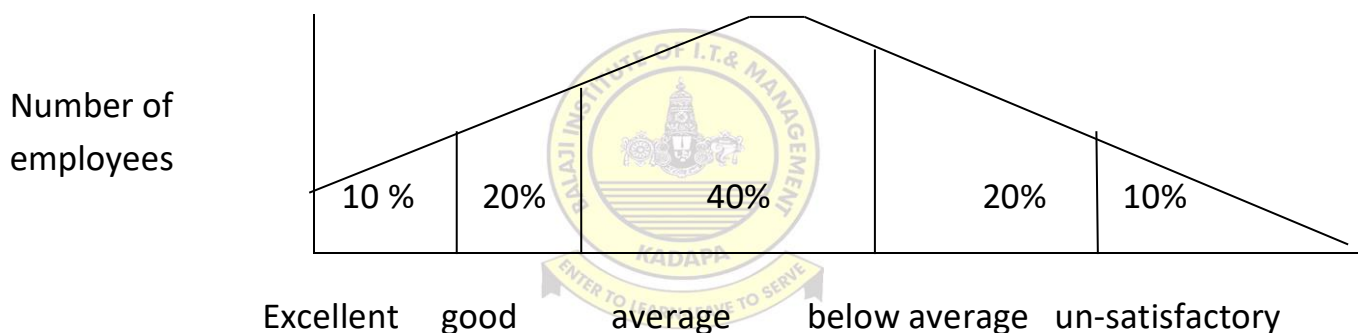
Ranking can be relatively easy & in expensive.

**B.paired comparison method:-**

This method is relatively simple. Under this method, the appraiser ranks the employee by comparing one employee with all other employees in the group one at a time. This method seems to be logical; it is not applicable when a group is large.

**C. forced distribution method:-**

Under this system, the rate is asked to appraise the employee according to a predetermined distribution scale. This method is developed to prevent the raters from rating too high (or) too low.

**II.BEHAVIORAL METHOD :-****A.behavioral check list method:-**

A check list is designed with the list of statements that describe the behavior essential for employee performance. Employee performance is rated based on the behavioral skills that the employee possesses to the total statements.

**Example: Let us see the below statements or descriptions used as checklist:**

- |                                                      |        |
|------------------------------------------------------|--------|
| (a). Is the employee actually interested in the job? | Yes/No |
| (b). Do they give respect to their superiors?        | Yes/No |
| (c). Do they follow the directives?                  | Yes/No |
| (d). Mistakes are made frequently?                   | Yes/No |

**B.Critical incident method :-**

Under this method, the supervisor continuously records the critical incidents of the employee performance (or) behavior relating to all characteristics **(both +ve & -ve)**. The supervisor rates the performance of his subordinates on the basis of notes taken by him.

**C.behaviorally anchored rating scales (bars) :-**

BARS method combines elements of the traditional rating scales & critical incidents method. Using BARS, job behaviors from critical incidents effective & ineffective behaviors are described more objectively.

**HOW TO CONSTRUCT BARS :-****step-i:- collect critical incidents :-**

People with knowledge of the job to be probed (physically explore or examine) like job holders & supervisors, described specific examples of effective & ineffective behavior related to job performance.

**step-ii :- identify performance dimensions :-**

The people assigned the task of developing the instrument cluster the incidents into a small set of key performance dimensions. Generally most of the performance rates take place between 5 & 10 dimensions.

**step-iii :- reclassification of incident :-**

Another group of participations who are knowledgeable about the job is instructed to retranslate (or) reclassify the critical incidents generated (step-II) previously.

**step-iv:- assigning scale values to the incidents :-**

Each incident is then rated on a one-to-nine scale with respect to how well it represents performance on the appropriate dimension.

**step-v:- producing the final instrument :-**

About six (or) seven incidents for each performance dimension –all having met both the retranslating & standard deviation criteria.

**Example: BARS (Behaviorally Anchored Rating Scale)**

| Performance     | Points | Behavior                                               |
|-----------------|--------|--------------------------------------------------------|
| Can be laid off | 7      | Employee can be expected to give important suggestions |
| Good            | 6      | Employee can be expected to commence resourceful ideas |
| Beyond Average  | 5      | Can expect him to do well                              |
| Average         | 4      | Can cope with difficulty to reach goals                |
| Below Average   | 3      | Can be given training                                  |
| Poor            | 2      | Can be demoted                                         |
| Extremely Poor  | 1      | Can be laid off                                        |

**5. CAREER PLANNING & DEVELOPMENT :-**

Career is defined as a person's course or progress through life. Career Planning is a continuous life long process of developmental exercise. It defines life, career, abilities, and interests of the employees. It can also give professional directions, as they relate to career goals. It helps individuals develop skills required to fulfill different career roles. Career planning encourages individuals to explore and gather information, which enables them to synthesize, gain competencies, make decisions, set goals and take action. It is a crucial phase of human resource d

**5.1Need for career planning:-**

To attract competent persons & to retain them in the organization. To provide suitable promotional opportunities. To enable the employees to develop & make them ready to meet the future challenges. To correct employee placement. To improve motivation & Morale. To reduce employee dissatisfaction & turn over.

