

LECTURE NOTES

HUMAN RESOURCE MANAGEMENT

PAPER- MBPC1006
MBA-2ND SEMESTER

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COURSE CONTENT

HUMAN RESOURCE MANAGEMENT PAPER- MBPC1006

Module I: Concept, Definitions and Objectives of Human Resource Management (HRM); Functions of HRM; Process of HRM; Evolution of HRM; Strategic HRM and its role in the organization; Human Resource Planning (HRP): Meaning and Process, Job analysis: Job description and Job specification; Recruitment: Meaning, Sources, Process and Yield Ratio; Selection: Meaning and Process, Tests and Interviews, Induction and Socialization. **{Page-1-29}**

Module II: Performance Appraisal: Meaning, Objective, Process and Methods; Potential Appraisal; Biases in performance appraisal; Methods of job evaluation; Meaning of Compensation; Types of compensation; Types of wages and theories; Wage differentials; Pay structure, Wage Law in India, Executive Compensation. **{Page-30-54}**

Module III: Concepts of Career, Career planning process, Career Stages; Training & Development: Concept, Training need analysis and Methods of training (on-the-job and off-the-job training), Evaluation of Training effectiveness; Concepts of Promotion, Transfer and Separation, Organization Citizenship Behaviour, HRIS, Competency mapping, Talent Management, Employee engagement. **{Page-55-74}**

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Human Resource Management

Module-1

CONCEPT OF HUMAN RESOURCE MANAGEMENT

Human Resource is the total knowledge, abilities, skills, talents and aptitudes of an organization's workforce. The values, ethics, beliefs of the individual working in an organization also form a part of human resource.

HRM consists of three words human, resource and management.

Human-Refers to the people in the organization.

Resource-Refers to limited availability or scarceness

Management-Refers to how the limited resource utilize properly through people for the achievement of organizational goals or objectives.

In simple words HRM is also a management function concerned with hiring, motivating and maintaining people in an organization. It focuses people in the organization.

HRM is a process of making efficient and effective use of human resources so that the set goals are achieved.

DEFINITIONS OF HRM

According to Flippo "Personnel management, or say, human resource management is the planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organization and social objectives are accomplished".

Michael j.jucius has defined human resources as a whole consisting of inter-related, inter-dependent and interacting physiological, psychological, sociological and ethical components.

Wendell L. Franch "Human resource management refers to the philosophy, policies, procedures and practices related to the management of people within an organization".

The National Institute of Personnel Management (NIPM) of India has defined human resource/ personnel management as "that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective organization of the men and women who make up an enterprise and having regard for the well-being of the individuals and of working groups, to enable them to make their best contribution to its success. "

NATURE OF HUMAN RESOURCE MANAGEMENT

1. People-oriented

HRM has people oriented approach. It deals with every person working in the organization from top to bottom. The employees are working in the organization individually and as groups.

2. Part of process management

HRM is an integral part of process management. It is a managerial function. Human resource function is performed by all the managers throughout the organization rather than HR department only.

3. Comprehensive Function

The main aim of hrm is to managing people in the organization. This function covers all types of people in the organization such as managers, supervisors, officers, workers and others people.so it is called a comprehensive functions.

4. Pervasive function

HRM is a pervasive function because hrm is useful in every types of organization such as govt.organization, sports organization, military organization, educational organization, banking sector, health sector etc. It is also present in all functional departments such as operation, production, marketing, finance, research, legal etc.

5. Continuous process

HRM is a continuous process. It is also a never ending or ongoing process. It has to be carried out every day and at everytime.It is concerned with the activities of personnel in the organization. Activities happen in the organization continuously so this process is called continuous process.

6. HRM both science as well as art

HRM both science as well as art.HRM consists of certain principles and techniques so it is called as science. Managing people and getting things done through people is an art. Hence it involves the application of theoretical knowledge into practices.

7. Multi-disciplinary in nature

HRM derives from various disciplines like sociology, anthropology, psychology, economics etc.so this is called multi-disciplinary in nature.

8. Multi-dimensional in nature

HRM is multi-dimensional in nature. It consists of various aspects of hrm like human relations development, procurements, industrial relations etc.

9. Goal oriented

HRM is always works with the people for the proper utilization of resources in the organization for the achievement of organizational goals.

10. Maintain relationship

HRM always tries to maintain better relationships between people working in the various level of management in the organization.

IMPORTANCE OF HUMAN RESOURCE MANAGEMENT

1. Proper utilization of resources

Effective utilization of both human and non-human resources through people working in the organization for the achievement of organizational goals.

2. Developing personnel

HRM helps to developing talent in the organization through proper training and development programme.

3. Hiring people

HRM helps to retaining right personnel in the organization through effective human resource planning, recruiting, and selection process.

4. Maintaining relationship

HRM helps to maintains cordial relationship between top to bottom levels in the organization. Maintaining balance between jobs and job-seekers.

5. Improved quality of work life

HRM leads to improved quality of work life. It providing better working environment, job satisfaction, effective communication and job performance and productivity.

6. Providing better opportunities

HRM helps to providing better opportunities for the personnel by providing personal development of an employee.

7. Development of society

HRM plays vital role in the society. It helps to develop standard of living of the people. It helps to provide employment for the socio-psychological satisfaction.

8. Motivating employee

HRM helps to motivating employees in the organization. Employees are motivating in the organization through financial incentives and non-financial incentives.

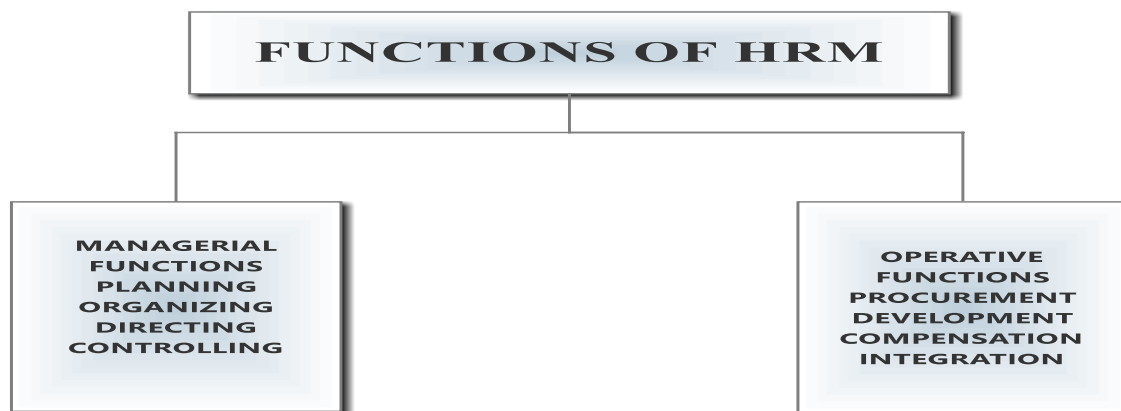
9. Enhances economic growth

HRM plays a very important role for the development of the nation. Skilled and effective human resources lead to proper utilization of resources. It helps to generate employment and enhance economic growth.

10. Meeting challenges

For meeting challenges HRM helps to developing talents and providing appropriate environment for effective utilization of their capabilities.

FUNCTIONS OF HRM



1. PLANNING

Planning is the basic function of management. Planning is determining the future course of action. It is a process of determining organizational goals or objectives, policies, procedure or programmes for achieving them. It also involves for human resource planning, selection, recruitment, training etc. Planning deals with what to do, how to do, where to do and whom to do.

2. ORGANIZING

Organizing is a process by which organizing of various activities in a well-defined structure. Organizing involves identifying the works, assigning the work to the employees, to supervise that works proper authority should be assigned, proper balance should be maintain between authority and responsibility.

3. DIRECTING

Directing is a process which involves directing the various activities for achieving the organizational goals. The important elements of directing are communication, order and instruction, leadership, motivation. It involves coordination between different departments to ensure maximum utilization of resources.

4. CONTROLLING

Controlling is a process which can be compares the standard performances with actual performance. If any deviation can occur then taking corrective actions.

OPERATIVE FUNCTIONS

Operative functions include procurement, development, compensation, integration and maintenance functions of HRM.

1. PROCUREMENT

Procurement functions involve procuring the right candidate at right place at the right time in the organization. It consists of various activities like manpower planning, job analysis, recruitment, selection, placement, induction, transfer, promotion, separation

MANPOWER PLANNING PROCESS

Manpower planning process or human resource planning is the process including forecasting, developing and controlling by which a firm ensures that it has at the right number of people and the right kind of people at the right places at the right time doing work for which they are economically most useful.

JOB ANALYSIS

Job analysis is the process of collecting information related to work activities, behavior and human recruitments etc. Job analysis divided into two parts job description and job specification. Job description contains the information relating to job and job specification contains the information about the individual.

RECRUITMENT

Recruitment is the process of discovering and procuring potential applicants for actual and anticipated organizational vacancies.

SELECTION

Selection is the process of picking the appropriate candidates from the pool of applications.

PLACEMENT

Placement involves assigning a specific job to each one of the selected candidates.

INDUCTION

Induction is the process of receiving and welcoming new employee to his/her job and organization.

TRANSFER

Transfer refers to lateral movement of employees within the same grade, from one job to another job.

PROMOTION

Promotion refers to the upward movement of an employee from one job to another higher one, with increase in salary, status and responsibilities.

SEPARATION

Separation is a situation when the service agreement of an employee with his/her employer organization comes to a end and employee leaves the organization.

2. DEVELOPMENT

Development functions improve the knowledge, skills, aptitudes and values of employees in the organization. It consists of various activities like performance appraisal, training, development, career planning and development.

PERFORMANCE APPRAISAL

Performance appraisal is the systematic evaluation of employee performance both in quantities and qualities aspects.

TRAINING

Training is the process of enhancing the specific skills of an employee in the organization.

DEVELOPMENT

Development is the process provided for improved decision-making and problem solving. Development is for managers with strategic planning tasks.

CAREER PLANNING AND DEVELOPMENT

It refers to a set of programmes designed to match an individual's needs, abilities and career goals with current and future opportunities in the organization.

3. COMPENSATION

Compensation includes direct cash payments, indirect payments in the form of employee benefits and

incentives to motivate employees to strive for higher levels of productivity. It includes salary, wage, incentives, fringe benefits, perquisites.

SALARY

Salary refers to as remuneration paid to white collar employees including managerial personnel. Salary is rated monthly.

WAGE

Wage is referred to as remuneration paid to workers. Wage is rated hourly.

INCENTIVITIES

Incentives are the additional payments to employees besides the payment of wages and salaries.

FRINGE BENEFITS

Fringe benefits include such benefits which are provide to the employees either having long term impact like PF, gratuity, pension, medical benefits, insurance etc.

PERQUISITIES

Perquisites include company car, club membership, free residential accommodation, paid holiday trips, stock options etc.

4. INTEGRATION

Integration concerned with the relationship between workers and employees. This function maintains relationships in the organization. It includes motivation, job satisfaction, grievance management, collective bargaining, conflict management, participation of employees, discipline etc.

MOTIVATION

Motivation is the process of energies the inner drive of a person's and actions towards achievement of goals.

JOB SATISFACTION

Job satisfaction means is the favourables or unfavourableness with which employees view their work.

GRIEVANCE MANAGEMENT

A grievance is any dissatisfaction of feeling of injustice in connection with one's employment situation that is brought to the attention of the management.

COLLECTIVE BARGAINING

Collective bargaining is a process in which representatives of two groups meet and attempt to negotiate an agreement which specifies the nature of future relationship between two. It helps to promote cooperation and mutual understanding between the workers and the management.

CONFLICT MANAGEMENT

Conflict management is the process of limiting the negative aspects of conflict while increasing the positive aspects of conflict. The aim of conflict management is to enhance learning and group outcomes, including effectiveness of performance in an organizational setting.

PARTICIPATION OF EMPLOYEES

Employees are take part in decision making concept of organization. Employees are free to give better ideas to the management.

DISCIPLINE

A condition in the organization when employees conduct themselves in accordance with the organization's rules and standards of acceptable behavior.

MAINTENANCE

It is concerned with protecting and promoting employees while at work. For this purpose, various benefits are providing to the employees. It includes safety, social security, welfare schemes, personnel records, personnel research, and personnel audit.

SAFETY

Safety is the condition of being protected from or unlikely to cause danger, risk or injury.

SOCIAL SECURITY

Social security means the security or guarantee which is given to the labours from the labours or management, regarding society's facilities. Retirement, disability and survivor benefits paid by the society/government to aged, former workers, disabled, or their survivors.

WELFARE SCHEMES

It refers to the welfare activities done for the comfort and improvement, intellectual and social of the employees over and above the wage paid. Welfare schemes include recreational, medical, educational, transport facilities etc.

PERSONNEL RECORDS

It consists of details database of employees working in the organization.

PERSONNEL RESEARCH

Personnel research is the task of searching for and analyzing facts to the end and that personnel problem may be solved or that guideline governing their solutions.

PERSONNEL AUDIT

Personnel auditing may be defined as the analysis and evaluation of personnel policies, procedures and practices to determine the effectiveness of personnel in an organization.

OBJECTIVES OF HRM

The primary objective of HRM is to ensure the availability of a competent and willing workforce to an organization. Apart from this, there are other objectives too.

Specifically, HRM objectives are four fold: societal, organisational, functional, and personal.



Societal Objectives

The societal objectives are socially and ethically responsible for the needs and challenges of society. While doing so, they have to minimize the negative impact of such demands upon the organisation. The failure of organisations to use their resources for society's benefit in ethical ways may lead to restrictions. For example, the society may limit human resource decisions to laws that enforce reservation in hiring and laws that address discrimination, safety or other such areas of societal concern.

Organisational Objectives

The organisational objectives recognise the role of human resource management in bringing about organisational effectiveness. Human resource management is not an in itself; it is only a means to assist the organisation with its primary objectives. Simply stated the human resource department exists to serve the rest of the organisation.

Functional Objectives

Functional objectives try to maintain the department's contribution at a level appropriate to the organisation's needs. Human resources are to be adjusted to suit the organisation's demands. The department's level of service must be tailored to fit the organisation it serves.

Personal Objectives

Personal objectives assist employees in achieving their personal goals, at least in so far as these goals enhance the individual's contribution to the organisation. Personal objectives of employees must be met if they are to be maintained, retained and motivated. Otherwise, employee performance and satisfaction may decline giving rise to employee turnover.

PROCESS OF HRM

Employees are the biggest asset of every organisation as their productivity levels are directly proportional to the organization's success. However, the guiding principle in every organisation is that 'general interest must prevail over the individual interest of the employees'. This is possible only through proper strategic planning and execution, which is carried out by the Human Resource (HR) department of the organisation. Thus, the HR department plays a key role in ensuring a successful run of an organisation.

The processes are stated below:

1. Human resource planning (Recruitment, Selecting, Hiring, Training, and various other processes).
2. Remuneration to employees and other benefits
3. Performance management
4. Employee relations

These core processes should go in a step by step manner starting from planning of **Human_Resource Management (HRM)** to Employee relations. However, Performance Management System may vary from one organization to another.

Human Resource Management (HRM)

This is the most significant and primary process for formulating appropriate strategy for the organisation. This includes putting the right person in the right place according to his skills and achievements. It starts with the recruitment and goes until the proper training of the employee so that he becomes an asset for the company.

The general HRM processes are as follows:

1. Recruitment

It is a positive process of posting job openings and attracting prospective employees to apply for their desired job openings in an organisation so that the eligible candidate can be selected.

2. Selection

Selection is quite a necessary process in HRM. It involves eliminating the unsuitable candidates through the process of tests or interviews and identifying the suitable ones, which are the best fit for the positions.

3. Hiring

This entails to the process of officially offering the job to the ideal candidate and giving them the date of joining.

4. Training and development

The hired candidates are given training and their skills are brushed so that they become more efficient in their work and handle future challenges.

Performance management

There should be proper management of the work done and the future goals. Performance management refers to appraising the performance of the employees and enhancing it. For such a management, it is necessary to encourage the employees so as to raise their confidence levels. This can be done by providing them with fair rewards so that they work in their optimum productivity levels.

Remuneration to employees and benefits

Fair salary or remuneration plays a very important role in motivating an employee to accomplish organizational goals. If the employees get rewards for their best performance, they will get job satisfaction. The rewards not just includes salaries, but it also includes incentives and fringe benefits.

Employee Relations

There should be a sound relation between the employee and the organisation. There are various factors which motivate as well as demotivate the employees to stick with the organisation. These factors include working environment, labour law and relations, compensation, etc. The employers must ensure all these factors to build employee relationships that in turn garner better employee retention.

EVOLUTION OF HRM

From industrial revolution era to the present era, various stages to development of management of human resource practices may be classified as follows:

1. Industrial revolution era— 19th century
2. Trade union movement era — close to the 19th century
3. Social responsibility era — beginning of the 20th century
4. Scientific management era— 1900-1920s
5. Human relations era— 1930s-1950s
6. Behavioural science era— 1950s-1960s
7. Systems and contingency approach era – 1960 onwards
8. Human resource management era — 1980 onwards

1. Industrial Revolution Era:

The systematic development of HRM started with industrial revolution that started during 1850s in Western Europe and USA. The industrial revolution consisted, essentially, the development of machinery, the use of mechanical energy in production processes, and consequently the emergence of the concept of factory with

large number of workforce working together. The factory system replaced the old cottage system. Industrial revolution brought out a number of changes like centralized work locations with large number of workers working together, mechanized production process, migration of workers from their place of origin, and indirect contact between factory owners and workers. In order to manage people in the factory system of industrial revolution, three systems of HRM were developed- recruitment of workers, training for workers, and control of workers. However, the basic philosophy of managing workers revolved around master-servant relationship.

