WEEK 9-12: BY-Manisha Pal

Manpower Planning

- **Definition & Importance**: Forecasts future HR needs and ensures the right number of employees with the right skills are available at the right time.
- **Key Concepts**:
    - **Demand Forecasting**: Predicts future employee needs based on business objectives and market conditions.
    - **Supply Forecasting**: Estimates the availability of internal and external candidates.
    - **Gap Analysis**: Identifies discrepancies between demand and supply forecasts.
- **Processes**:

1. **Strategic Planning**: Align with organizational goals.
2. **Job Analysis**: Define role requirements.
3. **Workforce Planning**: Develop strategies for hiring, training, and succession.

Recruitment

- **Definition**: The process of attracting qualified candidates.
- **Key Concepts**:
    - **Job Description & Specification**: Outlines role duties and required qualifications.
    - **Recruitment Sources**:
        - **Internal**: Filling roles from within.
        - **External**: Sourcing from outside via job boards and agencies.
- **Processes**:

1. **Sourcing**: Identify potential candidates.
2. **Screening**: Review resumes to shortlist candidates.
3. **Selection**: Conduct interviews and assessments.
4. **Onboarding**: Integrate new hires.

Employee Selection

- **Definition**: Evaluating and choosing the best candidates.
- **Key Concepts**:
    - **Selection Methods**: Interviews, tests, assessments.
    - **Selection Criteria**: Standards for assessing candidates.
- **Processes**:

1. **Pre-Employment Testing**: Evaluate skills and personality.
2. **Interviewing**: Gather detailed candidate information.
3. **Background Checks**: Verify candidate information.

Training and Development

- **Definition**: Enhancing employees' skills and knowledge.
- **Key Concepts**:
    - **Training Needs Analysis**: Identify skill gaps.
    - **Types of Training**:
        - **On-the-Job**: Learning within the work environment.
        - **Off-the-Job**: External training programs.
- **Processes**:

1. **Designing Programs**: Develop relevant training content.
2. **Delivering Training**: Implement training methods.
3. **Evaluating Training**: Assess effectiveness and impact.

Performance Management

- **Definition**: Assessing and improving employee performance.
- **Key Concepts**:
    - **Performance Appraisal**: Evaluate performance against objectives.
    - **Feedback**: Provide constructive feedback.
    - **Goal Setting**: Establish clear goals.
- **Processes**:

1. **Setting Objectives**: Define performance expectations.
2. **Monitoring Performance**: Track progress.
3. **Appraisal**: Conduct formal reviews.

Compensation and Benefits

- **Definition**: Total rewards for work, including salary and perks.
- **Key Concepts**:
    - **Salary Structure**: Pay levels and incentives.
    - **Benefits**: Non-monetary rewards like health insurance.

- **Processes**:

1. **Compensation Planning**: Develop salary ranges and benefits.
2. **Payroll Management**: Administer employee pay.
3. **Benefits Administration**: Manage benefits programs.

HR Analytics

- **Definition**: Using data to make HR decisions.
- **Key Concepts**:
    - **Data Collection**: Gather HR data.
    - **Data Analysis**: Analyze trends and patterns.
    - **Predictive Analytics**: Forecast future HR needs.
- **Processes**:

1. **Data Integration**: Combine data from various sources.
2. **Analysis and Reporting**: Generate insights.
3. **Action Planning**: Develop strategies based on data.

Legal and Ethical Considerations

- **Definition**: Adhering to employment laws and ethical standards.
- **Key Concepts**:
    - **Employment Laws**: Regulations on hiring, compensation, etc.
    - **Equal Employment Opportunity**: Non-discriminatory practices.
    - **Ethical Practices**: Fair and transparent HR practices.