**The major objectives of career planning are as follows:**

- To identify positive characteristics of the employees.
- To develop awareness about each employee's uniqueness.
- To respect feelings of other employees.
- To attract talented employees to the organization.
- To train employees towards team-building skills.
- To create healthy ways of dealing with conflicts, emotions, and stress.

## **5.2 Advantages of career planning & development:-**

### **A. FOR INDIVIDUALS:-**

- a) The process of career planning helps the individuals to have the knowledge of various career opportunities.
- b) It helps the organization identify internal employee who can be promoted.
- c) It improves employee's performance on the job by tapping their potential abilities & further employee growth.
- d) Internal promotions, up gradation & transfers motivate the employees, boost up their morale & also result in increased job satisfaction.

### **B. FOR ORGANIZATIONS:-**

- 1) Efficient career planning & development ensures the availability of human resources with required skill, knowledge & talent.
- 2) The efficient policies & practices improve the organization's ability to attract & retain highly skilled & talent employees.
- 3) A proper career planning ensures that the woman and people who belong to backward communities get opportunities for growth & development.
- 4) By attracting & retaining the people from different cultures, enhances cultural diversity.
- 5) Protecting employee's interest results in promoting organizational good will.

## **5.3 THE PROCESS OF CAREER PLANNING AND DEVELOPMENT:**

### **1. IDENTIFYING INDIVIDUAL NEEDS AND GOALS:**

Most individuals do not have a clear-cut idea about their career objectives, anchors, and goals. Workshops and seminars may increase employees' interest in career planning by helping them to set career goals, identify career paths, and uncover specific career development activities.

### **2. Analysing Career Opportunities:**

Career paths show the possibilities of career progression and indicate the various positions that employees can hold in the organization over a period of time. Career

paths change over time in tune with employees' needs and organizational requirements.

### **3. Aligning Needs and Opportunities:**

The alignment of needs and opportunities consists of two steps, namely identifying the potential of employees and aligning employee needs with organizational opportunities. The potential of employees can be accessed through performance appraisal, which reveals the need for further training for some employees. After identifying the potential of employees, certain development techniques, such as special assignments, planned position rotation, supervisory coaching, job enrichment, and understudy programs, can be undertaken to upgrade their knowledge and skills.

### **4. Formulating Action Plans and Performing Periodic Review:**

After initiating the preceding steps, it is necessary to review the whole career plan and its implementation. The formulation of action plans helps the employees in determining the direction of their career paths, the changes required in their careers and the skills needed to face new and emerging organizational challenges. It is also necessary from an organizational standpoint to find out how employees are doing, what are their goals and aspirations, and whether the career paths are in tune with individual needs and serve the overall corporate objectives.

### **5.4 The significance of career planning and development:**

Career development and career planning are very significant in the current age of technology, because technology brings out changes, innovations and newness. These alterations and changes will require teaching, training and learning processes. Career planning & development is a **win-win** focusing on the employee's needs for growth along with providing benefits to the business. The employee of the modern era will have to be multi-skilled, but should NOT take it for granted. He or she should be ready to switch industries, companies, or functions. It is important to individual employees, career development is of increasing importance to the organization as well. Career development will ultimately result in skills aligning with jobs, thus, giving the organization a competitive advantage.

**CASE STUDY :**

A policy is a plan of action. It is a statement of intention committing the management to a general course of action. When the management drafts a policy statement to cover some features of its personnel programmes, the statement may often contain an expression of philosophy and principle as well. Although it is perfectly legitimate for an organization to include its philosophy, principles and policy in one policy expression.

1) Why organizations adopt personnel policies explain the benefits?

**Ans:**

**A. Recruitment and Selection**

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

**B. Training and Professional Development**

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

**C. Employment Rules**

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

2) Explain few personnel policies?

**Ans:MAIN POLICY STATEMENTS**

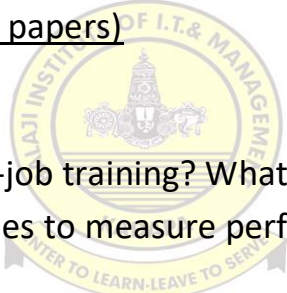
**A. Employment Policy**-----to obtain suitable qualified and experienced personnel and to enable them to derive satisfaction from employment by offering them attractive wages, good working conditions, security and opportunities for promotions.

**B.Welfare policy**-----to safeguard the health and safety of all employees and to provide such welfare and social activities as are sincerely desired by employees and are mutually beneficial to them and company.

**C.Wage and salary policy**-----to pay wages and salaries that compare favorably with those of other firms locally within a structure that has due regards for recognized differentials and individual ability.

