

# ॥ श्री गुरुभ्यो नमः॥

## **Business Dynamics and entrepreneurship Chapter 3 Human Resource Management**

### **Definition of HRM**

According to 'Decenzo and Robbins', "Human resource management is a process consisting of four function – acquisition, development, motivation and maintenance of human resources".

**1. People Oriented:** Human resource management is concerned with employees both as individuals and as a group in attaining goals. It is also concerned with behaviour, emotional and social aspects of personnel. It is the process of bringing people and organisations together so that the goals of each are met.

**2. Comprehensive Function:** Human resource management covers all levels and categories of employees. It applies to workers, supervisors, officers, managers and other types of personnel. It covers both organised and unorganised employees. It applies to the employees in all types of organisations in the world.

**3. Individual Oriented:** Under human resource management, every employee is considered as an individual to provide services and programmes to facilitate employee satisfaction and growth. In other words, it is concerned with the development of human resources, i.e., knowledge, capability, skill, potentialities and attaining and achieving employee goals.

**4. Continuous Function:** Human resource management is a continuous and never-ending process. *According to George R Terry*, "It cannot be turned on and off like water from a faucet; it cannot be practiced only one hour each day or one day each week. Personnel management requires a constant alertness and awareness of human relations and their importance in everyday operations".

**5. A Staff Function:** Human resource management is a responsibility of all line managers and a function of staff managers in an organisation. Human resource managers do not manufacture or sell goods, but they do contribute to the success and growth of an organisation by advising the operating departments on personnel matters.

**6. Pervasive Function:** Human resource management is the central sub-function of an organisation and it permeates all types of functional management

viz., production management, marketing management and financial management. Each manager is involved with human resource function. It is a responsibility of all line managers and a function of staff managers in an organisation.

**7. Challenging Function:** Managing of human resources is a challenging job due to the dynamic nature of people. Human resource management aims at securing unreserved co-operation from all employees to attain pre-determined goals.

**8. Development Oriented:** Individual employee-goals consist of job satisfaction, job-security, high salary, attractive fringe benefits, challenging work, pride, status, recognition, opportunity for development etc. Human resource management is concerned with developing the potential of employees, so that they derive maximum satisfaction from their work and give their best efforts to the organisation.

### **Objectives of HRM**

- To improve the service rendered by the enterprise to society through building better employee morale, which leads to more efficient individual and group performance. Thus, HRM seeks to manage change to the mutual advantage of individuals, groups, the organization and society.
- To establish in the mind of those associated with the enterprise – employees, shareholders, creditors, customers and the enterprise is rendering the best service of which it is capable and distributing the benefits derived fairly and contributing to the success of the enterprise.  
Thus, an organization can identify and satisfy individual and group goals by offering appropriate monetary and non-monetary incentives.
- To employ the skill and knowledge of employee efficiently and effectively that is to utilize human resources effectively for the achievement of organizational goals.
- To enhance job satisfaction and self-actualization of employees, by encouraging and assisting every employee to realize full potential.
- To provides facility and condition of work and creation of favourable atmosphere for maintaining stability of employment.
- To develop and maintain a quality of work life which makes employment in the organization a desirable and social situation.
- To help the organisation to attain its goals effectively and efficiently by providing competent and motivated employees.
- To utilize the available human resources effectively.
- To increase to the fullest the employee's job satisfaction and self-actualisation.

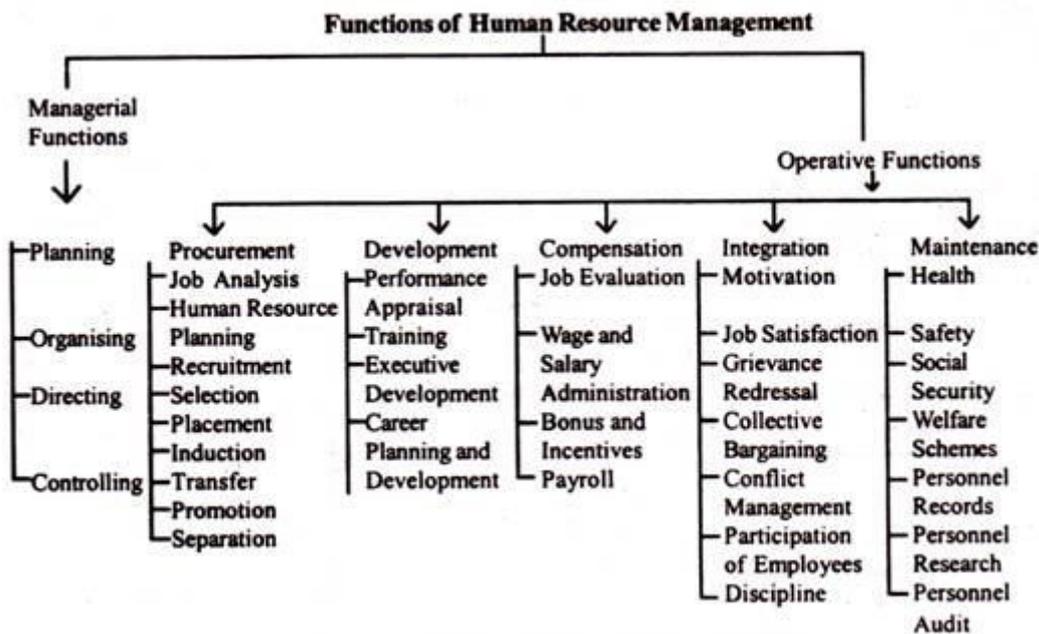
- To develop and maintain the quality of work life (QWL) which makes employment in the organisation a desirable personal and social situation.
- To help maintain ethical policies and behaviour inside and outside the organisation.
- To establish and maintain cordial relations between employees and management.

**Function of HRM**

**1. Operative Functions:** These include recruitment, training & development, professional development, compensation & benefits, performance appraisal, and ensuring legal compliance in an organization. These actions include day to day operations and might not require long-term strategies.

**2. Managerial Functions:** As an HRM professional your managerial functions include planning, organizing, directing, and controlling employees to ensure both personal and organizational goals are met and fulfilled. This part focuses on short to mid-term strategic decisions and operational tasks.

**3. Advisory Functions:** An HR manager professional is also required to perform advisory functions which would include advising the top management and departmental heads on HRM related issues. They are intended to be purely strategic functions attuned to company mission.