Human Resource Plan

- **Definition**: Strategic document for managing the workforce.
- **Components**:
    1. **Forecasting Workforce Needs**: Quantitative and qualitative forecasting.
    2. **Job Analysis**: Define roles and qualifications.
    3. **Workforce Planning**: Talent acquisition and succession planning.
- **Process**:
    1. **Assess Current Workforce**: Evaluate skills and performance.
    2. **Identify Gaps**: Find shortages or surpluses.

3. **Develop Strategies**: Address gaps through various plans.

Levels and Compensation

- **Definition**: Hierarchical positions and their corresponding compensation.
- **Components**:
    1. **Job Levels**: Entry, mid, and executive levels.
    2. **Compensation Structure**: Base salary, bonuses, and benefits.
- **Process**:
    1. **Benchmarking**: Compare with industry standards.
    2. **Pay Grades**: Establish pay ranges.
    3. **Compensation Review**: Regularly adjust pay and benefits.

Specialization

- **Definition**: Expertise needed for specific roles.
- **Components**:
    1. **Skill Requirements**: Technical and soft skills.
    2. **Role-Specific Expertise**: Development, support, and management roles.
- **Process**:
    1. **Skill Inventory**: Record current skills.
    2. **Training and Development**: Enhance specialized skills.
    3. **Recruitment**: Hire candidates with needed skills.

Key Considerations in Manpower Planning

1. **Alignment with Business Strategy**: Align HR plans with business goals.
2. **Flexibility**: Adapt to changes in the business environment.
3. **Diversity and Inclusion**: Promote fair and inclusive practices.
4. **Technology Integration**: Use HR technology for efficiency.

Challenges in Recruitment

1. **Skill Matching**:
    - **Challenges**: Complex skill requirements, skills shortage, rapid technological change.
    - **Strategies**: Detailed job descriptions, targeted recruitment, skill assessment tools.
2. **Replacing Personnel**:
    - **Challenges**: Knowledge transfer, training time, cultural fit.

- **Strategies**: Documentation, succession planning, onboarding programs.

Importance of Specialized Skills

Specialized Skills in IT:

- **Technical Proficiency:** Expertise in specific technologies (e.g., SQL for database administrators).
- **Industry-Specific Knowledge:** Understanding of domain regulations (e.g., HIPAA for healthcare IT).
- **Problem-Solving Abilities:** Handling complex technical issues with in-depth knowledge.

Why Specialized Skills Are Critical:

- **Enhanced Performance:** Efficient and effective task execution.
- **Competitive Advantage:** Leverage advanced technologies for a market edge.
- **Project Success:** Essential for complex projects to address technical challenges effectively.

Labor Cost Planning

Definition: Determining appropriate compensation based on role importance, required skills, and market rates.

Factors Influencing Labor Cost Planning:

- **Role Importance:** Higher-level roles (e.g., CTO) command higher salaries.
- **Skill Level:** Advanced or rare skills lead to higher compensation (e.g., machine learning engineers).
- **Market Rates:** Competitive salaries to attract and retain talent.

Strategies for Effective Labor Cost Planning:

- **Market Research:** Review industry salary surveys regularly.
- **Compensation Structures:** Develop clear structures with base salaries, bonuses, and benefits.
- **Performance-Based Pay:** Reward exceptional performance and contributions.

Key HR Concepts

Attrition Rate:

- **Theory:** Measure of employee turnover as a percentage of the workforce.
- **Learning:** Helps analyze turnover causes and impacts.

Employee Recruitment:

- **Theory:** Identifying and hiring best candidates through sourcing, screening, and selection.
- **Learning:** Essential for maintaining productivity and filling key roles quickly.

Employee Retention Strategies:

- **Theory:** Policies to prevent valuable employees from leaving (e.g., career development, competitive salaries).
- **Learning:** Reduces turnover, especially in high-attrition fields like IT.

Role of Program Managers in HR:

- **Theory:** Oversee projects and manage teams, collaborating with HR on staffing needs.
- **Learning:** Ensures projects are not disrupted by staffing issues.

