

## HUMAN RESOURCE MANAGEMENT

### UNIT - I

#### **Introduction:**

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

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

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

Many great scholars had defined human resource management in different ways and with different words, but the core meaning of the human resource management is how to manage people or employees in the organization.

**According to Byars and Rue ,** “HRM encompasses those activities that are designed to provide for coordinate the human resources of organizational”.

According to Invancevich and Glueck, “HRM is concerned with the most effective use of people to achieve organizational and individual goals”.

**According to Edwin Flippo ,** HRM as “planning, organizing, directing, controlling of procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are achieved.”

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

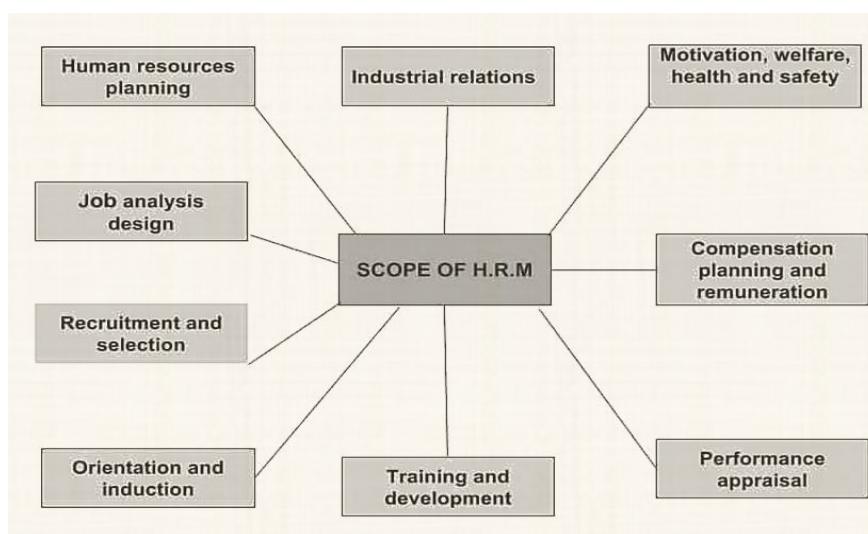
**CONCEPTS OF HRM:** Many people find HRM to be an unclear and strange concept. ‘This is not simply because of having variety of meanings to this term. This confusion is mainly due to the different interpretations found in articles and books about human resource management. HRM is the philosophy

of people management based on the belief that human resources are extremely important for sustained business success. An organization acquires competitive advantage by using its people effectively and utilizing their expertise to meet clearly defined objectives. HRM is aimed at recruiting capable, flexible and committed people. Managing and rewarding their performance and developing key competencies.

#### **Nature of HRM:**

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

#### **Scope of HRM:**



The scope of Human Resource Management is extremely wide

### **1. Human resources planning**

Human Resource Planning refers to a process by which the company tries to find the number of jobs vacancy in which a particular department The number of staff required with the necessary qualification and experience.

### **2. Job analysis design**

Another important area of Human Resource Management is job analysis. Job analysis gives detailed information about the job description and employee specification in the company.

### **3. Recruitment and selection**

Based on information collected from job analysis the company prepares advertisements and publishes them in the newspapers, Employment sites, etc. This is recruitment. A number of applications are gathered after the advertisement is published, interviews are conducted and the right employee is selected for the right post and right time thus recruitment and selection are yet another important area of Human Resource Management.

### **4. Orientation and induction**

Once the employees have been selected an induction or orientation program is conducted. The employees are informed about company's backgrounds, products, different subsidiaries organizational culture and values, and work ethics and introduce to the new employee to other employees.

### **5. Training and development**

Every employee goes into a training program which helps him to put up a better performance on the job. The training program is also conducted for existing staff that have a lot of experience. This is called refresher training. Training and development is one area where the company spends a huge amount.

### **6. Performance appraisal**

Once the employee has put on the job performance appraisal is conducted that is the Human Resource department checks the performance of the employee. This helps to appraise future promotions, incentives, increments in salary, etc

### **7. Compensation planning and remuneration**

There are various rules regarding compensation and other benefits. It is the job of the Human Resource department to look into remuneration and compensation planning.

### **8. Motivation, welfare, health, and safety**

Motivation becomes important to sustain the number of employees in the company. It is the job of the Human Resource department to look into the different methods of motivating & encourage the

employee. Apart from this certain health and safety regulations have to be followed for the benefits of the employees.

### **9. Industrial relations**

Another important area of Human Resource Management is maintaining co-ordinal relations with the union members, with employer-employee, employee- employee. This will help the organization to coordinate with one another for smooth working.

### **OBJECTIVES OF HRM:**

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

**The specific objectives include the following:**

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

### **Importance of HRM:**

- Attract and retain talent
- Train people for challenging roles
- Develop skills and competencies
- Promote team spirit
- Develop loyalty and commitment
- Increase productivity and profits
- Improve job satisfaction
- Enhance standard of living

### **FUNCTIONS OF HRM:**

Human Resource Management is a management function concerned with hiring, motivating, and maintaining workforce in an organisation. Human resource management deals with issues related to employees such as hiring, training, development, compensation, motivation, communication, and administration. Human resource management ensures satisfaction of employees and maximum contribution of employees to the achievement of organisational objectives.

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

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

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

Managerial Functions: The Managerial Functions of Human Resource Management are as follows:

1. Human Resource Planning In this function of HRM, the number and type of employees needed to accomplish organisational goals is determined. Research is an important part of this function, information is collected and analysed to identify current and future human resource needs and to forecast changing values, attitude, and behaviour of employees and their impact on organisation.
2. Organising: In an organisation tasks are allocated among its members, relationships are identified, and activities are integrated towards a common objective. Relationships are established among the employees so that they can collectively contribute to the attainment of organisation goal.
3. Directing: Activating employees at different level and making them contribute maximum to the organisation is possible through proper direction and motivation. Taping the maximum potentialities of the employees is possible through motivation and command.

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

**Operative Functions:** The Operative Functions of Human Resource Management are as follows:  
Recruitment and Selection Recruitment of candidates is the function preceding the selection, which brings the pool of prospective candidates for the organisation so that the management can select the right candidate from this pool.

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

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

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

**Wage and Salary Administration** Human resource management determines what is to be paid for different type of jobs. Human resource management decides employees compensation which includes - wage administration, salary administration, incentives, bonuses, fringe benefits, and etc.,

**Employee Welfare** This function refers to various services, benefits, and facilities that are provided to employees for their well being.

**Maintenance** Human resource is considered as asset for the organisation. Employee turnover is not considered good for the organisation. Human resource management always tries to keep their best performing employees with the organisation.

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

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

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

**Advisory Functions:** The Advisory Functions of Human Resource Management are as follows:

Human Resource Management is expert in managing human resources and so can give advice on matters related to human resources of the organisation. Human Resource Management can offer advice to:

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

#### **HRM POLICY:**

- Policy is predetermined course of action established to guide the performance of work towards accepted objectives.
- In organisational context" policy is a statement or general understanding which provides guideline to member of the organisation for making decision in respect to any course of action.
- Acc. to Edwin B Flippo a policy is rule or pre-determined course of action established to guide an organisational towards its objectives.

#### **NEED/IMPORTANCE OF HRM POLICY:**

1. To Achieve the Objectives of the Organization: Policies guide the employees to take action for achieving the objectives of the organization. Hence, they must be known and well understood by everyone in order to concentrate efforts on the objectives.
2. To Bring Uniformity in Decisions: HR policies furnish the general standard on which decisions are taken. Various line authorities take decisions in an organization keeping in view the HR policies. Thus, uniformity of action is maintained in similar cases.
3. To Delegate Authority: HR policies make delegation of authority possible, which means assigning the work to others and give them authority to do it. HR policies help executives at various levels of decision centers to act with confidence without consulting the superiors every time. HR policies give a manager liberty to choose the alternatives provided and to decide upon the action.
4. To Achieve Better Control: HR policies specify relationships among organization, management and workers. Therefore, each group works for the achievement of the larger objectives of the organization without any policy conflicts. Thus, HR policies provide better control.
5. To Evaluate Efficiency: HR policies serve as standards in execution of work. Efficiency of a group may be evaluated by its performance in the light of the policy. After assessing whether organization has achieved the desired results set in the policy, HR policy may be amended or a new policy may be formulated in the light of the actual performance.
6. To Create Confidence among Employees: HR policies provide the workers a security against exploitation and create confidence in employees who may know where they stand in the organization.
7. To Motivate: HR policies introduce the employees to the objectives of the organization. It guides the

workers in achieving the objectives. They work enthusiastically and with loyalty to achieve those objectives. 8. To Guide the Management: HR policies provide guidance to management in relation to the HR problems. HR policies decide how to get the work done by the people or how to behave with them.

## **BENEFITS OF HRM POLICY:**

### **1. Recruitment and Selection**

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

### **2. Training and Professional Development**

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

### **3. Handling Employee Concerns**

Many companies have written procedures for handling employee complaints, whether they are internal, informal complaints or allegations made about the employer to enforcement agencies. The benefit of this policy is to document your company's commitment to non-discriminatory practices and how such complaints are resolved. These policies also benefit employees because they provide important information about workplace communication in the event an employee is unsure of who she contacts to discuss any concerns or problems.

### **4. Workplace Safety**

In a time when more than worker safety in the performance of her job is the primary issue addressed in safety policies, employers distribute policies that address matters such as workplace violence. These types of policies are generally discussed in detail with employee groups; an emergency evacuation policy isn't effective if you don't discuss it until the emergency happens. Another benefit to having a human resources safety policy is adherence to federal and state guidelines for workplace safety.

### **5. Organizational Structure**

An introduction to the human resources policy manual explains the organizational structure, what departments fulfill which expectations and company leadership. In the introductory section, many employers also explain the company philosophy as it is related to customer service, co-workers, leadership and business ethics. Ethics statements are extremely popular, especially in a world where social responsibility is observed by so much of the population. This section of a human resources policy manual may also state the company's compliance with federal, state and local anti-discrimination laws.

