MODULE 5

Human Resources Management (HRM)

Human Resources Management (or) Personnel Management is the management function that deals with recruitment, placement, training and development of organization members.

Procurement
Procurement is concerned with the obtaining of the proper quantity and quality of workforce necessary to accomplish objectives and functions of an organization. It includes the determination of human resources requirements and their recruitment and selection.

Steps involved in selection

PROCEDURES	PURPOSES	ACTIONS AND TRENDS
1. Completed job application	Indicates applicant's desired position; provides information for interviews	Requests only information that predicts success in the job
2. Initial screening interview	Provides a quick evaluation of applicants suitability	Asks questions on experience, salary expectation, willingness to relocate etc.
3. Testing	Measures applicants job skills and the ability to learn on the job.	May include computer testing software, handwriting analysis, mental and physical ability.
4. Background investigation	Checks truthfulness of applicants resume or application form	Calls the applicant's previous supervisor (with permission) and confirms information from applicant.
5. In-depth selection interview	Finds out more about the applicant as an individual	Conducted by the manager to whom the applicant will report.
6. Physical examination	Ensures effective performance by applicant; protects other employees against diseases, establishes health record on applicant; protects firm against unjust worker's compensation claims.	Often performed by company's medical order.
7. Job offer	Fills a job vacancy or position	Offers a salary plus benefit package.

Recruitment is developing a pool of job candidates in line with the human resource plan. Candidates are usually located through newspaper and professional journal

advertisements, employment agencies, word of mouth and visits to college and university campuses.

Selection is the mutual process whereby the organization decides whether or not to make a job offer and the candidate decides whether or not to accept it. The standard hiring sequence is the seven-step procedure described in the table given above. In practice, however, the actual selection process varies with different organizations and between levels in the same organization.

Training and Development

The quality of employees and their development through training and education are major factors in determining long-term profitability of a concern. Both managers and non-managers may benefit from training and development programs, but the mix of experiences is likely to vary. Non – managers are often trained in the technical skills, whereas the focus of training managers will be in developing conceptual and human relations skill.

Since training involves time, effort and money it is important to be very careful while designing a training program. The objectives and need for training should be clearly identified and the method or type of training should be chosen according to the needs and objectives established. Two commonly methods of training are:

1) On-the-job training methods
2) Off-the-job training methods

On-the-job training methods

On-the-job methods enable the trainees to learn as they contribute to the aims of the enterprise. The following are some of the On-the-job training methods.

a) *Job rotation*, in which the employee, over a period of time, works on a series of jobs, there by learning a broad variety of skills.
b) *Internship* in which job training is combined with related class room instructions.
c) *Apprenticeship* in which the employee is trained under the guidance of a highly skilled co-worker.
d) *Coaching* is the training of an employee by his of her immediate superior. The superior guides his sub-ordinates and gives him or her job instructions. The superior points out the mistakes and gives suggestions for improvement.
e) *Planned work Activities*, in which trainees are given work assignments to develop their experience and ability. Trainees may be asked to head a task force or participate in an important committee meeting. Such experiences help them to understand how organizations operate and also improve their human relations skill.

Off-the-job training methods

Off the job training takes place outside the workplace but attempts to simulate actual working conditions. This type of training includes:

a) *Vestibule training* - Employees train on the actual equipment and in a realistic job setting, but in a room different from the one in which they will be working.

The object is to avoid the on the job pressures that might interfere with the learning process.

b) *Audiovisual methods* such as television, videotapes and films are employed for providing real world conditions and situations in a short time. One advantage is that the presentation is the same no matter how many times it is played. This is not true with lectures, which can change as the speaker is changed or can be influenced by outside constraints. The major flaw with the audiovisual method is that it does not allow for questions and interactions with the speaker, nor does it allow for changes in the presentation for different audiences.

c) *Computer-Assisted Instruction (CAI)* can be employed which can reduce the time needed for training and also can provide more help for individual trainees. They also allow the trainee to learn at his or her own pace.

d) *Classroom Instructions*- In this approach specialist from inside or outside the organization teach trainees a particular subject. Classroom instruction is often supplemented with exercises.

e) *Planned Readings*, involves reading of relevant literature. The training department may aid a manger by providing a list of valuable books. This is essentially a self-development

Compensation

Compensation provides for the adequate and equitable remuneration of the work force in order to secure their best contribution to the achievement of the organisation's goals. Fixing wage rates for different categories of employees is an important task of management. The employees are not only concerned with wages received but also concerned with the level of wages received by same level of employees in similar organizations. The relative wage rules should be fixed carefully, because they have implications for promotion, transfer, seniority and other important personnel matters.