External Questions: (Old Question papers)

UNIT-IV

- 
1. What are the issues with on-the-job training? What are the best types of training?
  2. What are the different approaches to measure performance of an employee? Explain?
  3. Explain the significance and advantages of career planning and development?
  4. Write short notes on MBO, 360 degree appraisal and critical incident methods.?
  5. Explain in detail various methods of training?
  6. What are BARS and paired comparison methods of performance appraisal?

**UNIT-V****RECENT TRENDS IN HRM****BRIEF SUMMARY OF THIS UNIT**

Every organization has to meet the HR Management Trends, strategic objectives and maximize the performance of the employee. Technology and demographic developments are some common trends. Total quality management (TQM) is a management approach *to long-term success of the organization*.

**1. OUTSOURCING:**

Outsourcing has become a major trend in human resources over the past decade. It is the practice of sending certain job functions outside a company instead of handling them in house. More and more companies, large and small, are turning to outsourcing as a way to grow while restraining (prevent someone from doing something) payroll and overhead costs. In recent years, **outsourcing HR related activities** is a common and popular exercises which is adopted by both small and large organizations. All the outsourced activities will be managed and administrated by the external firm on behalf of its client.

**1.1 STAGES OF OUTSOURCING:-**

**A. planning for outsourcing;-** The first stage of this process can be seen as planning for outsourcing. Different resources are grouped and the various issues related to the information management and resources, management is tackled effectively. Different types of strategic possibilities and the consequences are analyzed. There is a complete study of organizational vision, structure, value chain, competencies, strategic, and transformational tools.

**B. analysis:-** The main focus of this stage is on the performance and cost. *The cost of the activity and the cost of failure of project, both are estimated in this stage.* The standardization of both cost and performance is done. At last, **risk assessment, valuation of assists, determined of total costs and pricing models, and final targets** are completed.

**C. selection:-** The selection of the service provider is done by the firm under this stage. Different types of **qualifying and evaluation bases are determined**. Lot of care is taken in the entire process. The determined of total *cost of buying, short listing of service providers, and final selection* is done at the end of this process. Ultimately, the senior management review the entire process once again.

D. **negotiation**: The proper planning is done for *the negotiations on various issues* are settle down. preparation of **term sheet** is done and finally the negotiations take place. A relationship is declared if everything goes as per the plan.

E. **managing the relationship**: Finally, a relationship is built. There will be some **modifications** in the management style and *a supervisory council* is created. Different supervisory roles are carried out below par performances are tackled, and solutions are sought.

### **1.2advanatages of outsourcing:**

#### **1. Facilitates better manpower:**

**Better quality of manpower** can be received with the help of outsourcing firms. **They also provide the information** and practice related to the certain activity or task. These firms can have the expertise in doing the different activities of HR as this is their core business activity.

#### **2. Boosts employee morale:**

In order to improve the **morale of the employees** and preserving the strong culture in the organization. certain employees and activities which are not aligned with the organization can be outsourced.

#### **3. Minimizes risk:**

The risk, associated with the business can be controlled through outsourcing. The firms which have the latest information on various updated laws of **central and local government are hired by the organizations**. These firms can be quite useful in order to avoid the costly lawsuits which could result from the employee side, In case these laws' may not followed and implemented in the workplace.

### **Other Advantages**

1. Enhanced business efficiency
2. Effective handling of business jobs
3. Better time management&Tax benefits
4. Trained but skilled manpower available at very low rates
5. Expertise, resources, and up-to-date technological solutions from the outsourcing solution provider reduces need for investment on these by the client
6. Increased productivity as more manpower can be made use of at lower costs
7. Competitive advantage through greater productivity
8. Increased focus on core competencies
9. Sharing of business risks

### 1.3 Disadvantages of outsourcing:

#### 1. Loss of control:

Losing management control of business functions mean that you may no longer be able to control operations and deliverables of activities that you outsource.

#### 2. Threat to confidentiality:

Some of the vital information of the company can be leaked to its competitor when these activities are outsourced. There is always a probability, this information can be leaked from the side of outsourced firm.

#### 4. affects company good will:

It is quite common to have layoffs (a temporary or permanent discharge of a worker or workers.) when any activity is outsourced. The level of dissatisfaction among the remaining employees can be increased due to these practices.

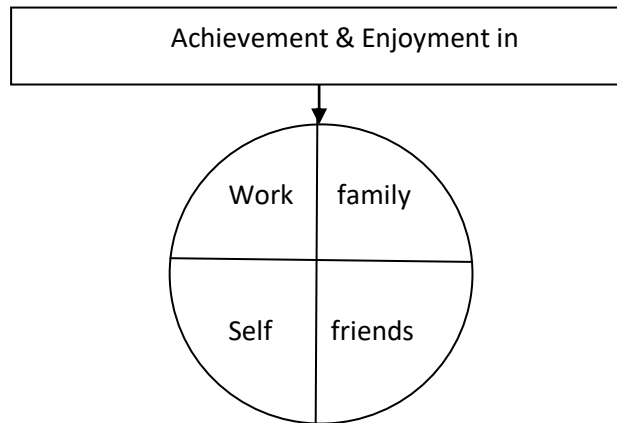
#### Other Disadvantages

1. Potential joblessness for the organization
2. Lack of communication
3. Delayed services
4. Contract confusion
5. Possibility of hidden costs.
6. Disclosure of confidential information to the outsourcing provider leading to a possible security threat
7. Slow response time or delivery
8. Loss of direct control over company management
9. Reduced sales owing to unsatisfied customers