**Fig. 1.2 : Functions of Human Resource Management**

**Planning:**

planning is future oriented concerned with clearly charting out the desired direction of business activities in future. Forecasting is one of the important

elements in the planning process. Other functions of managers depend on planning function.

**Organising:**

Organising is a process by which the structure and allocation of jobs are determined. Thus, organising involves giving each subordinate a specific task establishing departments, delegating authority to subordinates, establishing channels of authority and communication, coordinating the work of subordinates, and so on.

**Staffing:**

TOs is a process by which managers select, train, promote and retire their subordinates This involves deciding what type of people should be hired, recruiting prospective employees, selecting employees, setting performance standard, compensating employees, evaluating performance, counselling employees, training and developing employees.

**Directing/Leading:**

Directing is the process of activating group efforts to achieve the desired goals. It includes activities like getting subordinates to get the job done, maintaining morale motivating subordinates etc. for achieving the goals of the organisation.

**Controlling:**

It is the process of setting standards for performance, checking to see how actual performance compares with these set standards, and taking corrective actions as needed.

**Operative function**

**Procurement:** It involves procuring the right kind of people in appropriate number to be placed in the organisation. It consists of activities such as manpower planning, recruitment, selection placement and induction or orientation of new employees.

**Development:** This function involves activities meant to improve the knowledge, skills aptitudes and values of employees to enable them to perform their jobs in a better manner in future. These functions may comprise training to employees, executive training to develop managers, organisation development to strike a better fit between organisational climate/culture and employees.

**Compensation:** Compensation function involves determination of wages and salaries matching with contribution made by employees to organisational goals. In other words, this function ensures equitable and fair remuneration for employees in the organisation. It consists of activities such as job evaluation, wage and salary administration, bonus, incentives, etc.

**Recruitment:** This is the most challenging task for any HR manager. A lot of attention and resources are required to draw, employ and hold the prospective employees. A lot of elements go into this function of recruitment, like

developing a job description, publishing the job posting, sourcing the prospective candidates, interviewing, salary negotiations and making the job offer.

**Training and Development:** On the job training is the responsibility of the HR department. Fresher training may also be provided by some companies for both new hires and existing employees. This Fresher training is mainly done to make the employees up to date in their respective areas as required by the company. This function makes the employees understand the process and makes it easy for them to get on their jobs with much ease. During the process of the training and development, the results are monitored and measured to find out if the employees require any new skills in addition to what he/she has.

**Professional Development:** This is a very important function of Human Resource Management. This function helps the employees with opportunity for growth, education, and management training. The organization undertakes to sponsor their employees for various seminars, trade shows, and corporal responsibilities. This, in turn, makes the employees feel that they have been taken care by their superiors and the organization.

**Compensation and Benefits:** A company can attain its goals and objectives if it can acclimatize to new ways of providing benefits to the employees. Some of the benefits given by companies are listed below for our understanding:

Working hour flexibility

Extended vacation

Dental/Medical Insurance

Maternal/Paternal Leave

Education Reimbursement for children

**Performance Appraisal:** The employees of any organization will be evaluated by the HR department as per the performance. This function of Human Resource Management is to help the organization in finding out if the employee they have hired is moving towards the goals and objectives of the organization. On the other hand, it also helps the company to evaluate whether the employees need improvement in other areas. It also helps the HR team in drawing certain development plans for those employees who have not met the minimal requirements of the job.

**Ensuring Legal Compliance:** To protect the organization this function plays a crucial role. The HR department of every organization should be aware of all the laws and policies that relate to employment, working conditions, working hours, overtime, minimum wage, tax allowances etc. Compliance with such laws is very much required for the existence of an organization.

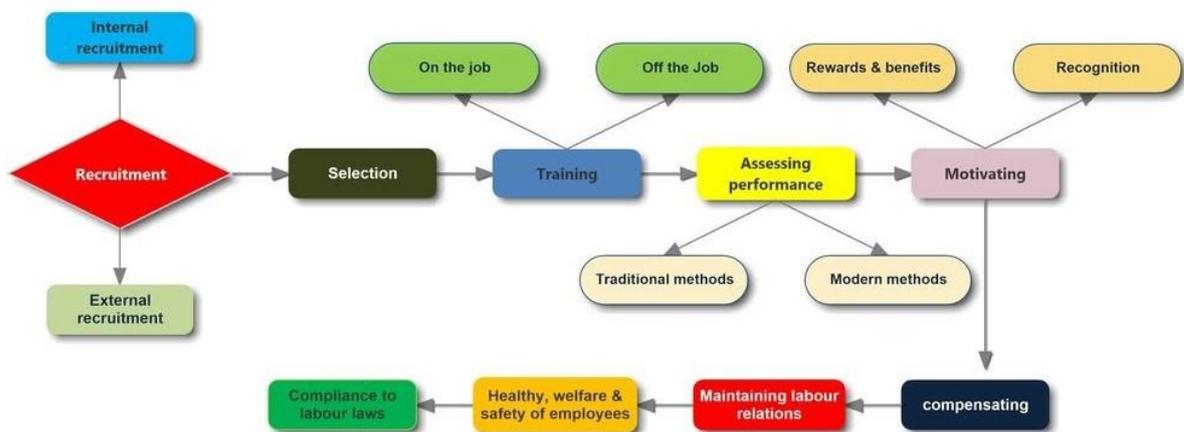
**Maintenance:** It is concerned with protecting and promoting employees while at work. For this purpose, virus benefits such as housing, medical, educational, transport facilities, etc. are provided to the employees. Several social security measures such as provident fund, pension, gratuity, group insurance, etc. are also arranged. It is important to note that the managerial and operative functions of HRM are performed in conjunction with each other in an organisation, be large or small organisations. Having discussed the scope and functions of HRM, now it seems pertinent to delineate the HRM scenario in India

## Advisory Functions

**Top Management Advice:** HR Manager is a specialist in Human Resource Management functions. She/he can advise the top management in formulating policies and procedures. He/she can also recommend the top management for the appraisal of manpower which they feel apt. This function also involves advice regarding maintaining high-quality human relations and far above the ground employee morale.

**Departmental Head advice:** Under this function, he/she advises the heads of various departments on policies related to job design, job description, recruitment, selection, appraisals.

## HRM Process



### Step 1 Human resource planning (HRP)

It may be defined as strategy for acquisition, utilization, improvement and preservation of the human resources of an enterprise. The objective is to place right personnel for the right work and optimum utilization of the existing human resources. HRP exists as a part of the planning process of business.