Integration

The basic objective of human resource management is to secure maximum performance from the employees. This can be accomplished only through better integration between the organisation and its employees. An effective integration between the organisation and its employees depends on three things, namely motivation, leadership and communication. In recent years the human relation exponents have revolutionized the ways and means of dealing with employees for greater performance and productivity. Hence, managerial job has become more complicated and challenging.

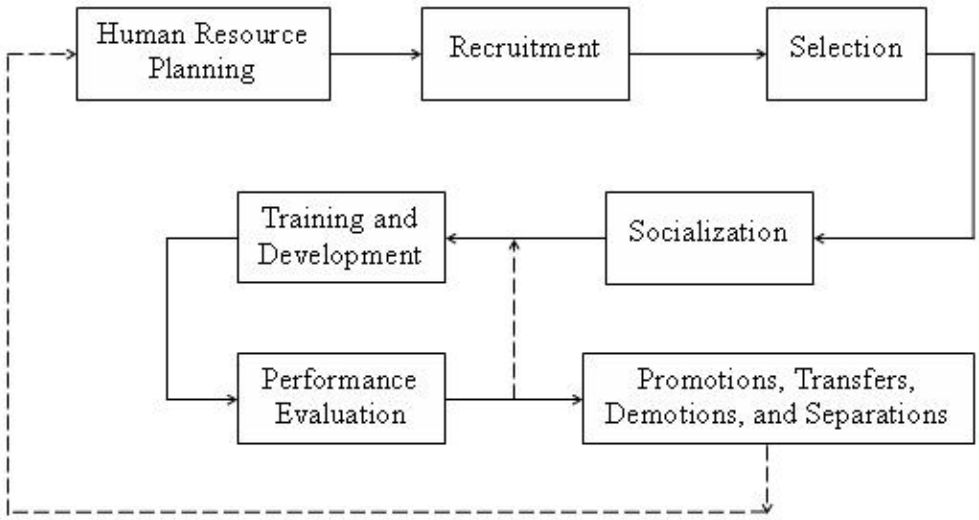
Maintenance

This function of personnel management is concerned with maintaining the abilities and attitudes already created and improving the conditions established through health safety, welfare and benefits programs

Systems Approach to Human Resource Management

The managerial function of staffing - also referred to as Human Resources Management (HRM) or Personnel Management - is defined as filling, and keeping filled, positions in the organization structure.

The process involved in personnel management are usually represented by a figure as given below and are referred to as "HRM process" in organizations.



HRM Process in Organizations

Human resource planning is designed to ensure that personnel needs will be constantly and appropriately met. It is accomplished through analysis of (a) internal factors, such as current and expected skill needs, vacancies, and departmental expansions and reductions, and (b) factors in the environment, such as the labour market.

The need for human resource planning may not be readily apparent. However, an organization that does not do planning for human resources may find that it is not meeting either its personnel requirements or its overall goal effectively. For example, a manufacturing company may hope to increase productivity with new automated equipment, but if the company does not start to hire and train people to operate the equipment before installation, the equipment may remain idle for weeks or even months. Planning for human resources is a challenging task today, given the increasingly competitive environment, changing demographics, and pressure from the government to protect both employees and environment.

Socialization or orientation is designed to help the selected individuals fit smoothly into the organization. Newcomers are introduced to their colleagues, acquainted with their responsibilities, and informed about the organization's culture, policies, and expectations regarding employee behaviour.

The skills or knowledge specified in the appropriate job description are examined, and those employees without necessary skills or knowledge become candidates for ***training programme***.
Performance appraisal is measuring each employee's work against the performance standards or objectives established for his or her job.

Authority and Responsibility

Authority is the organization's legitimized power that is linked to each position within the organization. It typically involves the right to command, to perform, to make decisions, and to expend resources.

