

MODULE ONE

ESSENTIALS OF HCM 8 HOURS

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- Nature of HRM**
- Scope of HRM**
- Functions and importance of HRM**
- Evolution of HRM**
- Difference with HRD**
- Contemporary issues and practices in HRM**
- Changing concept of HRM in India and in the globe.**

Introduction to Human Resource Management

Human Resource Management is a management function concerned with hiring, motivating, and maintaining workforce in an organization. Human resource management deals with issues related to employees such as hiring, training, development, compensation, motivation, communication, and administration. Human resource management ensures satisfaction of employees and maximum contribution of employees to the achievement of organizational objectives.

HRM Definition

According to M L Cuming, “Human Resource Management is concerned with obtaining the best possible staff for an organization and having got them looking after them so that they want to stay and give their best to their jobs.”

According to Leon C. Megginson, the term human resource can be thought of as, “the total knowledge, skill, creative abilities, talents and aptitudes of an Organization’s workforce, as well as the values, attitudes and beliefs of the individuals involved.”

According to **Armstrong** (1997), Human Resource Management can be defined as “*a strategic approach to acquiring, developing, managing, motivating and gaining the commitment of the organization's key resource – the people who work in and for it.*”

NATURE OF **HUMAN RESOURCE MANAGEMENT**



01 Managerial Process

02 Both Art and Science

03 Pervasive Force

04 Improve Employee Relations

05 People-Centred

06 Development-Oriented

07 Action Oriented

08 Forward-Looking

09 Continuous Process

10 Basis of Other Functional Areas

11 Interdisciplinary Function

Managerial Process : HRM is a vital part of management that includes planning, organising, staffing, directing, and controlling human resources to achieve organisational success. It is a managerial process that effectively utilises human resources to attain organisational goals and objectives.

Both Art and Science : HRM is a mixture of both art and science. It is an art as it deals with qualitative attributes like creativity, knowledge, skills, and talent of the personnel.

Pervasive Force : HRM being an inherent part of an organisation, is pervasive in nature. It means that HRM is present in different functional areas of management, like finance, marketing, and production, in all commercial and non-commercial enterprises. Everyone in the organisation, from the top to the lowest level, must perform HRM functions regularly.

Improve Employee Relations : Human resource management is concerned with building healthy relationships between employees at various organisational levels. Every individual has different needs, goals, and expectations. HRM deals with these individual factors and motivates employees to reach their maximum potential. Moreover, it creates an organisational culture that fosters learning and growth.

People-Centred : The nature of human resource management is people-centred and relevant in all types of organisations. It is concerned with every employee from the top to the bottom level. HRM value people both as individuals and as a group. Furthermore, it encourages people to develop their full potential and fulfil individual and organisational goals.

Development-Oriented : The development of the workforce in an organisation is crucial to the nature of human resource management. HR managers use various tools to help employees understand their strengths and unleash their potential. Regular training programs can benefit employees by improving their skills. Also, monetary and non-monetary reinforcement can help people stay motivated to perform better.

Action Oriented : While human resource management does follow the rules and policies, its main focus is on action and results rather than rules. A human resource manager stresses the importance of providing effective solutions for employee problems, tensions, or controversies.

Forward-Looking : Sustaining in the competitive business environment requires organisations to plan long-term strategies. HRM is a future-oriented approach that evaluates the human resource requirements and ensures the availability of required personnel in the right place at the right time. With the forward-looking nature of human resource management, managers prepare employees by motivation, training, and development to face current and future challenges in the changing business environment.

Continuous Process : Human resource management is not a 'one-time' function. Rather, it is a never-ending process that must be performed continuously to achieve organisational objectives effectively. It involves a series of tasks, beginning with identifying the human resource requirement and continuing with recruitment, training, performance evaluation, and appraisal.

Basis of Other Functional Areas : HRM is the basis of all other functional areas of management, such as finance, production, and marketing. The effectiveness of each of these departments depends on the effectiveness of their human resource management.

Interdisciplinary Function : Human resource management is multidisciplinary in nature. HR managers utilise knowledge and inputs from various disciplines to manage the workforce effectively. The five major disciplines in HRM include management, communication, psychology, sociology, and economics. In order to effectively manage human resources, one must understand the contribution of all these disciplines to HRM.

Scope of HRM

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Human resources planning :- Human resource planning or Human Resource Planning refers to a process by which the company to identify the number of jobs vacant, whether the company has excess staff or shortage of staff and to deal with this excess or shortage.

Job analysis design :- Another important area of Human Resource Management is job analysis. Job analysis gives a detailed explanation about each and every job in the company.

Recruitment and selection :- Based on information collected from job analysis the company prepares advertisements and publishes them in the newspapers. This is recruitment. A number of applications are received after the advertisement is published, interviews are conducted and the right employee is selected thus recruitment and selection are yet another important area of Human Resource Management.

Scope of HRM

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Orientation and induction :- Once the employees have been selected an induction or orientation program is conducted. This is another important area of Human Resource Management. The employees are informed about the background of the company, explain about the organizational culture and values and work ethics and introduce to the other employees.

Training and development :- Every employee goes under training program which helps him to put up a better performance on the job. Training program is also conducted for existing staff that have a lot of experience. This is called refresher training. Training and development is one area where the company spends a huge amount.

Performance appraisal :- Once the employee has put in around 1 year of service, performance appraisal is conducted that is the Human Resource department checks the performance of the employee. Based on these appraisal future promotions, incentives, increments in salary are decided.

Scope of HRM

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Compensation planning and remuneration :- There are various rules regarding compensation and other benefits. It is the job of the Human Resource department to look into remuneration and compensation planning.

Motivation, welfare, health and safety :- Motivation becomes important to sustain the number of employees in the company. It is the job of the Human Resource department to look into the different methods of motivation. Apart from this certain health and safety regulations have to be followed for the benefits of the employees. This is also handled by the HR department.

Industrial relations :- Another important area of Human Resource Management is maintaining co-ordinal relations with the union members. This will help the organization to prevent strikes lockouts and ensure smooth working in the company.

Scope of HRM

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- Manpower or Human Resource Planning.
- Recruitment & Selection – Sourcing.
- Induction.
- Job Analysis, Design & Evaluation.
- Performance Appraisals.
- Training & Development.
- Job Rotation, Transfers & Promotions.
- Career Planning.
- Compensation Management.
- Rewards & Recognition.
- Health, Safety & Welfare.
- Industrial Relations/Employee Relations.
- Statutory compliances of Labour legislations

Importance of HRM

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1. *QUALITY OF WORK-LIFE* Quality of work life is the total quality of an employee's work environment in an organization. It tells about the employee's impression about its physical and psychological wellbeing at an organization.

2. *MEETING DEMAND-SUPPLY GAP FOR HUMAN RESOURCE* Apart from managing the Resources in an organization, HR is also responsible for ensuring the availability of sufficient human resources. They are responsible for finding competent personnel for the job to ensure high performance by putting the right person at the right place.

3. *TRAINING AND DEVELOPMENT* The training and development department of an organization must put in continued efforts to boost its employees' performance. Investing in training and development not only increases the employee's potential and motivation but contributes to the overall growth of the organization.

Importance of HRM

4. EMPLOYEE MOTIVATION AND RETENTION The essential task of Human Resource Management is to build a sense of belongingness in the employees of the organization. It is also important to motivate each and every person to work up to their full potential.

5. BUILDING A HEALTHY WORK CULTURE Healthy work culture is important for the employee as well as the organization. It should be the place when the employees must feel valued, safe and comfortable. It is needed to bring the best out of the employees.

6. WAGES AND SALARIES HR is needed to prepare an extensive and realistic compensation structure with respect to the job's worth, wages offered by other similar organizations for employees with similar skills. It may be in the form of direct financial payment like wages, salaries, incentives, bonuses or indirect like health benefits, paid insurance or vacation packages, etc.

Importance of HRM

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7. MAXIMIZING PROFIT AND PRODUCTIVITY Human Resources management is responsible for ensuring the right quality and quantity of personnel in the workplace. Also, to ensure that there are enough opportunities for the existing employees to grow and prosper in their careers.

8. STRATEGY MANAGEMENT Human Resource is an essential aspect of any organization. HR Managers work upon and manage the strategies laid by top-level management to help organizations achieve their goals and objectives.

9. BUILDING AND ESTABLISHING CORPORATE IMAGES Every organization must have a good public image to sustain itself in the market. Here the HRM is important to build and maintain a strong corporate image in front of its internal as well as external publics.

10. CONFLICT RESOLUTION Conflicts are bound to arise when a group of people are working together, whether it is a small group or a big team. Conflicts are inevitable and must be resolved quickly as they may hamper the smooth functioning of the organization. HR management is needed to resolve such conflicts systematically with an unbiased approach.

Functions of HRM

We have already defined HRM. The definition of HRM is based on what managers do. The functions performed by managers are common to all organizations. For the convenience of study, the function performed by the resource management can broadly be classified into two categories, viz.

(1) Managerial functions

(2) Operative functions

Managerial Function Includes:

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Planning One of the primary function where number & type of employees needed to accomplish organizational goals are determined. Research forms core HRM planning which also helps management to collect, analyze and identify current plus future needs within the organization.

Organizing Organization of the task is another important step. Task is allocated to every member as per their skills and activities are integrated towards a common goal.

Directing This includes activating employees at different levels and making them contribute maximum towards organizational goal. Tapping maximum potentialities of an employee via constant motivation and command is a prime focus.

Controlling Post planning, organizing and directing, performance of an employee is checked, verified and compared with goals. If actual performance is found deviated from the plan, control measures are taken.

Operative Function Includes:

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Recruitment/Hiring Hiring is a process which brings pool of prospective candidates who can help organization achieve their goals and allows managements to select right candidates from the given pool.

Job Analysis & Design Describing nature of the job like qualification, skill, work experience required for specific job position is another important operative task. Whereas, job design includes outlining tasks, duties and responsibilities into a single work unit to achieve certain goal.

Performance Appraisal Checking and analyzing employee performance is another important function that human resource management has to perform.

Training & Development This function allows employees to acquire new skills and knowledge to perform their job effectively. Training and development also prepares employees for higher level responsibilities.

Salary Administration Human Resource Department also determines pays for different job types and includes compensations, incentives, bonus, benefits etc. related with a job function.

Operative Function Includes:

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Employee Welfare This function takes care of numerous services, benefits and facilities provided to an employee for their well-being.

Maintenance Minimizing employee turnover and sustaining best performing employees within the organization is the key. Minimizing ROI within HR department is also a key goal for Human resource management team.

