

MAR GREGORIOS COLLEGE OF ARTS & SCIENCE

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**Affiliated to the University of Madras
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DEPARTMENT OF COMMERCE

SUBJECT NAME: HUMAN RESOURCE MANAGEMENT

SUBJECT CODE: CVZ6B

SEMESTER: VI

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Elective Paper III – (1) HUMAN RESOURCE MANAGEMENT

Objectives

No of Credits : 4

1. To facilitate the students to know about the importance of Human Resources.
2. To make the students to understand the various aspects of the Human Resources Management.

UNIT I : Introduction

Nature and Scope of Human Resources Management - Differences between Personnel Management and HRM - Environment of HRM - Human Resource Planning - Recruitment - Selection - Methods of Selection - Uses of various Tests - Interview techniques in Selection and Placement.

UNIT II : Training

Meaning - Induction - Methods - Techniques - Identification of the Training needs - Training and Development - Performance appraisal - Transfer - Promotion and Termination of services - Career Development.

UNIT III : Compensation

Cost to Company - CTC Fixed and Flexible Pay - Components - Incentives - Benefits - Motivation - Welfare and Social Security Measures.

UNIT IV : Labour Relation

Need - Functions of Trade Unions - Forms of Collective bargaining - Workers Participation in management - Types and effectiveness. Industrial Disputes and Settlements (laws excluded)

UNIT V : Human Resource Audit

Human Resource Audit - Nature - Benefits - Scope - Approaches.

Suggested Readings

1. Rao, V S P, Human Resource Management, Excel Books
2. Ashwathappa, Human Resource Management, Himalaya Publishing House
3. Garry Deseler, Human Resource Management, Prentice Hall
4. Prasad, L M, Human Resource Management, Sultan Chand & Sons
5. Tripathi, Human Resource Management, Prentice Hall
6. Sundar & Srinivasan, Essentials of Human Resource Management, Vijay Nicole Imprints Pvt. Ltd. Chennai

E-Resources

www.whatishumanresource.com

www.managementstudyguide.com

www.humanresources.about.com

www.managementhelp.org

UNIT-I

Introduction and Concepts:

What is Human Resource Management?

Human Resource Management is a process, which consists of four main activities, namely, acquisition, development, motivation, as well as maintenance of human resources.

Scott, Clothier and Spriegel have defined Human Resource Management as that branch of management which is responsible on a staff basis for concentrating on those aspects of operations which are primarily concerned with the relationship of management to employees and employees to employees and with the development of the individual and the group.

Human Resource Management is responsible for maintaining good human relations in the organization. It is also concerned with development of individuals and achieving integration of goals of the organization and those of the individuals.

Definitions:

French Wendell, defines —Human resource management as the recruitment, selection, development, utilization, compensation and motivation of human resources by the organization .

According to Edwin B. Flippo, —Human resource management is the planning, organizing, directing and controlling of the procurement, development, resources to the end that individual and societal objectives are accomplished . This definition reveals that human resource (HR) management is that aspect of management, which deals with the planning, organizing, directing and controlling the personnel functions of the enterprise.

What is the nature of Human Resource Management?

The emergence of human resource management can be attributed to the writings of the human relation thinkers who attached great

significance to the human factor. Lawrence Appley remarked, the personnel department in discharging this responsibility.

The nature of the human resource management has been highlighted in its following features:

1. Inherent Part of Management: Human resource management is inherent in the process of management. This function is performed by all the managers throughout the organization rather than by the personnel department only. If a manager is to get the best of his people, he must undertake the basic responsibility of selecting people who will work under him.

2. Pervasive Function: Human Resource Management is a pervasive function of management. It is performed by all managers at various levels in the organization. It is not a responsibility that a manager can leave completely to someone else. However, he may secure advice and help in managing people from experts who have special competence in personnel management and industrial relations.

3. Basic to all Functional Areas: Human Resource Management permeates all the functional areas of management such as production management, financial management, and marketing management. That is every manager from top to bottom, working in any department has to perform the personnel functions.