Four management theories have attempted to explain the nature of authority. The classical theory of authority of authority holds that authority flows from top to bottom in an organization and is a function of position held in the organization. When removed from his or her position in the organization, the person no longer has the authority that is associated with that position. According to acceptance theory of authority, a manager's authority rests with his or her subordinates. The manager has no authority unless subordinates choose to accept his or her commands. A third theory of authority states that the nature of the situation should be the force that grants authority. For example, if a fire starts in a work place, the worker nearest to the telephone might legitimately assume the authority to call the fire department even though he or she had not specifically been directed to do so. A final theory of authority holds that the person most knowledgeable in a given situation has authority by virtue of his or her expertise.

Responsibility is the obligation towards the goals related to the position and the organization.. Managers' primary responsibilities are to examine tasks, problems, or opportunities in relationship to the company's short-and long-range goals. They must be quick to identify areas of potential problems, continually search for solutions, and be alert to new opportunities and ways to take advantage of the best ones.

Delegation

Delegation is the assignment of formal authority and responsibility to another person for carrying specific activities. The delegation of authority by managers to employees is necessary for efficient functioning of any organization because no manager can personally accomplish or completely supervise all of what happens at an organization. The following are guidelines for effective delegation:

1) Tasks should be assigned in terms of results expected from a position.
2) There should be parity of authority and responsibility.
3) There should be well-defined clarification of limits of authority
4) Command, orders or guidance should always flow to a sub-ordinate from one delegating superior
5) There should be open communication between sub-ordinate and delegating superior

Decentralization and Centralization

Decentralization is the tendency to disperse formal authority. Centralization, on the other hand, is the concentration of authority. In a relatively decentralized organization, considerable authority and accountability are passed down the organizational hierarchy. On the other hand, in a relatively centralized organization, considerable authority and accountability remain at the top of the hierarchy.

Decentralisation is actually an extension of the concept of delegation. Delegation can take place from one superior to one subordinate and is a complete process, but decentralisation takes place only when the fullest possible delegation or distribution

of authority is made to all - or most of the people in the organisation - in respect of the specific function, activity or responsibility.

It is, however, to be remembered that decentralisation does not necessarily mean distribution of authority in respect of all activities. One function may be decentralized and another stay centralised. For example, in an automobile manufacturing concern, the sales function may be distributed or decentralised to product division, while labour relations may remain centralised. The extent to which decentralisation exists in any organisation depends on the extent to which clear-cut decision-making authority is vested in levels below the top management level.

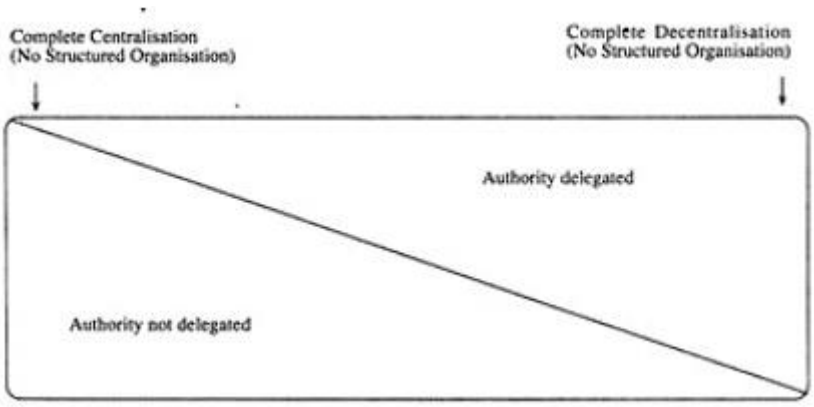
Therefore, when delegation is widespread and authority is delegated to lower levels of management, to all, or most of the people who are entrusted with responsibilities, decentralisation of authority takes place.

On the other hand, when delegation is restricted to the top level of management, and the subordinates are simply to implement the decisions taken at the top level, the authority is said to be centralised to that extent.

In the words of Henry Fayol **"everything that goes to increase the importance of the subordinate's role is decentralisation, everything which goes to reduce it is centralisation."**

However, there cannot be any absolute centralisation or absolute decentralisation in an organisation. Absolute centralisation is possible if there is one person with absolute authority and there is no other subordinate manager under him that means there is no structured organisation.

Similarly, there is no absolute decentralisation because if managers delegated all their authority, their status as managers would cease, their position would be eliminated, and there would, again, be no organization.