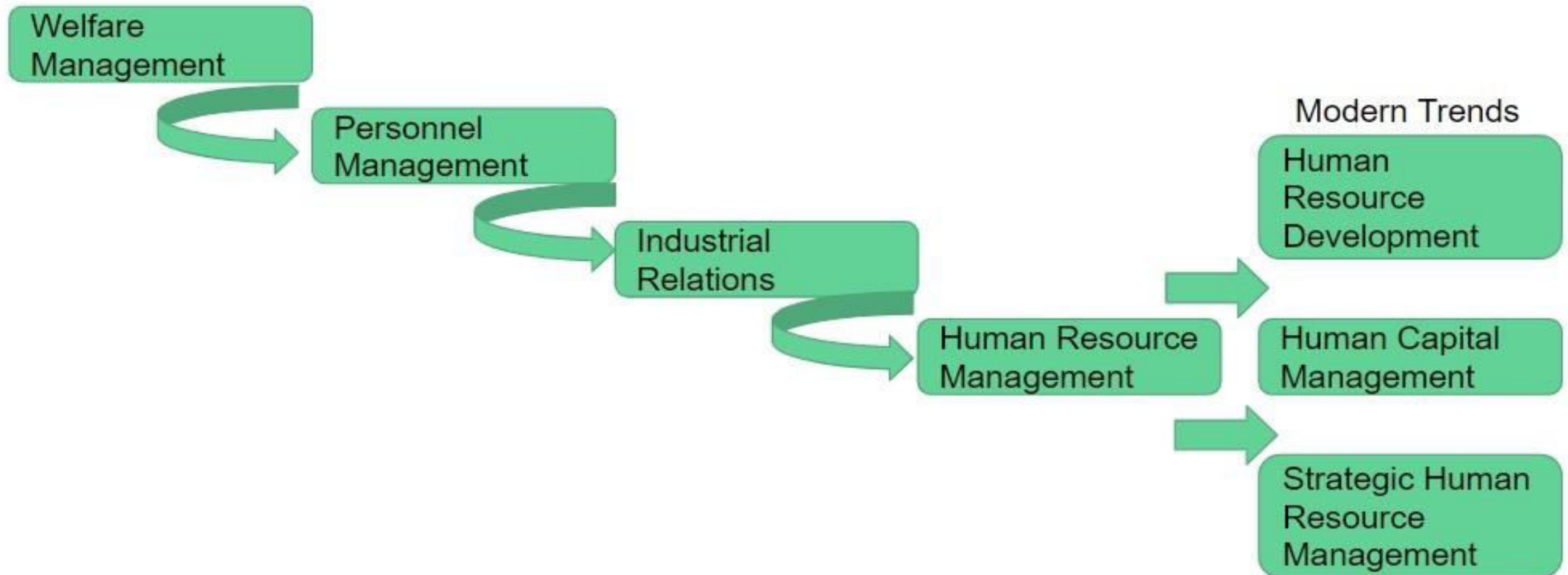
Labor Relations Labor relation is regards to the workforce who work within a trade union. Employees in such domain form a union/group to voice their decisions affectively to the higher management.

Personal Research Research is a vital part of human resource management. It is performed to keep a check on employee opinion about wages, promotions, work condition, welfare activities, leadership, employee satisfaction and other key issues.

Personal Record This function involves recording, maintaining and retrieving employee related information including employment history, work hours, earning history etc.

Evolution of Human Resource Management

Timeline



Evolution of HRM

The evolution of HRM can be divided into several eras, each characterized by different approaches to managing the workforce. These eras include the

- Pre-industrial Revolution Era,
- The Industrial Revolution Era,
- The Emergence Of Personnel Management,
- The Human Relations Era,
- The Rise Of Strategic Human Resource Management,
- The Contemporary Era.

Evolution of HRM(assignment)

- Industrial revolution era— 19th century
- Trade union movement era — close to the 19th century
- Social responsibility era — beginning of the 20th century
- Scientific management era— 1900-1920s
- Human relations era— 1930s-1950s
- Behavioral science era— 1950s-1960s
- Systems and contingency approach era – 1960 onwards
- Human resource management era — 1980 onwards

Evolution of HRM

Human resource development is the new buzz word that aims to bring out not just the existing skills but also the hidden potential of the employee.

Human capital management is narrowly synonymous to human resource management in a way that the humans are assumed to be capital, whose knowledge and skills contribute to to the development of organization.

Strategic human resource management is the new field under human resource management which links human resources to the long term organizational goals. This provides solutions the obstacles related to human resources and fosters competitive advantage for the organization in the long run.

Difference with HRD

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BASIS FOR COMPARISON	HRM	HRD
Meaning	Human Resource Management refers to the application of principles of management to manage the people working in the organization.	Human Resource Development means a continuous development function that intends to improve the performance of people working in the organization.
What is it?	Management function.	Subset of Human Resource Management.
Function	Reactive	Proactive
Objective	To improve the performance of the employees.	To develop the skills, knowledge and competency of employees.
Process	Routine	Ongoing
Dependency	Independent	It is a subsystem.
Concerned with	People only	Development of the entire organization.

Difference with HRD

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Category	HRM (Human Resource Management)	HRD (Human Resource Development)
Focus	Managing human resources within the organization	Developing and enhancing employees' skills and capabilities
Scope	Recruitment, selection, compensation, employee relations, performance management, compliance with laws and regulations	Training and development, career planning, talent management, organizational development
Purpose	Ensuring the organization has the right employees in the right positions	Improving individual and organizational performance through employee growth and development
Timeframe	Short-term goals and immediate operational needs	Long-term goals and strategic planning
Orientation	Organization-oriented, focusing on efficiency and resource management	Employee-oriented, focusing on growth, engagement, and career progression

Contemporary issues (HRM Challenges)in HRM

Upgrading Skill Set : One of the challenges faced by HR is upgrading the skill set of the employees through training and development.

Changing Business : Every little challenge in the business or market bring along a change in the workforce. This poses a challenge to HR to attract the right talent who meet the international work standard, to create high performing teams, to create faster communication patterns, to device innovative employee recognition patterns and to ensure that top talent is retained.

Managing Technology : All organizations want to be technologically oriented. They want their employees to quickly adapt and learn the new technologies. HR personnel have to attract the right people with required knowledge and train the employees, motivate them to learn, absorb and come out of their comfort zones.

Contemporary issues (Challenges)in HRM

Developing Accountability : With the advent of Six Sigma methodologies, tolerance for mistakes are lowered. It is hard to train people to shoulder responsibility.

Managing Workforce Stress and Employment Relations : HR is the face of the organization. If HR is not emphatic towards its workforce, it is not helping the organization.

Managing Inter-functional Conflict : With organization restructuring becoming more common, HR has to reduce the inter-functional conflicts.

Managing Workplace Diversity : Organizations hire as well as depend on people from different countries, cultures and ethnicity. To manage such a workforce with diverse physiological and psychological influences is also a challenge for HR.

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Contemporary issues in HRM

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- Human resource management's role in the evolving paradigm
- Human resources and the competitive advantage
- Human resources and leadership
- The strategic role of HRM
- Managing flexible patterns of work for competitive advantage
- Talent Management - an HR challenge
- Measuring human resource management within Organisations
- Ethical issues and challenges in HRM
- Corporate social responsibility, ethics and governance:
- Implications for corporate citizenship and HRM
- Human resource management in the electronic era
- Change management and building the learning organization
- Human resource management: An international dimension
- The future role of human resource management.

These best practices are:



These best practices are:

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1. Providing security to employees
2. Selective hiring: Hiring the right people
3. Self-managed and effective teams
4. Fair and performance-based compensation
5. Training in relevant skills
6. Creating a flat and egalitarian organization
7. Making information easily accessible to those who need it

Changing concept of HRM in India and in the globe.

References about Personnel management in Arthashastra which indicates job description of supervisor and performance linked pay for gold smiths Traditional craftsman goods shipped to Europe Master servant relationship in 17th century

- 1828-Robert Owen father of co-operative movement wrote a book titled as “New view society”- Improving working conditions and work life of labourers
- After 1850 British rulers institutionalized for running the government which leads to personnel management system
- 1931-Role of Royal commission of labour

1. Industrial revolution

2. Awakening of labour

3. Government attitude towards labour

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Changing concept of HRM in India and in the globe.

1941-First tripartite labour conference

- 1948-Factories Act, Cultural and social changes. Changes in social value of labour Changes in managerial value 1950-1969
- III five year plans-Private and public sector projects
- 1990- Personnel management and IR in public sector undertakings
- After 1990 the emphasis is shifted to human values and productivity through people • Role of Public sector companies like BHEL, SAIL and SBI
- 1995 Progressive efforts of in HR

Changing concept of HRM in India and in the globe.

- 1997- Focus on product and customer
- Leading to customer satisfaction, bench marking, core competence, empowerment and learning organization.
- Transition of HR Labour relations,
- Personnel management
- Human resources management
- Human capital management
- Strategic HRM

Meaning of HRM?

Define HRM?

Briefly explain the nature, scope and importance of HRM.

What are the objectives of HRM?

What is the role of HR?

Briefly explain the functions of HRM.

What are the Principles of HRM?

Explain the HRM in the New Millennium.

Briefly explain the evolution of HRM.



THANK YOU

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***HUMAN
CAPITAL
PLANNING
AND
EMPLOYEE
HIRING***

MODULE TWO



HUMAN CAPITAL PLANNING AND EMPLOYEE HIRING

- Nature Of Job Analysis, Job Design, Job Evaluation
- H R P ,Demand Forecasting, HR Supply Forecasting
- Need For And Factors Influencing HRP
- Career Planning, Promotion, Transfer, Demotion & Separation;
- Employee Hiring- Nature Of Recruitment,
- Sources Of Recruitment-internal And External,
- Employee Selection, Process Of Employee Selection,
- New Recruitment Practices Job Portals,
- Employee Reference, Campus Recruitment Etc.



Nature of Job Analysis

Edwin B. Flippo has defined job analysis as the process of studying and collecting information relating to the operations and responsibilities of a specific job. The immediate products of this analysis are job descriptions and job specifications”.

According to Jones and Decothis “Job analysis is the process of getting information about jobs: specially, what the worker does; how he gets it done; why he does it; skill, education and training required; relationship to other jobs, physical demands; environmental conditions”.



Job Analysis

Importance of Job Analysis:

- Job design:
- Human resource planning:
- Recruitment and selection:
- Placement:
- Training and development:
- Job evaluation:
- Performance appraisal:

Methods of Job Analysis:

- Observation Method.
- Individual interview method.
- Group interview method.
- Structured questionnaire method.
- Technical conference method.
- Critical incidents.



Job design

Job design involves the conscious efforts to organize tasks, duties and responsibilities into a unit of work to achieve certain objectives.

“Job design is the process of deciding on the contents of a job in terms of its duties and responsibilities, on the methods to be used in carrying out the job, in term of techniques, systems and procedures and on the relationships that should exist between the jobholder and his superiors, subordinates and colleagues”



Job design

There are several important methods and techniques that the management uses while designing the jobs.

- Job Simplification
- Job Rotation
- Job Enrichment
- Job Enlargement



Job redesign

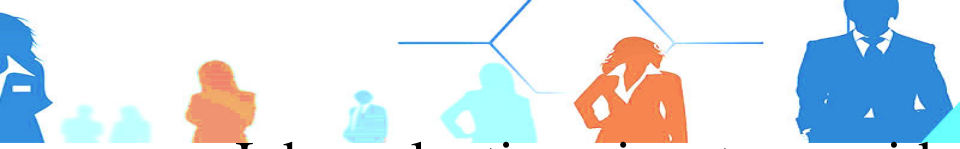
Job redesign is the process of rearranging tasks and responsibilities to better align roles with the changing environment inside and outside the organization.

Job Redesign Process

Revising the Job Content:
Analyzing Job-related Information:
Altering the Job Elements:
Reformation of Job Description and Specification:
Reshuffling the Job-related Tasks and Duties:

Advantages of Job

Redesigning
Enhances the Quality of Work-Life:
Increases Organization's and Employees' Productivity:
Brings the Sense of Belongingness in Employees:
Creates a Right Person-Job Fit:



Job evaluation

Job evaluation aims to provide this equity and consistency by defining the relative worth of different jobs in an organization. Job evaluation is the process of determining the relative worth of different categories of jobs by analyzing their responsibilities and consequently, fixation on their remuneration.

According to Kimball and Kimball Jr., “Job Evaluation represents an effort to determine the relative value of every job in a plant and to determine what the fair basic wage for such a job should be.”

