

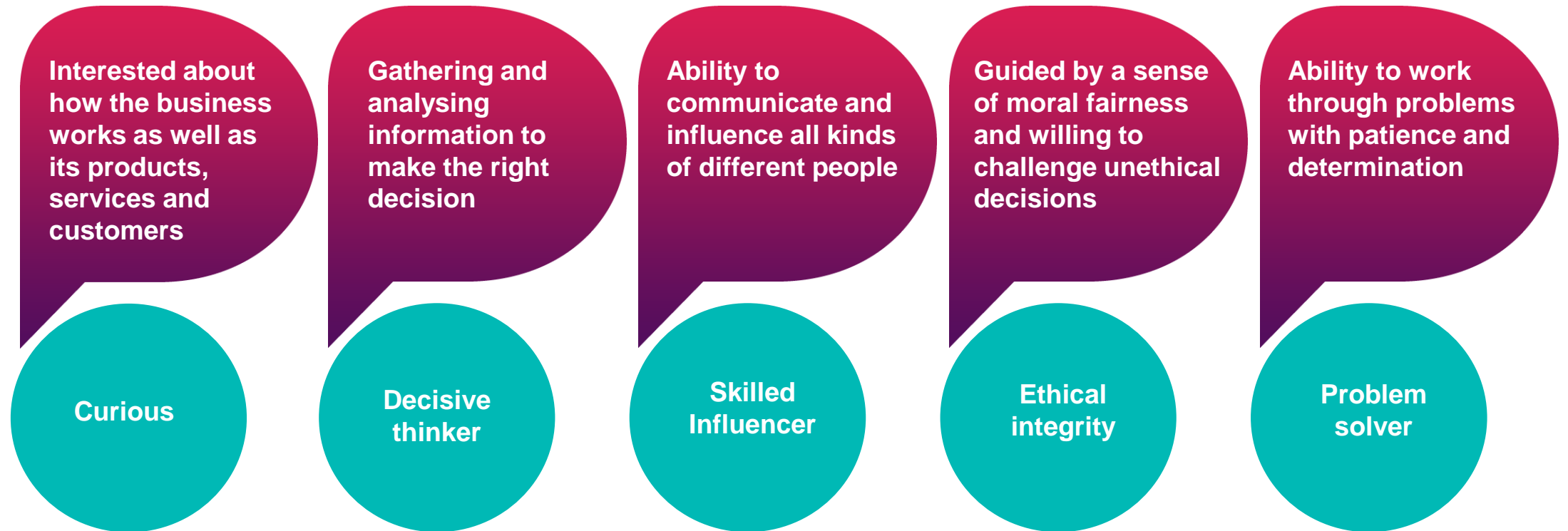
# HUMAN RESOURCE MANAGEMENT

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Session 1 & 2

# HR Profession

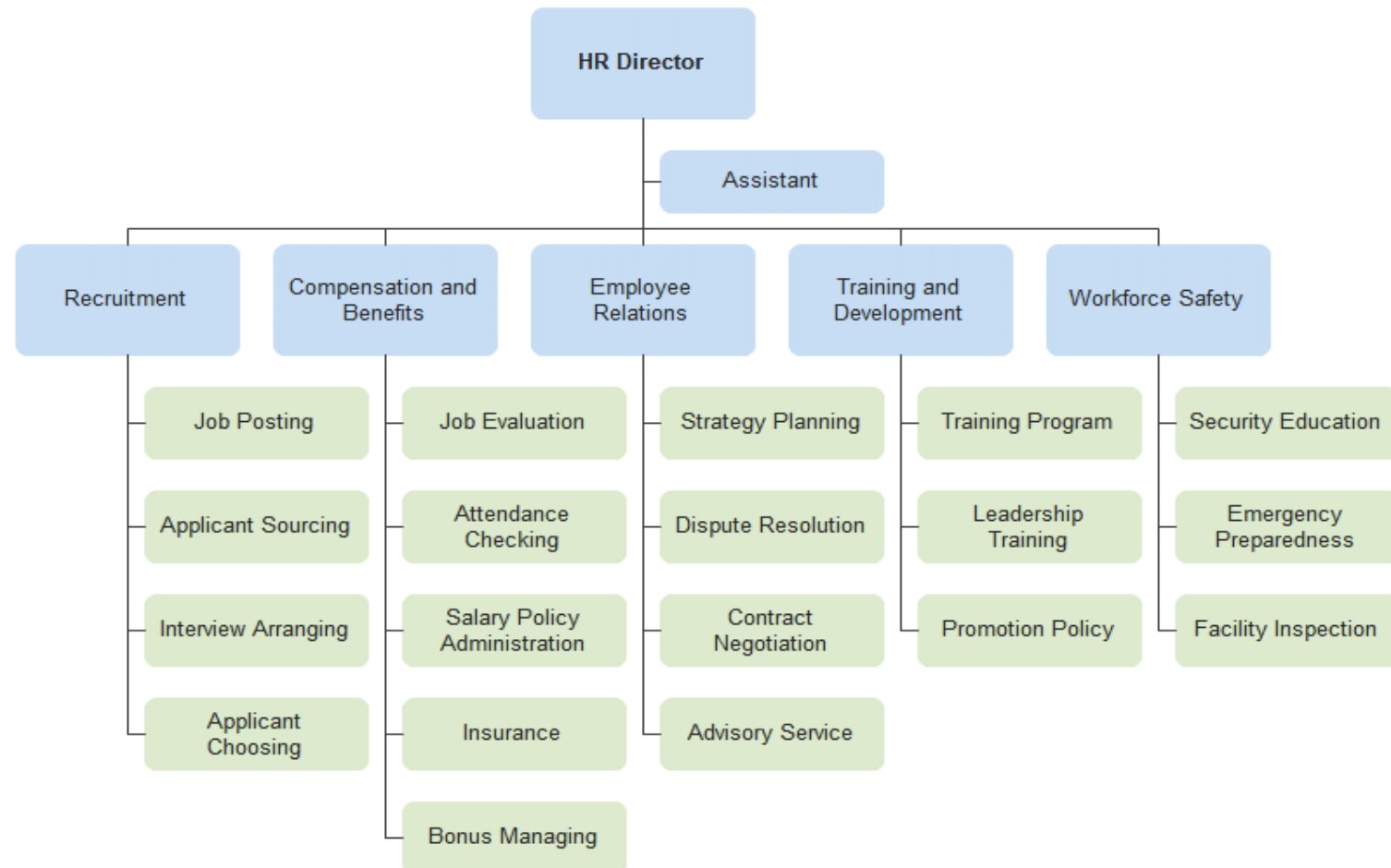
Performance and reward	Work out how much to pay and reward employees
Employment law	Protect the rights of employees
Employee relations	Manage relationships and keep the peace