## **6.Employment Rules**

Employees are accustomed to learning specific workplace rules such as dress code, discipline procedures, parking, attendance and working hours, holidays, employee benefits and payroll dates. The human resources policy on these issues is easily accessed by employees who have questions, or reviewed by new employees eager to

### **Challenges for HRM:**

- Growing global competition
- Rapidly expanding technologies
- Increased demand for individual, team, and organizational competencies
- Faster cycle times
- Increasing legal and compliance scrutiny
- Higher customer expectations
- Cultural Diversity
- Employee Engagement, Talent Retention etc.,
- knowledge-based workforce

### **Line Managers Responsibility in HRM:**

A line manager is responsible for overseeing and managing employees to fulfill business goals. They are the main point of contact between the management and the staff. They also provide guidance, instruction, motivation and feedback to the employees on a day-to-day basis. The responsibility of implementing strategy rests with the line managers who ensure that strategies designed by senior leadership and the management are implemented in a satisfactory manner.

#### **A successful line manager will fulfill the following responsibilities:**

- Recruiting the right talent for the job
- Training, coaching and mentoring new employees to get them up to speed at work
- Planning the goals, objectives and tasks of their department and communicating this to employees as needed
- Effectively communicating organizational goals set by the management to the employees
- Managing the resources within their control (e.g., staff time; finance) to fulfill the objectives set
- Ensuring compliance with organizational policy and legislation
- Providing blueprint, guidance and plan to their teams
- Scheduling regular meetings with staff members to discuss progress and any bottlenecks
- Measuring performance metrics against set expectations and taking corrective actions where necessary
- Ensuring quality standards are maintained at expected levels
- Evaluating employee performance and providing performance appraisals
- Motivating and engaging the employees in a timely manner so as to ensure productivity
- Providing reports on performance and goals to higher authorities
- **Attract and engage talent**

Attracting and Engaging talent is a key responsibility that rests with the line managers. Hiring the best talent in the market place, and closing all job positions are one of their key focus areas also handle the training and development, of incoming talent in their respective teams.

- **Set work expectations across functional teams**

Key responsibilities include defining work expectations, setting KPA's and KRA's for employees in the team. Continued tracking and measuring the progress of each goal. Communicating the status of each goal to the employees, resolving bottlenecks in implementing corporate strategies, analyzing reports and taking corrective action in the event of deviation and non-achievement of goals, implementing quality controls for all processes.

- **Improve employee engagement**

Line managers plays a vital role in improving employee engagement across functions teams. Corporate leaders are making more demands on managers to maintain high levels of employee engagement, and HR professionals are drawing on a variety of strategies to get managers involved in nurturing an engaged workforce. Employee engagement has a direct impact on worker performance, dedication to mission and drive in helping an organization accomplish its goals.

- **Communicate with the team effectively**

Communication anywhere anytime is of utmost importance. While there may be instances where the manager might have to withhold information for reasons of confidentiality, an effective manager would always pass down relevant information to the team members. Timely sharing can go a huge way in motivating and keeping the team on the same page. Also, sharing ideas and discussing processes leads to innovation as well as helping employees to have a stake in the organization.

- **Provide relevant training**

Helping employees to understand the reasons behind processes and requests is far more productive than giving orders. Not only will this help the employee to feel responsible for the task, it will also help them to be proactive in the event of a crisis. Investing in time, money and energy to train up the team only sends across a positive vibe in the organization and can do a great deal to improve employee morale and engagement levels.

- **Create successful working relationships**

It has been found that productivity dramatically increased when managers were found to spend time with their team members. When employees and managers begin to separate and not engage in the fun and little weird activities held at work, the sense of family becomes eroded, and the heart and soul of the company changes.

## **Unit-II**

### **Functional Areas of HRM**

#### **HR Demand Forecasting:**

HR demand forecasting is the process of predicting the number and type of employees an organization will need in the future to meet its strategic goals.

#### **Factors Influencing Demand:**

Several factors affect the demand for human resources:

- **Organizational Plans:**

Future growth, expansion, and new ventures directly influence staffing needs.

- **Employment Trends:**

Analysing trends in the job market and industry helps predict shifts in workforce requirements.

- **Replacement Needs:**

Anticipating needs due to employee attrition from death, resignation, retirement, or termination is crucial.

- **Productivity:**

Changes in employee productivity can impact the number of employees required.

- **Absenteeism and Turnover:**

High rates of absenteeism and employee turnover necessitate increased forecasting efforts to ensure sufficient staffing.

### **Demand Forecasting Techniques:**

#### **Quantitative Techniques:**

- **Trend Analysis:** Involves analysing historical data to identify past patterns in employee demand and projecting these trends into the future.
- **Ratio Analysis:** Examines the historical relationship between factors like production levels and employee numbers to predict future requirements based on projected business activity.
- **Regression Analysis:** A more statistically sophisticated version of ratio analysis that identifies the relationship between variables (e.g., sales volume and workforce size) and uses this to forecast future employee needs.
- **Econometric Models:** Mathematical models that establish relationships between independent and dependent variables to predict future workforce demand.

#### **Qualitative Techniques:**

- **Managerial Judgment:** Relies on the knowledge and experience of managers through either top-down or bottom-up approaches to estimate future needs.
- **Delphi Technique:** A consensus-building method where a group of experts anonymously provide and refine their forecasts in several rounds, leading to a more accurate collective prediction.
- **Work Study / Workload Analysis:** Translates estimated production workloads into required man-hours and consequently, the number of employees needed for specific production levels.
- **Brainstorming & Nominal Group Techniques:** Methods for generating ideas and opinions from a group of individuals to contribute to the forecasting process.

### **Employee Retention:**

"Retention is a voluntary move by an organization to create an environment which engages employees for the long term"

**Chaminade Cascio (2003)** perceived retention as initiatives which the management takes to prevent employees from leaving the organization.

#### **What is employee retention?**

Employee retention refers to the strategies and processes you can use to hold onto your workers and minimize turnover. Many businesses strive to retain employees by creating a positive workplace culture, promoting engagement, expressing appreciation to employees for their contributions, making sure their pay and benefits are competitive, and promoting healthy work-life balance.

#### **Benefits of Employee Retention:**

- **Higher productivity.** When employees leave, it can take a while for their replacements to match their output.
- **Better morale.** Staying fully staffed can help you avoid putting pressure on your existing team, which can lead to burnout.
- **A more consistent customer experience.** If you're working with a skeleton crew, customer service and satisfaction may deteriorate.

- **A vibrant culture.** Many employees enjoy coming to work because they've become friends with their teammates — and if these friends leave, work may be less inviting to them.
- **Better profitability.** Thanks to the higher productivity and lower hiring expenses that come with a stable team, many small business owners find that higher retention rates protect profits.

#### **Reasons for retention:**

- **Compensation/benefits.** Low pay was one of the top reasons workers leave their jobs, according to a Pew Research Center survey, with 63% of workers who quit a job citing this reason.
- **Lack of opportunities for advancement.** In addition, 63% of workers who quit their jobs did so because it was not possible to get ahead at their current job, Pew Research Center found.
- **Bad managers.** A recent Gallup survey found that about 50% of employees resigned because of a boss.
- **No flexibility.** According to the Pew Research Center survey, 45% of employees cited an inability to choose their work schedule as a reason for departure.
- **Overwork.** Being overloaded is the top cause of work-related stress, according to one recent poll, and can be a big motivation for quitting.
- **Lack of recognition.** This can contribute to burnout in many employees, according to a recent survey.

#### **Employee retention strategies:**

##### **1. A thoughtful, intentional on boarding process:**

Don't cut corners when it comes to on boarding new hires. Your process for welcoming and acculturating newbies will set the tone for their experience afterwards.

##### **2. Promotions and professional development:**

Promoting from within shows employees that there are advancement opportunities at the company. Discussing their career goals during regular feedback sessions and providing access to professional development opportunities and coaching can not only improve productivity, but also loyalty.

##### **3. Competitive pay and perks:**

Evaluate pay regularly to make sure you're offering competitive compensation or other incentives, like bonuses or revenue sharing. You can also offer valued perks, such as remote work options.

##### **4. Public recognition:**

Being acknowledged for their contributions is a top priority for employees. Regularly showing appreciation of their hard work, whether with a casual comment in a meeting or a formal "employee of the month" award, sends the message that hard work is appreciated.

##### **5. Work-life balance and flexibility:**

Many employees seek a healthy work-life balance and want managers to respect their lives outside of work. That means making sure there are boundaries to the workday while also offering flexible work schedules.

##### **6. Constant communication and continuous feedback:**

Employees will have a greater sense of purpose if you keep them in the loop on the business's key goals and initiatives, and how they can play a part. Making time for one-on-one meetings where you discuss short-and long-term goals and provide feedback can deepen your relationship with your team.

## **7. Diversity, equity and inclusion:**

Make sure your business provides career development opportunities to everyone on your team, and that you actively foster a sense of belonging for all.

## **8. Teamwork:**

Encourage collaboration among your employees and introduce regular team-building activities.

### **Redeployment:**

Redeployment is the process of moving people within the organization and from units where there are excess employees to the departments where there is shortage.

The process of redeployment involves the identification of surplus and shortage areas, notifying and educating employees about the importance of being redeployed in high need areas, identifying the skills and competencies required in these areas and assessing the employees who can be successfully redeployed. Sometimes retraining or retooling may be required before redeployment. The process also includes the development of systems which can assess and put the right people at right jobs.

### **Redeployment procedure:**

**Getting onto the redeployment register:** HR will have received notification that you are eligible for redeployment, and they will then enter your details on to the Redeployment Register. You will then receive an email confirmation with the details of your record on the redeployment register. If you don't have access to a computer, please raise this with your manager.

**Finding and applying for job opportunities:** You will automatically be notified via email of any vacancies that are the same grade or one grade below your current job.

If you wish to apply for jobs that are more than one grade lower than your existing role you will need to inform your HR Administrator (Operations).

You will be expected to update yourself on University job vacancies, and to apply for vacancies as appropriate. In order to be given priority consideration as a redeployee, you will need to apply within the first seven days of the campaign.

