

# Auditing Course Material

Part 32 of 61 (Chapters 3101-3200)

## 9. Pradhan Mantri Yuva Yojana (PM-YUVA)

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Pradhan Mantri YUVA Yojana (PM-YUVA) is the initiative of MSD&E on entrepreneurship education and training, advocacy and easy access to entrepreneurship support network to over 7 lakh youth to initiate maximum start-ups over 5 years. The candidates are linked to the MUDRA scheme of the government to get assistance in initial business funding.

The 2 primary objectives of the scheme are:

1. Educate and equip potential and early-stage entrepreneurs
2. Connect entrepreneurs in enabling networks of peers, mentors, incubators, funding, and business services.

The project is being implemented through a network of Entrepreneurship Resource and Coordination Hubs (E-Hubs).

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## 10. Indian Institute of Skills

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In September 2019, the foundation stone for Indian Institute of Skills (IIS) was laid down at Mumbai. The Cabinet has given its nod to set up IIS in two other cities namely Ahmedabad and Kanpur. These institutes, set up as state-of-the-art training institutions, will be constructed and operated on a PPP (Public-Private Partnership) model and on a not-for-profit basis. Tata Education Development Trust (TEDT) was selected as the private partner for setting up the first IIS in Mumbai through a competitive bidding process.

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## 11. Indian Skill Development Services (ISDS)

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Government of India has established Indian Skill Development Services as the new Group A Central Government services specially created for the Training Directorate of the Ministry of Skill Development and Entrepreneurship with an aim to attract young and talented administrators towards institutionalizing the Skill Development environment in the country. Candidates are selected from the Indian Engineering Service Examination conducted by UPSC. The first batch did their training in Mysuru (programme commenced in September 2019).

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## 12. National Apprenticeship Training Scheme (NATS)

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The National Apprenticeship Training Scheme, under the provisions of the Apprentices Act, 1961, offers Graduate, Diploma students and Vocational certificate holders; a practical, hands-on On-the-Job-Training (OJT) based skilling opportunities with duration ranging from 6 months to 1 year. It aims at equipping technically qualified youth with practical knowledge and skills required in their field of work. For this, the apprentices are placed for training at Central, State and Private organizations and are imparted training by the organizations at their place of work.

Key Feature are:

- The Scheme covers graduated students or students pursuing either of the following categories of Graduate, Graduate Sandwich, Technician, Technician Sandwich, and Technician Vocational.
- Disciplines include Technical, Engineering disciplines and shall be extended further to Commerce, Arts, Humanities, and Management domains.
- During the period of apprenticeship, the apprentices are paid a stipend amount, 50% of which is reimbursable to the employer from Government of India.

At the end of the training period the apprentices are issued a Certificate of Proficiency by Government of India which can be registered at all employment exchanges across India as valid employment experience.

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## 13. National Apprenticeship Promotion Scheme (NAPS)

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NAPS was launched in August 2016 by the Government of India to promote the apprenticeship in the country by providing financial incentives, technology and advocacy support. Under it, the courses approved by State Government/ Central Government such as PMKVY, DDU-GKY etc. shall be linked with apprenticeship training. These courses will be given status of optional trades & the relevant practical content for on-the-job training shall be added by respective course approving authority. The Scheme covers all categories of apprentices, which are not covered under National Apprenticeship Training Scheme (NATS).

The scheme has the following 2 components:

- Sharing of 25% of prescribed stipend subject to a maximum of Rs. 1500/- per month per apprentice with the employers.
- Sharing basic training costs up to a maximum of Rs. 7,500 per apprentice.

Note that the Apprentices Act, 1961 makes it obligatory for employers to engage apprentices in designated trades and in optional trades. Directorate General of Training (DGT) under the Ministry of Skill Development & Entrepreneurship monitors the implementation of the scheme of apprenticeship training.

1. The acronym 'SANKALP', introduced by the Ministry of Skill Development and Entrepreneurship, stands for: (**U 14 Oct 2022 Evening**)

- Skill Attainment and Knowledge Awareness of Livelihood Promotion
- Skill Acquisition and Knowledge Awareness of Livelihood Promotion
- Skill Awareness and Knowledge Assessment of Livelihood Promotion
- Skill Addition and Knowledge Assessment of Livelihood Promotion

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Question: 1 of 3 questions

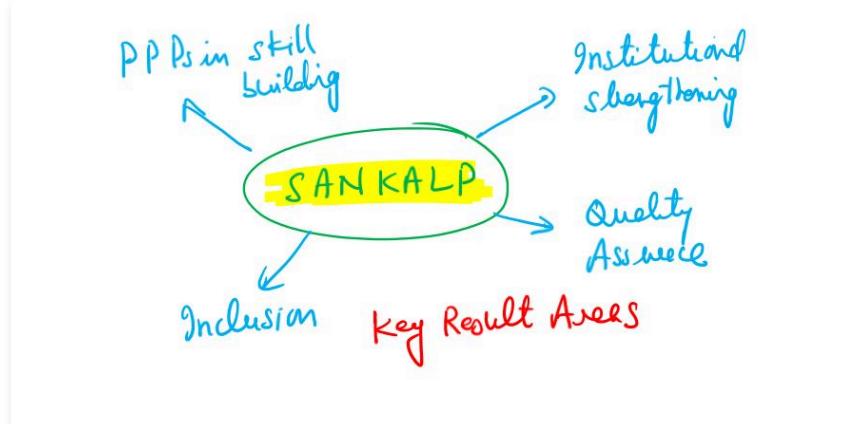
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## 14. Skills Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP)

The Skills Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP) project is dedicated to realizing the goals set out by the National Skill Development Mission (NSDM), initiated by the Ministry of Skill Development & Entrepreneurship. This project, operating in a mission-oriented fashion with the support of the World Bank, is closely aligned with the overarching objectives of the NSDM.

The primary aims of the SANKALP project encompass several key areas. These include:

- bolstering institutional structures at both the national and state levels,
- nurturing a pool of highly skilled trainers and assessors,
- fostering collaboration and coordination among all state-level skill training initiatives,
- establishing a robust system for monitoring and evaluating skill training programs,
- ensuring access to skill training opportunities for marginalized communities, and
- significantly contributing to the Make in India initiative by addressing the skill demands within pertinent manufacturing sectors.



Under SANKALP 4 key result areas have been identified viz – (i) Institutional Strengthening; (ii) Quality Assurance; (iii) Inclusion; and (iv) Expanding Skills through PPPs.

## 15. Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY)

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Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), the skill training and placement program of the Ministry of Rural Development (MoRD) that focuses on the rural poor youth (between age group 15-35 years, 45 for special category) and its emphasis on sustainable employment through the prominence and incentives are given to post-placement tracking, retention, and career progression.

Features of Deen Dayal Upadhyaya Grameen Kaushalya Yojana:

- *Enable Poor and Marginalized to Access Benefits:* Demand led skill training at no cost to the rural poor.
- *Inclusive Program Design:* Mandatory coverage of socially disadvantaged groups (SC/ST 50%; Minority 15%; Women 33%).
- *Shifting Emphasis from Training to Career Progression:* Pioneers in providing incentives for job retention, career progression and foreign placements.
- *Greater Support for Placed Candidates:* Post-placement support, migration support and alumni network.
- *Proactive Approach to Build Placement Partnerships:* Guaranteed Placement for at least 75% trained candidates.
- *Enhancing the Capacity of Implementation Partners:* Nurturing new training service providers and developing their skills.
- *Regional Focus:* Greater emphasis on projects for poor rural youth in Jammu and Kashmir (HIMAYAT), The North-East region and 27 Left-Wing Extremist (LWE) districts (ROSHINI).

DDU-GKY is being undertaken as PPP Project all over the country through Project Implementing Agencies (PIAs) registered with the Ministry of Rural Development.

Another Skill development of the MoRD is **Rural Self Employment and Training Institutes (RSETI)**. It enables the trainee to take Bank credit and start his/her own Micro-enterprise. Some of such trainees may also seek regular salaried jobs. It is also for rural parts of the country.

Both DDU-GKY and RSETI are under the National Rural Livelihood Mission (NRLM) or *Aajeevika Mission*, tasked with the dual objectives of adding diversity to the incomes of rural poor families and catering to the career aspirations of rural youth.

In August 2019, the UGC directed all the central institutions, to form a subject-specific committee to implement the which stands for:

- Localized Oriented Classes Framework
- Learning Outcomes-based Classes Framework
- Learning Outcomes-based Curriculum Framework
- Localized Oriented Curriculum Framework

Check

Question: 1 of 1 questions

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## 16. Learning Outcomes-based Curriculum Framework (LOCF)

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In August 2019, the UGC directed all the central institutions to form a subject-specific committee to implement the Learning Outcomes-based Curriculum Framework (LOCF). The fundamental premise of LOCF is to specify what the students completing the programme are expected to know, understand and be able to do by the end of the programme. The LOCF helps the students become active learners and make the teachers become effective facilitators laying the foundation of lifelong learning. The idea behind the framework is to decide the desired outcome within the framework of the presently followed Choice Based Credit System (CBCS) for the Under-Graduate and Post-Graduate programmes and then design the syllabus in order to obtain the desired outcome. These outcomes will be determined based on the skills, knowledge, understanding, employability, graduate attributes, attitudes, and values which are gained by the students after completing the programme.

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## 17. DDU KAUSHAL Kendras

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The UGC is also providing Skill based education under National Skill Qualification Framework in Colleges and Universities through its scheme of Community Colleges, B. Voc. Degree Programmes and Deen Dayal Upadhyay Centres for Knowledge Acquisition and Upgradation of Skilled Human Abilities and Livelihood (DDU KAUSHAL Kendras). The scheme is established to promote skill development and enhance livelihood opportunities for individuals in India.

Which of the following specific programmes are initiated by UGC for the promotion of values and ethical practices  
**NET 01 Mar 2023 Evening)**

- A. Jeevan Kaushal
- B. Deeksharambh
- C. Vishwa Bharat
- D. Guru Dakshata
- E. Vishwa Darshan

A and E only

C, D and E only

B, C and D only

A, B and D only

Check

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## 18. Jeevan Kaushal

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The Government of India has launched the Curriculum for Life Skills (Jeevan Kaushal) programme designed by the University Grants Commission (UGC).

The programme aimed at:

- Inculcation of an Emotional Intelligence.
- Development of Intellectual Competencies.
- Development of verbal and non-verbal communication skills.

The program has been framed for Undergraduate courses across the country. The Designed program can be accommodated in any semester of the course.

The program comprised of 4 courses:

1. Communication skills,
2. Professional and Leadership skills,
3. Problem-solving and Decision-making,
4. Universal human values.

In August 2023, UGC released **Jeevan Kaushal 2.0**, for the introduction of new life skills courses for undergraduate students. Under it, UGC added unique skills such as how to use Google search better, yoga and pranayama and resume writing.

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## 19. Focus on New Technologies

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A committee was formed in Oct 2018, under the Chairmanship of Shri B.V.R. Mohan Reddy, for preparing short term and long-term perspective plan for the All-India Council for Technical Education (AICTE).

Main recommendations of the committee include:

- courses on emerging technologies namely, Artificial Intelligence (AI), Internet of Things (IoT), Block chain, Robotics, Quantum Computing, Data Sciences, Cyber Security, 3D Printing & Design & Augmented Reality (AR)/ Virtual Reality (VR).
- greater focus on multi-disciplining courses by reducing the seats in conventional disciplines and converting the existing seats into these courses.

Accordingly, AICTE has decided that no new conventional discipline will be allowed from the academic year 2020-21 and National Institute of Technical Teachers Training & Research (NITTTR) Chandigarh has been given responsibility to prepare curriculum of the emerging technologies.

### 1. Match List I with List II (**UGC NET 21st Mar 2023 Morning**)

#### **List I (National MOOCs Coordinator)**

- A. University Grants Commission (UGC)  
B. Consortium for Educational Communication  
C. NIOS (National Institute of Open Schooling)  
D. NITTTR, Chennai (National Institute of Technical Teachers Training and Research)

#### **List II (Programme)**

- I. Non-Technology post-graduate degree programme  
II. Teacher training programme  
III. Non-Technology under-graduate degree programme  
IV. Out of School Children educational programme from class 9th to 12th

A-III, B-I, C-IV, D-II

A-I, B-III, C-IV, D-II

A-II, B-I, C-IV, D-III

A-III, B-II, C-I, D-IV

Check

Question: 1 of 2 questions

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## **20. Scheme for Higher Education Youth in Apprenticeship and Skills (SHREYAS)**

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SHREYAS scheme aims to provide industry apprenticeship opportunities to the general graduates exiting in April 2019 through the National Apprenticeship Promotion Scheme (NAPS). It was launched by the Ministry of Education in February 2019. The scheme is for students in degree courses, primarily non-technical, to introduce employable skills into their learning, promote apprenticeship as integral to education. SHREYAS portal will enable educational institutions and industry to log in and provide their respective demand and supply of apprenticeship. The matching of students with apprenticeship avenues will take place as per pre-specified eligibility criteria. The scheme would be operationalized by coordination of Ministry of Skills Development and Entrepreneurship (MSDE), Ministry of Education and the Ministry of Labour and Employment (MoLE).

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## **21. Skill Assessment Matrix for Vocational Advancement of Youth (SAMVAY)**

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Skill Assessment Matrix for Vocational Advancement of Youth (SAMVAY), launched in 2014, is a credit framework for Skill-based Vocational courses, which allow lateral and vertical mobility within the vocational educational system and between current education systems. It defines the rules for credit allotment and follows the National Skills Qualification Framework. Under the framework, skill knowledge providers or trainers will be registered under AICTE or other authorised bodies. When the student completes the skill modules required for the certification level and acquires the credits from the trainer, he/she can submit these credits to the institute, which would transfer them to the technical board or to the university. After this, the certification would be awarded by the university or technical board after assembling together the vocational skill and formal education credits.

What is the full form of 'SAMVAY'? **(UGC NET 03 Mar Morning 2023)**

- State Authority Ministry for Veterinary Achievement of Youth
- State Analysis Maintenance for various Analysis of Young
- Skill Achievement Matrix for vocational Assessment of Young
- Skill Assessment Matrix for Vocational Advancement of Youth

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## **22. STRIVE**

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The Directorate General of Training (DGT), under the Ministry of Skill Development and Entrepreneurship (MSDE), implemented the Skills Strengthening for Industrial Value Enhancement (STRIVE) project — a World Bank-assisted initiative of the Government of India. The project, which ran from 2017 to May 2024, aimed to enhance the quality, relevance, and efficiency of skills training imparted through Industrial Training Institutes (ITIs) and the apprenticeship ecosystem.

Under STRIVE, a total of 500 ITIs — including 467 Government and 33 Private Institutes — were selected for comprehensive strengthening. The initiative focused on upgrading infrastructure, modernizing laboratories, and providing advanced equipment and tools to make training more industry-relevant and outcome-oriented.

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## **23. Scheme for Capacity Building in Textile Sector (SAMARTH)**

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It is a skill development scheme covering the entire value chain of the textile sector (excluding Spinning & Weaving) in organized sector implemented from 2017-18 to 2019-20. It aims to provide demand driven, placement-oriented NSQF (National Skills Qualification Framework) compliant skilling programme.

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## **24. Pravasi Kaushal Vikas Yojana**

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It aims to provide training and certification to Indian workforce keen on overseas employment in select sectors and job roles, in line with international standards, to facilitate overseas employment opportunities. It is a skill development initiative of the Ministry of External Affairs in partnership with the Ministry of Skill Development & Entrepreneurship. It is implemented by the National Skill Development Corporation (NSDC). It involves training them in suitable skill sets which address the requirements in communication, trade specific knowledge and skills along with cultural orientation.

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## **25. Maulana Azad National Academy for Skills (MANAS)**

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It is a Special Purpose Vehicle of NMDFC (National Minorities Development and Finance Commission) for meeting all skill upgradation/development needs of minority communities. The trained candidate will also be provided financial assistance from NMDFC, if they are willing to establish their own business.

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## 26. Restructuring Skill India Programme

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In February 2025, the Government of India restructured the Skill India Programme (SIP) by integrating 3 flagship schemes- Pradhan Mantri Kaushal Vikas Yojana 4.0 (PMKVY 4.0), Pradhan Mantri National Apprenticeship Promotion Scheme (PM-NAPS), and Jan Shikshan Sansthan (JSS) Scheme into a composite Central Sector Scheme till March 2026.

Key Components of Restructured SIP:

1. *Pradhan Mantri Kaushal Vikas Yojana 4.0 (PMKVY 4.0)* – Key features:

- It provides short-term training, reskilling, and upskilling.
- 400+ new courses introduced in emerging technologies like AI, 5G, cybersecurity, green hydrogen, and drone technology.
- Focus on international mobility and on-the-job training (OJT) by recognition of prior learning and equipping Indian workers with globally recognized skills.
- It aligns with PM Vishwakarma, PM Surya Ghar Muft Bijli Yojana, National Green Hydrogen Mission, and NAL JAL Mitra, ensuring cross-sector impact.
- Target Beneficiaries: Individuals aged 15-59 years.

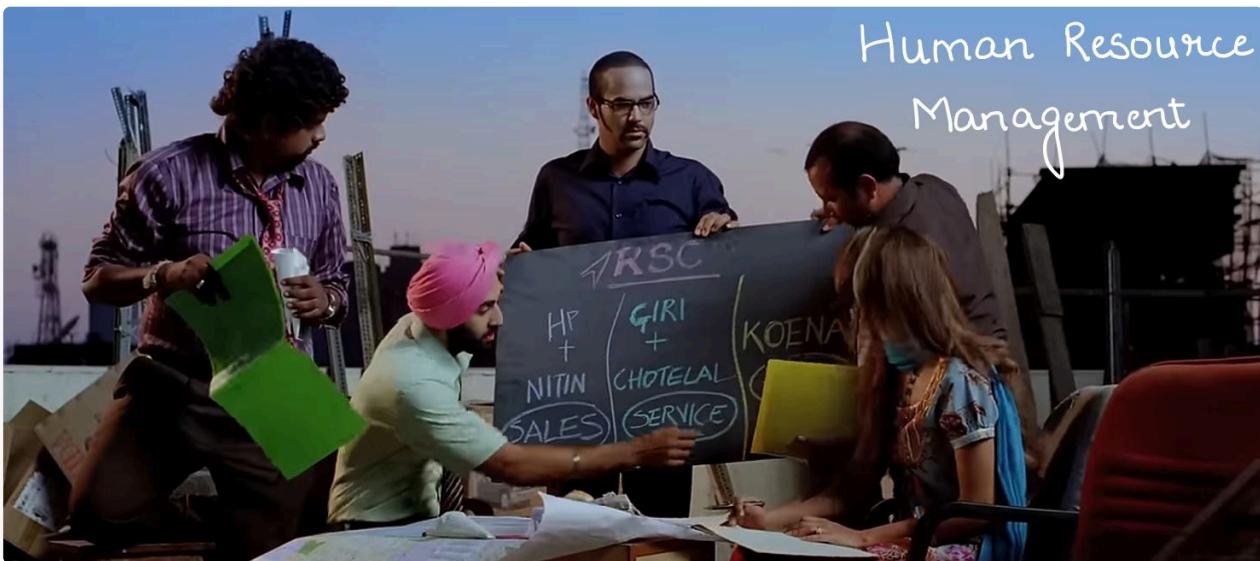
2. *Pradhan Mantri National Apprenticeship Promotion Scheme (PM-NAPS)* – Key features:

- PM-NAPS aims to enhance apprenticeship training across industries.
- Expands apprenticeship opportunities in AI, robotics, blockchain, green energy, Industry 4.0.
- Special focus on small establishments, MSMEs, aspirational districts, and the North-East Region.
- Target Beneficiaries: Individuals aged 14 to 35 years.

3. *Jan Shikshan Sansthan (JSS) Scheme* – Key features:

- The JSS scheme is a community-driven vocational training initiative aimed at empowering women, rural youth, and economically weaker sections in the 15-45 age group through low-cost, flexible skilling programs.
  - It is linked with initiatives like PM JANMAN and Understanding of Lifelong Learning for All in Society (ULLAS) for inclusive skilling.
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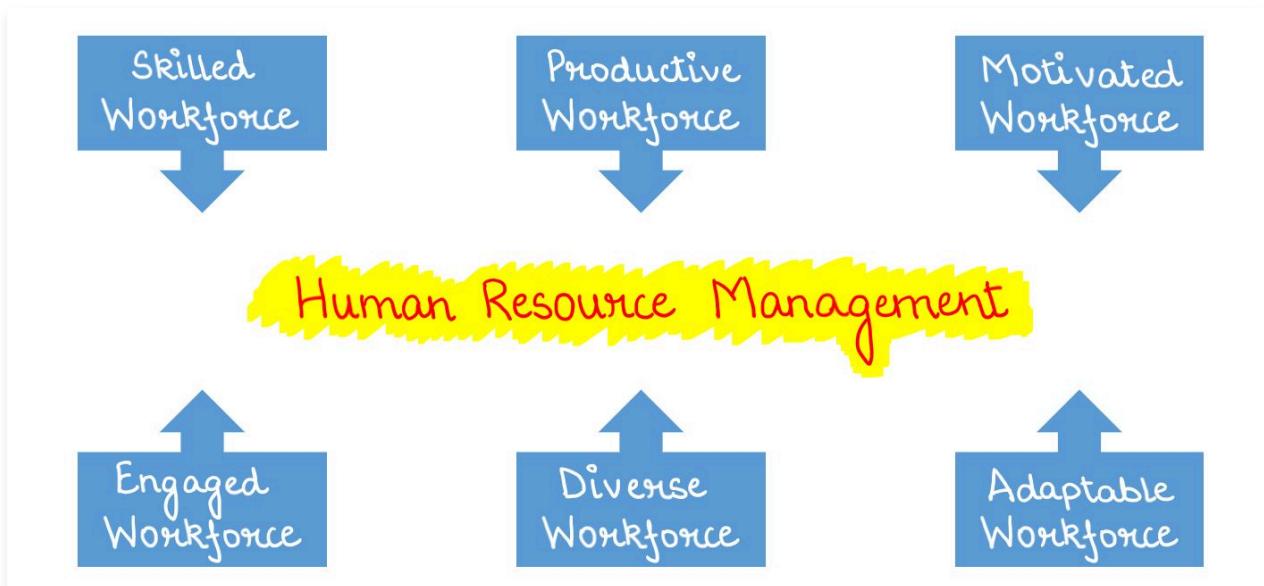
## 1. Introduction



**Human Resource Management** (HRM) is a strategic approach that focuses on overseeing an organization's most valuable assets—its people. The objective of HRM is to efficiently harness human resources to fulfill the goals and objectives of the organization.

The HRM involves planning and implementing practices that optimize the utilization of human resources. This includes recruiting the right talent, developing their skills, managing performance, and creating a positive work environment. The ultimate aim is to ensure that the organization has a capable, motivated, and engaged workforce that can effectively contribute to its success.

Consider a technology company aiming to expand its market share. The HRM strategy would involve recruiting skilled software developers, providing them with specialized training to keep up with the latest technologies, and fostering a work culture that encourages innovation and collaboration. In this scenario, HRM plays a crucial role in ensuring that the organization has the right talent and a conducive environment to achieve its strategic goal of market expansion.



# 1. Introduction

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Other important definitions of HRM are given below.

Human Resource Management is defined as a strategic and coherent approach to the management of an organization's most valued assets – the people working there, who individually and collectively contribute to the achievement of its objectives. According to him, "HRM is regarded by some personnel managers as just a set of initials or old wine in a new bottle".

**Michael Armstrong**

Human Resource Management is the planning, organization, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and societal objectives are accomplished.

**Edwin B. Flippo**

He defined Human Resource Management as a distinctive approach to employment management, which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an integrated array of cultural, structural and personal techniques.

**John Storey**

Human Resource Management is that part of management concerned with people at work and with their relationship within the organization. It seeks to bring men and women who make up an enterprise, enabling each to make his or her own best contribution to its success both as an individual and as a member of a working group.

**National Institute of Personnel Management of India**

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## 2. Objectives of HRM



The objectives of Human Resource Management (HRM) are multifaceted and vary across organizations, but they generally revolve around effectively managing and developing an organization's human capital to achieve strategic business goals.

Some common objectives of HRM include:

### Recruitment and Selection

- Attracting and hiring the right talent to fill key positions within the organization.
- Ensuring a diverse and skilled workforce to meet organizational needs.

### Training and Development

- Providing employees with the necessary skills and knowledge to perform their jobs effectively.
- Supporting continuous learning and career development to enhance employee capabilities.

### Performance Management

- Setting performance expectations and goals.
- Evaluating and appraising employee performance.
- Providing feedback and facilitating improvements.

### Compensation and Benefits

- Designing fair and competitive compensation structures.
- Managing employee benefits to attract and retain top talent.

### Employee Relations

- Creating a positive work environment.
- Addressing employee concerns and conflicts.
- Fostering good relationships between employees and management.

### Legal Compliance

- Ensuring adherence to labor laws and regulations.
- Mitigating legal risks related to employment practices.

### Workforce Planning

- Anticipating and planning for future workforce needs.

- Aligning the workforce with organizational goals and strategies.

#### **Employee Engagement**

- Promoting a positive and inclusive workplace culture.
- Enhancing employee morale and job satisfaction.

#### **Organizational Development**

- Supporting initiatives that contribute to the overall growth and effectiveness of the organization.
- Managing change and ensuring organizational resilience.

#### **Health and Safety**

- Ensuring a safe and healthy work environment for all employees.
- Complying with occupational health and safety standards.

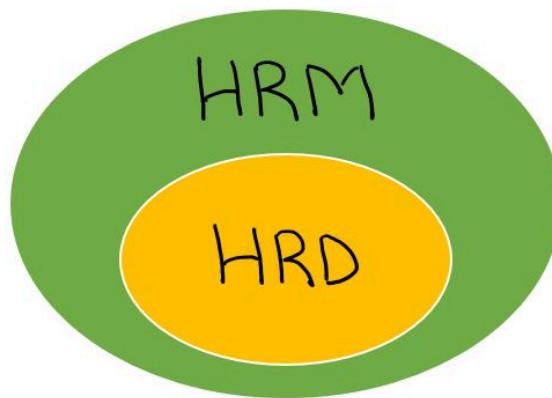
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## **3. Human Resource Development**

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**Human Resource Development (HRD)** is a term that encompasses the fields of Training, Education, and Development in a systematic and planned manner to enhance employee knowledge, skills, abilities, and attitudes. The concept was first introduced in 1969 by **Leonard Nadler** in the US, through his book "Developing Human Resources".

HRD is a practice that starts with the hiring of an employee and continues throughout their tenure in an organization. The activities under HRD are designed for employees at all levels of the career ladder, aimed at directing current and future job demands so that efficient and effective use of valuable resources is maintained. Depending on the structure and functions of an organization, HRD can be centralized or decentralized.



#### **HRD vis-a-vis HRM**

Human Resource Development is a part of Human Resource Management. While HRD focuses on training and development of employees, HRM covers all aspects of Human Resources in a firm such as recruitment, performance management, compensation, benefits, employee relations, etc. For example, a software company may provide training to its employees on new programming languages or technologies to enhance their skills and knowledge as a part of HRD, while HRM takes care of other aspects of the employees' overall work experience such as job satisfaction, benefits, and employee relations.

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## 4. Human Capital Management

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**Human Capital Management** (HCM) is a part of Human Resource Management that deals with the people who work in an organization and are essential to its success. Human capital management is a set of practices and tools used to attract, recruit, train, develop, manage and retain employees to achieve business goals.

The term **human capital** refers to employees' characteristics, such as their experience, intelligence, relationships, and insight, which add economic value to the organization. For example, a hospital needs highly skilled doctors and nurses to provide quality healthcare to patients. Human Capital Management is the strategic approach to managing an organization's workforce with the goal of maximizing the value of human capital.

Human capital management (HCM) transforms the traditional administrative functions of human resources (HR) departments such as recruitment, training, payroll, compensation, and performance management into opportunities to drive engagement, productivity, and business value.

HCM considers the workforce as more than just a cost of doing business; it is a core business asset whose value can be maximized through strategic investment and management, just like any other asset.

The idea of considering people as assets rather than variable costs was first proposed by Beer et al in 1984.

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## 5. Personnel Management

### Personnel Management

- ↳ Compliance
- ↳ Short-term
- ↳ Reactive
- ↳ Marginal

### HRM

- ↳ Commitment
- ↳ Long term
- ↳ Proactive
- ↳ Integrated

Personnel Management and Human Resource Management are two distinct approaches to managing the workforce in an organization. Personnel management is focused on administrative tasks such as payroll, employee benefits, and compliance with employment laws, while human resource management takes a more strategic approach to managing employees, with a focus on talent acquisition, development, and retention.

Personnel management views employees as a cost to the organization, while human resource management sees employees as valuable assets that can contribute to the organization's success. In addition, personnel management tends to be reactive, dealing with issues as they arise, while human resource management takes a proactive approach to identifying and addressing potential workforce issues before they become problems.

#### **Personnel Management vis-a-vis HRM**

The difference between Personnel Management and HRM is given in the table.

