

UNIT – II

HUMAN RESOURCE FUNCTION

The Human Resource Management (HRM) is a management function that deals with Recruiting, Selecting, Training and Developing Human Resource in an Organization. It is concerned with the “people” dimension in management. It includes activities focusing on the effective use of human resources in an organization. It is concerned with the development of a highly motivated and smooth functioning workforce. It also includes Planning, Acquiring, Developing, Utilising and Maintaining ‘Human Resources’ in the achievement of organizational goals.

- According to **Edwin B. Flipppo**, “Human resource management is the planning, organizing, directing, and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and societal objectives are accomplished.”

OBJECTIVES of HRM (Human Resource Management)

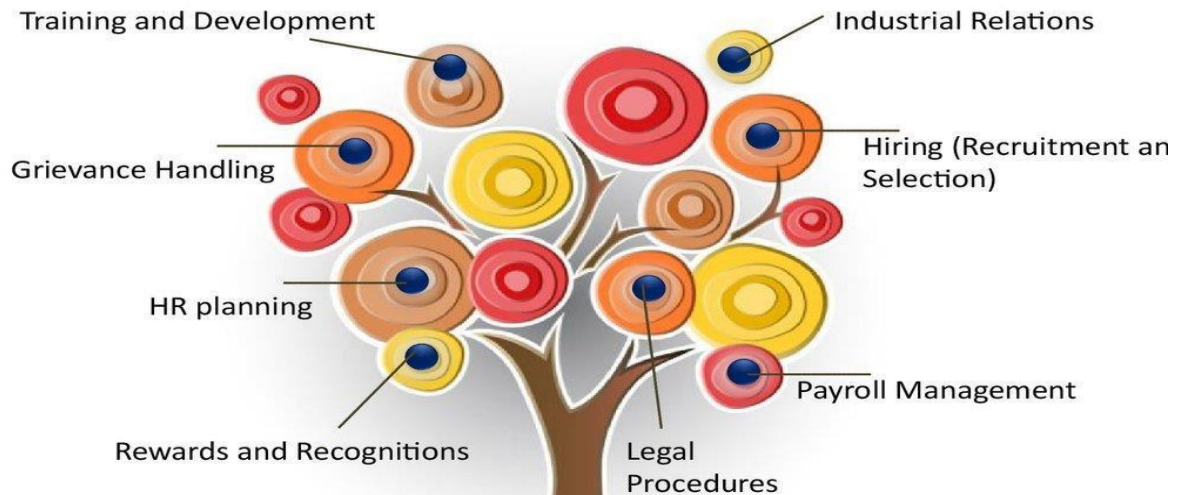
- **To ensure the right person is placed in the right job:** This is about matching people’s skills with suitable roles.
- **To develop employees:** HRM focuses on training and career development to improve performance.
- **To maintain high employee morale:** Satisfied employees are productive employees, and HRM creates systems for motivation and engagement.
- **To ensure effective utilization of manpower:** HR aims to minimize wastage of human resources by keeping productivity high.
- **To maintain healthy industrial relations:** Good communication and conflict-resolution practices lead to peaceful and efficient operations.

Example: **TATA Steel** is known for having one of the oldest and most respected HR departments in India. Its HR policies aim to develop employee skills, maintain harmony with unions, and ensure safety and satisfaction.

SCOPE of HRM (Human Resource Management)

Scope of Human Resource Management

The scope of HRM covers but is not limited to the following functions:



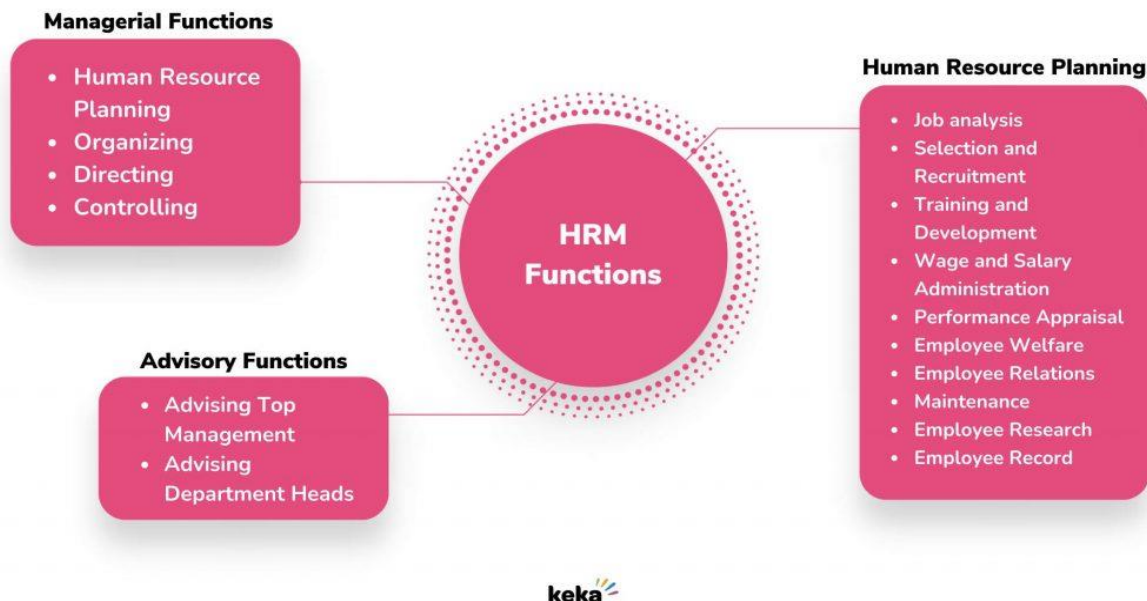
Therefore, HRM is about developing and managing harmonious relationships at workplace and striking a balance between organizational goals and individual goals.

- **Human Resource Planning:** Estimating future manpower needs and preparing strategies to fulfil them.
- **Recruitment and Selection:** Attracting, shortlisting, and selecting the best candidates.
- **Training and Development:** Providing employees with the tools and knowledge to perform well and grow in their careers.
- **Performance Appraisal:** Evaluating employee performance to provide feedback and rewards.
- **Compensation and Benefits:** Creating a fair and motivating pay structure.
- **Employee Welfare and Safety:** Ensuring a safe, hygienic, and stress-free work environment.
- **Industrial Relations:** Managing relationships between the company and labour unions or employees.

Example: Larsen & Toubro (L&T) focuses heavily on training and employee safety, especially at its construction sites across India. Its HRM scope covers everything from manpower planning to accident prevention programs.

FUNCTIONS of HRM (Human Resource Management)

Types of HRM Functions



A) MANAGERIAL FUNCTIONS:

1. Human Resource Planning:

- It is a function that determines the need for the number of employees and the types of employees for achieving organizational goals.
- Research becomes an important part of this function as the data is collected and analysed for current and future HR needs.
- This function also helps in forecasting the changing values, attitude, and behaviour of the employees and how that would impact the organization and the business.

2. Organizing:

- In an organization, tasks are allocated among members, relationships are identified and established, and activities are directed towards collectively contributing to the achievement of the organizational goal.

3. Directing:

- Making the employees contribute their maximum efforts and activating them at different levels is only possible through proper direction and motivation.
- When you employees are motivated, you can tap into the employees' full potential with proper command.

4. Controlling:

- After planning, organizing and directing, the actual performance of the employees is checked and compared with the original plans.
- If the performance of the employees is deviated, it requires some measures of control to be taken so that the employee performance is on track with their goals.

B) OPERATIVE FUNCTIONS

1. Selection and Recruitment:

- It is a function that brings together a pool of prospective candidates to the organization.
- The management can select the right candidate for the job from this talent pool.

2. Job Analysis:

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

3. Training and development:

- This HRM function enables the employees to develop their skills and knowledge in order for them to perform their jobs effectively.
- Training and development programs help in preparing the existing employees for higher roles and responsibilities.
- They also help the new and existing employees learn more about their job.

4. Wage and Salary Administration:

- HRM determines what is to be paid for different roles and jobs.
- HRM helps in deciding the compensation of the employees which include wage administration, salary administration, bonuses, incentives, etc.

5. Performance Appraisal:

- This HRM function is very important as the HRs need to ensure that the employees' performances are consistent.
- Performance appraisal rewards the employees for their consistent performance and reaching their objectives.

6. Employee Welfare:

- This is the function that looks after the overall wellbeing of the employees by providing various benefits, facilities, and services to the employees by the organization.