4. People Centered: Human Resource Management is people centered and is relevant in all types of organizations. It is concerned with all categories of personnel from top to the bottom of the organization. The broad classification of personnel in an industrial enterprise may be as follows: (i) Blue-collar workers (i.e. those working on machines and engaged in loading, unloading etc.) and white-collar workers (i.e. clerical employees), (ii) Managerial and non-managerial personnel, (iii) Professionals (such as Chartered Accountant, Company Secretary, Lawyer, etc.) and non-professional personnel.

5. Personnel Activities or Functions: Human Resource Management involves several functions concerned with the management of people at work. It includes manpower planning, employment, placement, training, appraisal and compensation of employees. For the performance of these activities efficiently, a separate department known as Personnel Department is created in most of the organizations.

6. Continuous Process: Human Resource Management is **not a one shot function**. It must be performed continuously if the organizational objectives are to be achieved smoothly.

7. Based on Human Relations: Human Resource Management is concerned with the motivation of human resources in the organization. The human beings can't be dealt with like physical factors of production. Every person has different needs, perceptions and expectations. The managers should give due attention to these factors. They require human relations skills to deal with the people at work. Human relations skills are also required in training performance appraisal, transfer and promotion of subordinates.

8. Personnel Management VS Human Resource Management :
Contemporary Human Resource Management, as a part and parcel of management function, underscores strategic approach to management in areas of acquisition, motivation, and management of people at work.

What are the objectives of HRM?

According to Scott, Clothier and Spriegal, —The objectives

- (i) To ensure effective utilisation of human resources, all other organizational resources will be efficiently utilised by the human resources.
- (ii) To establish and maintain an adequate organizational structure of relationship among all the members of an organization by dividing of organization tasks into functions, positions and jobs, and by defining clearly the responsibility, accountability, authority for each job and its relation with other jobs in the organization.

- (iii) To generate maximum development of human resources within the organization by offering opportunities for advancement to employees through training and education.
- (iv) To ensure respect for human beings by providing various services and welfare facilities to the personnel.
- (v) To ensure reconciliation of individual/group goals with those of the organization in such a manner that the personnel feel a sense of commitment and loyalty towards it.
- (vi) To identify and satisfy the needs of individuals by offering various monetary and non-monetary rewards.
 - (vii) Social security and welfare of employees.

UNIT-II

Discuss the functions of human Resource Management with relevant examples.

The main functions of human resource management are classified into two categories:

- (a) Managerial Functions and (b) Operative Functions

(a) Managerial Functions

Following are the managerial functions of Human Resources Management.

1. Planning : The planning function of human resource department pertains to the steps taken in determining in advance personnel requirements, personnel programmes, policies etc. After determining how many and what type of people are required, a personnel manager has to devise ways and means to motivate them.

2. Organization : Under organization, the human resource manager has to organise the operative functions by designing structure of relationship among jobs, personnel and physical factors in such a way so as to have maximum contribution towards organizational objectives. In this way a personnel manager performs following functions :

- (a) preparation of task force;
- (b) allocation of work to individuals;
- (c) integration of the efforts of the task force;
- (d) coordination of work of individual with that of the department.

3. Directing : Directing is concerned with initiation of organised action and stimulating the people to work. The personnel manager directs the activities of people of the organization to get its function performed properly. A personnel manager guides and motivates the staff of the organization to follow the path laid down in advance.

4. Controlling : It provides basic data for establishing standards, makes job analysis and performance appraisal, etc. All these techniques assist in effective control of the qualities, time and efforts of workers.

(b)Operative Functions : The following are the Operative Functions of Human Resource Management

1. Procurement of Personnel : It is concerned with the obtaining of the proper kind and number of personnel necessary to accomplish organization goals. It deals specifically with such subjects as the determination of manpower requirements, their recruitment, selecting, placement and orientation, etc.

2. Development of Personnel : Development has to do with the increase through training, skill that is necessary for proper job performance. In this process various techniques of training are used to develop the employees. Framing a sound promotion policy, determination of the basis of promotion and making performance appraisal are the elements of personnel development function.