Basis	Personnel Management	Human Resource Management
Time and Planning Perspective	Short term, reactive, ad hoc, marginal	Long term, proactive, strategic, integrated
Psychological Contract	Compliance	Commitment
Control Systems	External controls	Self-control
Employee Relations Perspective	Pluralist, collective, low trust	Unitarist, individual, high trust
Preferred Structures/Systems	Bureaucratic/mechanistic, centralized, formal defined roles	Organic, devolved, flexible roles
Roles	Specialist/professional	Largely integrated into line management
Evaluation Criteria	Cost minimization	Maximum utilization (human asset accounting)

## 6. Functions of HRM

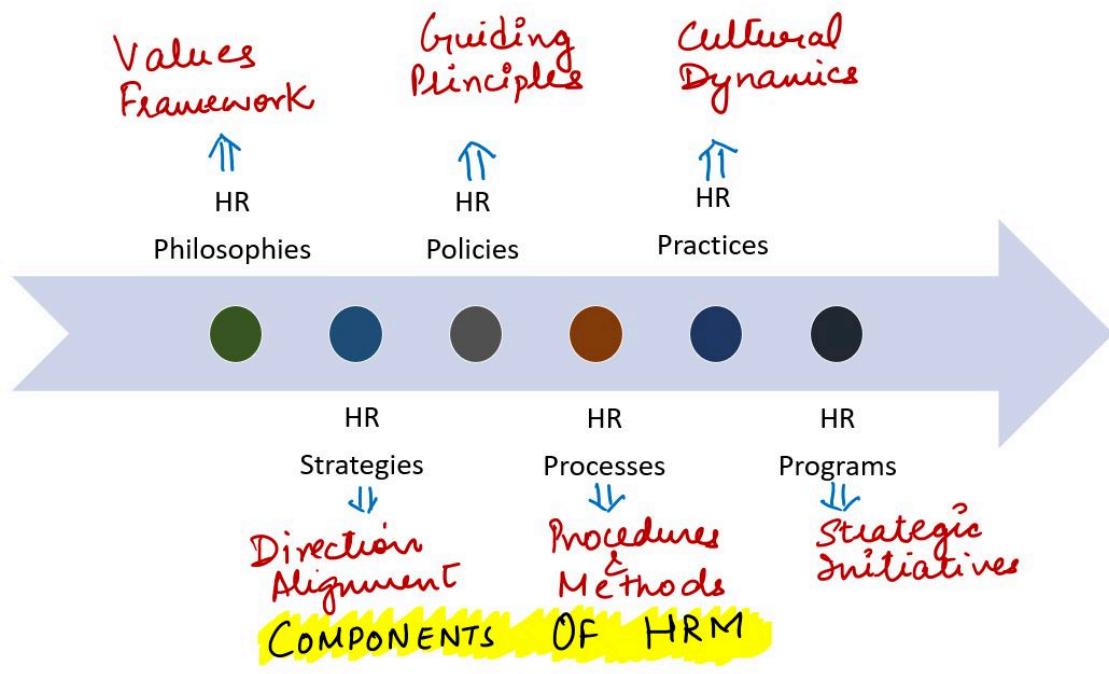


The functions of HRM can be broadly categorized into following different areas.

1. **Strategic HR Management:** This includes managing and measuring HR effectiveness, implementing HR planning, retention strategies, forecasting, and managing organizational change.
2. **Equal Employment Opportunity:** HRM professionals must ensure compliance with anti-discrimination laws, create and promote diversity initiatives, and enforce affirmative action policies to create a fair and inclusive workplace.
3. **Staffing:** The HR department is responsible for job analysis, recruiting qualified candidates, and selecting the best fit for the job.
4. **Talent Management:** The HR department should train, develop, and manage the workforce by providing orientation, career planning, performance management, succession planning, and management development programs.
5. **Total Rewards:** This function of HRM includes designing and implementing the compensation, incentives, and benefits structure to attract and retain top talent.
6. **Risk Management and Worker Protection:** HRM should ensure the safety, security, health, and well-being of employees, in addition to having disaster recovery plans in place.
7. **Employee and Labor Relations:** HRM should manage employee rights and privacy issues, develop HR policies, and manage union and management relations.
8. **Mobility:** HRM should manage employee mobility by facilitating transfers, promotions, and exit management.
9. **Personnel policies:** HRM should create, communicate, and maintain personnel policies, including record-keeping for employee data.
10. **Compliance with laws:** HRM should ensure compliance with employment and labour laws by implementing policies and practices to promote lawful behavior, reporting on employee information, conducting safety inspections, and providing accessibility accommodations.

## 7. Components of HRM

Human Resource Management (HRM) comprises several interrelated components that work together to manage people effectively.



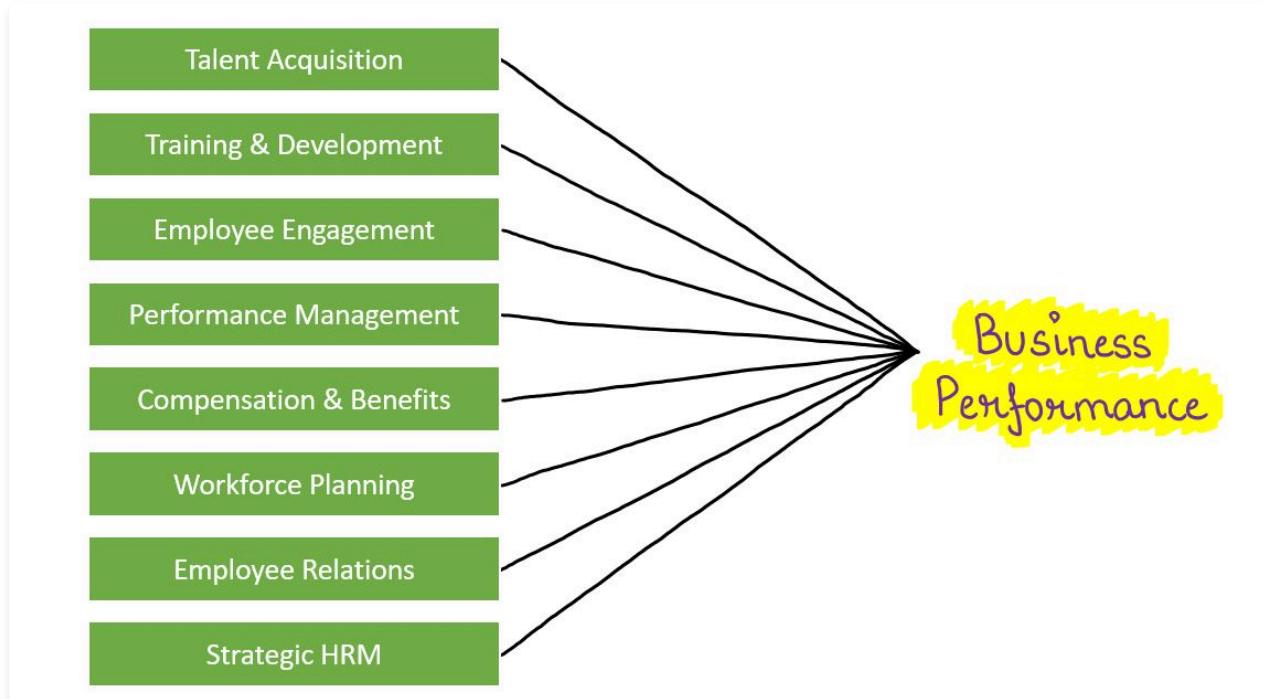
These components are known as 'Human Resource Systems' and include the following:

- **HR Philosophies:** These are the fundamental values and principles that guide how people are managed within an organization. HR philosophies define the organization's stance on issues such as employee empowerment, workplace diversity, and employee engagement.
- **HR Strategies:** HR strategies set the direction for how HR management should work in the organization. These strategies align with the organization's overall business strategy and help to achieve its goals.
- **HR Policies:** HR policies are guidelines for how to apply these values, principles, and strategies in specific areas of HR management, such as recruitment, training, compensation, and benefits.
- **HR Processes:** HR processes are the formal procedures and methods used to put HR strategic plans and policies into effect. These processes ensure that HR activities are consistent, efficient, and compliant with relevant laws and regulations.
- **HR Practices:** HR practices are the informal approaches used to manage people, such as communication, feedback, and recognition. These practices help to create a positive work environment and foster employee engagement.
- **HR Programs:** HR programs are initiatives designed to implement HR strategies, policies, and practices according to plan. These programs may include employee development, wellness programs, and diversity initiatives.

Together, these parts make sure that an organization's HR management is effective and aligns with its goals and values.

## 8. HRM and Business Performance

The impact of Human Resource Management (HRM) on business performance is profound, as effective HRM practices contribute to the overall success and sustainability of a company.



Let us understand how various facets of HRM effect the business performance.

**Talent Acquisition:** Quality talent acquisition enhances overall workforce competency and contributes to improved productivity and innovation.

**Training and Development:** A well-trained workforce is more adaptable, leading to increased efficiency, higher-quality output, and a competitive edge.

**Employee Engagement:** Engaged employees are more committed, leading to increased productivity, reduced turnover, and improved customer satisfaction.

**Performance Management:** Effective performance management improves individual and team contributions, aligning employee efforts with organizational goals.

**Compensation and Benefits:** Competitive compensation motivates employees, enhancing job satisfaction and loyalty.

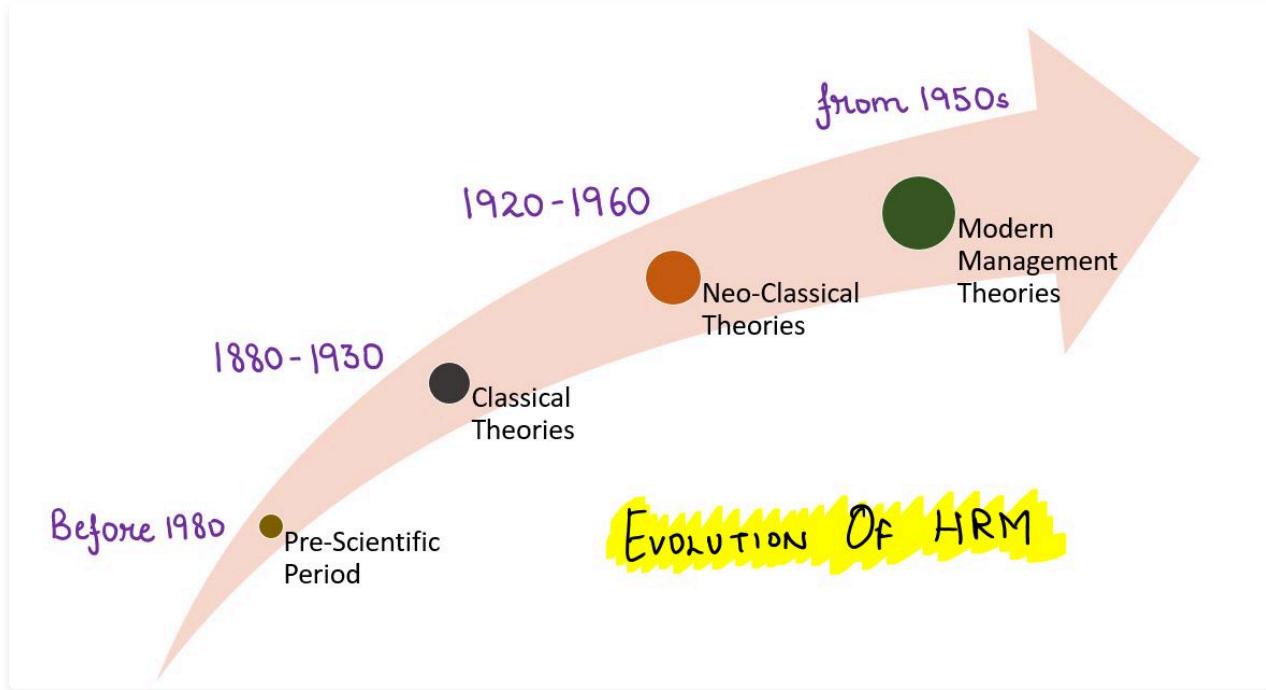
**Workforce Planning:** Efficient workforce planning ensures optimal resource allocation, reducing costs and enhancing adaptability.

**Employee Relations:** Positive employee relations contribute to a harmonious work environment, reducing conflicts and increasing overall productivity.

**Strategic HRM:** Strategic HRM ensures that human capital initiatives directly support organizational goals, fostering long-term success.

## 9. Evolution of HRM

Human Resource Management has undergone significant changes over the past century. From the early contributions of Adam Smith, Robert Owen, Charles Babbage, Henry R Towne, and Hugo Munsterberg during the pre-scientific period to the emergence of classical, neo-classical and modern management theories, HRM has evolved into a discipline that emphasizes the importance of effective people management to achieve organizational goals. The evolution of HRM can be traced through the different schools of thought that emerged during various periods of time.



### 0. Pre-Scientific Period (before 1880)

- Adam Smith, Robert Owen, Charles Babbage, Henry R Towne, Hugo Munsterberg

### 1. Classical Theories (1880-1930)

- Bureaucratic Management by Weber
- Scientific Management by Taylor
- Administrative Theory by Fayol
- Motion Study by Gilbreth

### 2. Neo-Classical Theories (1920-1960)

- Human Relations approach by Mayo and Roethlisberger
- Behavioural Science Theory by Maslow, McGregor and others
- Motivation Theories

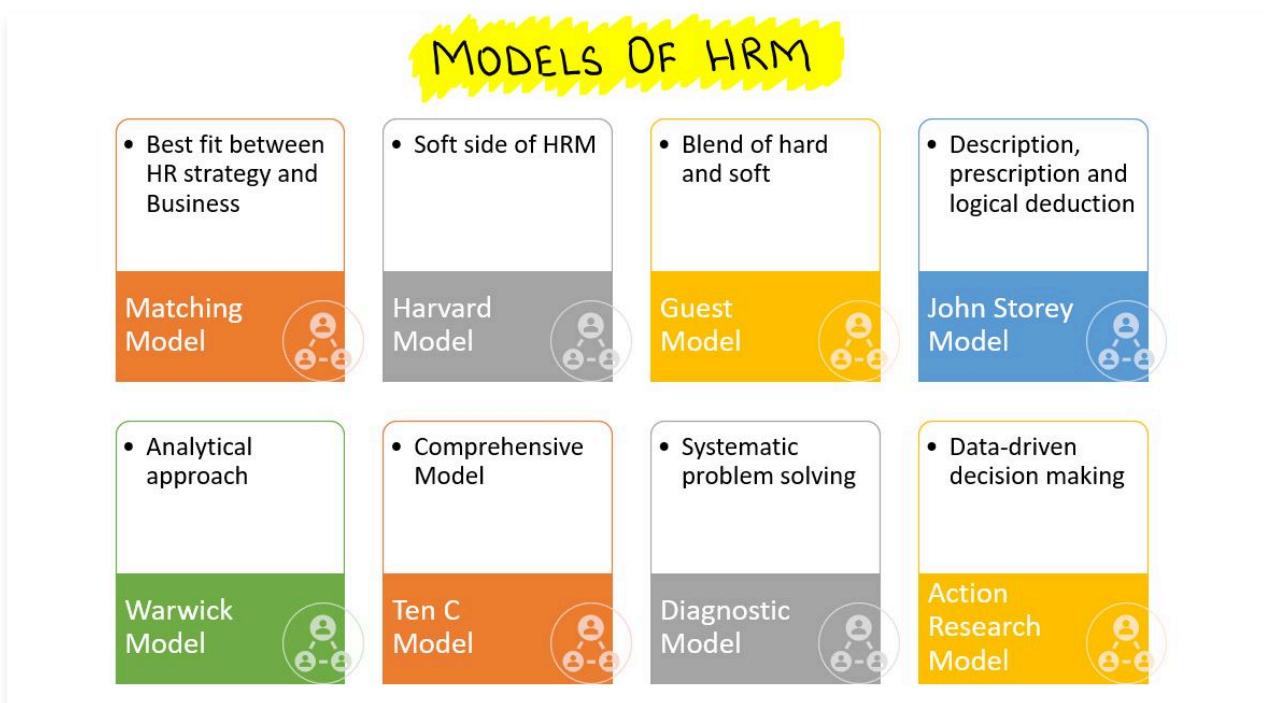
### 3. Modern Management Theories (from 1950s)

- Systems Approach
- Socio Technical Approach
- Quantitative Approach
- Contingency Approach
- Management by Objectives.

# 1. Introduction

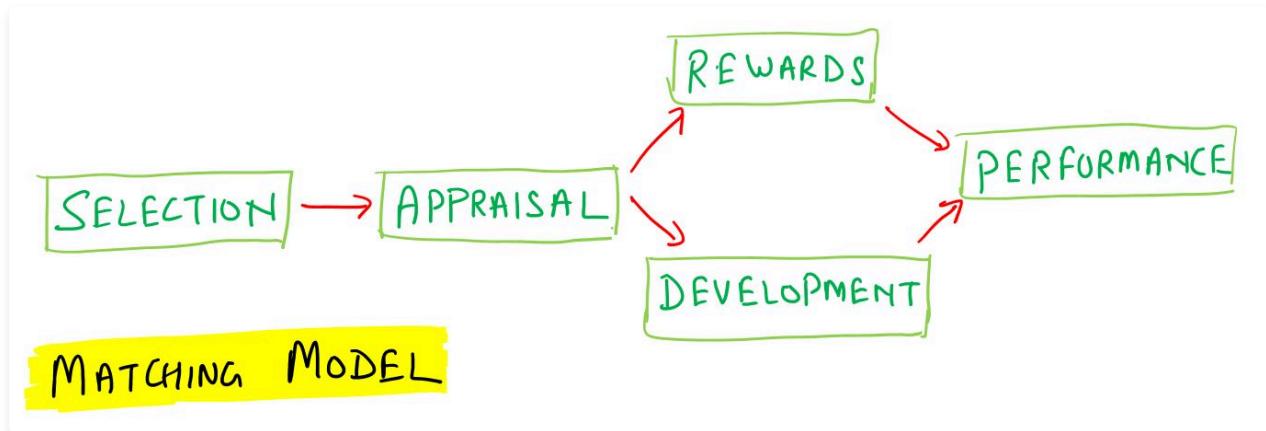


Models of HRM refer to the various ways in which organizations approach the management of their human resources.



There are several models of HRM, each with its own set of assumptions and principles, which are explained next.

## 2. Matching Model



The Matching Model of HRM, also known as the Michigan model, was developed by Charles Fombrun, Mary Anne Devanna, and Noel Tichy (Book name *Strategic Human Resource Management*) in 1984 at the Michigan Business School.

This Model holds that employees are resources in the same way as any other business resource. People have to be managed in a similar manner to equipment and raw materials. They must be obtained as cheaply as possible, used sparingly, and developed and exploited as much as possible.

This Model is also known as 'best-fit' approach to human resource management. In essence, it requires that human resource strategies have a tight fit to the overall strategies of the business. As such, it limits the role of HR to a reactive, organizational function and under-emphasizes the importance of societal and other external factors. For example, it is difficult to see how the current concern for worklife balance could be integrated into this model.

Being the first model, it emphasizes the coherence and interrelatedness of HRM activities, with a focus on the 4 main functions of HRM:

1. **Selection** – allocating people to tasks
2. **Appraisal** – assessment for performance
3. **Rewards** – emphasis on the significance of compensation for results
4. **Development** – improving workforce talent

These processes are linked in a human resource cycle.

The Michigan framework can be described as a 'hard' model of HRM, since it attaches little importance to the human aspect of the employment relationship.

At the same time, this model reflects a unitary view of HRM. This is a perspective or mind-set that assumes that a conflict of interests does not exist within the business organization, since what is good for the organization is good for employees. Managers and employees are seen, therefore, as working towards the same goal, namely the success of the organization.

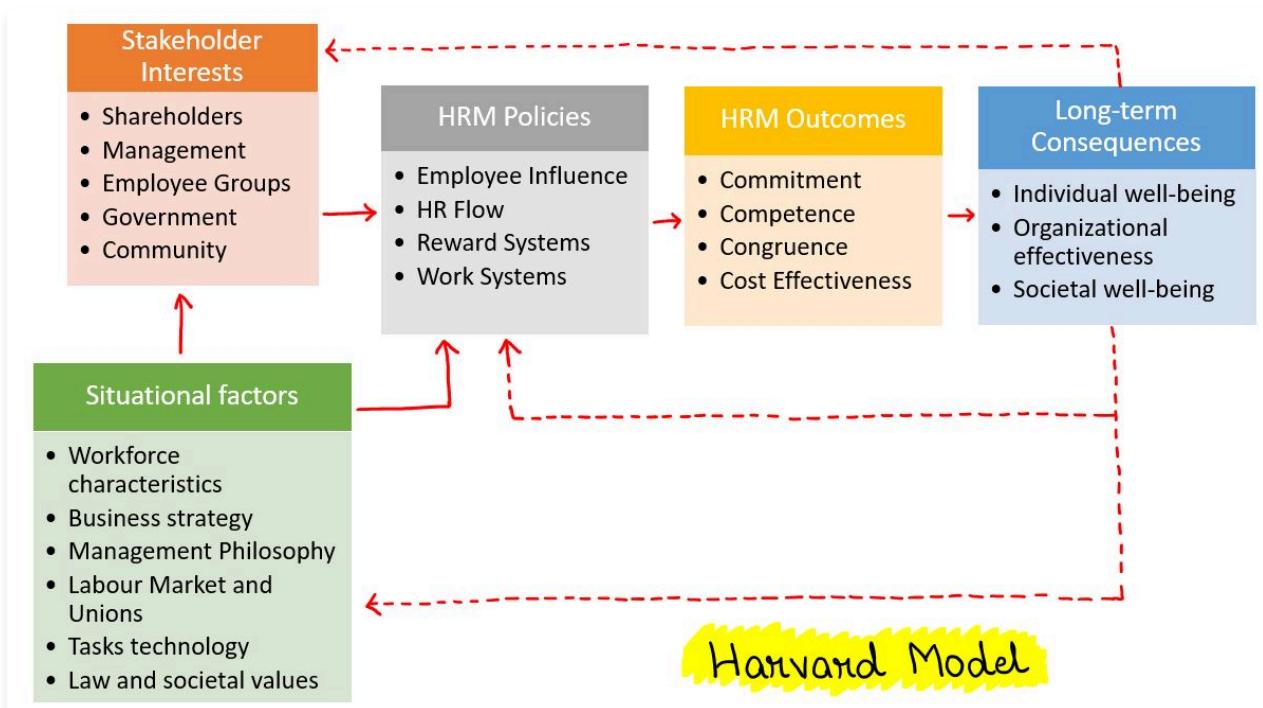
However, the model has been criticized for being incomplete, as it fails to take into account external and contingency factors that may impact HR functions.

### 3. Harvard Model

The Harvard Model of HRM, introduced by Michael Beer, Richard E. Walton and Bert A. Spector in 1984 at Harvard University, argued that employees were one of a number of stakeholders in the employing organization, one of the many players who are integral to the success of the firm, alongside management, government, the local community, trade unions, and shareholders. Neither were employees to be seen as a mere resource, and—since their commitment to the organization was crucial—human resource strategy should be bound up with business strategy and not be subservient to it.

The model incorporates following 6 key components:

1. Situational factors
2. Stakeholder interests
3. HRM policy choices
4. HR outcomes
5. Long-term consequences
6. A feedback loop (via which the output flows directly into the organization and to the stakeholders).

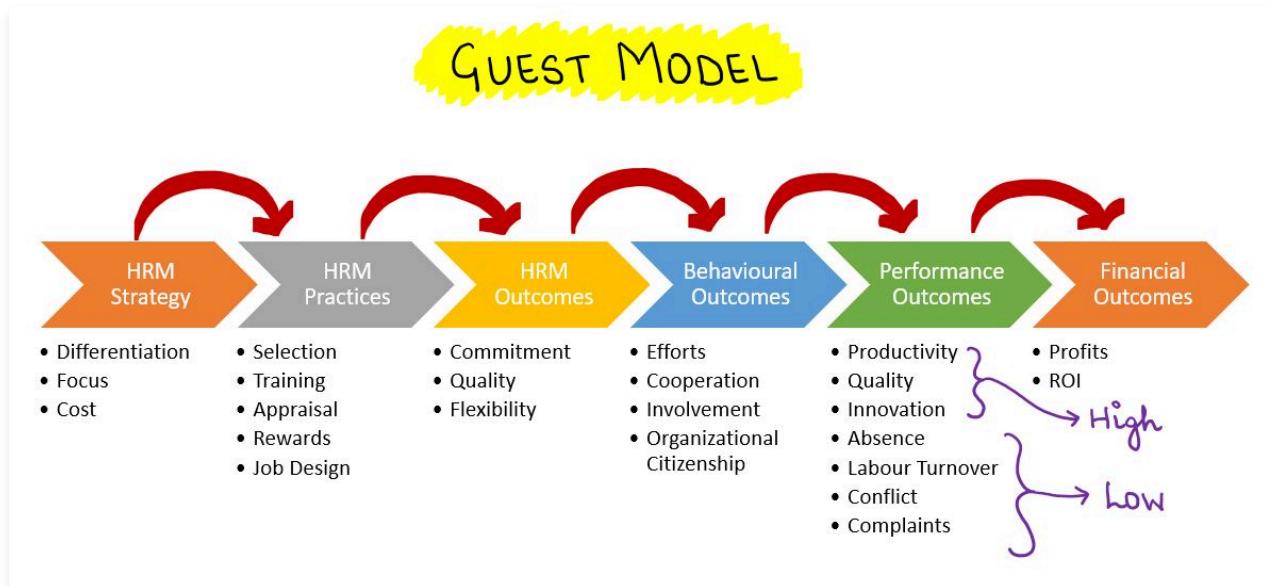


This model is considered a neo-pluralist model, as it recognizes the legitimacy of various stakeholders within the organization.

The Harvard Model is particularly focused on the "soft" side of HRM, emphasizing importance of employees (like any other shareholder) in influencing organizational outcomes. This model is premised on the belief that it is the organization's human resources that give competitive advantage through treating them as assets and not costs.

The key elements in the Harvard model of HRM can be summarized combining stakeholders' interests with situational factors, which affect and lead to HRM policy choices. These in turn result in HRM outcomes, which finally have long-term consequences for the individual, the organization, and society.

## 4. Guest Model



The Guest Model of HRM was introduced by David Guest in 1987. This model is a blend of the "hard" and "soft" approaches to HRM.

Guest differentiated Personnel Management and HRM in terms of how they viewed the psychological contract, locus of control, employee relations, organising principles and policy goals. HRM was seen to incorporate a more organic, flexible, bottom-up and decentralised approach than personnel management which relied on mechanistic, formal rules delivered in a top-down and centralised manner.

The model assumes that HR managers have specific strategies that demand particular practices, resulting in specific outcomes. The approach combines HRM practices to produce improved individual and organizational results.

This model takes a balanced approach, recognizing the importance of both quantitative and qualitative aspects of HRM.

The Guest Model comprises logical sequence of following 6 components:

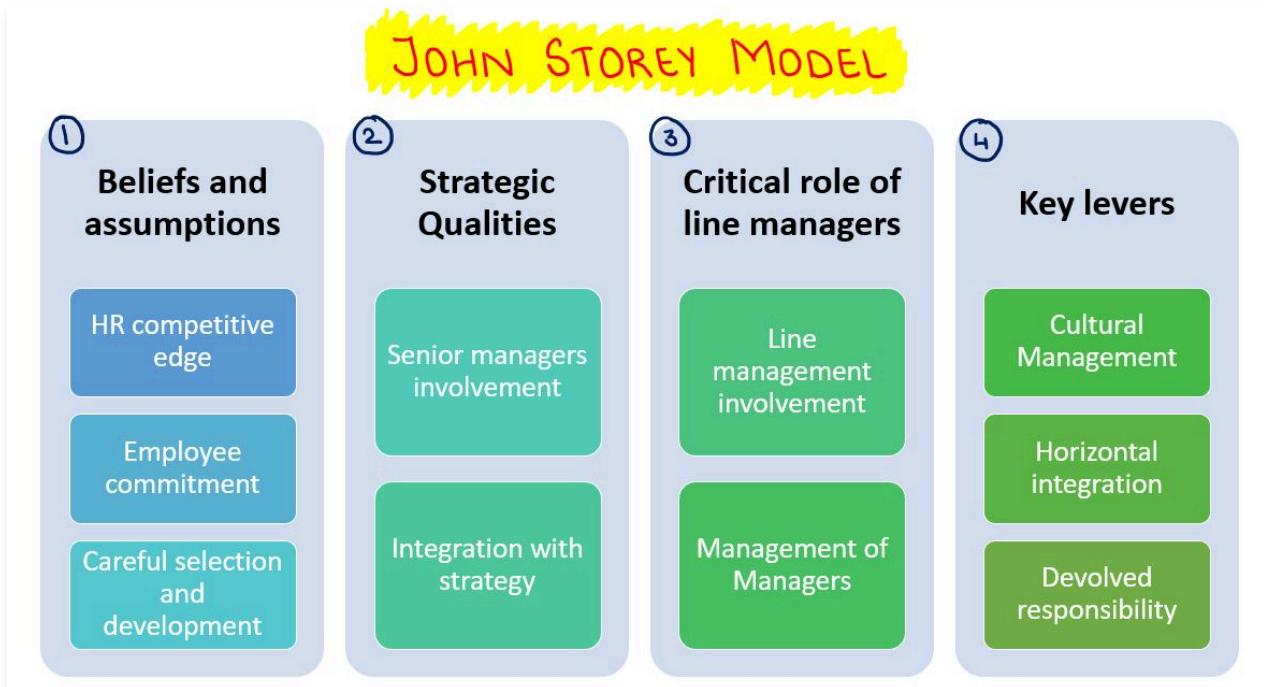
1. HR strategy
2. HR practices
3. HR outcomes
4. Behavioral outcomes
5. Performance results
6. Financial consequences.

According to this Model, financial result in terms of profits and ROI is the target figure for evaluating HR practices. Financial outcomes again depend on employee performance in terms of e.g., productivity, innovation, quality, or turnover. Employee performance outcomes in turn are the result of employee behaviors, i.e. motivation, co-operation or organizational citizenship. Behavioral outcomes again are the result of HR outcomes, including employee commitment, quality and flexibility, which in turn are impacted by HR practices, especially hiring, training, appraisal, compensation and relations. HR practices need to be in tune with HR strategies which are invariably aligned with organizational strategies.

Note that, Guest's model focuses on HRM practices (instead of HRM systems). In it, the HRM outcome, **high commitment**, represents the desire to belong to the organization and the willingness to do things for the organization; **high quality** refers to the capabilities and to the knowledge and skills of staff; and **flexibility** stands for the functional (rather than numerical) flexibility of the employees of the firm. Guest assumes that 'only when all three HRM outcomes are achieved can we expect behaviour change and higher performance.

## 5. John Storey Model

John Storey's model of Human Resource Management (HRM) serves to illustrate the distinctions between the traditional 'personnel and industrials' approach and the paradigm of human resource management by constructing an 'ideal' type. In essence, it defines human resource management as a combination of description, prescription, and logical deduction. This means that the model encompasses an understanding of how HRM is observed in practice, provides recommendations for its implementation, and relies on logical reasoning to establish its theoretical foundations.