### Step 2: Recruitment

Recruitment is the process of inviting qualified job seekers by using different platforms like issuing notification in regular newspapers or employment

newspapers which are exclusively meant for employment news and notifications, television media, online and on social networking websites which have become mostly used resources for recruitment and hiring people. There are two major sources of recruitment of employees, one is recruitment through internal sources and the other is recruitment through external sources.

### **Step 3 selection**

The **Selection** is the process of choosing the most suitable candidate for the vacant position in the organization. In other words, selection means weeding out unsuitable applicants and selecting those individuals with prerequisite qualifications and capabilities to fill the jobs in the organization.

### **Step 4 orientation – socialisation**

An introductory stage in the process of new employee assimilation, and a part of his or her continuous socialization process in an organization. Major objectives of orientation are to

- (1) gain employee commitment,
- (2) reduce his or her anxiety,
- (3) help him or her understand organization's expectations, and
- (4) convey what he or she can expect from the job and the organization.

### **Step 5 training and development**

Development is a subsystem of an organization which emphasize on the improvement of the performance of individuals and groups. Training is an educational process which involves the sharpening of skills, concepts, changing of attitude and gaining more knowledge to enhance the performance of the employees, On the other hand, **development has a long-term view**. It is all about preparing the employee for the current as well as future jobs, by providing them with learning opportunities to increase their capacities, to undertake more challenging and complex tasks.

### **Step 6 performance appraisal**

The performance appraisal is the process of assessing employee performance by way of comparing present performance with already established standards which have been already communicated to employees, subsequently providing feedback to employees about their performance level for improving their performance as needed by the organization

### **Step 7 reward and recognition**

Recognizing the efforts of employees and encouraging their morale results in increased productivity and decreased attrition rate. It is a documented fact that an encouraged and dedicated workforce can change the fate of a company. Companies use rewards and recognition to motivate employees and demonstrate that they are appreciated.

## Job analysis

According 'Dale Yoder', "job analysis as a bunch of duties task and job responsibilities which are assigned to an individual which are different from other job profile."



Fig. 5.1 : The Job Analysis Process

### Step 1: Organisational Job Analysis:

Job analysis begins with obtaining pertinent information about a job'. This, *According to Terry* It is required to know the makeup of a job, its relation to other jobs, and its contribution to performance of the organisation. Such information can be had by dividing background information in various forms such as organisation charts i.e., how the job is related to other jobs; class specifications i.e., the general requirement of the job family; job description i.e., starting point to build the revised job description, and flow charts i.e., flow of activities involved in a job.

### 2. Selecting Representative Jobs for Analysis:

Analysing all jobs of an organisation is both costly and time consuming. Therefore, only a representative sample of jobs is selected for detailed analysis.

### 3. Collection of Data for Job Analysis:

In this step, job data features of the job and required qualifications of the employee are collected. Data can be collected either through questionnaire, observation or interviews. However, due care should be taken to select and use the method of data collection that is the most reliable in the given situation of the job.

### 4. Preparing Job Description:

The job information collected in the above ways is now used to prepare a job description. Job description is a written statement that describes the tasks, duties and responsibilities that need to be discharged for effective job performance.

## 5. Preparing Job Specification:

The last step involved in job analysis is to prepare job specification based on collected information. This is a written statement that specifies the personal qualities, traits, skills, qualification, aptitude etc. required to effectively perform a job. Continued with job evaluation and feed back this become the data for future analysis.

### Significance

- **Man, power planning:** it helps in forecasting manpower requirement based on knowledge and skills and quality of manpower needed in organisation
- **Recruitment:** a carefully designed job analysis provides information as to what sources of recruitment are to hired employees
- **Selection:** job analysis helps to fix right person in right job in right place in right time.
- **Training and carrier development:** job analysis provides valuable information to develop training programme, so that suitable training package can be framed to develop employees
- **placement & socialization:** after people are selected and trained they must be placed in suitable jobs. Job analysis provides information about put the suitability of jobs a clear analysis guides the process to social is the employees to develop sound relationship with all those persons.
- **Compensation:** job analysis provides information as to how much compensation and other financial and non-financial benefits to be associated each job.
- **Employee safety and welfare:** job analysis provides detail information on working condition thus management tries to provide safety and welfare measure that are outline in job analysis
- **Performance appraisal** performance of employees is appreciated based on standard criteria provided in the job analysis.

## Job Description

**Meaning:** A broad, general, and written statement of a specific job, based on the findings of a job analysis. It generally includes duties, purpose, responsibilities, scope, and working conditions of a job along with the job's title, and the name or designation of the person to whom the employee reports. Job description usually forms the basis of job specification.

Components to include in writing a good job description

there are five important components which should be included in the job description (JD)-

- **Job Title-** An appropriate title of job which describes the position/level of job and area of work.

- **Roles and Responsibilities-** The task to be performed, goals that must be met by the employee, daily activities and additional workloads are included in roles and responsibilities.
- **Qualifications-** Educational background and work experiences required for the job position is mentioned in this component.
- **Skill Sets-** The additional skills such as team management, communication skills, leadership are mentioned in the required skill set for the job profiles.
- **Compensation-** The salary range of the job should be included in this component of the job description.

### **Benefits and importance of creating the best Job description or JD**

- ❖ It is a vital guideline to determine the comparable compensation in different industries.
- ❖ It is the backbone of hiring process as it has all important information about the skills and qualifications that should be matched while selecting the future employee of the organization
- ❖ It is always referred to design the selection process and interview questions.
- ❖ It resolves the issues when employee refuses to do some tasks stating, 'it is not my job'. Also, avoid the disputes based on who should perform which activities in the organization.
- ❖ It is a legal document it can be used by the employee during any lawsuit against the organization.

## **Job specification**

**Meaning:** Job specification is a document or statement which spells out the minimum levels of qualification, skills, physical and other abilities, experience, judgement and attributes required to perform the efficiently and effectively.

### **Content of job specification:**

#### **1.Required Education**

Required level of education for each post that an incumbent is supposed to hold is listed in job specification statement. It also helps to determine the level or category of job in terms of rank.

#### **2. Health and Physical Fitness**

Physical fitness and health are a crucial aspect of good performance. Hence, body structure, physical ability and other aspects of health and fitness is a must to perform well in the organization.

#### **3. Appearance**

Appearance refers to an outlook of an employee, which must be attractive and good looking. The cleanliness and neatness of an individual shows his/her appearance. Hence, job specification statement defines the employee's appearance.