HR ERP Systems:

- **Theory:** Integrated software for managing HR processes (e.g., payroll, recruitment).
- **Learning:** Improves efficiency in managing employee data.

Organizational Growth and Employee Development:

- **Theory:** Growth refers to size, revenue, or market share expansion; development enhances skills for current and future roles.
- **Learning:** Investment in employee development enhances job satisfaction and reduces turnover.

Theoretical Concepts and Practical Applications

Internal Sourcing and Talent Mobility:

- **Theory:** Filling roles with existing employees (promotions or lateral moves).
- **Application:** Retains talent, reduces recruitment costs, and ensures experienced employees fill critical roles.

Manpower Planning and Bench Management:

- **Theory:** Ensuring the right number of skilled employees; maintaining a buffer of unassigned employees.
- **Application:** Manages unexpected departures and project demands.

Performance Appraisal and Career Development:

- **Theory:** Evaluating job performance to influence promotions and career growth.
- **Application:** Highlights the role of appraisals in internal mobility.

Succession Planning:

- **Theory:** Developing potential future leaders for critical positions.
- **Application:** Ensures continuity and reduces project disruption.

Job Satisfaction and Employee Retention:

- **Theory:** Higher job satisfaction leads to lower turnover.
- **Application:** Internal sourcing offers new challenges and career growth.

Organizational Communication:

- **Theory:** Crucial for transparency and employee awareness.

- **Application:** Internal portals for job vacancies and updates.

Learning and Development:

- **Theory:** Promotes skill enhancement and role preparation.
- **Application:** Contributes to professional development and organizational growth.

Workforce Flexibility:

- **Theory:** Adapting to changes in staffing needs.
- **Application:** Achieved through internal sourcing and quick transitions.

Competency-Based Hiring:

- **Theory:** Selecting candidates based on skills and abilities.
- **Application:** Focus on technical skills and performance qualities.

Project Management and Resource Allocation:

- **Theory:** Allocating resources for project success.
- **Application:** Quick replacement of key team members to maintain project timelines.

Hiring Process Flow

1. **Sourcing and Shortlisting:**
    - Job description, resume sourcing, and creating a shortlist.
2. **Initial Assessments:**
    - Technical assessments and interviews.
3. **HR and Technical Interviews:**
    - HR interview for cultural fit and motivation; technical interview for skills.
4. **Feedback and Evaluation:**
    - Rating templates and final shortlist creation.
5. **Offer Making:**
    - Job offer details, approval process, and offer rollout.
6. **Post-Offer Considerations:**
    - Acceptance, rejection, and negotiations.
7. **Handling Rejections:**
    - Backup candidates and continuous improvement.

Statistical Distributions and Performance Analysis

Bell Curve (Normal Distribution):

- **Theory:** Data points distributed around the mean; used for benchmarking and identifying outliers.

Performance Metrics:

- **Skill Assessment:** Evaluating strengths and weaknesses.
- **Weighted Averages:** Evaluating overall skill levels.

Channel Effectiveness in Recruitment:

- **Evaluation Parameters:** Time to complete application, candidate experience, offer acceptance rate, and cost of recruitment.

Cost vs. Effectiveness:

- **Cost-Benefit Analysis:** Balancing cost and recruitment channel effectiveness.

Correlation Analysis:

- **Channel Correlation:** Understanding the effectiveness and overlap of recruitment channels.

Turnaround Time:

- **Importance:** Measuring efficiency and identifying process bottlenecks.

Talent Forecasting and HR Challenges

Forecasting Talent Needs:

- **Demand Estimation:** Evaluating labor force availability, industry growth, and sector contribution.
- **Supply Estimation:** Assessing availability and identifying gaps.

HR Challenges and Priorities:

- Managing multi-generational workforce, flexible working, gig economy, global sourcing, development and succession planning, and creating an effective ecosystem.