This Model outlines 27 **distinctions** between **Personnel Management** and **HRM**, which can be categorized into following 4 groups:

### 1. A set of beliefs and assumptions

- (a) Human resource gives organizations a competitive edge.
- (b) Employee commitment is more important than mere compliance.
- (c) Careful selection and development are central to HRM.

### 2. A strategic thrust embodying decisions about people management

- (a) Human Resource decisions are of strategic importance.
- (b) Senior Managers must be involved in HRM.
- (c) Human Resource policies need to be integrated into business strategy.

### 3. The central involvement of line managers

- (a) Human Resource is too important to be left to personnel specialists alone.
- (b) Line Managers need to be closely involved as deliverers and drivers of human resource.
- (c) The management of managers is critically important.

### 4. Dependence upon a set of levers to determine the employment relationships.

- (a) Managing culture is more important than procedures and systems.
- (b) Horizontal integration between different HR practices is essential.
- (c) Jobs need to be designed to allow devolved responsibility and empowerment.

Difference between Personnel Management and HRM are given below.

<b>Dimension</b>	<b>Personnel Management</b>	<b>HRM</b>
<b>I. Beliefs and Assumptions</b>		
1. Contract	Careful delineation of written contracts	Aim to go beyond contract
2. Rules	Importance of devising clear rules/mutuality	'Can do' outlook: Impatience with rules
3. Guide to	Procedures/consistency	Business Need
4. Management Action	Control	Flexibility/commitment
5. Behaviour Referent	Norms/custom and practice	Values/mission
6. Managerial task vis-à-vis Worker	Monitoring	Nurturing
7. Nature of relations	Pluralist	Unitarist
8. Conflict	Institutionalized	De-emphasized
9. Standardization	High	Low
<b>II. Strategic Aspects</b>		
10. Key relations	Labour-Management	Business-Customer
11. Initiatives	Piecemeal	Integrated
12. Corporate plan	Marginal to	Central to
13. Speed of decisions	Slow	Fast
<b>III. Line Management</b>		
14. Management Role	Transactional	Transformational
15. Key Managers	Personnel/ IR specialists	General/business/line managers
16. Prized management skills	Negotiation	Facilitation
<b>IV. Key Levers</b>		
17. Foci of attention for interventions	Personnel procedures	Wide-ranging cultural, structural and personnel strategies
18. Selection	Separate, marginal task	Integrated, key task
19. Pay	Job evaluation: multiple, fixed grades	Performance-related: few, if any grades
20. Conditions	Separately negotiated	Harmonization
21. Labour-management	Collective bargaining contracts	Towards individual contracts
22. Thrust of relations with stewards	Regularized through facilities and training	Marginalized (with exception of some bargaining for change models)
23. Communication	Restricted Flow/ Indirect	Increased Flow/ Direct
24. Job categories and grades	Many	Few
25. Job design	Division of labour	Teamwork
26. Conflict Handling	Reach temporary truces	Manage climate and culture
27. Training and Development	Controlled access to courses	Learning companies

A distinction was also made by John Storey (1989) between the 'Hard' and 'Soft' versions of HRM.

#### Hard Version

The Hard version of HRM focuses on the quantifiable, calculative, and strategic aspects of managing human resources, treating employees as resources that contribute to competitive advantage.

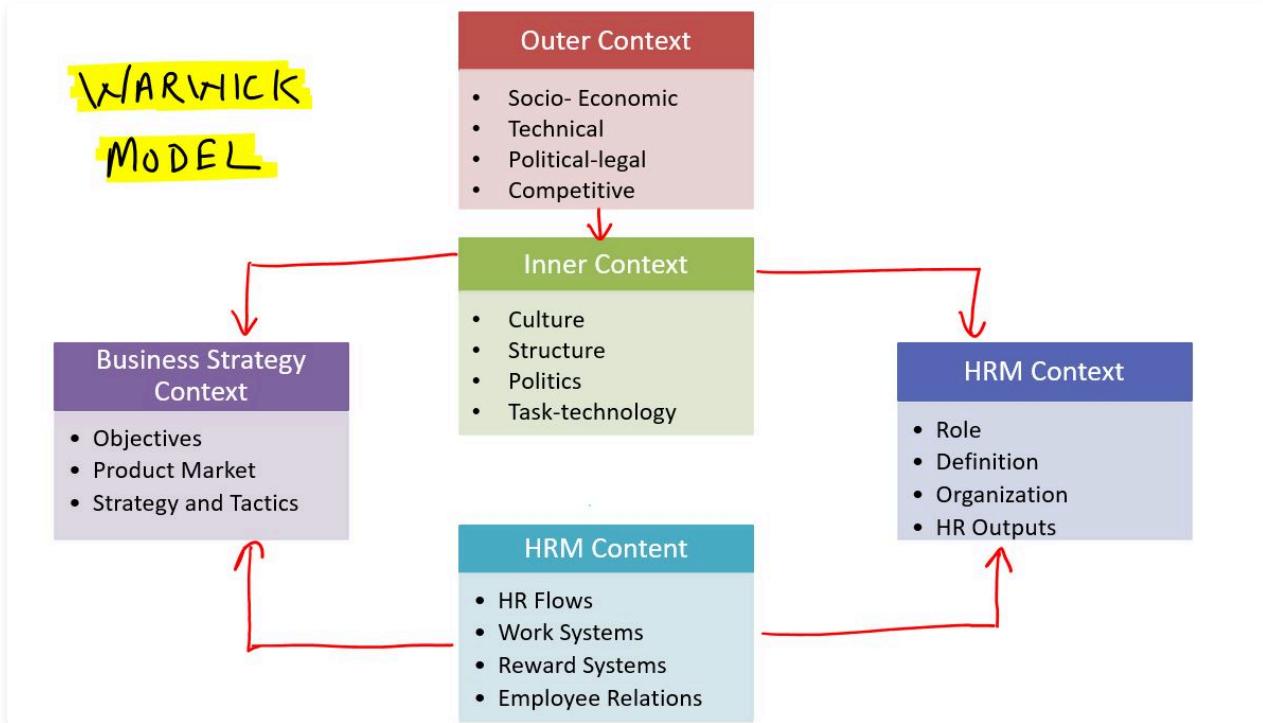
#### **Soft Version**

The Soft version of HRM emphasizes the importance of communication, motivation, and leadership, treating employees as valued assets and a source of competitive advantage, through their commitment, adaptability and high quality. The soft approach to HRM stresses the need to gain the commitment – the 'hearts and minds' – of employees through involvement, communication and other methods of developing a high-commitment and high-trust organization.

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## 6. Warwick Model

The Warwick Model of HRM was developed by Hendry and Pettigrew at the University of Warwick. This model is improved version of Harvard Model.



This model incorporates following 5 elements:

1. Outer context (macro environmental forces),
2. Inner context (firm-specific or micro-environmental forces),
3. Business strategy content,
4. HRM context, and
5. HRM content.

This model expands the Harvard framework by making use of its analytical characteristics.

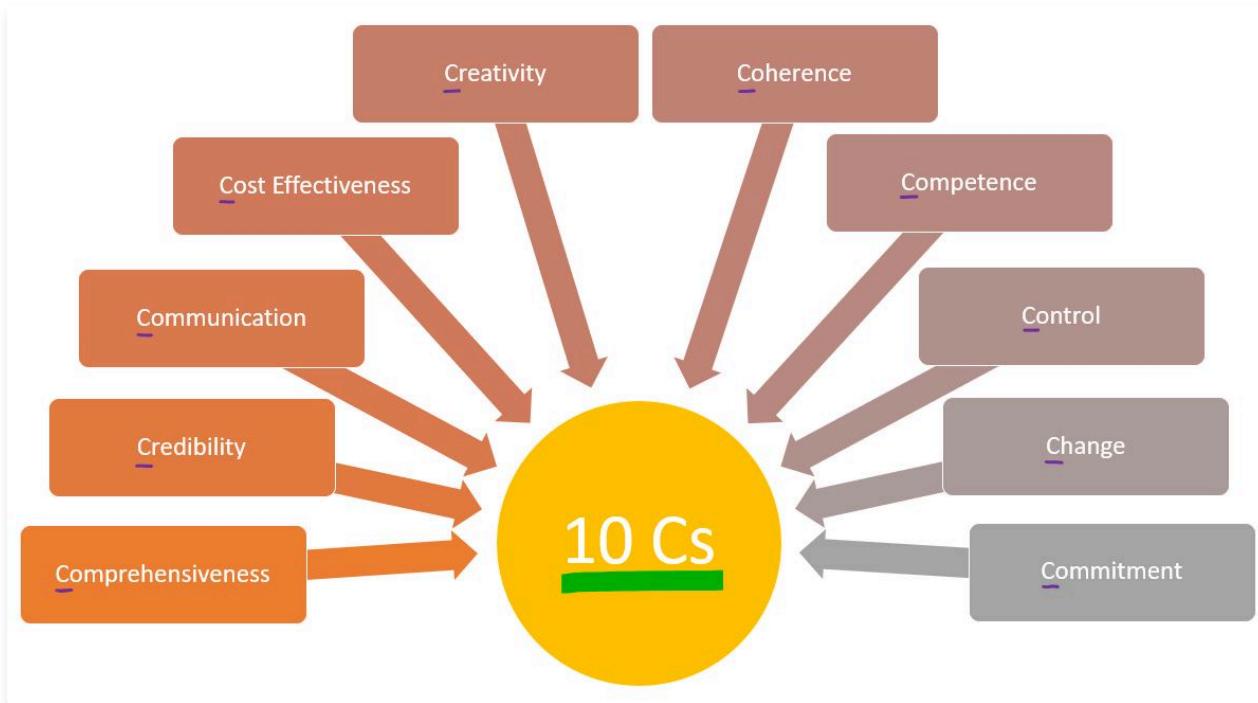
This model identifies and classifies environmental influences on HRM. This model takes into account HR practices and business strategy, the internal and external environment where these activities occur, the procedure by which these changes occur, and the interactions among alterations in both content and context.

The recognition and categorisation of significant influences of environment on HRM is the positive aspect of this model. It plans the links amongst the inner (organisational) contexts and outer (extensive) context, and discovers the manner in which changes are adapted by HRM in the environment (context).

The conclusion that can be drawn from this is that a high-level performance will be experienced by those organisations, which attain congruence between the internal and external contexts. The non-development of procedure through which internal HR practices are connected to the business performance or productivity is the flaw in this model.

## 7. Ten C Model

Alan Price's Ten C Model of HRM, introduced in his 1997 book "Human Resource Management in a Business Context," outlines 10 principles that are critical to effective people management. The model is both comprehensive and practical, and covers all aspects of HRM strategy, from recruitment to post-separation programs.



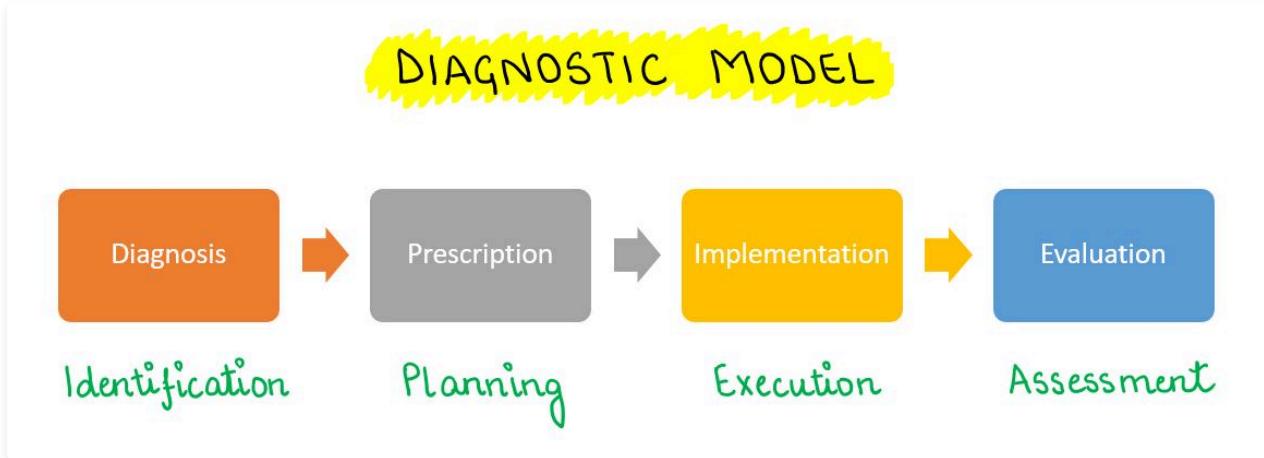
### 10 Essential Principles of Ten C Model

The 10 essential principles of the model are as follows:

1. **Comprehensiveness:** The HRM strategy of an organization must encompass all areas of people management.
2. **Credibility:** HR practices must build trust between employees and top management and encourage employee belief in HRM strategies.
3. **Communication:** All employees must understand and accept the objectives of the organization and HRM, and the operating culture must promote openness and transparency.
4. **Cost-effectiveness:** The reward and promotion system must be fair and competitive while maintaining financial stability.
5. **Creativity:** The company's unique HR strategies should be the source of its competitive advantage.
6. **Coherence:** HRM initiatives and activities must form a meaningful and coherent whole.
7. **Competence:** The HRM strategy must help the organization achieve its goals by leveraging the individual competencies of its employees.
8. **Control:** HR policies and practices must ensure that HR performance is aligned with business objectives.
9. **Change:** The HRM strategy should assume that continuous improvement and development are essential for survival.
10. **Commitment:** The final C emphasizes the importance of motivating employees to achieve organizational goals.

## 8. Diagnostic Model

The Diagnostic Model in Human Resource Management (HRM) is a structured framework used to pinpoint and address organizational issues, much like a medical diagnosis. It involves a systematic process comprising four key stages: diagnosis, prescription, implementation, and evaluation.



### 1. Diagnosis

This initial step involves identifying specific areas within the organization that require evaluation. For instance, a company might diagnose a decline in employee productivity or high turnover rates. Data collection, benchmark comparisons, and analysis help determine how the organization measures up against industry standards or best practices.

*Example:* A retail company notices a significant decrease in sales despite increased marketing efforts. Using the Diagnostic Model, they analyze sales data, customer feedback, and employee performance to diagnose the root cause of the decline.

### 2. Prescription

Once areas of improvement are identified, the next step is to devise a plan to address the gaps or issues found during the diagnosis phase. Strategies or interventions are prescribed to improve organizational performance, often based on the identified deficiencies.

*Example:* After diagnosing the sales decline, the retail company prescribes targeted training programs for sales staff, introduces new sales incentives, and redesigns its marketing strategy to align with customer preferences.

### 3. Implementation

With the prescribed solutions in place, the organization initiates the implementation phase. This involves executing the strategies, programs, or changes recommended during the prescription phase throughout the organization.

*Example:* The retail company conducts training sessions for its sales team, launches revised marketing campaigns, and introduces new sales incentives in line with the prescribed strategies.

### 4. Evaluation

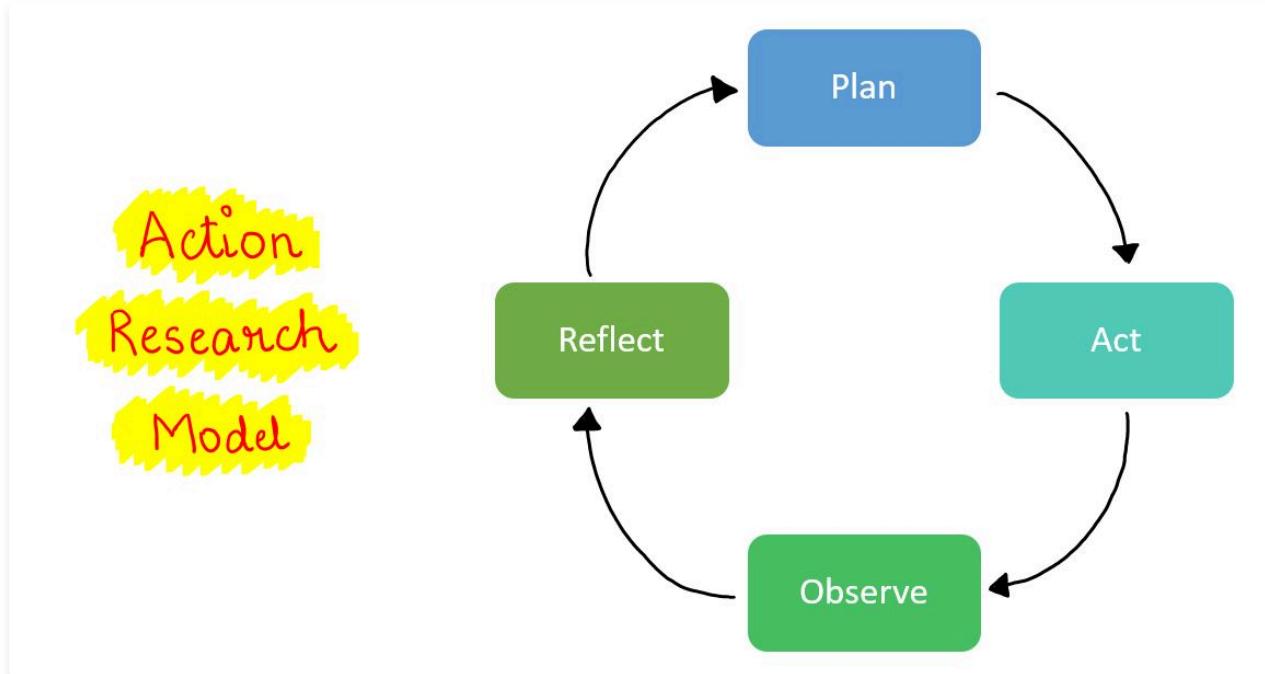
Following the implementation of the prescribed solutions, the effectiveness of these interventions is evaluated. This step involves assessing whether the implemented changes have positively impacted the identified areas of improvement and if they align with the expected outcomes.

*Example:* The retail company monitors sales performance post-implementation, tracks customer feedback, and conducts employee surveys to evaluate the impact of the interventions on sales figures and overall customer satisfaction.

The Diagnostic Model serves as a valuable tool for organizations to systematically identify problems, devise targeted solutions, implement changes, and assess their effectiveness. It provides a structured approach to problem-solving, fostering continuous improvement within the organization.

## 9. Action Research Model

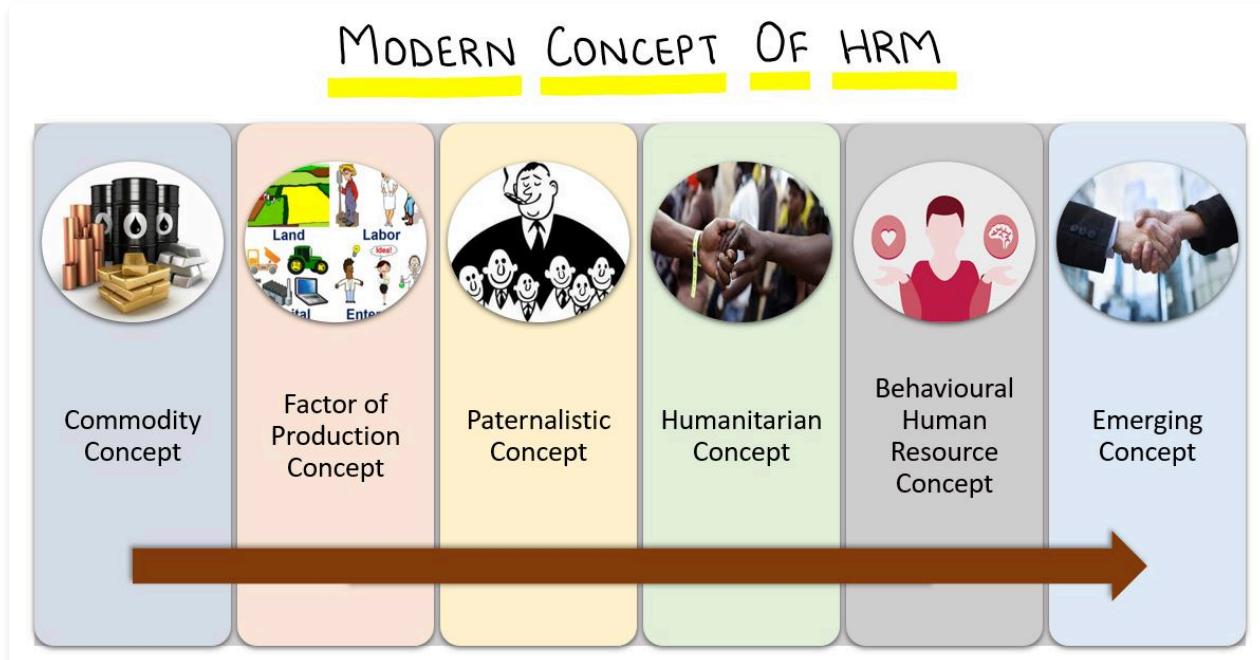
The Action Research Model of HRM was developed by Kurt Lewin in 1940. This model involves systematically collecting research data about an ongoing system with a specific goal or objective in mind. The collected data is then fed back into the system, and selected variables are altered based on the data and hypothesis. The results of these actions are then evaluated by collecting more data. The process is continuous and happens in cycles.



For instance, a company may implement the Action Research Model to improve employee productivity. The company would collect data on the current productivity levels, analyze the data, and make changes to the work environment, such as providing better training and tools to employees. The company would then evaluate the effectiveness of the changes made by collecting more data on the employee productivity levels. The results of this evaluation would then be used to make further changes to the work environment, thus continuing the cycle of continuous improvement.

## 10. Modern Concept to HRM

The practice of Human Resource Management (HRM) can be traced back to ancient times, but the modern concept of HRM has developed gradually over the years.



The formal foundation of HRM was laid in the 1950s by Peter Drucker and Douglas McGregor. Since then, HRM has gone through various stages of development, which are as follows:

### 1. Commodity Concept

Before the industrial revolution, the guild system was the beginning of personnel management. In this concept, labour was considered a commodity that could be bought and sold, and the focus was on selecting, training, rewarding, and maintaining workers.

### 2. Factor of Production Concept

During this stage, employees were considered a factor of production, like land, materials, and machinery. The emphasis was on selecting and training employees to maximize productivity, as per Taylor's scientific management.

### 3. Paternalistic Concept

As trade unions began to form, employers started providing schemes to workers and assuring a fatherly and protective attitude towards them.

### 4. Humanitarian Concept

This concept was based on the belief that employees had certain inalienable rights as human beings and it was the duty of the employer to protect them. Social and psychological satisfaction of the employees became equally important, influenced by the Hawthorne Experiments by Elton Mayo.

### 5. Behavioural Human Resource Concept

Under this concept, the focus shifted towards analysing and understanding human behaviour in organizations. Motivation, group dynamics, organizational climate, and conflict became popular, and employees began to be considered valuable assets of an organization. Efforts were made to integrate employees with the organization so that organizational goals and employees' aspirations could be achieved simultaneously.

### 6. Emerging Concept

Today, employers are considered partners in industry, and they are given a share in the company's stock membership. Over time, HRM has emerged as a discipline, and modern HRM practices now focus on creating a positive work environment, managing diversity, developing employee skills and knowledge, and aligning HR policies with organizational goals.

## 1. Introduction



Strategic Human Resource Management (SHRM) is an approach to managing human resources within an organization that aligns with and supports the overall strategic goals and objectives of the business. It involves integrating HR strategies with the organization's broader strategic plans to enhance performance, gain a competitive advantage, and contribute to the long-term success of the company.

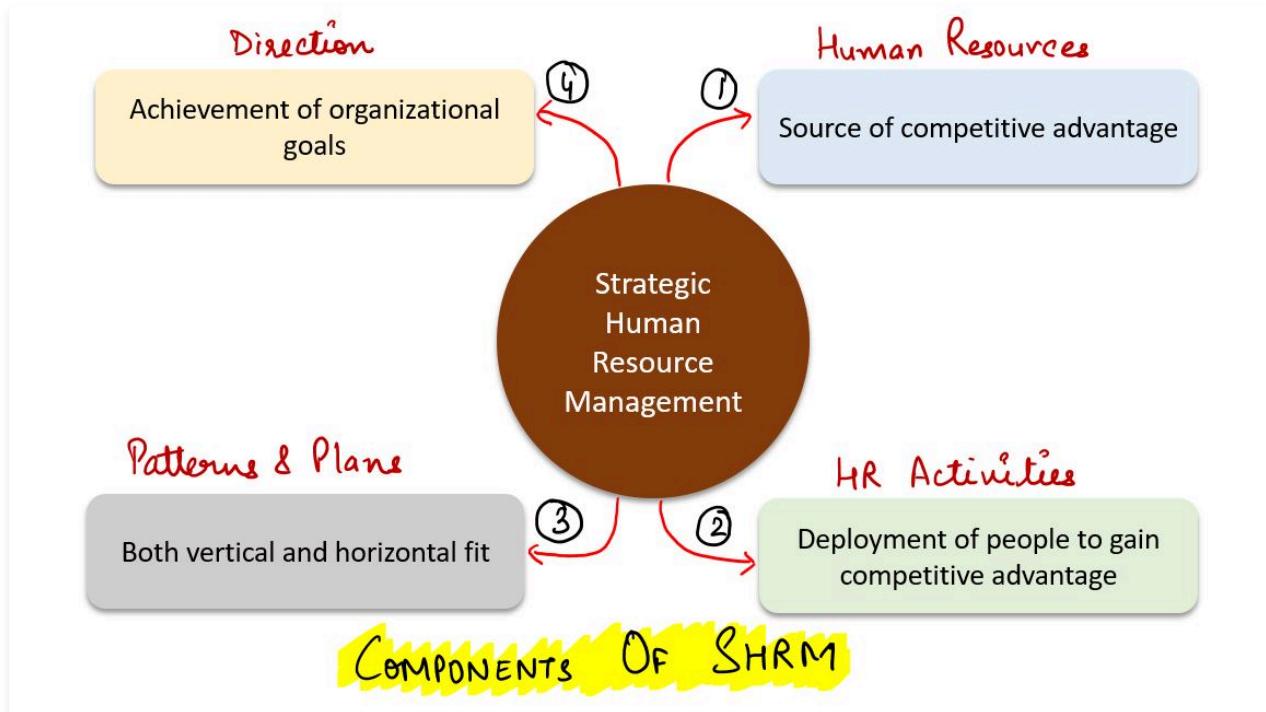
Key features of Strategic Human Resource Management include:

- **Alignment with Organizational Goals:** SHRM ensures that HR practices, policies, and initiatives are directly linked to and supportive of the organization's overarching goals and objectives. This alignment helps in achieving a unified and coherent approach to human resource management.
- **Integration with Strategic Plans:** SHRM involves integrating human resource considerations into the strategic planning process of the organization. This means that HR strategies are not developed in isolation but are part of the overall business strategy.
- **Focus on Human Capital:** SHRM recognizes that an organization's human capital—its workforce, skills, knowledge, and abilities—is a critical asset. It emphasizes managing employees as valuable resources and aligning their capabilities with the strategic needs of the organization.
- **Competitive Advantage:** By aligning HR practices with strategic goals, SHRM aims to create a competitive advantage for the organization. This can involve building a talented and motivated workforce, fostering innovation, and ensuring the organization has the necessary skills to adapt to changing market conditions.
- **Long-Term Perspective:** SHRM takes a long-term perspective, emphasizing sustainable practices that contribute to the organization's success over time. It involves forecasting future workforce needs, developing leadership pipelines, and ensuring the organization is prepared for future challenges.

Strategic Human Resource Management goes beyond traditional HR functions to actively contribute to the strategic direction of the organization. It positions human resources as a strategic partner in achieving business objectives, fostering organizational effectiveness, and sustaining a competitive edge in the marketplace.

## 2. Components of SHRM

Wright and McMahan (1992) defined SHRM as 'the pattern of planned human resource deployment and activities intended to enable the firm to achieve its goals'.



This definition implies the following 4 components of SHRM:

1. It focuses on an organization's **human resources** (people) as the primary source of competitive advantage of the organization.
2. The **activities** highlight the HR programmes, policies, and practices as the means through which the people of the organization can be deployed to gain competitive advantage.
3. The **pattern and plan** imply that there is a fit between HR strategy and the organization's business strategy (vertical fit) and between all of the HR activities (horizontal fit).
4. The people, practices, and planned pattern are all purposeful, that is, **directed** towards the achievement of the goals of the organization.

Overall, the key to successful SHRM is to ensure that HR strategies are developed and implemented in a way that supports the achievement of the organization's strategic goals. By doing so, organizations can gain a competitive advantage in the marketplace, and ensure that their human capital is aligned with their overall business objectives.

### 3. HR strategy and Business strategy

The relationship between HR strategy and Business strategy is critical in achieving overall organizational goals. Strategic HRM is a process that aims to align HR strategies with business strategies, ensuring that they work together seamlessly to achieve "strategic fit." This involves developing HRM policies that work in conjunction with and complement business strategy, giving HRM significant importance in strategic decision-making.

#### 5-Levels of Vertical Integration

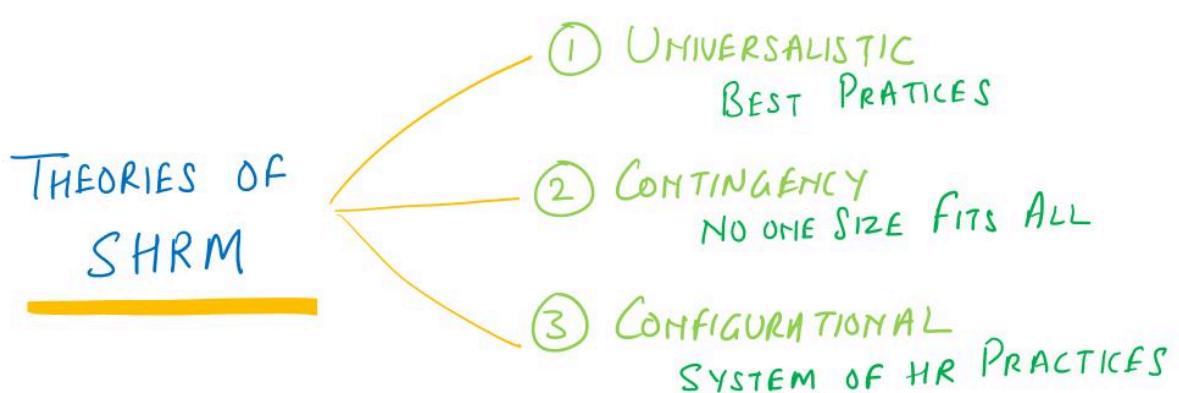
The level of integration between HR strategy and Business strategy can vary and can be categorized into 5 types known as the "5-Levels of Vertical Integration" proposed by Torrington and Hall.



