

# Human Resource Management

## 4.1 PERSONNEL MANAGEMENT

### 4.1.1 Introduction

Personnel Management is that part of management which is concerned with the human constituents of an organization. Personnel management is also called Human Resource Management (HRM).

Personnel Management is extremely important for the growth and survival of any business. The efficiency of employees is not only affected by income and working conditions but also by the attitude of employees towards the management, towards their job and towards fellow employees. Therefore, there is a need to favourably influence the attitude of employees.

The aim of HRM is to make optimum use of Human Resource (HR). To achieve this there is a need to maintain harmony between employees and management. This harmony cannot be realized by exercising authority, rather it must come voluntarily from within.

HRM is thus concerned with managing the personnel and human relationships within an organization.

The objectives of HRM are :

1. To secure appropriate people capable of performing specific tasks.
2. To utilize the HR effectively.
3. To provide maximum individual development for employees in the organization.



Fig. 4.1 : Objectives of HRM

### 4.1.2 Definitions

According to **Flippo**, "Personnel management is procurement, development, compensation, integration and maintenance of people for the purpose of contributing towards the accomplishment of organizational goals and objectives."

According to **The Society of Personnel Administration of America** "HRM is the art of acquiring, developing, and maintaining the competent workforce in order to achieve and accomplish the organizational goal with maximum efficiency and



### 4.1.3 Functions of HRM

(S-09, W-10) (4M)

The functions of HRM are as follows :

1. To anticipate future manpower requirement.
2. To select the right type and number of persons required to perform various tasks.
3. To ensure proper orientation and introduction of new employees to the company and to their jobs.
- ✓ 4. To provide fair and effective wage and salary administration.
5. To develop an effective appraisal system and evaluate the performance of employees.
6. To organize suitable training programmes for better job performance.
7. To help management in securing effective communication throughout the organization.
8. To provide incentives such that it will result in optimum productivity.
9. To ensure good employee morale and happy industrial relations.
10. To create a kind of situation in which employees would like to work. Such a situation can be created by providing benefits like; medical facilities, gratuity, leave travel concessions, provident fund, leave with pay and so forth.
11. To ensure that competent and qualified employees stay in the organization, and labour turnover is less.
12. To give full and fair consideration to an employee when his services are terminated.
13. To establish healthy and respectful relations with trade unions.
14. To carry out continuous personnel research for understanding facts and trends essential to make sound HRM decisions.

## 4.2 STAFFING

Staffing is part of HRM. As explained in the second chapter, **Staffing** means job analyzing, recruitment, and hiring individuals for appropriate jobs. The main purpose of staffing is filling job positions with the right people at the right time.

Staffing involves four functions :

1. Manpower (HR) Planning : It includes determining the number and type of people required for jobs to be done.
2. Laying down qualifications for various jobs to be done.
3. Recruiting, selecting, and training people to perform those jobs effectively and efficiently.
4. Performance appraisal, promotions and transfer.

### 4.2.1 Introduction to HR

*"The people that staff and operate an organization are called Human Resource (HR)".*

A resource is something that is essential and when used in a particular way, will help to attain certain defined objectives. A resource is an asset. The employees of any organization are indeed resources with all their skills, competencies and potential.

#### 4.2.2 Introduction to HR Planning

"Manpower Planning (or Human Resource Planning) consists of putting right number of people and right kind of people at the right place, at the right time, doing the right things for which they are suited for the achievement of goals of the organization".

##### (a) Importance of HR Planning

If the number of persons in an organization is less than the number of persons required to carry out various activities there will be disruptions in the flow of work and the production will also be lowered. On the other hand if some persons are surplus in the organization they will have to be paid remuneration even though there is no work for them. Hence it is very important to ensure that there is adequate number of right type of persons to achieve organizational objectives.