#### 4. Mental and Other Abilities

The employee must be mentally fit to perform the desired task. If not, the problems may arise at the work floor. Mental fitness is associated with the ability of decision making, managing emotions and sorrows, dealing with different kinds of people etc.

#### 5. Experience

Under it, the required level of experience in doing a task is explained, if necessary. An experienced employee will be preferable in comparison to the fresh candidate.

#### Benefits of job specification

- |                                    |                             |
|------------------------------------|-----------------------------|
| 1. Personnel planning              | 2. Performance appraisal    |
| 3. Hiring                          | 4. Training and development |
| 5. Job evaluation and compensation | 6. Health and safety        |
| 7. Employee discipline             | 8. Work scheduling.         |

### Job Evaluation

**According to Kimball and Kimball, “Job** evaluation represents an effort to determine the relative value of every job in a plant and to determine what the fair basic wage for such a job should be.”

Importance

**Reduction in inequalities in salary structure** - It is found that people and their motivation is dependent upon how well they are being paid. Therefore, the main objective of job evaluation is to have external and internal consistency in salary structure so that inequalities in salaries are reduced.

**Specialization** - Because of division of labour and thereby specialization, many enterprises have got hundred jobs and many employees to perform them. Therefore, an attempt should be made to define a job and thereby fix salaries for it. This is possible only through job evaluation.

Helps in selection of employees - The job evaluation information can be helpful at the time of selection of candidates. The factors that are determined for job evaluation can be considered while selecting the employees.

**Harmonious relationship between employees and manager** - Through job evaluation, harmonious and congenial relations can be maintained between employees and management, so that all kinds of salaries controversies can be minimized.

**Standardization** - The process of determining the salary differentials for different jobs become standardized through job evaluation. This helps in bringing uniformity into salary structure.

**Relevance of new jobs** - Through job evaluation, one can understand the relative value of new jobs in a concern.

## Methods of job analysis

### Observation method

The job analyst observes and records the tasks, responsibilities and duties of an employee. This also includes the methods and skills used by them to perform the job. This is the most difficult method of job analysis.

This is because every person has their own way of observation and interpretation, which can involve personal biases. This error can be minimized by choosing a properly trained job analyst.

### Interview method

The job analyst interviews employees to know about their working style, problems faced, skills and techniques used and insecurities about their careers. This method helps the analyst to know what an employee thinks of his job and the responsibilities it entails. The success of this method depends upon the genuineness of data and feedback collected from employees.

### Questionnaire method

In this method, the job analyst gives an employee a simple questionnaire to identify the duties, responsibilities, work environment and problems related to a job. This method can also be biased if the questions are not framed properly.

## Job design

**Meaning:** *Job design is the process of organizing work into the tasks required to perform a specific job. Job design involves the conscious efforts to organize tasks, duties and responsibilities into a unit of work to achieve certain objectives.*

### **Factors affecting job design**

#### **1. Organizational factors**

#### **2. Environmental factors**

#### **3. Behavioural factors.**

##### **1. Organizational Factors:**

Organizational factors that affect job design can be work nature or characteristics, work flow, organizational practices and ergonomics.

**(a) Work Nature-** There are various elements of a job and job design is required to classify various tasks into a job or a coherent set of jobs. The various tasks may be planning, executing, monitoring, controlling etc. and all these are to be taken into consideration while designing a job.

**(b) Ergonomics** – Ergonomics aims at designing jobs in such a way that the physical abilities and individual traits of employees are taken into consideration to ensure efficiency and productivity.

**(c) Workflow-** Product and service type often determines the sequence of work flow. A balance is required between various product or service processes and a job design ensures this.

**(d) Culture-** Organizational culture determines the way tasks are carried out at the work places. Practices are methods or standards laid out for carrying out a certain task. These practices often affect the job design especially when the practices are not aligned to the interests of the union.

## **2. Environmental Factors:**

Environmental factors affect the job design to a considerable extent. These factors include both the internal as well as external factors. They include factor like employee skills and abilities, their availability, and their socioeconomic and cultural prospects.

**(a) Employee availability and abilities-** Employee skills, abilities and time of availability play a crucial role while designing the jobs. The above-mentioned factors of employees who will perform the job are taken into consideration. Designing a job that is more demanding and above their skill set will lead to decreased productivity and employee satisfaction.

**(b) Socio economic and cultural expectations-** Jobs are nowadays becoming more employee centred rather than process centred. They are therefore designed keeping the employees into consideration. In addition, the literacy level among the employees is also on the rise. They now demand jobs that are to their liking and competency and which they can perform the best.

## **3. Behavioural Factors:**

Behavioural factors or human factors are those that pertain to the human need and that need to be satisfied for ensuring productivity at workplace. They include the elements like autonomy, diversity, feedback, etc.

**(a) Autonomy-** Employees should work in an open environment rather than one that contains fear. It promotes creativity, interdependence and leads to increased efficiency.

**(b) Feedback-** Feedback should be an integral part of work. Each employee should receive proper feedback about his work performance.

**(c) Diversity-** Repetitive jobs often make work monotonous which leads to boredom. A job should carry enough diversity and variety so that it remains as interesting with every passing day. Job variety/diversity should be given due importance while designing a job.

**(d) Use of skills and abilities-** Jobs should be employee rather than process centred. Though due emphasis needs to be given to the latter, but jobs should be designed in a manner such that an employee is able to make full use of his abilities is able to make full use of his abilities and perform the job effectively.

## **Methods of job design**

There are various methods in which job design can be carried out. These methods help to analyse the job, to design the contents of and to decide how the job must be carried out.

**Job Rotation**  
**Job Enrichment**  
**Job Enlargement**

- ✓ **Job rotation** involves shifting a person from one job to another, so that he can understand and learn what each job involves. The company tracks his performance on every job and decides whether he can perform the job in an ideal manner.
- ✓ **Job enrichment** is a term given by Fredrick Herzberg. According to him, a few motivators are added to a job to make it more rewarding, challenging and interesting. According to Herzberg, the motivating factors to an existing job to make it more interesting.
- ✓ **Job enlargement** is another method of job design when any organization wishes to adopt proper job design it can opt for job enlargement. Job enlargement involves combining various activities at the same level in the organization and adding them to the existing job. It increases the scope of the job. It is also called the horizontal expansion of job activities.