Recruitment and talent planning	Get the right people in the right jobs
Employee engagement	Make sure employees are happy and motivated
Learning and development	Help employees learn and develop
Organisation development	Make the organisation more effective
HR generalist	Do a mixture of all of the above!

# Top 5 skills of great HR professionals



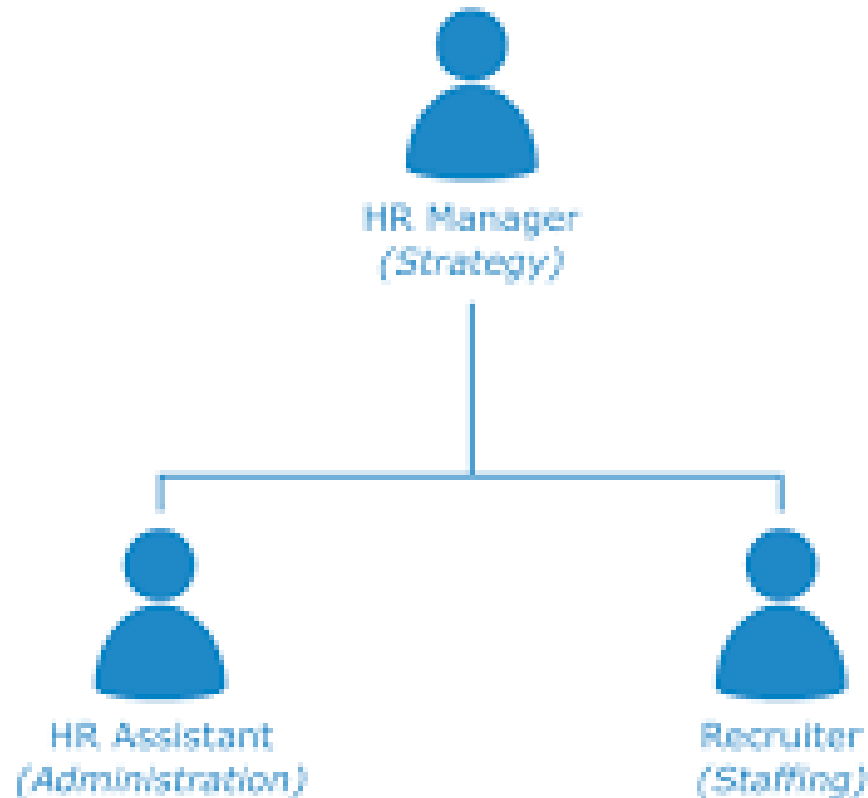
# Organizing HR responsibilities/ HR Department