Centralization and Decentralization

Advantages of Decentralization

1. *Unburdening of top managers*
2. *Better training, morale, and initiative at lower levels.*
3. *Promotes development of general managers*
4. *Facilitates setting up of profit centres*
5. *Encourages decision making and assumption of authority and responsibility*
6. *Facilitates product diversification*
7. *More flexibility.*

Disadvantages of Decentralization

1. *Makes it more difficult to have a uniform policy*
2. *Extensive decentralization may lead to loss of control by upper level managers*
3. *Complexity of co-ordination of organizational units*
4. *May be limited by inadequate control techniques.*
5. *Involves considerable expenses for training managers.*
6. *Can be limited by the availability of qualified managers*
7. *Decentralization usually entails bringing in additional staff*

Recentralization

Recentralization Centralization and decentralization depend on many factors and so the degree of centralization and decentralization also changes with the changing situation. It should not be supposed that authority once decentralized is decentralized for ever. Recentralization means back to centralization . If the situation so demands, the top management may hold back the power or authority from the lower level managers which were earlier decentralized.

Global Organizations

International – often refers to engaging with a few different areas of the world but not worldwide. Although the organization may conduct activities in other countries, it retains a major focus in its home country. For example, an international organization could be one that operates a few or several programs outside the country or region where the organization is headquartered.

Global – often describes a more holistic or "boundary-less" worldview, and involves operating in many different regions. This view takes a more holistic, interdependent, and interconnected approach. For example, a global organization might have multiple presences throughout the world where programs, chapters, or field offices operate simultaneously in several countries and regions around the world and are governed by a multinational board.

Global organizations must compete with a much wider array of companies than their domestic counterparts do, and have therefore evolved several strategies to become as efficient and cost-effective as possible. The choice of organizational structure reflects where decisions are made, how work gets completed, and ultimately how quickly and cheaply the firm's products can be made.

Functional

A functional structure is one in which type of work is performed in a different department. For instance, all the company's accountants work in Accounting, whereas all the marketers work in Marketing. Each product line or geographic region then makes use of these centralized resources as if the other department were a different company. This allows the company to benefit from having very standardized processes for each of its functions, and from having economies of scale such as being able to place a single, centralized order for a commonly used widget that it can then distribute worldwide. However, it can be challenging and inefficient to shepherd a single product through all the steps and departments it needs to go through. These firms focus on specialization of job skills, and are more centralized.

