**UNIT-III**

**HUMAN RESOURCE MANAGEMENT**

**HUMAN RESOURCE MANAGEMENT**: Human resource management is theprocess of managing the human resources of an organization in tune with the vision of the top management.

**PERSONNEL MANAGEMENT**: Flippo defines personnel management as the planning,organizing, and controlling of the procurement, development, compensation, integration and maintenance of people (employees) for the purpose of contributing to the organizational goals.

**Significance or Importance of HRM:**

HR plays an important role in development of modern economy. All developments comes from the human mind.

1. **HR is nation’s well-being:** Nations with abundance or abundant physical resources do not benefit itself unless they are utilized properly. Lack of development and commitment of HR is largely responsible for the backwardness of the nation.
2. **Man v/s machine:** Most of the problems in the organization are human and social rather than physical, technical and economical. An industry can be efficient as long as it recognizes the importance of HR. So it is the responsibility of each organization to take better care of HR.
3. **Personnel manager and general manager:** Manager of an organization plays a very complex and vital role in influencing the economic growth of the country. Among 4m’s that is material, machinery, money, men, the success of the organization depends upon the ability of personnel manager to control and develop men that is HR.
4. **HR as the central sub system**: HR system is a central sub system of an organization.

 R & D and Production Subsystem

 Marketing Subsystem

 Material Subsystem

HR

SUB SYSTEM

Technical Subsystem

Finance Subsystem

**BASIC CONCEPTS OF HRM:**

**JOB ANALYSIS**:Job analysis can be defined as the process of identifying thetasks comprising a particular job to assess whether they could be organized in a productive manner. This will identify the main features of the job, the major tasks undertaken, the results to be achieved, and how one job is related to the other jobs in the organizational hierarchy. The product of job analysis is job description.

The following are advantages of Job analysis:

* It helps to develop job description.
* It is an aid for assessing training needs.
* It is an aid for assessing the performance of the employees.

**JOB DESCRIPTION**:Job description is an accurate and concise description of (a) The overall purposes of the job (b) The principal duties of the person doing this job. The job description emphasizes the job requirements. Clear job description constitutes the basis for advertising the vacancy positions and for drawing up job specifications. Once individuals are selected to the posts, job description allows them to know exactly what their roles are and what is expected of them.

**Contents of Job Description:**

* Job title and grade
* To whom one has to report
* What authority one has
* For whom one is responsible
* The main objectives
* Key responsibilities and tasks

**JOB SPECIFICATION:**

Job specification identifies the requirements on the part of the person to perform the given job. It provides the interviewer an understanding of the job and helps him to assess the qualities necessary for its performance to an acceptable standard, at the time of interview. This helps him to compare the performance of candidates objectively and to eliminate unsuitable candidates.

It includes:

* The knowledge and understanding required for the job.
* The skills and abilities required for the job.
* The necessary job related experience.
* The educational and technical qualifications.

**FUNCTIONS OF HUMAN RESOURCE MANAGEMENT/MANAGER (OR) PERSONNEL MANAGEMENT/MANAGER:**

Functions of HRM

Managerial functions Operative functions

 Planning

 Organizing Employment HR development Compensation Industrial Human

 Staffing relations relations

 Directing

 Controlling

1. **Managerial functions:** These are common as well as essential for every manager. They are:
2. **Planning:** It means formulating strategies of personnel programs and changes which will contribute the future organizational goals. It involves acquisition of planning and development of HR. it also involves forecasting of personnel needs, changing values and behavior of people.
3. **Organizing:** Organizing is a process in which a manager coordinate group of people allocate the task among them. Organizing means establishing relationships among employees for the attainment of organizational goals.
4. **Staffing:** It is the process of getting right person for the right job at the right time into the organization.
5. **Directing:** The functions of any manager at any level is motivating, commanding, leading and activating people. Attainment of organizational goals is possible only through proper direction.
6. **Controlling:** It involves checking, monitoring and comparing the organizational policies and plans. It deals with identification of deviation and correcting them.
7. **Operative functions:** These are the important functions of HRM and they have to be performed at the managerial level.
8. **Employment:** Employment is concerned with the searching and employing the people with required qualification and skills. It covers the following functions like
9. **Job analysis:** The process of studying and collecting information relating to operations and responsibilities, skills required for the specific job is called job analysis. It includes collection of information and ideas related to various factors of job.
10. **Recruitment:** It is a process of searching prospective employees and stimulating them to apply for the job. Mainly it deals with identification of existing sources and creation of new sources of applicants.
11. **Selection:** This is a process of making the qualified, experienced, skillful, knowledgeable candidates to go through the techniques like aptitude test, interviews, checking and sending of details of appointment and rejection.
12. **Training:** It is the process of importing work knowledge to the newly selected candidates or it can be the process of training the employees who are previously employed in order to import certain special skills.
13. **Placement:** It is the process of assigning selected candidates with the most suitable job in terms of job replacement. It is also the matching of employee specifications with the job requirements which includes correcting and cancelling of displacements if any.
14. **Induction and Orientation:** It includes introducing the employees to the people with whom he or she should work such as supervisor, colleagues and subordinates. This would mould the employee’s attitude by aiming or retain them to work in a social environment.
15. **HR Development**: It is the process of molding, changing the skills, knowledge, developing creative abilities, attitudes, values and commitments etc.

