

HUMAN RESOURCE MANAGEMENT

(PERSONNEL MANAGEMENT)

Meaning of Human Resource Management:

Human resources management (HRM) refers to the management of people in organisations. It is the systematic approach to achieve organisational objectives through the optimal use of skilled employees. It involves planning, assessing, evaluating, and developing human talent in the organisation.

Definition of HRM:

According to Stephan P. Robbins, “HRM is concerned with the ‘people’ dimension in management. It is a process of four functions Acquisition, development, motivation and maintenance of human resources”.

OBJECTIVES OR GOALS OF HRM:

- I. To consider employees as human assets and human capital and not as costs.
- II. To enable the firm assess and obtain the right number and type of employees at the right time.
- III. To effectively use human resources to achieve organisational goals.
- IV. To ensure that HR policies, systems and procedures are consistent with one another.
- V. To align human resource goals with business strategy and objectives.
- VI. To provide training and development to enable employees reach their full potential.
- VII. To create strong value systems and create an environment of trust.
- VIII. To encourage team work and co-operation among employees.
- IX. To ensure fair wages, attractive incentives and rewarding good

Performance.

X. To provide stability of employment to employees.

CHARACTERISTICS /FEATURES/NATURE OF HRM:

COMPREHENSIVE IN NATURE:

Human resource management covers all employees of an organisation. It applies to employees in all categories and position. It covers employees both in the organised sector and the unorganised sector.

CONTINUOUS FUNCTION:

As long as organisations exist, they require human resource management. As organisations expand, diversify or retrench, human resource functions have to be performed without any break. As completion increases, employees have to be trained on new skills.

PEOPLE FUNCTION:

Human resource management is concerned with the human factor in organisations. It focuses on the attitude, behaviour, perceptions, and emotions of employees. It involves acquiring, developing, compensating and motivating human talent to perform better.

ARTS AND SCIENCE:

HR is both an art and science. It is an art because managing people requires a creative and innovative approach. It is a science because it requires consistent application of theory.

SERVICE FUNCTION:

HRM serves the other functional departments. It is a staff function. The HR Manager has line authority in his department, but has staff authority over other departments.

CHALLENGING:

The needs and ambitions of employees are changing. Attitudes, behaviour, and perception of employees are not the same. Acquiring and retaining talent has become difficult because of the variety of career options. All these make human resource management a challenging function.

IMPORTANCE TO THE INDIVIDUAL:

Every employee is unique in terms of skills and abilities. Employee's expectations from the job and performance levels are not the same. Therefore HR policies and programs have to be designed to improve employee satisfaction and growth.

MULTIDISCIPLINARY ACTIVITY:

HR is a multi-disciplinary activity. It draws inputs from psychology, sociology, economics, mathematics, statistics etc.,

ACTION ORIENTED:

HR uses policies, rules, systems and procedures, but it gives importance to action. The focus is not only on creation of policies but more importantly on its implementation.

GOAL ORIENTED:

Human resources management is performance and goal oriented. It aims to encourage and enable employees to maximise their potential. Its objective is to develop human capital to achieve organisational goals in efficient manner.

FUNCTIONS OF HRM:

- 1) Managerial Functions
- 2) Operative Functions
- 3) Advisory Functions

1) Managerial Functions

- A. **PLANNING:** Planning is deciding what should be done and who should do it. In the HR function, planning is related to deciding on personnel policies and procedures. It involves human resource planning, planning for recruitment, selection, training, motivating and career growth.
- B. **ORGANISING:** HR manager has to bring together the resources required to achieve them. Organising involves:
- (a) Identifying the work to be performed and grouping them into functions or positions.
 - (b) Assigning activities to different groups
 - (c) Delegation of authority and responsibility
 - (d) Co-ordinating the activities of individuals and groups.
- C. **Staffing:** The success of an organisation depends on the skills and performance of its employees. It is recruitment and selection which ensures that the organisation has the right type of talent. They should be motivated to improve performance and provided career growth opportunities.
- D. **Directing:** It refers to leading, guiding and motivating employees to perform better and achieve organisational goals. The HR Manager:
- (a) Leads, directs and commands his subordinates
 - (b) Supervises their work and points out areas of improvement.
 - (c) Motivates them to improve productivity.
 - (d) Guides to achieve organisational objectives.
- E. **Co-ordinating:** It refers to blending of effort to ensure achievement of objectives. The HR manager has to efficiently co-ordinate the various activities of HR. He also has to co-ordinate with managers of other functional areas.

F. Controlling: It involves setting standards, measuring performance, comparison of performance with standards, identifying deviations and taking corrective action. The HR manager evaluates and controls the performance of HR department.

G. Innovation: The environment in which firms operate keeps changing. There are many complex challenges that a HR Manager has to face. He should adopt a creative approach and implement new ideas. He should be prepared to try out new approaches.

H. Decision Making: The HR manager should take decision in a prudent manner. He should get inputs, consider all alternatives and evaluates them before taking a decision. After a decision is taken, it has to be communicated to employees.

2) Operative Functions:

A. Recruitment: It involves encouraging potential candidates to apply for jobs. Selection involves conduct of tests and interviews to select the right person. After selection, the next step is induction and placement.

B. Development: Development of human resources is an important function of the management. The human resources department designs on the job and off the job training. Training is provided to impart new skills and update existing skills of employees.

C. Compensation: This involves determining fair wages based on nature of the job, legal provisions, wages of competitors and capacity to pay. Employees can be compensated through monetary and non-monetary incentives.

D. Maintenance: Employees should be provided safe, healthy and convenient working conditions. Good working conditions would improve morale, motivation and efficiency of employees. The HR department takes steps to provide welfare facilities such as canteens, recreation, transport,

education for children, and housing, insurance and medical facilities.

- E. Motivation:** The human resource manager designs various financial and non-financial rewards to motivate employees.
- F. Personnel records:** The human resource department maintains records relating to recruitment and selection, training, compensation, transfer, promotion, labour turnover and personnel policies of the organisation.
- G. Separation:** When employees retire or die while in service the HR manager should ensure that retirement benefits are settled. In case of retrenchment, he can take steps for outplacement of employees.
- H. Industrial Relations:** The human resource manager takes steps to maintain healthy industrial relations. He has good knowledge of labour laws and involves in collective bargaining, joint consultation and settlement of disputes.

3) Advisory Functions

- A. Top Management:** The HR manager provides advice to the top management for preparation and implementation of HR policies and programmes. He suggests measures for achieving good human relations and improving morale and motivation.
- B. Department Heads:** The HR manager provides advice to the departmental heads on human resource planning, job analysis and design, recruitment, selection, training and appraisal.

SCOPE OF HRM:

- i. Human resource planning:** Human resource planning is the primary activity of human resource management. All human resource management activities start with human resource planning. It is the process of identifying current

and future human resource requirements of an organisation.

- ii. **Job analysis:** Job analysis is the systematic process of collecting complete information about a job. The organisation determines the nature of jobs, duties and responsibilities. Then it decides the qualifications and skills required by an employee to perform a particular job.
- iii. **Recruitment and selection:** Based on job analysis, the firm plans for recruitment and selection. Recruitment involves all steps to encourage potential candidates to apply for jobs. Selection refers to conduct of tests and interviews to choose the most suitable candidate.
- iv. **Induction:** After selection of employees, they are inducted into the company. In the induction program, employees are informed about the history of the organisation, its values, culture, ethics, role, responsibilities and career growth path.
- v. **Training and Development:** Employees need to be trained to improve their skills and abilities. The HR department identifies the training needs of employees and designs suitable training programs.
- vi. **Performance appraisal:** It is conducted to assess the performance of employees. It serves as the basis for increments, promotions, incentives, transfers and demotion.
- vii. **Compensation Management:** The HR department designs the compensation structure and benefits. It has to decide the basis and incentives to be provided to employees at various levels.
- viii. **Motivation:** Employees have to be motivated to improve performance and productivity. The HR department has to design performance incentives and rewards to motivate employees. There should be financial and non-financial incentives to improve motivation.

- ix. **Health, welfare and safety:** Health, welfare and safety of employees is an important responsibility of the HR department. The government the legislation to ensure health, welfare and safety. The HR function has to ensure that all regulations are complied with.
- x. **Industrial relations:** Healthy relations between management and workers are essential for success of an organisation. Poor industrial relations results in strikes, lockouts, damage to equipment, property and affects production. An important function of HR is enabling better understanding and relationships.
- xi. **Employee counselling:** Employees may face problems in their personal and professional life. The human resource function provides guidance and counselling to employees. Through counselling, employees are guided to find solutions to their problems.
- xii. **Personnel Research:** It helps to understand employee psychology and perception of HR practices. Personnel research reveals the level of job satisfaction, commitment, morale and motivation. It assesses the strengths and weakness of a firm's HR policies.
- xiii. **Information Systems:** HRIS is an integration of HR and MIS. It enables HR manages to effectively perform HR functions using technology. It is career planning, safety and industrial relations.
- xiv. **Organisation Development:** Organisations need to have a systematic and planned effort to manage change. OD focuses on values, beliefs, norms and organisational climate. It aims at improving organisational effectiveness and job satisfaction of employees. Through motivating employees, and organisation can achieve those aims.