Size of HR reflects the company's size



# Organizing HR responsibilities

Size of HR reflects the company's size





## LINE MANAGERS AND STAFF MANAGERS

# Line authority and Staff authority

## **Authority**

The right to make decisions, direct others work and give order

**Line Authority** : authority exerted by HR manager by directing the activities of the people in his/her department and in service area

**Staff Authority** : gives manager the right to advise other managers and employees

# LINE & STAFF MANAGER



A Venn diagram consisting of two overlapping green circles. The left circle contains text about line managers, and the right circle contains text about staff managers. The circles overlap in the center.

Line managers have  
direct authority to issue  
orders

staff managers  
have the right to  
advise others in  
organization



# Line and staff manager

Vice President  
(sales)

To prepare Sales  
Plan for the  
financial year

Sales Director  
(sales)

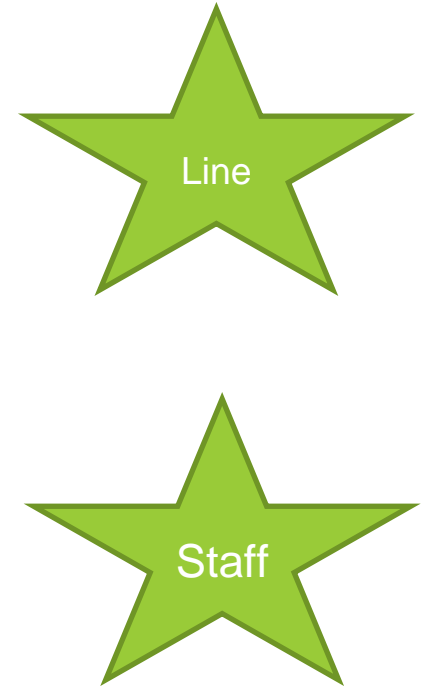
Human Resource  
Manager

Suggests to use  
a particular  
selection test

Plant Manager

Line

Staff



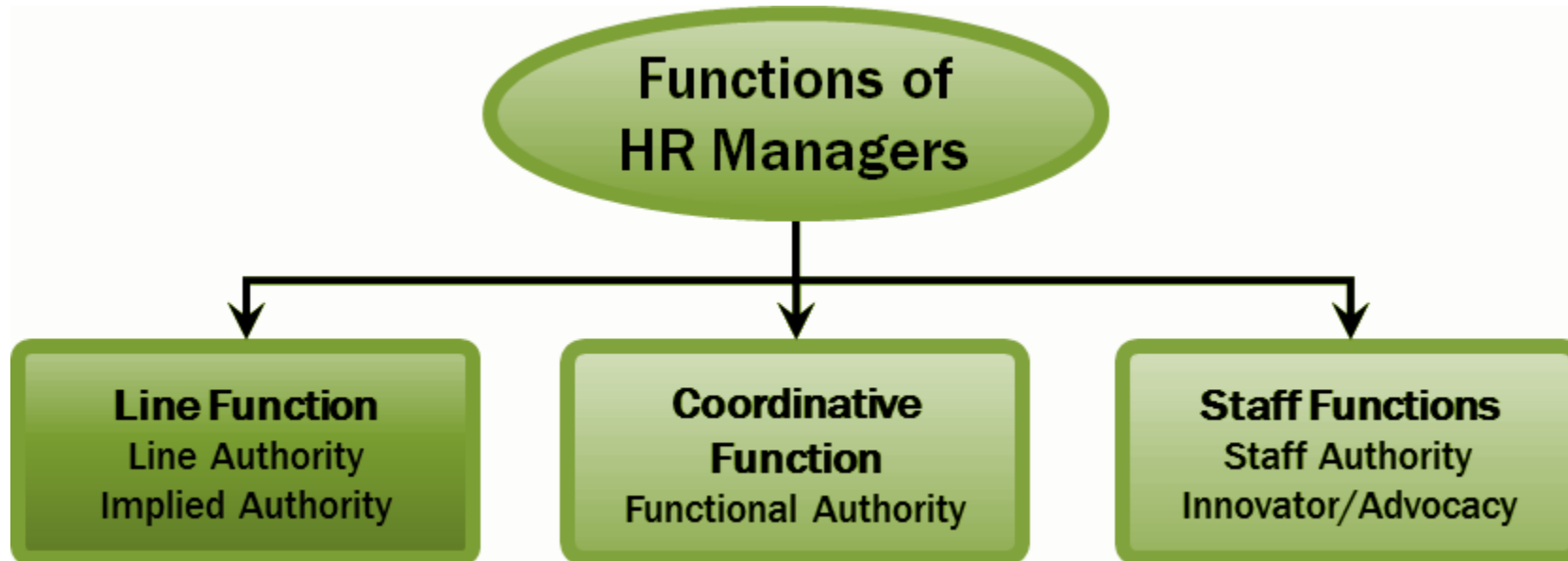
# HR Duties – Line Manager

- ✓ Job placement
- ✓ Orientation & Training
- ✓ Performance
- ✓ Cooperation
- ✓ Labor costs
- ✓ Development

## Sales Manager & HR Duties

- ✓ Needs to **recruit** right Area Sales Manager & Sales officers
- ✓ Need to **train and develop** the ASM to meet the sales Target
- ✓ Constant **monitoring** of target attainment through focus on improvement of job performance
- ✓ **Controlling** the labor cost

# Human Resource Manager Duties



# Human Resource Manager Duties

**A line function**: directs the activities of the people in his or her own department, and perhaps in related areas (like the plant cafeteria).

**A coordinative function**: coordinates personnel activities (or functional control). Ensures that line managers are implementing the firm's human resource policies and practices (for example, adhering to its sexual harassment policies).

**Staff (assist and advise) functions**: Assisting and advising line managers is the heart of the human resource manager's job. He or she advises the CEO on company's strategic options.

(a) Innovator role (b) Employee advocacy (c) implied authority