##### (b) Steps in HR Planning

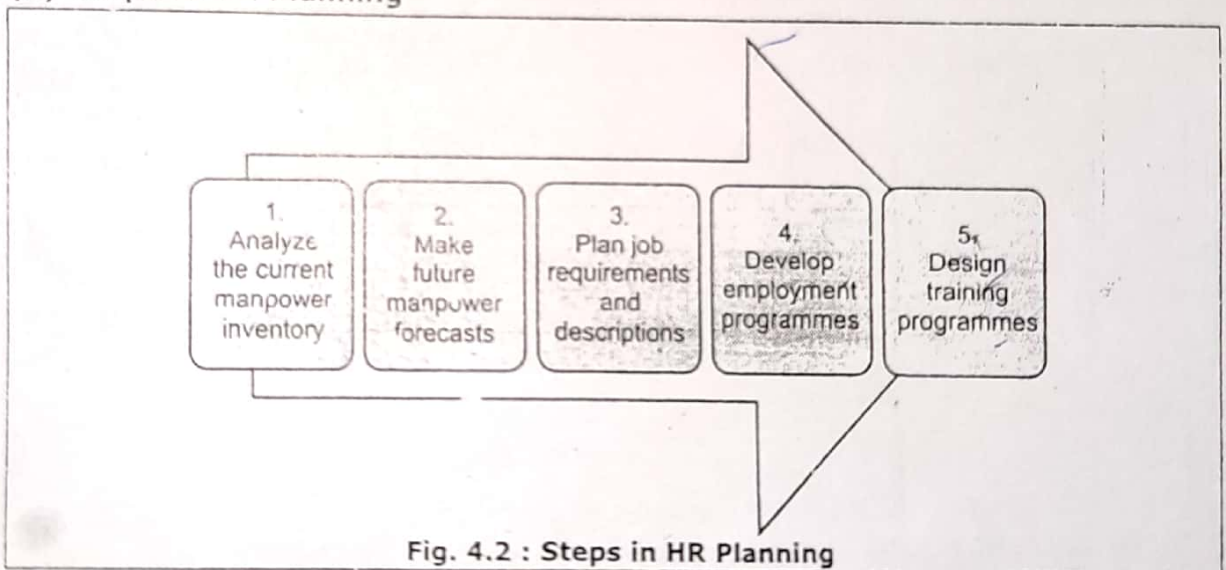


Fig. 4.2 : Steps in HR Planning

##### 1. Analyzing the current manpower inventory :

The first step in HR planning is analyzing the current manpower status. Such an analysis would reveal the –

- Type of manpower structure in terms of age, qualification, promotion potential, level of skill etc.
- Training needs of employees.
- Employee turnover during previous years.
- Employees going to retire in future.
- Past records regarding vacancies created due to deaths, resignations, disablements, terminations etc.
- Past records of absenteeism.



## 2. Making future manpower forecasts :

The manpower forecast is concerned with anticipating the number of replacements required due to –

- Deaths
- Terminations
- Disablements
- Resignations
- Transfers
- Promotions and
- Retirements etc.

In addition to this forecast of number of staff required for expansion or diversification should also be made.

## 3. Planning job requirements and descriptions :

Different jobs need different skills; therefore it is necessary to identify clearly the requirements of a particular job. Hence job analysis has to be made to get necessary job information.

Without job information recruitment would be impossible, training would have no objective and salary no basis.

## 4. Developing employment programmes :

Once the future forecasts and job information is available, the employment programmes can be developed. The employment programmes will include recruitment, selection procedures and placement plans.

## 5. Designing training programmes :

The training to be given to the employees depend upon the job requirements, the extent of improvement in technology to take place. It is also done to improve upon the skills, capabilities and knowledge of the employees.

### (c) Benefits of HR Planning

1. Forecasting of manpower needs helps the management to forecast the compensation costs involved.
2. It is possible to identify shortages or surpluses and quick action can be taken wherever required.
3. It also helps to reduce the labour cost as excess staff can be identified and thereby overstaffing can be avoided.
4. HR planning reveals the need to develop the existing manpower to fill the future gaps.
5. HR planning reveals the training needs of the employees.
6. Through manpower planning, human resources can be kept ready for any expansion thus HR planning helps in growth and diversification of business.
7. HR planning helps in the stability of organization.