Job Evaluation is a systematic and orderly process of determining the worth of a job in relation to other jobs’. He further said that the objective of this process is to determine the correct rate of pay. It is therefore not the same as job analysis. Rather it should follow the job analysis process, which provides the basic data to be evaluated. **Edwin B. Flippo**



Process of Job Evaluation

The process of job evaluation involves the following steps:

- Gaining Acceptance
- Creating Job Evaluation Committee
- Finding the Jobs to be Evaluated
- Analyzing and Preparing Job Description
- Selecting Method of Evaluation
- Classifying Jobs
- Installing Program
- Reviewing Periodically



Job Evaluation Methods

There are four basic methods of job evaluation currently in use which are grouped into two categories:

Non-quantitative Methods:

- (a) Ranking or Job Comparison
- (b) Grading or Job Classification

Quantitative Methods:

- (a) Point Rating
- (b) Factor Comparison



Job Evaluation Methods

Ranking Method: This is the simplest and an inexpensive job evaluation method, wherein the jobs are ranked from the highest to the lowest on the basis of their importance in the organization.

Job Grading Method: Also known as **Job-Classification Method**. Under this method the job grades or classes are predetermined and then each job is assigned to these and is evaluated accordingly.

Factor-Comparison Method: Under this method, the job is evaluated, and the ranks are given on the basis of a series of factors Viz. Mental effort, physical effort, skills required supervisory responsibilities, working conditions, and other relevant factors.

Point-Ranking Method: Under this method, each job's key factor is identified and then the sub factors are determined. These sub-factors are then assigned the points by its importance.



Human resource planning

Human resources planning are the important managerial function. It ensures the right type of people, in the right number, at the right time and place, who are trained and motivated to do the right kind of work at the right time, there is generally a shortage of suitable persons.

Leon C. Megginson, human resource planning is “an integration approach to performing the planning aspects of the personnel function in order to have a sufficient supply of adequately developed and motivated people to perform the duties and tasks required to meet organizational objectives and satisfy the individual’s needs and goals of organizational members.”



Features of Human Resource Planning:

- Well Defined Objectives:
- Determining Human Resource Reeds:
- Keeping Manpower Inventory:
- Adjusting Demand and Supply:
- Creating Proper Work Environment:

Need of Human Resource Planning:

- Replacement of Persons:
- Labour Turnover:
- Expansion Plans:
- Technological Changes:
- Assessing Future Requirements:



Objectives of Human Resource Planning:

1. Making assessment human resource requirements for future and making plans for recruitment and selection.
2. Assessing skill needs in future.
3. Determining training and development needs of the enterprise.
4. To assess the surplus or shortage of human resources and avoiding unnecessary dismissals.
5. To minimize imbalances caused due to non-availability of human resources of right kind, right number in right time and at the right place.



Objectives of Human Resource Planning:

6. Ensuring optimum use of existing human resources in the enterprise.
7. Keeping the enterprise ready to meet with the technological development and modernization.
8. Controlling wage and salary costs.
9. Ensuring higher labor productivity.
10. Ensuring career planning of every employee of the enterprise and making succession programmes.



Methods of HR Planning

Forecasting Techniques in Human Resource Planning

- Analyze Work Operations
- Conduct a Detailed Job Analysis
- Conduct Online Surveys
- Use Society of Human Resource Calculators
- Read Department of Commerce Reports
- Document Forecasting Process
- Follow Forecasting Process Consistently



Demand forecasting

Human Resource Demand Forecasting is the process of estimating the future human resource requirement in right quality and right number.

Factors affecting the demand forecasting

- Human Resource Demand Forecasting depends on several factors, some of which are given below.
- Employment trends;
- Replacement needs;
- Productivity;
- Absenteeism; and
- Expansion and growth.



HR supply forecasting

- Human Resource supply forecasting is the process of estimating availability of human resource which is followed by demand forecasting . For forecasting supply of human resource we need to consider internal supply and external supply of human resources.
- Internal supply of human resource available by way of transfers, promotions, retired employees & recall of laid-off employees, etc external supply of human resource is, availability of labour force in the market and by way of new recruitment



HR supply forecasting

- External supply of human resource depends on some factors mentioned below. Supply and demand of jobs.
- Literacy rate of nation.
- Rate of population
- Industry and expected growth rate and levels
- Technological development.
- Compensation system based on education, experience, skill and age.



Career planning

Career Management

According to Edwin Flippo, “A career is sequence of separate but related work activities that provide continuity, order and meaning to a person’s life.” In other words ‘Career planning is a process of systematically matching career goals and individual capabilities with opportunities for their fulfillment’.



Need for career planning

- 1. Provides career goals and paths** Career planning is needed to provide career goals and career paths to an employee. It provides a clear future directions in terms of career.
- 2. Develop competencies** Career planning motivates and encourages an employee to develop competencies for higher level jobs. The competencies can be conceptual, interpersonal and technical.
- 3. Creativity** Career planning is needed to increase employee creativity. It is needed for innovation in organization. It can be lead to entrepreneurship within the organization.
- 4. Employee retention** Career planning is needed for retention of qualified employees in the long-term. This is needed to decrease costs of recruitment, selection and training.
- 5. Motivation** Career planning motivates employees for higher performance. Upward movement in organization is based on the quality and quantity of performance.



What is Promotion?

Promotion is the transfer of an employee to a job that carries higher pay and status.

A promotion involves reassigning an employee to a position with increased responsibilities, higher privileges, increased benefits, and more significant potential.

A promotion involves a change from one job to another that is better in terms of status and responsibility. **Edwin B. Flippo**

Promotion is the advancement of an employee to better job-in terms of greater responsibilities, greater skills, higher status, and higher Pay” The existing employees may be given training for promotion to higher positions in the enterprise. If a vacancy is filled from within the enterprise, it acts as a stimulating force for the employee to develop themselves.

Pigors and Myres



Types of Promotion in HRM

There are three types of promotion based on the following criterion:

- Seniority Based Promotion in HRM
- Merit-Based Promotion
- Seniority-cum-merit Basis
- Multiple Chain Promotion
- Up or Out Promotion
- Dry Promotion



Types of Promotion in HRM

Seniority Based Promotion in HRM Seniority means the length of recognized service in an organization. If seniority is adopted as the basis of promotion, the senior most person in the lower grade shall be promoted as and when there is an opening in the higher position, The logic behind considering seniority as a basis of promotion is that there is a positive correlation between the length of service in the same job and the amount of knowledge and the level of skill acquired by an employee in an organization.

Merit-Based Promotion Merit means the ability to work. It denotes an individual employee's skill, knowledge, ability, efficiency, and aptitude as measured from educational, training, and past employment record. If merit is adopted as the basis of promotion the ablest person in the lower grade, no matter howsoever junior he may be in the company shall be promoted.



Types of Promotion in HRM

Seniority-cum-merit Basis There is a great controversy on the question of whether promotions should be given on the basis of seniority or merit. Managers mostly prefer merit as the basis of promotion as they are interested in enriching organizational effectiveness by enriching its human resources.

Multiple Chain Promotion Multiple chain promotion provides a systematic linkage of each position to several others. It provides multi-promotional opportunities through clearly defined avenues of approach to and exit from each position in the organization.



Types of Promotion in HRM

Up or Out Promotion In this case, an employee either earns a promotion or seeks employment elsewhere. Out promotion usually leads to the termination of employment and joining some other organization in a better position.

Dry Promotion In this type, promotion is given in lieu of an increase in salary. For example, when a university professor is made Head of the Department, there is no increase in salary.



What is Transfer?

A transfer is a change in job assignment. It is the internal movement of an employee from one section to another without involving any substantial change in his duties, responsibilities, required skill, status, and compensation. A transfer does not imply any ascending (promotion) or descending (demotion) change in status or responsibility.

Transfer is a change in job where the new job is substantially equal to the old in terms of pay, status, and responsibilities.

Edwin B. Flippo

A transfer involves the shifting of an employee from one job to another without special reference to changing responsibility or compensation. The transfer may involve promotion, demotion, or no change in status and responsibility.

Dale Yoder



Purposes of Transfer of Employees

- To Meet the Organizational Requirements
- To Meet Employees' Requests
- To Ensure Better Utilization of the Employees
- To Make the Employees More Versatile
- To Adjust the Workforce
- To Provide Relief to the Employee
- To Reduce Conflicts and Incompatibilities
- To Penalise the Employees
- To Maintain a Tenure System
- To Accommodate Family-Related Issues



Types of Transfer in HRM

- Production Transfers
- Replacement Transfers
- Versatility Transfers
- Shift Transfers
- Remedial Transfers
- Precautionary Transfers
- Sectional Transfers
- Departmental Transfers
- Inter-Plant Transfers



Causes of Transfer in HRM

- Meeting Organizational Needs
- Meeting Employee's Requests
- Better Utilization of the Employees
- Developing All-Rounder
- Manpower Adjustment
- Avoidance of Conflicts
- Punishing the Employees
- Relief to Employees
- Tenure System



What is Job Demotion?

Job Demotion is just the opposite of promotion. In demotion, the employee is shifted to a job lower in status, grade, and responsibilities. “Demotion refers to the lowering of the status, salary, and responsibilities of an employee.” In the words of Dale Yoder, “Demotion is a shift to a position in which responsibilities are decreased.



Causes of Job Demotion

- Inadequacy on the part of the employees in terms of job performance, attitude, and capability. It happens when an employee finds it difficult to meet job requirement standards, following his promotion.
- Demotion may result from organizational staff reductions. Due to adverse business conditions, organizations may decide to lay off some and downgrade some jobs.
- Demotions may be used as disciplinary tools against errant employees.
- If there is a mistake in staffing i.e. a person is promoted wrongly.
- When, because of a change in technology, methods, and practices, old hands are unable to adjust, or when employees because of ill health or personal reasons, cannot do their job properly.



Types of Job Demotion

These are the types of job demotion of employees:

- Involuntary Demotion
- Voluntary Demotion
- Misconduct
- Reorganization
- Physical or Mental Disability
- Poor Performance

The header features a light blue background with silhouettes of several people in business attire. Some are in blue, others in orange. They appear to be in a meeting or discussion, with some pointing or gesturing. The title text is overlaid on this graphic.

What is employment separation?

Employment separation refers to the end of an employee's working relationship with a company. This can happen when an employment contract or an at-will agreement between an employer and an employee ends. While sometimes the employer makes the decision to terminate employment, an employee may also initiate a voluntary employment separation if they wish to retire or resign.



Types of Separation in HRM

Resignation A resignation refers to the termination of employment at the instance of the employees. A resignation may be put voluntarily by the employee.

Dismissal or Discharge Dismissal is the termination of the services of an employee as a punitive measure for some misconduct. The discharge also means termination of the service of an employee, but not necessarily as a punishment step. A discharge does not arise from a single irrational act.

Death Some employees may die in service. When the death is caused by occupational hazards, the employee gets compensation as per the provisions of the Workmen's Compensation Act.



Types of Separation in HRM

Suspension Suspension means prohibiting an employee from attending work and performing normal duties assigned to him.

Retrenchment Retrenchment is generally on account of surplus staff, poor demand for products, general economic slowdown, etc. Termination of services on disciplinary grounds, illness, retirement, or winding up of a business does not constitute retrenchment.

Lay Off A layoff is a temporary separation of the employee from his employer at the instance of the latter without any prejudice to the former. Layoff means the failure, refusal, or inability of an employer on account of coal, power, or raw- materials or accumulation of stock, breakdown of machinery, or by any other reason to give employment to a workman



Employee hiring

It is the process of reviewing applications, selecting the right candidates to interview, test candidates, choose between candidates to make the hiring decision, and performing various tests.