Each application you submit will be assessed against the essential criteria as set out within the person specification. If you are deemed to meet the essential criteria or could do so with reasonable training, you will be invited to participate in the process of selection.

**Outcomes:** If you are deemed to meet the specified requirements for the job, you will be offered the role in a trial period. If you are deemed not to meet the specified requirements for the job, you will be notified via HR and if required, feedback can be requested. You will continue to receive redeployment notifications during this time.

**Trial Period:** The trial period for anyone coming through redeployment is four weeks.

If you both you and your manager agree to a longer trial period to facilitate retraining, you must ensure this is confirmed in writing before you start to work under the new contract. The purpose of the trial period is to give you and your manager an opportunity to assess whether the new job is suitable for you.

Before you start the trial period, you and your manager will need to establish clear and reasonable performance standards. During the trial period you must meet with your manager on at least a weekly basis to review and discuss progress.

In exceptional circumstances, your manager may choose to extend the trial period for a maximum of four weeks by mutual agreement to provide an opportunity for further assessment.

**After the trial period:** It is possible that either you or your manager decide that redeployment has been unsuccessful. If it's your manager's decision, you will be given full and clear written feedback on the reasons. If you are still within your notice period, you will be entitled to re-enter the redeployment process for the remainder of that notice period.

**Pay protection:** If your previous job is one grade higher than the job you have been redeployed to, your pay is protected for 12 months on a mark time basis. This means you will not receive an increment or the annual national pay award. The pay protection starts on the date on which you start in your new job.

After 12 months your pay will drop to the standard grade maximum of the lower grade, and you will then receive the national pay award when applicable. If your previous job is more than one grade higher than the job you have been redeployed to, you are not entitled to pay protection.

#### **RECRUITMENT:**

Recruitment means search of the prospective employee to suit the job requirements as represented by job specification. It is the process of attracting people to apply for jobs in an organisation.

**According to Edwin B. Flippo**, "Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation."

**In the words of Dale Yoder**, "Recruitment is a process to discover the source of man power to meet the requirement of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force."

#### **The objectives of recruitment are:**

- To attract people with multi-dimensional skills and experiences those suit the present and future organisational strategies,
- To induct outsiders with a new perspective to lead the company,
- To infuse fresh blood at all levels of the organisation,
- To develop an organisational culture that attracts competent people to the company,
- To search or head hunt/head pouch people whose skills fit the company's values
- To devise methodologies for assessing psychological traits,
- To seek out non-conventional development grounds of talent,

- To search for talent globally and not just within the company,
- To design entry pay that competes on quality but not on quantum,
- To anticipate and find people for positions that does not exist yet

### **Factors affecting Recruitment:**

The factors affecting recruitment can be classified as Internal and External factors.

#### **The internal factors are:**

1. Wage and salary policies
2. The age composition of existing working force
3. Promotion and retirement policies
4. Turnover rates
5. The nature of operations involved the kind of personnel required.
6. The level and seasonality of operations in question
7. Future expansion and reduction programmes
8. Recruiting policy of the organization
9. Human resource planning strategy of the company
10. Size of the organisation and the number of employees employed.
11. Cost involved in recruiting employees, and finally
12. Growth and expansion plans of the organisation

#### **The external factors are:**

13. Supply and demand of specific skills in the labour market
14. Company's image perception of the job seekers about the company
15. External cultural factors: Obviously, the culture may exert considerable check on recruitment. For example, women may not be recruited in certain jobs in industry.
16. Economic factors: such as a tight or loose labour market, the reputation of the enterprise in the community as a good pay master or otherwise and such allied issues which determine the quality and quantity of manpower submitting itself for recruitment.
17. Political and legal factors also exert restraints in respect of nature and hours of work for women and children, and allied employment practices in the enterprise, reservation of Job for SC, ST and so on.

**Sources of Recruitment:** The various sources of recruitment are generally classified as Internal source and External source.

**1. Internal Sources:** This refers to the recruitment from within the company. The various internal sources are promotion, transfer, past employees and internal advertisements.

**2. External Sources:** External sources refer to the practice of getting suitable persons from outside. The various external sources are advertisement, employment exchange, past employees, private placement agencies and consultants, walks-ins, campus recruitment, trade unions, etc.

**The following external sources of recruitment are commonly used by the big enterprises:**

**1. Direct Recruitment:** An important source of recruitment is direct recruitment by placing a notice on the notice board of the enterprise specifying the details of the jobs available. It is also known as recruitment at factory gate.

**2. Casual Callers or Unsolicited Applications:** The organisations which are regarded as good employers draw a steady stream of unsolicited applications in their offices. This serves as a valuable source of manpower.

**3. Media Advertisement:** Advertisement in newspapers or trade and professional journals is generally used when qualified and experienced personnel are not available from other sources.

**4. Employment Agencies:** Employment exchanges run by the Government are regarded as a good source of recruitment for unskilled, semi-skilled and skilled operative jobs. In some cases, compulsory notification of vacancies to the employment exchange is required by law.

**5. Management Consultants:** Management consultancy firms help the organisations to recruit technical, professional and managerial personnel, they specialise middle level and top level executive placements.

**6. Educational Institutions or Campus Recruitment:** Big organisations maintain a close liaison with the universities, vocational institutes and management institutes for recruitment to various jobs. Recruitment from educational institutions is a well - established practice of thousand of business and other organisations.

**7. Recommendation:** Applicants introduced by friends and relatives may prove to be a good source of recruitment.

**8. Labour Contractors:** Workers are recruited through labour contractors who are themselves employees of the organisation. Recruitment through labour contractors has been banned for the public sector units.

**9. Telecasting:** The practice of telecasting vacant posts over T.V. is gaining importance these days. Special programmes like 'Job Watch', 'Youth Pulse', 'Employment News', etc. over the T.V have become quite popular in recruitment for various types of jobs.

**10. Raiding:** Raiding is a technical term used when employees working elsewhere are attracted to join organisations. The organisations are always on the lookout for qualified professionals, and are willing to offer them a better deal if they make the switch.

**11. Poaching:** Employee poaching (talent poaching) or job poaching is the recruiting of employees who work at competing companies. The term "poaching" is associated with illegal hunting, but job poaching is not, for the most part, unethical or illegal and can help to ensure a competitive job marketplace.

**Merits of External Source of Recruitment:** The merits of external sources of recruitment are as under:

**1. Qualified Personnel:** By using external sources of recruitment the management can make qualified and trained people to apply for vacant Jobs in the organisation.

**2. Wider choice:** When vacancies are advertised widely a large number of applicants from outside the organisation apply. The management has a wider choice while selecting the people for employment.

**3. Fresh Talent:** The insiders may have limited talents. External sources facilitate infusion of fresh blood with new ideas into the enterprise. This will improve the overall working of the enterprise.

**4. Competitive Spirit:** If a company can tap external sources, the existing staff will have to compete with the outsiders. They will work harder to show better performance.

**Demerits of External Sources:** The demerits of filling vacancies from external sources are as follows:

**1. Dissatisfaction among Existing Staff:** External recruitment may lead to dissatisfaction and frustration among existing employees. They may feel that their chances of promotion are reduced.

**2. Lengthy Process:** Recruitment from outside takes a long time. The business has to notify the vacancies and wait for applications to initiate the selection process.

**3. Costly Process:** It is very costly to recruit staff from external sources. A lot of money has to be spent on advertisement and processing of applications.

**4. Uncertain Response:** The candidates from outside may not be suitable for the enterprise. There is no guarantee that the enterprise will be able to attract right kinds of people from external sources.

### **SELECTION:**

**Meaning:** - Selection is the process of examining the applicants with regard to their suitability for the given job or jobs & choosing the best from the suitable candidates & rejecting the others.

**Definition:** Acc. to Dale Yoder, "Selection is the process in which candidates for employment are divided into two classes those who are to be offered employment & those who are not. Selection means a process by which qualified personnel may be chosen from the applicants offering their services to the organization for employment.

## **SELECTION PROCESS/STEPS IN SELECTION:**

**1. Screening of Applicants (Application Blank):** Prospective employees have to fill up some sort of applications forms. These forms have variety of information about the applicants like their personal bio-data, achievements, experience etc. such information is used to screen the applicants who are found to be qualified for the consideration of employment. The information may also be used to keep permanent records of those persons who are selected. Based on screening of applications, only those candidates are called for further process fo selection that are found to be meeting the job standards of the organization.

**2. Selection Methods/Tests:** Organizations hold different kinds of selection tests to know more about the candidate or to reject the candidates who cannot be called for interview etc. selection test normally supplements the information provided in the application forms, such forms may contain factual information about candidates' selection texts may give information about their aptitude, interest, personality etc, which cannot be known by the application forms.

**3. Interview:** Selection tests are normally allowed by personal interview of the candidates. The basis idea here is to find out over all suitability of candidates for the jobs. It also provides opportunity to give relevant information about the organisation to the candidates. In many cases, interview of preliminary nature can be conducted before the selection tests.

**4. Reference & Background Verification:** many organizations ask the candidates to provide the names of referees from whom more information about the candidates can be solicited. Such information may be related to character, working etc. the usual referees may be previous employers, persons associated with the educational institutions from where the candidates have received education or other persons of prominence who may be aware of the candidates' behavior's ability.

**5. Medical Examinations:** certain jobs require unusual strength to tolerance of hard-working conditions. A physical examination reveals whether or not a candidate possesses these qualities. It brings out deficiencies not as a basis of rejection but as a positive aid to selective placement & as indicating restrictions on his transfer to other positions.

**6. Approval by Appropriate Authority or Hiring Decisions:** on the basis of the above steps suitable candidates are recommended for selection by the selection committee or personnel department. Though such a committee or personnel department may have authority to select the candidate finally, often it has staff authority to recommend the candidates for selection to the appropriate authority. 7. Placement: After all the formalities are completed the candidates are placed on their jobs initially on probation basis. The probation period may range from 3 months to 2 years. During this period, they are observed keenly, & when they complete this period successfully, they become the permanent employees of the organization.