**a**) **Performance appraisal**: It is a systematic evaluation of individuals in respect of his commitment, performance and potential for development. It includes developing policies, programs, techniques that help the manager in evaluating the performance of the individuals on the job.

1. **Training:** Training is the process of imparting the employees the technical and operating skills and knowledge. It includes developing suitable training programs, imparting of requisite job skills and knowledge to employees.
2. **Management development:** Management development is the process of designing and conducting suitable executive development programs so as to develop the managerial and human relation skills of employees. It includes conducting development programs, motivating the executives etc.
3. **Mobilization:** Mobilization includes internal and external movement of employees in an organization. Internal mobility includes transfer, promotion, demotions. External mobility includes employment of new candidates, recruitment, lay-off, death of employees etc.
4. **Career planning:** Career planning is nothing but planning of one’s career and implementation of career plans by means of educating, training, job search, acquisition of work experiences. It includes internal and external mobility. It consists:
5. **Transfer:** It includes developing transfer policies and procedures.
6. **Promotion:** The upward re-assignment of an employee to occupy higher position and which commands better pay and status is called promotion.
7. **Organizational development:** It is a planned progress designed to improve organization effectiveness through modifications in individual and group behaviour, culture and systems of organization using knowledge and technology of applied behavioural science.
8. **Compensation:** It is a process of providing adequate, equitable, fair remuneration to the employees. It includes:
9. **Job evaluation:** It deals with money and work. It determines the relative worth of jobs. It includes classification of jobs into various categories based on responsibilities, skill, knowledge, risk involved in the job.
10. **Wages and salary administration:** This is the process of developing and operating a suitable wage and salary program. It covers determination of wages and salaries based on various factors relating to job.
11. **Incentives:** It is the process of formulating and receiving the monetary benefits in addition to the regular payments of wages and salaries.
12. **Fringe benefits:** These are the additional benefits provided by the management in order to motivate the employees. They include housing facilities, educational facilities to employees and their children, entertainment facilities, medical facilities and other welfare facilities.
13. **Industrial relations:** It refers to the study of relations among employees, employers, Government and trade unions. Industrial relations include collective bargaining, quality circles, HR accounting, auditing and research etc.
14. **Human relations:** It is the process of interaction among the human beings. Human relationship helps the employees to increase work productivity, cooperation and social satisfaction. As these help in improving the quality of work life

 **MANPOWER PLANNING/ HUMAN RESOURCE PLANNING**: It is the scientific process of evolving the right quantityof right men to be required in future at right time on the right job.

**Definition:** Manpower planning may be defined as a rational method of assessing the requirements of human resources at different levels in the organization. It ends with proposals for recruitment, retention, or even dismissal, where necessary.