In the words of Flippo, “Recruitment is the process of searching for prospective employees and stimulating and encouraging them to apply for jobs in the organization.

According to Dale Yoder, “Recruitment is a process to discover the sources of manpower to meet the requirement of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force.”



Nature of Recruitment

- Determine the present and future requirements of the organization on conjunction with its personnel planning and job analysis activities.
- Increase the pool of job candidates at minimum cost.
- Help increase the success rate of the selection process by reducing the number of visibly under qualified or overqualified job applicants.
- Help reduce the probability that job applicants, once recruited and selected, will leave the organization only after a short period of time.
- Meet the organization's legal and social obligations regarding the composition of its work force.
- Begin identifying and preparing potential job applicants who will be appropriate candidates.
- Increase organizational and individual effectiveness in the short term and long term.
- Evaluate the effectiveness of various recruiting techniques and sources for all types of job applicants.



Sources of Recruitment

Recruitment is the process of searching the candidates for employment and stimulating them to apply for jobs in the organization. It is the process of bringing together those who are offering jobs and those who are seeking jobs. Recruitment is a positive process where a pool of prospective employees is created and management select the right person for the right job from this pool. It provides a base for the selection process.

SOURCES OF RECRUITMENT

- Internal sources of recruitment which means recruitment from within the organization.
- External sources of recruitment means recruitment from outside the organization.

Sources of recruitment

Internal sources

External Sources

Transfer

Promotion

Internal advertisement

Lent services

Extension of services

Absorption of trainees

Advertisement

Casual callers

Employment exchange

Educational institutions

Labor union

Recommendation of employees

Waiting lists



Internal sources of recruitment

- **Transfer:** it means shifting of employees from one job to another. There is no drastic change in the pay or status of the employees it generally remains the same.
- **Promotion:** it means shifting the employee to higher position with the change in the pay or status.
- **Internal advertisement:** it means appointing the employees from within the organization through advertisement.
- **Lent services:** it means employing the person for newly started plant in the organization.
- **Extension of services:** it is extending the service of employees by recruiting them again.
- **Absorption of trainees:** those who come in the organization for training employing them.



External sources of recruitment

- **Advertisement:** it is a way to attract number of employees by giving advertisement in the newspaper.
- **Casual callers:** the good organizations have a list of casual callers also who apply them and the organization instead of giving new advertisement give a call to these casual callers.
- **Employment exchange:** it is a good source of recruitment where the candidates are called with the help of employment exchange.
- **Educational institutions:** here the company's go to the educational institutions from where they select the suitable employees for the job.
- **Labor union:** the organization may select the candidate from the labor union of the company to satisfy the labors also.
- **Recommendation of employees:** sometimes the employees working in the organization also suggest the name of suitable candidate for the appointment.
- **Waiting lists:** generally the organization s prepares the waiting lists of the employees. Sometimes the selected candidates failed to join in that case the waiting list employees are called.

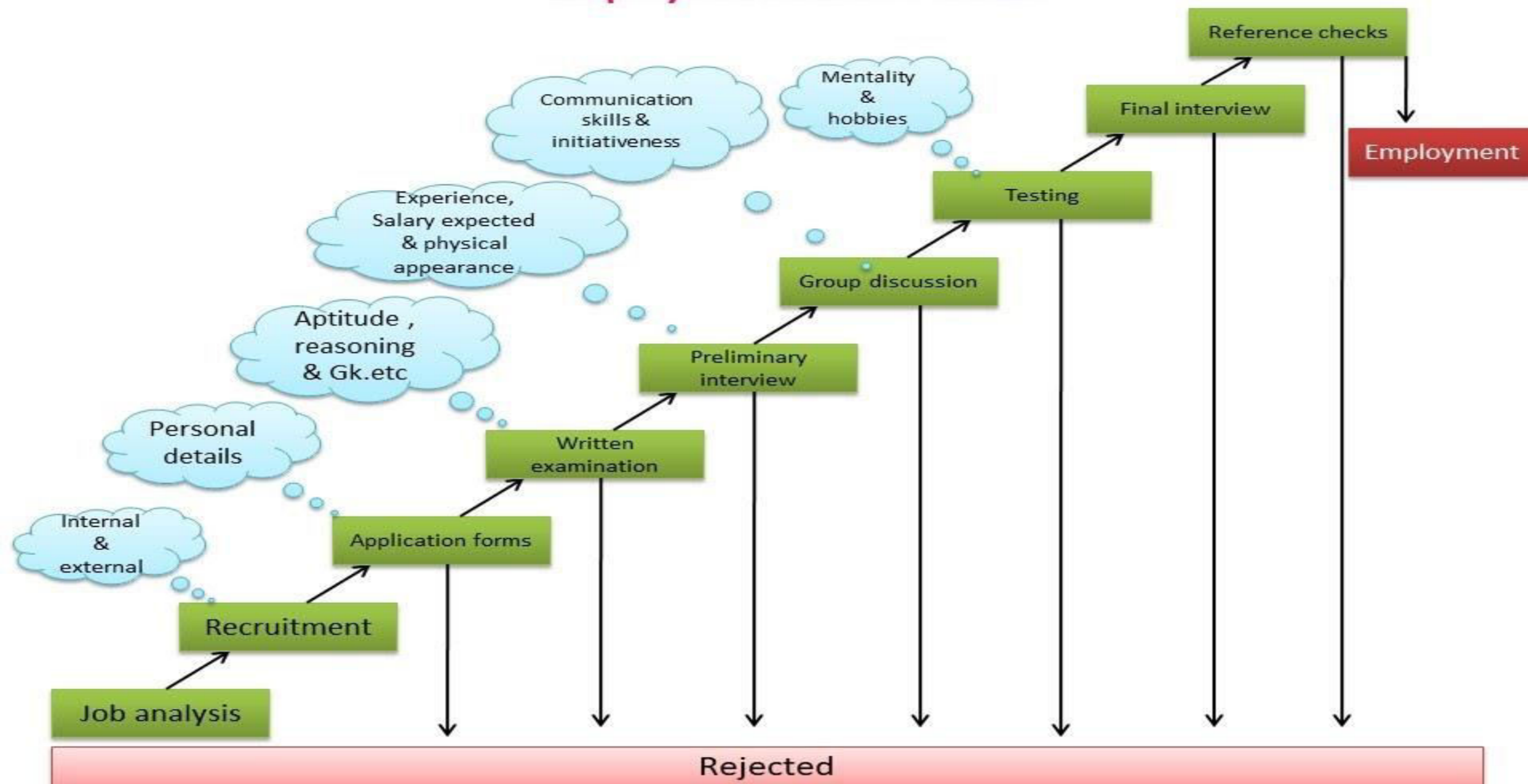
A decorative header featuring silhouettes of several people in business attire (suits, blouses) in shades of blue and orange, positioned above a light blue diagonal stripe.

Employee selection, process of employee selection

Employee Selection is the process of interviewing and evaluating the candidates for a specific job and selecting an individual for employment based on certain criteria (qualifications, skills and Experience). Employee selection can range from a very simple process to a very complicated process depending on the firm hiring and the position.

Selection Process The selection process can be defined as the process of selection and shortlisting of the right candidates with the necessary qualifications and skill set to fill the vacancies in an organisation. The selection process varies from industry to industry, company to company and even amongst departments of the same company.

Employee Selection Process





Process of employee selection

JOB ANALYSIS; Is the basis for selecting the right candidate, should finalize the job analysis, job description, job specification and employee specifications before next step

HUMAN RESOURCES PLAN; every company plans for the required number of and kind employees for a future date.

RECRUITMENT; refers to the process of searching for prospective employee and stimulating them to apply for jobs in an organization.

DEVELOPMENT OF BASES FOR SELECTION; the Company has to select the appropriate candidates from the applicant pool. The company develops the appropriate bases or technique for screening the candidates in order to select the appropriate candidates for the jobs.



Process of employee selection

APPLICATION FORM; also known as application blank; The techniques of application blank is traditionally and widely accepted for securing information from the prospective candidates. Many companies formulate their own style of application forms depending upon the requirements of information based on the size, nature of business activities, type and level of the job. Information's is generally required on the following items in the application form;

- a) Personal background information
- b) Educational attainments
- c) Work experiences
- d) Salary
- e) Personal details
- f) References

A decorative header featuring silhouettes of several people in business attire (suits, dresses) in shades of blue and orange, positioned behind a light blue background. The title 'Process of employee selection' is written in a large, bold, dark red serif font across the top.

Process of employee selection

WRITTEN EXAMINATION; The organizations have to conduct written examination for the qualified candidates after they are they are screened on the basis of the application blanks so as to measure the candidates ability in arithmetical calculations, to know the candidates attitude towards the job, to measure the candidates aptitude, reasoning, knowledge in various disciplines, general knowledge and English language.

PRELIMINARY INTERVIEW; The interview is to solicit necessary information from the prospective applicants and to assess the applicant suitability to the job. This may be conducted by an assistant in the personnel department.

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Process of employee selection

BUSINESS GAMES; are widely used as a selection technique for selecting management trainees, executive trainees and managerial personnel at junior, middle and top management positions. Business games help to evaluate the applicants in the areas of decisions-making, identifying the potentialities, handling the situations, problem-solving skills, human relations skills.

GROUP DISCUSSION; the technique of group discussion is used in order to secure further information regarding the suitability of the candidates for the job. Group discussion is a method where groups of the successful applicants are brought around a conference table and are asked to discuss either a case study or a subject matter.



Process of employee selection

TEST & Selection Techniques Psychological tests play a vital role employee selection. A psychological tests is essentially an objective and standardized measure of sample of behavior from which inferences about future behaviour and performance of the candidate can be drawn.

Aptitude Tests; These tests measure whether an individual has the capacity or latent ability to learn a given job if given adequate training. Can be divided into general and mental ability or intelligence and specific aptitudes such as;

Intelligence Test

Emotional Quotient

Skill Test

Mechanical Aptitude

Psychological Tests

Clerical Aptitude Tests



Aptitude Tests

Achievement Tests; these tests are conducted when applicants claim to know something as these tests are concerned with what one has accomplished. These tests are classified into;

❖ *Job knowledge test, Work Sample Test*

Situational Test; this test evaluates a candidate in a similar real life situation. In this test, the candidate is asked either to cope with the situation or solve critical situations of the job. This classified into;

❖ *Group discussion, In basket*



Aptitude Tests

Interest Tests; these tests are inventories of the likes and dislikes of candidate in relation to the work, job, occupations, hobbies and recreational activities.

Personality Tests; these tests prove deeply to discover clues to an individual value systems, his emotional reactions and maturity and characteristics mood. They are expressed in such traits, like self-confidence, tact, emotional control, optimism, decisiveness, sociability, conformity, objectivity, patience, fear, distrust, initiative, judgment dominance or submission and stability. Classified into; *Objective Tests Projective Tests*

Other tests are ; Cognitive Ability Tests, Wechsler Adult Intelligence Scale, Wonderlic Personal Test Scale, Polygraph Test, Honesty Test.



Process of employee selection

INTERVIEW; this is the most essential step in the process of selection. In this step, the interviewer matches the information obtained about the candidate through various means to the job requirements and to the information obtained through his own observation during the interview.