### 4.2.3 Recruitment and Selection Procedure

(S-09, W-09, S-11) (4M)

Recruitment and selection are two phases of the employment process. Recruitment precedes the selection in the process.

"Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs." And

"Selection is the process of choosing the best candidate for the required job".

**Sources of Recruitment :** The sources of recruitment can be classified as, Internal and External.

1. **Internal Sources :** It is a recruitment that takes place within the organization. There are three internal sources - transfers, promotions and re-employment of ex-employees.
2. **External Sources :** External sources are external to an organization. The external sources include, advertisements in newspapers, employment exchanges, suppliers, employment agencies, educational institutes, business friends, other companies etc.

#### Recruitment and Selection Procedure

The recruitment and selection procedure consists of the following steps :

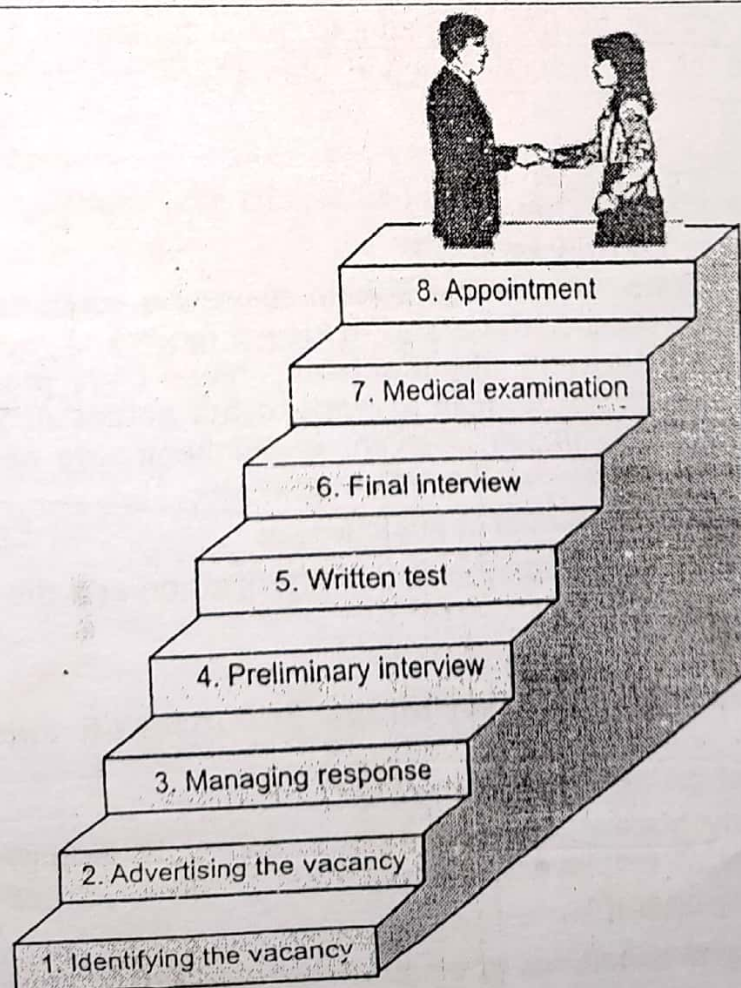


Fig. 4.3 : Recruitment and Selection Procedure



1. **Identifying the Vacancy :** Whenever vacancy arises in any department of the company it informs about it to the HR Department. This information contains,
  - (a) Posts to be filled.
  - (b) Number of persons required.
  - (c) Job description- List of tasks the person will have to do.
  - (d) Person specification - Skills, experience, qualifications and attributes needed to do the job.
2. **Advertising the Vacancy :** Advertise about the vacancy in newspapers and on the notice board of the factory, also intimate the same to the employment exchange, placement agencies, professional associations, educational institute training and placement officers, business friends etc.
3. **Managing Response :** The interested candidates apply on plain papers or special forms. The applications are received, summary sheet is prepared and suitable candidates are called for preliminary interviews.
4. **Preliminary interview :** Preliminary interview is also called screening interview. It is used to eliminate those candidates who do not meet the minimum eligibility criteria laid down by the organization.