1. In the **separation model**, there is no relationship between organizational and HR strategy.
2. In the **fit model**, HR strategy is designed to fit with the organizational strategy to ensure a close fit.
3. The **dialogue model** takes the relationship further by recognizing the need for two-way communication and debate.
4. The **holistic model** recognizes people in the organization as the key to competitive advantage and places HR strategy critical to overall success.
5. Finally, the **HR-driven model** places human resource strategy in prime position, emphasizing that people are the key to competitive advantage and critical in the development of strategic direction.

For example, a retail company that wants to expand its online presence may develop a business strategy that involves opening an e-commerce store, expanding its digital marketing, and using social media to engage with customers. In this case, the HR strategy would need to align with this business strategy by ensuring that employees have the necessary skills to support e-commerce activities, developing digital marketing expertise, and hiring social media specialists. This alignment of HR strategy with business strategy ensures that the company can achieve its overall goals while maximizing its human resource capabilities.

## 4. Theories of SHRM



Strategic Human Resource Management (SHRM) theories are frameworks that explain the role of human resources in business strategy and performance.

Derley and Doty gave three theories of strategic HRM (Configurational, Universalistic and Contingency approaches). Let us discuss them one by one.

## 4. Theories of SHRM

The universalistic theory of SHRM suggests that there are a set of "best practices" in human resource management that can lead to superior organizational performance. These practices are considered superior to others and should be adopted by all organizations. The practices can include recruitment and selection, socialization, job design, training, communication, participation, career development, performance management, employee reward, and job security.



According to this view, superior management practices are readily identifiable and are transferable across organizations. An organization, therefore, should identify any organization with a reputation for excellence in some function, and copy its practices in order to perform well. That is, all organizations can attain performance improvements if they identify and implement the best practice or benchmark.

However, the notion of best practice is not new. It was an important theme in personnel management literature in the 1970s. Pfeffer's (1994) list of sixteen practices has been the most significant influence on the definitions of best practice. Subsequently, Pfeffer summarized this list down to 7 such practices, viz.:

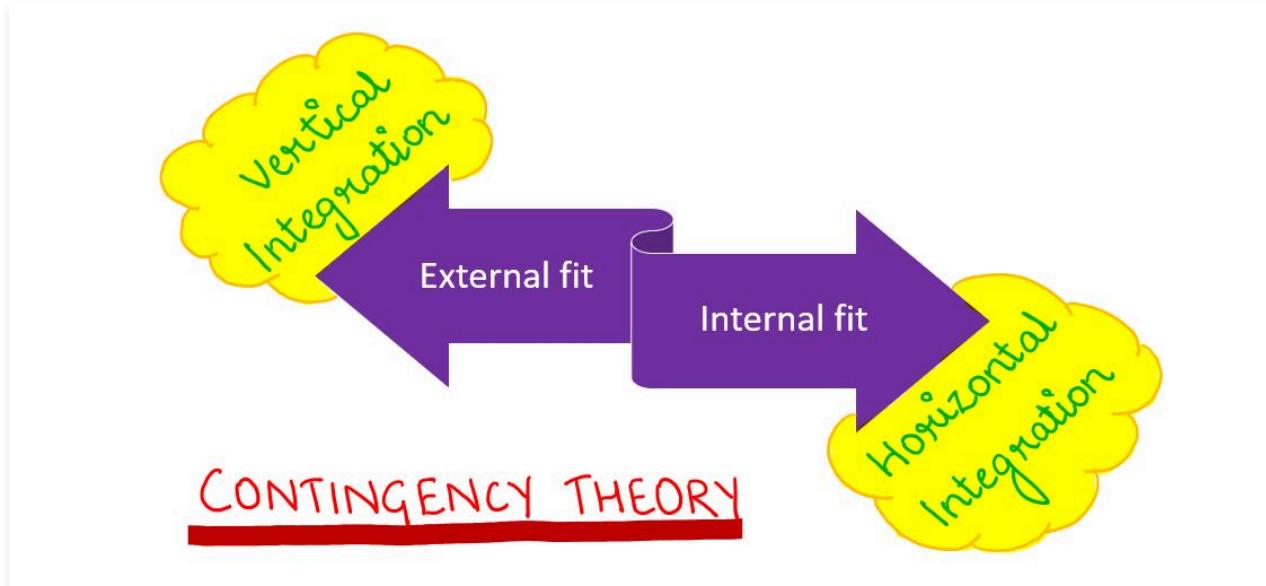
1. Employment security
2. Selective hiring
3. Teamworking
4. High pay contingent on company performance
5. Extensive training
6. Reduction of status differences
7. Information sharing.

The theory assumes that these practices can contribute to worker motivation and increased productivity, as well as increased efficiency. The approach suggests that firms will see performance gains by identifying and implementing best practices, regardless of the product market situation, industry, or location of the firm. However, it does not consider that what works well in one organization may not necessarily work well in another due to differences in strategy, technology, or working practices.

For example, companies like Infosys and TCS have been recognized for their effective use of these HR practices, which have contributed to their success in the global marketplace. These companies have implemented standardized HR practices across all their locations, regardless of the specific product market situation or industry. This approach has helped them to attract and retain top talent, improve productivity and efficiency, and achieve superior performance.

## 4. Theories of SHRM

The Contingency Theory of Human Resource Management (HRM) posits that there is no single best way to manage human resources. Instead, the optimal HR practices depend on various external and internal factors, such as the organization's environment, strategy, and internal dynamics. The theory suggests that HR managers need to design and implement HR practices that are tailored to the specific opportunities and threats faced by their organization.



### Key Concepts of Contingency Theory of HRM

#### No-One-Size-Fits-All Approach

This principle highlights that different organizations require different HR practices. What works well in one company might not be effective in another due to variations in their environments, strategies, and internal conditions.

#### External Fit (Vertical Integration)

External fit involves aligning HR practices with the organization's overall business strategy. This alignment ensures that HR activities support the strategic goals of the company. For example, if a company's strategy is innovation-focused, its HR practices should emphasize recruiting creative talent, fostering a culture of continuous learning, and encouraging risk-taking.

#### Internal Fit (Horizontal Integration)

Internal fit refers to the alignment and coherence among various HR practices within the organization. HR practices should complement each other and work together seamlessly. For instance, the recruitment process, training programs, performance appraisal systems, and compensation plans should all be designed to support each other and contribute to a common objective.

For example, a manufacturing company aims to achieve cost leadership in a highly competitive market. To ensure external fit, the company focuses on recruiting employees with strong skills in efficiency and process optimization. Training programs are designed to emphasize lean manufacturing techniques and continuous improvement methods, equipping employees with the tools to enhance productivity and reduce costs. The performance management system is aligned to reward employees for achieving cost reduction and increasing efficiency.

Internally, HR practices are coherent and supportive of each other: the recruitment process targets candidates who prioritize efficiency, training programs develop cost-saving skills, and performance appraisals reinforce the importance of cost leadership. This alignment ensures that all HR practices collectively support the company's strategic goal of becoming a cost leader in the industry.

## 4. Theories of SHRM

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The Configurational Theory of Human Resource Management (HRM) suggests that the combination or pattern of multiple HR practices, rather than individual practices in isolation, influences organizational performance. This theory emphasizes that a specific configuration of HR practices can create a synergistic effect, leading to better outcomes for the organization.

Different HR practices work together as a system. The effectiveness of HR practices is not just about individual practices but about how they are combined and interact with each other. For instance, recruitment, training, performance management, and employee engagement are all independent variables that can be configured to achieve a desired outcome.

The theory posits that the right combination of HR practices can lead to improved performance, such as higher productivity, better employee satisfaction, and increased profitability. This highlights the importance of understanding how various HR practices influence one another and collectively impact the organization's success.

The focus on configuration emphasizes the overall pattern of HR practices. It's about how these practices are aligned and integrated to support the organization's goals. Instead of looking at HR practices in isolation, the configurational approach examines the holistic arrangement of these practices and their combined effect on organizational performance.

For example, a retail company aims to enhance customer service and overall performance by implementing a specific configuration of HR practices. It hires employees with strong customer service skills, provides comprehensive training in customer service excellence, and establishes a performance management system with regular feedback and rewards for excellent service. Additionally, the company fosters a supportive work environment that encourages teamwork. This combination of HR practices leads to improved customer satisfaction and better organizational performance, demonstrating the synergistic effect highlighted by the Configurational Theory of HRM.

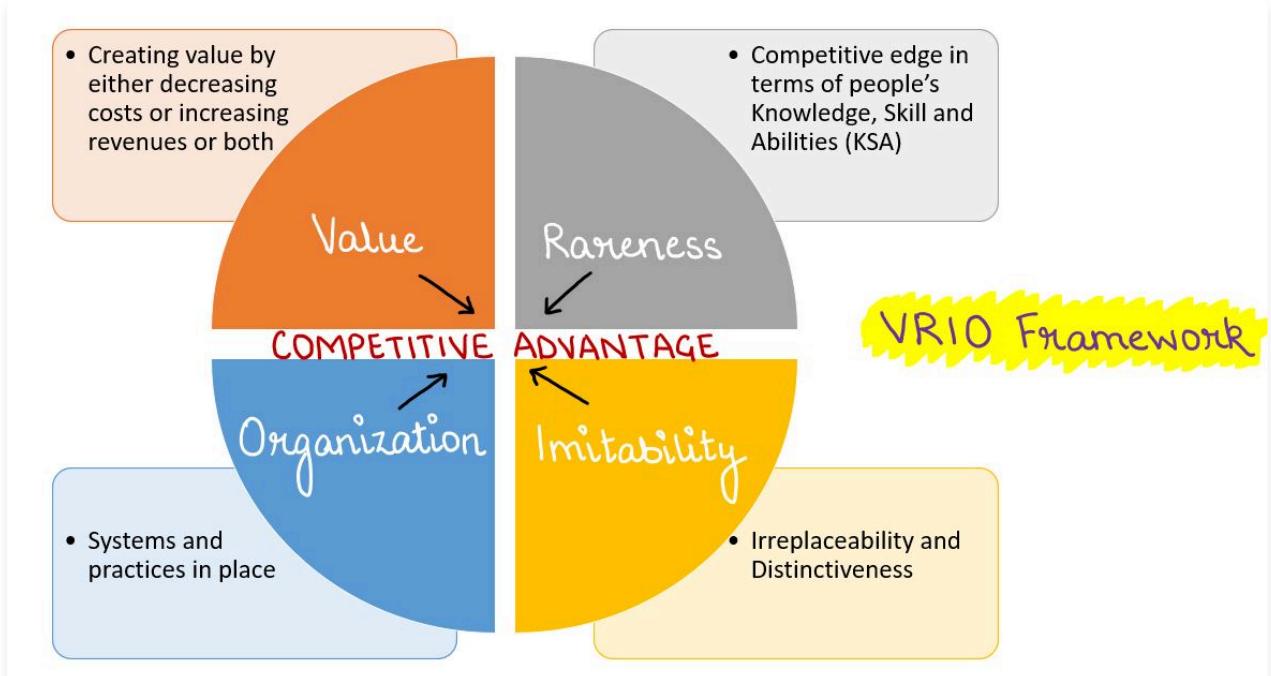
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## 5. Resource Based View (RBV) Theory

The resource-based view of the firm (Barney 1991) emphasizes the internal resources, including human resources, that can lead to sustainable competitive advantage.

According to this theory, firms should focus on developing human capital rather than merely aligning human resources with current strategic goals. Human resources can provide a competitive edge for the business as long as they are unique and cannot be copied by competitors.

The theory suggests that intellectual capital and business intelligence are crucial to anticipate the future.



The RBV theory states that resources should have 4 characteristics, which is also known as **VRIO framework**.

### 1. Value (V)

Organizational value is derived from a dual focus on decreasing costs and delivering unique products or services at premium prices. Human resources play a pivotal role in this process, contributing to efficiency by either reducing costs or increasing revenues. Strategies such as empowerment programs, continuous improvement efforts, and initiatives like quality circles aim to enhance employee commitment, directly impacting the organization's overall revenues and bottom-line performance.

### 2. Rareness (R)

While human resources may hold value for an organization, the key to competitive advantage lies in cultivating and leveraging characteristics that are not readily found in competing entities. To achieve a distinctive edge, organizations must focus on developing and exploiting rare skills, knowledge, and abilities within their workforce. This necessitates a strategic approach to hiring and training, ensuring access to the best talent and unique capabilities that set the organization apart.

### 3. Imitability (I)

Sustaining a competitive advantage through human resources hinges on the difficulty of replicating the characteristics found within the organization. Unique elements such as an organization's history or culture can be formidable barriers to imitation, fostering high levels of employee performance and commitment. The challenge is to establish HR characteristics that are not easily copied by competitors, thereby maintaining a sustainable edge in the market.

### 4. Organization (O)

For human resources to truly serve as a source of competitive advantage, the organization must have systems and practices in place that facilitate the full exploitation of HR characteristics. A well-organized workforce, supported by effective teamwork and the ability to deploy personnel swiftly for new assignments, is crucial. To optimize the impact of HR, it is essential to view HR activities as integrated components rather than isolated functions, ensuring seamless collaboration and coordination across the organization.

People can become a source of sustained competitive advantage for an organization if these four criteria are met.

Apple's success is an example of RBV theory as its unique internal resources, including human capital, cannot be easily replicated by competitors, leading to sustainable competitive advantage.

## 6. Types of SHRM



There are 4 types of strategic HRM strategies.

### 1. Structural HR strategy

The first is structural HR strategy, which focuses on the business unit and has a strong bottom-line orientation. It emphasizes workforce planning, job redesign, work practice reviews and tangible reward structures. For example, Reliance Retail has a structural HR strategy with a bottom-line orientation.

### 2. Developmental HR strategy

The second is developmental HR strategy, which is jointly actioned by the corporate and business HR units and focuses on the development of individuals and teams. It emphasizes internal recruitment and offers intrinsic rewards. For example, Future Group has a developmental HR strategy with an emphasis on individual and team development.

### 3. Turnaround HR strategy

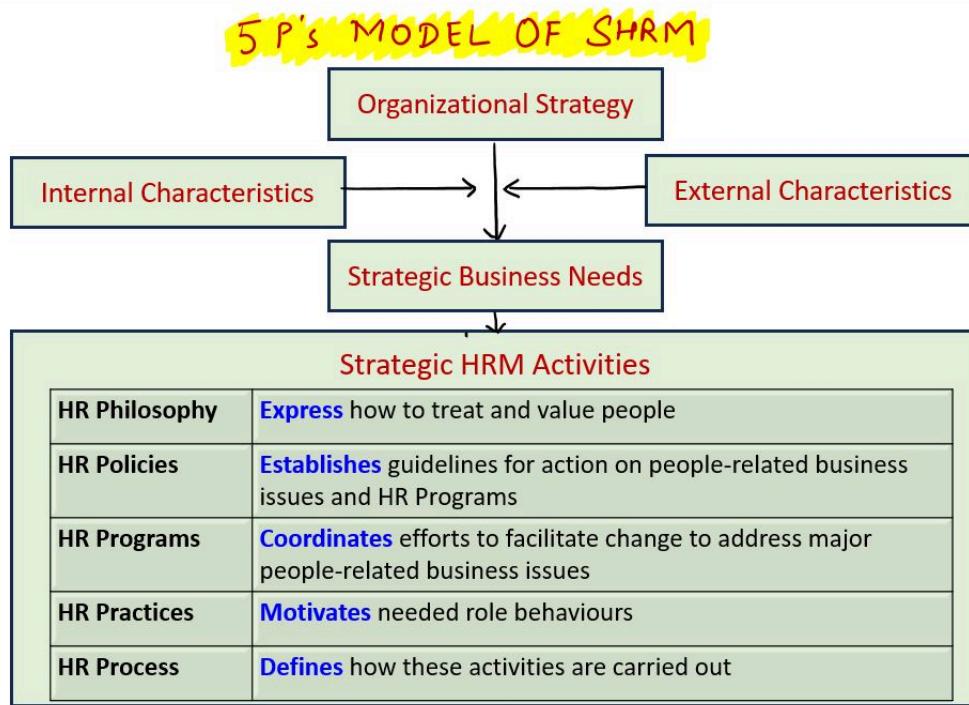
The third is turnaround HR strategy, which is driven by executive leadership for a short period and involves challenging, restructuring, or abolishing HR systems, structures, and methodologies. It also includes major structural changes and retrenchment. For example, in 2019, Jet Airways was facing severe financial difficulties and underwent a turnaround strategy that involved major structural changes and retrenchment. The company restructured its HR systems and reduced its workforce to cut costs and improve efficiency.

### 4. Paternalistic HR practices

The fourth is paternalistic HR practices, which are centrally administered and emphasize procedures, precedent, and uniformity based on organization and method studies. For instance, organizations such as the State Bank of India (SBI) and Indian Railways have a centralized HR system that emphasizes procedures, precedents, and uniformity based on organization and method studies. These organizations provide a stable and secure work environment for employees, but may lack flexibility and innovation.

## 7. 5 P Framework

The 5-P HRM Model was developed in 1992 by Randall S. Schuler (other contributors are Ployer, White & Toombs). The name of book is "Strategic Human Resources Management: Linking the people with the Strategic Needs of Business".



The 5-P model of SHRM merges various HR activities with strategic needs. The 5 Ps are:

1. HR Philosophy,
2. HR Policies,
3. HR Programs,
4. HR Practices, and
5. HR Processes.

*HR philosophy* expresses how to treat and value people, while *HR policies* provide guidelines for action on people-related business issues. *HR programs* coordinate efforts to facilitate change to address major people-related business issues, and *HR practices* define leadership, managerial, and operational role practices. *HR processes* define the processes for the formulation and implementation of other activities. The model shows the interrelatedness of these HR activities.

In addition to these 5-P's, the model mentions following components.

1. **Organizational strategy:** This describes the process of identifying strategic business needs and provides specific qualities to them.
2. **Internal characteristics:** This defines the characteristics of a business which may affect the activities of an organization. For example, culture of an organization.
3. **External characteristics:** These describe the characteristics that are external to an organization. These include the condition of the economy, critical success factors in the industry, etc.
4. **Strategic Business Needs (SBN):** These needs may be expressed in mission statements or vision statements and translated into strategic business objectives.

## 1. Introduction



Human Resource Planning (HRP) is a critical strategy that involves the acquisition, utilization, improvement, and preservation of an enterprise's human resources. The objective of HRP is to ensure the right personnel are assigned to the right tasks, while optimizing the utilization of existing human resources. This crucial management activity is an integral part of the business planning process, coordinating the requirements and availability of different types of employees.

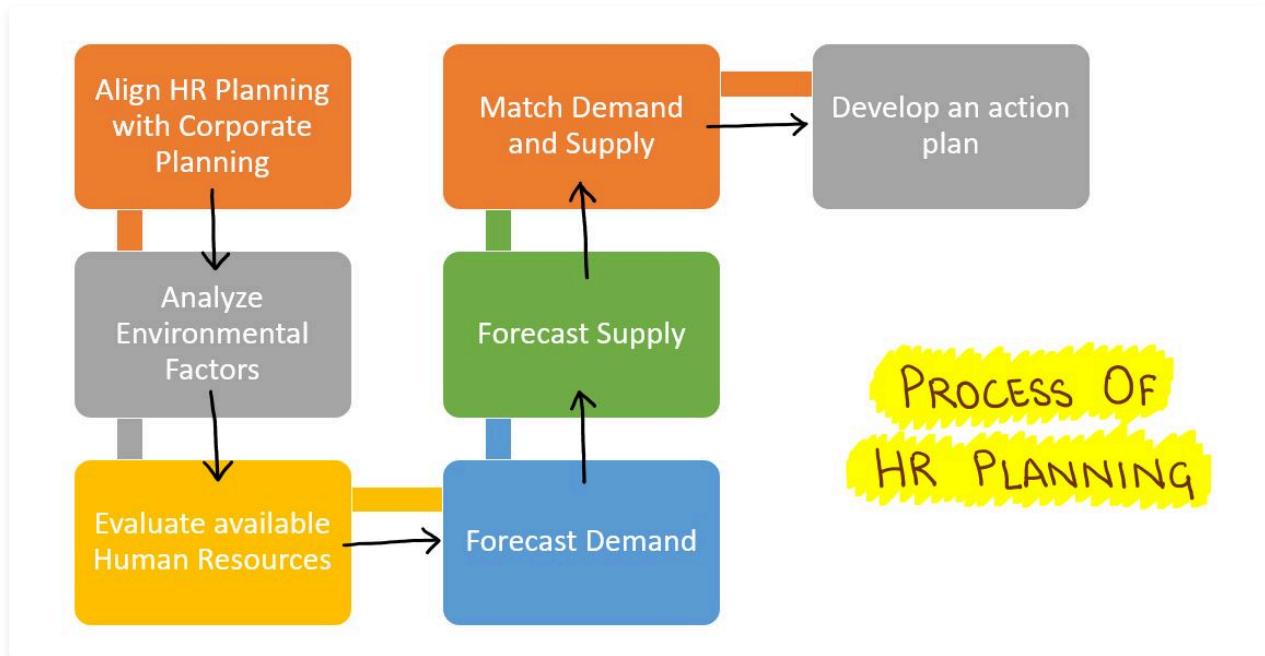


Conceptually, HRP should be an inherent part of the organization's business planning, with the strategic planning process defining the projected changes in the scale and types of activities to be undertaken. This process should identify the core competencies needed for the organization to achieve its goals, that is, its skill requirements.

The major activities involved in Human Resource Planning include forecasting future requirements, inventorying current strengths, anticipating a comparison of current and future requirements, and planning the necessary programs to meet future requirements.

## 2. Process of HR Planning

Human Resource (HR) Planning is a continuous process that is closely linked to an organization's overall goals and objectives.



The process can be divided into several stages as follows:

### 1. Align HR planning with corporate planning

The first step of HR planning is to ensure that the HR plan aligns with the organization's overall goals and strategies. It should begin by considering the business plans in relation to the corporate strategy.

### 2. Analyze environmental factors

The second step in HR planning is to analyze the internal and external environmental factors that affect the demand and supply of labor. This includes government policies, economic conditions, geographic and competitive factors, technology, workforce composition, and management philosophy.

### 3. Evaluate available human resources

This step involves evaluating the current HR inventory level within the organization. After analyzing the internal and external forces affecting the organization, an HR manager can identify the strengths and weaknesses of the organization, as well as opportunities and threats.

### 4. Forecast demand

The fourth step involves estimating the organization's future needs for HR in terms of quantity and quality to achieve the desired level of output. This includes estimating the number of replacements required due to resignations, retirements, death, dismissals, transfer, promotions, and technological changes resulting in increased productivity. This process highlights shortages and overstaff positions.

### 5. Forecast supply

This step involves estimating the future sources of HR that are likely to be available from within and outside the organization. Internal sources include promotion, transfer, job enlargement, and enrichment, while external sources include recruitment of fresh candidates who are capable of performing well in the organization.

### 6. Match demand and supply

The sixth step involves bringing the demand and supply of labor into equilibrium, which means solving shortages and overstaffing positions. In case of shortages, an organization has to hire the more required number of employees. Conversely, in the case of overstaffing, it has to reduce the level of existing employment. This matching process provides insight into the requirements and sources of HR.

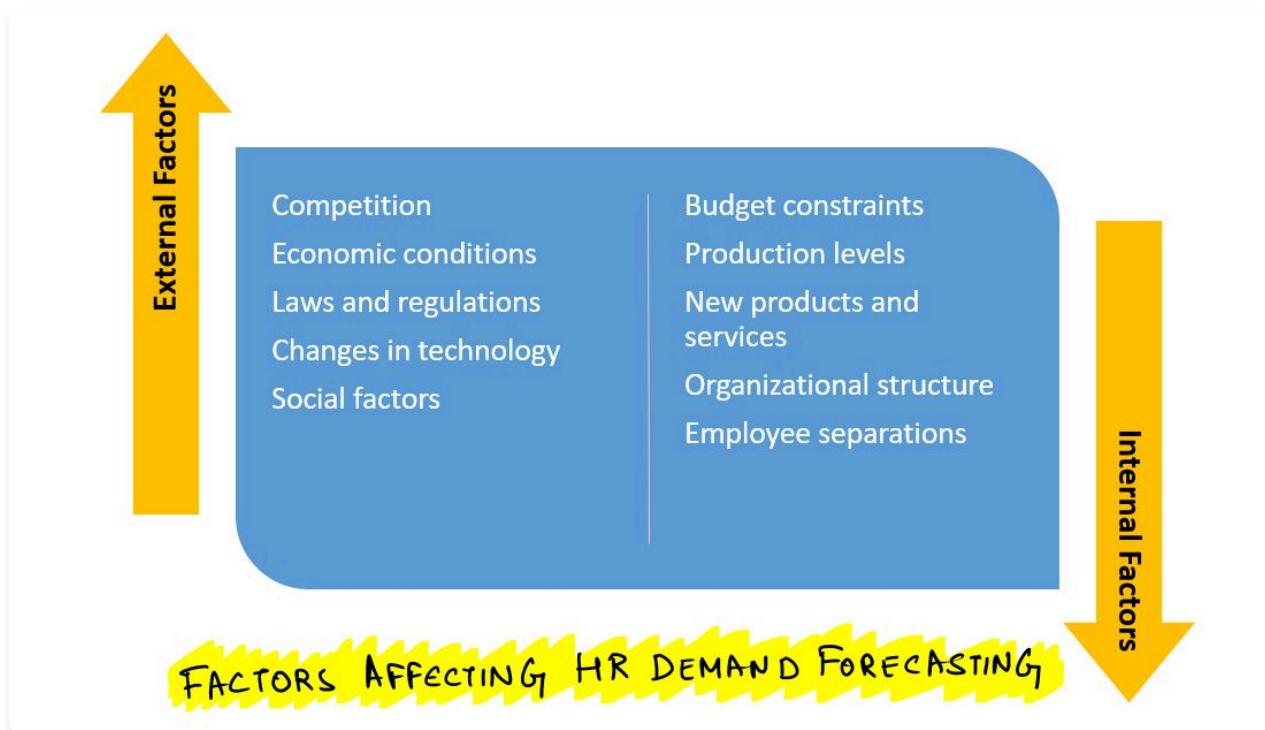
## 7. Develop an action plan

The final stage involves executing the HR plan by designing different HR activities, such as recruitment, selection, placement, training and development, and socialization. The HR plan should be updated according to changes in time and conditions, and the performance of HR should be monitored and evaluated to ensure that it matches the HR objectives and policies.

## 3. HR Demand Forecasting

Human resource demand forecasting is the process of estimating the future quantity and quality of personnel needed to meet the requirements of an organization. It is an essential part of human resource planning and helps organizations to identify their future workforce needs, create staffing plans, and set budgets. HR demand forecasting is important as it helps organizations to avoid unexpected workforce shortages or overstaffing, which can have a negative impact on organizational productivity and profitability.

HR demand forecasting involves considering both internal and external factors.



### External Factors

External factors that can affect HR demand forecasting include competition, economic conditions, laws and regulations, changes in technology, and social factors.

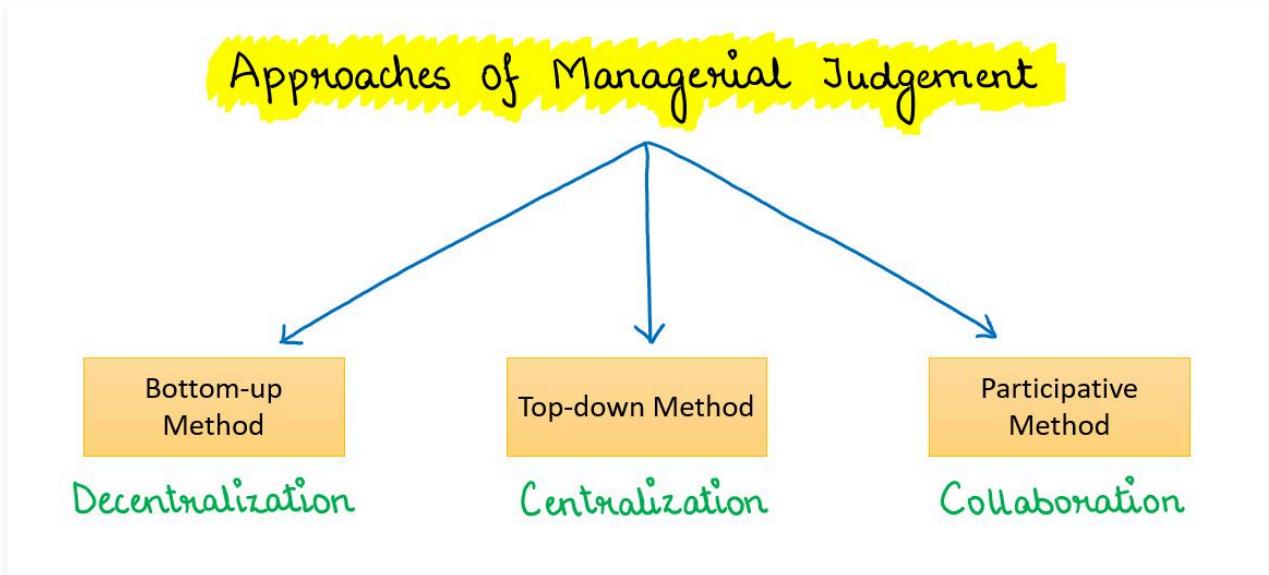
### Internal Factors

Internal factors that can affect HR demand forecasting include budget constraints, production levels, new products and services, organizational structure, and employee separations.

There are various techniques of HR demand forecasting, which are discussed next.

### 3. HR Demand Forecasting

Managerial Judgement is a popular technique used for forecasting demand in HR. It comprises two methods, namely the Bottom-up and Top-down approaches.



#### Bottom-up Method

In the Bottom-up method, the forecasting process starts at the departmental level. Department heads or managers are responsible for estimating the human resource requirements specific to their respective departments. These requirements may include factors such as the number of employees needed, the skills and competencies required, and any other department-specific considerations. Once the departmental forecasts are compiled, they are then sent to the top management for consolidation.