TYPES OF INTERVIEWS

- **Preliminary Interview**; the interview is to solicit necessary information from the prospective applicants and to assess the applicant suitability to the job. This may be conducted by an assistant in the personnel department. This classified into;
- Informal interview
- Unstructured interview



Process of employee selection

Core Interview; It is normally the interaction between the candidate and the line

executive or experts on various areas of job knowledge, skill, talent etc. This interview may

take various forms like;

- Background informational interviews
- Job and probing interview
- The group discussion interview
- Formal and structured interviews
- Stress interview
- Panel interview
- Depth interview

Decision-Making Interview; after the candidates are examined by the experts including the line managers of the organization in the core areas of the job, the head of the department concerned interviews the candidates once again, mostly through informal discussion.



INTERVIEW PROCESS

Preparation for the interview

- Appropriate type of interview
- The areas to be tested
- Type and number of interviews
- Review the informational

Conduct the Interview

- Open the interview
- Get complete and accurate information
- Record observation and impressions
- Guide the interview
- Check the success of the interview

Close the interview

Evaluate interview results

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Process of employee selection

MEDICAL EXAMINATION; Certain jobs require certain physical qualities like

clear vision, perfect hearing, unusual stamina, tolerance of hardworking conditions, clear tone etc. Medical examination reveals whether or not a candidate possesses these qualities.

REFERENCE CHECKS; after completion of the final interview and medical

examination, the personnel department will engage in checking references. Candidates are required to give the names of references in their application forms. These references may be from the individuals who are familiar with the candidate academic achieving or from the applicant's previous employer, who is well versed with the applicant job performance and sometimes from co-workers.



Process of employee selection

- ***FINAL DECISION BY THE LINE MANAGER CONCERNED;*** The line manager concerned has to make the final decision whether to select or reject a candidate after soliciting the required information through different techniques discussed earlier. The line manager has to make much care in taking the final decision not only because of economic implications and of the decisions but also because of behavioral and social implications.
- ***JOB OFFER;*** After taking the final decision, the organization has to intimate this decision to the successful as well as unsuccessful candidates. The organization offers the job to the successful candidates either immediately or after sometimes depending upon its time schedule.
- ***EMPLOYMENT;*** The Company may modify the terms and conditions of employment as requested by the candidate. The company employs those candidates who accept the job offer with without modification of terms and conditions of employment and place them on the job.



New Recruitment Practices Job Portals

Assignment on New recruitment practices Job portals



Employee reference

Employee references are the positive or negative comments about an employee's job performance provided to a prospective employer. In most cases, a prospective employer will contact a person's current or former employer to seek references as part of the process of considering that person for a new position.

A reference check is a method in recruiting that involves scrutinizing the information provided by the newly hired employee by contacting previous employers of the candidate. It is a crucial and common step in the hiring process used by recruiters.



Campus recruitment

Campus recruitment is a hiring method in which companies recruit students for internships at a university or college. This recruitment technique allows companies to create a **talent pipeline** for the future, allowing organizations to identify and develop young talent.

Campus recruiting, also known as **graduate recruitment**, is the act of attracting and engaging with university students, with the hopes of eventually hiring them upon graduation. This is done in a variety of ways, including through employer branding, hosting specialized recruiting events, social media, and university partnerships.

THANK YOU



EVOLUTION OF HUMAN RESOURCE MANAGEMENT

Human resource management in its simplest definition means the management of organization's manpower or workforce or human resource.

The evolution of the concept of human resource management is presented below;

Period before industrial revolution

The society was primarily an agriculture economy with limited production.

Number of specialized crafts was limited and was usually carried out within a village or community with apprentices assisting the master craftsmen.

Communication channel were limited.

Period of industrial revolution (1750 -1850)

Industrial revolution marked the conversion of economy from agriculture based to industry based. Modernization and increased means of communication gave way to industrial setup. A department was setup to look into workers wages, welfare and other related issues. This led to emergence of personnel management with the major task of;

- ☐ Worker's wages and salaries
- ☐ Worker's wages maintenance
- ☐ Workers housing facilities and health care

An important event in industrial revolution was growth of labour union (1790)- the workers working in the industries or factories were subjected to long working hours and very less wages. With growing unrest, workers across the world started protest

2.4 HUMAN CAPITAL MANAGEMENT

MODULE THREE: HR DEVELOPMENT 10 HOURS

Training

According to Edwin Flippo, ‘training is the act of increasing the skills of an employee for doing a particular job’.

Training refers to the teaching and learning activities carried on for the primary purpose of helping members of an organization acquire and apply the knowledge, skills, abilities, and attitudes needed by a particular job and organization.

Nature of Training

- Training is a continuous process.
- Managers are continuously engaged in training their subordinates.
- Training programs should bring about positive changes in the knowledge, skills, attitude of the workers.
- The purpose of training is to bring about improvement in the performance of work.

Importance of Training

- Higher productivity
- Better quality of work
- Less learning period
- Cost Reduction
- Reduced supervision
- Low accident rate
- Economic Operations
- High morale
- Personal Growth
- Organizational Climate
- Standardization of Procedures
- Preparation of Future Managers

Methods of training

On-The-Job Training Methods	Off-The- Job Training Methods	
Apprenticeship programs	Lectures	
Job instruction training (JIT)	Straight lecture	Cases presentation
Planned Progression	Discussion method	Equipment simulators
Job Rotation	Demonstrations	Business games
Creation of Assistant – Positions	Lectures, Discussions,	Experimental exercise
Temporary Promotions	Demonstrations: An Analysis	Role-playing
Committees and Junior Boards	Seminars and conferences	Behavior modeling
Coaching	Reading, television, and video instructions	Computer modeling
	Business simulation	Vestibule training
	Sensitivity Training (T-groups)	Computer-based training

1. On-the-job Training (OJT) Methods:

This is the most common method of training in which a trainee is placed on a specific job and taught the skills and knowledge necessary to perform it.

On-the-job training methods are as follows:

- 1. Job rotation:** This training method involves movement of trainee from one job to another gain knowledge and experience from different job assignments. This method helps the trainee understand the problems of other employees.
- 2. Coaching:** Under this method, the trainee is placed under a particular supervisor who functions as a coach in training and provides feedback to the trainee. Sometimes the trainee may not get an opportunity to express his ideas.
- 3. Job instructions:** Also known as step-by-step training in which the trainer explains the way of doing the jobs to the trainee and in case of mistakes, corrects the trainee.
- 4. Committee assignments:** A group of trainees are asked to solve a given organizational problem by discussing the problem. This helps to improve team work.
- 5. Internship training:** Under this method, instructions through theoretical and practical aspects are provided to the trainees. Usually, students from the engineering and commerce colleges receive this type of training for a small stipend.

2. Off-the-job Methods:

On the job training methods have their own limitations, and in order to have the overall development of employee's off-the-job training can also be imparted. The methods of training which are adopted for the development of employees away from the field of the job are known as off-the-job methods.

- 1. Case study method:** Usually case study deals with any problem confronted by a business which can be solved by an employee. The trainee is given an opportunity to analyse the case and come out with all possible solutions. This method can enhance analytic and critical thinking of an employee.
- 2. Incident method:** Incidents are prepared on the basis of actual situations which happened in different organizations and each employee in the training group is asked to make decisions as if it is a real-life situation. Later on, the entire group discusses the incident and takes decisions related to the incident on the basis of individual and group decisions.
- 3. Role play:** In this case also a problem situation is simulated asking the employee to assume the role of a particular person in the situation. The participant interacts with other participants assuming different roles. The whole play will be recorded and trainee gets an opportunity to examine their own performance.

4. In-basket method: The employees are given information about an imaginary company, its activities and products, HR employed and all data related to the firm. The trainee (employee under training) has to make notes, delegate tasks and prepare schedules within a specified time. This can develop situational judgments and quick decision making skills of employees.

5. Business games: According to this method the trainees are divided into groups and each group has to discuss about various activities and functions of an imaginary organization. They will discuss and decide about various subjects like production, promotion, pricing etc. This gives result in co-operative decision making process.

6. Grid training: It is a continuous and phased programme lasting for six years. It includes phases of planning development, implementation and evaluation. The grid takes into consideration parameters like concern for people and concern for people.

7. Lectures: This will be a suitable method when the numbers of trainees are quite large. Lectures can be very much helpful in explaining the concepts and principles very clearly, and face to face interaction is very much possible.

8. Simulation: Under this method an imaginary situation is created and trainees are asked to act on it. For e.g., assuming the role of a marketing manager solving the marketing problems or creating a new strategy etc.

9. Management education: At present universities and management institutes gives great emphasis on management education. For e.g., Mumbai University has started bachelors and postgraduate degree in Management. Many management Institutes provide not only degrees but also hands on experience having collaboration with business concerns.

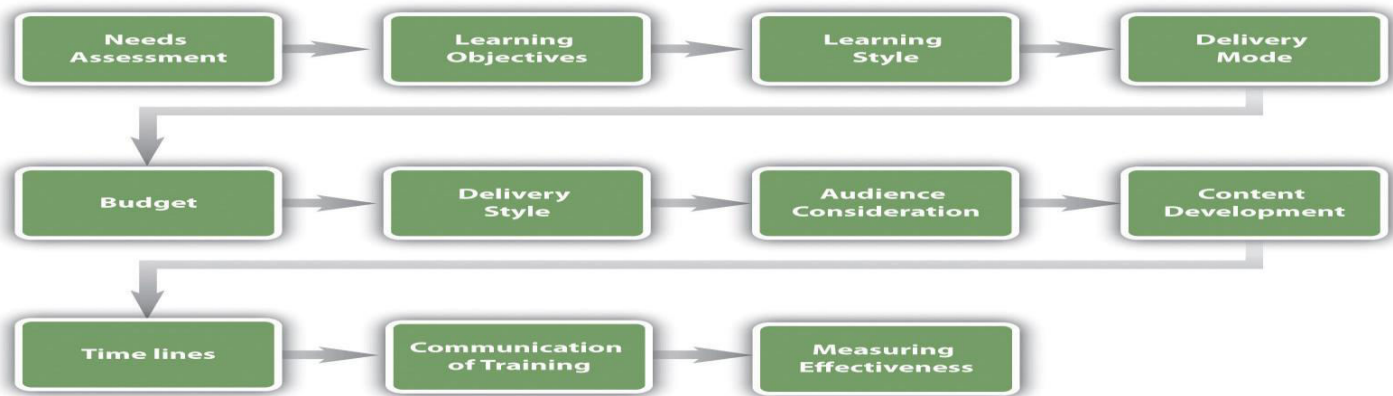
10. Conferences: A meeting of several people to discuss any subject is called conference. Each participant contributes by analyzing and discussing various issues related to the topic. Everyone can express their own view point.

What is a Training Needs Analysis (TNA)?

A training needs analysis (TNA) is a process that identifies the training and development needs of individuals and organizations. The main purpose of a TNA is to ensure that training and development activities are targeted to the specific needs of the organization and its employees. The TNA process typically includes the following steps:

1. Define the problem or opportunity.
2. Collect data about the problem or opportunity.
3. Analyze the data to identify the training needs.
4. Develop a plan to address the training needs.
5. Implement the plan.
6. Evaluate the results.