The following are steps involved in human resource planning:

Review of organizational objectives

Forecasting the HR Requirement

 Supply forecasting

Estimating the net HR requirement

 Motivating the Man power

Action plan for training & development

 Process of HRP

 Monitoring the organizational Plans

1. **Review of Organizational objectives:** The first step is to review the objectives of the organization. Proper review of the objectives will enable the organization to make proper list of various activities that would be required to achieve the objectives. To undertake the activities, the organization can determine the required workforce in terms of quantity and quality. A proper job analysis is needed to be conducted at this stage.
2. **Forecasting the HR requirement:** The HR development manager should find out the requirement of human resources, undertake various activities. The human requirement forecast must be both in terms of quality and quantity. The important forecasting methods are managerial judgment, statistical and work study techniques.
3. **Supply forecasting:** The HR development manager should also forecast the availability of man power regarding total employees department wise, gender wise which plays vital role. It indicates imbalances in present position which can be correlated for future proposal.
4. **Estimating the net HR requirement**: The HR development manager must make a comparison between HR requirement and HR supply to find out whether the required personnel is available or not.
5. **If there is no difference:** The comparison between HR requirement and HR supply would indicate whether there are any differences. If HR required is equal to HR supplied then there is no difference and such no action is needed to be taken.
6. **If there are differences:** The comparison may reveal differences between the HR required and HR supplied, there may be HR surplus or shortage. Action needs to be taken to deal with the problem of HR shortage or surplus. For instance, if there is shortage, management may hire, provide overtime. If there is surplus, the management may terminate, lay-off etc.
7. **Motivating the man power:** An important aspect of HR planning is to motivate the personnel by providing monetary and non-monetary incentives.
8. **Action plan for training and development:** The training and development plans cover the areas to be developed. Training program changes in existing program, availability of trainers etc. Recruitment and selection plans cover a number of employees required.
9. **Monitoring the organizational plans and HR requirement:** The organization needs to monitor the requirements of HR. if required, necessary action is to be taken.

**RECRUITMENT:**

Recruitment is the process of determining the required personnel and sources from which the candidates are available to the organization.

**Definition:**  “Recruitment is the process of searching for the prospective employee and stimulating and encouraging them to apply for the job in the organization.” - FIPPO

Recruitment is often called a positive function. It is because the applications are invited from prospective employees at this stage. The sources of recruitment include: Internet, advertisements in the media, employment exchanges, university and college campuses, technical and trade journals and so on.

 Sources of Recruitment

Internal sources External Sources

 Promotion Advertisement

 Transfers Campus Recruitment

 Employee Referrals PrivateEmployment Agency

 Retired employees Public Employment Agency

 Professional Organizations

 Trade Unions

 Casual Applicants

 Walk in’s

 Online data banks

 Recruiting agencies

**SELECTION:**

The process of identifying the most suitable persons for theorganization is called selection. Selection is also called a negative function because at a stage the applications are screened and short-listed based on the selection criteria. The main purpose of selection is to choose the right person for the right job. The job analysis, job description, and job specifications are carried out before the position is advertised. These provide adequate insight about nature of the job, its description, and its specifications, and further focus on what type of person is to be selected for a given position. These simplify the process of selection.

Selection process involves the following stages:

1. Initial screening/Short listing
2. Comprehensive application/bio data screening
3. Aptitude or written rests
4. Group discussion
5. Personal interviews
6. Group discussion
7. Personal interviews
8. Medical examination
9. Employment offer letter

**INDUCTION:**

It is the process of receiving and welcoming an employee when he first joins the company and giving him basic information to settle down quickly and to start the work. It is also defined as introducing the new employee to the job to the location surroundings and the other employees in the organization.

**Definition:**

According to Edwin B. Flippo, “Induction is the welcoming process to make the new employee feel at home and generate in him a feeling of belongingness to the organization.”

**Objectives of Induction:**

1. While introducing the new employee the supervisor or manager should aim at putting the new employee at his ease.
2. Creating interest in his job or the company.
3. Providing basic information about working arrangements
4. Making the employee feel that this job however small is meaning full
5. Informing him about training facilities.
6. Creating the feeling of social security.
7. Minimizing reality shock which would be caused due to comparability caused between the employee expectation and actually what the company provide or offers regarding pay benefits, status, working conditions, responsibility opportunities for growth, innovations, creative ideas etc.,

Hence induction plays a vital role in acquainting in the new employee to the new environment, company rules and regulations

**PLACEMENT:**

After training, the employee is placed in his/her position under the charge of a manager. The new recruit is allowed to exercise full authority and is held responsible for the results.

a) **Promotion:** Promotion refers to the advancement of an employee to a job with a higher authority and responsibility. It may also carry a better compensation package. Promotion can also be viewed as a means of filling up vacancies in the organization occurring from time to time.