# Reorganizing HRM function

Transactional HR teams provide specialized support in day-to-day HR activities.  
Ex : Infosys internal BPO

Corporate HR teams - assist top management in top-level issues such as developing the personnel aspects of the company's long-term strategic plan

Embedded HR teams - HR generalists ("relationship managers" or "HR business partners") assigned to functional departments like sales and production

Centers of expertise - Specialized HR consulting firms within the company

# Questions

Anil is authorized to direct the work of subordinates and is responsible for accomplishing the organization's tasks. Anil is most likely a \_\_\_\_\_.

- A) training specialist
- B) staff manager
- C) line manager
- D) recruiter

# Questions

All of the following are ways in which an HR manager most likely assists and advises line managers EXCEPT \_\_\_\_\_.

- A) administering health and accident insurance programs
- B) representing employees' interests to upper management
- C) making strategic business planning decisions
- D) hiring, training, and evaluating employees

# HR Metrics & Benchmarking

Being able to *measure what you are doing is an integral part of the HR strategy process*

## **Metrics for more profitable organization**

- HR-to-Employee ration
- Cost-per-hire
- Annual overall Turnover Rate
- Time to fill vacant position

## **Compensation Data**

- Annual Salary increase
- Target bonus for executives
- Target bonus for non-executives



# HR Metrics & Benchmarking

## *Benchmarking and Need Analysis*

- ✓ How are we doing in relation to something
- ✓ SHRM's benchmarking service enables employers to compare their own HR metrics with those of others.

## *Strategy and Strategy-based Metrics*

HR metric may not reveal the extent to which your firm's HR practices are supporting its strategic goals

*For hotel: 100% employee testing, 80% guest return, % of incentive pay*

Data Mining- set of activities used to find new, hidden or unexpected patterns in data.

# HR Metrics & Benchmarking

HR Audits : An analysis by which company measures *where it stands* and *determines what it has to accomplish* to improve its HR function.