### 2. WORK-LIFE BALANCE:-

Work-life balance is a concept including proper prioritizing between **“work” (career & ambition) & lifestyle (health, pleasure, family etc)**. Work-life balance is *flexibility*. Work life balance is a method which helps employees of an organization to balance their personal and professional lives. Work life balance encourages employees to divide their time on the basis on priorities and **maintain a balance by devoting time to family, health, vacations etc** along with making a career, business travel etc. It is an **important concept in the world of business** as it helps to *motivate the employees and increases their loyalty towards the company*.

**Work like balance:****2.1 ADVANTAGE OF WORK - LIFE BALANCE:****1. improved loyalty and commitment:**

Greater commitment and loyalty of the employees can be gained when their needs and requirements are understood by the employers.

**2. improved productivity:**

Improved performance and efficiency can be obtained at individual level resulting from the greater commitment and loyalty which will also boosts the overall organizational productivity

**3. reduced absenteeism:**

The problem of absenteeism can be reduced with the help of effective work -life balance and the associated costs can be controlled.

**4. Reduced employee turnover:**

Effective work- life balance initiatives in an organization prevent employee turnover and thus different costs associated with employee selection, induction and training are reduced.

**5. Increased employee participation:**

Work-life balance also motivates the employees to participate in different productive activities of the organization. They offer their ideas and suggestions to the employers for the betterment for the organization.

**6. improved attraction and retention of employees:**

The employer can become popular in the labor market and thus it will be attracting and retaining more talented candidates.

## 2.2 Guidelines for improving work life balance:-

### 1. Identify employee's needs:

First of all it is important to know the various kinds of conflicts related to the work/home which are being faced by the employees. For this, employers should identify the employees with young children or older parents and evaluate their home situations along with evaluating the work related consequences (like amount of overtime worked and the number of days of absent) due to their family commitments.

### 2. Focus on transitional (belonging or relating to a change) culture:

In order to promote work-life balance in the organization the employers focus should be on the **organizational culture**. The organizational culture should be flexible enough to implement the work- life balance. Each and every employee should be eligible for the **flexibilities** in the organization and they should not be treated as **disloyal or poor performers**. They should be made feel that not only their presence, but their performance and work results are crucial for the organization.

### 3. Improve personal and organizational efficiency:

Ensuring the smooth functioning of the 'work' part is very critical to accomplish the work- life balance. In order to control **the stress and reducing the work hours** with the similar level of productivities, the skills such as effective handling of information, **time management**, prioritizing and delegations become quite vital.

### 4. Inform and train managers:

Designing work-life policies is not sufficient to bring a work-life balance in the organization. The **consistent and effective implementation** of such policies is required for it. A special training is required for managers to make them understand the benefits available to the employees and to make them able to counsel employees for choosing the suitable plan. *Performance appraisals and annual training plans should include the work- life issues.*

## 3. QUALITY CIRCLES (QC):-

A Quality circle is a **participatory management technique** that enlists the help of employees in solving problems related to their own jobs. Employees who participate in *quality circles* usually receive **training** in formal **problem solving methods-like brain-storming, Pareto analysis**(Pareto Analysis is a statistical technique in decision-making used for the selection of a limited number of tasks that produce significant overall effect) **etc.** A quality circle is a volunteer group composed of members who meet to talk work-place & **service improvement** & make presentation to their management with their ideas. It enable the *enrichment of the*

*lives of the workers can create harmony ( **work happily together without any big problems** )& high performance. **The concept of QC originally began in the United States & was exported to Japan in the 1950s.** They meet regularly to identify, analyze & solve the problems that arise during the course of their work & their association with the organization. *Quality circles built mutual trust & create greater understanding between the management & the workers.**

### 3.1 Objectives of quality circles:-

- A. Improvement in quality of product manufactured by the organization.
- B. The basic objectives of quality circles are to develop & utilize human resources effectively, to develop quality products, improve the quality of work life & sharpen & utilize an individual's creative abilities.
- C. To give enhance to the employees to use their wisdom and creativity.
- D. To fulfill the self esteem and motivational needs of employees.
- E. To improve the quality of work life at employees.
- F. To encourage team spirit cohesive culture among different levels sections of employees.
- G. Promote personal and leadership development.
- H. Increase employee's motivation.