PRINCIPLES OF HRM

1. **Comprehensiveness:** Human resource management is a comprehensive function. Its functions include manpower planning, recruitment, selection, placement, training, compensation, training, appraisal, motivation, career growth and separation.
2. **Cost-effectiveness:** The remuneration paid by the firm should be fair and competitive to attract the best talent. Rewards and incentives should be provided to encourage performance.
3. **Control:** There should be strong and effective control systems. They are essential to ensure that performance is according to plans. It would ensure that quality and productivity are maintained at high levels.
4. **Coherence:** The objectives of the HR department should be in tune with the vision and mission of the organisation. They should not be in conflict with each other.
5. **Communication:** It is considered as the life as the life blood of organisations. There should be open and free flow of communication among all levels and divisions. Policies, objectives and orders should be known to all for efficient functioning.
6. **Creativity:** Organisations operate in a challenging environment and face complex problems. They have to creatively use their human talent to overcome problems and achieve success. They need to find unique methods to improve the efficiency of human resource management.
7. **Competence:** The organisation has to improve the competence of its employees. The competence of a firm depends on the competence of its employees. If employee competence improves, the organisations would be able to better achieve its objectives.
8. **Credibility:** The organisation should enjoy the trust of its stakeholders and society. The top management must enjoy the

trust of employees. They should practice what they preach and provide a clear direction to employees.

9. **Change:** Since the business environment is changing, business need to change. Those businesses which adapt to change enjoy better success HRM should focus on continuous change and development.

10. **Commitment:** Every organisation has goals and objectives. Achievement of goals depends on the loyalty and dedicated efforts of employees HRM should motivate and improve commitment of employees to achieve organisational goals.

Difference between Personnel management and Human Resource Management:

Meaning of personnel management:

Personnel management effectively describes the processes of planning and directing the application, development and utilisation of human resource in employment.

Differences

➤ Approach

In case of Personnel management is a traditional approach of managing people.

But

In case of Human resource management is the modern approach of Managing people.

➤ Function

In case of Personnel management is a routine function.

But

In case of Human resource management is a strategic function.

➤ Core organisational activities

In case Personnel management is not concerned with core

Organisational activities and functions independently.

But

In case of Human resource management is integrated with core organisational activities.

➤ Nature

In case of Personnel management is reactive in nature.

But

In case of Human resource management is pro- active in nature.

➤ Role

In case of Personnel management plays a transactional role.

But

In case of Human resource management plays a transformational role.

➤ Scope

In case of Personnel management scope include personnel administration, employee welfare and labour relations.

But

In case of Human resource management scope covers acquisition, development, maintenance and motivation of human resources.

➤ Importance

In case of Personnel management gives importance of norms, traditions and customs.

But

In case of Human resource management gives importance to the values and mission of the organisation.

➤ Job design

In case of Personnel management job design is based on division of labour.

But

In case of Human resource management job design is based on team work.

➤ Performance

In case of Personnel management improved performance is caused by satisfaction and morale.

But

In case of Human resource management better performance is the source of satisfaction and morale.

➤ Promotion

In case of Personnel management promotions are based on seniority and appraisal.

But

In case of Human resource management is multiple career paths, it is based on skills, talent and commitment.

➤ Decisions

In case of Personnel management decisions are taken by the top management.

But

In case of Human resource management decisions are taken collectively.

➤ Communication

In case of Personnel management restricted flow of communication. It is direct communication.

But

In case of Human resource management free flow communication. It is indirect communication.

Human Resource Manager- Meaning

Human resource manager plays a key role in ensuring efficiency and growth of the organisation. He should possess multiple skills to discharge his functions in an effective manner.

DUTIES AND RESPONSIBILITIES OF HR MANAGERS:

- ❖ **Recruitment and selection:** Recruitment of employees, conduct of tests interviews and selection of employees. Conduct of orientation programs and induction of employees.
- ❖ **Training and development:** Identification of training needs, skills training management development and education.
- ❖ **Compensation:** Job description, job evaluation, wage and salary administration, executive compensation, incentives and benefits.
- ❖ **Benefits:** Profit sharing, insurance, provident fund, pension, gratuity.
- ❖ **Employee Relations:** Discipline, compliance with labour laws and labour relations.

QUALITIES OF HR MANAGERS

- i. **Knowledge:** He should be an expert in the field of HR. He should have good knowledge of concepts, principles and

practices of HR. Knowledge should be backed by practical experience.

- ii. **Intelligence:** It involves mental ability and ability to grasp things. There are many situations in which quick thinking and response is required. Therefore the HR manager should be able to rightly apply knowledge.
- iii. **Education:** He should be well educated and possess specialised skills in the human resources area. He should equip himself with the latest knowledge and update himself with modern trends.
- iv. **Communication skills:** The human resource manager should have effective communication skills. He should be able to clearly communicate his ideas and instructions. Communication skills would help to convince and motivate employees to perform better.
- v. **Fairness:** HR managers should display fairness and be impartial in their dealings. They should be objective in deciding on promotions, demotions, transfers and in matters of discipline.
- vi. **Tactfulness:** The HR manager should be tactful in his dealings. He should counter difficult problems and situations with calmness and poise.
- vii. **Creativity:** Creativity is an essential skill for the HR manager. He should be able to come up with creative solutions to complex problems.
- viii. **Executive skills:** This refers to proper implementation of management policies and plans. He should have attention to detail, allocate resources and delegate tasks to the right persons.

ROLE OF HR MANAGERS

1. **The counsellor:** The HR manager acts as a counsellor and provides counselling to employees. Employees discuss problem relating to health, emotions, finance, work, colleagues, family

etc., with the HR manager. He guides them to find suitable solutions.

2. **The Advisor:** The HR manager advises the management on human resource planning, recruitment, selection, training, appraisal, compensation and integration. He guides the management in preventing and solving industrial disputes.
3. **The Problem Solver:** Organisations face variety of problems which are complex in nature. The HR manager takes steps to anticipate and prevent problems in the HR area. He also gives ideas to solve problems faced by the organisation.
4. **The Welfare Role:** Welfare facilities improve the physical, Economic, intellectual and moral-wellbeing of workers. The HR manager focuses his attention in providing and improving welfare facilities for employees. He takes steps to provide facilities more than what is mandatory.
5. **The Mediator:** The HR manager acts as the link between management and workers. He conveys the problems of workers to management and the management thinking to workers. He plays the role of a peace keeper and resolves conflicts.
6. **The Liaison Officer:** The HR manager acts as the representative and spokesperson of the organisation. He interacts with various government authorities and represents the firm.
7. **The Conscience Keeper:** Every firm has legal, ethical and social obligations. The HR manager plays an important role in advising and insuring that the firm fulfils its obligation.
8. **Legal Role:** The HR manager should ensure that government rules and regulations relative to HR are followed. He plays an important role in collective bargaining, redressal of grievances, enforcing discipline and settling disputes.
9. **Capability Builder:** Capability represents aspects for which the firm is known and respected. It includes the identity and culture of a firm. The HR manager should take steps to identify and strengthen the capabilities of the firm.

10. **Change Agent:** The HR manager improves the firm's capacity to change. He communicates the need for change and overcomes resistance to change. He implements changes to make the firm flexible and responsive.

UNIT II

HUMAN RESOURCE PLANNING (HRD)

Meaning: HR planning is a systematic and continuous process identifying current and future human resource requirements of an organisation. It aims to bridge gap between current human resource availability and future demand. It comprises of organisational development, managerial development, career planning and succession planning.

Definition: According to E.W. Vetter, human resource planning is “ the process by which a management determines how an organisation should move from its manpower position to its desired manpower positions.

Objectives of Human Resource Planning:

1. To ensure that human resource planning aids in achieving the overall business objectives.
2. To optimally utilise the existing manpower resources.
3. To determine the future human resource needs of an organisation.
4. To provide the right kind of people at the right time and right cost.
5. To recruit and retain employees with suitable skills.
6. To estimate employee turnover and take steps for minimising it.
7. To minimise the cost of recruitment and selection.
8. To estimate the cost of the existing and additional employees to be recruited in the future.
9. To meet the need for additional manpower in case of expansion.
10. To cope with the changes in the environment.

Features of Human Resource Planning:

- 1) **Based on organisation goals:** The goals and objectives of the organisation form the basis for human resource planning. It should aid in the efficient achievement of organisational goals.
- 2) **Future oriented:** Human resource planning assess the future requirements of manpower in an organisation. It estimates the size and composition of resources for the future.
- 3) **Clearly define objectives:** To meet the organisational goals, human resource planning has clearly defined objectives. The objectives are recruiting and developing human resources, career planning of employees, ensuring better retention etc.

- 4) **Continuous process:** It is a continuous process of planning the human resource requirements in terms of numbers and skills. Human resource plans may need revision based on the changing requirements of the organisation.
- 5) **Estimating Requirements of Human Resources:** Human resource requirement of the organisation has to be estimated in advance. This would ensure that the required numbers of people with suitable skills are available.
- 6) **Maintaining Manpower Inventory:** It refers to the inventory of manpower that an organisation has. There should be clear data about the number of person available, their skill levels and employees who can take up higher position in the future.
- 7) **Planning Demand and supply:** The demand and supply of manpower should be properly planned. If the required manpower is not expected to be available in future, recruitment process should be started in advance.
- 8) **Optimum Usage of Human Resources:** Human resource planning aims to optimally utilise employees in a productive manner.