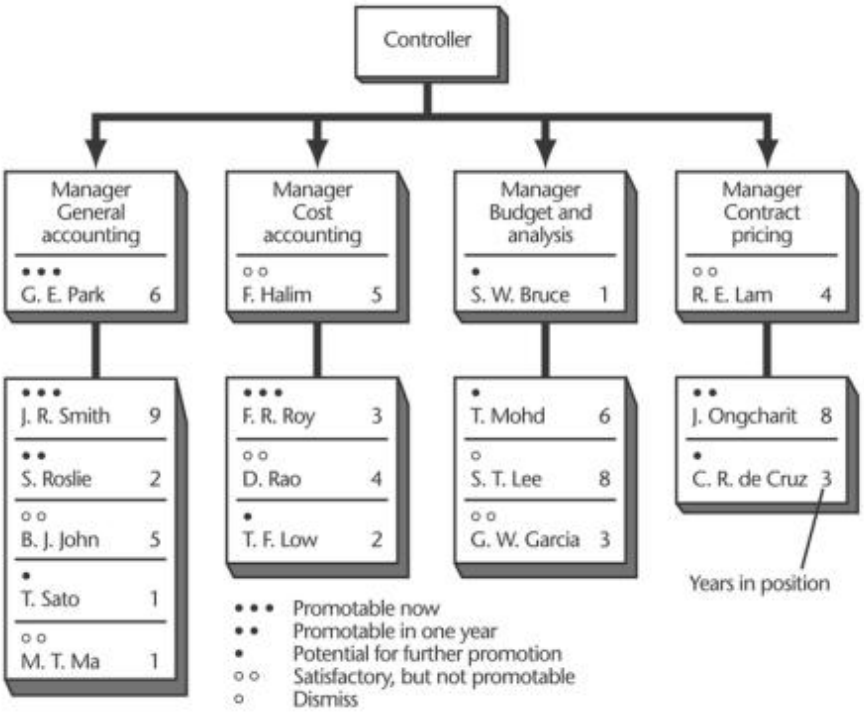
Project

Companies with project structures assign small groups of each type of function to a single division, making each self-sufficient. They may be divided by product line, such as the Shoe division, the Shirt division, and the Hat division. Or they might be divided geographically, such as the European or Asian divisions, or even further into France or Thailand divisions. Alternatively, they may be divided by customer group, such as Consumers, Small Business, and Government. In most cases, every group will have its own accounting, marketing, product development, manufacturing and executive staffs. This structure allows each specialty to become intimately familiar with the product or market the division serves, and reduces inter-departmental delays. The down side is that each division may be duplicating the efforts of several other divisions, or may be unknowingly working at cross purposes. These companies are concerned with specialization of products or markets, and are more decentralized.

Hybrid or Matrix

Due to the difficulty of working globally with a centralized functional structure, and the communication gaps that come from working in project groups, most modern companies employ a hybrid structure that combines elements of each. There is no single "hybrid" structure, but rather a range from mostly-functional to mostly-project, which varies between companies. They often have central headquarters that set strategy and high-level policy, combined with product or geographic divisions that determine their operational methods, and may even have internal functional departments within the division. These companies are attempting to balance economies of scale with local efficiency.

Manager Inventory Chart



Manager Inventory Chart

The above figure shows a typical manger inventory chart. At a glance, the controller can see where he or she stands with respect to the staffing function. The controller's successor is probably the manger of general accounting, and this person in turn has a successor ready for promotion. Supporting that person, in turn, is a subordinate who will be ready for promotion in a year, but below that position are one person who does not have the potential and two newly hired (years in position 1) employees.

Advantages of Manager inventory chart

1) Clear idea about staffing situation
2) Clarifies career paths for employees
3) Shows future internal supply of managers.
4) Identifies non-performing employees
5) Identifies training requirement
6) Replacement can be thought of against retiring persons
7) Facilitates transfer of managers/on-the-job-rotation for training

Limitations

1) Does not help in conducting fair assessment of managers
2) Does not show to what position /department a manager is promotable
3) Information cannot be shared with all employees
4) As staffing position is dynamic, it takes time & effort to keep the chart up-to-date

Job Analysis and Job Evaluation

Job analysis is the process of identifying and determining in detail contents of a particular job, thereby, clearly defining duties, responsibilities, accountabilities, and skills associated with the job. An important aspect of job analysis is that the analysis is conducted of the job, and not of the person. The process of job analysis results in two sets of data - job description and job specification.

Job Description	*Job specification*
A statement containing items such as • Job title • Location • Job summary • Duties • Machines, tools, and equipment • Materials and forms used • Supervision given or received • Working conditions • Hazards	A statement of human qualifications necessary to do the job. Usually contains such items as • Education • Experience • Training • Judgement • Initiative • Physical effort • Physical skills • Responsibilities • Communication skills • Emotional characteristics • Unusual sensory demands such as sight, smell, hearing.

Job Description and Job Specification

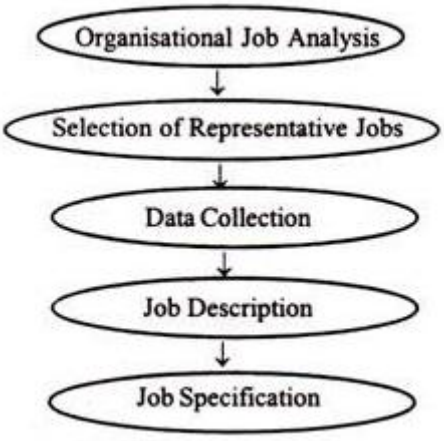
(i) **Job description** - It is a written statement containing complete information about what all a job involves including job title, duties, tasks and responsibilities related to job, working conditions and hazards, reporting relationships, tools, machines and equipments to be used, and relationships with other positions.

(ii) **Job specification** - It provides particulars about capabilities that an individual should posses to perform the job efficiently. This includes educational qualification, experience, training, appropriate skills, knowledge, and abilities required to perform the job.

Job evaluation, on the other hand, specifies the relative value or worth of each job in an organization.

Steps in Job Analysis

Following are the steps generally followed in Job Analysis.



Job Analysis Process

(1) Organisational Job Analysis
Job analysis begins with obtaining pertinent information about a job.Such information can be had by dividing back-ground information in various forms such as organisation charts i.e., how the particular 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 particular job.