This method is advantageous because it captures the detailed and specific needs of individual departments, considering their unique functions and objectives. It allows for a more granular and accurate assessment of HR needs within each department.

#### Top-down Method

Contrastingly, the Top-down method involves a forecasting approach initiated by top management. In this method, the senior leadership team, often in collaboration with HR professionals, takes the lead in predicting the overall human resource needs of the entire organization. This includes considering the strategic goals, expansion plans, and any other factors that may impact the organization as a whole. Once the top management has formulated their forecast, the HR requirements are then disseminated to individual departments.

The Top-down method is beneficial for ensuring a unified and organization-wide perspective on HR needs. It helps in aligning human resource planning with the overall strategic direction set by top management. However, it might not capture the nuanced requirements of individual departments as effectively as the Bottom-up method.

#### Participative Method

A Participative Approach, which combines both approaches, is recommended for HR demand forecasting. This method involves top management and departmental heads meeting to collaboratively decide on the organization's future human resource requirements. Therefore, using this approach ensures that HR demand can be predicted with unanimity.

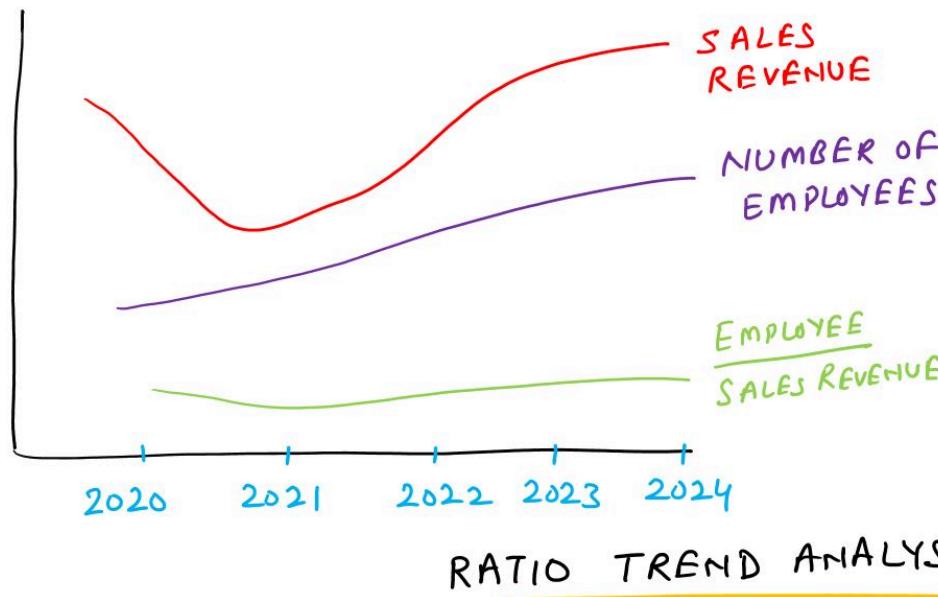
### 3. HR Demand Forecasting

Ratio-Trend Analysis of HR Demand Forecasting is a method used by HR professionals to predict the future personnel needs of an organization by analyzing historical data and trends.

**Ratio Analysis:** HR professionals analyze the relationship between different variables to derive meaningful insights. This may include calculating ratios such as turnover rates, employee-to-manager ratios, or employee-to-sales ratios.

**Trend Analysis:** Historical data is examined to identify patterns and trends over time. This involves looking at how different HR metrics have changed over previous periods, such as years or quarters.

This is the quickest forecasting technique in which manpower resources are estimated on the basis of production level and number of workers available.



The technique involves studying past ratios between, say, the number of direct and indirect workers in an organization and forecasting future ratios after making allowances for changes in the organization or its methods. The forecasts are then used to determine direct labour requirements and the forecast ratios of indirect and direct labour are further used to calculate the number of indirect workers needed.

For example, a retail company uses the ratio of number of employees to sales revenue to forecast their future human resource needs.

### 3. HR Demand Forecasting

The Work Study Method, also referred to as **Workload Analysis**, is a technique that is appropriate when work measurement can be applied to determine the duration of operations and the labor needed.

This method involves estimating the total production and activities for a specific period and converting this estimate into the number of man-hours required to produce per unit, taking into account the workforce's capability.

For example, a factory wants to increase production of a particular product. The managers use the work study method to analyze the process and calculate how long it should take to complete each step. They then use this information to estimate the number of workers required to achieve the desired increase in production, while ensuring that the workload is reasonable for the workforce.

Work Load Analysis Using Work Study Method				
Step	Operation Description	Estimated Duration (in minutes)	Man-Hours per Unit	Number of Workers Required
1	Product Inspection	10	0.17	6
2	Material Preparation	20	0.33	3
3	Machine Setup	15	0.25	4
4	Production Run	60	1	2
5	Quality Check	10	0.17	6
Total		2.92		

In the table given above, each step of the production process is analyzed to determine the estimated duration in minutes, the man-hours required per unit, and the number of workers needed. The total man-hours per unit are calculated by summing the man-hours for each step.

### 3. HR Demand Forecasting

Markov Analysis (also called **Transition Probability Matrix**), named after Russian mathematician Andrei Andreyevich Markov, is a technique used to determine the probabilities of job incumbents remaining in their jobs during the forecasting period. A transition matrix or Markov matrix can be employed to model the internal flow of human resources by demonstrating the average rate of historical movement from one job to another as probabilities.

#### MARKOV ANALYSIS

From \ To	Line Worker	Supervisor	Manager	Exit
Line Worker	65%	15%	0%	20%
Supervisor	5%	70%	15%	10%
Manager	0%	5%	90%	5%

Transition Probabilities between Job Categories  
Over a specified period

For example, a line worker may have a 20% probability of leaving in 12 months, 0% probability of being promoted to manager, 15% probability of being promoted to supervisor, and a 65% probability of staying a line worker for the following year and so on. These transition matrices are the foundation for computer simulations of the internal flow of people through a large organization over time.

### 3. HR Demand Forecasting

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The Delphi Method is a technique used for HR demand forecasting that involves collecting data and opinions from a group of experts through multiple rounds of questionnaires. The experts provide their opinions on a specific topic or question anonymously, and the results are aggregated and shared with the group. The experts are allowed to adjust their answers in subsequent rounds after reviewing the group's opinions.

The Delphi method was originally developed in the early 1950s at the RAND Corporation by Olaf Helmer and Norman Dalkey.

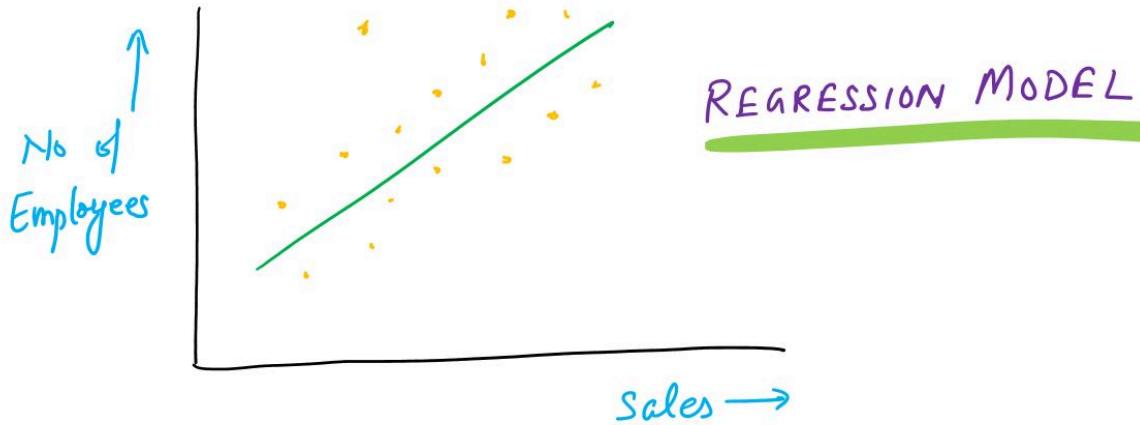
The aim of the Delphi Method is to reach a consensus through several rounds of questions.

For example, using the Delphi Method to forecast the demand for healthcare professionals in a region by surveying a panel of medical experts.

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### 3. HR Demand Forecasting

The Mathematical Model is a quantitative HR demand forecasting technique that uses regression analysis to establish the relationship between the number of employees required and independent variables such as sales, production, and investment. The model helps in determining how much the dependent variable (number of employees required) will change if there is a change in the independent variable. The technique requires a historical data set that is used to calculate the relationship between the variables.

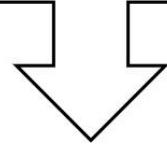


For example, the company can use the model to predict the number of employees required for different levels of sales or production. The model will also help in identifying the factors that have the most significant impact on HR demand, and the company can take appropriate actions to address these factors.

## 4. Featherbedding

Featherbedding refers to a labor union practice in which workers demand the creation or continuation of unnecessary jobs or tasks in order to increase their employment opportunities, job security, or pay. Featherbedding may involve requiring the hiring of more workers than needed, limiting the amount of work performed by individual workers, or mandating the use of specific equipment or procedures that are not necessary or efficient.

Conduct of a union  
requiring an  
Employer to pay for  
services that are not  
to be performed



FEATHER BEDDING



For instance, a manager might hire extra staff for a project even though the current staff is capable of completing the project within the given timeframe. This practice increases the company's expenses without adding any real value to the output.

## 5. HR Outsourcing

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HR outsourcing (HRO) is the process of hiring an external service provider to take care of some or all of an organization's HR functions. These functions may include payroll processing, benefits administration, recruitment, onboarding, training and development, performance management, and other HR-related tasks. By outsourcing HR functions, organizations can free up internal resources to focus on core business operations, reduce overhead costs, gain access to specialized expertise, and improve efficiency and effectiveness. HR outsourcing may be done on a selective basis or as a comprehensive solution. It is becoming increasingly common among small and mid-sized companies as well as large organizations seeking to streamline operations and stay competitive.

HR functions can be outsourced to various service providers such as management consultancies, recruitment agencies, and legal advisory services.

Outsourcing HR functions can provide many benefits to an organization, including access to specialized expertise and technology, cost savings, and increased flexibility in staffing levels. However, it is important to carefully consider the risks and potential drawbacks associated with outsourcing before making a decision. Some concerns include loss of control over HR functions, potential for lower quality services, and negative impacts on employee morale and loyalty. It is important to select the right outsourcing provider and establish a clear service level agreement to ensure that the outsourcing arrangement meets the needs of the organization.

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## 5. HR Outsourcing

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Below are different ways in which outsourcing of human resources can be carried out:

- **Business process HR outsourcing, also known as BPO:** It involves engaging an external vendor to handle specific HR tasks, such as recruitment or payroll administration, or even the entire HR function.
- **Shared service HR outsourcing:** It entails subcontracting only the transactional or administrative aspects of HR activities to an external vendor, which may include employee interaction.
- **Application and facilities service HR outsourcing:** It involves outsourcing the technology and physical infrastructure needed to support HR activities to external providers.

### **Business Strategies for outside Delegation of Work**

Note that there are 3 different business strategies related to the delegation of work to external parties, i.e., Insourcing, Outsourcing, and Offshoring.

#### **1. Insourcing**

Insourcing involves delegating a project to an individual or department within the company rather than outsourcing to an external entity. It leverages the internal resources of the organization to execute tasks or attain objectives. For instance, a company might opt to insource technical support for a new product by utilizing the pre-existing technical support infrastructure for another product within the organization.

#### **2. Outsourcing**

Outsourcing involves transferring a portion of work or even an entire operation to outside providers or suppliers rather than completing it internally. Outsourcing has increased significantly in recent years as companies look for ways to improve efficiency and reduce costs.

#### **3. Offshoring**

Offshoring (not to be confused with outsourcing) is when a company relocates a business process to another country. With many Asian countries having considerably lower labour costs, a lot of American companies look at offshoring work to further reduce their labour costs.

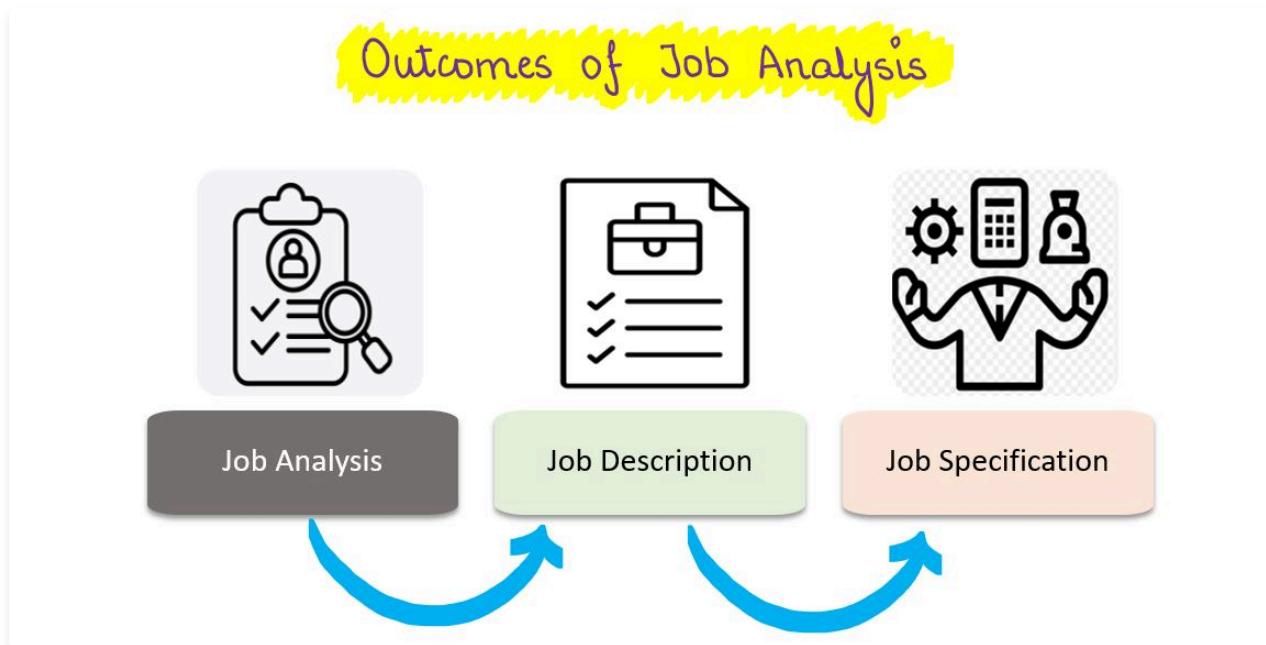
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## 1. Job Analysis



In the field of Human Resources, a **job** is defined as a group of work functions that require similar levels of responsibility and difficulty and can be performed by one employee or a group of similarly qualified employees.

**Job Analysis** is a process that involves a systematic exploration, study, and recording of a specific job's responsibilities, duties, skills, work environment, and ability requirements. The goal is to determine what a job demands and what an employee must possess to perform a job productively.



The information gathered through job analysis plays an important role in controlling the output of the particular job, recruiting the right people, and creating a perfect fit between the job and the employee. Job analysis helps HR managers in deciding the compensation package and additional perks and incentives for a particular job position. It also contributes to assessing the training needs and performance of the existing employees. Furthermore, the process forms the basis to design and establish the strategies and policies that can fulfill organizational goals and objectives.

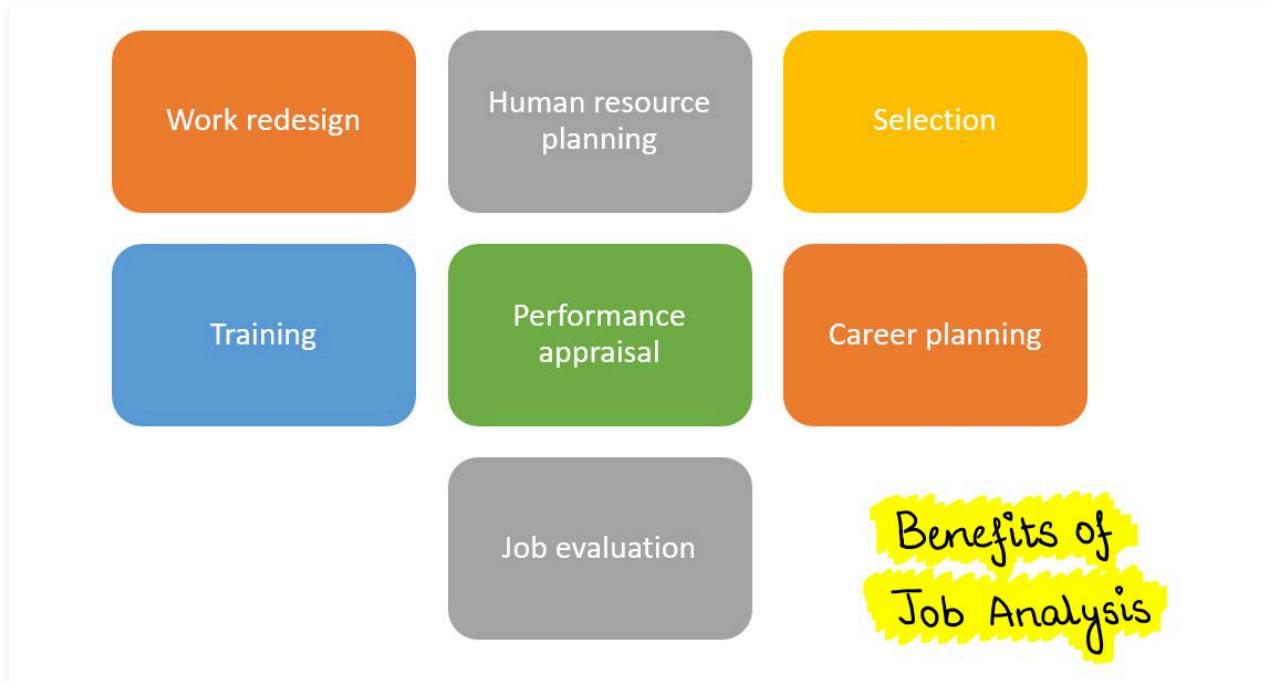
Job analysis leads to a **Job Description**, which sets out the purpose, scope, duties, and responsibilities of a job. It also helps in determining the relative importance of the duties, responsibilities, and physical and emotional skills for a given job. From the job analysis and job description, a **Job Specification** may be derived, which is a statement of the skills, knowledge, and other personal attributes required to carry out the job.

Thus, job analysis is a crucial step in ensuring that organizations hire the right employees for the right positions and helps them establish effective HR policies and strategies.

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## 2. Importance of Job Analysis

Job analysis is the building block of human resource management.



Job analysis is a crucial process that provides information for almost every HR management program, as discussed below.

### Work redesign

Job analysis provides detailed information about existing jobs and is required when an organization seeks to redesign work for efficiency or quality. For example, job analysis can identify tasks and skills that could be consolidated to create a more efficient workflow.

### Human resource planning

Accurate job analysis helps planners identify the levels of skill required in various jobs, which is essential for determining the human resources that will be needed. For example, job analysis can help HR managers determine how many employees with a certain skill set will be required in the future.

### Selection

Decision-makers need to know the tasks, knowledge, skills, and abilities required for various positions to identify the most qualified applicants. For example, job analysis can help HR managers identify the essential skills and abilities required for a particular job and use that to screen potential candidates.

### Training

Job analysis helps to develop effective training programs that are related to the necessary knowledge and skills required for different jobs. For example, job analysis can be used to identify the skills gaps that new employees have and develop targeted training programs to fill those gaps.

### Performance appraisal

Job analysis is essential in identifying the behaviors and results associated with effective performance, which is crucial for developing accurate performance appraisal systems. For example, job analysis can help to identify the key performance indicators that should be used to evaluate employee performance.

### Career planning

Job analysis is used to match an individual's skills and aspirations with career opportunities, which is crucial for career planning. For example, job analysis can help individuals understand the skills required for a particular job and help guide their career path accordingly.

## Job evaluation

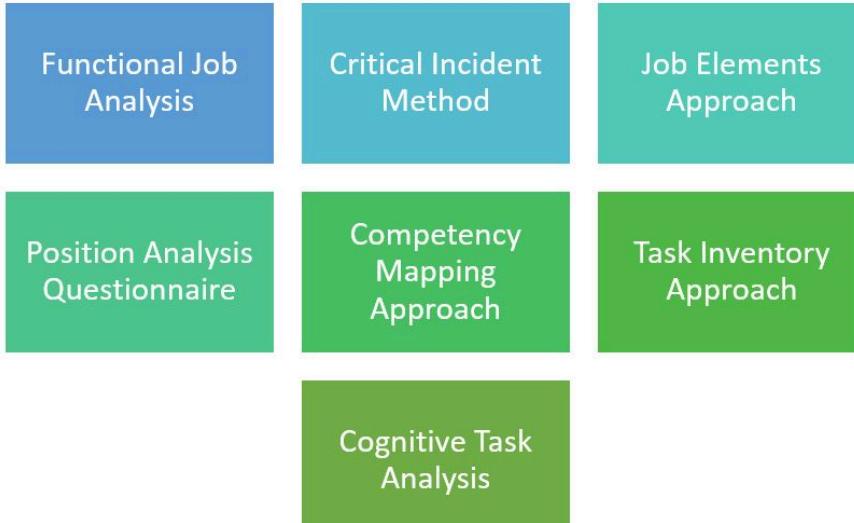
Job analysis is essential for assessing the relative worth of each job to the organization in order to set up fair pay structures. For example, job analysis can help HR managers determine the relative value of different jobs and assign salaries accordingly.

## 2. Importance of Job Analysis

Job Hierarchy refers to the systematic arrangement and listing of jobs within an organization based on their level of importance or rank. This hierarchy establishes a clear structure that outlines the relative significance of various positions, typically from the highest-ranking to the lowest-ranking roles.

In a Job Hierarchy, each position is assigned a specific rank or level, indicating its standing in the organizational structure. The factors determining job importance can include responsibilities, decision-making authority, skills required, and the impact of the role on organizational goals. The highest-ranking positions are often associated with greater responsibilities, decision-making powers, and overall influence within the organization.

## 3. Methods of Job Analysis



Methods  
of  
Job  
Analysis

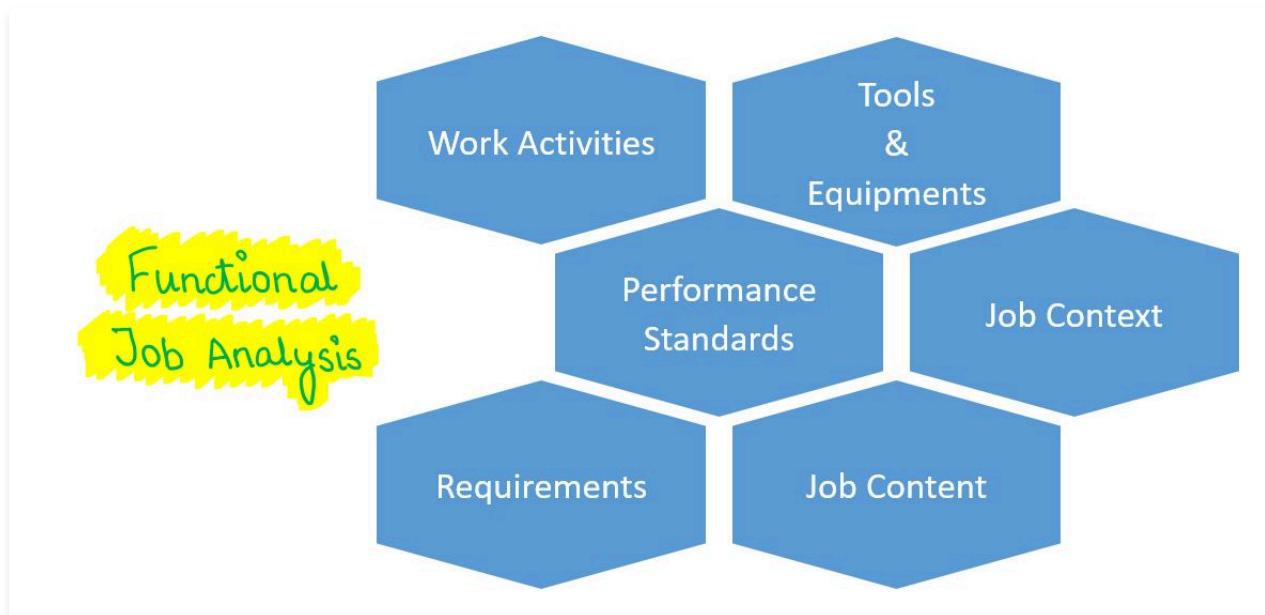
Common methods of collecting information for Job analysis are stated below.

1. Functional Job Analysis,
2. Critical Incident Method,
3. Job Elements Approach,
4. Position Analysis Questionnaire (PAQ),
5. Competency Mapping Approach,
6. Task Inventory Approach
7. Cognitive Task Analysis

Let's delve into a more detailed discussion about them.

### 3. Methods of Job Analysis

Functional Job Analysis (FJA) is a method used to systematically analyze and describe the tasks, duties, responsibilities, and requirements of a particular job. The primary goal of Functional Job Analysis is to provide a comprehensive understanding of a job's functions, allowing for effective job design, employee selection, performance evaluation, and training.



Key components of Functional Job Analysis include:

#### Work Activities

Identifying the specific tasks and activities that employees perform as part of their job. This includes routine tasks, occasional duties, and any other activities essential to the job.

#### Tools and Equipment

Determining the tools, machinery, equipment, and technology used in performing job tasks. This aspect helps in understanding the resources required for job execution.

#### Performances Standards

Establishing the criteria for evaluating successful job performance. This involves defining the quality and quantity of work expected, as well as any specific standards or benchmarks.

#### Job Context

Examining the environmental factors and conditions in which the job is performed. This includes considerations such as physical surroundings, work schedules, and team dynamics.

#### Requirements

Identifying the qualifications, skills, knowledge, and abilities (KSAs) necessary for successful job performance. This helps in developing criteria for employee selection and training programs.

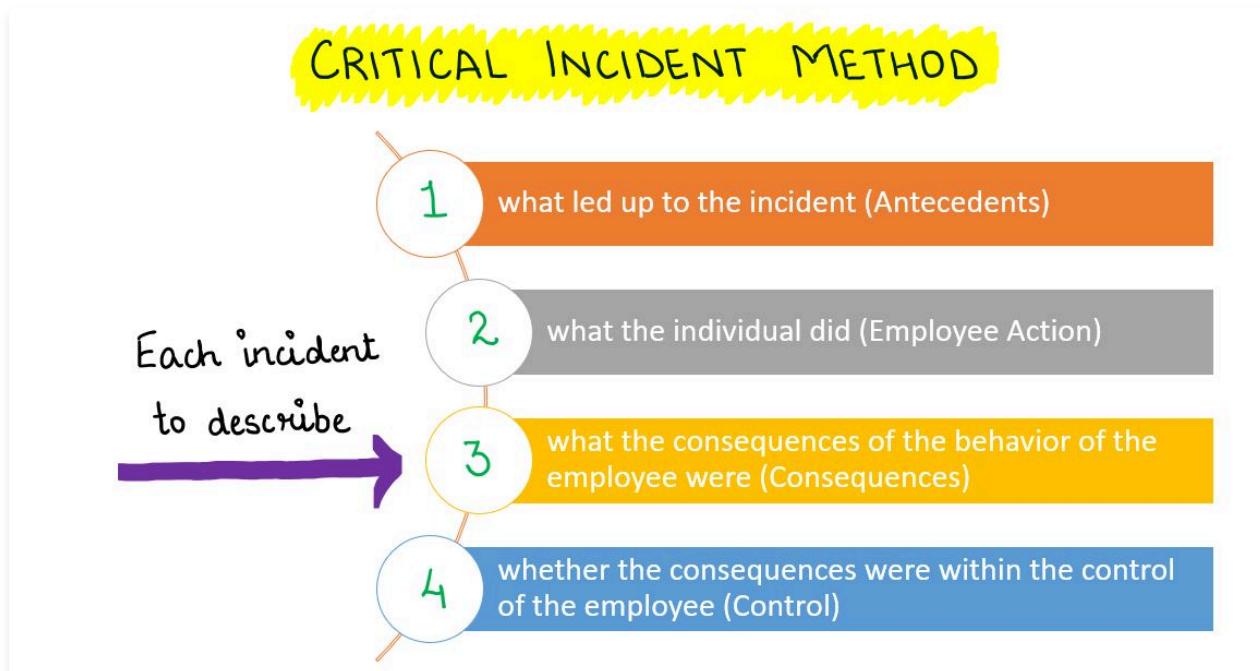
#### Job Content

Describing the essential elements of the job, including the nature of the work, relationships with others, and the broader organizational context.

Functional Job Analysis involves collecting data through interviews, observations, and surveys to gather information directly from employees, supervisors, and other relevant stakeholders.

### 3. Methods of Job Analysis

Critical Incident Method (CIT) focuses on actual on-the-job behavior. The technique grew out of experiences with selecting candidates for flight school during World War II. Job analysts collect critical incidents from various sources, including workers, co-workers, supervisors, managers, and others.



Analysts typically ask informants to think of the most recent example of a worker performing at a high level. Informants will describe what led to the incident, what the employee did, the perceived consequences of the behavior, and whether or not these consequences were within the control of the employee.

For example, a customer service representative adeptly resolved a frustrated customer's tracking issue. The customer, upset with conflicting information, sought help.