Factors Influencing Human Resource Planning:

- External Factors
- Internal Factors

External Factors that influence human resource planning:

- i. **Government Regulations:** Government regulations relating to recruitment compensation, termination etc., influence human resource planning. Violation of regulations may result in heavy fines and may even force closure of the company.
- ii. **International conditions:** If international economic conditions are good, job opportunities would increase in foreign countries. Employees may resign to work abroad for better pay and facilities. Planning is required to estimate and fill such vacancies. For companies dependent on exports, poor economic conditions in export market would affect sales and production.
- iii. **National Economic Conditions:** If the economy is strong, employees would have many opportunities. For higher salaries need to be offered to attract new employees and retain existing ones. If

economic conditions are bad, maintaining the existing workforce would be difficult.

- iv. **Demographic conditions:** The new generation of employees are intelligent and look for challenges. Organisations have to attract them by providing interesting jobs, career growth and performance based pay. They may not continue with the same organisation for a long time. There should be proper planning to fill such vacancies.
- v. **Technological Advancements:** New technologies may make some jobs totally redundant. Certain jobs can be performed with lesser employees. It may require recruitment of employees with latest skills. All this require careful and detailed human resource planning.
- vi. **Trade union influence:** Trade unions influence human resource planning through agreements related to hour of work, production and productivity levels, salary and benefits, recruitment sources, leave, promotion policies, employment to dependents etc.,

Internal Environmental Factors:

- i. **Mission Statements:** The mission states the purpose of the organisation. Mission statements represent the values of an organisation and influence human resource planning.
- ii. **Strategy and Objectives:** If an organisation adapts growth strategy, more recruitments are required and existing employees have to be trained to fill higher positions. If retrenchment strategy is followed, surplus are redundant employees should be identified. Steps have to be taken for outplacement of such employees.
- iii. **Size of the organisation:** Human resource planning is complex in large in organisations when compared to small organisations. Large organisations require more manpower with variety of skills. Vacancies may have to be filled in multiple locations.
- iv. **Stage of the organisation:** Organisations in the growth stage require regular additions to their existing manpower. There should be plans for quickly filling up vacancies at different levels. If an organisation is in decline, there is no need for additional recruitment. Surplus employees should be identified and steps can be taken to place them elsewhere.
- v. **Funding:** Employees with latest and specialized skills demand high salaries. They can be recruited only if sufficient funds are allocated in the human resource budgets. If the funds allocated are less, recruiting highly skilled employees would be difficult.

- vi. **Organisation Structure:** If the organisational structure is vertical, authority would be centralised. Those who can work under strict control with less autonomy should be recruited. If the structure is horizontal, authority would be decentralised. Employees who can work with less supervision need to be appointed.

Benefits of Human Resource Planning:

1. It supports the organisational strategies and objectives.
2. It enables effective utilisation of human resources.
3. Ensures that the organisation has the right people with the right skills at the right time.
4. Aid in filling up vacancies caused by death, retirement, resignations etc.
5. Enables career growth of employees through training and development.
6. Helps the management forecast the impact of increase in salaries and benefits.
7. Provides data for preparation of budgets relating to manpower costs.
8. It helps to reduce and avoid wastage of human resources.
9. It enables control of manpower costs through effective manpower utilization.
10. Estimate provided by human resource plan help to plan for facilities such as canteens, rest rooms, staff quarters, transport etc.

Problems and Difficulties in Human Resource Planning Process:

- a) **Inaccuracy:** Human Resource Planning is based on the future and since future is uncertain, the estimates may not be accurate. Longer the time period, greater would be the possibility of inaccuracy.
- b) **Employee resistance:** The unions and employees feel that human resource planning results in increased work load. Therefore they resist the process.
- c) **Uncertainties:** Absenteeism, labour turnover, technological changes, business performance etc., cannot be predicted with certainty. Changes in the factors make estimation of manpower requirements difficult.
- d) **Inefficient information system:** In Indian industries, HRIS is not much strong. In the absence of reliable data it is not possible to develop accurate human resource estimates.
- e) **Time consuming and expensive:** Human resource planning is time consuming and expensive. Data collection and forecasting consume time and involve high costs.

- f) **Lack of top management support:** If the top management is not aware of the importance of human resource planning it may not support it. It would not allocate the required resources. In such a situation, Human Resource Planning would not be effective.
- g) **Lack of proper focus:** In some organisations, the focus is only on the number of people moving in and moving out. Attention is not given to the quality of human resources. This would affect morale and retention.
- h) **Lack of expertise:** If human resource executives are not experts in HR functions, their human resources estimates may be inaccurate.
- i) **Lack of Proper estimation:** If human resource experts are not able to estimate economic conditions, competition, impact of technology etc., human resource planning would be ineffective.
- j) **Sudden changes:** There are sudden changes in business environment. It is difficult to predict the type of skills and knowledge that employees will require in the future.

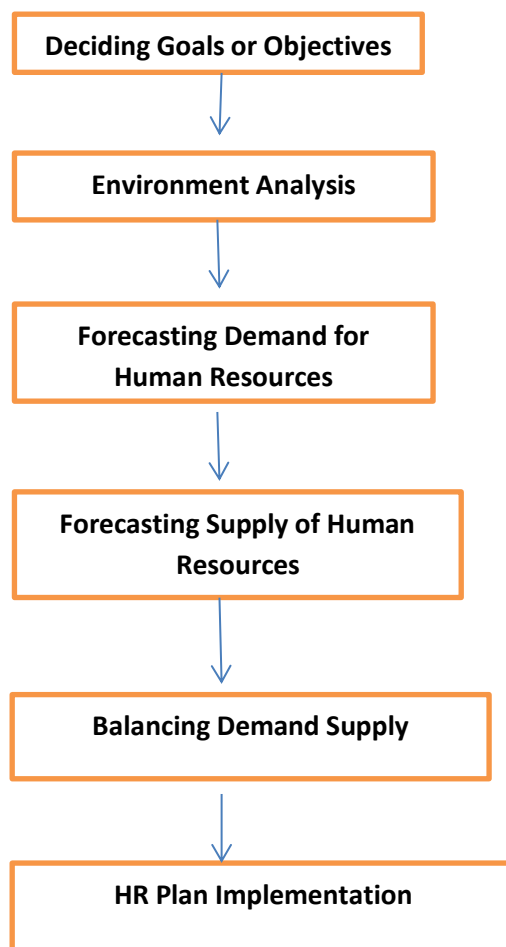
Need or Importance of Human Resource Planning:

- 1) **To meet organisational requirements:** Every organisation requires qualified and skilled human resources to perform tasks. The human resources requirement of an organisation can be effectively met through proper human resource planning.
- 2) **Basis for other management functions:** HRP is the basis for all other HR functions such as recruitment, selection, training and development, promotions and transfer.
- 3) **Skill Shortages:** Though there are a number of educated candidates they lack job skills. Therefore effective recruitment and retention of talent becomes important.
- 4) **To avoid labour imbalance:** Both shortage and surplus of manpower have negative impact on organisations. In case of shortage, work suffers and resources of the organisation are under utilised. Surplus of human resources results in wastage of human talent and idle time salaries.
- 5) **Technological changes:** Technological changes have important impact on employment. There is greater scope for substitution of labour by machines. Internet has enabled outsourcing, has created new industries and methods of working.
- 6) **Government regulations:** Government regulations on job reservations, conditions, working hours, restriction on employment of women and

children, casual and contract labour regulations etc., have focussed attention on human resource planning.

- 7) **Filling up of vacancies:** Vacancies can arise due to resignation, retirement, death, promotions etc. Human resource planning estimates future requirements and enables filling up of vacancies.
- 8) **Demand for new skills:** Due to the growth in business and technology, new jobs are emerging and they require new skills. Organisations are moving to international markets. They require people who can function in international conditions.
- 9) **Changing trends:** Employees today are knowledgeable and desire freedom at work. They do not work in the same organisation for a long time and retention is a challenge. It is human resource planning that helps an organisation to cope with the changing trends.
- 10) **Satisfies employee needs:** Human resource planning helps to satisfy employee need for transfers, promotions and benefits.

Steps or Process of Human Resource planning



1. **Deciding Goals and Objectives:** The goals of the organisation are the basis for human resource planning. Based on the goals and objectives, an organisation chart has to be prepared. It should specify the number of people required at different levels and the skills and qualifications expected.
2. **Environmental Analysis:** The external and internal environmental factor which influences human resource planning should be considered.
The external environmental factors are: (a) Government regulations
(b) National and international economic conditions (c) Demographic conditions (d) Technological advancement (e) Trade union actions.
The internal environmental factors are: (i) Mission statements
(ii) Strategy and objectives (iii) Size and stage of the organisation
(iv) Funding (v) Organisation structure (vi) Top Management views
(vii) Quality of information system (viii) Power and politics
(ix) Outsourcing.
3. **Forecasting Demand for human resources:** It is the process of estimating the future manpower requirements based on numbers, designations and skills. Generally, forecasting demand of operatives is easier than forecasting of managerial personnel.
4. **Forecast of supply of human resources:** This involves making an assessment of the number and quality of human resources available within the organisation. The two sources of supply of manpower are: (i) Internal sources and (ii) External sources.
5. **Balanced Demand and supply:** Once the demand and supply of human resources are forecasted, the gaps between demand and supply are identified. Gaps have to be identified both in terms of numbers and quality.
6. **HR Plan Implementation:** After identifying the gaps between demand and supply the organisation has to fill the gap. It implements programs such as recruitment, selection, training and development, retention plan and succession plan.