b) **Demotion:** Where an employee is not in a position to perform a given job, he may be demoted or transferred to a position with a lower authority and salary. In other words, demotion is a punishment.

c) **Transfer:** It is a lateral shift that moves an individual employee from one position to another. It may be in the same department, or to a different department or location. This does not involve any changes in the duties, responsibilities, or skills needed. The salary benefits also may remain the same.

d) **Separation:** Separation refers to termination of employment. In other words, the employee is separated from his job. In case of misconduct or misbehavior, where the employee is not in a position to improve his performance despite notice, his/her employment is terminated. This is also called dismissal.

e) **Absenteeism:** Absenteeism refers to the practice of an employee who does not report to work for any particular reason. Absenteeism affects the productivity adversely. It becomes difficult for the departments to cope up with the work pressures, if any particular employee is absent. As a measure of control, the employees are not allowed to be absent without prior permission from the management.

**TRAINING AND DEVELOPMENT**

**Training**: Training is short-term process of utilizing systematic and organizedprocedure by which the staff acquires specific technical knowledge and functional skills for a definite purpose. The focus of training is the job or task.

**Training Needs**:

* High turnover among the new recruits
* Increase in wastage of materials
* Increase in the number of rejected units of production
* Increase in the number of customer complaints
* Increase in the accident rate
* Reduced productivity levels
* Increase in machine breakdowns

**Methods of Training**: There are two methods of training

* 1. On-the job training
	2. Off-the job training
1. **On-the job training**: It is designed to make the employees immediatelyproductive. It is learning by physically doing the work. The focus here is to provide specific skills in a real situation. These methods include:

1) Job instruction training: This is a method used for such jobs which can be performed with relatively low skill. Here, the trainees systematically acquire skills by following routine instructions in key processes from a qualified instructor.

2) Experiential learning: This is a modern approach to the learning process. This method is more . used for training the senior executives. It is a technique, which empowers the manager-trainee with the freedom of choice to act upon and the capacity to initiate, rather than simply respond, to circumstances.

3) Demonstration: Here, the work procedures are demonstrated to the trainees. Each of the trainees is asked to carry out the work, on a sample basis, based on his/her observation and understanding of the demonstration.

4) Apprentice training: Those who are selected to work in the shop floor are trained as apprentices in the factory for a brief period ranging from three months to one year, depending upon the complexity of the training. Those who show good progress in this training are likely to be absorbed in the same organization. Those who complete apprentice training are likely to get good jobs outside also.

**B) Off-the-job training methods**: provide a relatively broad idea relating to agiven job or task. These are meant for developing an understanding of general principles, providing background knowledge, or generating an awareness of comparative ideas and practice. These methods include:

1. Lectures/talks and class room instructions: These techniques are designed to communicate specific interpersonal, technical, or problem-solving skills. Here, the trainer can maintain a tight control over learning. However, this method restricts the trainee's freedom to develop his/her own approaches to learning.
2. Conferences: Conferences refer to get-together of the experts from different areas of a given topic. These experts present their views based on their work experience and research results. When employees participate in such events they get a feel of the real world. They may also get motivated to perform better.
3. Seminars: Seminars are held periodically by the professional organisations for the benefit of all the practicing managers by taking into consideration the recent advances in a specialized area. Participation in such seminars enables the executives to get exposed to the recent developments in the area of their interest.
4. Team discussions: This technique develops team spirit among the executives from different departments. It also enables them to understand and appreciate each other's problems. It reinforces a feeling of unity among those who work towards common goals.
5. Case study: This is a predominant technique followed even in premier management institutes. This technique helps to provide an understanding of what has gone wrong in a particular case, such as Delhi Cloth Mills (DCM). Similarly, what are the factors responsible for the success of organizations such as Reliance or Hindustan Lever. Case study technique is a very good method of learning the principles and concepts. However, this method has one weakness. The circumstances you are likely to face in your life may be very different from the cases you have analyzed earlier! Case studies help to enhance the analytical & decision making skills.
6. Role-playing: The participants are assigned roles and are asked to react to one another, as they would do in their managerial jobs. These roles are eventually exchanged. In other words, each participant will get a turn to play all the roles. For instance, the role-playing in a grievance-handling situation involves two players: In the first step, the worker presents his grievance to the personnel manager. In the second step, the worker plays the role of the personnel manager while the personnel manager plays the role of the worker. Role-playing allows participants to understand problems of each other. It enhances the interpersonal-handling skills.
7. Programmed instruction: It is a system of instruction within which pre-established subject matter is broken into small, discrete steps and carefully organized into logical sequence in which, it can be learned by the trainee. Each step is built upon the previous one. The programmed instruction techniques can be in the form of programmed tests and manuals, or video displays. For instance, withdrawal of money through automatic teller machines (ATMs) involves responding to programmed instructions; working on a personal computer or internet involves responding to a series of programmed instructions.
8. Simulation exercises: These include interactive exercises in which trainees practice their skills on working models or in mock situations based on real-life situations.
9. Group decision-making: Group decision-making refers to the process of making decisions based on the opinions expressed by all the concerned — may be subordinates, peers, or outside consultants. The manager thus ensures that more people are involved in taking decisions. Each member of the group will accept the responsibility for the decisions made as he is a party to it. This method facilitates to generate more alternative solutions to a given problem because more people are involved in the thinking exercise. This facilitates coordination among the groups also.