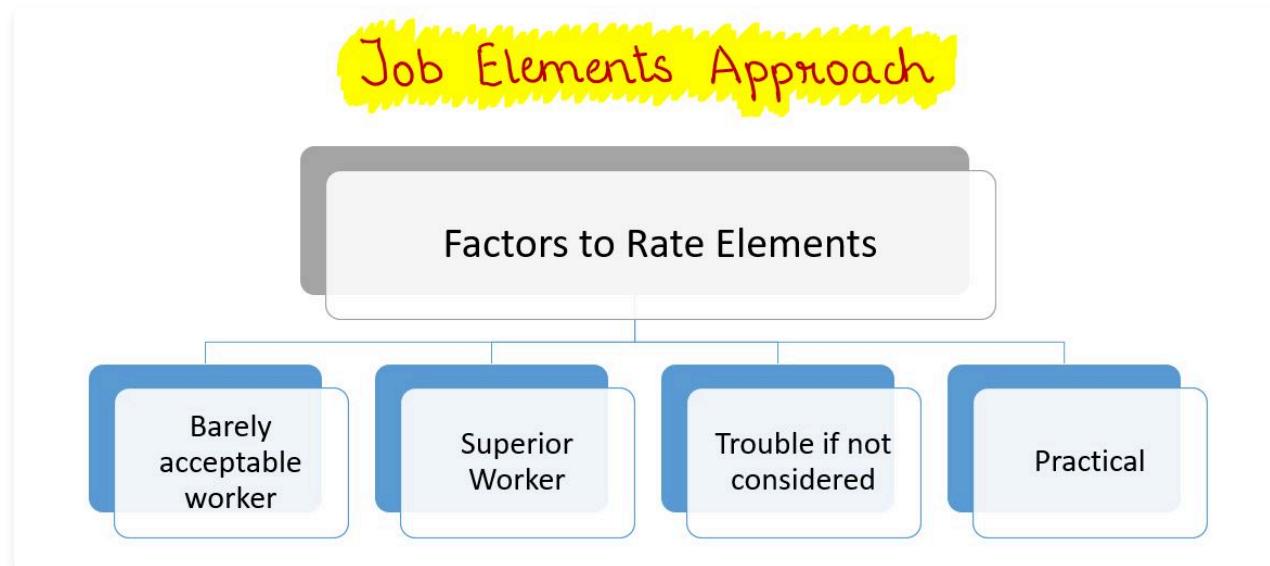
- **Antecedents:** Customer frustration from prior unsuccessful interactions.
- **Employee Action:** Representative actively listened, reviewed order details, and collaborated with logistics for real-time tracking.
- **Consequences:** Customer expressed gratitude, resulting in a positive customer experience.
- **Control:** Employee demonstrated control by using problem-solving skills and collaboration.

This critical incident highlights the employee's effective problem resolution, showcasing the value of the Critical Incident Method in assessing on-the-job behaviors.

### 3. Methods of Job Analysis

This method of job analysis was developed by Ernest Primoff at the Federal Office of Personnel Management. This Method focuses on the elements that workers use to perform their jobs. The elements include knowledge, skills, and abilities (KSAs), as well as willingness, interest, and personal characteristics.

Elements that are relevant for a job are identified and evaluated by subject matter experts. The experts use 4 factors to rate the elements: "Barely acceptable worker," "Superior worker," "Trouble if not considered," "Practical."



Barely acceptable worker indicates to what extent even barely acceptable workers have the ability or skill, etc.. For example, an entry-level position may require basic computer skills, and a barely acceptable worker should have the ability to perform basic tasks using common software.

Superior worker indicates whether the element is very important to identify superior workers. For example, in a software development job, advanced programming skills might be considered crucial for a superior worker who can handle complex coding tasks efficiently.

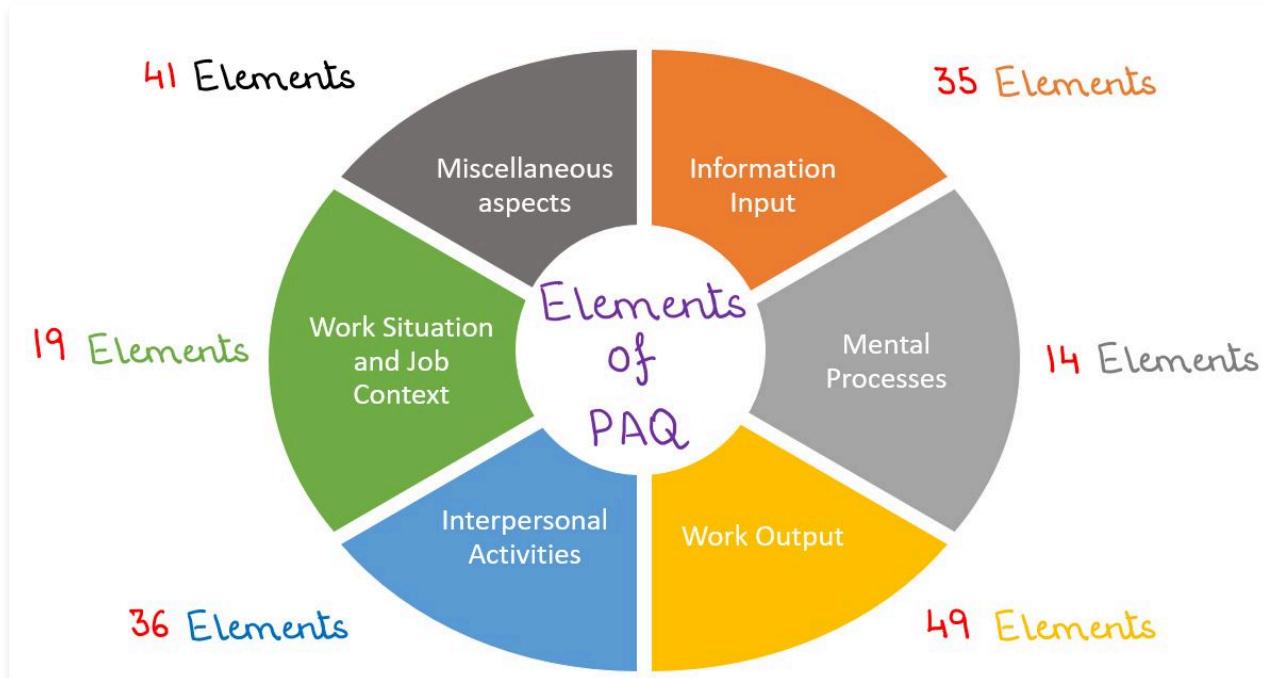
Trouble if not considered refers to the amount of trouble that is likely to occur if the element is ignored when selecting applicants. For example, for a job as a commercial pilot, "safe flying skills" could be rated as "Trouble if Not Considered," indicating the potential risks if this element is overlooked during the selection process.

Ratings for Practical refer to the extent that the organization can fill its openings if the element is required. For example, in a customer service role, language proficiency might be rated as "Practical," indicating that the organization can readily fill positions if applicants possess the required language skills.

Like the CIT approach, job elements rely on the knowledge and experiences of supervisors and job incumbents.

### 3. Methods of Job Analysis

The Position Analysis Questionnaire (PAQ) was developed by McCormick and associates (1972) on the assumption that there is an underlying taxonomy to all jobs. That is, in contrast to the other methods, the PAQ approach focuses on broad categories common to all jobs rather than on individual elements of specific jobs. Given the thousands of tasks for one job that the other methods may identify, PAQ attempts to put this data into a more manageable form.



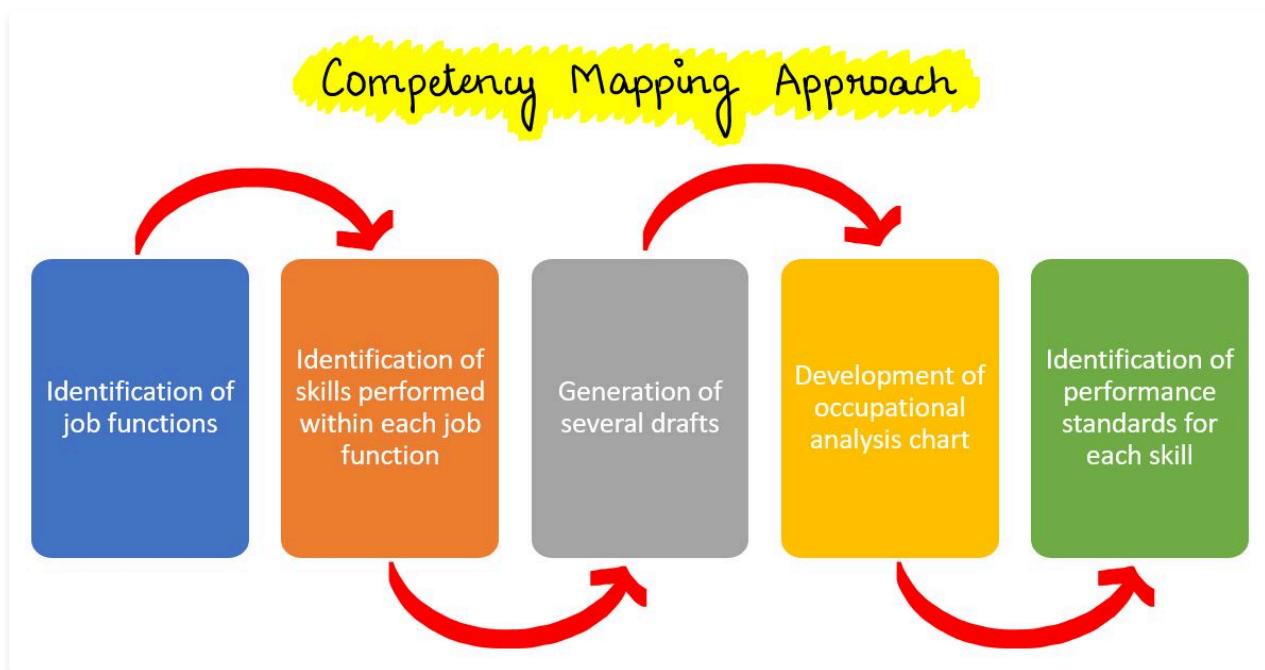
PAQ reduces all jobs to 194 elements, which are classified in terms of 6 broader dimensions. These 6 dimensions are:

1. Information input (35 elements),
2. Mental processes (14 elements),
3. Work output (49 elements),
4. Interpersonal activities (36 elements),
5. Work situation and job context (19 elements), and
6. Miscellaneous aspects (41 elements).

Cunningham (1996) considers PAQs to be the best-established and most thoroughly researched of the standardized job analysis questionnaires.

### 3. Methods of Job Analysis

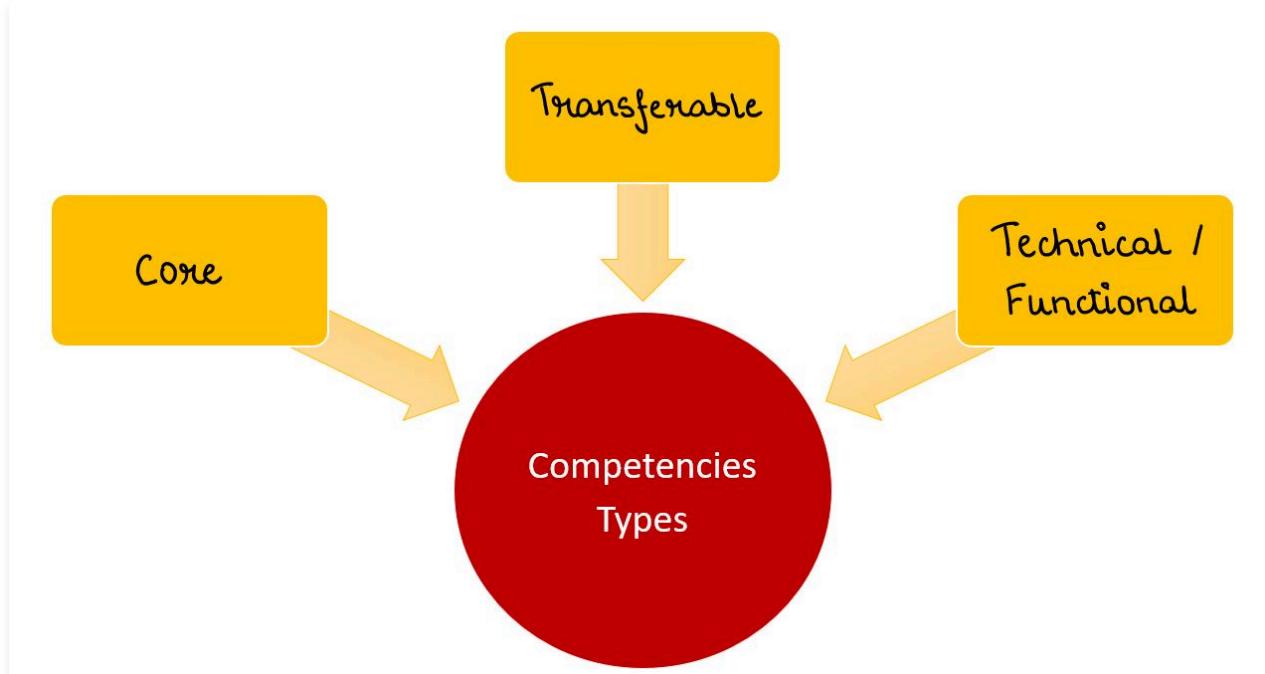
Competency Approach is a process to identify key competencies for a job and incorporating those competencies throughout the various processes (i.e., job evaluation, training, recruitment) of the organization. A competency is defined as behavior rather than skill or ability.



The competency-based Job Analysis involves the following steps:

1. Identification of major job functions.
2. Identification of skills performed within each of the major job functions.
3. Generation of several drafts to be reviewed by employers and employees and modified to accurately reflect the skills performed on the job.
4. Development of occupational analysis chart (this chart is a two-dimensional spread sheet chart displaying the major job functions and skills).
5. Identification of performance standards for each skill using a competency-based rating scale which describe various levels of performance.

#### Types of Competencies



There are 3 types of competencies, as described below.

### 1. Core Competencies

Core competencies are essential skills and behaviors that all employees are expected to have in an organization. These competencies reflect the organization's values, culture, and business goals, and are required for individuals to perform well in any position within the organization. Examples of core competencies include cost-effectiveness, customer focus, teamwork, communication, and initiative.

### 2. Transferable Competencies

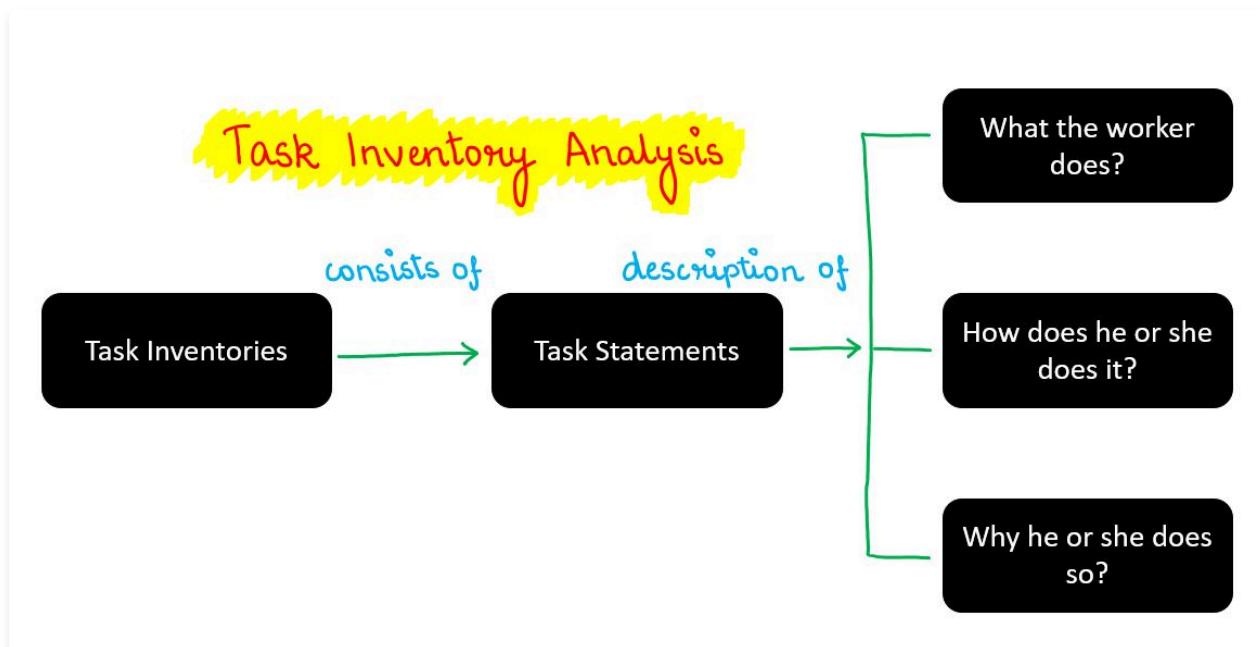
Skills and abilities that can be applied to different roles to varying degrees are known as transferable competencies. This includes skills such as managerial and leadership abilities.

### 3. Technical or Role or Functional Competencies

Unique and specialized abilities that are necessary for specific jobs are referred to as technical/role/functional competencies. Examples of such competencies include Marketing Research and Dealer Management.

## 3. Methods of Job Analysis

The Task Inventory Approach is another job analysis method that involves presenting a list of tasks to subject matter experts (SMEs) who check off which tasks are done on the job and/or rate the tasks on different dimensions.



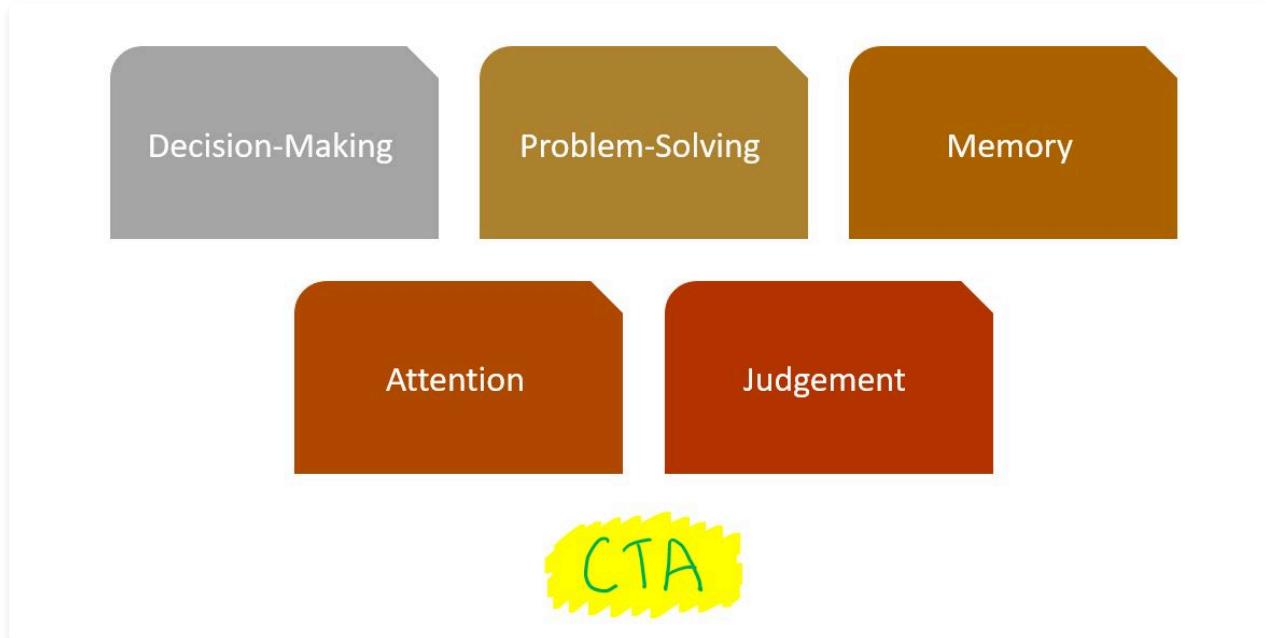
Task inventories consist of lists of activities or task statements. In general, a statement is at least a description of what the worker does in terms of an action verb, the purpose of that action, and the methods and equipment used. In short, what does the worker do, how does he or she do it, and why?

Each task is rated on one or more scales: relative-time-spent (relative to the other tasks), importance, difficulty, and criticality. When using more than one scale per task it is possible to calculate a task importance value, for example by adding and/or multiplying the different scale values. Task inventories are behavioral specific and comparisons between jobs are not possible.

### 3. Methods of Job Analysis

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Cognitive Task Analysis (CTA) is the systematic process of identifying all of the cognitive tasks, sometimes called goals, of the job.



This method emphasizes finding the actual mental processes or activities used by experts to complete the job. The method involves analyzing the steps that experts use to complete tasks and documenting the thought processes behind these steps.

CTA is aimed at understanding tasks that require a lot of cognitive activity from the user, such as decision-making, problem-solving, memory, attention and judgement.

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## 4. Job Description

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A Job Description (JD) is a detailed document that outlines the duties, responsibilities, qualifications, and expectations associated with a specific job or role within an organization. It serves as a guide for both employers and employees by clearly defining what is expected from the person in the role and the qualifications they need to fulfill those expectations.

A well-written job description is essential for recruitment, performance management, and employee development. It helps attract the right candidates, ensures clarity of responsibilities, and forms the basis for evaluating employee performance.

Key Components of a Job Description are:

### **Job Title**

The official title of the position, which reflects the job's function and role in the organization.

Example: Marketing Manager, Software Developer, HR Assistant.

### **Job Summary**

A brief overview of the role, highlighting the key responsibilities and how the position contributes to the organization. It provides a snapshot of what the job entails.

Example: "The Marketing Manager will be responsible for developing and implementing marketing strategies to increase brand awareness and drive sales."

### **Key Responsibilities and Duties**

A detailed list of the core tasks, functions, and duties that the employee will be responsible for. It defines the day-to-day activities associated with the role.

Example:

- Develop and execute marketing campaigns.
- Analyze market trends and competitors.
- Oversee the marketing team and collaborate with other departments.

### **Qualifications and Skills**

The education, experience, skills, and certifications required for the role. This section may also include desired skills or preferred qualifications that are not strictly required but are a plus.

Example:

- Bachelor's degree in Marketing or related field.
- 5+ years of experience in marketing management.
- Strong analytical and communication skills.

### **Work Environment**

Describes the physical environment where the job will be performed (e.g., office, remote work) and any specific conditions (e.g., travel requirements, shift work).

Example: "The position is office-based, with occasional travel for client meetings."

### **Salary and Benefits**

An outline of the compensation package and any benefits (such as health insurance, retirement plans, etc.), although this section is sometimes left out in initial job descriptions and provided later.

Example: "Competitive salary based on experience, health insurance, paid time off."

### **Reporting Structure**

Identifies the supervisor or manager to whom the employee will report and whether the position has any direct reports.

Example: "Reports to the Director of Marketing."

### **Working Hours and Location**

Specifies the work hours, whether the position is full-time or part-time, and the location (such as office address or remote work).

Example: "Full-time position, Monday through Friday, 9 AM to 5 PM, based at the New York office."

### **Career Path and Development Opportunities**

Describes potential career growth and advancement opportunities within the company.

Example: "Opportunities for promotion to Senior Marketing Manager or Director level."

## Performance Expectations

Outlines how the employee's performance will be measured, including key performance indicators (KPIs) or goals that need to be met.

Example: "Success in this role will be measured by the growth in lead generation, marketing ROI, and brand visibility."

A Sample job description is shown in the figure.

Position Title: Customer Service Supervisor Department: Marketing/Customer Service Reports To: Marketing Director	EEOC Class: O/M FLSA Status: Exempt																									
<b>General Summary</b> Supervises, coordinates, and assigns work of employees to ensure customer service department goals and customer needs are met.																										
<b>Essential Job Functions</b> 1. Supervises the work of Customer Service Representatives to enhance performance by coordinating duties, advising on issues or problems, and checking work. (55%) 2. Provides Customer Service training for company employees in all departments. (15%) 3. Creates and reviews reports for service orders for new and existing customers. (10%) 4. Performs employee performance evaluations, training, and discipline. (10%) 5. Follows up with customer complaints and issues and provides resolutions. (10%) 6. Conducts other duties as needed by guided by Marketing Director and executives.																										
<b>Knowledge, Skills, and Abilities</b> <ul style="list-style-type: none"><li>• Knowledge of company products, services, policies, and procedures.</li><li>• Knowledge of marketing and customer programs, data, and results.</li><li>• Knowledge of supervisory requirements and practices.</li><li>• Skill in completing multiple tasks at once.</li><li>• Skill in identifying and resolving customer problems.</li><li>• Skill in oral and written communication, including Spanish communications.</li><li>• Skill in coaching, training, and performance evaluating employees.</li><li>• Skill in operating office and technological equipment and software.</li><li>• Ability to communicate professionally with coworkers, customers and vendors.</li><li>• Ability to work independently and meet managerial goals.</li><li>• Ability to follow oral and written instructions.</li><li>• Ability to organize daily activities of self and others and to work as a team player.</li></ul>																										
<b>Education and Experience</b> Bachelor's degree in business or marketing, plus 3–5 years of industry experience. Supervisory, marketing, and customer service experience helpful.																										
<b>Physical Requirements</b> <i>Seeing:</i> Must be able to see well enough to read reports. <i>Hearing:</i> Must be able to hear well enough to communicate with customers, vendors and employees. <i>Standing/Walking:</i> Must be able to move about department.	<table><thead><tr><th></th><th colspan="4">Percentage of Work Time Spent on Activity</th></tr><tr><th></th><th>0–24%</th><th>25–49%</th><th>50–74%</th><th>75–100%</th></tr></thead><tbody><tr><td><i>Seeing:</i> Must be able to see well enough to read reports.</td><td></td><td></td><td></td><td>X</td></tr><tr><td><i>Hearing:</i> Must be able to hear well enough to communicate with customers, vendors and employees.</td><td></td><td></td><td></td><td>X</td></tr><tr><td><i>Standing/Walking:</i> Must be able to move about department.</td><td></td><td></td><td>X</td><td></td></tr></tbody></table>		Percentage of Work Time Spent on Activity					0–24%	25–49%	50–74%	75–100%	<i>Seeing:</i> Must be able to see well enough to read reports.				X	<i>Hearing:</i> Must be able to hear well enough to communicate with customers, vendors and employees.				X	<i>Standing/Walking:</i> Must be able to move about department.			X	
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<i>Standing/Walking:</i> Must be able to move about department.			X																							

## 4. Job Description

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While the fundamental components of a job description (such as job title, responsibilities, qualifications, and benefits) are generally consistent across organizations, there are several variations that may be included in job descriptions depending on legal requirements, company policies, and job-specific needs. These additional elements may vary based on the country or industry and can provide more detailed information regarding job expectations and requirements.

Here are some common variations that might be included in job descriptions:

### 1. Essential Functions

Essential functions refer to the core duties that a qualified individual must be able to perform in order to effectively fulfill the job's requirements. These are the primary tasks the employee will be expected to carry out, and they are critical to the role.

Example:

For a customer service representative, essential functions may include answering customer inquiries, processing orders, and troubleshooting customer issues.

### 2. Nonessential Functions

Nonessential functions are tasks that, while beneficial or desirable, are not critical to the main job duties. These functions may be performed by an employee but are not required for the role to be considered successfully completed.

Example:

For the same customer service representative position, nonessential functions might include participating in team-building activities or assisting with marketing efforts on a temporary basis.

### 3. Sign-Off

A sign-off section is included to confirm that the employee has read, understood, and acknowledged the job description. This section typically includes statements about adherence to company policies and a space for the employee's signature and date.

Example:

"The employee is expected to adhere to all company policies while employed."

"I have read and understand the contents of this job description."

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

### 4. Disclaimers

Disclaimers are statements included in job descriptions to ensure flexibility in terms of job responsibilities and tasks. These statements often clarify that the job duties outlined in the description are not exhaustive and may change over time based on the company's needs.

Example:

"Responsibilities and tasks outlined in this document are not exhaustive and may change as determined by the needs of the company."

### 5. Reasonable Accommodation for Disabilities

In some countries, job descriptions must include statements about reasonable accommodation under disability laws. This section outlines how employers will adjust work conditions or provide support to employees with disabilities, ensuring that they have equal access to perform the essential functions of the job.

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## 5. Writing and Updating Job Descriptions

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Writing job descriptions is a foundational activity in human resource management.

A well-written job description clearly outlines the duties, responsibilities, required qualifications, and reporting relationships of a position. It serves multiple purposes—facilitating recruitment, performance management, training, compensation, and legal compliance.

The process begins with a thorough job analysis, where information is gathered through interviews, observations, questionnaires, and existing documents. This analysis helps understand what the job entails, what outcomes are expected, and what skills are needed.

Once the data is collected, HR professionals, in collaboration with line managers, draft the job description.

Key components include the job title, summary, list of duties and responsibilities, qualifications, experience, skills, working conditions, and reporting structure.

The use of clear, action-oriented language and inclusive terminology is essential to make the JD relevant and accessible. After drafting, the JD goes through a review and approval process involving the HR department, the hiring manager, and sometimes legal advisors—especially in global or regulated environments.

The final approved version is then used for internal alignment and external recruitment.

### **Updating Job Descriptions**

Job descriptions are not static documents. They must evolve with changes in organizational structure, technological advancements, business goals, and employee roles. Updating job descriptions ensures that they remain relevant and accurate, helping avoid mismatches between job expectations and actual responsibilities. This is particularly important during performance appraisals, organizational restructuring, or while preparing for recruitment. Regular updates also help maintain compliance with evolving labor laws and internal policy changes.

The process of updating job descriptions involves identifying the need for revision—either through scheduled reviews or due to specific triggers like role expansion or departmental changes. HR professionals usually re-engage with the jobholder and line manager to gather updated information. Based on this input, relevant sections of the JD are modified while maintaining consistency with organizational standards. The revised JD is then reviewed, approved, and communicated to relevant stakeholders.

Best practices include maintaining version control, using inclusive and concise language, and aligning the JD with strategic HR frameworks like competency mapping or job evaluation systems.

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## 6. Job Competencies

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Job competencies refer to a set of characteristics, skills, knowledge, and behaviors that are necessary for an individual to perform a job effectively and efficiently. They are typically categorized into knowledge, skills, and abilities (KSAs). These competencies are aligned with the specific requirements of a particular role, profession, or organization and guide both hiring decisions and employee development.

Competencies are fundamental in ensuring that employees have the necessary tools to succeed in their jobs. By defining the expectations clearly, organizations can focus on both selecting the right talent and providing ongoing training to develop those competencies.

Key Elements of Job Competencies are:

### **Knowledge**

Knowledge refers to the understanding of concepts, facts, procedures, and principles necessary to perform a task or function effectively. This is often acquired through education and experience.

Example: Knowledge of accounting principles, knowledge of programming languages, or understanding the regulations governing a particular industry.