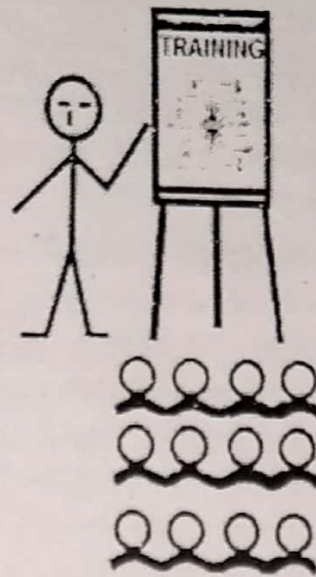
It is usually conducted by a single interviewer to examine the skills, family and academic background, interests and competencies of the candidate. Further it is also examined how much the candidate knows about the company.

During preliminary interview the suitable candidates are also given a brief up about the company and the job profile.
5. **Written tests :** During the selection procedure various written tests like aptitude test, intelligence test, reasoning test, personality test, and so on are conducted. These tests are used to objectively assess the potential candidate.

(Note : Some organizations take a Written Test before the preliminary interview for screening the candidates.)
6. **Final interview :** A final interview is conducted to ascertain whether the candidates narrowed down are best suited for the required job or not. It helps to study the personality, motivation and emotional adjustment of the candidate. It also helps to ensure other qualities like dependability, adaptability, cooperation, integrity and any specific knowledge required for the job.

It is usually conducted by a panel of 3-5 interviewers. This panel consists of one officer from HR department, one from actual works division and one or two from general division.
7. **Medical examination :** A medical test of the selected candidates is conducted to ensure their physical fitness.
8. **Appointment :** The selected candidates are appointed by giving a formal appointment letter to them.

### 4.3 PERSONNEL - TRAINING AND DEVELOPMENT



Training is the process of enhancing the skills, capabilities and knowledge of employees for doing a particular job.

Training is necessary under the following circumstances :

1. To induct new employees who have joined the organization.
2. To refresh and enhance the knowledge of existing employees.
3. To cope up with new technology, new machine, new process etc.
4. To prepare the employees for diversification, expansion etc.
5. Before promoting an employee, so that he/she is prepared to share the responsibilities of the higher level job.

#### Importance/Benefits/Objectives of Training

(S-10) (4M)

1. *Job security and job satisfaction* : Training helps the employee to enhance his skills which results in job security and job satisfaction.
2. *Improved morale of employees* : If an employee is more satisfied he will contribute more to organizational success due to improved morale.
3. *Lesser employee absenteeism and turnover* : Satisfied employees enjoy their work hence absenteeism and turnover is less.
4. *Reduced supervision* : A well trained employee will be well acquainted with the job and will need less of supervision.
5. *Less wastage of time and efforts* : There is less wastage of time, money and resources if employees are suitably trained.
6. *Fewer accidents* : The more trained an employee is, the less are the chances of committing accidents in job.



7. *Better chances of promotion* : Employees acquire skills and efficiency during training. Trained employees are assets for the organization; hence they become eligible for promotion.
8. *Increased productivity* : Training improves efficiency and productivity of employees. Well trained employees also give quality performance.
9. Reduced fatigue and tardiness.
10. Better cooperation and good relations between workers and management.
11. Reduced cost of product through economic and more efficient use of company resources.

### 4.3.1 Induction

Induction or Orientation is the process of welcoming a new employee into the organization. It is concerned with introducing him to the company, job and staff in a systematic way.

The purpose of induction is to ensure the effective integration of new employees into the workplace. Along with usual orientation, new employees need to understand the business, where their role fits within the set-up and what's expected of them.

In order to ensure that this happens quickly and effectively, the process needs to be planned, managed and adopted into the organization's overall training plans. In order to arrive at an induction action plan there are three main questions to be considered.

1. What should we tell them ?
2. Who should tell them ?
3. When should they be told ?

A good induction programme should leave no room for confusion or lack of understanding and should, therefore, induce a feeling of 'belonging'. The employee should then integrate well into the team, have high morale, achieve optimum productivity and therefore be able to work to full potential. In other words - obtain job satisfaction!. An induction is given at the beginning of employment and may stretch for several weeks/ months.