2. Trade Union Movement Era:

Shortly after the emergence of factory system, workers started to organize themselves based on their common interests to form workers' associations which were subsequently known as trade unions. The basic objectives of these associations were to safeguard interest of their members and to sort out their problems which arose primarily because of employment of child labour, long hours of work, and poor working conditions. Later, other aspects of work such as economic problems and wages, employee benefits and services, etc. also became issues. These trade unions started such weapons as strikes, slowdowns, walkouts, boycotts, etc., for the acceptance of their demands. These activities of the trade unions forced owners and managers to adopt employee grievance handling systems, arbitration as a means of resolving conflicts between owners/managers and workers, disciplinary practice, expansion of employee benefit programmes, holiday and vacation time, clear definition of job duties, job rights through seniority, and installation of rational and defensible wage structures.

3. Social Responsibility Era:

In the first decade of 20th century, some factory owners started adopting a more humanistic and paternalistic approach towards workers. Paternalistic approach to labour management is based on the philosophy that labour is just like a child and owner is just like a father and the owner should take care of his labour just like a father takes care of his children. Those industrialists who adopted paternalistic approach offered a number of concessions and facilities to labour force like reduced number of work hours, improved facilities at workplace, model villages to workers, etc. All these practices led to the development of social welfare aspect of labour management. Many critics to paternalistic approach viewed that this approach was adopted to overcome the problems posed by labour union movement as plenty of trade unions emerged which frequently interrupted work performance. Employers observed that workers were going out of their control and to overcome this problem, they implemented welfare scheme. Thus, this was a compulsion rather than a philosophy.

4. Scientific Management Era:

Around the beginning of 20th century, Taylor started to find out 'one best way of doing thing' based on time and motion studies. On the basis of his experiments, he was able to increase workers' productivity considerably and wrote many papers based on these experiments and a book on scientific management. The main principles of scientific management are: (i) Replacing rule of thumb with science, (ii) harmony, not conflict, (iii) cooperation, not individualism, and (iv) development of each and every person. Scientific management techniques relevant to management of workers are- functional foremanship, standardization and simplification of work, and differential piece wage system.

5. Human Relations Era:

Around 1920s, management researchers gave a close look at the human factor at work and the variables that affected people's behaviour. Before that, Hugo Munsterberg wrote a book on 'Psychology and Industrial Efficiency' which suggested the use of psychology in the field of personnel testing, interviewing, attitude measurement, learning, etc. This brief period was termed as 'Industrial Psychology Era'. In 1924, a group of professors from Harvard Business School, USA, began an enquiry into the human aspects of work and working conditions at Hawthorne plant of Western Electric Company, Chicago. They conducted researches

from 1924 to 1932 and arrived at the conclusions that productivity of workers depended on- (i) social factors at the workplace, (ii) group formation and group influence, (iii) nature of leadership and supervision, and (iv) communication. They concluded that in order to have better productivity, management should take care of human relations besides the physical conditions at the workplace. Consequently, the concepts of social system, informal organization, group influence, and non-logical behaviour entered the field of management of personnel.

6. Behavioural Science Era:

In contrast to human relations which assume that happy workers are productive workers, the behavioural scientists have been goal and efficiency- oriented and consider understanding of human behaviour to be the major means to that end. They have tried several sophisticated research methods to understand the nature of work and the people in the work environment. The contribution of behavioural scientists to management practices consists primarily of producing new insights rather than new techniques. It has developed or expanded a useful way of thinking about the role of the manager, the nature of organizations, and the behaviour of individuals within organizations. As against human relations model, they have given the concept of human resource model. Major conclusions of the contributions made by behaviouralists are as follows:

- i. People do not dislike work. If they have been helped to establish objectives, they will want to achieve them. In fact, job itself is a source of motivation and satisfaction to employees.
- ii. Most people can exercise a great deal of self-direction and self-control and generate more creativity than required in their current job. Therefore, their untapped potential remains unutilized.
- iii. Managers' basic job is to use untapped human potential in the organization.
- iv. Manager should create a healthy environment wherein all persons can contribute to the best of their capacity. The environment should provide a healthy, safe, comfortable, and convenient place to work.
- v. Managers should provide opportunity for self-direction by their subordinates and they must be encouraged to participate fully in all important matters.
- vi. Operating efficiency can be improved by expanding subordinate influence, self- direction, and self control.
- vii. Work satisfaction may improve as a 'by-product' of subordinates making full use of their potential.

7. Systems and Contingency Approach Era:

Systems and contingency approach has attracted maximum attention of thinkers in management in the present era. It is an integrated approach which considers management of human resources in its totality based on empirical data. The basic idea of this approach is that analysis of any object must rely on a method of analysis involving simultaneous variations of mutually-dependent variables. This happens when systems approach is applied in managing human resources.

8. Human Resource Management Era:

When the factory system was applied in production, large number of workers started working together. A need was felt that there should be someone who should take care of recruiting, developing, and looking after welfare of these workers. For this purpose, industrial relations department came into existence in most of the large organizations which was concerned mostly with workers. However, as the time passed and the complexity of managing human resources in large business organizations increased, the scope of industrial relations department was extended to cover supervisory staff and subsequently managerial personnel. Industrial relations department was named as personnel department.

History of Modern Human Resource Management

1. Early Philosophy (Before 1900): The history of modern Human Resource Management began with the efforts of Robert Owen. Owen is called the founder of Human Resource Management. In 1813, he wrote a book, A New View of Society. In it he propounded the need for better industrial relations and improvements in the service conditions. His attitude towards workers was very cordial, liberal and paternalistic. He got good

houses constructed for his workers by the side of his factory. He eliminated child labour and provided healthy working conditions. J.S. Mill, Andrew Yule and Charles Bewarage, contemporaries of Robert Owen, developed Human Resource Management as a science and supported the idea of wage incentives, profit sharing and labour welfare, etc.

2. Efficiency and Productivity Movement (1900-1920): During the last year of the 19th century arrived the age of efficiency and productivity movement. The two decades from 1900 to 1920 were the years of scientific management movement. Taylor's Scientific Management Thought was accepted during this period. Taylor opposed the idea of trade unionism and workers' organization. The main contribution of these two decades has been the increase in the size of units, introduction of scientific thinking into actions, job analysis, standards costing, scientific selection and training of workers and the idea of mental revolution.

3. Period of Welfarism and Industrial Psychology (1920- 1930):

Up to 1925, the Human Resource Management had taken a definite form. Staff line organization became the basis of Human Resource Management. The opposition of scientific management movement by workers introduced the need of industrial psychology. Industrial psychologists developed many new techniques like psychological testing, interviewing, workers training and non-financial incentives. They helped to give a professional form to Human Resource Management. The Human Resource Management began to be realized as a profession and a specialist's function.

4. Period of Human Relations (1930-1950): When Prof. Elton Mayo and his companions conducted Hawthorn experiments, it was the beginning of recognition of the fact that human resources have greater influence on production than other psychical resources. A worker must be treated as a human being. His social, psychological and moral instincts should be fully recognized by the management. Due to these experiments the commodity concept of labour changed to social concept. The decade of 1940-1950 was very important for the development of Human Resource Management. During that decade, many new techniques were developed for the selection, training and induction of workers. The human resource philosophy became people-oriented. Trade unions flourished and provision of fringe benefits for the workers became common.

5. Modern Times (After 1950):

The history of Human Resource Management since 1950 up to current times is the age of modern developments. It is the period of the citizenship concept of labour where the workers have full right to be consulted in determining the rules and regulations under which they work. The concept of industrial democracy has imposed many new responsibilities upon the human resource managers of industrial houses. In modern times, Human Resource Management is widely accepted as an independent discipline. One finds two important developments during this period, after 1960, the Human Resource Management began to be realized as a behavioural science which centred completely on human elements with the study of organizational behaviour as its main crux.

HUMAN RESOURCE MANAGEMENT IN INDIA

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 • Industrial revolution • Awakening of labour • Government attitude towards labour

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

- 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

STRATEGIC HUMAN RESOURCE MANAGEMENT

Strategic Human Resource Management (SHRM) refers to aligning an organization's human resource practices with its overall business strategy, ensuring that the workforce is effectively managed and developed to achieve long-term goals, contributing significantly to the company's performance by optimizing talent acquisition, development, and engagement to drive innovation and success.

Roles of SHRM in an organization:

- **Aligning HR practices with business goals:**

SHRM ensures that all HR activities, from recruitment to performance management, are directly linked to the company's strategic objectives.

- **Talent management:**

Identifying, attracting, and retaining high-performing employees through targeted recruitment strategies, career development programs, and succession planning.

- **Employee engagement:**

Fostering a positive work environment where employees feel valued and motivated to contribute their best efforts, leading to increased productivity and reduced turnover.

- **Performance management:**

Implementing systems to measure and evaluate employee performance against set goals, providing regular feedback and opportunities for improvement.

- **Workforce planning:**

Analyzing future workforce needs to ensure the organization has the right skills and talent to meet evolving business demands.

- **Organizational culture development:**

Shaping the company culture to support strategic objectives through values, leadership behaviors, and communication strategies.

- **Learning and development:**

Providing ongoing training and development opportunities to enhance employee skills and knowledge, enabling them to adapt to changing business needs.

Benefits of Strategic HRM:

- **Improved organizational performance:**

By aligning HR practices with business goals, SHRM can directly contribute to increased profitability and market competitiveness.

- **Enhanced employee engagement and retention:**

A strategic approach to HR can lead to higher employee satisfaction and loyalty, resulting in reduced turnover costs.

- **Greater innovation and adaptability:**

A well-managed workforce with diverse skills can foster creativity and agility to respond to changing market conditions.

- **Effective decision-making:**

By providing insights into workforce analytics, SHRM supports informed decision-making at all levels of the organization.

HRP-HUMAN RESOURCE PLANNING

Concept of human resource planning

Human resource (HR) planning or manpower planning is the process by which the organization ensures that it has the right kind of people, at right time, at right place and they are working effectively and efficiently and help the organization in achieving the overall objective. It is a continuous process of developing and determining objectives, policies that will procure, develop and utilize human resources to achieve the goal of the organization.

According to Dale. S. Beach human resource planning is, “a process of determining and assuring that the organisation will have an adequate number of qualified persons, available at proper times, performing jobs which meet the needs of the enterprise and which provide satisfaction for the individuals involved.”

Objectives of Human resource planning/ manpower planning

1. To ensure proper utilization of human resources.
2. To check the development of the employees for the achievement of the organization goal.
3. To ensure proper human resource policies.
4. To provide proper control measures whenever required.

Scope of Human resource planning/ manpower planning

1. To make the list of current manpower.

2. To check how much current manpower is being utilized.
3. To find out how much manpower is required.
4. To make manpower procurement plans.
5. To make the training programmes.

Importance of Human resource planning/ manpower planning

1. Human resource planning/ manpower planning is helpful in finding out surplus/ shortage of manpower.
2. It is helpful in employee development.
3. It is useful in finding out the deficiencies in existing manpower and providing corrective training.
4. It is helpful in overall planning process of the organization.

STEPS IN HUMAN RESOURCE PLANNING PROCESS



Fig. 5.3 Steps in Human Resource Planning

1. Analyzing Organizational Objectives:

The objective to be achieved in future in various fields such as production, marketing, finance, expansion and sales gives the idea about the work to be done in the organization.

2. Inventory of Present Human Resources:

From the updated human resource information storage system, the current number of employees, their capacity, performance and potential can be analyzed. To fill the various job requirements, the internal sources (i.e., employees from within the organization) and external sources (i.e., candidates from various placement agencies) can be estimated.

3. Forecasting Demand and Supply of Human Resource:

The human resources required at different positions according to their job profile are to be estimated. The available internal and external sources to fulfill those requirements are also measured. There should be proper matching of job description and job specification of one particular work, and the profile of the person should be suitable to it.

4. Estimating Manpower Gaps:

Comparison of human resource demand and human resource supply will provide with the surplus or deficit of human resource. Deficit represents the number of people to be employed, whereas surplus represents termination. Extensive use of proper training and development programme can be done to upgrade the skills of employees.

5. Formulating the Human Resource Action Plan:

The human resource plan depends on whether there is deficit or surplus in the organization. Accordingly, the plan may be finalized either for new recruitment, training, interdepartmental transfer in case of deficit or termination, or voluntary retirement schemes and redeployment in case of surplus.

6. Monitoring, Control and Feedback:

It mainly involves implementation of the human resource action plan. Human resources are allocated according to the requirements, and inventories are updated over a period. The plan is monitored strictly to identify the deficiencies and remove it. Comparison between the human resource plan and its actual implementation is done to ensure the appropriate action and the availability of the required number of employees for various jobs.

Problems Faced in Human Resource Planning

1. People perceive that people are available in abundance in our labour surplus economy. Then, why to spend time and money in forecasting human resources? Surprisingly, this perception about human resource planning is also held by the top management.
2. Another problem in human resource planning is that the demand for and supply of human resources is not cent percent accurate. Experience suggests that longer the time horizon for forecasting human resource requirements, greater is the possibility of inaccuracy in estimates of human resource needs.
3. Various types of uncertainties like labour turnover, absenteeism, seasonal employment, market fluctuations and changes in technology render human resource planning ineffective. The reason being these uncertainties, make human resource forecast mere a guess far from reality.
4. Sometimes human resource planning suffers from a conflict between quantitative and qualitative approaches used for it. Some people view human resource planning as a mere numbers game to track the flow of people across the departments and in and out of the organisation. Conversely, others take a qualitative approach focusing on the quality of human resources like career planning development, skill, morale, etc.

5. Generally, human resource personnel are perceived as experts in handling personnel matters. But, they are not experts more than often. Hence, human resource requirements estimated by such people are not realistic ones. The organizational plans based on such estimates are endangered to be flopped.

6. As human resource planning is based on data relating to human resources, the same is not maintained in a proper manner in some of the industrial organisations. Then, in the absence of reliable data, it becomes difficult to develop effective human resource plans.

JOB ANALYSIS

Job analysis refers to the process of collecting information about a job. In other words, it refers to the anatomy of the job. Job analysis is performed upon ongoing jobs only. It contains job contents.

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”.

USES OF JOB ANALYSIS

1. Human Resource Planning:

The estimates the quantity and quality of people will be required in future. How many and what type of people will be required depends on the jobs to be staffed. Job-related information available through job analysis is, therefore, necessary for human resource planning.

2. Recruitment and Selection:

Recruitment succeeds job analysis. Basically, the goal of the human resource planning is to match the right people with the right job. This is possible only after having adequate information about the jobs that need to be staffed. It is job analysis that provides job information. Thus, job analysis serves as basis for recruitment and selection of employees in the organisation.

3. Training and Development:

Job analysis by providing information about what a job entails i.e., knowledge and skills required to perform a job, enables the management to design the training and development programmes to acquire these job requirements. Employee development programmes like job enlargement, job enrichment, job rotation, etc.

4. Placement and Orientation:

As job analysis provides information about what skills and qualities are required to do a job, the management can gear orientation programmes towards helping the employees learn the required skills and qualities. It, thus, helps management place an employee on the job best suited to him/her.

5. Job Evaluation:

The job evaluation refers to determination of relative worth of different jobs. It, thus, helps in developing appropriate wage and salary structures. Relative worth is determined mainly on the basis of information provided by job analysis.

6. Performance Appraisal:

Performance appraisal involves comparing the actual performance of an employee with the standard one, i.e., what is expected of him/her. Such appraisal or assessment serves as basis for awarding promotions, effecting transfers, or assessing training needs. Job analysis helps in establishing job standards which may be compared with the actual performance/contribution of each employee.

7. Personnel Information:

Increasing number of organizations maintain computerized information about their employees. This is popularly known as Human Resource Information System (HRIS). HRIS is useful as it helps improve administrative efficiency and provides decision support^ Information relating to human resources working in the organization is provided by job analysis only.

8. Health and Safety:

Job analysis helps in identifying and uncovering hazardous conditions and unhealthy environmental factors such as heat, noise, fumes, dust, etc. and, thus, facilitates management to take corrective measures to minimize and avoid the possibility of accidents causing human injury

PROCESS OF JOB ANALYSIS

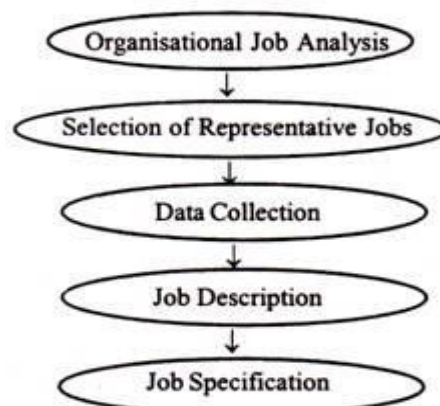


Fig. 5.1 : The Job Analysis Process

1. Organizational Job Analysis:

Job analysis begins with obtaining pertinent information about a job'. This, according to Terry is required to know the makeup of a job, its relation to other jobs, and its contribution to performance of the organization.