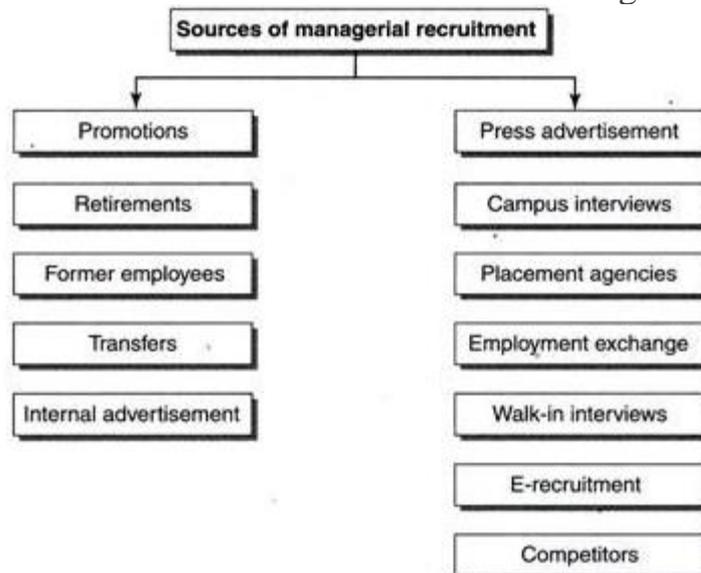
## Recruitment

### definition

According to prof. Yoder “the process searching for a prospective candidate for the job and stimulating them to apply for the job”

### Sources of Recruitment:

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



## **Internal Sources of Recruitment:**

### **1. Promotions:**

promotion policy is followed as a motivational technique for the employees who work hard and show good performance. Promotion results in enhancements in pay, position, responsibility and authority. The important requirement for implementation of the promotion policy is that the terms, conditions, rules and regulations should be well-defined.

### **2. Retirements:**

The retired employees may be given the extension in their service in case of non-availability of suitable candidates for the post.

### **3. Former employees:**

Former employees who had performed well during their tenure may be called back, and higher wages and incentives can be paid to them.

### **4. Transfer:**

Employees may be transferred from one department to another wherever the post becomes vacant.

### **5. Internal advertisement:**

The existing employees may be interested in taking up the vacant jobs. As they are working in the company since long time, they know about the specification and description of the vacant job. For their benefit, the advertisement within the company is circulated so that the employees will be intimated.

## **Benefits of Internal Sources of Recruitment:**

1. The existing employees get motivated.
2. Cost is saved as there is no need to give advertisements about the vacancy.
3. It builds loyalty among employees towards the organization.
4. Training cost is saved as the employees already know about the nature of job to be performed.
5. It is a reliable and easy process.

## **Limitations of Internal Sources of Recruitment:**

1. Young people with the knowledge of modern technology and innovative ideas do not get the chance.
2. The performance of the existing employees may not be as efficient as before.
3. It brings the morale down of employees who do not get promotion or selected.
4. It may lead to encouragement to favouritism.
5. It may not be always in the good interest of the organization.

## **External Sources of Recruitment:**

### **1. Press advertisement:**

A wide choice for selecting the appropriate candidate for the post is available through this source. It gives publicity to the vacant posts and the details about the job in the form of job description and job specification are made available to public in general.

## **2. Campus interviews:**

It is the best possible method for companies to select students from various educational institutions. It is easy and economical. The company officials personally visit various institutes and select students eligible for a post through interviews. Students get a good opportunity to prove themselves and get selected for a good job.

## **3. Placement agencies:**

A databank of candidates is sent to organizations for their selection purpose and agencies get commission in return.

## **4. Employment exchange:**

People register themselves with government employment exchanges with their personal details. According to the needs and request of the organization, the candidates are sent for interviews.

## **5. Walk in interviews:**

These interviews are declared by companies on the specific day and time and conducted for selection.

## **6. E-recruitment:**

Various sites such as jobs.com, naukri.com, and monster.com are the available electronic sites on which candidates upload their resume and seek the jobs.

## **7. Competitors:**

By offering better terms and conditions of service, the human resource managers try to get the employees working in the competitor's organization.

## **Benefits of External Sources of Recruitment:**

1. New talents get the opportunity.
2. The best selection is possible as many candidates apply for the job.
3. In case of unavailability of suitable candidates within the organization, it is better to select them from outside sources.

## **Limitations of External Sources of Recruitment:**

1. Skilled and ambitious employees may switch the job more frequently.
2. It gives a sense of insecurity among the existing candidates.
3. It increases the cost as advertisement is to be given through press and training facilities to be provided for new candidates.

# **Selection**

Stone defines, '*Selection is the process of differentiating between applicants to identify (and hire) those with a greater likelihood of success in a job*'.

## **Selection processes**

### **Step 1: job analysis**

The human resource Department prepares job description and specification for the job which are weekend make in give details for the job vacant, which covers Such as qualification, number of vacancies, work condition etc

**Step 2: advertisement**

Based on the information collected in step one HR Department prepares advertisement and publishes it in leading newspaper or any other media, this acts as a recruitment procedure for the organisation

**Step 3: Inviting applications:**

The prospective candidates from within the organization or outside the organization are called for applying for the post. Detailed job description and job specification are provided in the advertisement for the job. It attracts many candidates from various areas.

**Step 4: receiving Applications**

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

**Step 5: Screening Applications**

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

**Step 6: Employment Tests**

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

**Step 7: Employment Interview**

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

**Step 8: Checking References**

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

**step 9: Medical Examination**

The medical exam is also a very important step in the selection process. Medical exams help the employers know if any of the potential candidates are physically and mentally fit to perform their duties in their jobs. A good system of medical

check-ups ensures that the employee standards of health are higher and there are fewer cases of absenteeism, accidents and employee turnover.

### **Step 10: Final Selection and Appointment Letter**

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

Types of selection test:

#### **1). Ability tests:**

Assist in determining how well an individual can perform tasks related to the job. An excellent illustration of this is the typing tests given to a prospective employer for secretarial job. Also called as 'ACHEIVEMENT TESTS

#### **2). Aptitude test:**

Aptitude tests measure whether an individual has the capacity or latent ability to learn a given job if given adequate training. The use of aptitude test is advisable when an applicant has had little or no experience along the line of the job opening.

#### **3). Intelligence test:**

This test helps to evaluate traits of intelligence. Mental ability, presence of mind (alertness), numerical ability, memory and such other aspects can be measured.