JOB ANALYSIS

Job analysis is a detailed study of various jobs in an organisation. It refers to determining the duties and responsibilities of a job and qualities and skills required to perform it. Information collected from job analysis is used to prepare job description and job specification.

Definition: Edwin B. Flippo defines “Job Analysis is the process of studying and collecting information relating to the operations and responsibilities of a specific job. The immediate products of this analysis are job description and job specification.

Uses of Job Analysis:

- ❖ To decide job description and job specification.
- ❖ Recruitment and selection.
- ❖ Trading and placement.
- ❖ Human Resource Planning.
- ❖ Organisational Design.
- ❖ Human resource development.
- ❖ Job evaluation and compensation.
- ❖ Performance Appraisal.
- ❖ Safety and health.
- ❖ Employee counselling.

Job Description:

As defined by Flippo “Job Description is an organised, factual statements of duties and responsibilities of a specific job.

It contains the following:

- Job Title, Job Code, Department
- Activities or tasks to be performed in that job
- Job responsibilities
- Working conditions
- Environment at workplace
- Machinery and equipment used for the job
- Extent of supervision received and given
- Relationship with other jobs

JOB SPECIFICATION

As defined by Flippo “Job Specification is a statement of the minimum acceptable human qualities necessary to perform a job property. It is a standard of personnel and designates the qualities required for acceptable performance.”

JOB EVALUATION

Concept:

Job evaluation is a systematic process of determining the relative worth of jobs in an organisation. The purpose of job evaluation is to decide on how much should an employee be paid for the work he does.

JOB DESIGN

Meaning:

Job Design refers to organising tasks, duties, and responsibilities in to a unit of work to attain certain objectives.

JOB ROTATION

Meaning:

Job rotation involves shifting an employee from one job to another. This enables him to become skilled in performing multiple jobs.

JOB ENLARGEMENT

Meaning:

Job enlargement involves increasing the number of routine tasks performed by an employee. An employee performs many tasks of the same kind.

JOB ENRICHMENT

Meaning:

Job enrichment involves increasing the intrinsic worth of a job. The purpose is to make a job interesting and challenging to utilise the potential of an employee.

Human Resource Management

Unit-III

Training and Development

Training:

Training is a systematic process of developing employee skills and knowledge to improve their job performance. The employer organises training for his employees to increase their job knowledge, skills and improve their attitude and knowledge.

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

Objectives/goals/purpose of training:

1. **Improved quality of work:** Training focuses on specific areas and improves employee skills. It enables employees to improve their quality of work.
2. **Enhance employee growth:** Employees who undergo training become better at their job. They enables them to get promoted and grow in their career.
3. **Prevents obsolescence:** Training imparts knowledge on latest skills and techniques. The employee becomes upto date with the latest technology and trends. Thus it prevents obsolescence of employee skills.
4. **Assisting new comers:** Training programmes help new employees to known the methods of working, new technology, the work culture of the company etc., they become productivity in a short span and can start performing quality.
5. **Bridging the gap between planning and implements:** Plan state the targets to be achieved within specific time. Through training the job knowledge and performance improve. Employers meet their technologies and enable implementations of plans.
6. **Improved Safety:** Training programme inform the risk involved Involved in jobs and safety measures to be adopted. This helps to improve safety in the work space and avoid accidents.

Need and Importance of Training:

1. **Improved quality:** Organisations aim to improve the quality of their products and services. Training imparts skills on efficient methods and techniques. This enables employees to produce better quality goods and services.
2. **Higher productivity and profits:** Trained employees have the knowledge and skills required to perform their task. They can produce at a faster rate resulting in higher production and productivity of the firm. This results in higher sales and profits.
3. **Reduced cost:** Training improves the ability of employees to use resources in the best manner. Wastages are avoided and all facilities are used in optimum manners. This enables economy in operation and reduced cost.
4. **Reduced Supervision:** Training improves the job knowledge and confidence of employees. They can perform task on their own and do not require continuous guidance. Therefore the time spent on supervision and the number of supervisors required is less.
5. **Skill improvement:** Training improves the skill level of employees. It enables them to identify and eliminate the weaknesses. This results in a reliable and capable workforce.
6. **Improved Performance:** A trained employee is aware of his role and responsibilities. He knows the tools and techniques to be used and is confident of his abilities. This results in improved performance on a consistent basis.
7. **Higher employee satisfaction:** Training improves job knowledge, confidence and performance. Employees feel that the organisation is interested in their growth and welfare. This improves the job satisfaction of employees.
8. **Improved Safety:** Lack of knowledge in safe handling of machines and safety measures lead to accidents. Trained employees take safety precautions and handle machines in a proper manner. Chances of accidents can be reduced and work made safer.
9. **Better Adaptability:** Through training, employees are equipped with latest skills, knowledge and technology they would have better capacity to adapt to modern trends and new methods of working.

10. Better Morale and Motivation: Training develops positive attitude, job satisfaction, higher earnings, carrier growth and better job security. All this improve the morale and motivation of employees.

Process of Training or Steps involved in training:

Assessment of Training Needs: It is the first step of Training needs. Training needs of the organisation is based on its objectives, resources and its environment. Training needs of employees is based on the position, function, experience and stage in the career.

Setting of Training Objectives: The training objectives should be based on the objectives of the firm and its environment. They can be short term or long term. Short term training objectives relate to improving employee skills, efficiency and team spirit. Long term training objectives relate to improving competencies, creativity, innovation and learning ability.

Selection of Training Methods: Training can be either on the job training or off the job training. Each training method is distinct and offer specific benefits. The training method for operative level employees and executive level employee would be different.

Conduct of Training: Training can be conducted by internal experts who are the employees of the firm. If internal experts are not available, external experts can be hired. If facilities are available training can be conducted within the company. If not, it can be conducted in an external setup.

Evaluation of training programme: After training is conducted, the result of the training programme has to be measured. It can be done by collection feedback from the trainees. The feedback can relate to usefulness of the programme, its practical relevance, ability of the trainer, training setup etc. Training programmes can also be evaluated based on change in the attitude and behaviour of employees.

Methods of training or Training of operative employees

ON THE JOB TRAINING METHODS:

Apprenticeship Training: The trainee (apprentice) learns the job from the trainer who is a senior worker. The trainee has to spend a specific time period and observes the trainer doing the job. He gets practical training tools and equipment. The employee is paid a stipend until he completes training.

Job Rotation: On employees transferred from one job to another for a fixed period of time he becomes skilled in performing a variety of jobs. The objectives of job rotation are to widen the job knowledge and skills of employees. Job rotation enables employees to become versatile and improve organisational flexibility.

Vestibule Training: Training is provided in a training school run by the company. An atmosphere similar to the real job environment is created in terms of equipment, tools, noise, lightning etc., Trainees gets an idea about what the real job situation will be like. This method is suitable to train semi-skilled workers.

Job Instruction Training: The trainee is informed about the nature of job and its purpose. The trainer demonstrates the methods of doing the job and trainee observes it.

Under Study: A junior employee (Trainee) is deputed to work under a senior employee (Trainer). The Trainee would be taking over the role of senior employee after the training period. The trainee observes the trainer doing the job, interacting with others and solving problems and learns from it.

Coaching: The trainer who is a senior employee or supervisor provides direct instruction to the trainee. He teaches the trainee the method of doing a job and solving problems. The trainee can clear his doubts then and there. The merits are direct interaction and better understanding while the demerit is that some supervisors may neglect coaching.

OFF THE JOB TRAINING METHODS:

Lectures: The trainer provides information to trainees to through oral interaction. Lectures can be given by experienced employees or by outside experts. Trainees can also be provided training materials in the form of printed notes or CD's. The advantages are that it enables interaction, trainees can clear their doubts immediately and large number of people can be trained.

Computer based training: It is training imparted through computers. Training material and lectures are delivered through computers or smart phones. The trainee can learn at his own convenient time and pace.

Video based instructions: Videos on various job related skills are prepared and exhibited to trainees. It is an interesting methods when compared to lectures. It improves specific job related skill.

Executive Development: Executive development is a planned programme for developing the conceptual, decision making and leadership abilities of managers. The objectives of executive development programmes are to enable managers realize and reach their full potential.