Such information can be had by dividing background information in various forms such as organization charts i.e., how the particular job is related to other jobs; class specifications i.e., the general requirement of the job family; job description i.e., starting point to build the revised job description, and flow charts i.e., flow of activities involved in a particular job.

2. Selecting Representative Jobs for Analysis:

Analyzing all jobs of an organization is both costly and time consuming. Therefore, only a representative sample of jobs is selected for the purpose of detailed analysis.

3. Collection of Data for Job Analysis:

In this step, job data features of the job and required qualifications of the employee are collected. Data can be collected either through questionnaire, observation or interviews. However, due care should be taken to select and use the method of data collection that is the most reliable in the given situation of the job.

4. Preparing Job Description:

The job information collected in the above ways is now used to prepare a job description. Job description is a written statement that describes the tasks, duties and responsibilities that need to be discharged for effective job performance.

5. Preparing Job Specification:

The last step involved in job analysis is to prepare job specification on the basis of collected information. This is a written statement that specifies the personal qualities, traits, skills, qualification, aptitude etc. required to effectively perform a job. The job analysis process discussed above is now delineated in Figure 5.1.

JOB DESCRIPTION

Job description is prepared on the basis of data collected through job analysis. Job description is a functional description of the contents what the job entails. It is a narration of the contents of a job. It is a description of the activities and duties to be performed in a job, the relationship of the job with other jobs, the equipment and tools involved, the nature of supervision, working conditions and hazards of the job and so on.

All major categories of jobs need to be spelled out in clear and comprehensive manner to determine the qualifications and skills required to perform a job. Thus, job description differentiates one job from the other. In sum, job description is a written statement of what a job holder does, how it is done, and why it is done.

PURPOSES OF JOB DESCRIPTION

1. Grading and classification of jobs
2. Placement and Orientation of new employees
3. Promotions and transfers
4. Outlining for career path
5. Developing work standards
6. Counseling of employees
7. Delimitation of authority

JOB SPECIFICATION

While job description focuses on the job, job specification focuses on the person i.e, the job holder. Job specification is a statement of the minimum levels of qualifications, skills, physical and other abilities, experience, judgment and attributes required for performing job effectively. In other words, it is a statement of the minimum acceptable qualifications that an incumbent must possess to perform a given job. It sets forth the knowledge, skills and abilities required to do the job effectively.

Usages of Job Specification

1. Personnel planning
2. Performance appraisal
3. Hiring
4. Training and development
- Job evaluation and compensation
6. Health and safety
7. Employee discipline
8. Work scheduling
9. Career planning

RECRUITMENT

Meaning:

Recruitment is a positive process of searching for prospective employees and stimulating them to apply for the jobs in the organization. When more persons apply for jobs then there will be a scope for recruiting better persons.

Recruitment is concerned with reaching out, attracting, and ensuring a supply of qualified personnel and making out selection of requisite manpower both in their quantitative and qualitative aspect. It is the development and maintenance of adequate man- power resources. This is the first stage of the process of selection and is completed with placement.

DEFINITION

According to Edwin B. Flippo, “It is a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organisation.” He further elaborates it, terming it both negative and positive.

Kempner writes, “Recruitment forms the first stage in the process which continues with selection and ceases with the placement of the candidates.”

RECRUITMENT PROCESS

The five steps involved in recruitment process are as follows:

- Recruitment planning
- Strategy Development
- Searching
- Screening

- Evaluation and Control.

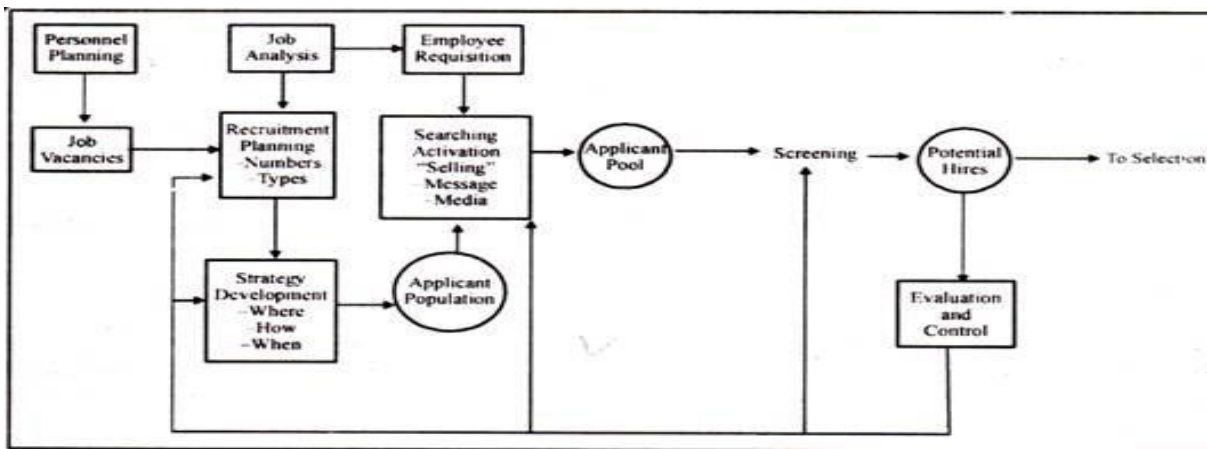


Fig. 6.2 : Recruitment Process

1. Recruitment Planning:

The first step involved in the recruitment process is planning. Here, planning involves to draft a comprehensive job specification for the vacant position, outlining its major and minor responsibilities; the skills, experience and qualifications needed; grade and level of pay; starting date; whether temporary or permanent; and mention of special conditions, if any, attached to the job to be filled ”

2. Strategy Development:

Once it is known how many with what qualifications of candidates are required, the next step involved in this regard is to devise a suitable strategy for recruiting the candidates in the organisation.

The strategic considerations to be considered may include issues like whether to prepare the required candidates themselves or hire it from outside, what type of recruitment method to be used, what geographical area be considered for searching the candidates, which source of recruitment to be practiced, and what sequence of activities to be followed in recruiting candidates in the organisation.

3. Searching:

This step involves attracting job seekers to the organisation. There are broadly two sources used to attract candidates. These are internal sources and external sources.

4. Screening:

Though some view screening as the starting point of selection, we have considered it as an integral part of recruitment. The reason being the selection process starts only after the applications have been screened and shortlisted. Job specification is invaluable in screening. Applications are screened against the qualification, knowledge, skills, abilities, interest and experience mentioned in the job specification. Those who do not qualify are straightway eliminated from the selection process. The techniques used for screening candidates vary depending on the source of supply and method used for recruiting. Preliminary applications, de-selection tests and screening interviews are common techniques used for screening the candidates.

5. Evaluation and Control:

Given the considerable cost involved in the recruitment process, its evaluation and control is, therefore, imperative. The costs generally incurred in a recruitment process include:

- (i) Salary of recruiters
- (ii) Cost of time spent for preparing job analysis, advertisement
- (iii) Administrative expenses
- (iv) Cost of outsourcing or overtime while vacancies remain unfilled
- (v) Cost incurred in recruiting unsuitable candidates

Factors affecting recruitment:

There are a number of factors that affect recruitment.

These are broadly classified into two categories:

1. Internal Factors

2. External Factors

1. Internal Factors:

The internal factors also called endogenous factors are the factors within the organisation that affect recruiting personnel in the organisation. Some of these are mentioned here.

a. Size of the Organisation:

The size of an organisation affects the recruitment process. Experience suggests that larger organisations find recruitment less problematic than organisations with smaller in size.

b. Recruiting Policy:

The recruiting policy of the organisation i.e., recruiting from internal sources (from own employees) and from external sources (from outside the organisation) also affects recruitment process. Generally, recruiting through internal sourcing is preferred, because own employees know the organisation and they can well fit into the organization's culture.

c. Image of Organisation:

Image of organisation is another internal factor having its influence on the recruitment process of the organisation. Good image of the organisation earned by a number of overt and covert actions by management helps attract potential and competent candidates. Managerial actions like good public relations, rendering public services like building roads, public parks, hospitals and schools help earn image or goodwill for the organisation. That is why blue chip companies attract large number of applications.

d. Image of Job:

Just as image of organisation affects recruitment so does the image of a job also. Better remuneration and working conditions are considered the characteristics of good image of a job. Besides, promotion and career development policies of organisation also attract potential candidates.

2. External Factors:

Like internal factors, there are some factors external to organisation which has their influence on recruitment process.

Some of these are given below:

a. Demographic Factors:

As demographic factors are intimately related to human beings, i.e., employees, these have profound influence on recruitment process. Demographic factors include sex, age, literacy, economic status etc.

b. Labour Market:

Labour market conditions i.e., supply and demand of labour is of particular importance in affecting recruitment process. For example, if the demand for a specific skill is high relative to its supply, recruiting employees will involve more efforts. On the contrary, if supply is more than demand for a particular skill, recruitment will be relatively easier.

c. Unemployment Situation:

The rate unemployment is yet another external factor having its influence on the recruitment process. When the unemployment rate in a given area is high, the recruitment process tends to be simpler. The reason is not difficult to seek. The number of applicants is expectedly very high which makes easier to attract the best qualified applicants. The reverse is also true. With a low rate of unemployment, recruiting process tends to become difficult.

d. Labour Laws:

There are several labour laws and regulations passed by the Central and State Governments that govern different types of employment. These cover working conditions, compensation, retirement benefits, and safety and health of employees in industrial undertakings.

Child Labour (Prohibition and Regulation) Act, 1986, for example, prohibits employment of children in certain employments. Similarly, several other acts such as Employment Exchange (Compulsory Notification of Vacancies) Act, 1959, the Apprentices Act, 1961; the Factory Act, 1948 and the Mines Act, 1952 deal with recruitment.

e. Legal Considerations:

Another external factor is legal considerations with regard to employment. Reservation of jobs for the scheduled castes, scheduled tribes, and other backward classes (OBCs) is the popular example of such legal consideration. The Supreme Court of India has given its verdict in favour of 50 per cent of jobs and seats. This is so in case of admissions in the educational institutions also.

YIELD RATIO

The percentage of candidates passing from one stage of the hiring process to another is referred to as the yield ratio. Generally, it is used to measure how many candidates were hired from the total number of applicants. It is used to measure how the effect has the selected hiring method has been. The term yield ratio is used in the finance field too, but these two are completely different and valuable in their respective fields too.

Measure the effectiveness of recruitment strategies-It can help in analyzing what are the sourcing and recruitment strategies giving out the desired result.

Increases efficiency-While analyzing the mass recruitment strategies it makes sense to aim for a high yield ratio so that all the positions get filled.

Helps in identifying bias- Identify any interview bias or natural biases you or your hiring team may have in the recruitment process.

Helps in lowering the cost per hire-If used correctly, yield ratios can deliver insights to help identify the right talent pools to reach, quicker and cheaper.

SELECTION

Selection is the process of picking or choosing the right candidate, who is most suitable for a vacant job position in an organization. In other words, selection can also be explained as the process of interviewing the candidates and evaluating their qualities, which are required for a specific job and then choosing the suitable candidate for the position.

The selection of a right applicant for a vacant position will be an asset to the organization, which will be helping the organization in reaching its objectives.

Different authors define Selection in different ways. Here is a list of some of the definitions –

- Employee selection is a process of putting a right applicant on a right job.
- Selection of an employee is a process of choosing the applicants, who have the qualifications to fill the vacant job in an organization.
- Selection is a process of identifying and hiring the applicants for filling the vacancies in an organization.
- Employee selection is a process of matching organization's requirements with the skills and the qualifications of individuals.

A good selection process will ensure that the organization gets the right set of employees with the right attitude.

IMPORTANCE OF SELECTION

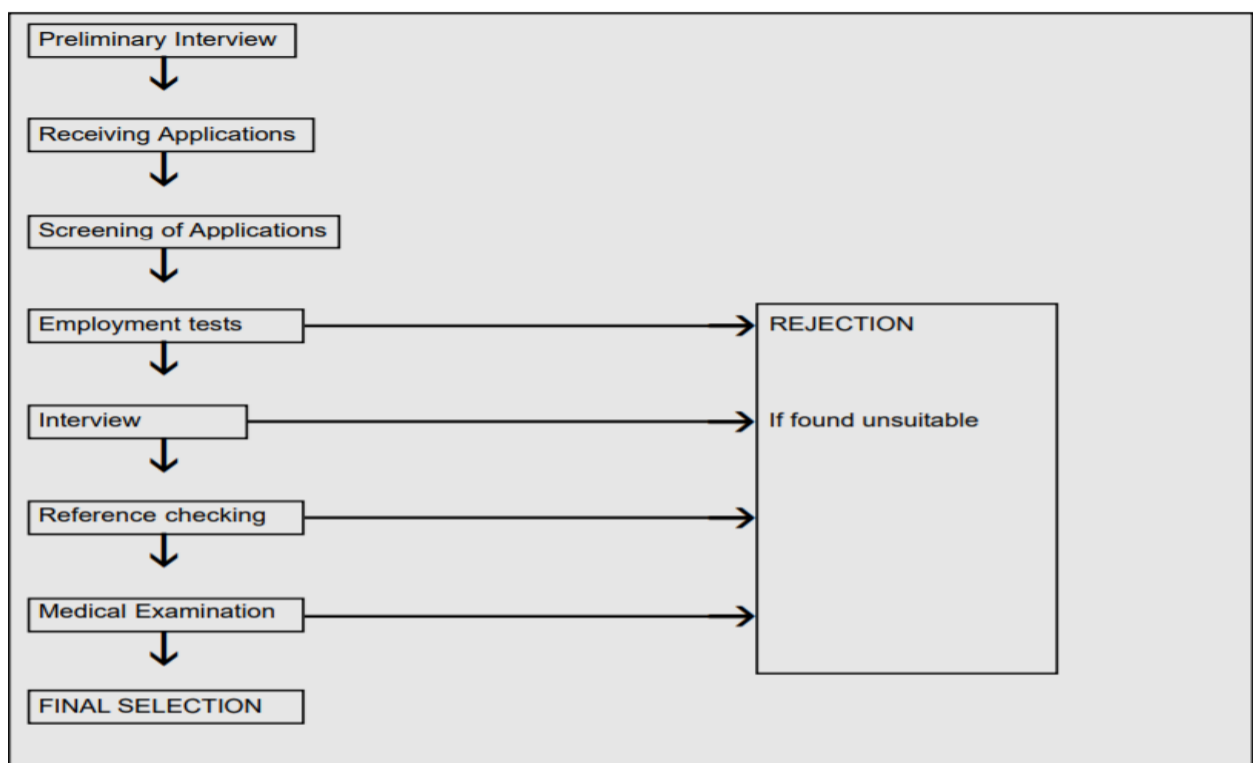
1. Proper selection and placement of employees lead to growth and development of the company. The company can similarly, only be as good as the capabilities of its employees.
2. The hiring of talented and skilled employees results in the swift achievement of company goals.
3. Industrial accidents will drastically reduce in numbers when the right technical staff is employed for the right jobs.
4. When people get jobs they are good at, it creates a sense of satisfaction with them and thus their work efficiency and quality improves.
5. People who are satisfied with their jobs often tend to have high morale and motivation to perform better.

ADVANTAGES OF SELECTION

A good selection process offers the following advantages–

- It is cost-effective and reduces a lot of time and effort.
- It helps avoid any biasing while recruiting the right candidate.
- It helps eliminate the candidates who are lacking in knowledge, ability, and proficiency.
- It provides a guideline to evaluate the candidates further through strict verification and reference-checking.
- It helps in comparing the different candidates in terms of their capabilities, knowledge, skills, experience, work attitude, etc.

SELECTION PROCESS



Preliminary Interview

This is a very general and basic interview conducted so as to eliminate the candidates who are completely unfit to work in the organization. This leaves the organization with a pool of potentially fit employees to fill their vacancies.

Receiving Applications

Potential employees apply for a job by sending applications to the organization. The application gives the interviewers information about the candidates like their bio-data, work experience, hobbies and interests.

Screening Applications

Once the applications are received, they are screened by a special screening committee who choose candidates from the applications to call for an interview. Applicants may be selected on special criteria like qualifications, work experience etc.

Employment Tests

Before an organization decides a suitable job for any individual, they have to gauge their talents and skills. This is done through various employment tests like intelligence tests, aptitude tests, proficiency tests, personality tests etc.

Employment Interview

The next step in the selection process is the employee interview. Employment interviews are done to identify a candidate's skill set and ability to work in an organization in detail. Purpose of an employment interview is to find out the suitability of the candidate and to give him an idea about the work profile and what is expected of the potential employee. An employment interview is critical for the selection of the right people for the right jobs.

Checking References

The person who gives the reference of a potential employee is also a very important source of information. The referee can provide info about the person's capabilities, experience in the previous companies and leadership and managerial skills. The information provided by the referee is meant to be kept confidential with the HR department.

Medical Examination

The medical exam is also a very important step in the selection process. Medical exams help the employers know if any of the potential candidates are physically and mentally fit to perform their duties in their jobs. A good system of medical checkups ensures that the employee standards of health are higher and there are fewer cases of absenteeism, accidents and employee turnover.

Final Selection and Appointment Letter

This is the final step in the selection process. After the candidate has successfully passed all written tests, interviews and medical examination, the employee is sent or emailed an appointment letter, confirming his selection to the job. The appointment letter contains all the details of the job like working hours, salary, leave allowance etc. Often, employees are hired on a conditional basis where they are hired permanently after the employees are satisfied with their performance.