#### **4). Interest Test:**

This is conducted to find out likes and dislikes of candidates towards occupations, hobbies, etc. such tests indicate which occupations are more in line with a person's interest. Such tests also enable the company to provide vocational guidance to the selected candidates and even to the existing employees.

#### **5). Personality Test:**

The importance of personality to job success is undeniable. Often an individual who possesses the intelligence, aptitude and experience for certain has failed because of inability to get along with and motivate other people. It is conducted to judge maturity, social or interpersonal skills, behaviour under stress and strain, etc

## **Placement**

**Meaning:** it is the process of placing the selected candidates into actual job as per the contract in the selection procedure importance

**1.** Man should be placed on the job according to the requirements of the job. The job should not be adjusted according to the qualifications or requirements of the man. Job first; man, Next should be the principle of placement.

2. The job should be offered to the man according to his qualifications. The placement should neither be higher nor lower than the qualifications.
3. The employee should be made conversant with the working conditions prevailing in the industry and all things relating to the job. He should also be made aware of the penalties if he commits a wrong.
4. While introducing the job to the new employee, an effort should be made to develop a sense of loyalty and cooperation in him so that he may realise his responsibilities better towards the job and the organisation.
5. The placement should be ready before the joining date of the newly selected person.
6. The placement in the initial period may be temporary as changes are likely after the completion of training may be placed based on his performance.

### **Training and development**

**Training implies a process of upgrading an individual's knowledge, skills and competencies.** When an employee joins the organization, he/she is given job-related training to ensure satisfactory performance of the tasks and duties assigned, so that the employee can contribute more to the organization.

On the other hand, **development has a long-term view.** It is all about preparing the employee for the current as well as future jobs, by providing them with learning opportunities to increase their capacities, to undertake more challenging and complex tasks.

#### **Methods of training**

There are two broad classification of training methods namely

##### **On the job training**

##### **Off the job training**

On-the-job training methods are as follows:

##### **Job rotation:**

This training method involves movement of trainee from one job to another gain knowledge and experience from different job assignments. This method helps the trainee understand the problems of other employees.

##### **2. Coaching:**

Under this method, the trainee is placed under a supervisor who functions as a coach in training and provides feedback to the trainee. Sometimes the trainee may not get an opportunity to express his ideas.

##### **3. Job instructions:**

Also known as step-by-step training in which the trainer explains the way of doing the jobs to the trainee and in case of mistakes, corrects the trainee.

##### **4. Committee assignments:**

A group of trainees are asked to solve a given organizational problem by discussing the problem. This helps to improve team work.

##### **5. Internship training:**

Under this method, instructions through theoretical and practical aspects are provided to the trainees. Usually, students from the engineering and commerce colleges receive this type of training for a small stipend.

## **2. Off-the-job Methods:**

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

The following are some of the off-the-job techniques:

### **1. Case study method:**

Usually case study deals with any problem confronted by a business which can be solved by an employee. The trainee is given an opportunity to analyse the case and come out with all possible solutions. This method can enhance analytic and critical thinking of an employee.

### **2. Incident method:**

Incidents are prepared based on actual situations which happened in different organizations and each employee in the training group is asked to make decisions as if it is a real-life situation. Later, the entire group discusses the incident and takes decisions related to the incident based on individual and group decisions.

### **3. Role play:**

In this case also a problem situation is simulated asking the employee to assume the role of a person in the situation. The participant interacts with other participants assuming different roles. The whole play will be recorded, and trainee gets an opportunity to examine their own performance.

### **4. In-basket method:**

The employees are given information about an imaginary company, its activities and products, HR employed, and all data related to the firm. The trainee (employee under training) must make notes, delegate tasks and prepare schedules within a specified time. This can develop situational judgments and quick decision-making skills of employees.

### **5. Business games:**

According to this method the trainees are divided into groups and each group must discuss about various activities and functions of an imaginary organization. They will discuss and decide about various subjects like production, promotion, pricing etc. This gives result in co-operative decision-making process.

### **6. Grid training:**

It is a continuous and phased programme lasting for six years. It includes phases of planning development, implementation and evaluation. The grid takes into consideration parameters like concern for people and concern for people.

### **7. Lectures:**

This will be a suitable method when the numbers of trainees are quite large. Lectures can be very much helpful in explaining the concepts and principles very clearly, and face to face interaction is very much possible.

**8. Simulation:**

Under this method an imaginary situation is created, and trainees are asked to act on it. For e.g., assuming the role of a marketing manager solving the marketing problems or creating a new strategy etc.

**9. Management education:**

At present universities and management institutes gives great emphasis on management education. For e.g., Mumbai University has started bachelors and postgraduate degree in Management. Many management Institutes provide not only degrees but also hands on experience having collaboration with business concerns.

**10. Conferences:**

A meeting of several people to discuss any subject is called conference. Each participant contributes by analysing and discussing various issues related to the topic. Everyone can express their own view point.