Techniques or Methods of Executive Development

ON THE JOB METHODS

- I. Coaching
- II. Job Rotation
- III. Under Study
- IV. Junior Board
- V. Committee Assignments
- VI. Special projects

OFF THE JOB METHODS

- I. Lectures
- II. Conference
- III. Readings
- IV. Role playing
- V. Case Study
- VI. Counselling
- VII. Simulation
- VIII. In basket training
- IX. Business games
- X. T group or Sensitivity training

Importance of Training and Development Programs

1. **Feedback from trainees:** Interviews can be conducted or questionnaires' can be circulated among trainees to know their opinion about training programmes. Their views on the relevance and usefulness of training in terms of content, duration, practicality has to be assessed. Based on the feedback, are requiring improvement can be identified. This information can be used in designing future Training programs.
2. **Learning:** An important objective of training and development is to ensure learning of new skills and knowledge. Therefore it should be

assessed the extent to which trainees have gained new skills and knowledge.

3. **Changes in Attitude and Behaviour:** Training should create positive changes in the attitude and behaviour of employees it should improve the interest in the job commitment and willingness to put in their best efforts. If the attitude and behaviour of trainees show improvement, it implies that the training has been effective.
4. **Other outcomes:** The other outcomes of training and development which can be used to evaluate its effectiveness are:
 - A. Improvement in Production and Productivity
 - B. Quality Improvement
 - C. Reduction in Wastages
 - D. Decline in Absenteeism
 - E. Reduction in Labour Turnover
 - F. Improved Quality of Decisions
 - G. Better Analytical Skills
 - H. Improved Conceptual Skills
 - I. Capacity for Career Growth
 - J. Reduction in Accident Rate
 - K. Better Relation among members of the organisations
 - L. Improved Team Spirit and Employee Engagement
 - M. Improved Rate of Innovation
 - N. Better Capacity to Adopt to Implement Change.

Promotion

Promotion may be defined as an upward movement of an employee's position in the enterprise. An employee who has been promoted moves to a higher level job that gives higher salary, greater authority and accountability as well.

Needs or Requirements of Promotion:

1. Vacancies arise in any organisation due to the retirement, resignation, death or disablement of employees. Usually, when a higher post is vacant, it may be filled up from within the organisation. For ex: If the sales manager retires, the senior most sales officer may be made the sales manager.

2. An employee may be given promotion in recognition of his meritorious service to the enterprise. This is done to honour the employee who has served the enterprise for a longer period.
3. Opportunities for promotion also induce the employees to put in greater efforts to acquire higher qualifications and to enhance their skills. This benefits not only to the individual employee but the organisation as well.
4. Promotion is also necessary to keep the level of job satisfaction and morale of the employees high. The employee, obviously, will have a higher level of job satisfaction and morale only if he is assigned a job commensurate with his qualification and experience.
5. An organisation that does not provide any scope of promotion for its employees may have to face a higher rate of labour turnover, i.e, employees resigning their jobs.

Criteria for Promotion:

- I. Seniority
- II. Merits

Seniority: The length of service of the employee in the present organisation determines his 'seniority'.

Merits: The 'merit' of the employee is determined by his performance. Weightage may also given for his qualification and academic achievements.

Merits of seniority based –promotion

1. Determining the seniority of an employee is quite simple. As the length of service decides seniority, the employer can very easily find out from the records who, among the employees of the enterprise, are the senior most.

2. Such a criterion does justice to all the employees of an enterprise. Even a junior employee of today will become senior in course of time. Thus, all the employees have a fair chance of getting promotion opportunities.

3. In the case seniority based promotions, experienced employees will be in holding higher positions and youngsters will be working under them. Such an atmosphere is quite a natural one and goes well with the principle of natural justice.

4. As due weightage is given for experience, it will motivate employees to stick on to their jobs. This will reduce labour turnover.

5. Recognition of seniority will also motivate the employees of a concern. This is possible because they will work with an anticipation of promotion.

Demerits:

Seniority-based promotion, however, suffers from the following limitations:

1. It ignores the merits of an individual.
2. As the organisation does not recognise merit, it cannot attract meritorious and deserving persons.
3. Performance is not actually determined by one's experience. It depends much on the merits of a person. A senior employee need not be a good performer.
4. The juniors in the enterprise do not have any chance to get promoted in the near future even if they are meritorious. They may have to wait for the seniors to retire to get promoted. As a result, they may not work to their potentials.
5. Seniority-based promotion may not encourage employees to enrich their qualifications and skills, as it is not going to be of any use to them.

Advantages of Merit-Based Promotion

- a. The enterprise can attract talented and meritorious persons.
- b. It will encourage employees to enrich their qualifications and skills.
- c. There will be maximum efficiency as only meritorious persons are promoted to higher positions.
- d. It also encourages healthy competition among the employees. Each one will try to prove his worth to the organisation.

Disadvantages:

- a. It ignores experience.
- b. Determining the merit of an employee is difficult.
- c. A situation of seniors working under juniors may sometimes arise when a junior is found to be more deserving and promoted to a higher post.
- d. It is also possible that an employee who is found to be very efficient in the present job may fumble when promoted to a higher post due to lack of experience.

TRANSFER

Transfer of an employee takes place when he is shifted.

- i. From one section to another- A record clerk in an office may be transferred to cash section.
- ii. From one department to another- A Mathematics professor in a college may be transferred from the Maths Department to the commerce Department to teach maths for the commerce students.
- iii. From one branch to another- The Clerk in a nationalised bank in, say, Anna Nagar Branch in Chennai may be transferred to the T. Nagar Branch.
- iv. From one town to another- The employees in State Government service in Tamil Nadu are liable for transfer to any place within Tamilnadu.
- v. From one state to another- The employees in the Central Government service in India are liable for transfer to any State within India.

Reasons of Transfer:

- 1. Transfer due to vacancy:** When an employee is considered surplus in the place where he is presently working and there is a vacancy in another place where the enterprise has its office or branch, the employee may be transferred to such other place.
- 2. Promotion Transfer:** An employee getting promotion, say, as Branch Manager may be transferred to a branch that requires a Manager. Such a transfer is called punishment Transfer.
- 3. Compulsory Transfer:** If the organisation has a policy of transferring its employees at regular intervals to different places, the employees must accept such a transfer. For example, the teachers in the State Government service in Tamil Nadu will be transferred once in five years within the State.
- 4. Punishment Transfer:** An employee showing negligence in his duties may also be transferred as a measure of punishment. Such a transfer is called punishment.
- 5. Request Transfer:** Transfer may also take place when an employee, due to personal reasons, requests his/her employer to transfer is called Request Transfer.
- 6. Mutual Transfer:** Sometimes, they may be two persons working for the same organisation in two different places and each of them may be willing to get transferred to place of the other.

UNIT IV

Wages

- Different methods of wage payments - Time and Piece rate system - Incentive Schemes - Fringe benefits Wages:

Employees' compensation is one of the major determinants of employee satisfaction in an organization. The compensation policy and the reward system of an organization are viewed by the employee as indicators of the management's attitude and concern for them. It is not just the compensation in tota, but its fairness as perceived by the employees that determines the success of a wage and salary administration system. Hence, it is very important for the management to design and implement its compensation system with utmost care and tact. A good wage and salary administration should be able to attract and retain employees, give them a fair deal, keep the organization competitive and motivate employees to perform their best.

Wage and salary determination and its administration has always remained a sensitive issue for an organizational management, since employees' moral, motivation, productivity and their relationship with the management are more or less associated with the compensation management system. Furthermore, compensation has always remained as a major yardstick for the success or failure or concern for the employees by an organization. Traditionally, pay scales in companies reflected the importance of the work and the responsibility level. Today, organizations try more to assess the worth of an individual in terms of his performance and contribution to the organization. With the growing demands of the workforce and the constant challenges in the business environment, organizations have to evolve an accurate system for evaluating jobs and assessing their worth. Job evaluation helps to determine the relative worth of a job in an organization in a systematic, consistent and accurate manner. It also helps in estimating the basic pay for each job in accordance with the importance of the job in the organizational hierarchy. Once basic pay is determined, the rewards, incentives and benefits attached with the pay, position and performance are also determined.

The basic wage, incentives and rewards and benefits, together form the compensation package of an employee. Prepared by, Dr.H.Bama AP & HOD / BBA BCSM,Tnj-5 Page 25

Different methods of wage payments: Wage plans are mainly micro plans and each company may devise any of the wage plans. Basically there are two methods for wage payments, viz. (1) Time rate wage system; and (2) Piece rate wage system. The wage paid to labor has to perform important functions in the economic system. It should be such as to make the worker capable and willing to be efficient and involved in the job. There should be a link, wherever feasible, between emoluments and productivity; and fair parity between wage differentials and skill differential. The plan should act as an incentive to improve the efficiency, and it should attract the worker wherever demanded or needed. Whatever may be the method of wage payment but the wage plan should contain following ingredients: It should be simple and understandable. It should be capable of easy

computation It should be capable of motivating the employees It should be attractive enough for new talent in the organization.