### 3.2 Advantages of quality circle:-

#### Work group:-

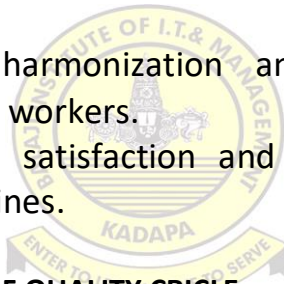
- a) An optimistic atmosphere which faster team spirit is established.
- b) Members start feeling as a part at the company which gives way to better job satisfactions.
- c) It enhances the morale self esteem at the members as they feel that their ideas are vital.
- d) The members at the group develop a sense of dedication towards their group as well as towards their work.
- e) The members of the group can secure their job the ways to resolve the group conflicts are also formulated.

#### Management:

- 1) QC brings relief to the management by solving the problem before it become worse.
- 2) Better quality and enhanced output are secured by the managers managers face lesser number of issues related to grievances complicit unpunctuality absenteeism and other issue with adversely affect the productive.
- 3) The training and experience at QC indents the knowledge and develop the skills at the managers and their subordinates.
- 4) It gives way to opening and smooth functioning at various channels of communication.

**Organization:**

- a) One work performance of entire organization is enhanced which advance the process of achieving organizational goals.
- b) Every person concerned with the organization makes effort for improvement in some or the other aspects.
- c) The morale self confidence of the workers is enhanced.
- d) The focus at everybody is on working thoroughly and enhancing quality.
- e) The execution and maintained at quality circle is comparatively cost effective thus saves lot of funds.
- f) There is better sync harmonization and coordination between the management the group of workers.
- g) The worker have better satisfaction and hence the number of human resources complaints declines.

**SUGGESSTIONS FOR EFFECTIVE USE OF QUALITY CRICLE:**

- A. Obtain managerial support and involvement for the programme.
- B. Identify goals for the programmed to solve all problems in the origination.
- C. Make sure manages realism that any changes will take time.
- D. Inform all employees about the philosophy and goals of the program keep the programmer voluntary.
- E. Provide training for managed as co-ordinators.
- F. Implement the suggestions made by employees.
- G. Give recognition for employee's efforts.

**3.3 techniques of quality circles:**

These methods of techniques which are mainly used by QC to discuss different problem are as follows:

**A. brainstorming processes:**

In this method, a **liberal atmosphere is created in order to persuade (to make someone do) the members to come up with innovative ideas**. There is *no room for criticism* in such a liberal atmosphere. Every suggestion is recorded sincerely as the motive is to extract a pool of several suggestions. At a larger stage pros and cons of various ideas are considered prior to reaching at an ultimate result.

#### **B. cause and effect diagrams:**

Members are required to discover the *causes for the problem* under consideration. They are also required to recognize a significant effect on the problem due to this cause. It is followed by the recognitions of other causes and then their significant effects. Finally when this cause and effect relationship is represented through a diagram, it takes the form of a fish bone, hence, it is also known as “Fishbone Diagram”.

#### **C. sampling and charting methods:**

In this method, the members are required to **scrutinize** the various events. Their results and the nature of their consequences. They graphically represent their **positive or negative findings** either sequentially or through some other relationship in order to show a clear picture of the problem.

### **4.TOTAL QUALITY MANGMENT (TQM):-**

*TQM is a continuous process improvement for individuals, group of people, & total organization. Total quality is defined as a people focused management system that aims at continual increase in customer satisfaction at continually lower cost. TQM is about changing the way things are done within the transitions life time People must know what to do, how to do. It is a management approach focusing on the improvement of quality and performance in all functions, departments, and processes across the company to provide quality services which exceed customer expectations. TQM expands the scope of quality of every department from top management to lower level employees. It enables management to adopt a strategic approach to quality and put more effort on prevention rather than on inspection. Through TQM, all employees are trained in a professional manner and encouraged to make decisions on their own to improve the overall quality and attain higher standards. Through TQM, companies increase customer satisfaction, reduce costs, and faster team work. Companies can also gain higher returns on sales and investment. Total quality means better access to global markets, greater customer loyalty, wider recognition as a quality brand, etc.*

TQM: “**Doing the Right Thing, Right the First Time, All the Time; always striving for Improvement & always satisfying the Customer.**”

**4.1 PRINCIPLES- CORE CONCEPTS OF TQM**

| PRINCIPLES OF TQM       | CORE CONCEPTS OF TQM            |
|-------------------------|---------------------------------|
| DELIGHT THE CUSTOMER    | A. CUSTOMER SATISFACTION        |
|                         | B. INTERNAL CUSTOMER ARE REAL   |
| MANAGEMENT BY FACT      | A. ALL WORK IN PROCESS          |
|                         | B. MEASUREMENT                  |
| PEOPLE-BASED MANAGEMENT | a. TEAM WORK                    |
|                         | b. PEOPLE MAKE QUALITY          |
| CONTINUOUS IMPROVEMENT  | a. CONTINUOUS IMPROVEMENT CYCLE |
|                         | b. PREVENTION                   |

**II. PRINCIPLES OF TQM:-****1 delight the customer**

The focus is on the external customer delight means being best at what really important to the customer making the continuous changes to satisfy the customer is an integral part of TQM.

**2. Management by fact:-**

The management should know the **quality of the product or service** that the customer is presently using this quality level is used as each mark to improve its future.