Designing a training program



1. **Needs assessment and learning objectives.** This part of the framework development asks you to consider what kind of training is needed in your organization. Once you have determined the training needed, you can set learning objectives to measure at the end of the training.
2. **Consideration of learning styles.** Making sure to teach to a variety of learning styles is important to development of training programs.
3. **Delivery mode.** What is the best way to get your message across? Is web-based training more appropriate, or should mentoring be used? Can vestibule training be used for a portion of the training while job shadowing be used for some of the training, too? Most training programs will include a variety of delivery methods.
4. **Budget.** How much money do you have to spend on this training?
5. **Delivery style.** Will the training be self-paced or instructor led? What kinds of discussions and interactivity can be developed in conjunction with this training?
6. **Audience.** Who will be part of this training? Do you have a mix of roles, such as accounting people and marketing people? What are the job responsibilities of these individuals, and how can you make the training relevant to their individual jobs?
7. **Content.** What needs to be taught? How will you sequence the information?
8. **Timelines.** How long will it take to develop the training? Is there a deadline for training to be completed?
9. **Communication.** How will employees know the training is available to them?
10. **Measuring effectiveness of training.** How will you know if your training worked? What ways will you use to measure this?

Nature of HRD program

1. **Learning:** Human resource development aims at imparting learning to all members working within an organization. This approach relates to development of individual abilities, skills, and competencies.
2. **System composition:** The structure of HRD is composed of several subsystems within it which are interrelated and interdependent to each other. These subsystems include training and development, role analysis, performance appraisal, job enrichment, potential appraisal and communication. HRD is core of human resource system which influences other subsystems of enterprise like production, finance, marketing etc.

3. **Pervasive function:** HRD is a pervasive function that need to be implemented by all business organizations at every level. It is required for overall development and performance enhancement of each type of workforce whether skilled or un-skilled operating at distinct roles. HRD has an immense significance in monitoring the performance of human resource operational in key areas such as production, finance and marketing.
4. **Use of Behavioral Science:** Human resource development draws concepts form behavioral science for designing human resource development programmes. Different principles and concepts of subjects such as sociology, psychology, anthropology, economics and management are used for planning and implementation of distinct programmes related to training of employees.
5. **Systematic approach:** HRD is a systematic approach that aims at raising the overall efficiency of workforce. It considers all goals and objectives of business enterprise prior to planning any training programmes for workforce.
6. **Continuous process:** This approach is followed continuously within the business enterprise as long as it operates in market. HRD is required for consistent development of each type of skills of human resource like managerial, technical, conceptual and behavioural.
7. **Quality of work life:** HRD pays attention on providing quality of work life to all its workforce. It ensures that employees are provided with safe and hygienic work environment for raising their satisfaction level.
8. **Variety of techniques:** The concept of HRD employs a wide range of techniques and process for strengthening the abilities and skills of employees. It is embodied with methods like performance appraisal, career planning, quality circles, training, management development, counselling and workers' participation.

Methods of management development and Executive development programs

What is Management Development?

Management development process consists of assessing the company's strategic needs appraising the managers' current performance and developing the managers. Management development is the process by which managers learn and improve their management skills.

According to Dessler (2012) Generally management development process consists of assessing the company's strategic needs, appraising the managers' current performance, and developing the managers.

Methods of Management Development

Management development methods can be broadly classified into:

- On-the-Job Training and Development
- Off-the-Job Training and Development

Managerial On-The-Job Training methods include:

- **Job Rotation:** moving management trainees from department to department on the job. This method helps in broadening their understanding of all parts of the business.
- **Coaching** The coaching method aims at developing skills at work by working directly with a senior manager or with the person he/she is to replace, and the latter is responsible for coaching the trainee.

- **Action Learning** Action Learning: programs give managers and others released time to work full time on projects to analyze and solve problems in departments other than their own.

Off-the-Job Training and Development

- **Case Study Method** Case Study Method presents a trainee with a written description of some organizational problem.
- **Management Games** Management Games computerized management games are used in different fields like marketing, supply chain, finance etc.
- **Outside Seminars** Participants or trainees are benefited by attending seminars offered by many companies and universities.
- **University Related Programs** provide executive education and continuing education programs in leadership, supervision, and the like.
- **Role-Playing** Role-Playing is aimed at creating a realistic situation and then having the trainee enact the roles of specific persons in that situation. This method is more used for training for situations related to employee or customer interaction.
- **Behavior Modeling** This method involves showing the trainee the correct way to do something, letting him/her practice the correct way, and giving feedback on his/her performance. Behaviour modelling is one of the most widely-used interventions, both for teaching supervisory type skills and particularly for behavioural computer skills training.
- **Corporate Universities** In-house development centres of relatively large organizations provide numerous training programs to expose prospective managers to realistic exercises to develop improved management skills.

What is Executive Development?

Executive Development is an ongoing process that helps managers gain knowledge, skills and abilities to handle current situations in a more efficient manner and get matured to handle future challenges successfully.

According to Flippo, Executive development includes the process by which managers and executives acquire not only skills and competency in their present job but also capabilities for future managerial tasks of increasing difficulty and scope.

Methods of Executive Development are:

- | | | |
|----------------------------|------------------|------------------------|
| • Coaching | • Lectures | • Role playing |
| • Job Rotation | • Conference | • Sensitivity Training |
| • Understudy | • Business Games | • In basket technique |
| • Projects and assignments | • Case Study | |
- **Coaching** Coaching is a process under which the trainee is placed under a much experienced employee or a supervisor who instructs and guides the trainee in the day-to-day work.

- **Job Rotation** An employee is shifted between two or more roles or departments . This helps them gain knowledge and experience in varied fields. They get huge exposure to various aspects of the business.
- **Understudy** A position in the organization may fall vacant in the near future because of reasons like retirement, promotion or transfer of the current job holder.
- **Projects and assignments** Employees might be given some special projects and assignments to handle. They might have to do in-depth research, analysis and present a report that advises a solution to the problem or case in hand.
- **Lectures** Lectures are conducted on a particular topic or a specialized area of work to a group of people. It is conducted by an experienced and learned person who has an in-depth knowledge in that area.
- **Conference** Conference is a meeting of people conducted to discuss a common topic of interest.
- **Business Games** Under this method of executive development, the trainees are generally divided into teams and given a hypothetical situation that is very close to a real-time situation.
- **Case Study** Decision making is a very important role of a manager that impacts the profitability of a business to a large extent. Case study method brings interesting real world situations into the classroom. These cases are generally based on complex situations that can arise in the business environment.
- **Role playing** Under the role playing method a complex or conflicting situation is presented to the trainees. Each trainee then plays a role of a specific organizational member whose presence and decision making is required to resolve the situation.
- **Sensitivity Training** Sensitivity training aims at developing behavioural flexibility by improving the tolerance power of the participants to each other's behaviour.
- **In basket technique** In this approach, the trainees are presented with a number of tasks and problems that they might find in their "basket" while performing the role of a manager.

Development beyond training

Understanding the social, emotional and operational difficulties that accompany imposed change. Supporting employees through the most significant transitions & changes during their career and our evidence-based methodology.

Topics include Time Management and Goal Setting, The Five Behaviors, and Creative Problem Solving. These sessions can be helpful for individuals, teams, departments, and entire organizations, including employees at any level of the organization.

There are so many other options we can include in individual or organizational development plans. Such as

- Mentors
- Coaches – internally or externally
- Book clubs
- Lunch or coffee with a leader or executive
- Higher education

- Partnership with a community college or trade school
- Certifications
- Leading internal projects or stretch assignments
- Technical skills
- Opportunities to gain broader company knowledge through rotational programs
- Opportunities to gain broader business or industry knowledge through conferences

Contemporary HRD practices

HRD practices in Indian industries are the strategies and programs designed to enhance the skills, knowledge, and abilities of employees in an organization. These practices include training and development programs, performance management, career planning, employee engagement, and succession planning, among others.

Compensation management

Compensation or reward management is concerned with the formulation and implementation of strategies and policies which are to reward people fairly, equitably and consistently in accordance with their value to the organizations and to help the organization to achieve its strategic goals.

“Compensation is what employees receive in exchange for their contribution to the organization”. – Keith Davis

Edwin B. Flippo, “The function compensation is defining as adequate and equitable remuneration of personnel for their contributions to the organizational objectives”.

What is Executive Compensation?

Executive compensation, also known as executive pay, refers to remuneration packages specifically designed for business leaders, senior management and executive-level employees of a company

Components of employee compensation

What are the components of a compensation system?

1. **Job Descriptions** A critical component of both compensation and selection systems, job descriptions define in writing the responsibilities, requirements, functions, duties, location, environment, conditions, and other aspects of jobs. Descriptions may be developed for jobs individually or for entire job families.
2. **Job Analysis** The process of analyzing jobs from which job descriptions are developed. Job analysis techniques include the use of interviews, questionnaires, and observation.
3. **Job Evaluation** A system for comparing jobs for the purpose of determining appropriate compensation levels for individual jobs or job elements. There are four main techniques: Ranking, Classification, Factor Comparison, and Point Method.
4. **Pay Structures** Useful for standardizing compensation practices. Most pay structures include several grades with each grade containing a minimum salary/wage and either step increments or grade range. Step increments are common with union positions where the pay for each job is pre-determined through collective bargaining.
5. **Salary Surveys** Collections of salary and market data. May include average salaries, inflation indicators, cost of living indicators, salary budget averages. Companies may purchase results of surveys conducted by survey vendors or may conduct their own salary surveys.
6. **Policies and Regulations**

Components of executive compensation

1. Salary
2. Short Term Incentives (STI)
3. Long Term Incentives (LTI)
4. Guaranteed Severance Package
5. Perquisites – like club memberships, private planes
6. Insurance – health insurance for self and dependents

Factors affecting employee compensation

Internal factors

The internal factors exist within the organization and influence the pay structure of the company. These are as follows:

(i) Ability to Pay- The prosperous or big companies can pay higher compensation as compared to the competing firms whereas the smaller companies can afford to maintain their pay scale upto the level of competing firm or sometimes even below the industry standards.

(ii) Business Strategy- The organization's strategy also influences the employee compensation. In case the company wants the skilled workers, so as to outshine the competitor, will offer more pay as compared to the others. Whereas, if the company wants to go smooth and is managing with the available workers, will give relatively less pay or equivalent to what others are paying.

(iii) Job Evaluation and Performance Appraisal- The job evaluation helps to have a satisfactory differential pays for the different jobs. The performance Appraisal helps an employee to earn extra on the basis of his performance.

(iv) Employee- The employee or a worker himself influences the compensation in one of the following ways.

- **Performance-** The better performance fetches more pay to the employee, and thus with the increased compensation, they get motivated and perform their job more efficiently.
- **Experience-** As the employee devotes his years in the organization, expects to get an increased pay for his experience.
- **Potential-** The potential is worthless if it gets unnoticed. Therefore, companies do pay extra to the employees having better potential as compared to others.

External Factors

The factors that exist out of the organization but do affect the employee compensation in one or the other way. These factors are as follows:

(i) Labor Market- The demand for and supply of labor also influences the employee compensation. The low wage is given, in case, the demand is less than the supply of labor. On the other hand, high pay is fixed, in case, the demand is more than the supply of labor.

(ii) Going Rate- The compensation is decided on the basis of the rate that is prevailing in the industry, i.e. the amount the other firms are paying for the same kind of work.

(iii) Productivity- The compensation increases with the increase in the production. Thus, to earn more, the workers need to work on their efficiencies, that can be improved by way of factors which are beyond their control. The introduction of new technology, new methods, better management techniques are some of the factors that may result in the better employee performance, thereby resulting in the enhanced productivity.

(iv) Cost of Living- The cost of living index also influences the employee compensation, in a way, that with the increase or fall in the general price level and the consumer price index, the wage or salary is to be

varied accordingly.

(v) **Labor Unions-** The powerful labor unions influence the compensation plan of the company. The labor unions are generally formed in the case, where the demand is more, and the labor supply is less or is involved in the dangerous work and, therefore, demands more money for endangering their lives. The non-unionized companies or factories enjoy more freedom with respect to the fixation of the compensation plan.