Macroeconomic Perspective and Practical Insights:

- **Industry Associations and Government Studies:** Leveraging reports for understanding trends and preparing for future skill demands.

FinTech Paybuddy

What is FinTech?

- **Definition:** Integration of technology into financial services to enhance delivery and user experience.
- **Key Areas:**
    1. **Payments and Transfers:** Digital transactions (e.g., mobile wallets, peer-to-peer systems).
    2. **Lending and Credit:** Online loans and credit services.

3. **Personal Finance:** Tools for budgeting, savings, and investments.

Revenue Models for FinTech Companies:

1. **Transaction Fees:** Small fees per transaction (e.g., PayPal).
2. **Interest on Loans:** Revenue from loan interest.
3. **Subscription Fees:** Premium services for a fee.
4. **Advertising and Partnerships:** Revenue from promotions and referrals.

Functions of PayBuddy:

1. **Customer Role:**
    - Account setup, making purchases, ensuring payment security.
2. **Merchant Role:**
    - Receives payments, pays transaction fees, simplifies payment process.
3. **Partner Role:**
    - Banks and card networks facilitate and verify transactions.

Payment Process:

1. **Initiation:** Customer selects PayBuddy at checkout.
2. **Authorization:** PayBuddy verifies funds with the bank/card network.
3. **Funds Transfer:** Approved funds are transferred to PayBuddy.
4. **Merchant Payment:** Funds are transferred to the merchant's account.
5. **Completion:** Merchant and customer receive payment confirmation.

Security Measures:

- **Encryption:** Protects transaction data.
- **Fraud Detection:** Monitors for suspicious activity.
- **Two-Factor Authentication (2FA):** Additional verification for security.

Fees and Costs:

- **Transaction Fees:** Charged to merchants.
- **Currency Conversion Fees:** Applied for international transactions.

Handling Refunds and Disputes:

- **Refunds:** Processed through PayBuddy.
- **Dispute Resolution:** Mediates issues between customers and merchants.

Buy Now, Pay Later (BNPL) Schemes:

1. **Overview:** Allows customers to pay over time, often interest-free.
2. **Business Model:** Increases customer engagement and transaction volume.

3. **Creditworthiness Assessment:** Evaluates purchase history, payment behavior, and credit scores.

If Customer Fails to Repay:

- **Late Fees:** Additional charges.
- **Credit Score Impact:** Negative effects on credit rating.

Nudge Economics & AI in Marketing:

1. **Nudge Economics:** Guides consumer choices without restricting options.
2. **AI-Driven Propensity Models:** Predicts purchasing behavior based on data.

Promoting "Pay Later":

1. **Segmentation and Targeting:** Tailored promotions for different customer segments.
2. **Personalized Messaging:** Customized offers based on behavior.
3. **Social Proof and Defaults:** Use testimonials and default settings to encourage use.
4. **Incentives and Rewards:** Provide discounts or rewards for using "Pay Later."
5. **Ease of Use:** Simplify the process and communicate benefits clearly.
6. **Feedback and Optimization:** Use A/B testing and analytics to refine strategies.

A/B Testing and Credit Risk.

A/B Testing Overview:

- **Purpose:** A/B Testing is used to compare two versions of a variable (like a website element or marketing strategy) to determine which performs better, optimizing business decisions based on data.
- **Process:**
    1. **Identify the Variable:** Choose the element to test (e.g., email subject line).
    2. **Create Two Versions:** Develop two different versions (e.g., Version A and Version B).
    3. **Divide the Audience:** Randomly split your audience so each version is tested by different groups.
    4. **Run the Test:** Implement both versions at the same time to avoid external biases.
    5. **Analyze Results:** Compare metrics (e.g., open rates, conversion rates) to see which version is more effective.
    6. **Implement Findings:** Apply the insights to improve the variable tested.
- **Example:** Testing two different email subject lines and measuring open and click-through rates to determine the more engaging option.