**3. People –based management:-**

The management should make the employees understand **what to do, how to do it, get the feedback about their performance**. The quality is heavily influenced by the continuous involvement of the people rather than by the systems, standard & technology.

**4. CONTINUOUS IMPROVEMENT:-**

It is management and a long-term process. It is not a **short-term programmed based on goals (or) targets** or a project. TQM is a *Continuous improvement based on the incremental change*.

**II.CORE-CONCEPTS FOR IMPROVEMENT:-****1.DELIGHT THE CUSTOMER****a. customer satisfaction:-**

Companies should understand the importance of the external customer as the external customer is the main sources of income. Companies should enhance the satisfying factors and reduce the factors those cause grief.

**a. internal customer is real:-**

Internal customers are as important as external customers are they continuously influence the quality maintained. They also influence speed, efficiency, preferences and cost. All work is process.

**2. MANAGEMENT BY FACT****a. all work in process:-**

Business process is a combination of members, materials, manpower & machines that taken together product a product (or) service.

**b. measurement:-**

Measurement of present level of quality is more important in order to determine the future quality level.

Internal quality measurement of product like.

1. Breach of promise& Performance to standard
3. Reject level
4. Accidents
5. Process in control

**3. PEOPLE-BASED MANAGEMENT****a. Team work:-**

People work together in terms to accomplish the most difficult goals.Team work enables the people to work from a cross-functional Approach.

**b. People make quality:-**

Mostly organizational efforts influence to quality. Organizational efforts influence the individuals and teams in the organization to commit to the quality.

**4.CONTINUOUS IMPROVEMENT****a. Continuous improvement cycle:-**

Identify the present level of quality standard, establishing the customer's needs, establishing the ways & means to produce the product (or) render service to meet the customer's needs. Measuring the success and improving the quality continuously are the parts of the continuous improvement cycle.

**b. Prevention:-**

Preventing the failures to occur is the central system of total quality management. Foreseeing the possible failures and take steps in advance to prevent them from occurrences. Feeding for information forward helps to prevent the failures.

### Other principles:

#### **A. Customer Centric Approach:**

**Consumers are the ultimate judges** to determine whether *products or services* are superior quality or not. There is no matter how many resources are pooled in training employees, upgrading machines and computers, incorporating quality design process and standards, bringing new technology, etc. Companies must remember to implement TQM across *all fronts keeping in mind the customers*.

#### **B. Employee Involvement:**

Ensuring total **employee involvement in achieving goals and business objectives** will lead to employee *empowerment and active participation* from the employees in decision making and addressing quality related problems. Employee empowerment and involvement can be increased by making the workspace more open and devoid (entirely lacking) of fear.

#### **C. Continuous Improvement :**

A major component of TQM is **Continuous improvement**. It will lead to improved and **higher quality processes**. It will ensure companies will find new ways and techniques in producing better quality products, production, be more competitive, as well as exceed customer expectations.

#### **D. Strategic Approach to Improvement:**

Businesses must adopt a strategic approach towards quality improvement to achieve their goals, vision, and mission. A strategic plan is very necessary to ensure quality becomes the core aspect of all business processes.

#### **E. Integrated System :**

Businesses comprise of various departments with different functionality purposes. These functionalities are *interconnected with various horizontal processes* TQM focuses on. Everyone in the company should have a thorough understanding of the quality policies, standards, objectives, and important processes. It is very important to promote a **quality work culture** as it helps to **achieve excellence** and surpass **(exceed; be greater than)** customer expectations. An integrated system ensures continual improvement and helps companies achieve a competitive edge.

#### **F. Decision Making :**

For efficient TQM, companies must collect and ***analyze data to improve quality, decision making accuracy, and forecasts***. The decision making must be statistically and situational based in order to avoid any room for emotional based decisions.

### **G. Communications:**

Communication plays a crucial role in TQM as it helps *to motivate employees and improve their morale during routine daily operations*. Employees need to be involved as much as possible in the day to day operations and decision making process to really give them a sense of empowerment. This creates the environment of success and unity and helps drive the results the TQM process can achieve.

## **4.2 Underlying philosophy of kaizen and quality circles:**

### **Concept of Kaizen (continuous improvement):**

Kaizen is based on making small changes on a regular basis - reducing wastes and continuously improving productivity, safety and effectiveness. Kaizen is an approach to creating continuous improvement based on the idea that small, ongoing positive changes can reap major improvements. In an organizational setting, the successful use of Kaizen rests on gaining support for the approach across the organization.

### **Kaizen cycle for continuous improvement:**

**1. Get employees involved:** Involvement of employees, including gathering their help in identifying issues and problems.. Often, this is organized as specific groups of individuals charged with gathering and relaying information from a wider group of employees.

**2. Find problems:** Using widespread feedback from all employees, gather a list of problems and potential opportunities. Create a shortlist if there are many issues.

**3. Create a solution:** Encourage employees to offer creative solutions, with all manner of ideas encouraged. Pick a winning solution or solutions from the ideas presented.