DIFFERENCE BETWEEN RECRUITMENT AND SELECTION

Basis	Recruitment	Selection
Meaning	It is an activity of establishing contact between employers and applicants.	It is a process of picking up more competent and suitable employees.

Objective	It encourages large number of Candidates for a job.	It attempts at rejecting unsuitable candidates.
Process	It is a simple process.	It is a complicated process.
Hurdles	The candidates have not to cross over many hurdles.	Many hurdles have to be crossed.
Approach	It is a positive approach.	It is a negative approach.
Sequence	It preceded selection.	It follows recruitment.
Economy	It is an economical method.	It is an expensive method.
Time Consuming	Less time is required.	More time is required.

ORIENTATION

Orientation is the planned introduction of new employees to their jobs, coworkers, and the organization. Orientation is the process of giving ideas, philosophy, and information about the organization to the newly appointed employees so that they can adjust themselves with the organization.

Orientation is the process of bringing employees up to speed on organizational policies, job roles and responsibilities and other organizational attributes and concepts that will help them transition efficiently into the position. In larger companies, and for roles with greater responsibilities, the orientation process may include time spent in several departments as well as specialist learning programmes.

OBJECTIVES OF ORIENTATION

- Gain employee commitment
- Reduce his or her anxiety
- Help him or her understand the organization's expectations
- Convey what he or she can expect from the job and the organization

IMPORTANTANCE OF ORIENTATION

- Provides the new employee with concise and accurate information to make him/her more comfortable in the job
- Encourages employee confidence and helps the new employee adapt faster to the job
- Contributes to a more effective, productive workforce
- Improves employee retention
- Promotes communication between the supervisor and the new employee.

STEPS IN ORIENTATION PROGRAMME

- Welcome to the organization
- Explain about the company.
- Show the location, department where the new recruit will work. .
- Give the company's manual to the new recruit.
- Provide details about various work groups and the extent of unionism within the company.
- Give details about pay, benefits, holidays, leave, etc. Emphasize the importance of attendance and punctuality.
- Explain about future training opportunities and career prospects.
- Clarify doubts, by encouraging the employee to come out with questions.
- Take the employee on a guided tour of buildings, facilities, etc. Hand him over to his supervisor.

CONTENT

The areas covered in employee orientation programme may be stated as follows:

1. Organizational issues

- History of company
- Names and titles of key executives.
- Employees' title and department.
- Layout of physical facilities
- Probationary period
- Products/services offered
- Company policy and rules
- Disciplinary procedures
- Safety steps
- Employees' handbook

2. Employee benefits

- Pay scales, pay days
- Vacations, holidays
- Rest pauses
- Training Avenues
- Counseling
- Insurance, medical, recreation, retirement benefit

3. Introductions

- To supervisors
- To co-workers

- To trainers
- To employee counselor

4.Job duties

- Job location
- Job tasks
- Job safety needs
- Overview of jobs
- Job objectives
- Relationship with other jobs

SOCIALIZATION

"Socialization" refers to the process by which individuals learn and internalize the norms, values, beliefs, and behaviors of their society, essentially shaping their personality and teaching them how to interact effectively within their culture; it is crucial because it allows individuals to become functioning members of a community and contributes to the overall stability and continuity of society by passing down cultural expectations across generations.

Key points about socialization:

Lifelong process:

Socialization happens throughout a person's life, starting in early childhood with family interactions and continuing through adulthood with new roles and experiences.

Agents of socialization:

Various individuals and institutions like family, school, peers, media, and workplace play a role in shaping a person's socialization process.

Learning social norms:

Through socialization, people learn what behaviors are considered acceptable or unacceptable in their society, including manners, etiquette, and appropriate ways to interact with others.

Developing identity:

Socialization contributes to the formation of an individual's self-concept and identity by providing them with cues about how they should behave and be perceived by others.

Importance of socialization:

Social cohesion:

By teaching shared values and norms, socialization helps maintain social order and stability within a society.

Individual development:

Through socialization, individuals acquire the necessary skills and knowledge to participate effectively in

social life, including communication, cooperation, and problem-solving.

Cultural transmission:

Socialization is the primary mechanism through which cultural traditions, beliefs, and practices are passed down from generation to generation.

Psychological well-being:

Positive social interactions and a sense of belonging fostered through socialization can contribute to mental health and overall well-being

MODULE-II

PERFORMANCE APPRAISAL

Meaning and Definition

Performance appraisal is the process which can evaluate the employees performance in an systematically and periodically in regarding to his /her job.

Performance appraisal is a systematic and objective way of judging the performance of an employee in performing his/her task.

According to Flippo “performance appraisal is the systematic, periodic and an impartial rating of an employee’s excellence in matters pertaining to his present job and his potential for a better job.”

OBJECTIVES OF PERFORMANCE APPRAISAL

The main objective of performance appraisal is to measure and improve the performance of employees. Other objectives are salary increase, promotion, feedback, training and development, self improvement, transfer etc.

SALARY INCREASE

Performance appraisal plays vital role in salary increase of employee in an organization. Salary increase of an employee depends on performance regarding to his/her job. Performance evaluation of an employee may be formally or informally. In small organization performance appraisal done in informal ways because employee are direct contact to his/her superior but in large organization it’s not possible so in large organization performance appraisal done in formal way with proper. This may disclose how well an employee is performing or not and how much salary should be increase.

PROMOTION

Performance appraisal plays vital role where promotion is based on merit. Most of the organizations often use a combination of merit and seniority for promotion. Its gives information regarding employees strength and weakness. In this basis decided whether the employee be promoted or not. Similarly performance appraisal can be used for demotion, transfer and discharge of an employee.

TRAINING AND DEVELOPMENT

Performance appraisal tries to identify the strength and weakness of an employee regarding his/her job. This information can be used for formulating training and development programmes appropriate for overcoming weakness of the employees.

FEEDBACK

It provides feedback to employees about their performance. The employee gets feedback about his performance and he may try to overcome his deficiencies which leads to better performance This provides him satisfaction that his work is meaningful.

PRESSURE ON EMPLOYEES

It puts a sort of pressure on employees for better performance. If the employees are conscious that they are being appraised in respect factors and their future largely depends on such appraisal.

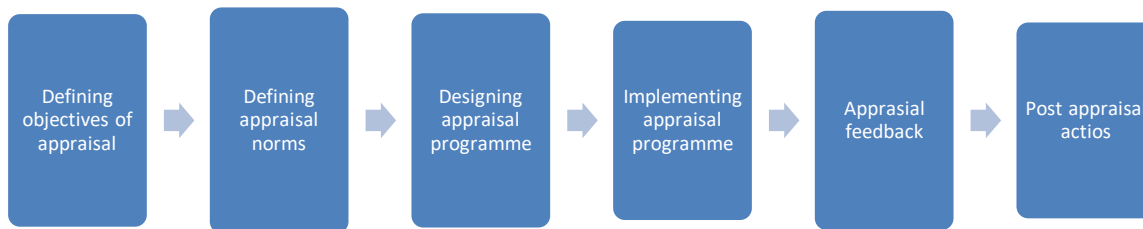
PROCESS OF PERFORMANCE APPRAISAL

Performance appraisal consists up various steps like:-

- Defining objectives of appraisal
- Defining appraisal norms

- Designing appraisal programme
- Implementing appraisal programme
- Appraisal feedback
- Post-appraisal actions

PERFORMANCE APPRAISAL PROCESS



1. DEFINING OBJECTIVES OF APPRAISAL

The first steps in performance appraisal process are the defining objectives of appraisal. Appraisal is used for motivating the employees to controlling their behaviours. The various objectives of performance appraisal are salary increase, feedback, training and development, promotion, transfer etc.

2. DEFINING APPRAISAL NORMS

After determining the objectives of performance appraisal then setting the appraisal norms or standards. Performance norms are to be specified in the beginning of the period which appraisal is concerned. When performance is taken as the basis of appraisal, the performance standards should be determined jointly by both appraiser and appraisee.

3. DESIGNING APPRAISAL PROGRAMME

After determining the objectives and appraisal norms designing appraisal programme is conducted. Appraisal programme consists up several aspects like-(i) the types of personnel to be appraised whether the employees belong to operational or managerial personnel or technical. (ii) determination of personnel who will conduct performance appraisal. (iii) the next aspects is the methodology to be used in appraisal-whether through structured forms and questionnaires or personal interview of appraisee or a combination of both. (iv) the last aspects in designing of appraisal programme is the determination of time period and timing of appraisal.

4. IMPLEMENTING APPRAISAL PROGRAMME

In implementing appraisal programme, the appraisal is conducted by the appraisers and they may also conduct interview if it is provided in the appraisal process. The results of the appraisal are communicated to HR department for follow-up actions which should be oriented towards the objectives of the appraisal.

5. APPRAISAL FEEDBACK

Appraisal feedback is the most important step in performance appraisal process. Especially when the superior's rating is not as per the expectations of the appraisee, even though such expectations may be based on false premise. This step gives information about the performance of employee regarding his job.

6. POST-APPRAISAL ACTIONS

After performance appraisal process completed the steps can be conducted. This step gives rewards, increase salary, promotion to the better performance and gives training and development programme to the poor.

performance. In the systems approach, appraisal system seeks to evaluate opportunity factors.

PERFORMANCE APPRAISAL METHODS

Traditional Methods:

Ranking Method:

It is the oldest and simplest formal systematic method of performance appraisal in which employee is compared with all others for the purpose of placing order of worth. The employees are ranked from the highest to the lowest or from the best to the worst. In doing this the employee who is the highest on the characteristic being measured and also the one who is lowest, are indicated. Then, the next highest and the next lowest between next highest and lowest until all the employees to be rated have been ranked. Thus, if there are ten employees to be appraised, there will be ten ranks from 1 to 10.

Paired Comparison:

In this method, each employee is compared with other employees on one- on one basis, usually based on one trait only. The rater is provided with a bunch of slips each containing pair of names, the rater puts a tick mark against the employee whom he considers the better of the two. The number of times this employee is compared as better with others determines his or her final ranking.

The number of possible pairs for a given number of employees is ascertained by the following formula:

$$N(N-1)/2$$

Where N = the total number of employees to be evaluated. Let this be exemplified with an imaginary example.

If the following five teachers have to be evaluated by the Vice Chancellor of a University:

(K), Mohapatra (M), Raul (R), Venkat (V), and Barman (B), the above formula gives $5(5-1)/2$ or 10 pairs.

These are:

K with M			
K with R	M with R		
K with V	M with V	R with V	
K with B	M with B	R with B	V with B

Thus, the pairs so ascertained give the maximum possible permutations and combinations. The number of times a worker is considered better makes his/her score. Such scores are determined for each worker and he/she is ranked according to his/her score. One obvious disadvantage of this method is that the method can become unwieldy when large numbers of employees are being compared.

Grading Method:

In this method, certain categories of worth are established in advance and carefully defined. There can be three categories established for employees: outstanding, satisfactory and unsatisfactory. There can be more than

three grades. Employee performance is compared with grade definitions. The employee is, then, allocated to the grade that best describes his or her performance.

Such type of grading is done in Semester pattern of examinations and in the selection of a candidate in the public service sector. One of the major drawbacks of this method is that the rater may rate most of the employees on the higher side of their performance.

Forced Distribution Method:

This method was evolved by Tiffen to eliminate the central tendency of rating most of the employees at a higher end of the scale. The method assumes that employees' performance level conforms to a normal statistical distribution i.e., 10,20,40,20 and 10 per cent. This is useful for rating a large number of employees' job performance and promo ability. It tends to eliminate or reduce bias.

It is also highly simple to understand and easy to apply in appraising the performance of employees in organisations. It suffers from the drawback that if everyone improves similarly, no single grade would rise in a ratings.

Forced-Choice Method:

The forced-choice method is developed by J. P. Guilford. It contains a series of groups of statements, and raters rates how effectively a statement describes each individual being evaluated. Common method of forced-choice method contains two statements, both positive and negative.

Examples of positive statements are:

1. Gives good and clear instructions to the subordinates.
2. Can be depended upon to complete any job assigned.

A pair of negative statements may be as follows:

1. Makes promises beyond his limit to keep these.
2. Inclines to favour some employees.

Each statement carries a score or weight, which is not made known to the rater. The human resource section does rating for all sets of statements— both positive and negative. The final rating is done on the basis of all sets of statements. Thus, employee rating in this manner makes the method more objective. The only problem associated with this method is that the actual constructing of several evaluative statements also called 'forced-choice scales', takes a lot of time and effort.

Check-List Method:

The basic purpose of utilizing check-list method is to ease the evaluation burden upon the rater. In this method, a series of statements, i.e., questions with their answers in 'yes' or 'no' are prepared by the HR department (see Figure 28-2). The check-list is, then, presented to the rater to tick appropriate answers relevant to the appraisee. Each question carries a weight-age in relationship to their importance.

Fig. 28.2: Sample Check-list for Appraising University Teachers

	<i>Yes</i>	<i>No</i>
1. Is regular on the job?
2. Does maintain discipline well?
3. Does show consistent behaviour to all students?
4. Is interested in (teaching) job?
5. Does ever make mistakes?
6. Does show favouritism to particular students?
7. Is willing to help colleagues?

When the check-list is completed, it is sent to the HR department to prepare the final scores for all appraises based on all questions. While preparing questions an attempt is made to determine the degree of consistency of the rater by asking the same question twice but in a different manner (see, numbers 3 and 6 in Figure 28-2).

However, one of the disadvantages of the check-list method is that it is difficult to assemble, analyse and weigh a number of statements about employee characteristics and contributions. From a cost stand point also, this method may be inefficient particularly if there are a number of job categories in the organisation, because a check-list of questions must be prepared for each category of job. It will involve a lot of money, time and efforts.

Critical Incidents Method:

In this method, the rater focuses his or her attention on those key or critical behaviours that make the difference between performing a job in a noteworthy manner (effectively or ineffectively). There are three steps involved in appraising employees using this method.

First, a list of noteworthy (good or bad) on-the-job behaviour of specific incidents is prepared. Second, a group of experts then assigns weightage or score to these incidents, depending upon their degree of desirability to perform a job. Third, finally a check-list indicating incidents that describe workers as “good” or “bad” is constructed. Then, the check-list is given to the rater for evaluating the workers.

The basic idea behind this rating is to apprise the workers who can perform their jobs effectively in critical situations. This is so because most people work alike in normal situation. The strength of critical incident method is that it focuses on behaviours and, thus, judge’s performance rather than personalities.

Its drawbacks are to regularly write down the critical incidents which become time-consuming and burdensome for evaluators, i.e., managers. Generally, negative incidents are positive ones. It is rater’s inference that determines which incidents are critical to job performance. Hence, the method is subject to all the limitations relating to subjective judgments.

Graphic Rating Scale Method:

The graphic rating scale is one of the most popular and simplest techniques for appraising performance. It is also known as linear rating scale. In this method, the printed appraisal form is used to appraise each employee.

The form lists traits (such as quality and reliability) and a range of job performance characteristics (from unsatisfactory to outstanding) for each trait. The rating is done on the basis of points on the continuum. The common practice is to follow five points scale.

The rater rates each appraisee by checking the score that best describes his or her performance for each trait all assigned values for the traits are then totaled. Figure 28-3 shows a typical graphic rating scale.

Fig. 28.3: Sample of Graphic Rating Scale Items and Format

Performance Factor	Performance Rating				
<i>Quality of work</i> is the accuracy, skill, and completeness of work.	<input type="checkbox"/> Consistently unsatisfactory	<input type="checkbox"/> Occasionally unsatisfactory	<input type="checkbox"/> Consistently satisfactory	<input type="checkbox"/> Sometimes superior	<input type="checkbox"/> Consistently superior
<i>Quantity of work</i> is the volume of work done in a normal workday.	<input type="checkbox"/> Consistently unsatisfactory	<input type="checkbox"/> Consistently unsatisfactory	<input type="checkbox"/> Consistently satisfactory	<input type="checkbox"/> Sometimes superior	<input type="checkbox"/> Consistently superior

Performance Factor	Performance Rating				
<i>Job knowledge</i> is information pertinent to the job that an individual should have for satisfactory job performance.	<input type="checkbox"/> Poorly informed about work duties	<input type="checkbox"/> Occasionally unsatisfactory	<input type="checkbox"/> Can answer most questions about the job	<input type="checkbox"/> Understands all phases of the job	<input type="checkbox"/> Has complete mastery of all phases of the job
<i>Dependability</i> in following directions and company policies without supervision.	<input type="checkbox"/> Required constant supervision	<input type="checkbox"/> Requires occasional follow-up	<input type="checkbox"/> Usually can be counted on	<input type="checkbox"/> Requires very little supervision	<input type="checkbox"/> Requires absolute minimum of supervision

This method is good for measuring various job behaviours of an employee. However, it is also subjected to rater's bias while rating employee's behaviour at job. Occurrence of ambiguity in designing the graphic scale results in bias in appraising employee's performance.

Essay Method:

Essay method is the simplest one among various appraisal methods available. In this method, the rater writes a narrative description on an employee's strengths, weaknesses, past performance, potential and suggestions for

improvement. Its positive point is that it is simple in use. It does not require complex formats and extensive/specific training to complete it.