3. Compensation to Personnel : Compensation means determination of adequate and equitable remuneration of personnel for their contribution to organization objectives. To determine the monetary compensation for various jobs is one of the most difficult and important function of the personnel management. A number of decisions are taken into the function, viz., job-evaluation, remuneration, policy, incentive and premium plans, bonus policy and co-partnership, etc. It also assists the organization for adopting the suitable wages and salaries, policy and payment of wages and salaries in right time.

4. Maintaining Good Industrial Relation : Human Resource Management covers a wide field. It is intended to reduce strifes, promote industrial peace, provide fair deal to workers and establish industrial democracy. If the personnel manager is unable to make harmonious

relations between management and labour industrial unrest will take place and millions of man-days will be lost. If labour management relations are not good the moral and physical condition of the employee will suffer, and it will be a loss to an organization vis-a-visa nation. Hence, the personnel manager must create harmonious relations with the help of sufficient communication system and co-partnership.

5. Record Keeping : In record-keeping the personnel manager collects and maintains information concerned with the staff of the organization. It is essential for every organization because it assists the management in decision making such as in promotions.

6. Personnel Planning and Evaluation : Under this system different type of activities are evaluated such as evaluation of performance, personnel policy of an organization and its practices, personnel audit, morale, survey and performance appraisal, etc.

Describe the importance of HRM.

Human Resource Management has a place of great importance. According to

Peter F. Drucker, —The proper or improper use of the different factors of

production depend on the wishes of the human resources. Hence, besides other resources human resources need more development. Human resources can increase cooperation but it needs proper and efficient management to guide it .

Importance of personnel management is in reality the importance of labour functions of personnel department which are indispensable to the management activity itself. Because of the following reasons human resource management holds a place of importance.

1. It helps management in the preparation adoption and continuing evolution of personnel programmes and policies.
2. It supplies skilled workers through scientific selection process.

3. It ensures maximum benefit out of the expenditure on training and development and appreciates the human assets.
4. It prepares workers according to the changing needs of industry and environment.
5. It motivates workers and upgrades them so as to enable them to accomplish the organization goals.
6. Through innovation and experimentation in the fields of personnel, it helps in reducing costs and helps in increasing productivity.
7. It contributes a lot in restoring the industrial harmony and healthy employer-employee relations.
8. It establishes mechanism for the administration of personnel services that are delegated to the personnel department.

What are the future Challenges before managers?

Because of continuous changing socio-economic, technological and political conditions, the human resource managers of the future shall have to face more problems in the management of labor. The human resource managers of today may find themselves obsolete in the future due to changes in environment if they do not update themselves some of the important challenges which might be faced by the managers in the management of people in business and industry are discussed below:

1. Increasing Size of Workforce: The size of organizations is increasing. A large number of multinational organizations have grown over the years. The number of people working in the organization has also increased. The management of increased workforce might create new problems and challenges as the workers are becoming more conscious of their rights.

2. Increase in Education Level : The governments of various countries are taking steps to eradicate illiteracy and increase the education level of their citizens. Educated consumers and workers will create very tough task for the future managers.

3. Technological Advances : With the changes coming in the wake of advanced technology, new jobs are created and many old jobs become redundant. There is a general apprehension of immediate unemployment. In the competitive world of today, industry cannot hope to survive for

long with old technology. The problem, of unemployment resulting from modernization will be solved by properly assessing manpower needs and training of redundant employees in alternate skills.

4. Changes in Political Environment : There may be greater

Government's interference in business to safeguard the interests of workers, consumers and the public at large. Government's participation in trade, commerce and industry will also pose many challenges before management. The Government may restrict the scope of private sector in certain areas in public interest. It does not mean chances of co-operation between the Government and private sector are ruled out. In fact, there will be more and more joint sector enterprises.

5. Increasing Aspirations of Employees: Considerable changes have been noted in the worker of today in comparison to his counterpart of 1950s. The workers are becoming more aware of their higher level needs and this awareness would intensify further in the future workers.