**4. Test the solution:** Implement the winning solution chosen above, with everyone participating in the rollout. Create pilot programs or take other small steps to test out the solution.

**5. Analyze the results:** At various intervals, check progress, with specific plans for who will be the point of contact and how best to keep ground-level workers engaged. Determine how successful the change has been.

**6. Standardize:** If results are positive, adopt the solution throughout the organization.

**7. Repeat:** These seven steps should be repeated on an ongoing basis, with new solutions tested where appropriate or new lists of problems tackled.

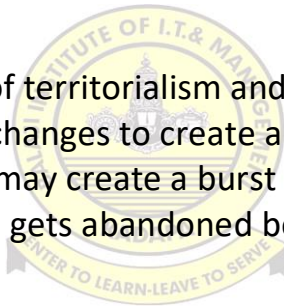
#### 4.4 Advantages and disadvantages:

##### Kaizen advantages:

1. With its focus on gradual improvement, Kaizen can create a gentler approach to change in contrast to big efforts that may be abandoned due to their tendency to provoke change resistance and abandonment.
2. Kaizen encourages scrutiny of processes so that mistakes and waste can be reduced.
3. Inspection needs are lessened, because errors are reduced.
4. Employee morale grows, because it engenders a sense of value and purposefulness.
5. Teamwork increases as employees think beyond the specific issues of their department.
6. Client focus increases as customer requirements awareness is raised.
7. Systems are in place to ensure improvements are encouraged both short and long term.

##### Kaizen disadvantages:

1. Companies with cultures of territorialism and closed communication may first need to focus on cultural changes to create a receptive environment.
2. Short-term Kaizen events may create a burst of excitement that is shallow and short-lived and, therefore, gets abandoned before long.



##### Real-life Kaizen examples

Toyota is arguably the most-famous for its use of Kaizen, but other companies have used the approach successfully. Here are three examples:

- **Lockheed Martin.** The aerospace company is a well-known proponent of Kaizen. Through the use of Kaizen, it has successfully reduced manufacturing costs, reduced inventory and cut delivery time.
- **Ford Motor Company.** When lean devotee Alan Mulally became CEO of Ford in 2006, the auto giant was on the brink of bankruptcy. Mulally used Kaizen to execute one of the most famous corporate turnarounds in history.
- **Pixar Animation Studios.** Pixar has taken a continuous improvement model that reduced risks of expensive movie failure by using quality control checks and iterative processes.

#### 4.5 HUMAN RESOURCES MANAGEMENT & TQM:-

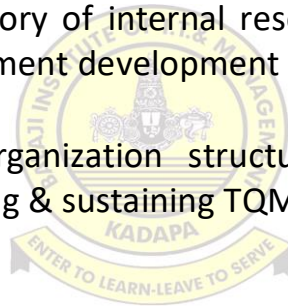
Human resources play a vital role in total quality management.

The following forces shape the human resources management towards TQM like.

- + Economic liberalization announced by governers of India in 1991.
- + Mounting competition among the industries across the globe.
- + Successful organizations proactively and systematically understand & respond to current and future external customer needs.
- + The information technology revolution is reshaping the core competencies needed in a knowledge economy.
- + Organizational & human resources leaders are being challenged to become effective strategic partners in the creation of world-class work cultures.

#### TQM, HR Managers actively involve in the following activities

- ✓ Utilizing the experience of practitioners from other organizations.
- ✓ Reviewing current practices, behavior & attitudes in the organization & assessing their degree of fit with TQM.
- ✓ Developing a TQM directory of internal resources & expertise. Designing & delivering senior management development courses that set the proper tone for TQM.
- ✓ Shaping the type of organization structure, culture, & Ethical climate appropriate for introducing & sustaining TQM.



#### 4.6 Impact of TQM on Human Resource Management

##### 1.TQM and HR Practice:

If an organization is running successfully with a **high quality of HR practices**, TQM is there. But **TQM is not HRM**. In simply TQM is the *art of managing the whole to achieve excellence*. Then the organizational commitment and job involvement of employees are also increase. So, when the HRM practices in its maximum level it is called TQM.

##### 2.TQM and job analysis:

Usage of TQM techniques on job analysis such as **job design, job enrichment, job enlargement etc** to produce job specification and job description of the company gains immense benefits in terms of quality results when compared to an organization which does not practice TQM in job analysis. By using **TQM in job analysis efficiency, effectiveness and productivity of employees increases**. It also causes *cost minimization, increased health and safety level of employees* resulting to

increase in employee satisfaction and quality of work life. When TQM is not practicing in job design and job analysis it will cause to **lower productivity, employee turnover. Absenteeism, complains, unionization and resignation.**

### 3. TQM and Team Work:

Team work facilitates job satisfaction and job involvement, and TQM encourages job satisfaction and job involvement. The development of people and their involvement in improvement of activities both individually and through teamwork is a key feature in a company's approach to TQM. The organizations with TQM practices encourage teamwork from their HR practices where a HR manager's role in teamwork is very important.