## Performance Appraisal:

Performance appraisal is a systematic process used by organizations to evaluate and assess the performance of their employees.

Edwin B Flippo defines performance appraisal as a systematic, periodic and as far as humanly possible an impartial rating of employee's excellence in matters pertaining to his present job and potentialities for a job.

To Maurice, B. Coming performance appraisal means "attempts to recognize and reward for personnel abilities that an individual brings to his job, measured by the extent to which his output or quality of his work exceeds the minimum that is fixed as the basic rate of pay".

### **Objectives of Performance Appraisal:**

To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.

To identify the strengths and weaknesses of employees to place right men on right job.

To maintain and assess the potential in a person for growth and development.

To provide feedback to employees regarding their performance and related status.

It serves as a basis for influencing working habits of the employees.

To review and retain the promotional and other training programmes.

### **Advantages of Performance appraisal:**

**Promotion:** Performance Appraisal helps the supervisors to chalk out the promotion programmes for efficient employees. In this regards, inefficient workers can be dismissed or demoted in case.

**Compensation:** Performance Appraisal helps in chalking out compensation packages for employees. Merit rating is possible through performance appraisal. Performance Appraisal tries to give worth to a performance. Compensation packages which include bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal. The criteria should be merit rather than seniority.

**Employees Development:** The systematic procedure of performance appraisal helps the supervisors to frame training policies and programmes. It helps to analyse strengths and weaknesses of employees so that new jobs can be designed for efficient employees. It also helps in framing future development programmes.

**Selection Validation:** Performance Appraisal helps the supervisors to understand the validity and importance of the selection procedure. The supervisors come to know the validity and thereby the strengths and weaknesses of selection procedure. Future changes in selection methods can be made in this regard.

**Communication:** For an organization, effective communication between employees and employers is very important. Through performance appraisal, communication can be sought for in the following ways:

Through performance appraisal, the employers can understand and accept skills of subordinates.

The subordinates can also understand and create a trust and confidence in superiors.

It also helps in maintaining cordial and congenial labour management relationship.

It develops the spirit of work and boosts the morale of employees.

All the above factors ensure effective communication.

**Motivation:** Performance appraisal serves as a motivation tool. Through evaluating performance of employees, a person's efficiency can be determined if the targets are achieved. This very well motivates a person for better job and helps him to improve his performance in the future.

Improve institutional/departmental manpower planning, test validation, and development of training programs

### **Methods of performance Appraisal**

#### **Traditional methods:**

Graphic Rating Scales: This method involves rating employees on specific job-related criteria such as job knowledge, quality of work, and attendance.

Critical Incident Method: This method involves recording specific incidents where the employee performed well or poorly and using those incidents to evaluate the employee's overall performance.

Essay Evaluation Method: This method involves written statements or narratives about the employee's performance, strengths, and weaknesses.

Ranking Method: This method involves ranking employees in order of their performance from best to worst.

Modern methods of performance appraisal have emerged in recent years, and many organizations are adopting them in order to improve the effectiveness of their performance management process. Some of the modern methods include:

#### **Management by Objectives (MBO)**

Management by objectives (MBO) is the appraisal method where managers and employees together identify, plan, organize, and communicate objectives to focus on during a specific appraisal period. After setting clear goals, managers and subordinates periodically discuss the progress made to control and debate on the feasibility of achieving those set objectives.

This performance appraisal method is used to match the overarching organizational goals with objectives of employees effectively while validating objectives using the SMART method to see if the set objective is specific, measurable, achievable, realistic, and time-sensitive.

At the end of the review period (quarterly, half-yearly, or annual), employees are judged by their results. Success is rewarded with promotion and a salary hike whereas failure is dealt with transfer or further training. This process usually lays more stress on tangible goals and intangible aspects like interpersonal skills, commitment, etc. are often brushed under the rug.

#### **Incorporating MBO into your performance management process**

To ensure success, the MBO process needs to be embedded in the organizational-wide goal setting and appraisal process. By incorporating MBO into the performance management process, businesses can

improve employee's commitment, amplify chances for goal accomplishment, and enable employees to think futuristically.

**Ideal for:**

Measuring the quantitative and qualitative output of senior management like managers, directors, and executive (business of any size)

**Common reason for failure:**

Incomplete MBO program, inadequate corporate objectives, lack of top management involvement

**Steps to implement a successful MBO program:**

Every manager must have 5-10 goals expressed in specific, measurable terms

Manager can propose their goals in writing, which will be finalized after review

Each goal needs to include a description and a clear plan (list of tasks) to accomplish it

Determine how progress will be measured and how frequently (minimum quarterly)

List down corrective actions that will be taken if progress is not in accordance with plans

Ensure that goals at each level are related to the organizational objectives and levels above/below

**2. 360-Degree Feedback**

360-degree feedback is a multidimensional performance appraisal method that evaluates an employee using feedback collected from the employee's circle of influence namely managers, peers, customers, and direct reports. This method will not only eliminate bias in performance reviews but also offer a clear understanding of an individual's competence.

**This appraisal method has five integral components like:**

**1. Self-appraisals**

Self-appraisals offer employees a chance to look back at their performance and understand their strengths and weaknesses. However, if self-appraisals are performed without structured forms or formal procedures, it can become lenient, fickle, and biased.

**2. Managerial reviews**

Performance reviews done by managers are a part of the traditional and basic form of appraisals. These reviews must include individual employee ratings awarded by supervisors as well as the evaluation of a team or program done by senior managers.

**3. Peer reviews**

As hierarchies move out of the organizational picture, coworkers get a unique perspective on the employee's performance making them the most relevant evaluator. These reviews help determine an employee's ability to work well with the team, take up initiatives, and be a reliable contributor. However, friendship or animosity between peers may end up distorting the final evaluation results.

#### **4. Subordinates Appraising manager (SAM)**

This upward appraisal component of the 360-degree feedback is a delicate and significant step. Reportees tend to have the most unique perspective from a managerial point of view. However, reluctance or fear of retribution can skew appraisal results.

#### **5. Customer or client reviews**

The client component of this phase can include either internal customers such as users of product within the organization or external customers who are not a part of the company but interact with this specific employee on a regular basis.

Customer reviews can evaluate the output of an employee better; however, these external users often do not see the impact of processes or policies on an employee's output.

#### **Advantages of using 360-degree feedback:**

Increase the individual's awareness of how they perform and the impact it has on other stakeholders

Serve as a key to initiate coaching, counseling, and career development activities

Encourage employees to invest in self-development and embrace change management

Integrate performance feedback with work culture and promote engagement

**Ideal** **for:**  
Private sector organizations than public sector organizations as peer reviews at public sector organizations are more lenient.

#### **Common reason for failure:**

Leniency in review, cultural differences, competitiveness, ineffective planning, and misguided feedback

#### **3. Assessment Centre Method**

The concept of assessment center was introduced way back in 1930 by the German Army but it has been polished and tailored to fit today's environment. The assessment center method enables employees to get a clear picture of how others observe them and the impact it has on their performance. The main advantage of this method is that it will not only assess the existing performance of an individual but also predict future job performance.

During the assessment, employees are asked to take part in social-simulation exercises like in-basket exercises, informal discussions, fact-finding exercises, decision-making problems, role-play, and other

exercises that ensure success in a role. The major drawback of this approach is that it is a time and cost intensive process that is difficult to manage.

**Advantages of the assessment center method:**

Enhance a participant's knowledge, boost his/her thought process, and improve employee efficiency

Can be tailored to fit different roles, competencies, and business needs

Offer an insight of the employee's personality (ethics, tolerance, problem-solving skill, introversion/extroversion, adaptability, etc.)

**Ideal for:**

Manufacturing organizations, service-based companies, educational institutions, and consulting firms to identify future organizational leaders and managers.

**Guidelines to implement assessment center practice:**

Use job analysis to determine the components of effective performance

Identify performance metrics that can be measured using this assessment center

Classify meaningful and relevant candidate behavior in the assessment process

Find assessment techniques that can ideally elicit ideal behavioral information

Spot assessors and assessee's excluding immediate supervisors

Provide thorough training to assessors and reviewers

Maintain a system of performance records for each candidate

Review records and reward employee or provide training accordingly

**4. Behaviorally Anchored Rating Scale (BARS)**

Behaviorally anchored rating scales (BARS) bring out both the qualitative and quantitative benefits in a performance appraisal process. BARS compare employee performance with specific behavioral examples that are anchored to numerical ratings.

Each performance level on a BAR scale is anchored by multiple BARS statements which describe common behaviors that an employee routinely exhibits. These statements act as a yardstick to measure an individual's performance against predetermined standards that are applicable to their role and job level.

The first step in BARS creation is generation of critical incidents that depict typical workplace behavior. The next step is editing these critical incidents into a common format and removing any redundancy. After normalization, the critical instances are randomized and assessed for effectiveness. Remaining critical incidents are used to create BARS and evaluate employee performance.

**Advantages of using BARS:**

Enjoy clear standards, improved feedback, accurate performance analysis, and consistent evaluation

Eliminate construct-irrelevant variance in performance appraisal ratings by emphasis more on specific, concrete, and observable behaviors

Decrease any chance for bias and ensure fairness throughout the appraisal process

**Ideal for:**

Businesses of all sizes and industries can use BARS to assess the performance of their entire workforce from the entry level agent to c-suite executives

**Common drawbacks of BARS:**

High chance for subjectivity in evaluations

Hard to make compensation and promotion decisions

Time-consuming to create and implement

Demands more from managers and senior executives

**5. Psychological Appraisals**

Psychological appraisals come in handy to determine the hidden potential of employees. This method focuses on analyzing an employee's future performance rather than their past work. These appraisals are used to analyze seven major components of an employee's performance such as interpersonal skills, cognitive abilities, intellectual traits, leadership skills, personality traits, emotional quotient, and other related skills.

Qualified psychologists conduct a variety of tests (in-depth interviews, psychological tests, discussions, and more) to assess an employee effectively. However, it is a rather slow and complex process and the quality of results is highly dependent on the psychologist who administers the procedure.