6. Changing Psychosocial System: In future, organizations will be required to make use of advanced technology in accomplishing their goals while satisfying human needs. In the traditional bureaucratic model, the organizations were designed to achieve technical functions with a little consideration given to the psychosocial system. But future management would be required to ensure effective participation of lower levels in the management of the organization system.

7. Computerized Information System: In the past, the automation of manufacturing processes had a major effect upon the systems of production, storage, handling and packaging, etc. More recently, there has been and in the future there will be the impact of revolutionary computerized information system on management. This revolutionary development would cover two primary areas of personnel management which are as follows :

- (a) The use of electronic computers for the collection and processing of data, and
- (b) The direct application of computers in the managerial decision making process.

8. Managerial and professional personnel between organizations. As individuals develop greater technical and

professional expertise, their services will be in greater demand by other organizations in the environment.

9. Changes in Legal Environment : Many changes are taking place in the legal framework within which the industrial relations systems in the country are now functioning. It is the duty of the human resource or personnel executive to be aware of these changes and to bring about necessary adjustments within the organizations so that greater utilisation of human resources can be achieved. This, indeed, is and would remain a major challenge for the personnel executive.

10. Management of Human Relations : On the industrial relations front, things are not showing much improvement even after so many efforts by the government in this direction. Though a large number of factors are responsible for industrial unrest but a very significant cause is the growth of multiunions in industrial complexes having different political affiliations. Under the present conditions, it appears that inter-union rivalries would grow more in the coming years and might create more problems in the industry.

Management of human relations in the future will be more complicated than it is today. Many of the new generation of employees will be more difficult to motivate than their predecessors. This will be in part the result of a change in value systems coupled with rising educational levels. Greater skepticism concerning large organizations and less reverence for authority figures will be more common. Unquestioning acceptance of rules and regulations will be less likely.

Role of Human Resource Management

Human Resource Management in the New Millenium has undergone a great revolution by questioning the accepted practices and re-inventing the organizations as well as structures. Many traditional practices have been thrown out. As an example, it can be seen that hierarchies are vanishing and there is greater emphasis on flat organizations. It means a great deal of specialisation and skills. It also

means upgrading the norms and standards of work as well as performance.

The new role of human resource management is much more strategic than before. Some of the new directions of the role of HRM can be summed up as follows:

1. A Facilitator of Change: To carry people through upheaval requires the true management of human resources.

2. An Integrated Approach to Management : Rather than being an isolated function, human resource is regarded as a core activity, one which shapes a company's values. In particular, this can have an impact on customer service.

3. A Mediator: Establishing and balancing the new and emerging aspirations and requirements of the company and the individual.

These changes, which are taking place, involve more commitment of the organization to the development of people by improving performance and cutting costs. As a result of this, the duration of tenure, which was traditionally long standing, is now limited, future is becoming less certain, management opportunities are self-determined and motivational factors are more concerned with enhancing future employability rather than loyalty to the company and, at the same time, the rewards are going up in terms of higher salaries. The future creative careers, will require more involved approach to career development, which will include :

- (i) Share employees with strategic partner organizations (customers of suppliers) in lieu of internal moves.
- (ii) Encourage independence: Employees may go elsewhere for career development, possibly to return in a few years.
- (iii) Fund-groups of employees to set-up as suppliers outside the organization.
- (iv) Encourage employees to think of themselves as a business and of the organization's various departments as customers.
- (v) Encourage employees to develop customers outside the organization.
- (vi) Help employees develop self-marketing, networking and consultancy skills to enable them to search out, recognize or create new opportunities for both themselves and the organization.
- (vii) Identify skilled individuals in other organizations who can contribute on a temporary project basis or part-time.

Functions of a Human Resource Manager

A human resource manager, charged with fulfilling the objectives of an organization, should be a leader with high intellectual powers, a visionary and a philosopher who provides the initiative to shape the future in terms of leading the human beings in an organization towards more prosperous and progressive policies.