**PERFORMANCE APPRAISAL:**

Performance Appraisal is the method of evaluating the behaviour of the employees in the work spot. It is the process of measuring quantitatively and qualitatively an employee’s past or present performance against the background of his expected role performance of the work environment and about his future potential for an organization.

**Process of performances Appraisal:**

Performance appraisal should be done on the basis of certain standard fitted in advance. Employees should also have knowledge about these standards.

 Performance appraisal process

 Establishing standards

 Communicating standards to employees

 Measuring actual performance

 Comparing actual with standards

 Discussing reports with employees

 Taking corrective actions

**Methods of performance appraisal:**

Ranking method: In this method, all the staff of a particular cadre or a department are arranged either in the ascending or the descending order in order of merit or value to the firm. Though this is a simple method, it cannot be followed where the employees in the department are many in number.

Paired comparison method: Here, every employee is compared with all others in a particular cadre in the department. By comparing each pair of employees, the rater can decide which of the employees is more valuable to the organization.

Rating scale: Here, the factors dealing with the quantity and quality of work are listed and rated. A numeric value may be assigned to each factor and the factors could be weighed in the order of their relative importance. All the variables are measured against a three or five point scale.

Forced distribution method: Here, employees are given a set of alternatives and they have to choose one, which reflects their understanding of the true nature of the job. Their thinking is conditioned by the given set of answers.

Narrative or essay method: Here, the candidate is required to narrate in an essay format his/her strengths, weaknesses, and potential to perform. Here, the candidate is not restricted by any given set of alternatives. The candidate is free to decide what to furnish or what not to furnish.

Management by objectives (MBO): The short-term objectives mutually agreed upon by the management and the employees are used as performance standards. This method considers the actual performance as the basis for evaluation. It is a systematic method of goal setting. In addition, it provides for reviewing performance based on results rather than personality traits or characteristics. However, this is not practical at all levels and for all kinds of work in the organizations.

3600 performance appraisal: The 3600 technique is understood as collection of performance data on an individual or group derived from a number of stake holders. The stake holders being the immediate superiors, team members, customers and self. Anyone who has useful information on “how an employee does the job” may be one of the appraisers.

 **WAGES AND SALARY ADMINISTRATION:**

Wages and salary administration is theprocess of fixing wages/salary for different jobs in the organization through job evaluation, negotiations with the unions, and so on.

The salary constitutes the basic salary, dearness allowance, house rent allowance, and other allowances. It also includes some of the employee benefits such as profit sharing, bonus, provident fund, pension, insurance schemes etc.

**Methods of Wage payment:**

1. **Time Wage System**: Under the time wage system, wages are paid according to the time spent by the workers irrespective of the output of work done. The wage rates are fixed for an hour, a day, a week or a month. The time spent at work is recorded and wages are paid according to it. This method of wage payment does not give weightage to the quantity of goods produced by the workers.

 Wages calculated in this method as follows:

 Earnings = T \* R

 Where T stands for time spent and R is the rate of pay.

1. **Piece Wage System:**

Under piece system of payment, wages are based on output and not on time.