Specific scenarios are taken into account while performing psychological appraisal. For instance, the way in which an employee deals with an aggressive customer can be used to appraise his/her persuasion skills, behavioral response, emotional response, and more.

**Advantages of psychological appraisals:**

Extract measurable, objective data about not just an employee's performance but also potential

Can be deployed easily when compared with other performance appraisal methods

Offer introverted or shy employees a platform to shine and prove their potential

**Ideal for:**

Large enterprises can use psychological appraisals for an array of reasons including development of leadership pipeline, team building, conflict resolutions, and more.

**Common reasons for failure:**

Absence of proper training, lack of trained professionals to administer reviews, and nervousness or anxiety of candidates can skew results.

**6. Human-Resource (Cost) Accounting Method**

Human resource (cost) accounting method analyses an employee's performance through the monetary benefits he/she yields to the company. It is obtained by comparing the cost of retaining an employee (cost to company) and the monetary benefits (contributions) an organization has ascertained from that specific employee.

When an employee's performance is evaluated based on cost accounting methods, factors like unit-wise average service value, quality, overhead cost, interpersonal relationships, and more are taken into account. Its high-dependency on the cost and benefit analysis and the memory power of the reviewer is the drawback of human resources accounting method.

**Advantages of the human cost accounting method:**

Effectively measure the cost and value that an employee brings to the organization

Help identify the financial implications that an employee's performance has on the organization's bottom line

**Ideal for:**

Startups and small businesses where the performance of one employee can make or break the organization's success.

**Implementation of human resource cost accounting method:**

Identify the gap between the market and the current package of an employee

Determine the monetary and non-monetary value that an employee brings to the table

List down the things that an employee achieved in the review period (increase in the subscriber count, improvement in revenue, number of new deals won, etc.,)

A future-focused employee performance appraisal method

Choosing the right performance appraisal method is more critical than ever since it reflects what you think of your employees and how much you care about employee morale. Once you've found an ideal performance review method for your needs, the next step is implementing it properly to eliminate critical performance gaps and address pressing issues that impact ROI.

**Advantages of performance appraisal:**

**Feedback and Goal Setting:** Performance appraisals provide an opportunity for managers to give feedback to employees on their performance, strengths, and areas for improvement. It also allows setting new goals, providing direction and clarity on expectations, and aligning employee performance with organizational goals.

**Identification of Training and Development Needs:** Performance appraisals help identify an employee's strengths and weaknesses, which can help managers determine what types of training or development programs the employee needs to improve their skills.

**Promotes Fairness and Objectivity:** Performance appraisals can help ensure that employees are evaluated objectively, and performance is measured based on specific and well-defined criteria. This promotes fairness and helps minimize biases.

**Rewards and Recognition:** Performance appraisals provide an opportunity to recognize and reward employees who have performed exceptionally well, motivating them to continue performing at a high level.

**Performance Improvement:** By providing regular feedback and discussing areas for improvement, performance appraisals can help employees improve their performance and take steps towards meeting their goals.

**Career Development:** Performance appraisals can help identify employees' strengths and weaknesses and provide insights into potential career paths within the organization.

#### **Problems in performance appraisal:**

**Biases and Subjectivity:** Performance appraisals can be affected by managers' personal biases and subjective opinions. These biases can lead to unfair evaluations, which can demotivate employees and negatively impact their performance.

**Lack of Clarity and Specificity:** If the performance criteria are not well-defined and specific, it can be difficult to evaluate an employee's performance accurately. This can lead to misunderstandings, miscommunication, and confusion.

**Time-consuming:** Performance appraisals can be time-consuming, especially if the organization has a large number of employees. Managers may struggle to find the time to complete the evaluations, leading to delays and reduced accuracy.

**Overemphasis on Past Performance:** Performance appraisals tend to focus on an employee's past performance, which may not accurately reflect their current abilities or potential. This can limit employees' career growth opportunities and discourage them from seeking new challenges.

**Anxiety and Stress:** Performance appraisals can cause anxiety and stress for employees, especially if the evaluation process is unclear or the results are uncertain. This can lead to decreased productivity and increased turnover.

**Lack of Employee Involvement:** Employees may feel that the performance appraisal process is imposed on them without their involvement. This can lead to a lack of trust in the process and reduced engagement in the workplace.

**COMPENSATION MANAGEMENT** Meaning: - Compensation Management is the act of providing monetary value to an employee for the work they do by means of a company process or policy. Some types of compensation include salary, bonuses & benefit packages.

**Acc. to D.S. Beach** "The establishment & implementation of sound policies & practices of employee compensation. It includes such areas as job evaluation, surveys of wage & salaries, analysis of relevant organizational problems, development & maintenance of wage structure, establishing rules for administrating wages, wage payment incentives, profit sharing, wage changes & adjustments, supplementary payments, control of compensation costs & other related items.

#### **Importance of Compensation Management:**

A good compensation is a must for every business organization, as it gives an employee a reason to stick to the company. An organization gains from a structured compensation management in the following ways –

- It tries to give proper refund to the employees for their contributions to the organization. • It discovers a positive control on the efficiency of employees and motivates them to perform better and achieve the specific standards.
- It creates a base for happiness and satisfaction of the workforce that limits the labor turnover and confers a stable organization.
- It enhances the job evaluation process, which in return helps in setting up more realistic and achievable standards.
- It is designed to abide with the various labor acts and thus does not result in conflicts between the employee union and the management. This creates a peaceful relationship between the employer and the employees.
- It excites an environment of morale, efficiency and cooperation among the workers and ensures satisfaction to the workers.

#### **COMPONENTS OF COMPENSATION MANAGEMENT**

1. **Wage:** - wage is general term referring to direct monetary compensation. It is also used specifically to refer to payments to service workers on the basis of hourly rated production.

2. **Salary:** - salary refers to weekly or monthly rates paid to clerical, administrative & professional employees.

3. **Allowances:** - Allowances can be defined as the amount of something that is allowed, especially within a set of rules and regulations or for a specified purpose. Various allowances are paid in addition to basic pay.

Some of these allowances are as follows –

• **Dearness Allowance** – This allowance is given to protect real income of an employee against price rise. Dearness allowance (DA) is paid as a percentage of basic pay

**House Rent Allowance** – Companies who do not provide living accommodation to their employees pay house rent allowance (HRA) to employees. This allowance is calculated as a percentage of salary.

• **City Compensatory Allowance** – This allowance is paid basically to employees in metros and other big cities where cost of living is comparatively more. City compensatory allowance (CCA) is normally a fixed amount per month, like 30 per cent of basic pay in case of government employees.

- **Transport Allowance/Conveyance Allowance** – Some companies pay transport allowance (TA) that accommodates travel from the employee's house to the office. A fixed amount is paid every month to cover a part of traveling expenses.

#### **Incentives and Performance Based Pay:**

Incentive compensation is performance-related remuneration paid with a view to encourage employees to work hard and do better. Both individual incentives and group incentives are applicable in most cases. Bonus, gain-sharing, commissions on sales are some examples of incentive compensation.

**Fringe Benefits/Perquisites:** Fringe benefits include employee benefits like medical care, hospitalization, accident relief, health and group insurance, canteen, uniform, recreation and the likes.

### **UNIT-III**

#### **Human Resources Accounting:**

Human Resources accounting is involved in identifying, measuring, capturing, tracking, and analyzing the potential of a company's human resources and communicating the resultant information to the stakeholders of the company.

Human Resource (HR) is though one of the organization's valuable assets, there is no statutory regulation to report it in the organization's annual report.

#### **Definition of HR Accounting:**

**Ravindra Tiwari (2012)** has pointed out, "Human Resource Accounting is an attempt to identify, quantify and report investment made in Human resources of an organization that is not presently accounted for under conventional accounting practice."

"Human Resource Accounting (HRA) refers to the measurement and quantification of human organizational inputs such as recruiting, training, experience, and commitment." – **Stephen Knauf (1983)**

"Human Resource Accounting is accounting for people as organizational resources. It is the measurement of the cost and value of people for the organization" – **Eric Flamholtz (1974)**

"A term used to describe a variety of proposals that seek to report and emphasize the importance of human resources – knowledgeable, trained and loyal employees in a company earning process and total assets." – **Davidson and Roman L Weel**

"Human resource accounting is the process of identifying and measuring data about human resources and communicating this information to interested parties." – **American Accounting Association (1973)**

#### **Limitations of HRA (Human Resource Accounting):**

Many difficulties are involved in the implementation of human resource accounting. A few important limitations or demerits are mentioned below:

1. There is no specific guideline for measuring the cost and value of human resources.
2. While valuing human assets, demand for rewards and compensation might be higher.
3. The nature of amortization to be followed is yet to be fixed up.
4. Tax laws do not recognize human assets, and in that sense, they might be theoretical only.
5. Several methods are available in valuing human resources, but there is a lack of their wider acceptance.
6. It is a difficult task to value human assets.
7. Human Resource Accounting is full of measurement problems.
8. Employees and unions may not like the ideas.
9. The life of a human being is uncertain. So its value is also uncertain.
10. All the accounting methods for human assets are based on certain assumptions, which can go wrong at any time. For example, it is assumed that all workers continue to work with the same organization until retirement, far from possible.

11. It may lead to jealousy among the employees when they find differences in their relative value. One can think that its price is very high and the other's price is very low may destroy team solidarity.
12. It lacks empirical evidence.
13. There is no universally accepted method of the valuation of human resources.

### **Process of Human Resource Accounting**

There is a particular procedure that has to be followed by the management to execute human resource accounting. The procedure is as follows:

#### **Step 1 : HRA Objectives :**

Every organisation has to accomplish a certain set of goals. These goals and the organisational requirements are the foundation for setting the objectives of the human resource accounting system.

#### **Step 2 : Developing HRA Measurements :**

There are two methods by which human resource accounting measurement can be made. They are explained below:

- Monetary or Non-monetary methods can also be used as standard for measuring the cost or value or both of human resources.
- Either the management can go for one particular measurement method or a number of methods for the measurements.

Before implementing any of these methods the validity and consistency of this method must be checked.