7. Employee Relations:

- This refers to the HRM's interactions with the employees represented by a union.
- Employees come together to attain more voice for making decisions impacting the wage benefits, working conditions, etc.

8. Maintenance:

- HR is considered to be an asset to the organization and employee turnover is considered to be good for the organization.
- HRM always tries to keep and maintain their best performing employees within the organization.

9. Personnel Research:

- Personnel Research is done by HRM to understand the employees' opinions on compensation, work conditions and work culture, etc.
- The results of this research help in determining the employee promotions, employee satisfaction, employee up-skilling and termination of the employees.

10. Personnel Record:

- This function involves recording, maintaining, documenting, and retrieving employee-related data like – application forms, employment history, working hours, compensation history, employee attendance, employee turnover, and other employee related data.

C) ADVISORY FUNCTIONS

HRM has expertise in managing the Human Resources of the company and hence has the ability to advise on matters related to the employee to the:

1. Advising the top Management: Personnel managers advises the top management on formulating and evaluating the employee programs, policies and procedures.

2. Advising the Department Heads: The personnel manager advises the department heads on matters such as staff planning, job analysis, job design, recruitment, selection, placement, training, performance appraisal, etc.

Example: State Bank of India (SBI) has an extensive HRM framework. It conducts national-level recruitment, provides internal training for promotions, and maintains industrial peace with employee unions across branches.

MANPOWER (or) HUMAN RESOURCE PLANNING

Manpower Planning which is also called as Human Resource Planning consists of putting right number of people, right kind of people at the right place, right time, doing the right things for which they are suited for the achievement of goals of the organization.

RECRUITMENT & SELECTION

Together, Recruitment and Selection help organizations build a competent workforce and place the right person in the right job at the right time.



- ✚ **RECRUITMENT** - Recruitment is the process of identifying, attracting, and encouraging potential candidates to apply for a job.

RECRUITMENT PROCESS

1. **Identifying Manpower Requirements** - The HR department identifies the number of employees required and the qualifications needed for a job.
Example: Tata Motors identifies the need for 100 engineers in its EV division based on future production plans.
2. **Job Analysis and Job Description** - HR prepares job descriptions (duties, responsibilities) and job specifications (skills, qualifications).
Example: Amazon India defines job roles clearly for delivery associates including skills like navigation, basic smartphone use, and punctuality.
3. **Sourcing Candidates** - Recruiters search for potential candidates using internal or external sources.

Internal Sources:

- Promotions
- Transfers
- Employee referrals

External Sources:

- Job portals (Naukri.com, LinkedIn)
- Campus placements
- Employment agencies
- Walk-ins

Example: Infosys conducts mass hiring through college campus drives across India.

4. **Inviting Applications** - The organization invites applications by publishing job openings through newspapers, websites, social media, etc.
Example: SBI releases online notifications on its official website and newspapers for PO and clerk positions.

- ✚ **SELECTION** - Selection is the process of choosing the most suitable candidates from the pool of applicants. Once applications are received, the selection process begins to shortlist and appoints the right candidate.

Selection Process

1. **Preliminary Screening** - Initial screening of applications to reject unqualified candidates.
Example: Wipro filters out resumes based on academic cut-offs and relevant experience.
2. **Written Test / Online Test**

Tests may include:

- Aptitude
- Reasoning
- Technical skills
- Domain knowledge

Example: TCS NQT (National Qualifier Test) is a written test used for selecting freshers.

- 3. Group Discussion (GD)** - Used to assess communication skills, leadership qualities, and teamwork.

Example: In ICICI Bank's hiring for sales roles, candidates are asked to discuss a financial topic in a GD.

- 4. Personal Interview** - Face-to-face interaction to evaluate personality, confidence, job fit, and communication.

Types:

- HR interview
- Technical interview
- Behavioral interview

Example: HCL Technologies uses structured interviews to assess both technical knowledge and cultural fit.

- 5. Reference and Background Check** - Verifying past work experience, education, and conduct.

Example: Cognizant uses third-party verification services to ensure all candidate documents are authentic.

- 6. Medical Examination** - To ensure the candidate is physically fit for the job.

Example: Indian Railways conducts medical tests for loco pilots and drivers before final selection.

- 7. Final Selection and Job Offer** - The most suitable candidate is offered the job and provided an appointment letter with terms and conditions.