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All workers are given same treatment in terms of equal wage payment, so grievances, ill will; jealousy can be avoided among them. λ Time rate system provides regular and stable income to workers, so they can adjust and manage their budget accordingly. Demerits: λ It does not take in to account the ability and capacity of the workers so the skilful and more capable workers who have higher production efficiency will demoralize. λ Time rate system is unrelated to the productivity and does not provide extra motivation for extra efforts by the workers. λ The labor charges for a particular job do not remain constant. This put the management in a difficult position in the matter of quoting rates for a particular piece of work. 2. Piece Rate Wage System:

Under this system, workers are paid according to the amount of work done or numbers of units produced or completed, the rate of each unit being settled in advance, irrespective of the time taken to do the work. This does not mean that the workers can take any time to complete a job because of his performance far exceeds the time which his employer expects he would take, the overhead charges for each unit of article will increase. There is an indirect implication that a worker should not take more than average time. Merits: λ The main advantage of this system is recognition of merit, as efficient is rewarded, It is therefore more equitable than time rate system. λ It pays workers as per their efficiencies, ability, capacity or performance, so it gives direct stimulus and motivation to the employees for extra efforts, which may result into more productivity. λ It requires less managerial supervision as total remuneration depends upon units produced, and not on time spent in an organization. λ It results in to not only increase in the output and wages ,but the methods of production too are also improved, as workers demand material and tools free from defects and machinery in perfect operating condition.

Demerits: λ If rates of wages are not scientifically fixed and acceptable to the workers, would result into workers exploitation and may prove counterproductive λ As workers are interested in completion of the job with a greatest speed, may damage the machinery, quality of output or may increase rate of hazards in an organization. λ Trade unions generally do not like this system of wage payment; they may not have full support and acceptance. It may be the major issue for industrial dispute. Incentive Schemes: Incentives are monetary benefits paid to workmen in lieu of their outstanding performance. Incentives vary from individual to individual and from period to period for the same individual. They are universal and are paid in every sector. It works as motivational force to work for their performance as incentive forms the part total remuneration. Incentives when added to salary increase the earning thus increase the standard of living. The advantage of incentive payment are reduced supervision, better utilization of equipment, reduced scrap, reduced lost time, reduced absenteeism and turnover & increased output. According to Burack & Smith, “An incentive scheme is a plan or programme to motivate individual or group on performance. An incentive programme is most frequently built on monetary rewards (incentive pay or monetary bonus), but may also include a variety of non monetary rewards or prizes.”

Kinds of Incentives:

Incentives can be classified under the following categories:

1. Individual and Organizational Incentives
2. Financial and Non-Financial Incentives
3. Positive and Negative

Incentives

1) Individual and Organizational Incentives- According to L.G. Magginson, “Individual incentives are the extra compensation paid to an individual for all production over a specified magnitude which stems from his exercise of more than normal skill, effort or concentration when accomplished in a predetermined way involving standard tools, facilities and materials.” Individual performance is measured to calculate incentive where as organizational or group incentive involve cooperation among employees, management and union and purport to accomplish broader objectives such as an organization-wide reduction in labour, material and supply costs, strengthening of employee loyalty to company, harmonious management and decreased turnover and absenteeism I) Individual Incentive System is of two types: a) Time based System- It includes Halsey Plan, Rowan Plan, Emerson Plan and Bedeaux Plan b) Production based System- it includes Taylor’s Differential Piece Rate System, Gantt’s Task and Bonus Plan II) Group Incentive System is of following types a) Scalton Plan b) Priestman’s Plan c) Co-Partnership Plan d) Profit Sharing Some important these plans of incentive wage payments are as follows: Halsey Plan- Under this plan a standard time is fixed in advance for completing a work. Bonus is rewarded to the worker who perform his work in less than the standard time and paid wages according to the time wage system for the saved time. The total earnings of the worker = wages for the actual time + bonus Bonus = 33.5% of the time saved (standard time set on past experience) Or 50% of the time saved (standard are scientifically set) Example: Time required to complete job (S) = 20 hours Actual Time taken (T) = 15 hours Hourly Rate of Pay (R) = Rs 1.5 Calculate the wage of the worker. Solution: $((T \times R) + (S - T) \times R) / 2$ $((15 \times 1.5) + (20 - 15) \times 1.5) / 2 = 22.5 + 3.75 = 26.25$ Rs In this equation 3.75 Rs are the incentives for saving 5 hours. Rowan Plan – Under this method minimum wages are guaranteed given to worker at the ordinary rate for the time taken to complete the work. Bonus is that proportion of the wages of the time taken which the time saved bears to the standard time allowed.

Incentive = Wages for actual time for completing the work + Bonus where, Bonus = $((S - T) / S) \times (T \times R)$ Emerson Plan – Under this system, wages on the time basis are guaranteed even to those workers whose output is below the standard. The workers who prove efficient are paid a bonus. For the purpose of determining efficiency, either the standard output per unit of time is fixed, or the standard time for a job is determined, and efficiency is determined on the basis of a comparison of actual performance against the standard. Bedeaux Plan – It provide comparable standards for all workers. The value of time saved is divided both to the worker and his supervisor in the ratio of $\frac{3}{4}$ and $\frac{1}{4}$ respectively. A supervisor also helps a worker in saving his time so he is also given some benefit in this method. The standard time for each job is determined in terms of minutes which are called Bedeaux points or B’s. each B represents one minute through time and motion study. A worker is paid time wages up to standard B’s or 100% performance. Bonus is paid when actual performance exceeds standard performance in terms of B’s. Taylor’s Differential Piece Rate System - F.W. Taylor, founder of the scientific management evolved this system of wage payment. Under this system, there is no guarantee of minimum wages. Standard time and standard work is determined on the basis of time study. The main characteristics of this system is that two rates of wage one lower and one higher are fixed.

Those who fail in attaining the standard, are paid at a lower rate and those exceeding the standard or just attaining the standard get higher rate. Under this system, a severe penalty is imposed on the inefficient workers because they get the wages at lower rates. The basic idea underlying in this scheme is to induce the worker at least to attain the standard but at the same time if a worker is relatively less efficient, he will lose much. For example, the standard is fixed at 40 units per day and the piece rate are 40 P. and 50 P. per unit. If a worker produces 40 units or more in a day, he will get the wages at the rate of 50 P per unit and if he produces 39 units will get the wages at 40 paise per unit for the total output. Gantt's Task and Bonus Plan - In this, a minimum wage is guaranteed. Minimum wage is given to anybody, who completes the job in standard time. If the job is completed in less time, then there is a hike in wage-rate. This hike varies between 25% to 50% of the standard rate.

Profit Sharing – It is a method of remuneration under which an employer pay his employees a share in form of percentage from the net profits of an enterprise, in addition to regular wages at fixed intervals of time. 2) Financial and Non-financial Incentives- Individual or group performance can be measured in financial terms. It means that their performance is rewarded in money or cash as it has a great impact on motivation as a symbol of accomplishment. These incentives form visible and tangible rewards provided in recognition of accomplishment. Financial incentives include salary, premium, reward, dividend, income on investment etc. On the other hand, non-financial incentives are that social and psychological attraction which encourages people to do the work efficiently and effectively. Non-financial incentive can be delegation of responsibility, lack of fear, worker's participation, title or promotion, constructive attitude, security of service, good leadership etc.. 3) Positive and Negative Incentives- Positive incentives are those agreeable factors related to work situation which prompt an individual to attain or excel the standards or objectives set for him, where as negative incentives are those disagreeable factors in a work situation which an individual wants to avoid and strives to accomplish the standards required on his or her part. Positive incentive may include expected promotion, worker's preference, competition with fellow workers and own 's record etc. Negative incentives include fear of lay off, discharge, reduction of salary, disapproval by employer etc. Fringe Benefits: 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. 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. These provided benefits and services forms the part of salary and are generally refereed as fringe benefits. 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, packagepay or direct compensation and is based on critical job factors and performance".

According to Cockman, “ Employee benefits are those benefits which are supplied by an employer to or for the benefits of an employee and which are not in the form of wages, salaries and time rated payments”. These are indirect compensation as they are extended condition of employment and are not related to performance directly. Kinds of Fringe Benefits The various organizations in India offers fringe benefits that may be categorized as follows: 1. Old Age and Retirement Benefits - these include provident fund schemes, pension schemes, gratuity and medical benefits which are provided to employee after their retirement and during old age as a sense of security about their old age. 2. Workman’s Compensation - these benefits are provided to employee if they are got ignored or die under the working conditions and the sole responsibility is of the employer. 3. Employee Security- Regular wage and salary is given to employee that gives a feeling of security. Other than this compensation is also given if there is lay-off or retrenchment in an organization. 4. Payment for Time Not Worked – Under this category of benefits, a worker is provided payment for the work that has been performed by him during holidays and also for the work done during odd shifts. Compensatory holidays for the same number in the same month are given if the worker has not availed weekly holidays. 5. Safety and Health – Under this benefit workers are provided conditions and requirements regarding working condition with a view to provide safe working environment. Safety and Health measures are also taken care of in order to protect the employees against unhealthy working conditions and accidents. 6. Health Benefits – Employees are also provided medical services like hospital facility, clinical facility by the organization.

UNIT – I

HUMAN RESOURCE MANAGEMENT

Introduction:

Human Resource Management is a process of bringing people and organization together so that the goals of each are met. It is the part of the management process which is concerned with the management of human resources in an organization. It tries to secure best from the people by winning their whole hearted co-operation. In short, it may be defines as the art of procurement, developing and maintaining competent workforce to achieve the goals of an organization in an effective and efficient manner.