However, essay method, like other methods, is not free from drawbacks. In the absence of any prescribed structure, the essays are likely to vary widely in terms of length and content. And, of course, the quality of appraisal depends more upon rater's writing skill than the appraiser's actual level of performance.

Moreover, because the essays are descriptive, the method provides only qualitative information about the employee. In the absence of quantitative data, the evaluation suffers from subjectivity problem. Nonetheless, the essay method is a good start and is beneficial also if used in conjunction with other appraisal methods.

Field Review Method:

When there is a reason to suspect rater's biasedness or his or her rating appears to be quite higher than others, these are neutralised with the help of a review process. The review process is usually conducted by the personnel officer in the HR department.

The review process involves the following activities:

- (a) Identify areas of inter-rater disagreement.
- (b) Help the group arrive at a consensus.
- (c) Ensure that each rater conceives of the standard similarity.

However, the process is a time-consuming one. The supervisors generally resent what they consider the staff interference. Hence, the method is not widely used.

Confidential Report:

It is the traditional way of appraising employees mainly in the Government Departments. Evaluation is made by the immediate boss or supervisor for giving effect to promotion and transfer. Usually a structured format is devised to collect information on employee's strength weakness, intelligence, attitude, character, attendance, discipline, etc. report.

Modern Methods:

Management by Objectives (MBO):

Most of the traditional methods of performance appraisal are subject to the antagonistic judgments of the raters. It was to overcome this problem; Peter F. Drucker propounded a new concept, namely, MBO

Limitation of MBO:

MBO is not a panacea, cure for all organisational problems.

As with other methods, it also suffers from some limitations as catalogued below:

(i) Setting Un-measurable Objectives:

One of the problems MBO suffers from is unclear and un-measurable objectives set for attainment. An objective such as “will do a better job of training” is useless as it is un-measurable. Instead, “well have four subordinates promoted during the year” is a clear and measurable objective.

(ii) Time-consuming:

The activities involved in an MBO programme such as setting goals, measuring progress, and providing feedback can take a great deal of time.

(iii) Tug of War:

Setting objectives with the subordinates sometimes turns into a tug of war in the sense that the manager pushes for higher quotas and the subordinates push for lower ones. As such, goals so set are likely to be unrealistic.

(iv) Lack of Trust:

MBO is likely to be ineffective in an environment where management has little trust in its employees. Or say, management makes decisions autocratically and relies heavily on external controls.

Behaviourally Anchored Rating Scales (BARS):

The problem of judgmental performance evaluation inherent in the traditional methods of performance evaluation led to some organisations to go for objective evaluation by developing a technique known as “Behaviourally Anchored Rating Scales (BARS)” around 1960s. BARS are descriptions of various degrees of behaviour with regard to a specific performance dimension.

It combines the benefits of narratives, critical incidents, and quantified ratings by anchoring a quantified scale with specific behavioural examples of good or poor performance. The proponents of BARS claim that it offers better and more equitable appraisals than do the other techniques of performance appraisal we discussed so far.

Developing BARS typically involves five steps:

1. Generating Critical Incidents:

Critical incidents (or say, behaviours) are those which are essential for the performance of the job effectively. Persons who are knowledgeable of the job in question (jobholders and/or supervisors) are asked to describe specific critical incidents of effective and ineffective performance. These critical incidents may be described in a few short sentences or phrases using the terminology.

2. Developing Performance Dimensions:

The critical incidents are then clustered into a smaller set of performance dimensions, usually five to ten. Each cluster, or say, dimension is then defined.

3. Reallocating Incidents:

Various critical incidents are reallocated dimensions by another group of people who also know the job in question. Various critical incidents so reallocated to original dimensions are clustered into various categories.

with each cluster showing similar critical incidents. Those critical incidents are retained which meet 50 to 80% of agreement with the cluster as classified in step 2.

4. Scaling Incidents:

The same second group as in step 3 rates the behaviour described in each incident in terms of effectiveness or ineffectiveness on the appropriate dimension by using seven to nine points scale. Then, average effectiveness ratings for each incident are determined to decide which incidents will be included in the final anchored scales.

5. Developing Final BARS Instrument:

A subset of the incidents (usually six or seven per cluster) is used as a behavioural anchor for the final performance dimensions. Finally, a BARS instrument with vertical scales is drawn to be used for performance appraisal, as in Figure 27-5.

How BARS is developed can be exemplified with an example of grocery checkout clerks working in a large grocery chain.

A number of critical incidents involved in checking out of grocery can be clustered into seven performance dimensions:

1. Knowledge and Judgment
2. Conscientiousness
3. Skill in Human Relations
4. Skill in Operation of Register
5. Skill in Bagging
6. Organisational Ability of Check stand Work
7. Skill in Monetary Transactions
8. Observational Ability

Now, a BARS for one of these performance dimensions, namely, “knowledge and judgment” can be developed, as in Figure 28-5. Notice how the typical BARS is behaviourally anchored with specific critical incidents.

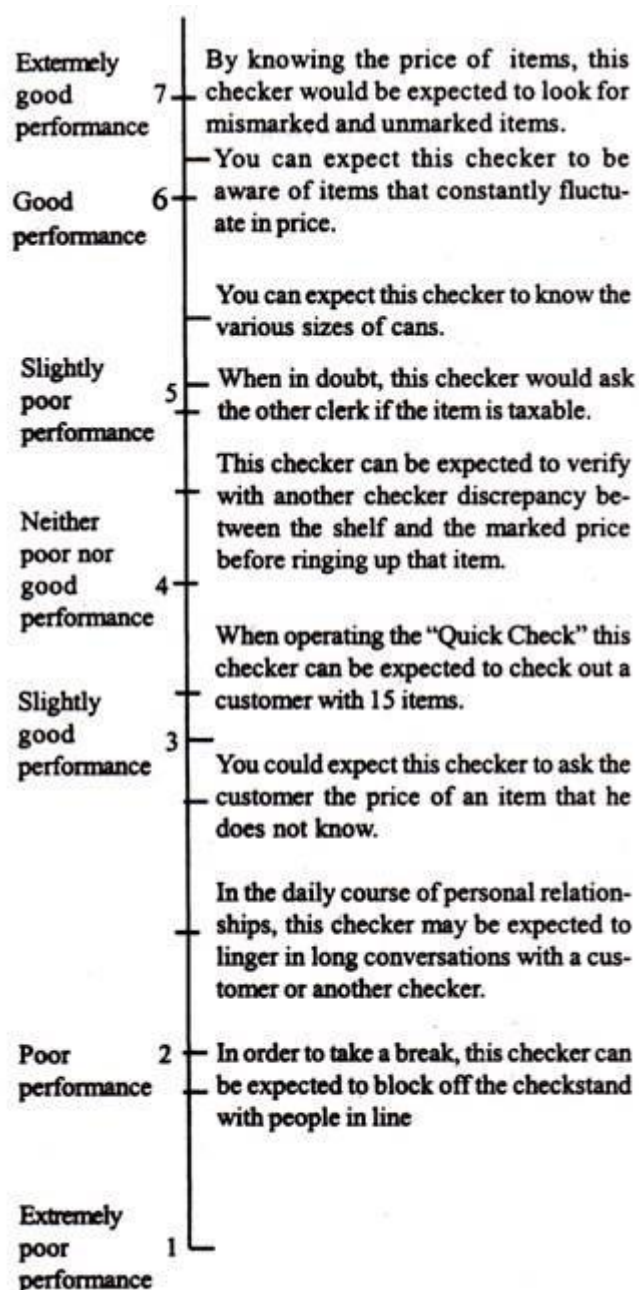


Fig. 28.5 : BARS for Appraising of a Grocery Checker's Job

BARS method of performance appraisal is considered better than the traditional ones because it provides advantages like a more accurate gauge, clearer standards, better feedback, and consistency in evaluation. However, BARS is not free from limitations.

The research on BARS indicates that it too suffers from distortions inherent in most rating scales. The research study concluded that "it is clear that research on BARS to date does not support the high promise regarding scale independence. In short, while BARS may outperform conventional rating techniques, it is clear that they are not a panacea for obtaining high interrater reliability"

Assessment Centres:

The introduction of the concept of assessment centres as a method of performance method is traced back in 1930s in the Germany used to appraise its army officers. The concept gradually spread to the US and the UK in 1940s and to the Britain in 1960s.

The concept, then, traversed from the army to business arena during 1960s. The concept of assessment centre is, of course, of a recent origin in India. In India, Crompton Greaves, Eicher, Hindustan Lever and Modi Xerox have adopted this technique of performance evaluation.

In business field, assessment centres are mainly used for evaluating executive or supervisory potential. By definition, an assessment centre is a central location where managers come together to participate in well-designed simulated exercises. They are assessed by senior managers supplemented by the psychologists and the HR specialists for 2-3 days.

Assessee is asked to participate in in-basket exercises, work groups, simulations, and role playing which are essential for successful performance of actual job. Having recorded the assessee's behaviour the raters meet to discuss their pooled information and observations and, based on it, they give their assessment about the assessee. At the end of the process, feedback in terms of strengths and weaknesses is also provided to the assessee.

The distinct advantages the assessment centres provide include more accurate evaluation, minimum biasedness, right selection and promotion of executives, and so on. Nonetheless, the technique of assessment centres is also plagued by certain limitations and problems. The technique is relatively costly and time consuming, causes suffocation to the solid performers, discourages to the poor performers (rejected), breeds unhealthy competition among the assesseees, and bears adverse effects on those not selected for assessment.

360 – Degree Appraisal:

Yet another method used to appraise the employee's performance is 360 – degree appraisal. This method was first developed and formally used by General Electric Company of USA in 1992. Then, it travelled to other countries including India. In India, companies like Reliance Industries, Wipro Corporation, Infosys Technologies, Thermax, Thomas Cook etc., have been using this method for appraising the performance of their employees. This feedback based method is generally used for ascertaining training and development requirements, rather than for pay increases.

Under 360 – degree appraisal, performance information such as employee's skills, abilities and behaviours, is collected "all around" an employee, i.e., from his/her supervisors, subordinates, peers and even customers and clients.

In other words, in 360-degree feedback appraisal system, an employee is appraised by his supervisor, subordinates, peers, and customers with whom he interacts in the course of his job performance. All these appraisers provide information or feedback on an employee by completing survey questionnaires designed for this purpose.

All information so gathered is then compiled through the computerized system to prepare individualized reports. These reports are presented to the employees being rated. They then meet the appraiser—be it one's superior, subordinates or peers—and share the information they feel as pertinent and useful for developing a self-improvement plan.

In 360 – degree feedback, performance appraisal being based on feedback “all around”, an employee is likely to be more correct and realistic. Nonetheless, like other traditional methods, this method is also subject to suffer from the subjectivity on the part of the appraiser. For example, while supervisor may penalise the employee by providing negative feedback, a peer, being influenced by ‘give and take feeling’ may give a rave review on his/her colleague.

Cost Accounting Method:

This method evaluates an employee's performance from the monetary benefits the employee yields to his/her organisation. This is ascertained by establishing a relationship between the costs involved in retaining the employee, and the benefits an organisation derives from him/her.

While evaluating an employee's performance under this method, the following factors are also taken into consideration:

1. Unit wise average value of production or service.
2. Quality of product produced or service rendered.
3. Overhead cost incurred.
4. Accidents, damages, errors, spoilage, wastage caused through unusual wear and tear.
5. Human relationship with others.
6. Cost of the time supervisor spent in appraising the employee.

POTENTIAL APPRAISAL

The potential appraisal refers to the appraisal involving identification of the hidden talents and skills of a person. The person might or might not be aware of them.

Potential appraisal is a future-oriented appraisal whose main objective is to identify and evaluate the potential of the employees to assume higher positions and responsibilities in the organizational hierarchy.

Purpose of Potential Appraisal

The purposes of a potential appraisal are:

- to inform employees of their future prospects

- to enable the organisation to draft a management succession programme;
- to update training and recruitment activities;
- to advise employees about the work to be done to enhance their career Opportunities

Objectives of Potential Appraisal

One of the important objectives of potential appraisal is to help employees to move upwards in the organization

Advantages of Potential Appraisal

The advantages of a thoroughly carried out potential appraisal are:

- The organizations are able to identify individuals who can take higher responsibilities.
- It also conveys the message that people are not working in dead-end jobs in the organization.
- The identification of employee potential to ensure the availability of people to do different jobs helps to motivate employees in addition to serving organisational needs.

Steps of Potential Appraisal System

1. **Role Description:** A good potential appraisal system would be based on clarity of roles and functions associated with the different roles in an organisation. This requires extensive job descriptions to be made available for each job. These job descriptions should spell out the various functions involved in performing the job.
2. **Qualities Required:** Besides job descriptions, it is necessary to have a detailed list of qualities required to perform each of these functions. These qualities may be broadly divided into four categories:
 1. technical knowledge and skills
 2. managerial capabilities and qualities
 3. Behavioural capabilities
 4. Conceptual capabilities.
3. **Indicators of Qualities:** A good potential appraisal system besides listing down the functions and qualities would also have various mechanisms for judging these qualities in a given individual. Some of the mechanisms for judging these qualities are:
 1. Rating by others
 2. Psychological tests
 3. Simulation games and exercises
 4. Performance appraisal records.
4. **Organising the System:** Once the functions, the qualities required performing these functions, indicators of these qualities, and mechanisms for generating these indicators are clear, the organisation is in a sound position to establish and operate the potential appraisal system. Such establishment requires clarity in organisational policies and systematisation of its efforts.
5. **Feedback:** If the organisation believes in the development of human resources it should attempt to generate a climate of openness. Such a climate is required for helping the employees to understand

their strengths and weaknesses and to create opportunities for development. A good potential appraisal system should provide an opportunity for every employee to know the results of assessment. He should be helped to understand the qualities actually required for performing the role for which he thinks he has the potential, the mechanisms used by the organisation to appraise his potential, and the results of such an appraisal.

BIASES IN PERFORMANCE APPRAISAL

- **First Impression (primacy effect):** Raters form an overall impression about the ratee on the basis of some particular characteristics of the ratee identified by them. The identified qualities and features may not provide adequate base for appraisal.
- **Halo Effect:** The individual's performance is completely appraised on the basis of a perceived positive quality, feature or trait. In other words this is the tendency to rate a man uniformly high or low in other traits if he is extra-ordinarily high or low in one particular trait. If a worker has few absences, his supervisor might give him a high rating in all other areas of work.
- **Horn Effect:** The individual's performance is completely appraised on the basis of a negative quality or feature perceived. This results in an overall lower rating than may be warranted. "He is not formally dressed up in the office. He may be casual at work too!".
- **Excessive Stiffness or Lenience:** Depending upon the raters own standards, values and physical and mental makeup at the time of appraisal, ratees may be rated very strictly or leniently.
- **Central Tendency:** Appraisers rate all employees as average performers. That is, it is an attitude to rate people as neither high nor low and follow the middle path. For example, a professor, with a view to play it safe, might give a class grade near the equal to B, regardless of the differences in individual performances.
- **Personal Biases:** The way a supervisor feels about each of the individuals working under him - whether he likes or dislikes them - as a tremendous effect on the rating of their performances. Personal Bias can stem from various sources as a result of information obtained from colleagues, considerations of faith and thinking, social and family background and so on.
- **Spill over Effect:** The present performance is evaluated much on the basis of past performance. "The person who was a good performer in distant past is assured to be okay at present also".
- **Recency Effect:** Rating is influenced by the most recent behaviour ignoring the commonly demonstrated behaviours during the entire appraisal period.

JOB EVALUATION

The systematic process of establishing the relative value of different positions in an organisation is known as job evaluation. It is to evaluate positions to create a compensation system that is fair, equal and consistent for

all employees.

Objectives of job evaluation

- Establish a system for determining the relative value of each job in an organisation
- Establish fair salary differentials between different jobs inside the company
- Reduce salary disparities
- Ensure that all eligible employees are paid the same for similar work
- Establish a foundation for determining incentives and bonus plans
- Serve as a useful resource for resolving particular wage rate grievances
- Provide information on work organisation, staff selection, placement and training, as well as a variety of other issues

Methods of job evaluation

Ranking method

Ranking Method is the simplest form of job evaluation method. The method involves ranking each job relative to all other jobs, usually based on some overall factor like 'job difficulty'. Each job as a whole is compared with other and this comparison of jobs goes on until all the jobs have been evaluated and ranked. All jobs are ranked in the order of their importance from the simplest to the hardest or from the highest to the lowest. The importance of order of job is judged in terms of duties, responsibilities and demands on the job holder. The following steps are involved in ranking jobs.

Merits

- It is the simplest method.
- It is quite economical to put it into effect.
- It is less time consuming and involves little paper work.

Demerits

- The main demerit of the ranking method is that there are no definite standards of judgement and also there is no way of measuring the differences between jobs.
- It suffers from its sheer un-manageability when there are a large number of jobs.

Classification/Grading

Generic job qualities are combined together in this job evaluation approach to reflect their level of competence and responsibility at multiple specified grade levels. This procedure is usually uncomplicated and takes less time than others.

Individual jobs are compared to sets of predetermined job qualities. Based on the comparison, they are assigned a specific grade classification. This can be difficult because one set of traits does not necessarily apply to every role within an organisation. As jobs go to higher levels, this method is prone to grade inflation,

which could lead to ineffective evaluations.