(2) Selecting Representative Jobs for Analysis
Analyzing all jobs of an organisation is both costly and time consuming. Therefore, only a representative sample of jobs is selected for the purpose of detailed analysis.

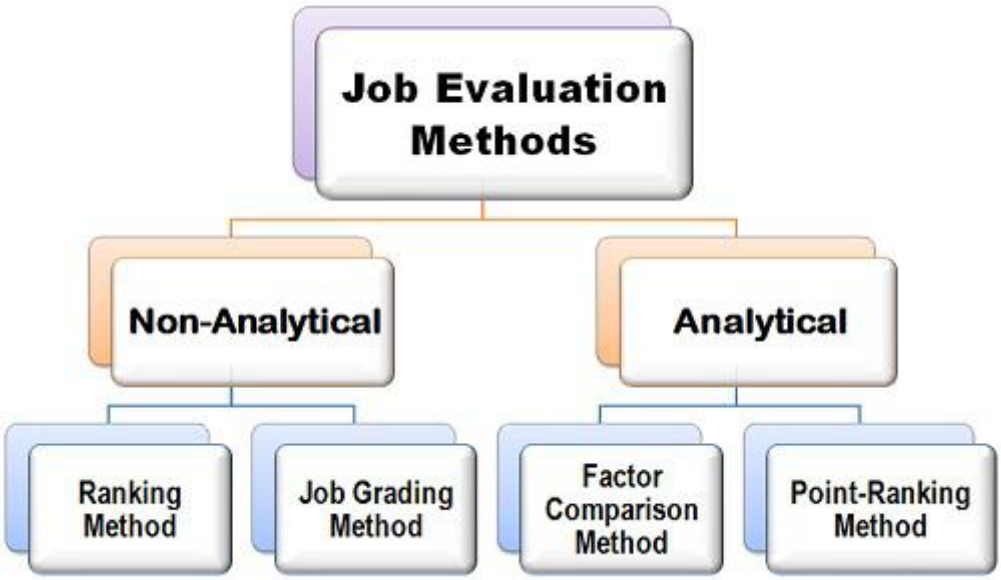
(3) Collection of Data for Job Analysis
In this step, job data features of the job and required qualifications of the employee are collected. Data can be collected either through questionnaire, observation or

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.

(5) Preparing Job Specification
The last step involved in job analysis is to prepare job specification on the basis of collected information.

Job Evaluation Methods



Job Evaluation Methods

(1) Ranking Method
This is the simplest and an inexpensive job evaluation method, wherein the jobs are ranked from the highest to the lowest on the basis of their importance in the organization. In this method, the overall job is compared with the other set of jobs and then is given a rank on the basis of its content and complexity in performing it.

Here the job is not broken into the factors, an overall analysis of the job is done. The main advantage of the ranking method is, it is very easy to understand and is least expensive. But however it is not free from the limitations, it is subjective in nature due to which employees may feel offended, and also, it may not be fruitful in the case of big organizations.

(2) Job Grading Method
This method is also known as Job-Classification Method. Under this method the job grades or classes are predetermined and then each job is assigned to these and is evaluated accordingly.

The advantage of this method is that it is less subjective as compared to the raking method and is acceptable to the employees. The major limitation of this method is that the jobs may differ with respect to their content and the complexity and by placing all under one category the results may be overestimated or underestimated.

(3) Factor-Comparison Method
Under this method, job factors are identified under primary groups (that is., skill, effort, responsibilities, working conditions) typically up to five groups. Each factor is assigned a monetary value (rather than a point value).

The advantage of this method is that it is consistent and less subjective, thus appreciable by all. But however it is the most complex and an expensive method.

(4) Point-Ranking Method
Under this method, each job's key factor is identified and then the sub-factors are determined. These sub-factors are then assigned the points by its importance. For example, the key factor to perform a job is skills, and then it can be further classified into sub-factors such as training required, communication skills, social skills, persuasion skills, etc.

The point ranking method is less subjective and is an error free as the rater sees the job from all the perspectives. But however it is a complex method and is time-consuming since the points and wage scale has to be decided for each factor and the sub factors.