**Importance of Training and Development**

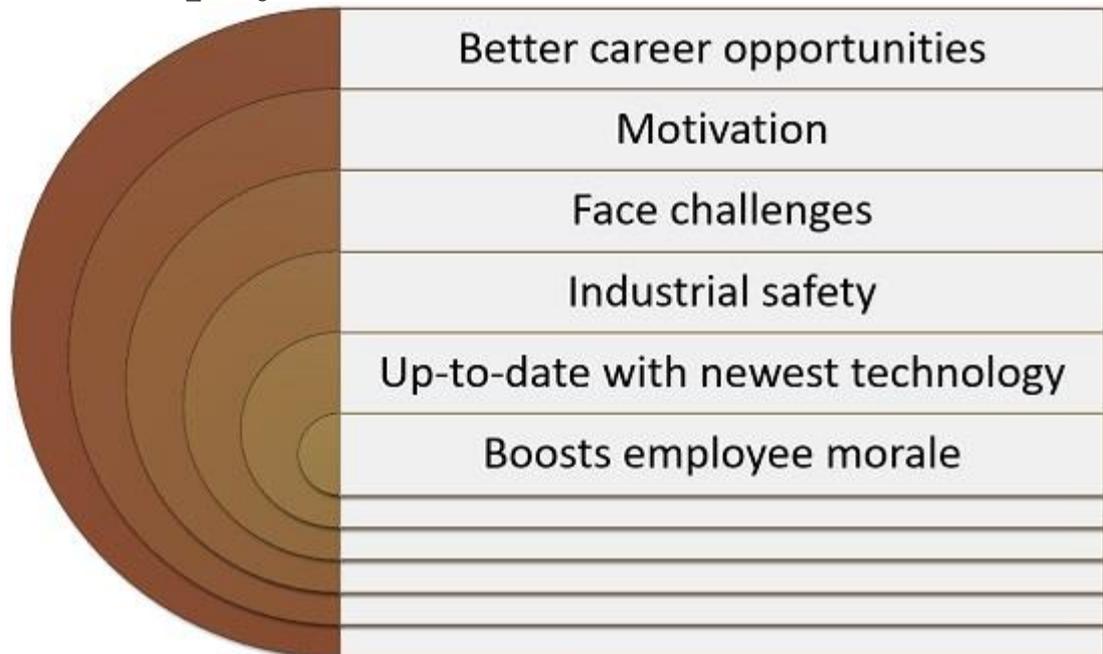
**I. For organization:**



- Training and Development programme facilitates **better utilization of an organization’s resources**, i.e. men, machine, material and money.
- It ensures **less wastage, with respect to resources and time**. When a worker is skilled and trained enough, the amount of wastage will be less, as well as the learning time will be reduced, and the work will be performed in very less time.
- It **improves the performance** of the employee which results in increased profitability.
- The employees learn **new and improved methods of performing an activity**, which helps the organization to survive, compete and grow in the market.
- It results in a **reduction in employee turnover, idle time and absenteeism**.

- It develops a **positive attitude** in employees towards the work and organization, as well as boosts their morale, which helps them adapt themselves to the changing environment.

## II. For Employees:



- ❖ An individual focus more on career than a job. And so, the **skills and knowledge acquired from the training add to their resume.**
- ❖ Improved performance is a sort of **motivation** for an individual which encourages them to perform much better than before and contribute to the organization's success, which ultimately increases their incentives.
- ❖ When an employee is trained enough, he/she will **handle any situation or problem and deal with the challenges** in a better way.
- ❖ Training makes workers machine or equipment-friendly, which **reduces the number of accidents** during the process.
- ❖ It helps the employee to **stay up-to-date with the technological changes.**
- ❖ It results in **job satisfaction and boosts employee's morale.**

## Retention of employees

### Meaning:

Employee Retention refers to the techniques employed by the management to help the employees stay with the organization for a longer period. Employee retention strategies go a long way in motivating the employees so that they stick to the organization for the maximum time and contribute effectively.

### **Need for employee retention**

#### **Hiring is not an easy process:**

The HR Professional shortlists few individuals from a large pool of talent, conducts preliminary interviews and eventually forwards it to the respective line managers who further grill them to judge whether they are fit for the organization or not.

#### **Recruiting the right candidate is a time-consuming process:**

An organization invests time and money in grooming an individual and make him ready to work and understand the corporate culture: A new joined is completely raw and the management really must work hard to train him for his overall development. It is a complete wastage of time and money when an individual leave an organization suddenly. The HR must start the recruitment process all over again for the same vacancy; a mere duplication of work.

#### **Finding a right employee for an organization is a tedious job and all efforts simply go waste when the employee leaves:**

When an individual resigns from his present organization, it is more likely that he would join the competitors: In such cases, employees tend to take all the strategies, policies from the current organization to the new one. Individuals take all the important data, information and statistics to their new organization and in some cases even leak the secrets of the previous organization. To avoid such cases, it is essential that the new joined is made to sign a document which stops him from passing on any information even if he leaves the organization. Strict policy should be made which prevents the employees to join the competitors. This is an effective way to retain the employees.

#### **The employees working for a longer period are more familiar with the company's policies, guidelines and thus they adjust better:**

They perform better than individuals who change jobs frequently. Employees who spend a considerable time in an organization know the organization in and out and thus can contribute effectively.

#### **Every individual need time to adjust with others:** One needs time to know his team members well, be friendly with them and eventually trust them.

Organizations are always benefited when the employees are compatible with each other and discuss things among themselves to come out with something beneficial for all. When a new individual replaces an existing employee, adjustment problems crop up. Individuals find it difficult to establish a comfort level with the other person.

#### **It has been observed that individuals sticking to an organization for a longer span are more loyal towards the management and the organization:**

They enjoy all kinds of benefits from the organization and as a result are more attached to it. They hardly badmouth their organization and always think in favour of the management. For them the organization comes first and all other things later.

**It is essential for the organization to retain the valuable employees showing potential:** Every organization needs hardworking and talented employees who can really come out with something creative and different. No organization can survive if all the top performers quit. It is essential for the organization to retain those employees who really work hard and are indispensable for the system.

### **Ways to retain employees**

#### **Hire the Right Employees**

As you're screening candidates, pay close attention to signs that you may have a job-hopper. While there's nothing wrong with someone switching jobs if it provides career advancement, look for someone who is interested in growing with your company rather than getting experience to take somewhere else.

#### **Offer Training**

Businesses expect their professionals to arrive fully trained and certified. Yet too many aren't willing to invest in helping them maintain those credentials. Whether you send employees to a learning centre or you provide membership to one of the many e-learning sites available, when you take your employees' education seriously, they see it as an investment in their career.

#### **Provide Guidance**

Your employees should be fully aware of their job duties and how they're doing in performing them. You can accomplish this by first having a job plan in place and providing regular feedback on an employee's performance. If an employee feels confused about his role in your organization, he's more likely to feel disgruntled and begin searching for something else.

#### **Pay Well**

As difficult as it is to pay competitive salaries when funds are low, and budgets are tight, calculate the cost to replace employees. It can cost as much as 30 percent to 50 percent of an entry-level employee's annual salary just to replace him. Employees often find they can enjoy a 10 to 20 percent salary increase by simply moving from one company to the next, which makes jumping ship attractive.

#### **Don't Punish Competence**

Managers often spend much of their time on employees who are struggling, leaving the talented ones completely neglected. Over time, this can lead to resentment as star employees start to feel unnoticed and unsupported. Managers must try to let top performers know their hard work isn't going unnoticed.

#### **Be More Flexible**

Workers have expressed a preference for flexible working conditions. If you expect your best employee to answer his phone when a client calls at seven o'clock on a Friday night, you should also understand when that employee comes in late one morning or needs to take off early.

#### **Offer Benefits**

Small businesses often struggle to compete with larger corporations in providing benefits. While you don't have to beat big business in the healthcare

options you offer, you can offer things they won't get elsewhere, such as the ability to work from home, more flexible vacation offerings, and performance bonuses.

