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| Mod 4 : Counselling and HRA |

**①  Counselling**

Discussion of a problem that usually has emotional content with an emp in order to help the emp cope with better

↳ Characteristics:
→ Exchange of ideas / feelings b/w 2 ppl
→ Improves org performance
→ Makes org to be more human & considerate
→ Performed by pros or non pros
→ Usually confidential

↳ Need for counselling
→ Need arises due to various cause in addition to stress
→ Causes include emotions, interpersonal problems, conflict at place, inability to meet job demands...

↳ Functions
→ Advice    → Reassurance    → Communication
→ Release of emotion tension    → Clarified thinking
→ Reorientation

**②  Communication**
→ Process by which all info is transferred from one person to other
→ Comm is said to be perfect only when reciever understands it in the sense the sender expected him to understand.

① **Purpose of comm**
- → Needed to exchange ideas & opinions
- → Needed for designing job & HRP
- → Emp orientation and socialisation programs become possible

② **Functions of comm**
- → Info is transmitted within ppl
- → Ppl are motivated & directed
- → Ppl's attitude & belief are molded
- → Their behaviour is influenced positively
- → Performs the fn of entertainment & maintenance of social relations

③ **Comm process**
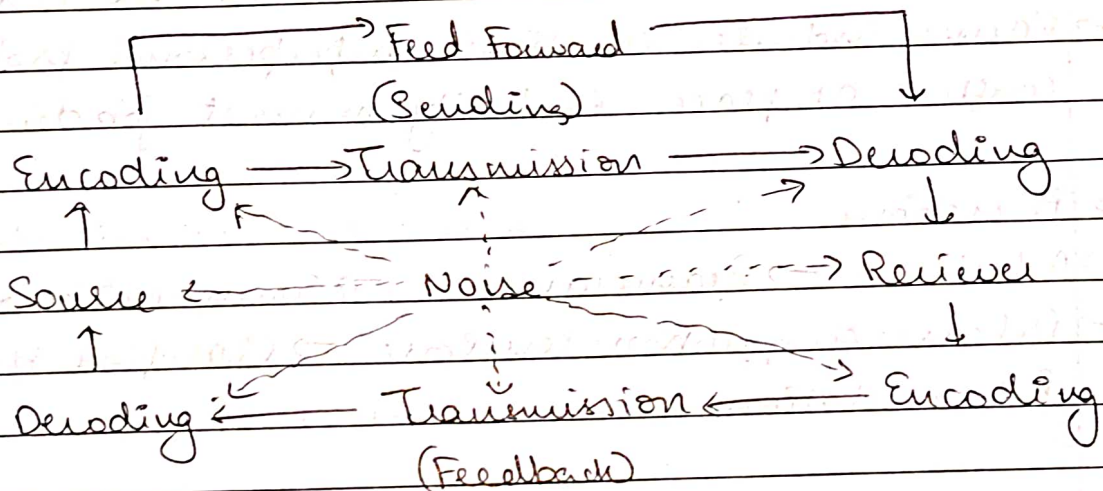


④ **Effective comm**
i) Content: Calls for clear thinking about objectives, msg, wording and ppt
ii) Technique: Select most appropriate techniques. The techniques are Oral, Written, Graphic etc.
iii) Media: Personal contact, meeting, conference, letters, report, notices handbooks.

① HR accounting

Process of assigning, budgeting and reporting the cost of human resources incurred in an org, including wages and salaries & training costs.

① Objective
→ Furnish cost value info for making mgmt decisions
→ Effectively monitor use of HR
→ Have an analysis of human asset
→ Aid in development of mgmt principles
→ Facilitates valuation of HR rerarding
→ Helps in making decisions with : recruitment, promotion, retention, transfer etc.

① Advantage
→ Checks corporate plan of org
→ Offsets uncertainity & changes
→ Promotes scope for advancement of emp
→ Helps emp to aspire for promotion
→ Aims to see human involvement is wasted in org
→ Helps to take steps to improve emp contribution
→ Provides diff method of testing to be used
→ Foresee change in value, aptitude & attitude

① Methods of HRA (Valuation of HR)
→ Cost Based Models :
i) Historical cost         ii) Replacement cost
iii) Opportunity cost      iv) Standard cost
→ Value Based models :
i) Present value of future earning model
ii) Flamholtz's Stochastic Reward valuation model.

① Historical cost method (Original) (Outlay cost method)
→ Developed by Willim C Pyle, Lee Brummet & Flamholtz
→ Cost incurred on recruiting, selecting, TD, hiring is capitalised & amortized over expectful life of HR.
→ If HR is liquidated prematurely, the whole amount not written is charged to income of year of liquidation

Ad: Simple, Evaluating ROI, Objective method
Dis: less accurate, Difficult to estimate emp period.


② Replacement cost method € (RC - Replacement cost)
→ Developed by G·Flamholtz
→ Value to an org of an individual's service is reflected by amount that org has to pay to replace these services

Ad: Considers current HR value, RC are present oriented RC is better than historic cost
Dis: No identical replacement of HR, Value of HR based on RC is subjective


③ Opportunity cost method
→ Suggested by Hekimian & Jones.
→ Based on economist's concept of opportunity cost.
→ Value of emp in his alternative is determined and is taken as basis for estimating value of HR

Ad: Gives optimum allocation of personnel
Provides Quantitative base for evaluating HR
Dis: Expensive, less reliable


④ Standard cost method
→ David watson suggested this
→ Emps are categorized to diff groups based on their hierarchy.

→ Std costs are fixed and value is calculated

→ Std costs are updated every year

d: Easy implementation

v) Present value of future earning model (compensation model)

→ Suggested by Branch Lev & Aba Schwartz

→ Emps are classified (age & efficiency)

→ Find avg income of emps.

→ Calculate income of every group until retirement

→ Apply cost of capital rate & arrive at HR value

$$V_x = \sum_{t=x}^{T} \frac{I(t)}{(1+e)^{(t-x)}}$$

value → , Retirement age → , Annual earning →

e: Discount rate

x: Age

Ad: Depends on future earning capacity, logical

Dis: Ignore change in profession, doesn't consider emp who leave

vi) Flamholtz's Stochastic Reward valuation model

→ Presume that person's value depends on position they hold in org.

→ Find expected service life

→ Identify the time they'll remain in position

→ Estimate value

→ Estimate value if be they change position

→ Apply discount rate

$$RV = \sum_{i=1}^{m} \frac{R_i \, P(R_i)}{(1+r)^t}$$

Amount of service recieved/realised →

Ri → Expected service

(1+r)t → time

└→ discount

Ad: Takes into consideration career movement

Combines monetary / non monetary variables

Dis: Expensive, Difficult to estimate P(Ri).