(vi) **Labor laws-** There are several laws passed by the Government to safeguard the workers from the exploitation of employers. The payment of wages Act 1936, The Minimum wages act 1948, The payment of Bonus Act 1965, Equal Remuneration Act 1976, Payment of Gratuity Act 1972 are some of the acts passed in the welfare of the labor, and all the employers must abide by these.

Employee incentive schemes

What is an employee incentive?

An employee incentive is a reward that an employer gives to employees for results achieved by the company as a whole. It is usually monetary compensation and can be in addition to salary or wages. An employee incentive can be in the form of a gift, free products, paid time off, or additional shares of stock.

Incentives and Performance Based Rewards Individual, Team and Group Incentive Plans

INDIVIDUAL	GROUP	ENTERPRISE
<ul style="list-style-type: none"> ➤ Piecework ➤ Standard hour plan ➤ Bonuses ➤ Merit pay ➤ Lump-sum merit pay ➤ Sales incentives ➤ Incentives for professional employees ➤ Executive compensation 	<ul style="list-style-type: none"> ➤ Team compensation ➤ Scanlon Plan ➤ Rucker Plan ➤ Improshare ➤ Earnings-at-risk plans 	<ul style="list-style-type: none"> ➤ Profit sharing ➤ Stock options ➤ Employee stock ownership plans(ESOPs)

Individual incentive plan - Designed to motivate individual

- **Straight Piecework:** An incentive plan under which employees receive a certain rate for each unit produced.
- **Standard hour plan:** An incentive plan that sets pay rates based on the completion of a job in a predetermined “standard time.”
- **Merit Pay Program (merit raise):** Links an increase in base pay to how successfully an employee achieved some objective performance
- **Lump-sum Merit Program:** Program under which employees receive a year-end merit payment, which is not added to their base pay.
- **Sales Incentive Plans:** Salary and Commission ,Straight Salary, Combinations
- **Halsey Plan :** Recognizes individual efficiency & pays bonus on the basis of time saved.
- **Rowan Plan:** Bonus paid to the employee is equal to the proportion of the time saved to the standard time.

- **Barth Scheme** : does not guarantee the time – rate. The worker’s pay is determined by multiplying the standard hour by the number of hours actually taken to do the job, taking the square root of the product & multiplying it by the worker’s hourly rate.
- **Bedaux Scheme**: Standard time for the job is fixed. Each minute of the standard time is called a point or B. Each job has a standard number of Bs. The worker receives bonus which is equal to 75% of the number of points earned, in excess of 60 per hour, multiplied by one sixtieth of the worker’s hourly rate.

Group Incentive Schemes: The incentive schemes can be applied on a group basis also. Group incentive schemes are appropriate where jobs are interdependent. It is difficult to meaningfully measure individual performance and group pressures affect the performance of the members of the group.

Scanlon Plan	Rewards come from employee participation in improving productivity and reducing costs.
Rucker Plan (SOP)	Shared rewards come from the difference between labor costs and sales value of production.
Improshare	Gain sharing based on increases in productivity of the standard hour output of work teams.
Earnings-at-risk plans	Encourages employees to achieve higher output and quality standards by placing a portion of their base salary at risk of loss

Recent trends in compensations management

Human needs are continuously changing with time .This includes need of recognition as well. In order to promote Happy Productivity among employees , organizations have developed certain compensation package

- Pay for performance: This system rewards employees based on their performance relative to stated criteria.
- Variable pay: This system provides more flexibility in compensation structures and can motivate employees to perform at their best.
- Incentive programs: These programs include monetary and non-monetary rewards that motivate employees to excel in their work.
- Building market-competitive compensation systems: This involves:
 - ✓ Developing an equitable grading structure
 - ✓ Creating a reference salary structure
 - ✓ Leveraging compensation costs with market survey information
 - ✓ Paying for person, which takes into account a person's capabilities and experience
- Increased transparency** Salary transparency laws are becoming more common, requiring organizations to disclose pay bands and salary ranges.

Other trends in compensation management include:

- Turnover remains high across all industries
- Compensation training and communication are key

- Customized benefits
- Consistency in compensation

Nature of employee relation

Employee Relations Meaning:

Employee relationship management refers to managing the relation between the various employees in an organization. The relationship can be between employee and the employer as well as between employees at the same level.

The term 'employee relations' refers to a company's efforts to manage relationships between employers and employees. An organization with a good employee relations program provides fair and consistent treatment to all employees so they will be committed to their jobs and loyal to the company.

Industrial relations

According to International Labour Organization (ILO), “Industrial Relations deal with either the relationship between the state and employers and workers organizations or the relation between the occupational organizations themselves”.

According to Armstrong “IR is concerned with the systems and procedures used by unions and employers to determine the reward for effort and other conditions of employment, to protect the interests of the employed and their employers and to regulate the ways in which employers treat their employees”

Industrial relations is that field of study which analyzes the relationship among the management and the employees of an organization at the workplace and also provides a mechanism to settle down the various industrial disputes. This concept evolved in the late 19th century because of the industrial revolutions.

Characteristics

1. Mutual respect
2. Openness & communication
3. Mutual trust
4. Support (and nurturing)
5. Gratitude

OBJECTIVES OF INDUSTRIAL RELATIONS

- ✓ To promote and develop congenial labour management relations
- ✓ To enhance the economic status of the worker by improving wages, benefits and by helping the worker in evolving sound budget
- ✓ To regulate the production by minimizing industrial conflicts through state control
- ✓ To socialize industries by making the government as an employer
- ✓ To provide an opportunity to the workers to have a say in the management and decision making
- ✓ To encourage and develop trade unions in order to improve the workers strength

- ✓ To avoid industrial conflicts and their consequences
- ✓ To extend and maintain industrial democracy

Industrial disputes

Industrial dispute arises when employees and the employers fail to sort out their differences. Industrial dispute is always harmful to all persons associated with such industry as it affects all stakeholders, management, employees, economy, and society.

Causes for Industrial Disputes

Economic causes include:

- *Wages,*
- *Bonus,*
- *Dearness allowance,*
- *Conditions of work and employment,*
- *Working hours,*
- *Leave and holidays with pay, and*
- *Unjust dismissals or retrenchments.*

Non-economic causes include:

- *Recognition of trade unions,*
- *Victimization of workers,*
- *Ill-treatment by supervisory staff,*
- *Sympathetic strikes,*
- *Political causes, etc.*

Resolution of industrial disputes

Industrial Disputes Act, 1947 provides machinery to resolve such disputes by following ways:

- ✓ Collective Bargaining
- ✓ Grievance Redressal
- ✓ Arbitration
- ✓ Conciliation
- ✓ Adjudication

Collective Bargaining

Collective bargaining is the most effective method of resolving industrial disputes. It occurs basically through Works Committee i.e. when representatives of both workmen and employer meet to settle the differences which may be due to disputes in wages, benefits, work rules, etc. Since both parties have their representatives, they can collectively bargain to protect their interests and reach a settlement.

Grievance Redressal Mechanism

A grievance may be defined as a sort of dissatisfaction to workman with any aspect of the organisation wherein he is employed. The same needs to be redressed for the betterment of the industry. The Industrial Disputes (Amendment) Act, 2010 has substituted a new chapter i.e. Chapter II-B in the Act with the purpose to establish an effective tool to resolve industrial disputes.

Arbitration

Arbitration is a method of settlement of a dispute wherein a neutral third party (appointed by both parties) apprehends the bargaining situation after listening to both the parties and studying other information. An award is made on such settlement that binds the parties. Arbitration is effective as a means of resolving disputes because it is relatively expeditious as compared to court.

Conciliation

Conciliation is a process to resolve the dispute where representatives of workers and employers are brought together before a third party (conciliation officer) with a view to convince them to arrive at mutual settlement. The conciliation officer basically acts as a catalyst who deals with parties separately and collectively in order to provide an effective solution to the dispute. The appropriate government may appoint one or more conciliation officer, charged with the duty of mediating in and promoting the settlement of industrial disputes.

Adjudication

Industrial disputes can be resolved by way of adjudication i.e. settlement of an industrial dispute by labour court or industrial tribunal. The appropriate government may refer a dispute to adjudication depending on the failure of conciliation proceedings. Section 10 of the Industrial Disputes Act, 1947, provides for reference of a dispute to the court of inquiry or labour court or industrial tribunal.

Employee grievance

An employee grievance is a concern, problem, or complaint that an employee has about their work, the workplace, or someone they work with—this includes management. Something has made them feel dissatisfied, and they believe it is unfair and/or unjust on them.

What are the types of grievances in the workplace?

Grievances in a workplace can arise from various issues and can be categorized as follow:

- Biased behavior
- Lack of proper communication
- Payouts and perks
- Working time and conditions
- Bullying
- Leadership issues

- 1. Biased behavior:** Grievances when the employee suspects differential behavior based on social factors, including disability, caste, or other protected characteristics.
- 2. Lack of proper communication:** Facing incorporative behavior or support from co-workers and insufficient communication with the management can lead to frustration or self-doubt.
- 3. Payouts and perks:** Not getting paid on time or enough to the potential is a legitimate grievance. Unpaid bonuses and other perks, or disputes over compensation policies and rest of the practices.

4. **Working time and conditions:** An employee may be unhappy regarding their weekly breaks or working on non-working days, not able to feel comfortable, which may affect their physical or mental health. Maybe employees are not able to make proper adjustments or feel sabotaged in the setup.
5. **Bullying:** Bullying constitutes insulting behavior, intimidating or superiors misusing their power through any means, such as undermining the employee or humiliating in the organizational setting. By these means, a hostile work environment can be created, which can cause trouble for the other employees.
6. **Leadership issues:** Grievance includes managerial issues faced by the employees which includes being treated unfairly by the supervisors, being biased, lack of proper communication, not getting enough support from the managers and the guidance which is required by the employee.

Trade union and their relevance

Meaning Trade union

Trade unions are associations of workers or organization formed together by labour, workers or employees to achieve their demands for better conditions at their work atmosphere. These unions exist to deal with problems faced by laborers, these problems maybe of any nature such as those concerning the pay, unfair work rules, timings and so on.

What are the Characteristics of a Trade Union?

- **Association of Employees:** A trade union is simply an organisation of workers who are members of a specific class of job, profession, trade, or business.
- **Association made Voluntarily:** A worker voluntarily joins a union. No one can be forced to join a union.
- **Permanent:** Trade unions are typically considered permanent bodies. Members may join and leave, yet the union is still in place.
- **Shared Interest:** Members of a trade union come together over issues such as job security, better salary and conditions of employment, and other issues of common interest.
- **Group Action:** When a single employee complains about a particular management decision, the trade union will step in to help resolve the issue.

Importance of Trade Unions

To Employees

- Members of the union tend to have higher wages than non-unionized workers.
- Trade unions also sometimes act as representatives of workers in case of legal matters
- The rights of the employees are better protected. For example, they cannot be unjustly removed from work.

To Employers

- Since the individual rights of workers are better protected and well represented, they tend to be motivated. This results in higher levels of efficiency and improved productivity.

Types of trade unions

- Craft / Skill union : These unions represents the skilled workers Eg. Musician
- Industrial Union : These unions represents the different industries Eg. Fire Brigade Union
- General Union: These represent workers from different industries & any level of skills Eg. Indian National Trade Union Congress (INTUC)
- White Collars Union: They represents office workers Eg. National Union of Teachers
- Revolutionary Unions: Believe in destruction of existing social/economic order and creation of a new one. They want shift in power and authority and use of force - Left Unions.
- Reformist or Welfare Unions: Work for changes and reforms within existing socio-political framework of society - European Model.
- Uplift Unions: Advocate extensive reforms well beyond the area of working condition i.e., change in taxation system, elimination of poverty etc.