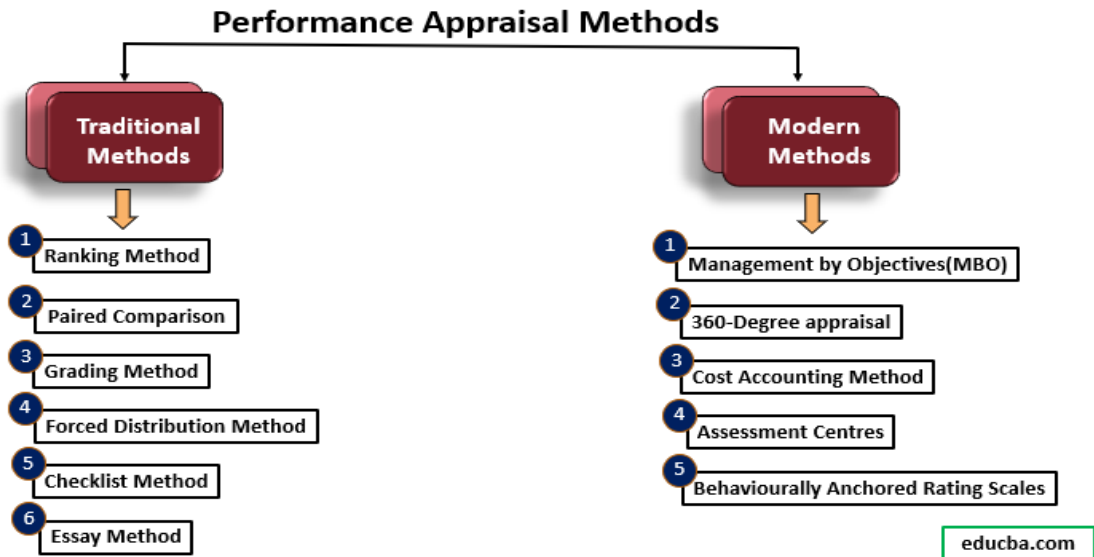
Example: HDFC Bank issues an offer letter via email after final selection and background verification.

PERFORMANCE APPRAISAL

A performance appraisal is the periodic assessment of an employee's job performance as measured by the competency expectations set out by the organization

The performance assessment often include both the core competencies required by the organization and also the competencies specific to the employee's job

METHODS



1) Management By Objective (MOB)

- In this method, Managers and Employees work together to Identify, Plan, Organize, & Communicate goals for success
- The manager identifies the desired objectives to be achieved, giving the employee a major area of responsibility in terms of the results that are expected from him/her
- Over regular touch point meetings, the manager & employee discuss the progress made
- The employer can then use these measures of progress as a guide to measuring the contribution level of the employee

Example: Infosys Technologies Ltd. uses MBO to set Key Result Areas (KRAs) for software engineers and project managers. Each team member has targets related to project deadlines, quality metrics, and client satisfaction. These goals are tracked regularly using performance dashboards, and bonuses are linked to achievement.

2) 360 – degree Feedback

- In the 360 – feedback method, multiple raters are involved in evaluating the performance of an individual
- The feedback of the employee is collected by all agents within the organization who interact with him/her including supervisors, peers, sub-ordinates, & even customers
- Usually, this feedback is collected by an online questionnaire designed specially for this purpose

Example: Tata Consultancy Services (TCS) applies 360-degree feedback for its leadership development program. Managers receive anonymous feedback from their teams, clients, and peers to improve leadership effectiveness.

3) Behaviorally Anchored Rating Scale

- This method is often thought of as being the most effective, as it succeeds in bringing out both the qualitative and quantitative benefits of the performance appraisal process
- In the behaviorally anchored rating scale (BARS) system, the Employer compares Employees performance with specific behavioral examples that are anchored to numerical ratings
- On the basis of an individual's behavior, we rate their behavior as good, average, (or) poor.

Example: ICICI Bank uses BARS in its retail and customer service departments. Customer relationship officers are rated on behaviours such as “explains banking products clearly” or “handles customer complaints politely,” anchored to scores like 1 (poor) to 5 (excellent).

4) Assessment Centre Method

- This method helps employees to get transparent information of how they are being observed by the people
- This method helps the organization to monitor and assess the current performance as well as forecast the performance of the employees

Example: Axis Bank uses assessment centers to promote employees into higher managerial roles by testing their communication, analytical thinking, and leadership skills.