Job Design

Job design follows job analysis. It is the next step after job analysis. It aims at outlining and organising tasks, duties and responsibilities into a single unit of work for the achievement of certain objectives. In other words, job design encompasses the components of the task and the interaction pattern among the employees, with the intent to satisfy both the organizational needs and the social needs of the jobholder.

The job characteristic theory proposed by Hackman & Oldham (1976) stated that work should be designed to have five core job characteristics as listed below:

- **Skill variety:** The employees must be able to utilize all their skills and develop new skills while dealing with a job.
- **Task Identity:** The extent to which an identifiable task or piece or work is required to be done for completion of the job.
- **Task Significance:** How important is the job to the other people, what impact does it create on their lives?
- **Autonomy:** Does the job offer freedom and independence to the individual performing the same.
- **Feedback:** Is feedback necessary for improving performance.

There are several important methods and techniques that the management uses while designing the jobs. These are:

(1) Job Simplification

Job Simplification means breaking the job into relatively easier sub-parts with the intention to enhance the individual's productivity by minimizing the physical and mental efforts required to perform a complex job.

Once the complex task is divided into the relatively easier tasks, each task is assigned to the individuals who perform these over and over again. By doing the same thing again and again, the employees gain proficiencies in the jobs assigned to them and as a result, the profitability of the organization increases.

Under the job simplification method, the organization saves its training cost, as a very low level of skills is required to perform the simplified jobs. Also, the job speed increases, as the individual is required to perform a small portion of the previously larger and complex job.

But however, by performing the same task again and again, the employees may feel boredom and may resist the monotony. This may lead to an increase in the employee absenteeism, mistakes and accidents, etc. Due to these negative consequences, the overall productivity may get adversely affected, and the organization may suffer losses as a whole.

Thus, an organization cannot resort to the job simplification every time to reap the economic benefits. It must look at the organizational conditions prevailing at the time of designing the job.

(2) Job Rotation

Job Rotation is the management technique wherein an employee is shifted from one job role to the other, with the purpose of familiarizing him with all the verticals of an organization.

The job rotation is beneficial for both the employer and the employee. The employer can identify the vertical where the employee is giving his best and can also place him in the position of a person who has left because of the retirement, transfer, termination or any other reason.

Likewise, an individual also gets a chance to realize his efficiency and explore his own interest. Through job rotation, an employee acquires several skill sets which are necessary at different point of times.

(3) Job Enrichment

Job Enrichment is the job design technique used to increase the satisfaction among the employees by delegating higher authority and responsibility to them and thereby enabling them to use their abilities to the fullest.

The purpose behind the job enrichment is to motivate the employees to use their abilities which remained unused during their course of action. Also, through job enrichment, the monotony breaks and the employees get the opportunity to do something new, which ultimately results in the increased satisfaction levels.

(4) Job Enlargement

Job Enlargement refers to the horizontal expansion of jobs wherein more and more activities, and tasks are added to the existing job scope at the same level in the organization.

In other words, job enlargement means increasing the scope of duties and responsibilities of an individual by adding the related activities to his existing job profile and generally without any change in his authority and his level in the hierarchy in the organization. The purpose behind the job enlargement is to increase the employee flexibility and reduce the monotony that occurs gradually over a period of time.

The purpose behind the job enlargement is to increase the employee flexibility and reduce the monotony that occurs gradually over a period of time. Often, the employees are not required to get the training for the task-related activities because he is already aware of that and is doing for quite some time. But however, if the activity added is new for an employee and is not related to his existing job nature, then a proper training should be given to him in order to acquaint himself with the new job conditions.

Benefits of Job Design

The following are the benefits of a good job design:

1) **Employee Input** - A good job design enables a good job feedback. Employees have the option to vary tasks as per their personal and social needs, habits and circumstances in the workplace.

2) **Employee Training** - Training is an integral part of job design. Contrary to the philosophy of "leave them alone' job design lays due emphasis on training people so that are well aware of what their job demands and how it is to be done.

3) **Work / Rest Schedules** - Job design offers good work and rest schedule by clearly defining the number of hours an individual has to spend in his/her job.

4) **Adjustments** - A good job designs allows for adjustments for physically demanding jobs by minimising the energy spent doing the job and by aligning the manpower requirements for the same.

Job design is a continuous and ever evolving process that is aimed at helping employees make adjustments with the changes in the workplace. The end goal is reducing dissatisfaction, enhancing motivation and employee engagement at the workplace.