Henry Fayol the pioneer in the field of management state “Take out my building take out my machines and all capital but leave my men with me, I will become Henry Fayol again”. He highlighted that human resources in an organization play a crucial role. The human resource refers to the knowledge, skills, abilities, values, aptitude and beliefs possessed by the workforce in organization.

DEFINITION

Human Resource Management is the process of recruitment, selection of employee, providing proper orientation and induction, providing proper training and the developing skills, assessment of employee (performance of appraisal), providing proper compensation and benefits, motivating, maintaining proper relations with labor and with trade unions, maintaining employee’s safety, welfare and health by complying with labor laws of concern state or country.

Many great scholars had defined human resource management in different ways and with different words, but the core meaning of the human resource management is how to manage people or employees in the organization. According to Byars and Rue , “HRM encompasses those activities that are designed to provide for coordinate the human resources of organizational”. According to Invancevich and Glueck, “HRM is concerned with the most effective use of people to achieve organizational and individual goals”.

According to Edwin Flippo , HRM as “planning, organizing, directing, controlling of procurement, development, compensation, integration, maintenance and

separation of human resources to the end that individual, organizational and social objectives are achieved.

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

CHARACTERISTICS OF HRM

- a. Pervasive Function: HRM is present in all the enterprises.
- b. Action-Oriented: Scope of HRM is not only limited to record keeping.
- c. People-Oriented: HRM is all about people at work, both as individuals and groups
- d. Development-Oriented: HRM intends to develop the full potential of employees.
- e. Integrated Function: Build relations between people working at various levels in the organization.
- f. Comprehensive Function: It covers all the type of personnel.
- g. Auxiliary service: It is a staff function (Advice).
- h. Inter-Disciplinary Function: Utilizing knowledge and inputs drawn from psychology, economics etc.
- i. Continuous Function: HRM is not a one shot deal.
- j. Involves team spirit & team work.
- k. Management function.
- l. Helps in achieving goals i.e. individual, organizational & social objectives
- m. Involves procurement, development & maintenance of human resource.

OBJECTIVES OF HRM

The primary objective of HRM is to ensure the availability of competent and willing workforce to an organization.

The specific objectives include the following:

- a. Human capital: assisting the organization in obtaining the right number and types of employees to fulfill its strategic and operational goals.
- b. To develop organizational climate: Helping to create a climate in which employees are encouraged to develop and utilize their skills to the fullest and to employ the skills and abilities of the workforce efficiently.
- c. Helping to maintain performance standards and increase productivity through effective job design; providing adequate orientation, training and development, providing performance-related feedback; and ensuring effective two-way communication.
- d. To Promote Harmony: Helping to establish and maintain a harmonious relationship between employer/employee.
- e. Helping to create and maintain a safe and healthy work environment
- f. Developing programs to meet the economic, psychological, and social needs of the employees and helping the organization to retain the productive employees.
- g. Ensuring that the organization is in compliance with provincial/territorial and federal laws affecting the workplace (such as human rights, employment equity, occupational health and safety, employment standards, and labour relations legislation) to help the organization to reach its goals.
- h. To provide organization with well-trained and well-motivated employees
- i. To increase the employee's satisfaction and self-actualization.
- j. To develop and maintain the quality of work life.
- k. To communicate HR policies to all employees.
- l. To help maintain ethical policies and behaviour.

Principles of Human Resource Management (HRM)

Human Resource Management (HRM) is a strategic and comprehensive approach to managing people in an organization. It involves recruiting, developing, and retaining employees to maximize their potential and ensure the achievement of organizational goals. Below are the key principles of HRM:

1. Principle of Organizational Integration

HRM should be closely aligned with the overall organizational goals and strategy. The HR policies and practices should support and contribute to the achievement of organizational objectives, ensuring that the workforce is properly equipped to meet the business's needs.

- HRM should act as a strategic partner in organizational planning.
- HR should help in shaping the culture, structure, and future direction of the organization.

2. Principle of Employee Development

HRM should focus on continuous development of employees, helping them improve their skills, knowledge, and abilities. This ensures that employees are capable of performing at their best and can adapt to changing business requirements.

- Training, development programs, mentoring, and career advancement opportunities are essential.
- Focus on both technical and soft skills development.

3. Principle of Participative Management

Employees should be involved in decision-making processes. Participation fosters a sense of ownership, responsibility, and motivation among employees, leading to better productivity and job satisfaction.

- Encourage employee involvement in setting goals, policies, and decisions that affect them.
- Promote open communication and idea-sharing across all levels of the organization.

4. Principle of Fairness and Justice

HRM should ensure fairness and impartiality in all practices, including recruitment, selection, promotion, and compensation. Discrimination, bias, or favoritism should be avoided to create a harmonious work environment.

- Equal opportunities for all employees irrespective of gender, age, race, etc.
- Transparent and objective performance appraisals and rewards systems.

5. Principle of Motivation

Employees need to be motivated to perform at their highest potential. HRM should create an environment that stimulates motivation, job satisfaction, and high performance.

- Motivation can be intrinsic (internal desire to perform well) or extrinsic (rewards, recognition, promotions).
- Recognize employee efforts, provide incentives, and offer challenges.

6. Principle of Communication

Effective communication is critical for the success of HRM. There should be clear and open communication between employees and management at all levels.

- Establish regular feedback mechanisms (e.g., surveys, performance reviews, team meetings).
- Ensure that information flows freely and is easily accessible.

7. Principle of Employee Welfare

HRM should ensure the well-being of employees, both in terms of their physical and mental health. Employee welfare programs contribute to the overall satisfaction, retention, and productivity of the workforce.

- Provide health benefits, insurance, and wellness programs.
- Address work-life balance and create a supportive work environment.

8. Principle of Flexibility

HRM should be adaptable and flexible to meet the evolving needs of both the organization and its employees. This includes adapting to changes in the workforce, the job market, and external factors like technology.

- Implement flexible work arrangements (e.g., remote work, flexible hours).
- Encourage continuous learning and adaptability.

9. Principle of Employee Recognition

Recognizing employee achievements and contributions is vital for motivation and retention. HRM should have mechanisms to acknowledge and celebrate employee successes regularly.

- Recognition programs (Employee of the Month, awards).
- Appreciation through verbal recognition, bonuses, or public acknowledgment.

10. Principle of Ethical and Social Responsibility

HRM practices should be grounded in ethics, ensuring that decisions benefit both the organization and its employees. HR professionals must adhere to ethical standards and corporate social responsibility.

- Uphold values like integrity, honesty, and transparency.
- Encourage sustainability, diversity, and fair treatment in all HR practices.

11. Principle of Competence

HRM should ensure that only qualified and competent personnel are recruited, developed, and retained. This includes both technical competence and cultural fit for the organization.

- Focus on the right mix of qualifications, skills, and personal attributes when selecting employees.
- Conduct thorough training and development programs to enhance competence over time.

12. Principle of Innovation

HRM should encourage innovation within the workforce. Employees should feel empowered to come up with new ideas and approaches to solve problems and improve business processes.

- Support creativity and innovation through reward systems and a culture of open-mindedness.

- Offer platforms for brainstorming, collaboration, and experimentation.

FUNCTIONS OF HRM

Human Resource Management is a management function concerned with hiring, motivating, and maintaining workforce in an organization.

Human resource management deals with issues related to employees such as hiring, training, development, compensation, motivation, communication, and administration. Human resource management ensures satisfaction of employees and maximum contribution of employees to the achievement of organizational objectives.

According to Armstrong (1997), Human Resource Management can be defined as “a strategic approach to acquiring, developing, managing, motivating and gaining the commitment of the organization’s key resource – the people who work in and for it.”

Human Resource Management functions can be classified in following three categories.

1. Managerial Functions
2. Operative Functions
3. Advisory Functions Managerial Functions.

The Managerial Functions of Human Resource Management are as follows:

1. **Human Resource Planning** In this function of HRM, the number and type of employees needed to accomplish organizational goals is determined. Research is an important part of this function, information is collected and analyzed to identify current and future human resource needs and to forecast changing values, attitude, and behaviour of employees and their impact on organization.

2. **Organizing** in an organization tasks are allocated among its members, relationships are identified, and activities are integrated towards a common objective. Relationships are established among the employees so that they can collectively contribute to the attainment of organization goal.

3. **Directing** Activating employees at different level and making them contribute maximum to the organization is possible through proper direction and motivation.

Taping the maximum potentialities of the employees is possible through motivation and command.

4. **Controlling** after planning, organizing, and directing, the actual performance of employees is checked, verified, and compared with the plans. If the actual performance is found deviated from the plan, control measures are required to be taken.

Operative Functions: The Operative Functions of Human Resource Management are as follows: Recruitment and Selection Recruitment of candidates is the function preceding the selection, which brings the pool of prospective candidates for the organization so that the management can select the related information like - application forms, employment history, working hours, earnings, employee absents and presents, employee turnover and other data related to employees. Right candidate from this pool.

Job Analysis and Design:

Job analysis is the process of describing the nature of a job and specifying the human requirements like qualification, skills, and work experience to perform that job. Job design aims at outlining and organizing tasks, duties, and responsibilities into a single unit of work for the achievement of certain objectives.

Performance Appraisal

Human resource professionals are required to perform this function to ensure that the performance of employee is at acceptable level.