#### **Step 3: Developing HR Accounting Database:**

The human resource accounting system is based on certain factors such as time management sheet, the cost of each employee working in the organisation, various psychological factors etc. These factors form the database of HRA system.

#### **Step 4: Pilot Testing the System:**

Pilot testing means pre-checking the working of the system before finalising it as a part of the organisation. Management co-ordination and co-operation throughout the process of pilot testing is essential for its success.

#### **Step 5: Implementing the Human Resource Accounting System:**

In this process, organisation introduced the entire workforce and staff with a new accounting system. The importance and different methods of HRA are specified to the employees so that they become familiar with the new concept and accept it wholeheartedly.

#### **Development of Human Resource Accounting:**

The development of HRA as a systematic and detailed academic activity according to Eric G. Flamholtz began in sixties. He divides the development into five stages. These are as follows:

#### **Problems / Disadvantages of Human Resource Accounting:**

Though there are many advantages of HRA, but there are certain disadvantages also, some of them are as follows:

**1. Variety of Methods Create Confusion -**

There are many methods which can be used to calculate the cost incurred on human resource. This creates misunderstandings, so management should exercise a particular method to evaluate the human resource cost to avoid any kind of uncertainty.

**2. Uncertainty about Continuance of Employees -**

Unlike machinery one cannot expect the workforce to stay within the organisation for a lifetime. Situation may arise that may force the employees to leave the job. Thus, it can be said that stability of an employee in the organisation is not certain. But this uncertainty increased the vacancies in the organisation, troubling the estimation of Human Resource Accounting which further disturb the working of entire organisation.

**3. Results in exploitation organisation -**

If the human asset valuation is not done correctly, it may result in exploitation of workers the evaluation done by the human resource accounting should be useful for the organisation, but not at the cost of partiality towards the employees.

**4. Lack of Perfect Knowledge about Future Receiving of HR -**

Future is unpredictable and full of uncertainties; nobody is sure whether an investment will be profitable or not. Thus, sometimes evaluation on imaginary basis creates a great problem for HRA system. Therefore, one can say that there is lack of perfect knowledge regarding future earning of any organisation.

**5. Trade Union Resistance -**

Estimating the value of human resources may give rise to industrial conflict and resistance by the union leaders. The reason for this opposition can be the backlash on the part of management while estimating the value of the human assets. Thus, before introducing Human Resource Accounting in an organisation all the employees are leader must be made aware about the importance of HRA and how it can be beneficial for them.

**6. Expensive -**

While introducing HRA in an organisation the first thing which should be kept in mind that it should be cost-effective. Thus, the expenditure made on the system should be made sensibly otherwise it can incur additional cost to the organisation. If its adoption is affecting the profit of the organisation then the system is useless.

**7. Non-Availability of Standards -**

The main problem faced by the organisation is non availability of proper standard that are required to evaluate the cost incurred on human resources. Institution of Chartered Accountants of India (ICAI) must formulate certain criteria to measure the value of human assets.

**Importance / Advantages of Human Resource Accounting**

With the passage of time, Human Resource Accounting has occupied a significant position in almost all the organisation. Its importance has been discussed below:

**1. Sign of Good Health of the Organisation -**

HRA serves as an indicator of the well-being of any organisation. The amount of investment made on the human resources of any organisation help in measuring the amount of profit that may be earned in future.

**2. Help in Determining the Need of Recruitment -**

HRA reports about the changes of getting returns and how much expenditure should be made on the manpower of the organisation. If the profits are high, demand for recruiting new employees increase and if no profits are gained, no further recruitment take place. These decisions are completely based on the information provided by HRA.

**3. Ascertains Negative Effects of the Programmes -**

HRA system also helps the management in determining the negative effects of several programmes running in the organisation.

**4. Facilitates Scheduling and Implementing HR Policies -**

HR policies of an organisation include policies regarding HR functions such as promotion, training, demotion, transfer etc. Proper scheduling and implementation of these policies is very important for the smooth functioning of every organisation. This function is controlled by the human resource accounting system of an organisation.

**5. Helps in Calculating ROI -**

HRA is an accounting system which recognizes the expenditure made on the human resources of an organisation. Once the investment is calculated an organisation can easily ascertain the exact return on investment (ROI) by calculating the profit made by the organisation. This will help the management to determine how much they should spend on the human resources to achieve maximum Return on Investment.

**6. Motivates Employees -**

Employees get motivated to improve themselves once they come to know their real value in the eyes of Human Resource Accounting system of the organisation. The amount invested on them will inspire them to increase the output in proportion to the investment made on them by the organisation.

**7. Improves Process of Decision Making -**

HRA works as a centre to gain information regarding the actual value of human resources working in the organisation. This information helps the management to take appropriate decisions regarding the organisational issues.

**HUMAN RESOURCE AUDIT:**

**Human Resource Audit is a comprehensive method of objective and systematic verification of current practices, documentation, policies and procedures prevalent in the HR system of the organization.**

HR audit is an objective examination of your business's HR policies, practices, and procedures. The goal is to look for trouble spots and/or identify ways you can improve. You can hire an outside company to perform the audit or you can instruct your HR department to perform an internal audit.

**According to Biles and Schuler "HR audit evaluates the HR activities in an organisation with a view to their effectiveness and efficiency".**

**According to Storey and Sisson** "HR audit is concerned with the gathering, analyzing information, and then deciding what actions need to be taken to improve performance".

#### **Objectives of the Human Resource Audit:**

- To review the performance of the Human Resource Department and its relative activities in order to assess the effectiveness on the implementation of the various policies to realize the Organizational goals.
- To identify the gaps, lapses, irregularities, short-comings, in the implementation of the Policies, procedures, practices, directives, of the Human Resource Department and to suggest remedial actions.
- To know the factors which are detrimental to the non-implementation or wrong implementation of the planned Programs and activities.
- To suggest measures and corrective steps to rectify the mistakes, shortcomings if any, for future guidance, and advise for effective performance of the work of the Human Resource Department.
- To evaluate the Personnel staff and employees with reference to the Performance Appraisal Reports and suggest suitable recommendations for improving the efficiency of the employees.
- To evaluate the job chart of the Human Resource Managers, Executives, Administrative Officers, Executive Officers, Recruitment Officers, whether they have implemented the directives and guidelines for effective Management of the Human resources in their respective Departments.

#### **Approaches to HR Audit:**

Given below are various approaches that can be used by the auditors to evaluate HR functions:

##### **1) Comparative Approach:**

In this approach, the progress of one organisation is compared with the progress of other organisation. Results of both the organisations are matched. In this case, other organisation is treated as a model organisation and the target is to achieve the same result as that of the model organisation.

##### **2) Outside Authority Approach:**

Under this approach, standards for comparison are set by external experts and these yardsticks are used by the internal auditors of the organisation to evaluate their work.

##### **3) Statistical Approach:**

In certain cases, statistical approach has to be followed in order to create statistical performance measures with the help of organisation's current information. For example, to measure the rate of absenteeism, the amount of revenue received, etc., certain arithmetical methods are required to evaluate the performance. Thus, this statistical technique helps the auditors to get the information accordingly.

##### **4) Compliance Approach:**

In this approach, past performance and activities of the employees are reconsidered to check their conformity with the organisational rules and regulations and whether there was any violation of legal provisions or not.

## **5) Management by Objectives (MBO) Approach:**

In this approach, the auditor asks the departmental heads and operational managers to set certain objectives for their departments. The degree with which these objectives are achieved can easily determine the performance of the departmental manpower. This assessment is then utilized by the HR audit to verify the genuine performance of the employee and compare it with the set targets.

## **Benefits of Human Resource Audit:**

Several benefits associated with Human Resource audit are listed below

- Identifies the contribution of Human Resource department to the organization
- Improves the professional image of the Human Resource department.
- Encourages greater responsibility and professionalism among member of the Human Resource department.
- Clarifies the HR department's duties and responsibilities.
- Stimulates uniformity of HR policies and practices.
- Finds critical HR problems.
- Ensures timely compliance with legal requirements.
- Reduces human resource cost through more effective Human Resource procedure.
- Creates increased acceptance of needed change in the Human Resource department.
- Requires thorough review of Human Resource department's information system.

## **Human Resources information Systems:**

**Human Resource Information System (HRIS)** is an organized procedure for collecting, storing, maintaining, retrieving, and validating data needed by an organization about its human resources. It is usually a part of the organization's Management Information System (MIS).

## **Objectives of HRIS:**

- Provide Historical Information and Evidence
- Provides up-to-Date Information
- Helps in Personnel Research and Personnel Audit
- Needed to take Personnel Decision
- Deciding Payrolls and Career Path
- Supplying Information to the Government and Various Agencies
- Helps in Evaluation and Modification of HR Policies
- Helps the Company to Detect Frauds, Mistakes, and Errors

## **Importance of HRIS:**

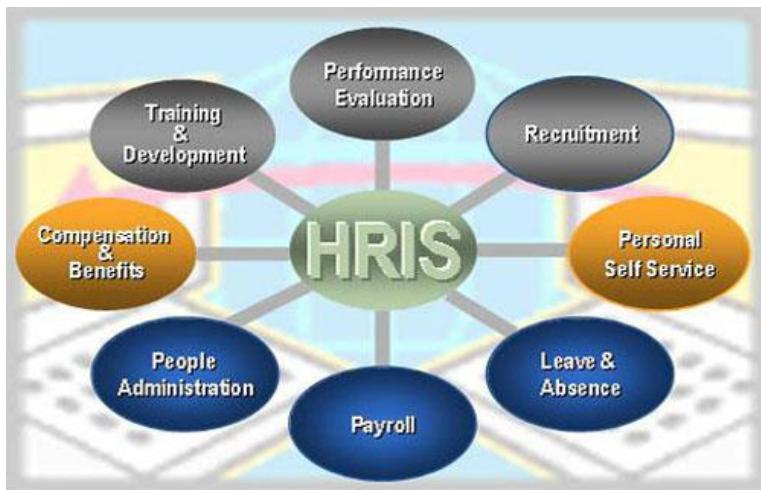
HRIS is needed in the organization and it provides advantages in the following way:

- More Accurate than Manual Files
- Available Centrally and Accessible to all
- Easy to Analyze Records than in Manual Recording
- Easy to Operate and Saves Time
- Administer Employee Information
- Apply Electronically to the Organization
- Decision Support System

### **Uses of HRIS:**

The main purpose of maintaining HRIS system is to gather, classify, process, record and disseminate the information required for efficient and effective management of human resources in the organisation.