### **Skills**

Skills are the practical application of knowledge. They involve the ability to perform specific tasks or functions proficiently. These can be developed and honed through practice and training.

Example: Technical skills such as operating machinery, communication skills, problem-solving skills, or proficiency in using software tools.

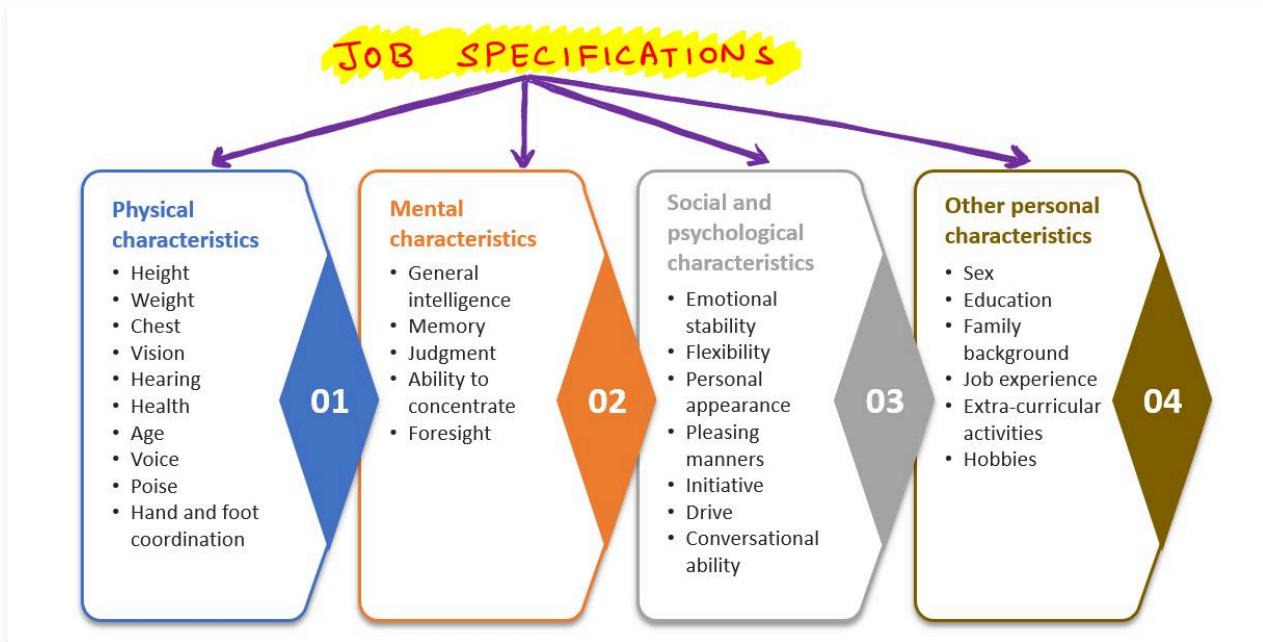
### **Abilities**

Abilities are the innate or developed talents that enable individuals to perform tasks. They are broader than specific skills and include mental and physical capabilities.

Example: The ability to think critically, ability to work under pressure, or the ability to manage multiple tasks simultaneously.

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## 7. Job Specification



**Job Specification** is a document that outlines the knowledge, skills, abilities, and other characteristics that an individual must have to perform a job satisfactorily. It provides a detailed list of the qualifications required for a job, which helps in selecting and evaluating job candidates. The job specification differs from the job description, which focuses on the duties and responsibilities of the job.

For example, a job specification for a software engineer might include technical skills like proficiency in programming languages, experience with software development methodologies, knowledge of operating systems and software development tools, and the ability to troubleshoot and solve technical problems. Other personal characteristics may include communication skills, team working abilities, and adaptability to changes in technology and project requirements.

In other words, Job specification describes the key qualifications necessary for satisfactory completion of the job. It is a written record of the physical, mental, social and psychological and behavioral characteristics which a person should possess in order to perform the job effectively.

Job specifications may include various physical, mental, social, psychological, and personal characteristics that are essential for a person to possess to perform a specific job effectively.

- *Physical characteristics* may include height, weight, chest, vision, hearing, health, age, voice, poise, hand and foot coordination, etc.
- *Mental characteristics* may consist of general intelligence, memory, judgment, ability to concentrate, foresight, etc.
- *Social and psychological characteristics* may comprise emotional stability, flexibility, personal appearance, pleasing manners, initiative, drive, conversational ability, etc.
- *Other personal characteristics* that can be considered include sex, education, family background, job experience, extra-curricular activities, hobbies, etc.

Social specifications hold greater significance for managerial positions, supervisors, foremen, etc. Such positions demand individuals who possess emotional stability, flexibility, and social adaptability in human relationships, as well as those who maintain an appropriate personal appearance, including dress and posture.

## 8. Realistic Job Preview

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Realistic Job Preview (RJP) refers to providing job candidates with a realistic and accurate understanding of the job and work environment before they accept a job offer. This is done to reduce turnover and ensure that the new employees have a clear understanding of what they are signing up for.

During an RJP, candidates are informed about the positive and negative aspects of the job, the organization, and the work environment. For example, they may be told about the job's working hours, salary, benefits, duties, challenges, and other important information. This helps candidates to make an informed decision about whether the job is suitable for them and whether they want to accept the offer.



An example of an RJP is when a candidate is applying for a job at a fast-food restaurant. The RJP may include informing the candidate about the fast-paced work environment, long hours on their feet, and the physical demands of the job. Additionally, the candidate may be informed about the low pay, lack of benefits, and the possibility of working evenings, weekends, and holidays. By providing this realistic and accurate information upfront, candidates can make an informed decision about whether the job is a good fit for them.

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## 1. Introduction

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Job evaluation is a systematic and structured process used by organizations to assess the relative value of different jobs within the company. The primary purpose is to establish a fair and equitable compensation system by determining the appropriate pay rates for various positions. Job evaluation involves a thorough analysis, description, comparison, and evaluation of jobs, considering their content and requirements. The ultimate goal is to assign jobs to specific wage or salary grades based on their perceived value within the organization.

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## 2. Objectives of job evaluation



The objectives of job evaluation are multi-faceted and aimed at establishing a fair and equitable compensation system within an organization. The primary goals include:

### 1. Equitable Compensation

Ensure that jobs of equal value within the organization are compensated at a similar level. Job evaluation helps eliminate pay disparities and promotes fairness in compensation.

### 2. Internal Consistency

Achieve internal consistency by aligning the compensation of different jobs with their relative value and contribution to the organization. This contributes to a harmonious and efficient work environment.

### 3. Motivation and Morale

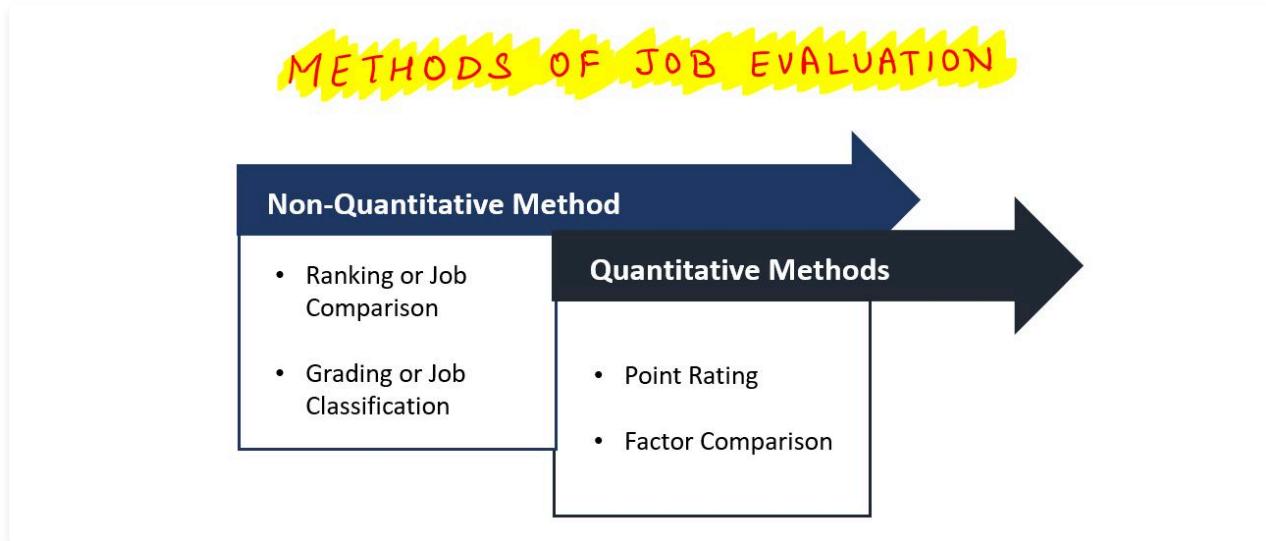
Enhance employee motivation and morale by creating a compensation system that is perceived as fair and just. When employees believe their pay is commensurate with their job's value, it positively influences job satisfaction and commitment.

### 4. Attract and Retain Talent

Establish a competitive compensation structure that attracts skilled individuals to join the organization and retains existing talent. A well-designed job evaluation system can contribute to the organization's ability to attract and retain qualified employees.

### 3. Methods of Job Evaluation

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There are 4 basic methods of Job Evaluation, which are grouped into 2 categories:

**1. Non-quantitative Methods**

- (i) Ranking or Job Comparison
- (ii) Grading or Job Classification.

**2. Quantitative Methods**

- (i) Point Rating
- (ii) Factor Comparison

The basic difference between these two methods is that, under non-quantitative methods, a job is compared as a whole with other jobs in the organisation, whereas in case of quantitative methods, the key factors of a job are selected and then, measured.

The 4 methods of job evaluation are discussed next.

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### 3. Methods of Job Evaluation

This is one of the simplest methods of job evaluation, where jobs are ranked from the highest to the lowest based on their overall worth or value to the organization. Jobs are compared with each other, and the job that is deemed to be most valuable is ranked at the top, and so on.

For example, a small restaurant chain might use the ranking method to evaluate the worth of different positions. They might rank the positions of head chef, restaurant manager, and server from highest to lowest, based on factors such as level of responsibility, required skills, and overall importance to the success of the business.



#### Steps in the Ranking Method

Following are the steps involved in the Ranking Method of Job Evaluation.

##### 1. Obtain job information

In the ranking method, the initial step involves job analysis. This entails preparing job descriptions that serve as the primary basis for job rankings. While job specifications may also be created, they are generally less significant in this method compared to other job evaluation approaches. The focus is on ranking jobs as a whole rather than breaking them down into specific compensable factors.

##### 2. Select raters and jobs to be rated

Practically, it is often unfeasible to rank all jobs within an organization in a single step. Instead, jobs are typically ranked by department or in clusters, such as grouping factory workers and clerical workers separately. This approach eliminates the need for direct comparisons between disparate job types, making the ranking process more manageable.

##### 3. Select compensable factors

In the ranking method, the common practice is to use a single factor, such as job difficulty, to rank jobs based on their overall nature. Regardless of the number of factors chosen, it is crucial to clearly define these factors to ensure consistency in evaluation. This clarity aids evaluators in ranking jobs in a uniform manner.

##### 4. Rank jobs

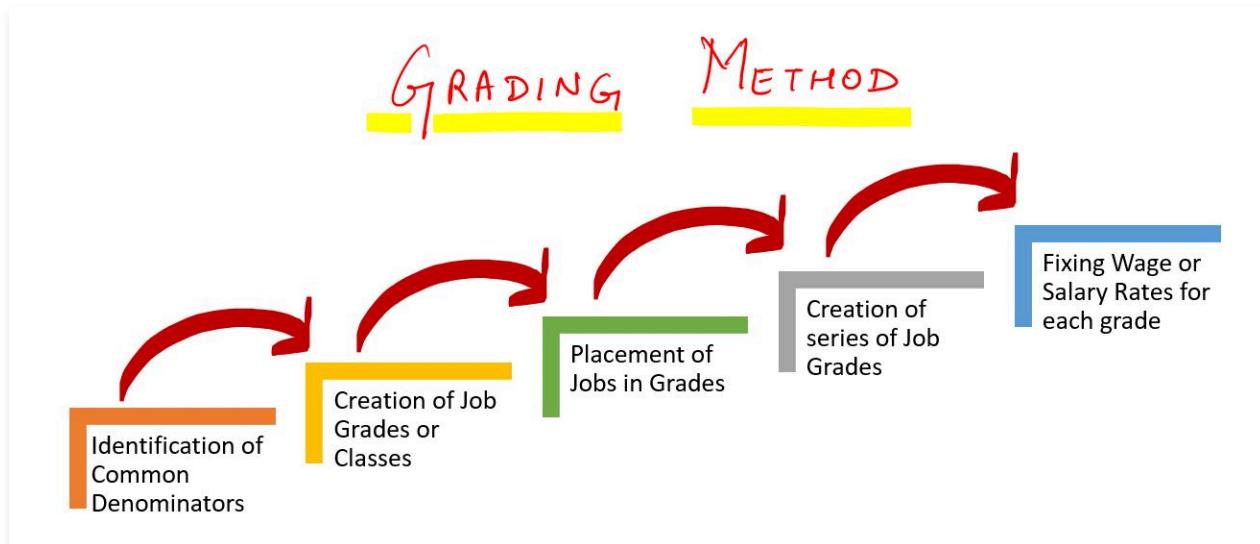
Once the necessary information is gathered, jobs are ranked using various techniques. One common method involves providing raters with index cards, each containing a brief job description. These cards are then ranked from lowest to highest. Some managers employ an alternation ranking method to enhance accuracy, systematically choosing the highest and lowest rankings before moving to the next set.

##### 5. Combine ratings

The ranking process involves multiple raters independently ranking jobs. After individual rankings are complete, a rating committee or employer can average these rankings to arrive at a comprehensive assessment. This collaborative approach helps mitigate individual biases and ensures a more objective ranking of jobs within the organization.

### 3. Methods of Job Evaluation

Grading method is also known as 'classification method'. This method was made popular by the U.S. Civil Service Commission.



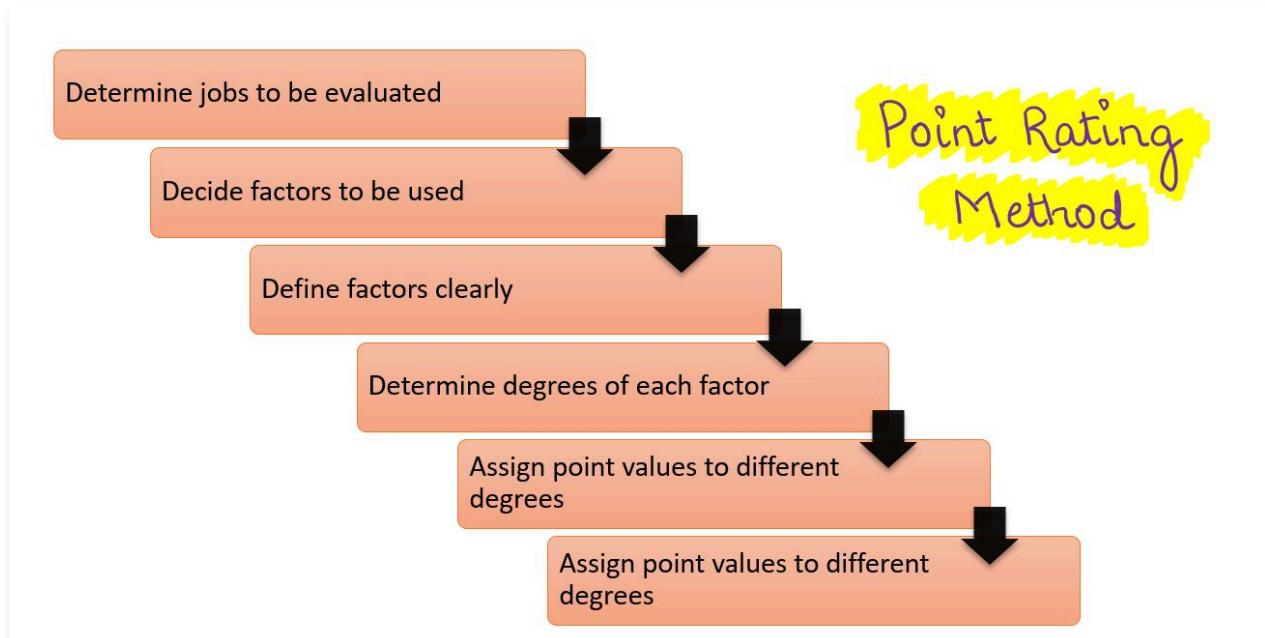
Under this method, job grades or classes are established by an authorised body or committee appointed for this purpose. A **job grade** is defined as a group of different jobs of similar difficulty or requiring similar skills to perform them. Job grades are determined on the basis of information derived from job analysis.

The grades or classes are created by identifying some common denominator such as skills, knowledge and responsibilities. The example of job grades may include skilled, unskilled, account clerk, clerk-cum-typist, steno typist, office superintendent, laboratory assistant and so on. Once the grades are established, each job is then placed into its appropriate grade or class depending on how well its characteristics fit in a grade. In this way, a series of job grades are created. Then, different wage/salary rate is fixed for each grade.

### 3. Methods of Job Evaluation

This is the most widely used method of job evaluation. Under this method, jobs are broken down based on various identifiable factors such as skill, effort, training, knowledge, hazards, responsibility, etc. Thereafter, points are allocated to each of these factors.

Weights are given to factors depending on their importance to perform the job. Points so allocated to various factors of a job are then summed. Then, the jobs with similar total of points are placed in similar pay grades. The sum of points gives an index of the relative significance of the jobs that are rated.



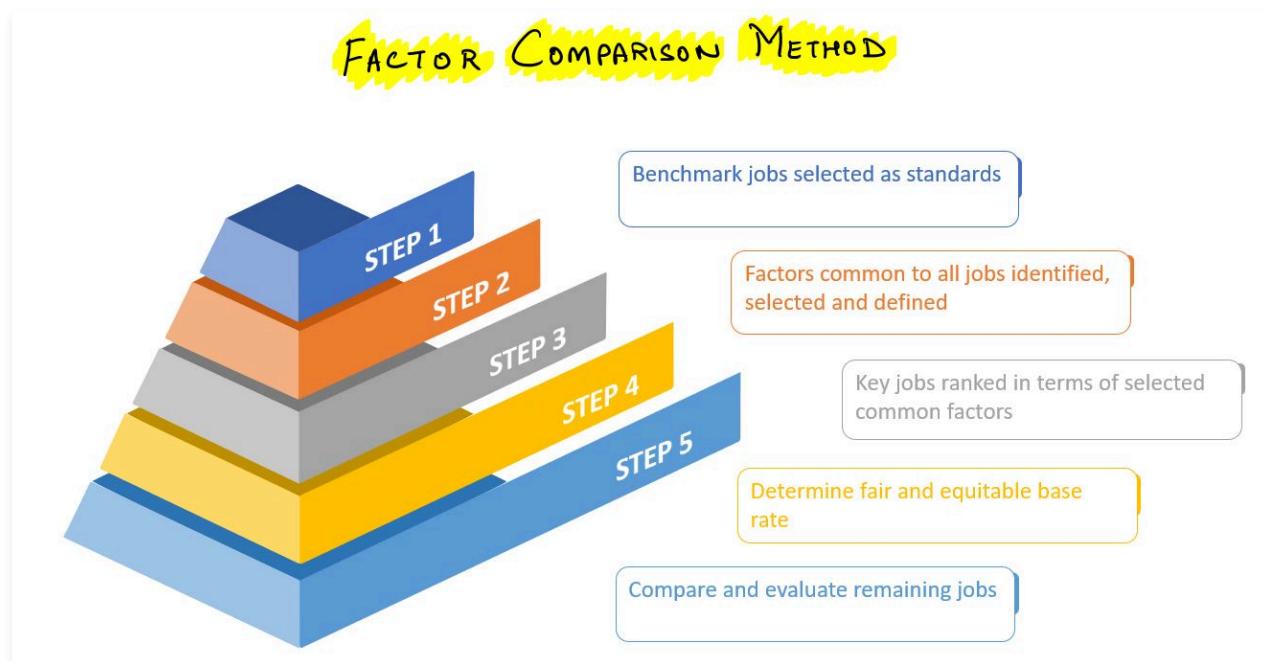
#### Procedure of determining job points

The procedure involved in determining job points is as follows:

1. **Determine the jobs to be evaluated.** Jobs should cover all the major occupational and levels of responsibility to be covered by the method.
2. **Decide on the factors to be used** in analysing and evaluating the jobs. The number of factors needs to be restricted because too many factors result in an over-complex scheme with overlap and duplication between factors. Factors are given weight.
3. **Define the factors clearly** in written. This is necessary to ensure that different job raters interpret a particular factor in the same sense.
4. **Determine degrees of each factor** and assign point value to each degree.
5. **Point values are assigned to different degrees** on the basis of arithmetic progression.
6. Finally, **money values are assigned to points**. For this purpose, points are added to give the total value of a job. Its value is then translated into money terms with a predetermined formula.

### 3. Methods of Job Evaluation

This method is a combination of both ranking and point methods. It rates jobs by comparing them and makes analysis by breaking jobs into compensable factors. This system is usually used to evaluate white collar, professional and managerial positions.



#### Mechanism for evaluating jobs

The mechanism for evaluating jobs under this method involves the following steps:

1. First of all, the **key or benchmark jobs are selected as standards**. The key jobs selected should have standard contents, well accepted pay rates in the community, and should consist of a representative cross-section of all jobs that are being evaluated—from the lowest to the highest paid job, from the most important to the least important—and cover the full range of requirements of each factor, as agreed upon by a Committee representing workers and management.
2. The **factors common to all jobs are identified, selected and defined** precisely. The common factors to all jobs are usually five, viz., mental requirements, physical requirements, skill requirements, working conditions and responsibility.
3. Once the key jobs are identified and also the common factors are chosen, the **key jobs are, then, ranked in terms of the selected common factors**.
4. The next step is to **determine a fair and equitable base rate** (usually expressed on an hourly basis) and then allocate this base rate among the five common factors as mentioned earlier.
5. The final step in factor comparison method is to **compare and evaluate the remaining jobs** in the organisation.

# 1. Job Design

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Job design is a systematic process that involves structuring and organizing the various components of a job, including its content, responsibilities, methods, and interpersonal relationships. This process follows job analysis, which involves gathering information about the tasks, duties, and responsibilities associated with a particular job role.

Job design aims to create roles that are productive, satisfying for employees, and aligned with organizational goals.

Job design is crucial for several reasons:

**Employee Satisfaction and Motivation:** Well-designed jobs that match skills to tasks, provide autonomy, and offer opportunities for growth and achievement can enhance job satisfaction and motivation.

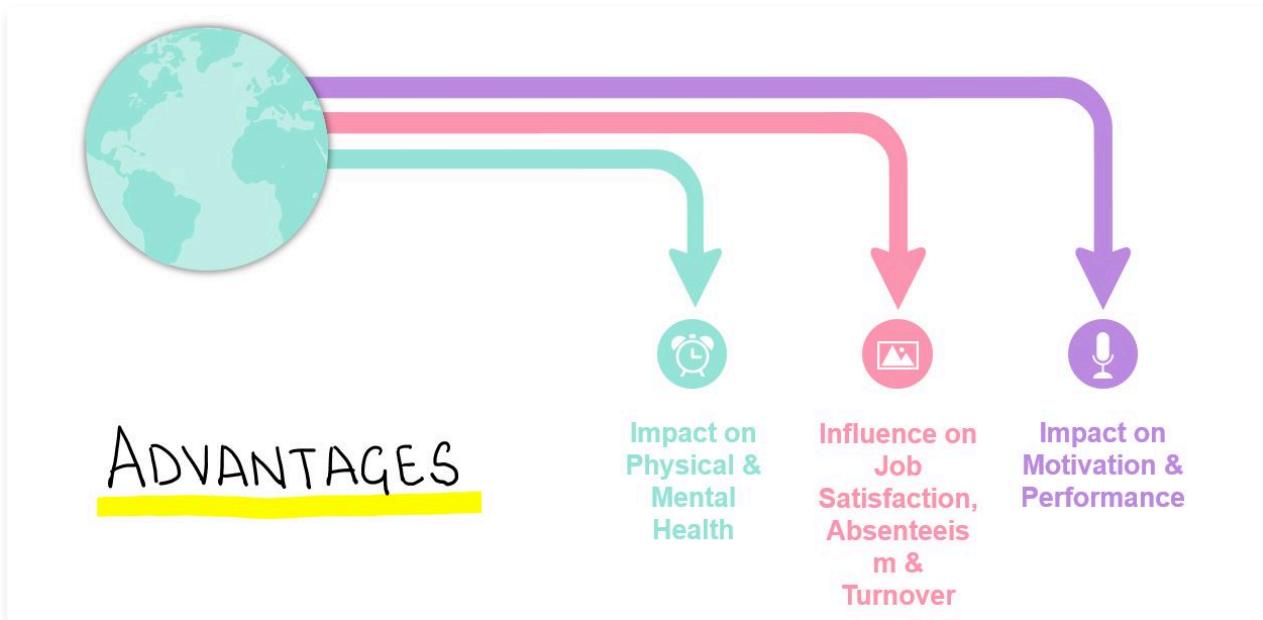
**Efficiency and Productivity:** Effective job design can streamline workflows, reduce errors, and improve productivity by ensuring tasks are structured logically and efficiently.

**Employee Health and Safety:** Jobs designed with consideration for ergonomic principles and safety standards can minimize physical strain and reduce workplace injuries.

**Retention and Engagement:** When jobs are designed to be challenging yet achievable, employees are more likely to stay engaged and committed to their roles and the organization.

---

# 1. Job Design



Key Advantages of Job Design are discussed below:

## Impact on Motivation and Performance

Well-designed jobs can positively impact motivation, particularly in roles where motivation is crucial for performance. By incorporating elements such as task variety, autonomy, and opportunities for skill development, job design can enhance an employee's motivation to perform well.

For example, in a manufacturing setting, a production worker's job can be designed to include tasks that require different skills, such as operating various machinery, conducting quality checks, and participating in process improvements. This variety in tasks can contribute to increased motivation and engagement.

## Influence on Job Satisfaction, Absenteeism, and Turnover

Effective job design can contribute to higher job satisfaction, reduced absenteeism, and lower turnover rates. Jobs that are challenging, provide a sense of accomplishment, and offer opportunities for growth and advancement are more likely to result in satisfied and committed employees.

For example, in a customer service role, job design might include providing employees with the authority to make decisions to resolve customer issues, continuous training to enhance their skills, and clear career progression paths. This can lead to higher job satisfaction and lower turnover rates.

## Impact on Physical and Mental Health

Job design plays a role in influencing an employee's physical and mental well-being. Poorly designed jobs that involve excessive stress, monotony, or lack of control can contribute to health problems. Conversely, thoughtful job design can enhance employee well-being.

For example, in an office environment, a job can be designed to incorporate ergonomic workstations, breaks for mental relaxation, and collaborative projects to reduce monotony. Such design considerations can positively influence the physical and mental health of employees.

# 1. Job Design

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Goals of Job Design are listed below:

#### Satisfying Organizational Needs

Job design aims to meet organizational goals by improving productivity, efficiency, and overall performance. This involves aligning job roles with the strategic objectives of the organization.

#### Meeting Individual Needs

Individual needs, such as providing work that aligns with employees' interests and skills, are considered in job design. This can lead to greater job satisfaction and a sense of fulfillment among employees.

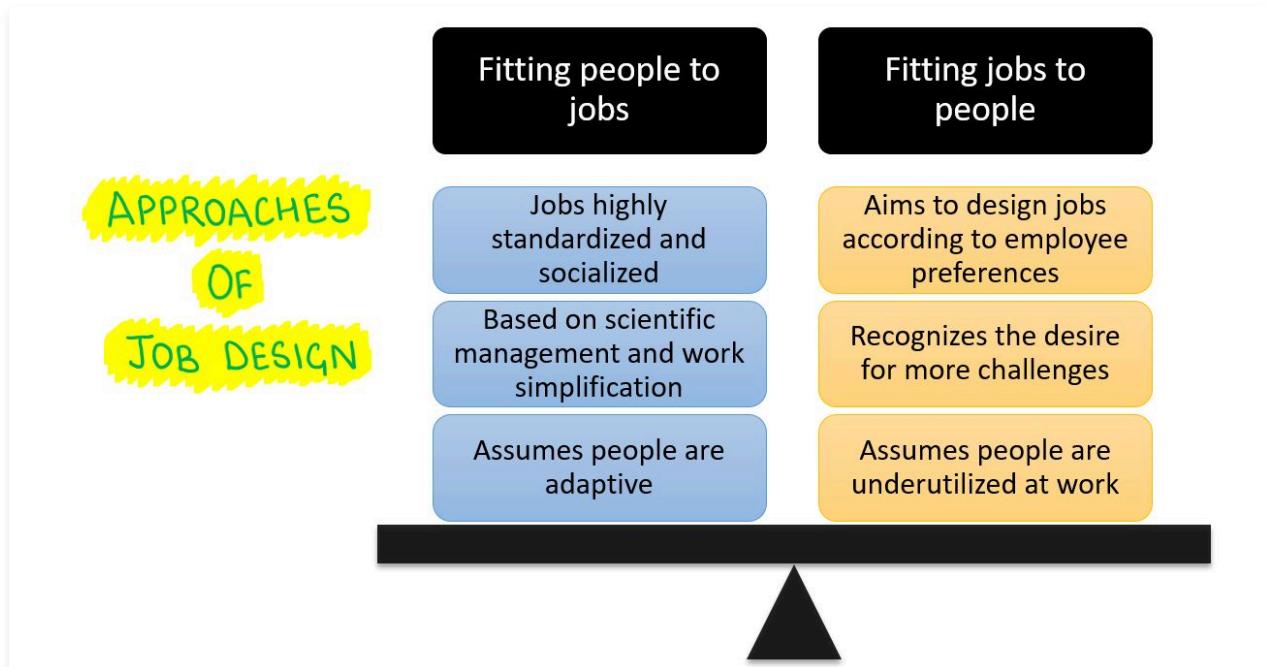
#### Balancing Organizational and Individual Needs

Job design seeks to find a balance between the needs of the organization and those of the individuals performing the job. This involves creating roles that are challenging and meaningful while also contributing to the organization's success.