Credit Risk Overview:

- **Definition:** Credit Risk is the possibility that a borrower will fail to meet their obligations, leading to financial loss for lenders or investors.

- **Key Concepts:**
    1. **Default Risk:** The likelihood of a borrower failing to make payments.
    2. **Creditworthiness:** Assessment of a borrower's ability and willingness to repay debt, often evaluated using credit scores.
    3. **Exposure at Default (EAD):** The total value at risk if a borrower defaults.
    4. **Probability of Default (PD):** Likelihood of a borrower defaulting, usually estimated through statistical models.
    5. **Loss Given Default (LGD):** The portion of the exposure that is lost when a borrower defaults.
    6. **Credit Spread:** The difference in yield between risk-free and risky assets, indicating the level of credit risk.
- **Evaluating Credit Risk:**
    1. **Credit Assessment Techniques:**
        - **Credit Scoring Models:** FICO scores and credit ratings from agencies like Moody's.
        - **Financial Statement Analysis:** Evaluating profitability, liquidity, solvency, and cash flow.
        - **Credit Reports:** Reviewing a borrower's credit history and past behavior.
        - **Qualitative Factors:** Considering industry risk, management quality, and the economic environment.
    2. **Credit Risk Models and Tools:**
        - **Statistical Models:** Using logistic regression, decision trees, and machine learning to predict default risk.
        - **Credit Risk Metrics:** Calculating Expected Loss (EL), Value at Risk (VaR), and conducting stress testing.
    3. **Credit Risk Management:**
        - **Diversification:** Spreading credit exposure to reduce risk.
        - **Credit Limits:** Setting caps on credit to manage exposure.
        - **Collateral and Guarantees:** Securing loans with assets to mitigate loss.
        - **Credit Derivatives:** Using instruments like credit default swaps to hedge risk.
        - **Regular Monitoring:** Continuously updating the risk profile.
        - **Risk Mitigation Strategies:** Implementing policies to manage and reduce credit risk.

Week 12 Insights:

There were no new topics discussed, but some insights from lectures:

HOW BUSINESSES OPERATE: LEARNINGS

Any business consists of multiple functions: sales and marketing, inventory management and logistics, production, purchase, finance and HR

Each function has multiple KPAs (Key Performance Areas)

- Achieving KPAs requires coordination with other functions

Every function monitors its own progress on a regular basis using dashboards

- Frequency varies – could be daily, weekly, monthly or even longer – depending on the KPA

HOW BUSINESSES ARE MANAGED: KEY LEARNINGS

Product Portfolio Management: analysis of revenue and sales volume

Inventory management: trade-off between fulfillment (no stock-outs) and working capital

External environment can impact business: Seasonality and business volatility needs to be managed

Planning and Scheduling is very important

- Planning smoothens out production volume and optimizes material purchases
- Scheduling helps to identify issues in upstream activities that could impact downstream tasks

A/B/C model for material management

Managing efficiency by looking at constituent factors

WHAT KIND OF DATA ORIGINATES FROM BUSINESS PROCESSES: KEY LEARNINGS

Data is typically stored in databases, that are typically linked together using an Enterprise Resource Planning (ERP) system

Data is sometimes captured digitally at source (Fabmart, Paybuddy) but must often be entered manually (Ace Gears, Tech Enterprises)

- What data to capture and how requires deep understanding of the underlying process

ERP typically captures raw data only which can be extracted as tables

- Data elements could be structured or unstructured
- HR data tends to be unstructured

Data could be "dirty" – mistakes, or could have missing elements

- Requires data cleaning

Data must be processed in various ways in order to extract meaningful insights

USING WORKSHEETS TO ORGANIZE DATA

Basic functions in worksheets such as sum, max, min, average

Sorting and filters

Vlookup to pull data from one table into another

Pivot tables to consolidate and slice data

Charting tables using line graphs, bar charts, pie charts, scatter plots etc

Study and do 

in exam.

BEST OF LUCK