It helps to *identify and reveal strengths and weakness* in the HR system

HR audit is carried out generally once in a year

Areas included in audit are (to name a few):

- Roles and Headcount (includes JDs)
- Compliance with Legislations
- Recruitment and selection (tools)
- Compensation (Policies, incentives, survey procedures)

# High-Performance Work Systems

Are set of HRM policies and practices that together produce superior employee performance

High performing companies,

- recruit more job candidates
- use more selection tests
- spend many more hours training employees

Sample HR Practices	Low performance Company	High-performance company
Number of qualified applicants per position (Recruiting)	8.24	36.55
Percentage hired based on a validated selection test	4.26	29.67
<i>Firms Performance</i>		
• Employee Turnover	34.09	20.87
• Sales per employee	\$158.01	\$617,576

# HR Audit

*According to Eric G. Flamboltz, "Human Resource Audit is a systematic assessment of the strengths, limitations, and developmental needs of its existing human resources in the context of organisational performance."*

# Need for HR Audit

HR audit is performed to determine whether **HR objectives are aligned with organisational objectives** and **employees are committed** towards achieving the organisational goals and objectives.

HR audit is needed to determine whether **employees follow organisational standards, maintain discipline**, and work as per the organisation's policies.

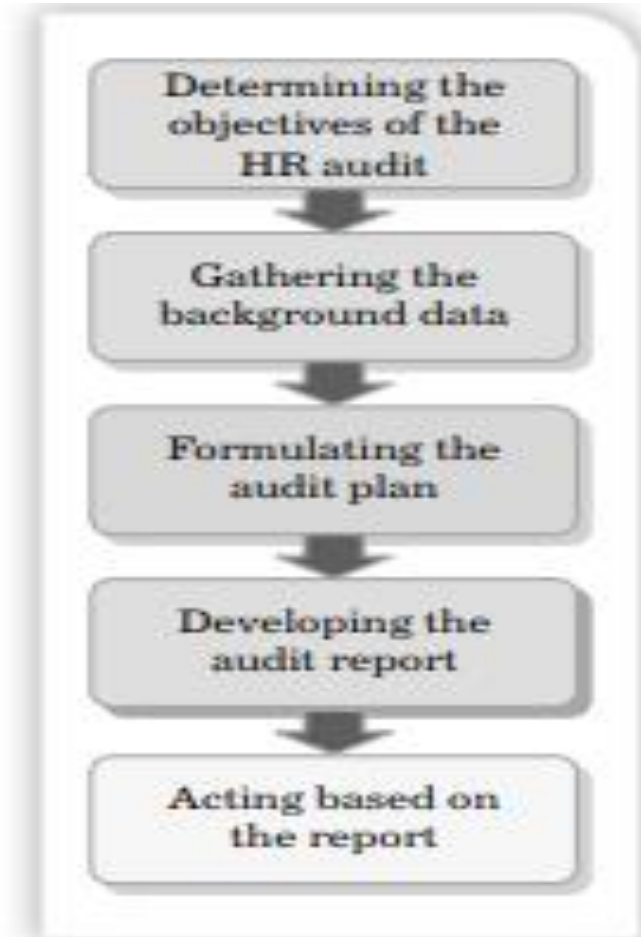
HR audit is needed to review the **effectiveness of various HR programs**, such as selection and recruitment, training and development, and performance appraisal, and improve them.

HR audit helps to determine whether the **HRM function is in compliance** with the national and state HR laws.

It focuses on **identifying gaps or drawbacks in the implementation** of policies, rules, regulations, and other practices of the HR department and recommending corrective measures.

HR audit aims to **check all possible documentation** with regards to performance appraisal reports, data related to the functions of the HR department, manager feedback reports on employees' performance, etc.

# HR Audit Process



# HR Audit Process

1. **Determining the objectives of the HR audit:** In this step, the objectives of conducting HR audit are determined. These objectives can be to finding out whether HR objectives are aligned with organisational objectives; the HR practices of the organisation effective; and so on.
2. **Gathering the background data:** In this step, the auditor collects data about an organisation's internal and external business environment.
3. **Formulating an audit plan:** In this step, the auditor prepares a plan on how to start, where to start, what sources to be used, etc. In addition, this step involves deciding the overall budget of the HR audit process and the number of people required for conducting the audit.
4. **Developing the audit report:** This report highlights the strengths of the existing HR system of the organisation and the areas that require improvements.
5. **Acting based on the report:** Organisations take actions based on the recommendations given by the HR auditor. The actions can be redefining HR strategies, restructuring the HR department, changing HR policies, etc.