Point-Factor

This method identifies particular employment aspects that contribute to a position's value and worth. The factors are divided into various categories, such as responsibility, skill and effort, and a value is assigned to each of them. Individual characteristics that a certain work meets are combined together to achieve a total point value for the project. The disadvantages of this strategy include that the point values may not necessarily represent market job values, and the system also has the potential to create an internal hierarchy.

Factor Comparison

This technique, like the Point-Factor Method, divides job factors into primary groups and assigns a dollar value to each factor rather than a point value. Only a few organisations use this strategy because it is more complicated. It can also be difficult to communicate with staff, and determining dollar values involves a certain amount of subjectivity.

COMPENSATION

Definition

According to Dale Yoder:-“Compensation is paying people for work.”

According to Flipppo: - “The function of compensation is defined as the adequate and equitable remuneration of personnel for their contributions to the organizational objectives.”

According to Benham:- “Compensation is the value of work of the employees according to the agreement between employer and employee.”

According to R.S.Schular:-“Compensation is such an activity through which organization on the basis of its ability and within law reasonably assesses the contribution of employees directly and indirectly for the distribution of financial and non financial remuneration”.

COMPONENTS OF COMPENSATION

WAGE-Wage is referred to as paid to the workers, particularly hourly-rated payment.

SALARY- Salary refers to as remuneration paid to white-collar employees including managerial personnel.

INCENTIVES-Incentives are the additional payment to employees besides the payment of wages and salaries.

FRINGE BENEFITS- Fringe benefits include such benefits which are provided to employees for long term like provident fund, gratuity, pension, accidental benefits, medical benefits, health and insurance etc.

PERQUISITES-These are normally provided to managerial personnel.Prequisites include company car, club membership, free residential accommodation, holiday trips, stock options etc.

ALLOWANCES:-Allowances such as house rent allowance (HRA), LTA, Conveyance etc.

CLAIMS:-A part from the salary may be made up by billed claims. These include telephone/medical allowances, internet allowances, medical allowance etc.

GRATUITY:-Gratuity is governed by the payment of gratuity act; 1922.It is paid only at the time of employee's exit after serving more than five years.

TAXES:-Taxes are levied as per the prevailing laws. It is the duty of the employer to deduct taxes from an employee's salary.

NON-MONETARY BENEFITS:- These include challenging job responsibilities, recognition of merit, growth prospects, competent supervision, comfortable working conditions, job sharing etc.

COMPENSATION MANAGEMENT

Compensation management, also known as wage and salary administration, remuneration management or reward management, is concerned with designing and implementing total compensation package.

DEFINITION OF COMPENSATION MANAGEMENT

According to Beach-“Wage and salary administration refers to the establishment and implementation of sound policies and practices of employee compensation. It includes such areas as job evaluation, surveys of wages and salaries, analysis of relevant organizational problems, development and maintenance of wage structure, establishing rules for administering wages, wage payments, incentives, profit sharing, wage changes and adjustments, supplementary payments, control of compensation costs, and other related items.”

According to Armstrong stated that compensation management is an integral part of human resources management approach to productivity improvement in the organization. It deals with the design, implementation and maintenance of compensation system that are geared to the improvement of organizational, team and individual performance.

COMPENSATION MANAGEMENT PROCESS

Compensation management process consists of various steps:-

- Organization's strategy
- Compensation policy
- Job analysis and evaluation
- Analysis of contingent factors
- Design and implementation of compensation plan
- Evaluation and review

Organization's strategy

Companies operating in different types of market/product having varying level of maturity, adopt different strategies thus organizations follow different strategies in different market situations. A growing market successful the organization has to pay high cash to attract talents.

Compensation policy

Compensation policy is derived from organizational strategy and its policy on overall human resource management. Compensation management to work effectively, the organization should clearly specify its compensation policy, which must include the basis for determining base compensation, incentives and various types of perquisites to various levels of employees.

Job analysis and evaluation

Job analysis provides basis for defining job description and job specification with the former dealing with various characteristics and responsibilities involved in a job. Job evaluation is the relative worth of various jobs in the organization.

Analysis of contingent factors

Compensation plan is affected with various factors like internal factors and external factors. Various external

factors like HR market, cost of living, economic development, trade unions, social factors, labour laws etc. Internal factors like work performance, seniority, skills etc.

Design and implementation of compensation plan

The organization may be able to design its compensation plan incorporating base compensation with provision of wage/salary increase over the period of time, various incentives, benefits etc. After designing the compensation plan, it is implemented; implementation of compensation plan requires its communication to employees and putting this into practice.

Evaluation and review

A compensation plan is not a rigid and fixed one but is dynamic since it is affected by a variety of factors which are dynamic. Therefore, compensation management should have a provision for evaluating and reviewing the compensation plan.

Wage Differentials

The word differential means relating to, or showing a difference, or making use of a specific difference or distinction. Wage differential is an element of location selection that is a wage scale reflecting the average schedule of workers' pay in an area that takes into account the performance of related tasks or services. Wages differ in different employments or occupations, industries and localities, and or between persons in the same employment or grade. It may be termed as occupational wage differentials, inter-industry, inter-firm, inter-area or geographical differentials and personal differentials.

Causes for Wage Differentials

- Deviations in the competency level of the manpower, which may be due to initiate quality, pedagogy level, and working environment available for the workers.
- The existence of non-rivalry groups because of the hurdles in the way of the movements of manpower from low paid to high paid jobs.
- Variations in the social admiration of job.
- Deviations in the characteristics of employment and occupations.

Types of Wage Differentials

. Employee Based

Compensation deviation also exists at personal level. There are so many people in an organization with having alike qualifications and they are not provided with similar salaries in the same organisations. This is because they have acquired distinct skills instead of they may have same educational background or qualification. This occurs more when skill-based compensation system is followed as against job based compensation.

Nature of job matching personality can be stated as i.e., the type of employment, level of competency, working style and degree to which he/she or an employee can do perform the job independently. They can be classified as:

Deviations in Occupational Wage: Deviations in the occupational wages are based on talent, skill, experience and training acquired by the worker. These may be inter plant, inter industries. Inter plant deviation means the deviations in pay for the similar job or task in the similar industry, on the other hand inter industry variations are for the similar jobs or task between industries in the similar position. They are the pay differences for the same kind of input.

Wage Differentials on skill based: The wage difference among different extent of skill of the employees occurs under the skill based differentials. In any of the industry or organization in any state or in country Skilled or competent employees realize more than semi-skilled, unskilled and temporary employees. Basically organizations have noticed and make it compulsory to extent the skill or competency variations to attract the required skilled employees.

Gender Based Differentials: Generally need of male and female employee depends upon the nature of job some of the jobs may need a masculine role and some may need a feminine role for its effective performance. These circumstances helps to employ women and man employee as par the job requirements but the difference in the capacity or ability to perform the job the pay or wages may vary accordingly, and it may create wage differentiation's.

Performance Based Differentiation: The degree of efficiency or competency mandatory to perform any task or job also differentiated the compensation. Some of the jobs may require non automatic work, some may require semi automation efforts and some may needed fully automation which only to be supervised by a single person. Secondly, the nature of job i.e. simple or complex also creates differentiation's in compensation packages.

Experience Based Differentiation: There is a great difference in the compensation package of any fresher and experienced employee. Wages at the starting level gets an increment or increased as per the organizational rules of considering the experience of any employee. Experience propound expertise and employee can improve the quality and productivity. This increase may change the level of excellence acquired, level of extent of supervision needed, and the number of years of experience. Such differentiations are stated as the experience or expertise based differentiation's.

Industry and Organization Based

Industrial differentials also can be stated as the occupational differentials comes in existence due to the requirement of different competency level and instability in demand and supply of manpower having such kind of competency or skills. Compensation package usually determined on the basis of skills required to complete a specific job. So highly specified jobs needed higher degree of competency and pay higher for this, and vise versa. Linked with this, scarcity of labor supply also induces the higher wages and salaries.

Different organizations lies within the same industry and at the same location provide different compensation to employees having same background. Organizational differentials occurs due to the organizational policies followed for the recruitment and the ability to pay of any organization For example, most of the multinational

organizations working in India provides higher salaries to their employees as compared to their counterparts of Indian origin. Similarly, larger organizations provide higher salaries as compared to smaller organisations.

Industry and organization based differentiation's states that payment of compensation as per the nature of the job or task, industrial types, technical knowledge or expertise required, organization capacity to pay according to the size of the organization, these can be discussed as follows:

Nature of the organization and job: The compensation packages may differentiated or depends upon the nature of the organization, whether organization using a Hi-Tech process for operation, non-automation technique, automation in operations, manufacturing, repairing or machining shop, process industry, service industry, software or IT industry etc. Compensation is provided according to the performance and skill level required for performing a effective job

Size of the organization: The Size of the organization specify its paying capacity, span of control, budget on personnel and relative strength to specify the compensation packages. Larger the organizations provide higher salaries as compared to smaller organizations.

Technology required: As per the nature or requirement of job organization used the technology, and for the using of this technology required skilled, competent and experts which becomes the element for fixing the differential compensation packages.

Intra Industry (inter plant) based differentials: In the similar plant or industry, the employer may provide different-different compensation packages, based on deviations in the quality of job, competency level of employee, imbalance in the demand and supply of employee in labor market, and differences in efficient utilization of plant or machinery. Other factors, which reflect wage differences, could be (a) Technology up gradation (b) Managerial efficiencies (c) capacity to pay and (d) Age and size of organization.

Inter industry based differentials: These differences comes in existence when the similar occupation worker charged differentially at the same location and at the same time but in the different industries Inter industries compensation deviation generally occurs because of the degree of unionization, their negotiation power, financial capacity of organization to pay. Some other components also effects such as advancement in technology, managerial efficiency, financial strength and age of the organization effects inter industry differentials.

Regional Differentials: Apart from industrial lifeless differentials, there may also deviations in compensation on the basis of region. Such kind of differences are existed in different countries of the world as well as different regions within a country. Such differences occurs due to the differences in cost of living as per the location of survival , and lack of mobility of manpower from one region to another, it means the employees are rigid in nature. For example, wages and salaries are higher in metropolitan cities as compared to other cities; higher in cities as compared to rural area.

TYPES OF WAGES

Minimum Wages

The minimum wage may be defined as the lowest wage necessary to maintain a worker and his family at the minimum level of subsistence, which includes food, clothing, and shelter. Minimum wage in a country is fixed by the government in consultation with business organizations and trade unions.

Piece Wages

Piece wages are the wages paid according to the work done by the worker. To calculate the piece wages, the number of units produced by the worker is taken into consideration.

Time Wages

If the person is paid for his services according to time, it is called time wages. For example, if the labor is paid Rs. 35 per day, it will be termed as time wage.

Living Wage

The term "living wage" refers to a theoretical income level that allows individuals or families to afford adequate shelter, food, and other life necessities.

Fair Wage

A "fair wage" refers to a salary or compensation that is considered reasonable and equitable for the work performed, taking into account factors like the cost of living, industry standards, and the employee's skills and experience.

THEORIES OF WAGES

SUBSISTENCE THEORY OF WAGES

Most people consider Adam Smith (1723–1790) to be the father of classical economics. He was an ardent admirer of natural social harmony and opposed any kind of government interference in the regular operations of business and industry. Additionally, he promoted the theory of labour productivity, often known as the theory of value, and held that labour was the source of the money that started providing every country with all of the necessities and comforts of life that it consumed each year. Division of labor emerged as Adam Smith's main theory for improving productivity. Many wage theories, such as the subsistence, wage-fund, exploitation, bargain, and productivity theories, are included in his book *Wealth of Nations*. According to the subsistence theory of wages, gradually, wages inevitably converge on the amount required to support a worker's family. Pay higher than subsistence level would motivate workers to start larger families, which would lead to a labor supply boom and a subsequent fall in wages to subsistence level.

Wage fund theory

The trade unions within the industries were the ones that opposed this notion the most. In addition to the views of David Ricardo and Adam Smith, J.S. Mill expanded this thesis. According to this hypotheses, wages are influenced by the ratio of capital to population. To determine wages, a portion of the capital is set aside, and the population serves as the determinant. According to this theory, population refers to the working class or labour force, and thinkers declared that both population and capital have an impact on competitiveness in the market. This theory posits that the wage-fund capital stayed unmodified due to the belief that paying workers wages would affect the capital of commodities or equipment used in production, ultimately resulting in a decrease in wages. Raising pay causes a reduction in population, while a growing population leads to an increase in wages because the wages-fund is so kept constant. There is an inverse relationship between the two. The theory now has a mathematical component: $\text{Wages} = \text{Wage fund} / \text{population}$.

MARGINAL PRODUCTIVITY THEORY

Later ideas, such the marginal productivity theory, focused on the demand for labour, while the classical theories more heavily on the supply elements of labour. J.R. Hicks and Alfred Marshall are the principal proponents of this theory. This theory states that, in a system where there is a competitive labour market, labour, like any other factor of production, is governed by its marginal productivity. The wages paid to all other labourers on the same grade are influenced by the wages obtained by the marginal labourer. According to this idea, the wage rate is decided by the firm.

SURPLUS – VALUE THEORY OF WAGES

This notion was proposed by Karl Marx. He went against the Subsistence Theory of Wages, claiming that the rate of unemployment is what drives wages to a subsistence level rather than the size of the population. According to him, workers are just tools utilised by capitalists to earn more capital. When a worker produces more, however, surplus value is created and added. Marx's thesis criticises capitalists and highlights the undesirable features of industries that force workers to put in longer hours than they get compensated for. It describes a situation in which workers are not even compensated for overtime, and the owners of the industry take advantage of the improved efficiency to boost their capital.

RESIDUAL CLAIMANT THEORY

Most people probably know Francis A. Walker (1840–97) best as one of the leading critics of the wage fund doctrine. He suggested a residual claimant theory of wages instead of which describes wages as the portion of residual surplus left over after other factor charges are fulfilled. According to him, certain laws govern rent, interest, and profits; however, wages are not particularly governed by any law. Employees receive the residual.

BARGAINING THEORY

John Davidson first proposed the bargaining theory of wages in 1989. He says that basic pay, fringe benefits, job differentials, and individual inequalities are usually determined by the relative strength of the organisation

and the trade union. pay is governed by the relative bargaining power between companies and their employees or trade unions. Proponents of the bargaining theory believe that rates for specific kinds of labour should have upper and lower bounds. The wage that is paid within this range is influenced by the relative bargaining power that employees and labour have. The inability of the bargaining theory of wages to precisely define the limits or calculate the range between them is its worst flaw. The rate below which employees decline to work is the lower limit, and the upper limit is the rate over which the employer will not hire a particular kind of workers. An examination of supply and demand is crucial to determining the limits.

BEHAVIORAL THEORY

As mentioned before, compensation and work benefits comprise both material and intangible advantages that people receive in exchange for their efforts. An individual's responsibility to maintain fairness should be taken into consideration by the reimbursement process or payment system. It is a system of incentive that acknowledges each person's work and input into the provision of services. The employee compensation process is referred to by multiple theories (Altman, 2000). The theories offer a variety of rules that govern the reimbursement procedure, primarily to guarantee equity and an output-based compensation structure. This is essential since the theories aim to end discriminatory and unfair compensation systems. In particular, need theory asserts that when needs are met, workers function well (Rolfe, 2007). It claims that when an individual's needs and expectations are not satisfied, their performance is affected.

PAY STRUCTURE

A **pay structure**, also known as an internal pay structure, is a collection of organized grades, bands, or levels of employees' wages classified by their job types within an organizational hierarchy.

Types of Pay Structures

There are various types of pay structures at modern workplaces, among which there are four most common ones:

- Traditional pay structures,
- Broadband pay structures,
- Market-based structures, and
- Commission pay structures.

Broadband pay structures divide pay levels based on employees' job types and categories instead of job titles.

Market-based pay structures rely on the current market average of similar positions to determine employees' salary ranges and pay grades.

Step pay structures determine employees' salary ranges and pay grades based on their accumulated time with the organization and adequate performance

Commission pay structures determine how companies compensate their employees for their work and contribution.

WAGE LAW IN INDIA

Minimum Wages Act, 1948:

This Act establishes minimum wage rates for various scheduled employments, considering factors like cost of living.

Minimum wage rates are determined by both the Central and State governments.

The Act aims to protect employees from exploitation and ensure fair wages.

It covers minimum amount of employee payment, payment modes, procedure of fixing and revising minimum payments, and composition of advisory boards.

It also outlines compliance requirements for businesses and penalties for non-compliance.

Payment of Wages Act, 1936:

This Act regulates the payment of wages to workers employed in industries.

It ensures timely payment of wages and prohibits illegal deductions.

It mandates that wages be paid in money, not in kind.

The Code on Wages Act, 2019: aims to consolidate four labor laws, including the Minimum Wages Act, 1948, and the Payment of Wages Act, 1936.

The Equal Remuneration Act, 1976: aims to provide equal pay for equal work, regardless of gender.

The Payment of Bonus Act, 1965: mandates bonus payments to employees based on company profits.

The Payment of Gratuity Act, 1972: provides for gratuity payments to employees upon retirement or resignation.

EXECUTIVE COMPENSATION

Executive compensation, also known as executive pay, refers to the total package of financial and non-financial rewards offered to senior management and executives. It's a strategic approach to attracting, retaining, and motivating high-caliber executives. The goal is to align executive behavior with the company's long-term objectives and ensure competitiveness in the market. HR professionals play a crucial role in designing and implementing executive compensation plans.