There are two components of induction,

- (a) Introducing the employee to the organization and the organization's culture and
- (b) Introducing the employee to his/her job.

#### **(a) Introducing the employee to the organization and the organization's culture**

It consists of giving information about -

1. Company history, company culture, company vision/mission, company size (number of employees, branches, etc.), the organization chart and how the company operates.
2. Terms and conditions of employment, benefits and eligibility, career paths, training and development, disciplinary action, grievance procedures, dress code etc.



3. Awards and incentives, accident reporting, restricted areas, access, passes etc.
4. The shifts, leaves, sickness, health insurance, the routine for holidays etc.
5. Time and attendance system, security, transport and parking, crèche and childcare.
6. The locations of the notice board, toilets, lockers, change rooms, cafeteria, drink machines, water coolers etc.

**(b) Introducing the employee to his/her job**

It includes –

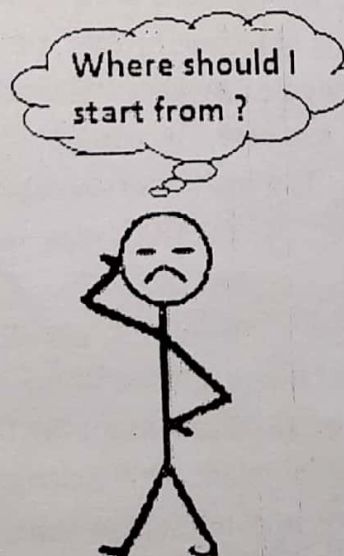
1. The job description listing what tasks are involved, their responsibilities and accountabilities, training required to match their job requirements, the work environment, where and how to obtain tools and equipments, health and safety rules, what to do and where to assemble in case of fire.
2. An introduction to everyone he/she will be working with, an introduction to each department in the company and training on-the-job.
3. Spending time doing the jobs in each department to understand the flow of the product.

It is advisable to build an induction manual covering systems and procedures relevant to the employee's task, to ensure that everything is explained to the new comers and nothing is left out.

Also the new employees should be informed about social activities of the organization. Involving them with the social side of working will give them a feeling of being accepted and welcome.

At the end of induction programme take feedback from the newcomers to check the effectiveness of the induction training.

**Importance of Induction :**





Induction is absolutely important for new comers. If proper induction is not given the new employees will pick up things themselves and from existing employees. This will cost time and money. Moreover employees who are not properly inducted need a lot more looking after.

A good induction will determine how quickly newcomers settle into the organization and the speed at which they reach their full potential.

The first day is a big day for the new employee. What happens on the first day usually forms a basis of impression about the company. The organization needs to ensure that newcomers are welcome in every department they are taken to.

### 4.3.2 Types of Training

(S-11) (8M)

Training methods can be grouped into three categories :

- (a) Training methods for operatives/workers
- (b) Training methods for supervisors and
- (c) Training methods for managers

#### (a) Training Methods for Operatives/Workers



1. **Training by experienced worker** : In this method a new worker is put to work with an experienced worker. The new worker learns from an experienced worker by watching and then copying him. Whenever necessary the experienced worker gives him necessary instructions.
2. **On the job training** : In this method the supervisor gives instructions to the new worker, explains the use of machines and tools and the procedure to perform the job. The new worker is then put on the job on a separate machine next to a skilled worker. Whenever the new worker faces any difficulty he takes the help of skilled worker.
3. **Training by supervisor** : In this method it is the duty of the supervisor to train the new workers as and when they are sent to his department.
4. **Apprenticeship Training** : This programme consists of providing work experience on the actual job as well as imparting theoretical knowledge through class room lectures. The trainees work as apprentices under the



supervision of experts for long periods of 2 to 4 years. This method enables the trainee to become an all-round craftsman.

5. **Vestibule Training** : This method involves the creation of a separate training centre within the plant itself for the purpose of providing training. An attempt is made to create working conditions which are similar to the actual workshop conditions. An experienced instructor is put in-charge of this training. The learning conditions are also carefully controlled.