Reasons for joining TU	Problems of Trade Union
<ul style="list-style-type: none">➤ Greater Bargaining Power.➤ Minimize Discrimination.➤ Sense of Security.➤ Sense of Participation.➤ Sense of Belongingness.➤ Platform for self-expression.➤ Betterment of relationships.	<ul style="list-style-type: none">➤ Trade Union leadership:➤ Multiple unions:➤ Union Rivalry:➤ Finance:➤ Low membership:➤ Heterogeneous nature of labour:➤ Lack of Interest:➤ Absence of paid office bearers:➤ Other problems: Illiteracy: Uneven growth:

Performance Management

A performance appraisal is a systematic and periodic process of measuring an individual's work performance against the established requirements of the job. It's a subjective evaluation of the employee's strengths and weaknesses, relative worth to the organization, and future development potential.

Performance management can be defined as the development of individuals with competence and commitment, working towards the achievement of shared meaningful objectives within an organization which supports and encourages their achievement.

According to Michael Armstrong and Angela Baron – 'Performance management is a process which contributes to the effective management of individual and teams in order to achieve high levels of organisational performance.'

Importance of performance appraisal

Performance appraisals are significant in a variety of ways for both employees and organizations. Here are some of the key reasons why performance appraisals are important:

- **Feedback and development:** Performance appraisals provide employees with feedback about their job performance, identifying areas where they are excelling and areas where they need to improve. This feedback can help employees to develop their skills and improve their performance, which can increase their job satisfaction and motivation.
- **Goal setting:** Performance appraisals often involve setting goals for the upcoming year or performance period. This gives employees a clear understanding of what is expected of them and provides a roadmap for their development.
- **Performance-based decisions:** Performance appraisals are often used as a basis for making decisions about promotions, salary increases, and other job-related matters. By providing an objective evaluation of an employee's performance, performance appraisals help to ensure that decisions are based on merit rather than favouritism or personal biases.
- **Communication and collaboration:** Performance appraisals provide an opportunity for managers and employees to have a conversation about the employee's job performance. This can help to build trust and improve communication and collaboration between employee and their manager.
- **Legal compliance:** In some industries and jurisdictions, performance appraisals are required by law or regulation. By conducting regular performance appraisals, organizations can ensure that they comply with legal requirements.
- **Alignment with organizational goals:** Performance appraisals help to align employee goals and performance with the overall goals of the organization. By providing feedback on how an employee's performance supports the organization's mission and objectives, performance appraisals can help to ensure that everyone is working towards the same goals.

- **Recognition and rewards:** Performance appraisals can be used to recognize and reward employees who are performing well. This can include bonuses, promotions, or other forms of recognition that can help to boost employee morale and motivation.
- **Identification of training needs:** Performance appraisals can help to identify areas where employees may need additional training or development. This can help organizations to provide targeted training that addresses specific skills or knowledge gaps.

Methods and models

1. **Rating Scales:** The numerical scale is prepared that represents the job evaluation criterion such as the output, initiative, attendance, attitude, dependability, Checklist: A checklist of employee traits in the form of statement is prepared where the rater put a tick mark in “Yes” or “No” column against the trait checked for each employee. Once the checklist gets completed the rater forwards the list to the HR department for the final evaluation of the employee.
2. **Forced Choice Method:** Under this method, the rater is forced to answer the ready-made statements as given in the blocks of two or more, about the employees in terms of true or false. Once he is done with the list, it is forwarded to the HR department for the final assessment of the employee.
3. **Forced Distribution Method:** This method of performance appraisal is based on the assumption that employee’s job performance conforms to the normal distribution curve i.e. a bell shaped curve
4. **Critical Incidents Method:** Under this method, the critical behavior of each employee that make a difference in the effective or non-effective performance is recorded by the supervisor and is taken into consideration while evaluating his performance.
5. **Behaviorally Anchored Rating Scale:** The descriptive statements about employees’ behavior, both effective and ineffective are put on the scale points, and the rater is asked to indicate which behavioral point describes the employee behavior the best.
6. **Field Review Method:** Under this method, the performance evaluation of an employee is done by someone who does not belong to his department or is usually from the corporate office or the HR department.
7. **Performance Tests and Observations:** The test either written or oral is conducted to test the knowledge and the skills of employees.
8. **Confidential Reports:** The confidential reports are mostly prepared by the government departments, wherein the employee is evaluated on some of the following parameters:
 - Attendance
 - Initiative
 - Leadership
 - Technical ability
 - Self-expression
 - Integrity
 - Ability to work with others
 - Responsibility, etc.

- 9. Essay Method:** Under this method, the detailed description of the employee performance is written by the rater. The performance of an employee, his relations with other Co-workers, requirements of training and development programs, strengths and weaknesses of the employee, etc.
- 10. Cost Accounting Method:** In this method, the employee's performance is evaluated in monetary terms, i.e. how much cost company is incurring on keeping the employee and how much he is contributing to the firm in terms of his output.
- 11. Comparative Evaluation Approaches:** Under this method, several comparative analysis are done, wherein the performance of one employee is compared with that of another Co-worker, and the rating is determined accordingly.
- 12. Management by Objectives:** This concept was given by Peter.F.Drucker, according to him, the performance of an employee can be assessed on the basis of the targets achieved by him as set by the management of an organization.
- 13. Psychological Appraisals:** This is one of the most frequently used modern methods of performance appraisal, wherein the psychologist assesses the employee's potential for the future performance rather than the past one. Under this method, the psychologist conducts the in-depth interviews, psychological tests, discussions with the supervisors and the reviews of other evaluations.
- 14. Assessment Centres:** The assessment center is the central location where the managers come and perform the job exercises. Here the assessee is requested to participate in in-basket exercises, role playing, discussions, computer simulations, etc.
- 15. 360-Degree Feedback:** It is a feedback method wherein the details of an employee's performance is gathered from other stakeholders such as superiors, peers, team members and self.
- 16. 720-Degree Feedback:** This is an another feedback method, wherein the assessment is done not only by the stakeholders within the company but also from the groups outside the organization. These external groups who assesses the employee's performance are customers, investors, suppliers and other financial institutions.

Models performance appraisal

1. The self-renewing cycle

According to Michael Armstrong, author of Armstrong's Handbook of Performance Management, employee performance management should be a continuous, self-renewing cycle that sets team and individual employee goals in line with the organization's strategic aims

Key steps in the process include:

- Planning performance to reach defined goals
- Reviewing and assessing progress
- Supporting employees in the development of skills, abilities and knowledge

2. Management by objectives

The management by objectives (MBO) system was founded by the management consultant Peter Drucker and contains different variations. Importantly, it revolves around coming up with a list of organizational objectives which are then used as a reference by the employees to create their individual objectives.

3. Employee-driven

One of the biggest potential benefits to be gained from encouraging employees to play an active role in performance management is the increased sense of ownership and involvement people have in the entire process.

4. Software-based

Dedicated software is nothing new in the performance management space, but it's important to feel confident you're using the right tools for the business and your employees.

If you aren't getting the results you expected from your performance management programs, or employees regularly complain about flaws or inefficiencies in the system, it might be time to consider updating your software.

5. Peer-reviewed

Peer-reviewed performance management can give you a frontline view of how your workforce is functioning, based on employee feedback on where their colleagues are performing well, and where there might be room for improvement.

Asking individual team members to offer their insights into how their fellow workers and the organization as a whole is functioning can support positive collaboration, as well as help people feel more involved in the development and improvement of the business.

6. Bi-annual model

A bi-annual performance evaluation model is like the yearly model but split into two sections, where employees are evaluated twice a year. Usually, these appraisals are held in the middle and at the end of the calendar year. This model is good for teams with long-term goals but want some flexibility. Teams can use it to get back on track and adjust processes if needed.⁴

7. Agile(quickness)

Introducing agility into your performance model effectively means moving away from traditional methods - such as formal staff appraisals or twice-yearly reviews - in favor of a more flexible, 'light-touch' approach that emphasizes regular, supportive conversations.

This can have a number of advantages, including maintaining regular engagement with staff and giving people plenty of opportunities to offer their thoughts and feedback in an informal setting.

8. High growth based

The high-growth model is based on planning, monitoring, reviewing and rewarding. It's a new approach that is adaptable for agile teams in various industries. This model revolves around annual and bi-annual review sessions, in addition to smaller periodic check-ins, to conduct more extensive and frequent evaluations of employees. Because of the shorter nature of the assessment periods and the fact that evaluations are more frequent, giving feedback for your employees' performance improvement becomes more feasible.

9. Project-based

The project-based performance management model involves evaluating an employee based on their performance on individual projects. In order for this model to be successful, it's necessary to establish clear project outcomes and evaluation metrics in advance. Following the completion of each project, the team conducts a thorough analysis of every phase, setback and accomplishment, allowing management to evaluate an employee's performance on that particular project.

SL NO	Performance Management	Performance Appraisal
1.	Performance management, on the other hand, focuses on expending time and resources on employees for the growth of the company.	Performance appraisal evaluates previous performances and effectively communicates how an employee has worked in a current task. It does not provide a strategy for future growth.
2.	Performance management ensures that the employee has accomplished the set goals or not. It also guides them with blockers on the way.	Performance appraisal only evaluated employee's performance objectively for the year and gave final feedback.
3.	Performance management, on the contrary, guides employees so that they can perform better in the future.	Performance appraisal evaluates an employee's mistakes and communicates how an employee could have given better efforts.
4.	Performance management contrastingly is a continuous process that might be a part of day-to-day conversations between managers and employees.	Performance appraisal takes place not more than twice a year.
5.	Performance management, however, uses a mix of both qualitative and quantitative approaches to enhance employee performance.	Performance appraisal typically uses a quantitative approach.
6.	Performance management, on the other hand, is conducted by managers and supervisors, and multiple other stakeholders involved in the ongoing process.	Performance appraisal is usually undertaken by the HR department.
7.	Performance management is flexible.	Performance appraisal is inflexible.
8.	Performance management is considered a strategic tool.	Performance appraisal is an operational tool for increasing employee efficiency.

Future of performance management system

- Set flexible goals
- Different criteria for different decisions
- Team performance vs. Individual performance
- Clearly defined criteria for compensation
- Integrate technology in the performance appraisal process
- Giving feedback
- Get data that matters
- Performance tools can automate activities, freeing up manual time
- Un-link performance evaluation and compensation
- Prioritize ongoing communication
- Help employees become successful instead of pulling them down

HRM Case Study

Case Study 1: Promotion of the deserving candidates in an organization with about 300 staff members, a supervisor was recommended to line manager for out of turn promotion on grounds of extraordinary qualities of leadership as an executive in preference to one of his seniors who possessed the required skills for an executive. Both the supervisors came to know of the recommendations. The personnel manager advised the line manager to observe the working of both the supervisors and then come up with proposals after two months. After two months it was reported that the performance of the supervisor who was tipped for promotion had not improved and both continued to keep up the same pace. It was also observed that the junior who was recommended for out of turn promotion was only day dreaming. He was preparing for his future job while neglecting his present one. The senior seemed to have taken things in its stride and there was neither increase nor decrease in his output. Productivity was getting affected severely. Promotional decisions usually have far reaching impact in the morale of employees in the organization. Guide Questions:

1. What are the causes of the difference between expectations and actual behavior on the part of the promoted employee?