Components of Executive Compensation:

- **Fixed Compensation:**
 - **Base Salary:** The regular, fixed amount paid to the executive.
 - **Executive Allowance:** A fixed component of pay, often used to cover certain expenses.
- **Variable Compensation (Incentives):**
 - **Short-Term Incentives (STIs):** Bonuses tied to annual performance targets.
 - **Long-Term Incentives (LTIs):** Stock options, restricted stock, or other incentives designed to align executive interests with long-term company growth.

- **Benefits and Perquisites:**
- **Health Insurance:** Coverage for the executive and their dependents.
- **Retirement Plans:** Contributions to retirement accounts.
- **Other Perquisites:** Company cars, club memberships, or other benefits.
- **Severance Payments:**
- Compensation provided when an executive's employment is terminated.
- Objectives of Executive Compensation:
- **Attract and Retain Talent:** Offer competitive packages to attract and retain top executives.

MODULE-III

CAREER

Career is progress or general course of action of a person in some profession or in an organization.

A career can be defined as all the jobs held by a person during his/her working life.

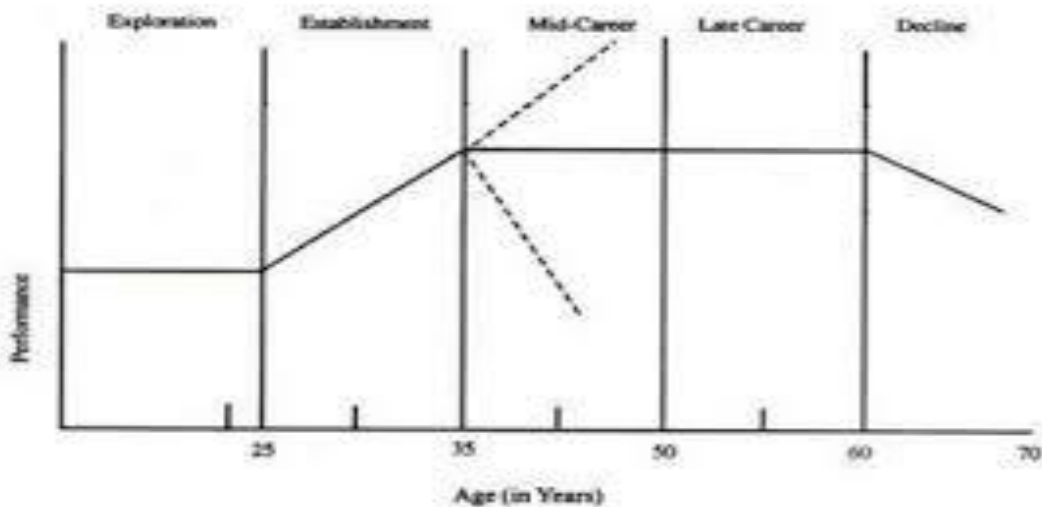
According to Flippo “a career is a sequence of separate but related work activities that provide continuity, order, and meaning in a person’s life.”

CAREER STAGES

In an organization a person passes through a series of stages in his career. There are five stages that every individual goes through during his/her career. This is also known as development cycle or career cycle.

Five stages are as follows:-

- Exploration stage
- Establishment stage
- Mid-career stage
- Late career stage
- Decline stage



Exploratory stage

Exploratory stage is a stage where a person explores possible career options for oneself and it started in mid-twenties when one makes transition from education to earn i.e. work. The decision regarding career choices are influenced many no of factors like interest and specialization of parents, their aspirations for their children, financial resources of the family etc.

Establishment Stage

This stage start with a job, or career oneself. This stage is marked by the first experiences on the job,

acceptance and evaluation by colleagues. In this stage, one tries to make his/her mark and in the process commits mistakes, learns from mistakes and gradually assumes increased responsibilities. In this stage making lot of efforts, spending lot of time and energy.

Mid Career stage

This is the stage marked by improved performance, level off or starting deterioration. Mistakes committed viewed seriously and invite serious penalties. This stage consists of reassessment, job changes, adjustment of priorities. Several such cases of career movement abound in the society.

Late career stage

This stage is usually a pleasant stage for those who continued to grow during the mid-career stage. During this stage, the people do not have to learn but to suggest and teach others how to go about in their jobs.

Decline Stage

This is the final stage is one's career to retire from one's job or career. Decline stage is less painful for modest performers or failures. Their frustration associated with work is left behind.

CAREER PLANNING

Career planning is a process whereby an individual sets career goals and defines the means to achieve them.

Career planning can be defined as a systematic process by which one decides his/her career goals and path to reach these goals

Career planning stands for the forward looking employment policies of it which take into account the career of individual employees involved in various tasks.

Career planning is a managerial technique for mapping out the entire career of employees from the employment stage to the retirement stage. It involves discovery, development, planned employment and reemployment.

KEY TERMS IN CAREER PLANNING

Career Goal-The future positions to reach in his career.

Career path-the sequential and progressive line through which one moves towards his/her career goal.

Career anchors-these are the basic drives acquired by an individual during the socialization process which urge him to take up a career of a certain type.

Career progression-making progress in one's career through a series of right moves in the form of promotions.

Mentoring- a process wherein a senior employee serves in an informal way as a teacher, guide, friend, philosopher and confidante to the new employee in the organization.

Career planning- this is the process by which an employee selects career goals and path to these goals.

Career development-the personal improvements one undertakes to achieve a personal career plan.

Career management-this is the process of designing and implementing goals, plans and strategies to enable the organization to satisfy employee needs while allowing individuals to achieve their career goals.

Career anchors

Five career anchors are:-

Managerial competence-people having such anchors are characterized by an overriding interest in managerial positions that offer opportunities for higher responsibility, decision making and control and

influence.

Technical –functional competence- people having a strong technical-functional career anchor seem to make career choices based on their technical-functional knowledge of the work, such as engineering and accounting; they like to become experts/specialists rather than become general managers.

Security-people driven by such career anchors like to ensure security of career through compliance with organization's prescriptions.

Creativity-Such people are characterized by an overriding interest to do something new that could be identified as theirs. Such people start a new venture, work in research lab and pilot some business venture. They choose a career less for making money than identifying them by creating something new.

Autonomy-independence-people having such career anchors seek a career that provides freedom of action and independence. Freelance writers and consultants belong to this category.

NATURE OF CAREER PLANNING

- It is an ongoing process.
- It helps individuals develop skills required to fulfill different career roles.
- It strengthens work-related activities in the organization.
- It defines life, career, abilities, and interests of the employees.
- It can also give professional directions, as they relate to career goals.

OBJECTIVES OF CAREER PLANNING

- To identify positive characteristics of the employees.
- To develop awareness about each employee's uniqueness.
- To respect feelings of other employees.
- To attract talented employees to the organization.
- To train employees towards team –building skills.
- To create healthy ways of dealing with conflicts, emotions, and stress.

BENEFITS OF CAREER PLANNING

- It encourages an employee's growth and development.
- It helps in improving the loyalty of employees.
- It ensures a constant supply of promotable employees.
- It always creates a team of employees.
- It reduces labor turnover.

CAREER PLANNING PROCESS

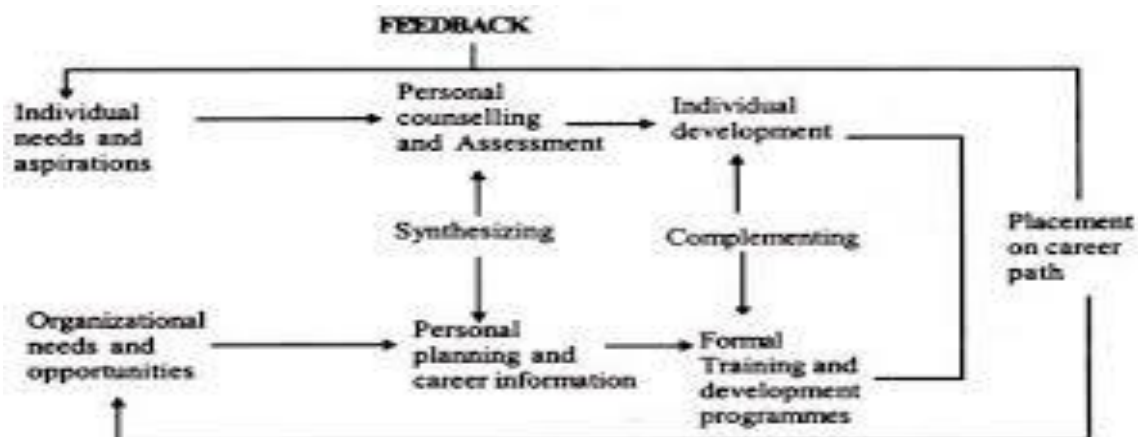


Fig. 9.2: Career Planning Process

Career planning process consists of following steps:-

- Analysing employee needs and aspirations
- Analysing career opportunities
- Identifying congruence and incongruence
- Action plans and periodic review

Analysing employee needs and aspirations

Sometimes employees do not know about career anchors and aspirations so organization also assume the career goals and aspirations of employees which needs. An analysis of the employee career anchors, aspirations and goals must be done through objective assessment. Most of the employees do not clear about their career anchors and aspirations, they, therefore, need to be provided as much information about these matters.

Analysing career opportunities

Once career aspirations and goals of employee are known there is a need to analyze various opportunities available to offer under prevailing career paths in the organization. Organization offers career opportunities to the employee for career progress. Through promotions both new and old employees are reached to a particular level. Organization takes care about both the employees those have no professional degree with experience and professional degree have no experience.

Identifying congruence and incongruence

In this step identifying congruence between employee career aspirations and organizational career system is developed. This helps identify specific areas where mismatch or incongruence prevails. This is done through relating different jobs to different career opportunities. Such a mechanism of match and mismatch between career aspirations and opportunities enables the organization to develop realistic career goals, both long-term and short-term.

Action plans and periodic review

After identifying the mismatch, alternative strategy should be formulated. Strategies like change in career system by creating career paths, new incentives, rewards etc. Change in the employee's hopes and aspirations by creating new needs, new goals and new aspirations. Seek new basis of integration through problem solving negotiations etc.

TRAINING

According to Flippo, "Training is the act of increasing the knowledge and skills of an employee for a particular job."

According to Armstrong, "Training is the systematic modification of behavior through learning which occurs as a result of education, instruction, development and planned experience".

According to Jucius "The term training is used here to indicate only process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased".

According to Dale Yoder "Training is the process by which manpower is filled for the particular jobs it is to perform."

OBJECTIVES OF TRAINING

- To improve the skills, efficiency and productivity of the organization.
- To increase profits.
- To increase the morale of the employees.
- To promote innovation.
- To create specialization.
- To attain the objectives of the organization.
- To meet the competition.

IMPORTANCE OF TRAINING

1. Better performance-Training improves employee's ability, skills and improve employee's performance both in quantity and quality. Employees performance directly leads to productivity of the organization.
2. Less supervision- A train worker is self reliant. He/she knows how to work so that the supervision is not much required.
3. High morale- Training not only improves the ability and skill of employees, but also changes employees attitude towards the organization. Training gives employees to the job satisfaction ,job security it leads to high morale among employees.
4. Personal growth- Training helps to improves individual ability, knowledge and skills.
5. Improved quality-Training improves the quality of work or service.
6. Easy adaptability-A trained worker easily adopted the changing environment.
7. Reduced turnover-Labour turnover in the organization mainly due to job dissatisfaction.Training helps reducing labour turnover by increasing job satisfaction among employees.
8. Less learning period- A well developed training programme helps to reduce the time and cost involved in learning.
9. Health and safety-A proper training programme can helps to prevent industrial accidents.
10. Favourable organizational climate-Training improves favorable organizational climates by better industrial relations, disciplines, resistance to change etc.

STEPS INVOLVED IN TRAINING PROGRAMMES

Training programmes can be classified into five steps those are as follows:-

- Identification of training needs
- Setting training objectives
- Designing training methods
- Administration of training programmes
- Evaluation of training

Identification of training needs

Identifying training needs is a process that involves establishing areas where employees lack skills, knowledge, and ability in effectively performing their jobs. Training needs have to be related both in terms of the organization's demands and that of the individual employee's.

According to McGhee and Thayer's model of training needs identification can be divided in three components.

- Organizational analysis
- Task analysis
- Man analysis

Organizational analysis

It involves a comprehensive analysis of organizational in terms of its objectives, resources, resource allocation and utilization, culture, environment. Organizational analysis consists of 3 steps.

i. Analysis of objectives- Organizational analysis starts with a clear understanding of both short and long term goals and also the order of priorities accorded to various objectives.

ii. Resource utilization analysis- Once the organizational objectives are analyzed, the next step involved in identifying training needs is to analyze the allocation of human and non-human resources and try to maximum utilization of those resources.

iii. Environmental scanning- Every organization based on environment so the organization can analyze the environment through various environmental scanning techniques. Its identify the various environmental factors that affect the organization and how to cope of with the changes.

iv. Organizational climate analysis- Organizational climate analysis analyze the variopus aspects of work, supervision, company procedure etc.

Task analysis

This is also called as job or operational analysis. This involves a complete analysis of various components of a job, its operation, and conditions under which have to performed. It will indicate the skills and training required to perform the job at the required standards.

Man analysis

This is the third step to identifying employee training needs. This step analyze the manpower through individual employee, his skills, abilities, knowledge and attitude.

Setting training objectives

The main objectives of this step are to establish a match between individual and his job. Science need for training may different from one individual to another individual at different levels of organization. So objectives of training also vary. The main objectives of training are as follows-

i. To train the new employees for the basic knowledge and skills required for efficient performance of the

particular tasks.

- ii. To help the employees function more effectively in their present positions by updating them the latest concepts, information, techniques and developing the skills they would require in their particular fields.
- iii. To develop competency among the employees in new areas.

Designing training methods

Training methods are means of attaining desired objectives set for a training programme. Variety of training methods are employed for achieving these objectives. The various training methods are divided into four categories-

- On –the –job training methods
- Simulation methods
- Knowledge-based methods
- Experiential methods

On –the –job training methods-This types of training job can be conducted in the workplace. Some of the on-the-job training methods are

- i. On-the-job training (OJT)
- ii. Job instruction training (JIT)
- iii. Coaching
- iv. Job rotation

Simulation methods

Simulation is a technique which duplicates, as nearly as possible, the actual conditions encountered on a job. Some of the stimulation methods are as follows-

- i. Role play
- ii. Case method
- iii. Management game
- iv. In-basket exercise
- v. Vestibule Training

Knowledge-based methods

In this method, an attempt is made to employee knowledge in any subject area covering the aspects like its concepts, theories, principles and pure and knowing the subject. Some of the methods are as follows-

- i. Lectures
- ii. Conferences/seminars
- iii. Programmed Instructions

Experiential methods

The objective of these methods is to help an individual understand one self and others. Some of the methods are as follows-

- i. Sensitivity Training
- ii. Transactional analysis

This approach is useful for understanding people's behavior particularly when they are involved in inter-personal relationship.

Administration of training programmes

Training administration basically refers to consideration of certain matters such as training contents, types of training programmes, location of training, training budgets, lead time etc.

Training contents-It depends on the objectives of training. Training contents influenced by the level of participants in a training programme.

Types of training programme-It influence the type of training to be imparted to the employees. It has classified into various categories such as induction training, technical training etc.

Training location-Training location is the important aspects of training programme. Whether the employees are train inside the organization and outside the organization. It depends upon the training required by the employees in various areas.

Training Budget- A training budget for each programme has to be prepared. It includes training room, food,guest,cost of teaching materials etc.The expenses required by the train the employees.

Lead time-Lead times decide about the time required for training programme.It depends upon the types of training programme.

Evaluation of training

Evaluation of training programme says about the feedback on the training programme. Evaluation of training generally consists up evaluation of training aspects and assessment of training utility.

Evaluation of training aspects-This refers to feedback or reactions of participants as to how they found the training programme. For this a form is prepared and distributed among the trainees to fill up this queries form in the last session of training programme. Gathering information from the participants are tabulated and analyzed to gets the ideas and identify the weak areas and improve the same.

Assessment of Training Utility-The effectiveness of training also depends on the attitude and perception of the top management toward trained employees. These methods are based on observation on employee post-training behavior, evaluation by the supervisors, peers, subordinates, self-evaluation by the participants, quantitative and qualitative improvement in his output.

Evaluating training effectiveness

Evaluating training effectiveness in HRM involves assessing how well training programs achieve desired outcomes, using models like Kirkpatrick's to measure reaction, learning, behavior, and results, and ensuring training aligns with organizational goals.

Measure ROI:

Determine if training programs are worth the investment by tracking the impact on employee performance and organizational outcomes.

Identify Gaps:

Pinpoint areas where training needs improvement or where additional training is required.

Improve Training Programs:

Use evaluation data to refine training materials, methods, and delivery to enhance effectiveness.

Support Business Goals:

Ensure that training programs contribute to the achievement of organizational objectives.

Assess Overall Training Experience:

Evaluate the overall training experience of participants to identify areas for improvement.