A fixed rate is paid for each unit produced, job completed or an operation performed. Workers are not guaranteed minimum wages. Under this system, the wages to be paid to a worker can be calculated as follows:

 Output \* Piece Rate

The factors like efforts involved, conditions under which work is to be performed, risk involved, etc. should be taken into account while fixing piece rates.

**GRIEVANCE HANDLING**:

A complaint from employees, when ignored, takes theform of a grievance. Grievance is a complaint genuine or otherwise, about any issue relating to the job such as about supervisor, wages, working conditions and so on. It is necessary to create an in-build mechanism to redress the grievances, at the earliest, at the departmental level. If the individual grievances are ignored, they may take the form of industrial disputes.

**Steps in Handling a Grievance:**

(a) Receiving the complaint in writing from the aggrieved employee: This constitutes the documentary evidence for the dissatisfaction of the employee.

(b) Defining the nature of dissatisfaction: Identify the nature of dissatisfaction. Dissatisfaction may arise due to disproportionate wages, poor working conditions, and poor interpersonal relationship among employees and so on.

(c) Getting facts: the Collect all the related information about the complaint by enquiring from all the concerned parties.

(d) Analysing and deciding: Considering the policies and procedures analyse the problem and decide the best course of action to be taken to redress the grievance.

(e) Reply answer to the complaint: Inform the decision taken to the complaint within a given time frame.

(f) Following up: Verify whether the disciplinary measures pointed out were implemented or not.

Disciplinary action can be oral or written warning to the concerned, loss of privilages, deferring annual increment, lay-off, demotion or discharge from the service.

**JOB EVALUATION**:

It isan attempt to determine and compare the demands which the normal performance of particular job makes on normal workers without taking account of the individual abilities or performance of workers concerned. It rates the job not the rank.

**Objectives**:

1. To establish correct wage correct wage differentials for all jobs within the factory

2. To bring new jobs into their proper relatively with jobs previously established

3. To help clarify lines of authority, responsibility and promotion

4. To accomplish the foregoing by means of the facts and principles, this can be readily explained to and accepted by all concerned

5. To establish a general wage level for a given factory which will have parity with those of neighboring factories

**Method of Job Evaluation**: It is broadly be classified as

1) Qualitative Method

2) Quantitative Method

**1) Qualitative Method**: It can broadly be classified as ranking or classifying the job from lowest to highest.

**Ranking technique:** In this method, the jobs in the organization are arranged in either in the ascending or descending order and numbered serially. The basis of such arrangement could be the job description in terms of duties, responsibilities, qualifications needed, relative difficulty involved in the job, or value to the company.

Points considered:

1. Amount of work involved

2. Supervision needed

3. Extent of responsibility required

4. Difficulties involved in the work

5. Work conditions required

b) **Classification Method:** This is also called job-grading method. Here, the number of grades and the salary particulars for each grade are worked out first. The grades are clearly described in terms of knowledge, skill and so on.

Major steps for job evaluation:

1. Deciding the number of grades

2. Writing grade descriptions

3. Identifying/listing of the jobs to be evaluated

4. Preparing job descriptions

**2) Quantitative Method**: Where point values are assigned to the various demands of a job and relative value is obtained by summing all such point values.

**a) Factor comparison method:** Every job requires certain capabilities on the part of the person who does the job. These capabilities are considered as critical factors, which can be grouped as follows:

* Mean effort
* Skill
* Physical
* Responsibility
* Working conditions

Step involved in the factor comparison method:

* Identify the key jobs
* Rank the key job, factor by factor
* Apportion the salary among each factor and rank the key jobs
* Compare factor ranking of each job with its monetary ranking
* Develop a monetary comparison scale
* Evaluate non-key jobs based on the monetary comparison scale

**b**) **Point-rating method:** There are four widely accepted factors used in the point rating method, skill, effort, responsibility and job conditions each of these factors is divided into sub-factors.

**Skills –**

 1. Education and training

2. Experience

3. Judgment and initiative

**Efforts –**

1. Physical

2. Mental

**Responsibility towards –**

 1. Materials or product

2. Equipment or process

3. Safety of others

4. Work of others

**MERIT RATING**:

Merit rating is the process of evaluating the relative merit of theperson on a given job. It is an essential task of the personnel manager to distinguish the meritorious employees from the other. The data collected from this task is used for strategic decisions such as releasing an increment in pay, promotion, transfer, and transfer on promotion to a critical assignment or even discharge.