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

**ORGANIZATION NAME**  
**INTERNAL CONTROL QUESTIONNAIRE**

**PURPOSE:** Audits help determine the effectiveness of an HR department and/or HR systems.

They are a systematic, objective tool to assess regulatory or policy compliance in the workplace.

The following list of HR audit questions is not meant to be comprehensive to every organization, merely a representation of the types of questions that may be found in an HR audit.

<b>Department:</b>	<b>Auditable Function: Human Resources Audit Checklist</b>
<b>Discussed with:</b>	<b>Date:</b>

Question	Yes	No	N/A	Comments
<b>Management</b>				
1. Are HR goals in line with those of the organization?				
2. Are workweeks identified and defined?				
3. Are full-time and part-time hours defined?				
4. Are shifts defined?				
5. Is there open communication to and from the HR department?				
<b>Hiring</b>				
1. Do job descriptions exist?				
2. Are job descriptions up to date?				
3. Are 1-9 forms and acceptable documentation reviewed annually?				
Are job openings offered to current employees?				
4. Are applicant references checked?				
5. Are turnover rates monitored?				
6. Are selection processes used with reference to the Uniform Guidelines?				
7. Are all applicants required to fill out sign an application form?				



# Limitations of HR Audit

1. HR audit can lack uniformity as auditors tend to follow different auditing standards and guidelines. This is because there is no set standard or principles for HR audit.
2. Sometimes HR personnel fail to provide relevant information, which leads to inaccurate and ineffective audit process.
3. HR audit can turn to subjective in nature when there is a lack of statistical data.
4. HR auditors may lack the required skills and knowledge, which may lead to a failure of the audit process.
5. HR auditors sometimes fail to recognise valuable inputs from senior HR personnel which might be useful for the audit process.

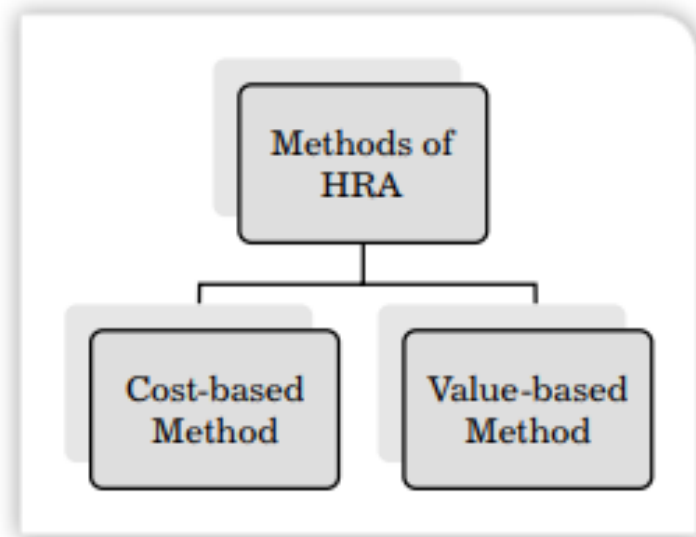
# HR Accounting

According to Eric Flamholtz, "Human resource accounting is the measurement of the cost and value of the people for the organisation."

# Need for HR Accounting

1. HRA helps in **estimating the expenses on human resources**, listing the expenses correctly in the book of accounts, and reporting the record of expenses in financial statements.
2. HRA provides information about **cost and value of human resource to managers**. This helps them to take decisions regarding recruitment, selection, and training and development of human resource.
3. It provides **information for making decisions** related to the acquisition, allocation, and development of human resource to achieve cost-effectiveness.
4. It allows managers to **monitor the utilisation of** human resource.
5. It provides a **basis of human asset control**, that is, whether the asset is appreciated, depleted, or conserved.

# Methods of HR Accounting



**Cost-based method:** This refers to the total cost incurred by an organisation on employees starting from their recruitment to separation from the organization

**Value-based method:** This method is used to determine the value of human resources and their contribution to the organisations' profits in monetary terms.

# Limitations of HR Accounting

HRA doesn't have any set accounting standards for measuring human resource value. Thus, organisations follow their own HRA standards to measure the values of human assets. This difference in approaches in organisations leads to non-comparison of values of human assets.