**The various uses of HRIS in an organisation can be listed as follows:**



### **Personnel Administration:**

It encompasses personal information of an employee. These may include name, address, date of birth, marital status, and the date of joining the organisation. It also contains the name and address of next kin of the employee concern. This information describes the employee.

### **Salary Administration:**

One of the functions of HRIS is to provide a report containing information like present salary, benefits, last pay increase and proposed increase in future.

### **Leave/Absence Increase:**

HRIS is also used to control leave/absence of employees. This is done by maintaining a leave history of each employee. Every employee can be issued an identity card writing every employee's token number coded on it. Employee's entry and exit from the organisation should be recorded on the identity card. This reduces chances for malpractice or oversight in calculating wages for each employee.

### **Skill Inventory:**

Recording employee skills and monitoring a skill data base is yet another use of the HRIS. Such a skill record helps identify employees with the necessary skill for certain positions or jobs in an organisation.

### **Medical History:**

The HRIS is also used to maintain occupational health data required for industrial safety purposes, accident monitoring, and so on.

**Performance Appraisal:**

In order to form a comprehensive overview about an employee, HRIS maintains performance appraisal data such as the due date of the appraisal, potential for promotion, scores of each performance criteria and alike. The textual information can be combined with the factual data obtained from the HRIS and the combination of information can be used for imparting training and affecting employee mobility in the form of transfer and promotion.

**Manpower Planning:**

HRIS is used for manpower planning also. It keeps information of organisational requirements in terms of positions. HRIS connects employees to the required positions in the organisation. It is also used to identify vacancies and establish employees thereon. HRIS can also help identify a logical progression path and the steps to be taken for employee progress/ advancement.

**Recruitment:**

Recruitment forms the most essential function of HRM. HRIS helps in the recruitment process in a big way by recording the details of activities involved in employee recruitment. These may include cost and method of recruitment and time taken to fill the positions level wise, for example.

**Career Planning:**

By providing necessary information such as which employees have been earmarked for which positions, HRIS facilitates positional advancement of employees. In other words, HRIS helps in planning for succession.

**Collective Bargaining:**

HRIS through a computer terminal can provide up-to-date relevant and required information, facts and figures and, thus, can facilitate collective bargaining. It can help collective bargaining as “what if analysis” rather as feelings and fictions. In the same manner, HRIS can also help maintain better human relations in the organisation.

There are many HRIS software available in the market today. Some of them are listed below:

- Sage Abra HRIS
- Oracle HRMS
- SAP HR
- Peoplesoft
- iVantage HRIS
- Kronos

## **RECRUITMENT:**

Recruitment means search of the prospective employee to suit the job requirements as represented by job specification. It is the process of attracting people to apply for jobs in an organisation.

**According to Edwin B. Flippo**, “Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation.”

**In the words of Dale Yoder**, “Recruitment is a process to discover the source of man power to meet the requirement of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force.

**The objectives of recruitment are:**

- To attract people with multi-dimensional skills and experiences those suit the present and future organisational strategies,
- To induct outsiders with a new perspective to lead the company,
- To infuse fresh blood at all levels of the organisation,
- To develop an organisational culture that attracts competent people to the company,
- To search or head hunt/head pouch people whose skills fit the company's values
- To devise methodologies for assessing psychological traits,
- To seek out non-conventional development grounds of talent,
- To search for talent globally and not just within the company,
- To design entry pay that competes on quality but not on quantum,
- To anticipate and find people for positions that does not exist yet

## **Factors affecting Recruitment:**

The factors affecting recruitment can be classified as Internal and External factors.

**The internal factors are:**

1. Wage and salary policies
2. The age composition of existing working force
3. Promotion and retirement policies
4. Turnover rates
5. The nature of operations involved the kind of personnel required.
6. The level and seasonality of operations in question
7. Future expansion and reduction programmes
8. Recruiting policy of the organization
9. Human resource planning strategy of the company
10. Size of the organisation and the number of employees employed.

11. Cost involved in recruiting employees, and finally
12. Growth and expansion plans of the organisation

**The external factors are:**

13. Supply and demand of specific skills in the labour market
14. Company's image perception of the job seekers about the company
15. External cultural factors: Obviously, the culture may exert considerable check on recruitment. For example, women may not be recruited in certain jobs in industry.
16. Economic factors: such as a tight or loose labour market, the reputation of the enterprise in the community as a good pay master or otherwise and such allied issues which determine the quality and quantity of manpower submitting itself for recruitment.
17. Political and legal factors also exert restraints in respect of nature and hours of work for women and children, and allied employment practices in the enterprise, reservation of Job for SC, ST and so on.

**Sources of Recruitment:** The various sources of recruitment are generally classified as Internal source and External source.

- 1. Internal Sources:** This refers to the recruitment from within the company. The various internal sources are promotion, transfer, past employees and internal advertisements.
- 2. External Sources:** External sources refer to the practice of getting suitable persons from outside. The various external sources are advertisement, employment exchange, past employees, private placement agencies and consultants, walks-ins, campus recruitment, trade unions, etc.

**The following external sources of recruitment are commonly used by the big enterprises:**

- 1. Direct Recruitment:** An important source of recruitment is direct recruitment by placing a notice on the notice board of the enterprise specifying the details of the jobs available. It is also known as recruitment at factory gate.
- 2. Casual Callers or Unsolicited Applications:** The organisations which are regarded as good employers draw a steady stream of unsolicited applications in their offices. This serves as a valuable source of manpower.
- 3. Media Advertisement:** Advertisement in newspapers or trade and professional journals is generally used when qualified and experienced personnel are not available from other sources.
- 4. Employment Agencies:** Employment exchanges run by the Government are regarded as a good source of recruitment for unskilled, semi-skilled and skilled operative jobs. In some cases, compulsory notification of vacancies to the employment exchange is required by law.

**5. Management Consultants:** Management consultancy firms help the organisations to recruit technical, professional and managerial personnel they specialise middle level and top level executive placements.

**6. Educational Institutions or Campus Recruitment:** Big organisations maintain a close liaison with the universities, vocational institutes and management institutes for recruitment to various jobs. Recruitment from educational institutional is a well - established practice of thousand of business and other organisations.

**7. Recommendation:** Applicants introduced by friends and relatives may prove to be a good source of recruitment.

**8. Labour Contractors:** Workers are recruited through labour contractors who are themselves employees of the organisation. Recruitment through labour contractors has been banned for the public sector units.

**9. Telecasting:** The practice of telecasting of vacant posts over T.V. is gaining importance these days. Special programmes like 'Job Watch', 'Youth Pulse', 'Employment News', etc. over the T.V have become quite popular in recruitment for various types of jobs.

**10. Raiding:** Raiding is a technical term used when employees working elsewhere are attracted to join organisations. The organisations are always on the lookout for qualified professionals, and are willing to offer them a better deal if they make the switch.

**11. Poaching:** Employee poaching (talent poaching) or job poaching is the recruiting of employees who work at competing companies. The term "poaching" is associated with illegal hunting, but job poaching is not, for the most part, unethical or illegal and can help to ensure a competitive job marketplace.

**Merits of External Source of Recruitment:** The merits of external sources of recruitment are as under:

**1. Qualified Personnel:** By using external sources of recruitment the management can make qualified and trained people to apply for vacant Jobs in the organisation.

**2. Wider choice:** When vacancies are advertised widely a large number of applicants from outside the organisation apply. The management has a wider choice while selecting the people for employment.

**3. Fresh Talent:** The insiders may have limited talents. External sources facilitate infusion of fresh blood with new ideas into the enterprise. This will improve the overall working of the enterprise.

**4. Competitive Spirit:** If a company can tap external sources, the existing staff will have to compete with the outsiders. They will work harder to show better performance.

**Demerits of External Sources:** The demerits of filling vacancies from external sources are as follows:

- 1. Dissatisfaction among Existing Staff:** External recruitment may lead to dissatisfaction and frustration among existing employees. They may feel that their chances of promotion are reduced.
- 2. Lengthy Process:** Recruitment from outside takes a long time. The business has to notify the vacancies and wait for applications to initiate the selection process.
- 3. Costly Process:** It is very costly to recruit staff from external sources. A lot of money has to be spent on advertisement and processing of applications.
- 4. Uncertain Response:** The candidates from outside may not be suitable for the enterprise. There is no guarantee that the enterprise will be able to attract right kinds of people from external sources.

#### **Training and Development:**

Training and Development is one of the main functions of the human resource management department. Training refers to a systematic setup where employees are instructed and taught matters of technical knowledge related to their jobs. It focuses on teaching employees how to use particular machines or how to do specific tasks to increase efficiency.

Whereas, Development refers to the overall holistic and educational growth and maturity of people in managerial positions. The process of development is in relation to insights, attitudes, adaptability, leadership and human relations.

Methods of Training:

#### **ON THE JOB TRAINING METHODS:**

On the job training methods are based on the concept of learning by doing. In this method, trainees are provided with real job settings to do their jobs. Here employees are trained along with their regular duties. In some situations, they are given sole responsibility to handle the issues on their own and this enables them to learn by doing their task.

**Job Instruction Training (JIT):** Under this training process, trainees are given instructions systematically one by one. These instructions are given by experienced trainers who are well-known for the techniques and procedures to be used and the functions to be performed during the job. In this training method, the learners first observe their instructors while performing the task and then follow them by performing the task on their own. This helps the trainers to easily point out the faults committed by the trainees and rectify them as soon as possible.

**2) Apprenticeship:** It follows the principle of "earning while learning". In this method, an expert and the experienced person gives his knowledge and skills to the trainee who desires to learn that skill. Once the trainee has completed an apprenticeship programme, the trainee can apply for a permanent job if there is any.