Training and Development

This function of human resource management helps the employees to acquire skills and knowledge to perform their jobs effectively. Training and development programs are organized for both new and existing employees. Employees are prepared for higher level responsibilities through training and development.

Wage and Salary Administration

Human resource management determines what is to be paid for different type of jobs. Human resource management decides employee's compensation which includes - wage administration, salary administration, incentives, bonuses, fringe benefits, and etc.,

Employee Welfare

This function refers to various services, benefits, and facilities that are provided to employees for their well being. Maintenance Human resource is considered as asset for the organization. Employee turnover is not considered good for the organization. Human resource management always tries to keep their best performing employees with the organization.

Labour Relations

This function refers to the interaction of human resource management with employees who are represented by a trade union. Employees comes together and forms an union to obtain more voice in decisions affecting wage, benefits, working condition, etc.,.

Personnel Research

Personnel researches are done by human resource management to gather employees' opinions on wages and salaries, promotions, working conditions, welfare activities, leadership, etc,. Such researches help in understanding employees satisfaction, employees turnover, employee termination, etc.

Personnel Record

This function involves recording, maintaining, and retrieving employee related information like - application forms, employment history, working hours, earnings, employee absents and presents, employee turnover and other data related to employees.

Advisory Functions:

The Advisory Functions of Human Resource Management are as follows: Human Resource Management is expert in managing human resources and so can give advice on matters related to human resources of the organization.

Human Resource Management can offer advice to:

- 1. To Top Management:** Personnel manager advises the top management in formulation and evaluation of personnel programs, policies, and procedures.
- 2. To Departmental Heads:** Personnel manager advises the heads of various departments on matters such as manpower planning, job analysis, job design, recruitment, selection, placement, training, performance appraisal, etc.

Role of Human Resources Manager:

The primary task of the HR manager is to ensure that the organization's human resources are utilized and managed as effectively as possible. Human resource administrators help design and implement policies and programmes that enhance human abilities and improve the organization's overall effectiveness. Top executives have learned sometimes the hard way - that inattention to personnel relations and neglect of HR programs are often the cause of poor labour management relations, excessive absenteeism and turnover, lawsuits charging discrimination, and substandard productivity. More and more leaders of public and private organization recognize that people are the organization's primary resource and acknowledge the HR manager's role in developing the human resource.

Functions of a Human Resource Manager:

A human resource manager, charged with fulfilling the objectives of an organization, should be a leader with high intellectual powers, a visionary and a philosopher who provides the initiative to shape the future in terms of leading the human beings in an organization towards more prosperous and progressive policies.

1. As an Intellectual:

The basic skill in the human resource field as compared to technologists or financial experts is the skill to communicate, articulate, understand and above all, to be an expert when it comes to putting policies and agreements in black and white. The personnel man's skill lies in his command over the language. A personnel man has to deal with employees and he must possess the skills of conducting fruitful and systematic discussions and of communicating effectively. He should also be in a position to formulate principles and foresee the problems of the organization. This means that he would require the mental ability to deal with his people in an intelligent manner as well as to understand what they are trying to say.

2. As an Educator:

It is not enough that a human resource man has command-over the language, which, however, remains his primary tool. He should be deeply interested in learning and also in achieving growth. Basically, human beings like to grow and realize their full potential. In order to harmonies the growth of individuals with that of the organization, a personnel administrator must not only provide opportunities for his employees to learn, get the required training and assimilate new ideas but

also he himself should be a teacher. A personnel man who simply pushes files and attends labour courts for conciliation purposes and other rituals of legal procedure for the settlement of industrial disputes is not a personnel administrator of the future.

3. As a Discriminator:

A human resource administrator must have the capacity to discriminate between right and wrong, between that which is just and unjust and merit and non-merit. In other words, he should be a good judge when he sits on a selection board, a fair person when he advises on disciplinary matters and a good observer of right conduct in an organization.

4. As an Executive:

The human resource man must execute the decisions of the management and its policies with speed, accuracy and objectivity. He has to streamline the office, tone up the administration and set standards of performance. He has to coordinate the control functions in relation to the various other divisions and, in doing so he should be in a position to bring unity of purpose and direction in the activities of the personnel department. He must ask relevant questions and not be merely involved in the office routine whereby the status quo is maintained. He should have the inquisitiveness to find out causes of delay, tardy work and wasteful practices, and should be keen to eliminate those activities from the personnel functions which have either outlived their utility or are not consistent with the objectives and purposes of the organization.

5. As a Leader :

Being basically concerned with people or groups of people, and being placed in the group dynamics of various political and social functions of an organization, a Human resource man must not shirk the role of leadership in an organization. He, by setting his own example and by working towards the objectives of sound personnel management practices, must inspire his people and motivate them towards better performance. He should resolve the conflicts of different groups and build up teamwork in the organization.

6. As a Humanist:

Deep faith in human values and empathy with human problems, especially in less developed countries, are the sine qua non for a Human resource man. He has to deal with people who toil at various levels and partake of their joys and sorrows. He must perform his functions with sensitivity and feeling.

7. As a Visionary:

While every leading function of an organization must evolve its vision of the future, the primary responsibility for developing the social organization towards purposive and progressive action falls on the personnel man. He should be a thinker who sets the pace for policy-making in an organization in the area of human relations and should gradually work out new patterns of human relations management consistent with the needs of the organization and the society. He must ponder on the social obligations of the enterprise, especially if it is in the public sector, where one has to work within the framework of social accountability. He should be in close touch with socio-economic changes in the country. He should be able to reasonably forecast future events and should constantly strive to meet the coming challenges.

Organizational Structure of Personnel Department (HR Department)

The personnel or human resources (HR) department is a crucial part of any organization, responsible for managing the workforce, overseeing recruitment, performance management, employee welfare, training, and compliance with labor laws.

The structure of the HR department can vary depending on the size, industry, and needs of the organization, but it typically follows a hierarchical structure with different roles and responsibilities.

Here's a general outline of the organizational structure of a Personnel Department:

1. Top Management/HR Leadership

- **Chief Human Resources Officer (CHRO) / HR Director:**
 - The highest-ranking HR professional, responsible for the overall strategy and functioning of the HR department.
 - Provides leadership and direction on all HR-related matters, ensuring alignment with organizational goals.
 - Works closely with senior management to develop policies, culture, and workforce planning strategies.

2. Middle Management

- **HR Manager / HR Business Partner:**

- Oversees the daily operations of the HR department, implementing HR strategies and policies.
- Acts as a liaison between employees and top management.
- May be responsible for specific HR functions such as recruitment, training, or employee relations.
- **HR Operations Manager:**
 - Manages the operational side of HR, including payroll, compliance, employee records, and benefits administration.
- **Talent Acquisition Manager:**
 - Leads the recruitment and selection process, ensuring the right talent is brought into the organization.

3. Specialized Roles

- **Recruitment and Staffing Team:**
 - Responsible for hiring, including sourcing candidates, conducting interviews, and on boarding new employees.
 - May include positions such as *Recruiters*, *Sourcing Specialists*, and *Interview Coordinators*.
- **Training and Development Manager:**
 - Oversees employee development programs, including training, workshops, and career development.
 - Identifies skill gaps and organizes programs to improve employee performance.
- **Compensation and Benefits Manager:**
 - Manages salary structures, compensation strategies, employee benefits (health insurance, retirement plans, etc.), and performance-based rewards.
 - Ensures compliance with labor laws regarding pay and benefits.
- **Employee Relations Manager:**
 - Responsible for maintaining positive relations between employees and management.
 - Handles conflict resolution, grievance management, and workplace policies.
- **HR Compliance Officer:**
 - Ensures the company complies with all relevant labor laws and regulations.
 - Manages audits, ensures workplace safety, and addresses legal issues related to employment.
- **Performance Management Specialist:**

- Manages employee performance appraisals and feedback mechanisms.
- Develops systems to monitor and enhance employee productivity.

4. Support Staff

- **HR Assistants:**
 - Provide administrative support to HR managers, including handling employee records, assisting in the hiring process, and scheduling interviews.
- **Payroll Specialist:**
 - Manages employee payroll, tax deductions, bonuses, and ensures timely and accurate disbursement of salaries.
- **HR Coordinators:**
 - Provide support in various HR functions, such as benefits administration, training programs, and employee engagement.

5. HR Systems and Technology (HRIS)

- **HRIS Manager:**
 - Manages the HR Information System (HRIS), which stores and processes employee data.
 - Implements HR software for payroll, attendance tracking, performance management, and reporting.

Key Functions of the Personnel Department:

1. **Recruitment and Staffing:** Managing the hiring process from job posting to candidate selection.
2. **Training and Development:** Ensuring employees have the necessary skills and knowledge to perform their roles effectively.
3. **Compensation and Benefits:** Designing and managing employee compensation packages, including salaries, bonuses, and benefits.
4. **Employee Relations:** Managing interactions between employees and the company, addressing grievances, and fostering a positive work environment.
5. **Performance Management:** Establishing systems to monitor and improve employee performance through appraisals, feedback, and development programs.
6. **Compliance:** Ensuring that the organization complies with labor laws and regulations regarding employment practices.