Key Models for Training Evaluation

Kirkpatrick's Four-Level Model

- **Reaction:** Measures participant satisfaction and perceptions of the training program.
- **Learning:** Assesses the extent to which participants have learned new knowledge, skills, and attitudes.
- **Behavior:** Determines if participants are applying what they have learned on the job.
- **Results:** Evaluates the impact of training on key organizational outcomes, such as increased productivity, reduced errors, or improved customer satisfaction.

Phillips ROI Methodology

This model focuses on quantifying the monetary benefits of training programs by comparing costs to the value generated.

Anderson's Model of Learning Evaluation:

This model emphasizes aligning training goals with organizational strategic objectives and assesses the contribution of learning to the organization.

Methods for Evaluating Training Effectiveness

Surveys and Questionnaires:

Gather feedback from participants on their reactions to the training program, learning outcomes, and perceived value.

Quizzes and Assessments:

Test participants' knowledge and skills gained during training.

Performance Data:

Analyze employee performance metrics (e.g., sales figures, error rates, customer satisfaction scores) to assess the impact of training.

Observations:

Observe employees on the job to see if they are applying their newly acquired knowledge and skills.

Focus Groups and Interviews:

Conduct qualitative research to gain deeper insights into participant experiences and the effectiveness of the training program.

Case Studies:

Analyze specific examples of how training has impacted employee performance or organizational outcomes.

PROMOTION

Promotion means the advancement of an employee to a higher job involving more work, greater responsibility and higher status. It may or may not be associated with the increment in salary.

A promotion involves a change from one job to another that is better in terms of status and

responsibilities.

Purposes of promotion

- (a) To recognize and reward the efficiency of an employee.
- (b) To attract and retain the services of qualified and competent people.
- (c) To increase the effectiveness of the employee and of the organisation.
- (d) To motivate employees to higher productivity.
- (e) To fill up higher vacancies from within the organisation.

Promotion may be classified into the following types:

1. Horizontal Promotion:

When an employee is shifted in the same category with increase in pay, responsibilities and change in designation, it is called horizontal promotion. For example Second Division Assistant is promoted as First Division Assistant. This type of promotion may take place within the same department or from one department to another or from one plant to another plant.

2. Vertical Promotion:

When an employee is shifted from a lower category to higher category with increase in pay, status and responsibility it is called vertical promotion. For example a sales Manager is promoted as General Manager in the company.

3. Dry Promotion:

When promotion is made without increase in salary or remuneration, it is called “dry promotion”. For example a college professor promoted as Head of the Department without increase in salary. In dry promotion there will be a change in designation and responsibility without corresponding change in remuneration.

Transfer

Transfer is a process of placing employees in positions where they are likely to be more effective or where they are to get more job satisfaction.

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

1. To meet or fulfill organizational needs – To fulfill organisational needs arising out of change in technology, volume of production, production schedule, quality of product etc., an employee may have to be transferred.
2. To satisfy employee needs – Sometimes employees themselves demand transfer due to their personal problems like ill health, family problem native attractiveness or non-co-operation from boss or fellow workers. To satisfy their needs employees may have to be transferred.
3. To adjust the workforce – Employees for excess or surplus in one department may have to be transferred to other department or section where there is shortage of workforce.
4. To reduce monotony and to make the employees versatile – If the employees have stayed on a job continuously for a longer duration, to reduce their monotony and to widen their knowledge and skill, employees are transferred.
5. For effective use of employees – If the management feels that the service of the able employee is to be used in different branches of the same organisation, then such employees will have to be transferred.
6. To punish Employees – If employees are found indulged in undesirable activities like fraud, bribery, duping etc., such employees are transferred to remote places as a disciplinary action.
7. To give the relief to the employees – Employees who are overburdened and doing complicated or risky work for long period are relieved from such work by transferring such employees to a place of their choice.
8. To improve employees background by placing them in different jobs of various departments and units.

1. Production Transfer:

Employees are posted in different departments, based on their interests and qualifications. This also depends on the work load that a department possesses. However, this load keeps fluctuating, and the demand for manpower keeps changing with time.

For departments with surplus manpower, lay-off is a solution. However, a better solution is the interdepartmental transfer to balance the manpower allocation. In simpler terms, production transfer refers to the transfers ordered to avoid such unavoidable lay-offs.

2. Replacement Transfer:

When an employee leaves a department for a particular reason, the department needs a replacement. In such scenarios, especially in demanding situations, a senior employee might have to function in place of the junior employee, till the time a replacement is found. Senior employees are required to work in place

of junior employees even in situations of declining production. Thus, replacement transfer also helps in reducing the organizational need for lay-off; particularly for long-service employee.

3. Versatility Transfer:

Some organizations believe that the workforce needs to have multiple skills capable to perform multiple tasks. People can achieve multiple skills only by working in different departments. In learning organizations such as ordnance factories, banks, and many private companies, people get the scope of working in different departments and can learn different systems, procedures, and rules and regulations.

They gain the necessary skills to attend to the activities in the departments, and ultimately become versatile. People who pick up their tasks quickly emerge to become the company's assets. During rush periods, they are able to contribute greatly to achieve business goals. Versatile transfer may comprise production transfer or replacement transfer.

4. Shift Transfer:

In order to enhance capacity utilization, industrial organizations, operate in multiple shifts—generally morning, evening, and night shifts. Some organizations allot employees to staggered shifts as well. Employees are engaged in all the shifts on a rotational basis. Requests of employees for transfers on a particular shift are also entertained, considering the importance of ground of requests. However, conformance to law and administrative procedures are essential requirements to avoid employee unrest.

5. Remedial Transfer:

After induction, employees are placed in a department and jobs are assigned to him/ her, and their performance and behavioral dispositions are recorded. Some employees may emerge as good performers, while many others may emerge as underperformers. In course of time, an employee's inclination to work is also observed. The objective of remedial transfer is therapeutic in nature, that is, to rectify the wrong placement.

SEPARATION

Employee separation refers to the end of a professional relationship of an employee with employer.

Voluntary Separations

Here, the employee discontinues his services on his **own consent** in the organization. The most common forms of voluntary separation are:

1. Resign or Quit
2. Retirement

Resign or Quit

The employee may quit his job due to personal or professional reasons. It may affect the **goodwill** of the company when it occurs often. The employee may leave because of reasons like:

- Better Career Opportunities
- Company Policy
- Health
- Relocation
- Job Dissatisfaction, etc.

Retirements

Retirement is the completion of employees occupational tenure. This involves discontinuation of service as the employee reaches the age of retirement.

Voluntary Retirement Scheme (VRS)

The employees can opt for retirement before reaching retirement age. It is also known as the Golden Handshake Scheme. The organization offers VRS to its employees.

Discharges and Dismiss

Discharge is an involuntary separation in which the organization ceases employee services.

Layoffs

A Layoff is when an organization **separates** their employees for a short stretch of time. The organization recalls the employees after the layoff period is over. The **objective** of laying off the workforce is to **make the firm lean** in shape and remain competitive.

Retrenchment

In this, organizations need to separate employees permanently due to **economic reasons**. The organizations may not recall employees. But they can prefer retrenched workers at the time of vacancies.

Downsizing and Rightsizing

The organizations restructure themselves by downsizing and rightsizing their workforce. Rightsizing includes cost-saving and adjusting the crew to exact fit.

Benefits of Employee Separation

To Organizations

- It enables a reduction in labour costs
- Replacement of the poor performers
- It increases opportunities for diversification and enhancement
- New recruits bring synergy within the organization
- Results in a disciplined work environment
- Reshape organization into the right size

To Employees

- Better career opportunities
- Get away from a troublesome workplace
- Enjoy benefits associated with retirement schemes

Organization Citizenship Behavior

Organizational Citizenship Behavior (OCB) refers to voluntary employee actions that go beyond formal job requirements, positively impacting the organization's effectiveness and well-being.

Definition:

OCB encompasses discretionary behaviors that are not part of an employee's formal job description but contribute to the overall effectiveness of the organization.

Examples:

These behaviors include helping colleagues, being adaptable, showing initiative, and being loyal and supportive of the organization's goals and values.

Importance in HRM:

HR professionals recognize the value of OCB, as it can lead to increased productivity, improved morale, and a more positive work environment.

Benefits:

- **Increased productivity and efficiency:** Employees who go above and beyond can contribute to a smoother workflow and better outcomes.
- **Improved employee morale and satisfaction:** A positive work environment can lead to higher levels of employee satisfaction and engagement.
- **Stronger organizational culture:** OCB can foster a sense of teamwork and collaboration, leading to a stronger and more cohesive organizational culture.

How to Foster OCB:

- **Recognition and reward programs:** Recognizing and rewarding employees for their OCB behaviors can encourage further engagement.

- **Creating a positive work environment:** Fostering a culture of trust, respect, and collaboration can encourage employees to go above and beyond.
- **Providing opportunities for growth and development:** Offering opportunities for employees to learn and grow can lead to increased engagement and a greater sense of ownership.
- **Clear communication and expectations:** Ensuring that employees understand their roles and responsibilities, as well as the organization's goals, can help them to contribute effectively.

HUMAN RESOURCE INFORMATION SYSTEM (HRIS)

A human resource information system (HRIS) is software that provides a centralized repository of employee master data that the human resource management group needs for completing core human resource processes.

A HRIS, which is also known as a human resource information system or human resource management system is basically an intersection of human resources and information technology through HR software. This allows HR activities and processes to occur electronically.

ELEMENTS OF HRIS

- Job-applicant tracking
- On boarding
- Time and attendance tracking
- Generating reports
- Data analysis
- Benefits administration
- Payroll
- Learning management
- Training tracking
- Performance appraisals

BENEFITS OF HRIS

Organization. With all the information in a single database, it's easier for HR to find the information they need, track how it's handled and update it when necessary.

Accuracy. If HR has to transfer information between multiple software systems or software and paper files, errors inevitably creep in. Using one single system eliminates that problem. As more functions are automated, there's less need for manual data entry, which also reduces errors.

Security. Paper files are easy to access, even by people who have no right to the information. HRIS can restrict access to those who need to know.

- **Saving time.** Accrued time off and the unused balance are easier and faster to track and adjust with a computer than with a spreadsheet.
- **Compliance.** Good HRIS vendors keep the software updated to comply with relevant government regulations.
- **Employee satisfaction.** The easier it is for employees to deal with HR and get information like their PTO balance, the happier they'll be working for you.

HRIS FUNCTIONS

- Master data management
- Organizational management, such as positions and departments
- Employee and manager self-services
- Absence and leave management
- Benefits administration
- Workflows
- Performance appraisals
- Recruiting and applicant tracking
- Compensation management
- Training tracking (as opposed to a learning management system) and organizational development
- Reporting and basic analytics

COMPETENCY MAPPING

Competency Mapping is defined as the process of identifying the key competencies, which have the ability to do something efficiently & achieve the goals of the organization & make the organization successful.

Competency is defined as a skill/quality that helps the organization in job evaluation, training and recruitment.

Importance of Competency Mapping

- For employees, it increases the awareness of existing skill, sets as well as skill gaps in the organization.
- To ensure that the employees are going in the right direction.
- To guide the competencies to increase their productivity.

- It's an approach to build trust between the employees.
- Competency helps the employees to reach the organizational objectives.
- It avails to integrate management practices.

Advantages of Competency Mapping

- Aids the organizations to increase their standards of production and work style.
- Avails the organizations to align their key strategies across different departments to have common objectives and accurate results.
- It helps in understanding the scope & the requirements of a specific role.
- Establishes expectations for performance at different positions of the organizations.
- Forms an accurate work & job satisfaction for employees.
- Growth in the effectiveness of training & development as its main motive is to succeed with more efficiency.

TALENT MANAGEMENT

Talent Management is a coordinated set of activities to acquire, develop, and retain outstanding people who will power the organization toward a target. In other words, it is both a science and art of ensuring that the right people equipped with enough skills are placed in positions at appropriate times.

Objectives of Talent Management

The goals of Talent Management include strategic projects aimed at attracting, developing, and retaining high-potential employees in an organization. The set of objectives aims at creating congruence in the workforce concerning overall organizational goals and success. Here are the key objectives of Talent Management:

- 1. Attracting Top Talent:** Find prospective employees who meet the organizational value and mission.
- 2. Development of Skills and Competencies:** Developing the employee's skills, knowledge, and competencies to be able to execute their duties effectively.
- 3. Succession Planning:** Pinpoint the potential leaders and make them ready for the positions of responsibility in the company without disrupting any flow of leadership.

- 4. Employee Engagement:** Establish a positive workplace culture that enhances the employee engagement, fulfilment, and loyalty of employees leading to increased productivity and also reduced attrition.
- 5. Retention of Key Employees:** Establish programs to retain high-performing and also high potential employees; limiting attrition while keeping the institutional knowledge intact.
- 6. Strategic Workforce Planning:** Align talent management efforts with the organization's long-term strategic goals, creating an appropriate workforce for future challenges and also opportunities.
- 7. Enhancing Organizational Agility:** Develop an agile workforce that is responsive enough to react quickly when the business conditions change.
- 8. Promoting Diversity and Inclusion:** Promote an inclusive workforce that exploits different views and experiences to foster innovation within the organizations.
- 9. Aligning Individual and Organizational Goals:** Provide a direct link between the individual career goals and organizational plans to create more meaning for the employees.
- 10. Creating a Talent Pipeline:** Create a talent pool that can perform more demanding functions and assume greater roles as the organization grows.

Importance of Talent Management Process

- 1. Enhances your Company's Performance:** The process of talent management improves a firm's performance by ensuring strategic alignment, attracting and retaining top performers, and nurturing employee development.
- 2. Drives Innovation:** Innovation is at the heart of a talent management process that encourages an innovative culture, continuous learning, and leveraging all talents in unity within the organization.
- 3. Ensures Team Productivity:** The talent management process sustains team productivity by the fitment of individuals' skills to roles, collaboration fostering an environment that promotes working together, and availability of required resources.
- 4. Motivates Others to Grow:** The talent management process in turn encourages the human resource to grow with opportunities for skill development, recognition of achievements, and clear career progression.
- 5. Helps Fill Company Roles:** The talent management process is instrumental in selecting, attracting, and training individuals to fill various positions as dictated by a company. It encompasses systematic effort in workforce planning, recruitment strategies, and also the continuous grooming of staff for readiness to achieve desired organizational performance.

Benefits of Talent Management

- 1. Resource Availability:** Talent Management guarantees that organizations have the right people with the necessary skills at appropriate times. It ensures a highly skilled employment force that is readily available as well as cost efficiency in terms of the prepared availability and utilization of such resources leading to enhanced organizational vulnerability.
- 2. Employee Engagement:** Employees' development, recognition, and promotion are key goals of Talent Management. This emphasis on personal development encourages higher involvement, interest, and dedication from staff members contributing to a healthy work environment.

3. Succession Planning: Succession planning is one of the many concepts that form Talent Management, which aims at establishing individuals who will help to fill critical positions within an organization. This proactive measure ensures a seamless succession of leadership positions avoiding turbulence and strengthening organizational security.

4. Builds Effective Teams and Culture: Talent Management contributes immensely to gathering diverse talents that fit well with each other. It promotes teamwork and an organizational culture that is congruent with the values of the company.

5. Improves Employee Retention: This means that some of the most important variables affecting employee satisfaction, including career development opportunities and a desirable working environment are addressed by Talent Management. This complete method reduces employee turnover, saving institutional knowledge and making the workforce more solid yet experienced.

Employee engagement

Employee engagement is a concept in human resources that refers to the degree to which employees are invested in, motivated by and passionate about the work they do and the company for which they work.

For the Organization:

- **Increased Productivity and Efficiency:**

Engaged employees are more motivated and invested in their work, leading to higher output and better quality.

- **Improved Customer Satisfaction:**

Engaged employees are more likely to provide excellent customer service, leading to increased customer loyalty and satisfaction.

- **Reduced Employee Turnover:**

Employees who feel valued and engaged are more likely to stay with the company, reducing the costs associated with recruitment and training.

- **Enhanced Innovation:**

An engaged workforce is more likely to share ideas, provide feedback, and collaborate effectively, leading to innovation and growth.

- **Stronger Company Culture:**

Employee engagement fosters a positive and supportive work environment, leading to increased morale and a sense of belonging.

- **Improved Financial Performance:**

Studies have shown that companies with high employee engagement often have higher earnings per share and better financial performance overall.

- **Attracting and Retaining Top Talent:**

A positive and engaging work environment is a strong draw for potential employees and helps retain existing talent.

- **Better Communication and Collaboration:**

Engaged employees are more likely to communicate effectively and collaborate with their colleagues, leading to better teamwork and project outcomes.

- **Increased Job Satisfaction:**

When employees feel valued and engaged, they are more likely to be satisfied with their jobs, leading to higher morale and reduced stress.

- **Improved Health and Well-being:**

Engaged employees tend to be more physically and mentally healthy, leading to reduced absenteeism and improved overall well-being.

For the Employee:

- **Increased Job Satisfaction:**

Engaged employees are more likely to feel fulfilled and motivated in their work, leading to increased job satisfaction.

- **Greater Sense of Purpose:**

Engaged employees feel connected to the company's mission and values, leading to a greater sense of purpose and meaning in their work.

- **Opportunities for Growth and Development:**

Engaged employees are more likely to be given opportunities for training and development, leading to career advancement and increased skills.

- **Better Work-Life Balance:**

Engaged employees are more likely to have a positive work-life balance, as they feel valued and supported by their employer.