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## 2. Approaches to Job design

Basically, there are 2 approaches to job design which are based upon two different postulations about people.



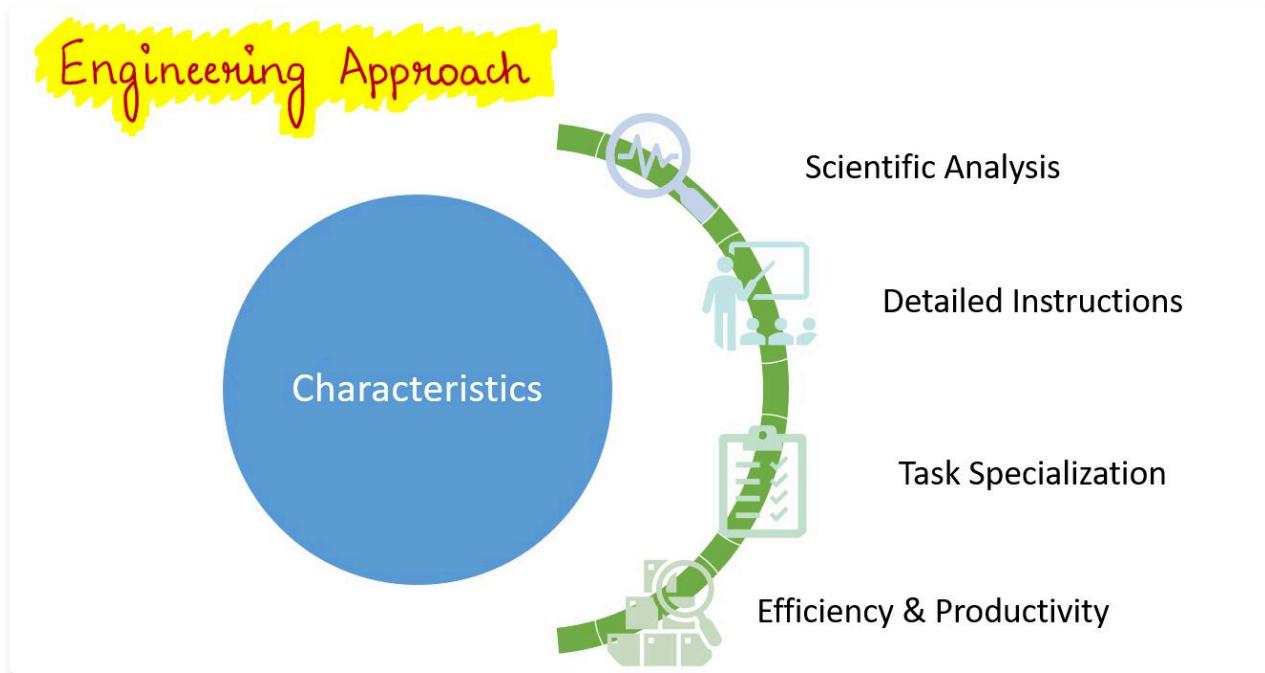
1. The first approach entails **fitting people to jobs**. It is based upon the assumption that people can be adapted to any work situation. Thus, employee attitudes towards the job are ignored and jobs are designed to produce maximum economic and technological efficiency. This approach uses the principles of scientific management and work simplification. This approach, developed by F.W. Taylor, scientific management relied on research and experimentation to determine the most efficient way to perform jobs. Jobs are highly standardized and specialized. For example, assembly line jobs in manufacturing are designed with specific tasks assigned to workers, and the work process is highly regulated to maximize efficiency.

2. In contrast, the second approach entails **fitting jobs to people**. It is based upon the assumption that people are underutilized at the work, and they desire more challenges and responsibility. Techniques such as job rotation, job enlargement, job enrichment etc. are used while designing jobs according to the second alternative. For example, a software company may allow its developers to rotate between different projects to learn new programming languages and gain experience with different applications, or a retail store may provide sales associates with additional responsibilities such as visual merchandising and inventory management to make their jobs more engaging.

More specifically the approaches to Job Design can be categorized differently, each with a unique focus and assumptions about the nature of work and employees, which are discussed next.

## 2. Approaches to Job design

The Engineering Approach to job design centers around the tasks themselves and the methodical planning of how these tasks should be carried out. In this approach, work is viewed as a series of specific, well-defined tasks that can be scientifically analyzed and broken down into logical components. The primary focus is on efficiency, standardization, and precision in task execution.



Key Characteristics of the Engineering Approach:

### Scientific Analysis

Tasks are scientifically studied and analyzed to determine the most efficient methods of execution. This involves breaking down complex jobs into simpler, more manageable tasks.

### Detailed Instructions

Employees receive explicit and detailed instructions on how to perform each task. The goal is to eliminate ambiguity and ensure a standardized approach to work.

### Task Specialization

Specialization is a core principle of the engineering approach. Each employee is assigned a specific and narrowly defined task, contributing to the overall efficiency of the process.

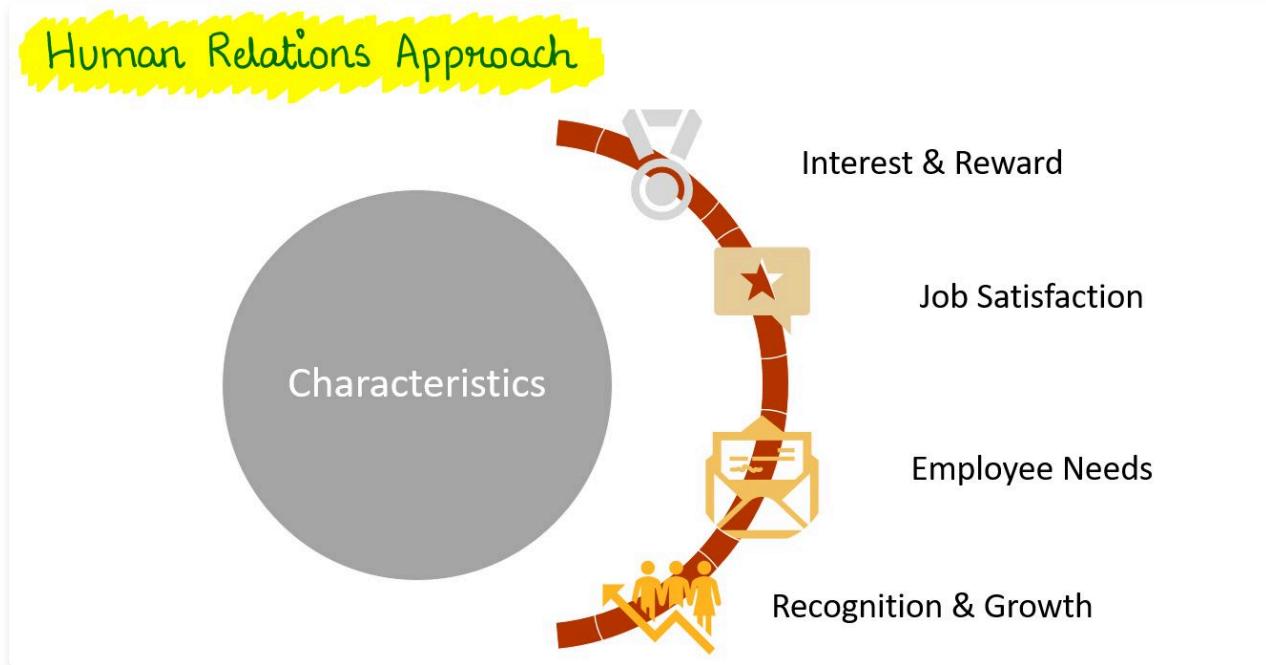
### Efficiency and Productivity

The primary objective is to maximize efficiency and productivity by optimizing the performance of individual tasks. This is achieved through precise planning and instruction.

An example of this approach would be an assembly line where each worker is responsible for a specific task and receives detailed instructions on how to perform it.

## 2. Approaches to Job design

The Human Relations Approach to job design places a strong emphasis on creating jobs that are not only efficient but also meaningful and fulfilling for employees. This approach recognizes the social and psychological aspects of work and seeks to address the emotional needs and motivations of individuals within the workplace. The primary focus is on enhancing job satisfaction, promoting positive interpersonal relationships, and catering to employees' needs for personal growth and recognition.



Key Characteristics of the Human Relations Approach:

### Interest and Reward

The approach emphasizes designing jobs that are interesting and rewarding to employees. It acknowledges that factors beyond mere task efficiency contribute to job satisfaction and overall well-being.

### Job Satisfaction

Job satisfaction is a central goal of the Human Relations Approach. This involves creating a work environment that fosters positive feelings, a sense of accomplishment, and a connection between the individual and their work.

### Employee Needs

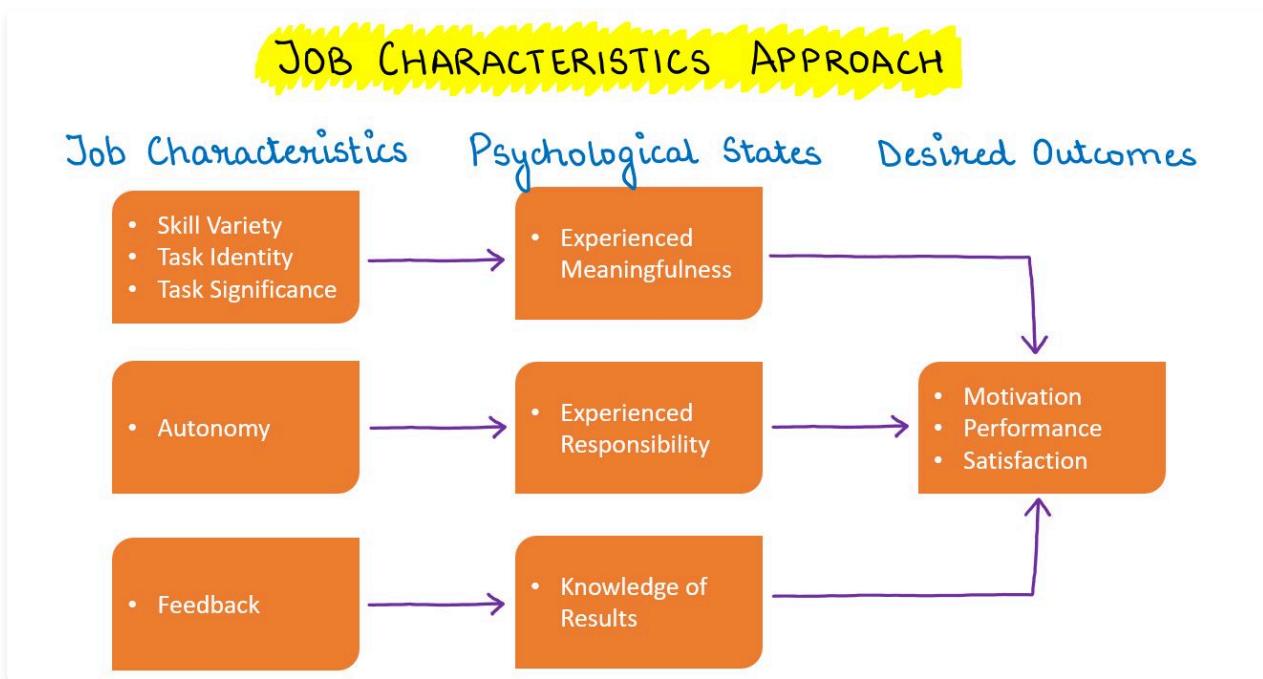
The approach takes into account the psychological and social needs of employees. It recognizes the importance of factors such as autonomy, social interaction, and personal development in contributing to job satisfaction.

### Recognition and Growth

Human Relations Approach advocates for job designs that provide employees with opportunities for recognition and personal growth. This can include acknowledging achievements, offering career advancement, and providing avenues for skill development.

### 3. Job Characteristics Approach

The Job Characteristics Theory of Hackman & Oldham states that employees will work hard when they are rewarded for the work they do and when the work gives them satisfaction. Therefore, they suggest that motivation, satisfaction and performance should be integrated in the job design.



#### 5 Core Job Dimensions

According to this approach, any job can be described in terms of 5 core job dimensions which are defined as follows.

##### 1. Skill Variety

The extent to which a job requires a variety of skills and abilities to complete different tasks. Jobs with high skill variety offer employees the opportunity to use a range of skills, making the work more interesting and engaging.

##### 2. Task Identity

Refers to the extent to which a job involves completing a whole and identifiable piece of work. Jobs with high task identity allow employees to see the outcome of their efforts, providing a sense of completion and contribution.

##### 3. Task Significance

The degree to which a job has a significant impact on the lives or work of others. Jobs with high task significance make employees feel that their work is meaningful and contributes to a larger purpose.

##### 4. Autonomy

The level of independence and freedom employees have in planning and executing their work. Jobs with high autonomy grant employees more control over their tasks and decision-making processes.

##### 5. Feedback

The extent to which employees receive direct and clear information about the effectiveness of their performance. Jobs with high feedback provide employees with a clear understanding of how well they are doing, fostering a sense of accomplishment.

#### Motivating Potential Score (MPS)

The above 5 characteristics are given a numerical value and are then combined into a single index called Motivating Potential Score, MPS.

$$MPS = \frac{Skill + Identity + Significance}{Variety} \times Autonomy \times Feedback$$

The MPS formula combines the first three job characteristics (Skill Variety, Task Identity, and Task Significance) into an average score, which is then multiplied by Autonomy and Feedback. The result is a numerical score that represents the motivating potential of a job.

A high MPS indicates that the job has a high motivating potential, suggesting that employees in such roles are likely to experience high levels of motivation, job satisfaction, and performance.

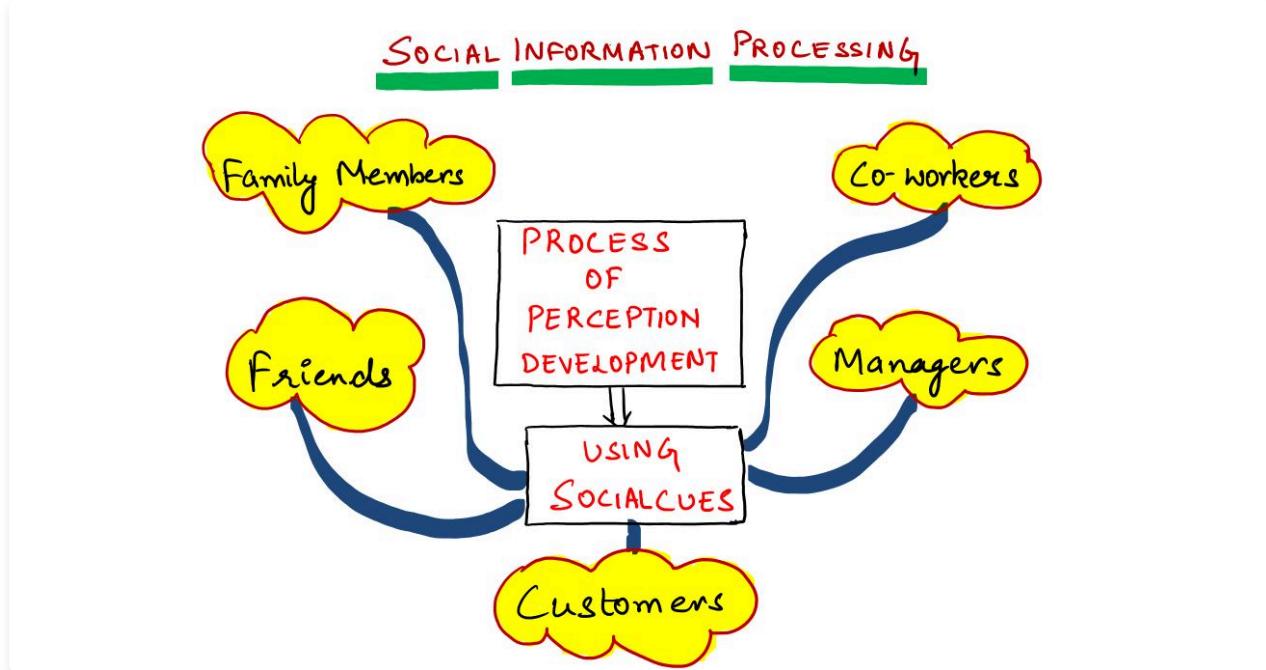
A low MPS implies that the job has a lower motivating potential, indicating that employees may find the work less motivating and satisfying.

Job Characteristics Theory is often used as a framework for job redesign to enhance employee motivation and performance. By assessing and adjusting job characteristics, organizations can create more engaging and fulfilling work environments.

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## 4. Social Information Processing

Social information processing refers to the process of how employees use social cues from others to develop their own perceptions of their jobs. These cues can come from various sources, including coworkers, managers, customers, family members, and friends. The information obtained from these sources can influence how employees view various job characteristics, such as which ones are most important, how they should be prioritized, and how they are evaluated.



Peers can provide social information related to the job by suggesting which job characteristics matter to them, offering their own model for the relative weighting of each core dimension, and providing direct or indirect cues about their judgments of the dimensions.

### Implications of Social Information Processing

There are several implications of social information processing for job design.

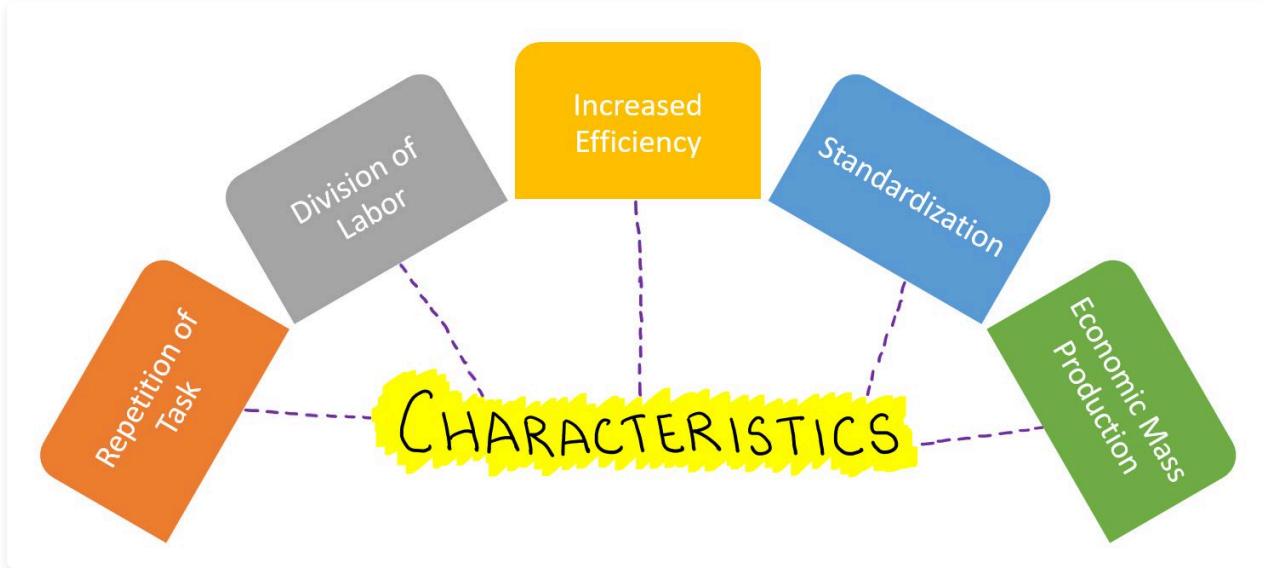
- *Firstly*, involving employees in the job design process can increase their satisfaction, even if no actual changes are made.
- *Secondly*, tools like the Job Diagnostic Survey can help employees become more aware of certain job characteristics.
- *Lastly*, managers and coworkers can influence employees' perceptions of job characteristics by providing certain social cues.

For example, in a team-based work environment, employees may receive social cues from their team members about which job characteristics are important for success. If team members consistently emphasize the importance of autonomy, the employee may be more likely to value autonomy in their job. Additionally, if a manager provides positive feedback about a certain task, the employee may be more motivated to excel at that task.

## 5. Job Specialisation

Job specialization, also known as division of labor, is a work arrangement where tasks are divided and allocated among workers based on their specific skills, expertise, or functions. This concept has a long history and has been widely adopted in various sectors, both in the private and public domains, since the time of economist Adam Smith. In a job specialization scenario, each worker is assigned a specific set of tasks that they repeatedly perform.

### Characteristics of Job Specialization



Key characteristics of Job Specialization:

#### Repetition of Tasks

Job specialization involves workers repeatedly performing a specific set of tasks. This repetition allows individuals to become highly skilled and efficient in their designated area of expertise.

#### Division of Labor

Tasks are divided among workers based on their skills and capabilities. This division helps in streamlining the production process, as each worker focuses on a particular aspect of the overall work.

#### Increased Efficiency

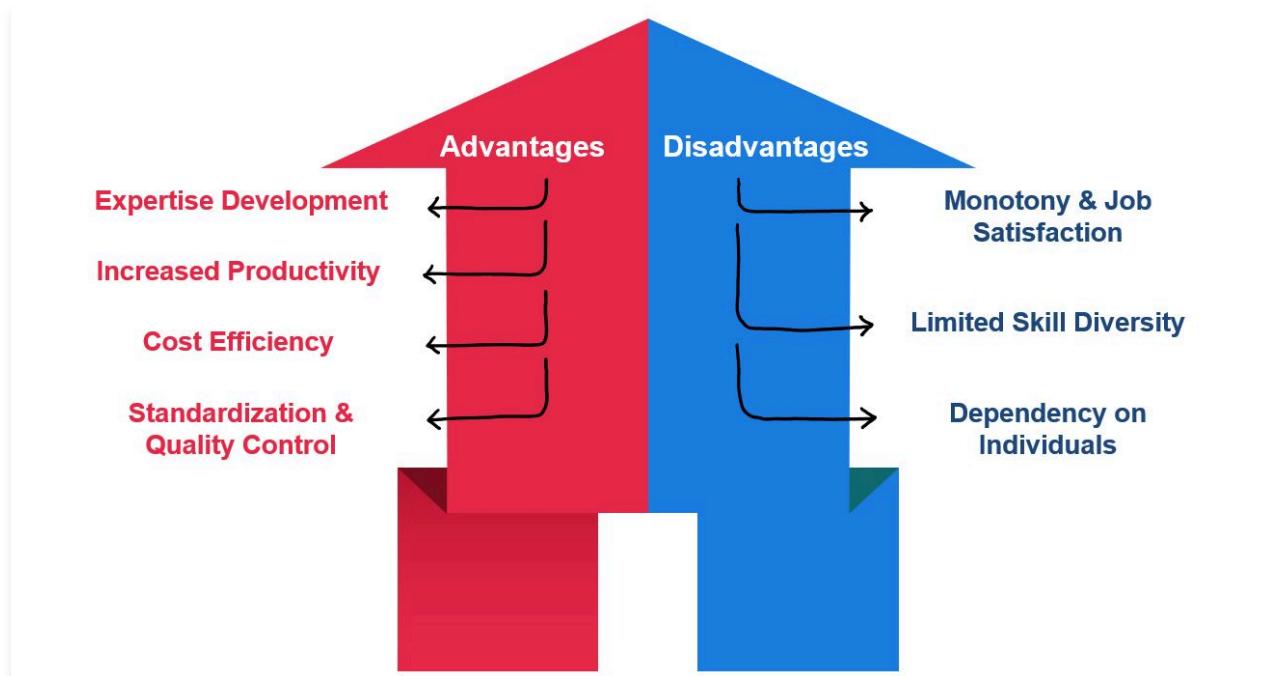
Advocates of job specialization argue that it leads to increased efficiency and productivity. When workers specialize in a particular task, they become adept at it, resulting in faster and more accurate task completion.

#### Standardization

Specialization often leads to the standardization of tasks. This means that processes and procedures are well-defined, making it easier to monitor and control the quality of output.

#### Economic Mass Production

Job specialization is often associated with high-speed, automated, and low-cost mass production. This approach has contributed significantly to improvements in the standard of living, particularly in industrial and manufacturing settings.



### **Advantages of Job Specialization**

Advantages of Job Specialization are listed below:

#### **Expertise Development**

Workers become experts in their specific tasks due to repetition and practice, leading to a higher level of skill and proficiency.

#### **Increased Productivity**

Specialization can result in increased productivity as workers focus on a narrow set of tasks, leading to faster and more efficient work.

#### **Cost Efficiency**

Specialized workers tend to perform tasks more economically, contributing to cost savings for organizations.

#### **Standardization and Quality Control**

Job specialization allows for the standardization of tasks, making it easier to monitor and control the quality of the output.

### **Critiques and Considerations**

Critiques and Considerations are listed below:

#### **Monotony and Job Satisfaction**

While specialization can lead to efficiency, it may also result in monotony and reduced job satisfaction as workers repeatedly perform the same tasks.

#### **Limited Skill Diversity**

Specialization may limit the overall skill diversity of workers, making them less adaptable to tasks outside their specific area of expertise.

#### **Dependency on Individuals**

Organizations relying heavily on job specialization may face challenges if specialized individuals are absent or leave the organization.

## 6. Job Rotation

Job rotation involves moving employees through different roles or positions within the organization. The purpose of job rotation is to expose employees to various functions and departments, providing them with a broader understanding of the organization's operations and helping them develop a diverse skill set. Thus the Job rotation is horizontal expansion, as it expands the scope of an individual's experience without necessarily increasing the complexity of the tasks.



Key Features of Job Rotation are:

### Movement Across Roles

Job rotation involves systematically moving employees across different roles or positions within the organization. This movement can occur within departments or across various functional areas.

### Learning and Exposure

The primary goal of job rotation is to provide employees with exposure to different aspects of the organization. This exposure enhances their understanding of various functions, processes, and responsibilities.

### Skill Development

Job rotation contributes to the development of a well-rounded skill set in employees. They gain experience in different areas, which can be valuable for career growth and future leadership roles.

### Preventing Monotony

Job rotation helps prevent job monotony by introducing variety into employees' daily tasks. This can lead to increased job satisfaction and motivation.

## 7. Job Enlargement

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In recent years, it has been discovered that job specialization is not always the most efficient way to do a job. Instead, Job Enlargement is recommended as an alternative approach and is opposite of Job Specialisation.

Job Enlargement involves expanding the range of tasks within a job, giving the worker more control over their work, and more responsibility for quality control and how the job is done. This approach focuses on improving motivation in the workplace.

It is important to note the *difference between Job rotation and Job enlargement*. Job rotation involves moving employees through different jobs or tasks within an organization, typically to broaden their experience and skill set. It aims to prevent boredom, enhance flexibility, and facilitate cross-training. In contrast, job enlargement expands a job horizontally by adding tasks of a similar level to an existing job, aiming to increase variety and alleviate monotony without necessarily adding significant new responsibilities or skills.

Job enlargement is horizontal expansion of role.

In a manufacturing setting, a worker who is typically responsible for assembling a specific component may also be assigned the task of quality checking the final product. This horizontal expansion broadens the range of activities but does not necessarily involve an increase in skill requirements.

A customer service representative in a call center might be given additional responsibilities such as handling more complex customer inquiries, resolving escalated issues, and possibly cross-selling or upselling products. This vertical enlargement adds depth to the job by incorporating tasks that demand a higher skill set.

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## 7. Job Enlargement

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Job extension is a job design strategy that involves combining multiple simple tasks or assignments to create a new job with a broader range of responsibilities. The goal of job extension is to increase the variety of tasks within a job, providing employees with a more diverse and interesting set of activities. This approach falls under the category of horizontal job enlargement, as it broadens the scope of tasks without necessarily increasing the complexity of the job.

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## 8. Job Enrichment

Job enrichment is a method of job redesign aimed at enhancing job satisfaction and motivation by giving employees greater responsibility, autonomy, and authority over their work.

Unlike job enlargement, which focuses on increasing the number and variety of tasks within a job (horizontal restructuring), job enrichment involves making the job itself more meaningful and rewarding for the employee (vertical restructuring).



Key Features of Job Enrichment are:

### **Increased Complexity of Tasks**

Job enrichment involves adding tasks that require a higher level of skill, creativity, and responsibility. This increases the complexity of the job.

### **Greater Autonomy**

Employees are given more control and decision-making authority over their work. This autonomy allows them to take ownership of their tasks and fosters a sense of responsibility.

### **Task Significance**

Job enrichment often includes tasks that have a direct impact on the organization or society. This gives employees a sense of purpose and the opportunity to contribute meaningfully.

### **Feedback and Recognition**

Regular feedback and recognition are essential components of job enrichment. Employees receive information about their performance, fostering a sense of accomplishment.

### **Skill Development**

Employees are encouraged to develop new skills and competencies as part of their enriched roles. This contributes to their professional growth and enhances their capabilities.

For example, a customer service representative's job can be enriched by giving them more control over the problem-solving process, allowing them to make decisions about how to handle customer complaints, and giving them the opportunity to learn new skills such as negotiating or conflict resolution. This can provide a more challenging and rewarding experience for the employee and result in better outcomes for the company and its customers.

## 9. Job Simplification

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**Job simplification** is a process where a job is broken down into smaller and easier components, and then assigned as a whole to individual workers. This enables them to repeatedly perform the same tasks and become proficient in their assigned jobs. The advantage of this method is that it reduces the need for extensive training, as the required skill level is relatively low. It also increases the speed at which the job is completed.

For example, in a fast-food restaurant, the job of preparing a burger can be simplified by breaking it down into smaller tasks such as cooking the patty, toasting the bun, adding toppings, and wrapping it. Each task can then be assigned to individual workers who perform their assigned task repeatedly, thereby becoming proficient and completing the overall job more quickly.

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## 10. Self-Managing Work Teams

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Instead of merely enriching individual jobs, some organizations empower employees by designing work to be done by self-managing work teams. These teams have authority for an entire work process or segment. Team members typically have authority to schedule work, hire team members, resolve problems related to the team's performance, and perform other duties traditionally handled by management. Teamwork can give a job such motivating characteristics as autonomy, skill variety, and task identity.

For example, a software development company creates a self-managing work team to develop a new software product. The team is responsible for the entire development process, from design to testing.

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## 11. Variable work schedule

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A **variable work schedule** allows employees to choose the days and hours they work, as long as they complete a set number of hours per week.

For example, an employee may work longer hours on some days and take other days off or work shorter days for some weeks and longer days for others.

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