#### (b) Training Methods for Supervisors

1. **Lecture (class-room) Method** : In class-room training, lectures are delivered to supervisors by experts from within or outside the company. Problems like trade union policy, production, quality control, waste reduction and the like are discussed.
2. **Written Material** : In this method prepared material is provided to the trainees. They can improve their knowledge by reading the material.
3. **Conference Method** : In this method conferences are organized, in which experts and experienced person's speeches and discussions are arranged. A conference helps pooling ideas and experiences of different persons and puts them open for discussions to arrive at a feasible solution of the problem in hand. A conference can uproot fixed ideas, change attitudes and develop analytical and questioning ability.
4. **Training within Industry (TWI)** : TWI courses are based upon group conference method and 10 supervisors to 1 instructor is the usual ratio. In this scheme supervisors meet informally in sessions, apply the basic principles to their jobs and thus learn by doing.

A TWI course is concerned with development of skills in instruction, methods of production and leading. It consists of :

- (i) **Job instruction programme** : In this the supervisor develops the ability to train new workers and to give orders and instructions to the workers.
- (ii) **Job methods programme** : In this programme supervisor develops his skill to improve methods of production.
- (iii) **Job relations programme** : In this programme supervisor develops the skill in handling people and solving satisfactorily personnel problems.

#### (c) Training Methods for Managers

**Managers are trained in two ways**

- (A) On the job training
- (B) Off the job training

##### (A) On the job training :

In this employees receive training whilst remaining in the workplace.

Common methods of on the job training include :

1. **On the job experience and coaching** : In this method, the trainee is made an assistant to his immediate superior. The trainee is given some



assignment and the superior is given a definite responsibility of his training. He learns by experience and observation.

2. **Position Rotation** : In this method, the trainee is rotated among different managerial jobs. This broadens and enriches his experience as a manager. Also he/she understands inter departmental relations and the need for coordination and cooperation among various departments.
3. **Committee Assignment** : In this the trainee is made to serve on a committee. While working with a committee of experienced managers, the trainee becomes acquainted with various organizational problems and views of senior and experienced members.
4. **Assignment of Special Projects** : In this some special project is assigned to a trainee. For example, he may be asked to remove a bottleneck in the production. While working on such project, the trainee acquires knowledge. Also he/she learns how to work with other people.

**(B) Off the job training :**

Off the job training involves taking employees away from their place of work to be trained.

Common methods of off the job training include :

1. **Conference and Seminars** : In this the executive is deputed to attend a conference, seminar or workshop to receive a quick orientation in various areas of Management.
2. **Case Study** : In case study the circumstances actually faced by an executive in past are presented to a group of trainees for analysis and solutions to the problems faced by the executive.
3. **Role Playing** : The objective of this method is to improve the trainee's skill in dealing with people. In this method, a conflict situation is artificially constructed (for example, a conflict between production manager and finance manager). The instructor assigns roles to group members and the role players attempt to act the parts as they would behave in a real life situation.
4. **Reversed role play** : In this the group members reverse their roles; the production manager now becomes finance manager.
5. **Sensitivity or T group Training** : In this method training takes place in form of a group discussion. The instructor asks the group to decide the subject of discussion and motivates them to discuss the topic freely. In the course of discussion, conflict and hostility may be purposely generated. In this way the participants are helped to see the unintended consequences of their behaviour.



**Difference between on the job and off the job training :**

<b>Sr. No.</b>	<b>On the job training</b>	<b>Off the job training</b>
1	Generally more cost effective.	More expensive as compared to on job training.
2	Employees are actually productive during training.	Working time of employee is lost during training.
3	Training alongside real colleagues.	Training in artificially created environment.
4	Training is given by superiors hence quality of training depends on ability of trainer and time available to the trainer.	Trainee can learn from outside specialists or experts in the field.
5	Bad habits might be passed on and learning environment may not be conducive.	A wide range of skills can be achieved by the trainee.
6	It offers an opportunity to learn while doing.	Employees will be more confident when they rejoin after training.