### 4.TQM & Training & Development

There should be an affective training and development procedure in an organization. If there is an **effective training & development programme**, the **output of employees** will be a quality one. First organizations are identifying the training needs of employees by *performance appraisal*. The training will be having for limit number of people in the organization. Training will be develop the technical skills of low level of employees. Development procedure is helpful to develop the **managers' skills of executive level**.

#### 4.4 Total Quality HR Policy

A total quality HR policy must be dedicated at all levels of its operations, to provide quality services that meets the initial and on-going needs and expectations of the employees and customers through continuous improvement of all operations ensuring continued success of the organization.

**For example: the Nestle** HR Policy includes the following which depicts the emphasis of quality:

- + "The prime responsibility of the HR managers and their staff is to contribute actively to the quality of HR management throughout the organization by proposing adequate policies, ensuring their consistent application and coherent implementation with fairness".
- + "Each new member joining Nestlé is to become a participant in developing a sustainable quality culture which implies a commitment to the organisation, a sense for continuous improvement and leaves no place for complacency."
- + Encourage the personnel to renew the work community and to constantly improve the quality of operation.
- + Quality people make quality organisations, and that's why our business is based on expert and motivated personnel.

**CASE STUDY :****CARCOM: THE TQM INITIATIVE**

'Carcom' is a supplier of automotive safety components employing around 700 staff which is located on two sites in Northern Ireland. The company was originally American owned but after a joint venture with Japanese partner in the late 1980s, it was eventually bought out by the latter. The quality initiative began in 1988-89 with a five-year plan based on the Kaizen philosophy, this concept having been picked up from the Japanese partner. This was driven by senior management in response to what they saw as increasing customer demand and operating considerations. The achievement of ISO 9001 registration in 1990 brought together processes carried out by departments which had previously been undertaken in isolation. The company is now focusing on Kaizen with the principles of improvement, customer delight, systems focus and participation. A range of quality management tools and techniques are used. A TQM steering committee is responsible for overall direction but there is also a further steering committee to oversee implementation of the Quality Improvement Teams (QITs) as well as a full time coordinator. There are teams of shop floor operators based on natural workgroups, and these tend to focus on product problems and environmental issues (such as working conditions). In contrast, Kaizen teams focus on process improvements (for example, die change) and problem-solving workgroups are established in response to specific customer concerns (for example, warranty claims). Senior managers stress that a long-term approach is now being taken which is in contrast to some of the programmes in the early 1980s. These former piecemeal initiatives included quality circles which had been characterized by considerable changes in personnel, with a number of champions having moved on leaving behind a flagging initiative. In contrast, the company is now taking time to get the processes right and providing a central focus through quality for change. Cultural change is the aim but it is recognized that only incremental progress can be achieved and that a supportive attitude is required from management. Thus, QIT members are given extensive training and are encouraged to tackle problems which give early success and build teamwork, rather than put pressure on teams to deliver immediately on big issues.

## Questions :

1. Analyze the links between TQM and HRM with reference both to this case study and more generally?

Ans: In this case we generalized it as, The achievement of ISO 9001 registration in 1990 brought together processes carried out by departments which had previously been undertaken in isolation. The company is now focusing on Kaizen with the principles of improvement, customer delight, systems focus and participation. A range of quality management tools and techniques are used. A TQM steering committee is responsible for overall direction but there is also a further steering committee to oversee implementation of the Quality Improvement Teams (QITs) as well as a full time coordinator. There are teams of shopfloor operators based on natural workgroups, and these tend to focus on product problems and environmental issues (such as working conditions). In contrast, Kaizen teams focus on process improvements and problem-solving workgroups are established in response to specific customer concerns. The links between human resources and quality were made explicitly by the MD Training budgets have actually increased in volume and monetary terms despite the company's recently recorded trading losses. Recruitment and selection are becoming more sophisticated as the company wish to identify team workers

2. How might the principles of TQM be applied to a personnel function ?

Ans: The principles of TQM be applied to a personnel function can take a wide variety of forms, ranging from direct downward communication from managers to other employees or the seeking of employee opinions via problem-solving groups through to high-level meetings between directors and trade union representatives on Works Councils or Company Boards. The subject matter equally can vary from the mundane to the strategic, focusing on social and sports items through to high-level financial and commercial information. The differentiates between employee involvements defined as: Education, communications, customer care, as in all the case organizations. Amended job responsibilities, hierarchically and at the same skill level, as at Photochem. Problem solving and the tapping of employee opinion, as at Electron.

**External Questions: (Old Question papers)**

1. Briefly explain the obstacles associated with TQM implementation?
2. Discuss five possible actions that could be taken to ensure success in outsourcing contracts?
3. Define total quality management. Discuss the basic concepts of TQM?
4. Outline three possible reasons for the failure of an outsourcing contract?
5. What are merits and demerits of outsourcing?
6. How total quality management is a tool for gaining competitive advantage?

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