**3) Job Rotation:** It is that process in which the employees are allowed to perform the functions of other departments in the organisation. When the employees are rotated from one department to another department or from one division to another division, they gain new knowledge and experience about the different jobs performed by different people in the organisation. Job rotation takes place either in the form of promotions in which the employees are promoted from lower level to higher level or in the form of lateral transfers, in which only the job responsibility changes, but not the position of the employee. Thus, this training method is the best way to transform an employee into an expert.

**4) Coaching:** The guidance given by the superiors of the organisation to their subordinates is called coaching. Besides being an unofficial and unplanned training method, it improves the bonding between the employees and their superiors.

The senior manager acts as a coach or instructor and guides the employees on how to perform the task and how the mistakes can be rectified. Later, they also evaluate the performance of these employees.

**5) Understudy:** It is the method of preparing the trainees to perform the responsibilities of their trainer or to occupy the position of their senior in future. In this method, when the superior or manager is about to get separated from the organisation due to the reasons of transfers, resignation, retirement etc., his/her position is allotted to that employee who has received training under him. This method is different from coaching in the sense that the manager can select employees from his/her department for understudy.

**6) Mentoring:** In this method, training is given by a specialised and experienced person. In organisations, mentoring is usually done by senior employees where they try to enhance the skills of junior employees. Many organisations use mentoring as a nurturing tool that fosters the understanding and proficiency of their employees.

#### **OFF THE JOB TRAINING METHODS:**

Off the job training methods are not based on the concept of learning by doing but follow the rule of learning by gaining knowledge. Here employees are separated from the normal duties to undergo training. Under this, the trainees are called upon in a classroom which may be situated inside the company or some outside place such as institutes or centers to provide the training. Because of the outside location, trainees can learn freely without the stress of job work.

**Some of the well-known off the job training methods are as follows:**

**1) Lectures:** When there is a requirement of imparting technical knowledge to new employees; the lecture method proves to be the best way to clear the notion, ideas, and hypothesis to the trainee. It is a one-way communication method in which the mentor collects the entire relevant data for the trainees and conveys a lecture using various teaching aids such as models, chart papers, visual aids, audio aids, etc. Thus, it is the simplest method of providing knowledge to the trainees.

**2) Simulations:** This training method depicts a real-life situation of the job that may have happened in the organisation in the past such as damage to any valuable thing, any serious enquiry that may have adversely affected the company, or any mistake that had cost the company a lot, etc. Several realistic examples can be shown to the trainees to prepare them to handle the situations accordingly.

By this, the organisation prepares the trainees well in advance about what may happen on the job and how they have to deal with these types of situations. This method is used in those industries where on the job training can be expensive or destructive such as, in the aeronautical industry.

**3) Case Study:** Under this method, the real business cases are framed and they are provided to trainees. Trainees have to discuss it and give their ideas of how they would have tackled that situation. This method is called the case study method and is one of the very common ways of imparting knowledge based on actual business situations.

**4) Role-Play:** In this method, trainees are provided with an imaginary or real problem that is generally concerned with the organisation. They are asked to assume the identity of a particular person and behave as if they are in that particular situation. To enhance their managerial skills, employees can make use of various visual aids and tips given by their mentors while executing their performance.

#### **5) Vestibule Training Method:**

This kind of training takes place away from the production area on equipment that closely resembles the actual ones used on the job. It is a type of off-the-job training in which employees get training in a realistic job setting but in a location different from the one in which they would be working. For example, a group of lathes may be located in a training center where the trainees will be instructed in their use. The method is used frequently for training typists and bank tellers, among others. The word 'vestibule' means entrance. Thus vestibule training serves to facilitate full-fledged entry into job. A primary advantage of vestibule training is that it removes the employee from the pressure of having to produce while learning. Disturbance of production or supervisor during training is minimized. The disadvantages include the extra investment on equipment and additional persons to be employed as trainers.

**6) Conferences:** A structured method of communicating thoughts to a large number of audiences who are attending the event is called a conference. Experts from specific fields come together to share their views on a common topic and also obtain answers to their questions if they have any.

**7) Seminar:** Another word for 'Seminar' is "Seed Plot" which means it is a base ground for gaining knowledge. These are conducted by experienced and expert people who not only prepare the topic of discussion and deliver it in front of learners but also help them to share their ideas and explore their views on the topic of discussion. Since it is focused on any particular topic, learners can understand things more clearly and respond effectively.

**8) Group Discussion:** It is one of the very common training methods adopted by numerous organisations. Under this method, a topic is given to the group of trainees and they are asked to actively participate in it and give their outlook on the issue. The discussion topic is given on the spot and thus, no time is given to the trainees to prepare the topic.

This method not only helps in solving the problem related to an organisation but also creates a higher rate of interest and enthusiasm among the trainees as they can share good experiences and gain new ideas and knowledge about the subject.

**9) Sensitivity Training:** Sensitivity training, as by name is very clear that this training is related to emotions and sentiments. It is also called T-group training or laboratory training. The assessment is based on the behaviour of one for the other. This training is carried out to make employees get aware of and respect the feelings and emotions of other co-trainees.

**10) Syndicates:** The syndicate training method has proved to be very useful for training higher management. In this training method, the employees form a group and get united to execute any particular function. This method includes numerous groups who work altogether to achieve the organisational training goals.

#### **Benefits of Training:**

- Training improves the quantity and quality of the workforce. It increases the skills and knowledge base of the employees.
- It improves upon the time and money required to reach the company's goals. (e.g.: trained salesmen achieve and exceed their targets faster than inexperienced and untrained salesmen)
- Training helps to identify the highly skilled and talented employees and the company can offer them the jobs of higher responsibilities.
- Trained employees are highly efficient in comparison to untrained ones.
- Reduces the need to constantly supervise and overlook the employees.

- Improves job satisfaction and thus boosts morale.

#### **Methods of Development:**

**1. The case study:** cases are prepared on the basis of actual business that happened in various organizations. The trainees are given cases for discussing and deciding upon the case. Then they are asked to identify the apparent and hidden problems for which they have to suggest the solution.

The situation is generally described in a comprehensive manner and the trainee has to distinguish the significant fact from the insignificant, analyze the facts, identify the different alternatives solutions, select and suggest the best. This whole exercise improves the participant's decision-making skills by sharpening their analytical and judging abilities

**2. Incident method:** this method was developed by Paul Pigors. It aims to develop the trainee in the areas of intellectual ability, practical judgment and social awareness. Under this method, each employee develops in a group. Incidents are prepared on the basis of actual situations which happened in different organizations. Each employee in the training group is asked to study the incidents and to make short-term decisions in the role of a person who has to cope with the incidents, based on group interaction and decisions relating to incidents, based on the group interaction and decisions taken from each member. Thus, this method is similar to a combination of a case study and in basket method.

**3. In basket method:** the trainees are first given background information about a simulated company, its products, key personnel, various memoranda, request and all data pertaining to the firm. The trainee has to understand all this, make notes, delegate task and prepare memos within a specified amount of time. abilities that all this kind of notes develops are; situational judgment in being able to recall details, establish priorities, interrelates items and determines need for more, social sensitivity in exhibiting courtesy in written notes, scheduling meetings with personnel involved and explaining reasons for actions taken and willingness to make decision and take action.

**4. Business games:** under this method, the trainees are divided into groups or different teams. Each team has to discuss and arrive at the decision concerning such subject as production, pricing, research expenditure and advertising. Assuming it to be of the management of the simulated firm. The other teams assume themselves as competitors and react to the decision. This immediate feedback helps to know the relative performance of each team. The team's co-operative decision promotes greater interactions among participants and gives them the experiences in co-operative group. All this develops organizational ability, quickness of thinking, leadership qualities and the ability to adapt under stress.

**5. Managerial grid:** it is sixth phase programs lasting from five years. It starts with upgrading managerial skills, continues to group improvement, improves inter group relations, goes into corporate planning, develops implementation method and ends with evaluation phase.

**6. Multiple Management:**

It may assume two forms viz:

(i) a study of the various organisational problems by a permanent advisory committee of executives set up by the enterprise. It will evaluate all such problems and makes appropriate recommendations to higher management, which retains the right to make final decisions.

(ii) Establishment of a Junior Board of Directors for executives' training. It is vested with powers to discuss any problem which the Senior Board constituted by the shareholders of the enterprise, could otherwise discuss.

**Benefits of Development:**

- Exposes executives to the latest techniques and trends in their professional fields.
- Ensures that the company has an adequate number of managers with knowledge and skill at any given point.
- Helps in the long-term growth and survival of the company.
- Creates an effective team of managers who can handle the company issues without fail.
- Ensures that the employees utilise their managerial and leadership skills in particular to the fullest.

**Employee Relations:**

Four key methods for managing employee relations:

**1. Establish Open Communication:**

**Two-Way Dialogue:** Implement systems for open, honest, and transparent communication where employees feel safe to share their needs and concerns.

**Regular Feedback:** Provide timely, specific, and constructive feedback, as well as opportunities for employees to give feedback through one-on-one meetings, team sessions, or surveys.

**2. Implement Fair and Clear Policies:**

**Clear Expectations:** Set clear goals, targets, and deadlines for individual and collective tasks, ensuring everyone understands their roles and responsibilities.

**Fair Treatment:** Create and enforce company policies and ethical practices that ensure fair treatment for all employees and promote diversity and inclusivity.

**3. Provide Conflict Resolution:**

**Address Disputes:** Develop a clear process for addressing, mediating, and resolving workplace disputes and complaints in a compassionate and effective manner.

**Promote Harmony:** This helps to prevent issues from escalating and maintains a harmonious work environment for everyone.

**4. Invest in Employee Development and Well-being:**

**Career Growth:** Offer ample opportunities for career development and learning, investing in the skills and growth of employees.

**Work-Life Balance:** Promote work-life balance and provide programs and resources that support mental and physical health, which increases employee satisfaction and loyalty.

**Fair Compensation:** Ensure competitive and fair compensation, as feeling valued for their work is a key driver of employee satisfaction and engagement.