**Provide Unique Perks**

Another way business can compete without breaking the budget is through offering perks they can't get elsewhere. Silicon Valley has become notorious for its free meals and nap pods, but you can increase retention by coming up with creative perks. Use your connections to get free VIP tickets to special events or special discounts at local retailers.

## Performance appraisal

**meaning**

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

**Performance appraisal methods**

**Table 28.4 : Methods of Performance Appraisal**

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

**Ranking Method:**

It is the oldest and simplest formal systematic method of performance appraisal in which employee is compared with all others for placing order of worth. The employees are ranked from the highest to the lowest or from the best to the worst.

In doing this the employee who is the highest on the characteristic being measured and the one who is L lowest, are indicated. Then, the next highest and the next lowest between next highest and lowest until all the employees to be rated have been ranked. Thus, if there are ten employees to be appraised, there will be ten ranks from 1 to 10.

**Paired Comparison:**

In this method, each employee is compared with other employees on one- on one basis, usually based on one trait only. The rater is provided with a bunch of slips each coining pair of names, the rater puts a tick mark against the employee

whom he insiders the better of the two. The number of times this employee is compared as better with others determines his or her final ranking.

**Grading Method:**

In this method, certain categories of worth are established in advance and carefully defined. There can be three categories established for employees: outstanding, satisfactory and unsatisfactory. There can be more than three grades. Employee performance is compared with grade definitions. The employee is, then, allocated to the grade that best describes his or her performance.

**Forced Distribution Method:**

This method was evolved by Tiffen to eliminate the central tendency of rating most of the employees at a higher end of the scale. The method assumes that employees’ performance level confirms to a normal statistical distribution i.e., 10,20,40,20 and 10 per cent. This is useful for rating many employees’ job performance and promo ability. It tends to eliminate or reduce bias.

**Forced-Choice Method:**

The forced-choice method is developed by J. P. Guilford. It contains a series of groups of statements, and rater rates how effectively a statement describes everyone being evaluated. Common method of forced-choice method contains two statements, both positive and negative.

**Check-List Method:**

The basic purpose of utilizing check-list method is to ease the evaluation burden upon the rater. In this method, a series of statements, i.e., questions with their answers in ‘yes’ or ‘no’ are prepared by the HR department (see Figure 28-2). The check-list is, then, presented to the rater to tick appropriate answers relevant to the appraisee. Each question carries a weight-age in relationship to their importance.

**Fig. 28.2: Sample Check-list for Appraising University Teachers**

	<i>Yes</i>	<i>No</i>
1. Is regular on the job?	---	---
2. Does maintain discipline well?	---	---
3. Does show consistent behaviour to all students?	---	---
4. Is interested in (teaching) job?	---	---
5. Does ever make mistakes?	---	---
6. Does show favouritism to particular students?	---	---
7. Is willing to help colleagues?	---	---

**Critical Incidents Method:**

In this method, the rater focuses his or her attention on those key or critical behaviours that make the difference between performing a job in a noteworthy manner (effectively or ineffectively).

**Graphic Rating Scale Method:**

The graphic rating scale is one of the most popular and simplest techniques for appraising performance. It is also known as linear rating scale. In this method, the printed appraisal form is used to appraise each employee. The form lists traits (such as quality and reliability) and a range of job performance characteristics (from unsatisfactory to outstanding) for each trait. The rating is done based on points on the continuum

**Essay Method:**

Essay method is the simplest one among various appraisal methods available. In this method, the rater writes a narrative description on an employee's strengths, weaknesses, past performance, potential and suggestions for improvement. Its positive point is that it is simple in use. It does not require complex formats and extensive/specific training to complete it.

**Field Review Method:**

When there is a reason to suspect rater's biasedness or his or her rating appears to be quite higher than others, these are neutralised with the help of a review process. The review process is usually conducted by the personnel officer in the HR department.

**Confidential Report:**

It is the traditional way of appraising employees mainly in the Government Departments. Evaluation is made by the immediate boss or supervisor for giving effect to promotion and transfer. Usually a structured format is devised to collect information on employee's strength weakness, intelligence, attitude, character, attendance, discipline, etc. report.

**Modern Methods:**

**Management by Objectives (MBO):**

Most of the traditional methods of performance appraisal are subject to the antagonistic judgments of the raters. It was to overcome this problem; Peter F. Drucker propounded a new concept, namely, management by objectives (MBO) way back in 1954 in his book.

The Practice of management. The concept of MBO as was conceived by Drucker, can be described as a "process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual's major areas of responsibility in terms of results expected of him

and use these measures as guides for operating the unit and assessing the contribution of each its members”.

### **Behaviourally Anchored Rating Scales (BARS):**

The problem of judgmental performance evaluation inherent in the traditional methods of performance evaluation led to some organisations to go for objective evaluation by developing a technique known as “Behaviourally Anchored Rating Scales (BARS)” around 1960s. BARS are descriptions of various degrees of behaviour about a specific performance dimension.

It combines the benefits of narratives, critical incidents, and quantified ratings by anchoring a quantified scale with specific behavioural examples of good or poor performance. The proponents of BARS claim that it offers better and more equitable appraisals than do the other techniques of performance appraisal we discussed so far.

### **Assessment centre**

an assessment centre is a central location where managers come together to participate in well-designed simulated exercises. They are assessed by senior managers supplemented by the psychologists and the HR specialists for 2-3 days.

Assessed is asked to participate in in-basket exercises, work groups, simulations, and role playing which are essential for successful performance of actual job. Having recorded the assesses behaviour the raters meet to discuss their pooled information and observations and, based on it, they give their assessment about the assessed. At the end of the process, feedback in terms of strengths and weaknesses is also provided to the assesses.

### **360-degree appraisal**

Under 360 – degree appraisal, performance information such as employee’s skills, abilities and behaviours, is collected “all around” an employee, i.e., from his/her supervisors, subordinates, peers and even customers and clients.

In other words, in 360-degree feedback appraisal system, an employee is appraised by his supervisor, subordinates, peers, and customers with whom he interacts during his job performance. All these appraisers provide information or feedback on an employee by completing survey questionnaires designed for this purpose.

### **Cost Accounting Method:**

This method evaluates an employee’s performance from the monetary benefits the employee yields to his/her organisation. This is ascertained by establishing a relationship between the costs involved in retaining the employee, and the benefits an organisation derives from Him/her.