1. Human Resource Man as an Intellectual: The basic skill in the human resource field as compared to technologists or financial experts is the skill to communicate, articulate, understand and above all, to be an expert when it comes to putting policies and agreements in black and white. The personnel man's skill lies in his command over the language. A personnel man has to deal with employees and he must possess the skills of conducting fruitful and systematic discussions and of communicating effectively. He should also be in a position to formulate principles and foresee the problems of the organization. This means that he would require the mental ability to deal with his people in an intelligent manner as well as to understand what they are trying to say..

2. Human Resource Man as an Educator: It is not enough that a human resource man has command-over the language, which, however, remains his primary tool. He should be deeply interested in learning and also in achieving growth. Basically, human beings like to grow and realise their full potential. In order to harmonise the growth of individuals with that of the organization, a personnel administrator must not only provide opportunities for his employees to learn, get the required training and assimilate new ideas but also he himself should be a teacher. A personnel man who simply pushes files and attends labour courts for conciliation purposes and other rituals of legal procedure for the settlement of industrial disputes is not a personnel administrator of the future.

3. Human Resource Man as a Discriminator : A human resource administrator must have the capacity to discriminate between right and wrong, between that which is just and unjust and merit and non-merit. In other words, he should be a good judge when he sits on a selection board, a fair person when he advises on disciplinary matters and a good observer of right conduct in an organization.

4. Human Resource Man as an Executive: The human resource man must execute the decisions of the management and its policies with speed, accuracy and objectivity. He has to streamline the office, tone up

the administration and set standards of performance. He has to coordinate the control functions in relation to the various other divisions and, in doing so he should be in a position to bring unity of purpose and direction in the activities of the personnel department. He must ask relevant questions and not be merely involved in the office routine whereby the status quo is maintained. He should have the inquisitiveness to find out causes of delay, tardy work and wasteful practices, and should be keen to eliminate those activities from the personnel functions which have either outlived their utility or are not consistent with the objectives and purposes of the organization.

5. Human Resource Man as a Leader: Being basically concerned with people or groups of people, and being placed in the group dynamics of various political and social functions of an organization, a Human resource man must not shirk the role of leadership in an organization. He, by setting his own example and by working towards the objectives of sound personnel management practices, must inspire his people and motivate them towards better performance. He should resolve the conflicts of different groups and build up teamwork in the organization.

6. Human Resource Man as a Humanist: Deep faith in human values and empathy with human problems, especially in less developed countries, are the sine qua non for a Human resource man. He has to deal with people who toil at various levels and partake of their joys and sorrows. He must perform his functions with sensitivity and feeling.

7. Human Resource Man as a Visionary: While every leading function of an organization must evolve its vision of the future, the primary responsibility for developing the social organization towards purposive and progressive action fall on the personnel man. He should be a thinker who sets the pace for policy-making in an organization in the area of human relations and should gradually work out new patterns of human relations management consistent with the needs of the organization and the society. He must ponder on the social obligations of the enterprise, especially if it is in the public sector, where one has to work within the framework of social accountability. He should be in close touch

with socio-economic changes in the country. He should be able to reasonably forecast future events and should constantly strive to meet the coming challenges.

Role and Challenges of Human Resource Manager

Human Resource (HR) Department is established in every organization under the charge of an executive known as Human Resource Manager. This department plays an important role in the efficient management of human resources. The human resource department gives assistance and provides service to all other departments on personnel matters. Though personnel or human resource manager is a staff officer in relation to other departments of the enterprise, he has a line authority to get orders executed within his department. The human resource manager performs managerial functions like planning, organizing, directing and controlling to manage his department. He has also to perform certain operative functions like recruitment, selection, training, placement, etc., which the other line managers may entrust to him. He is basically a manager whatever may be the nature of his operative functions. The status of Human Resource Manager in an organization depends upon the type of organization structure.

Role of Human Resource Manager in an Organization

In most of the big enterprises, human resource department is set up under the leadership of personnel manager who has specialized knowledge and skills. The human resource manager performs managerial as well as operative functions. Since he is a manager, he performs the basic functions of management like planning, organizing, directing and controlling to manage his department. He has also to perform certain operative functions of recruitment, selection, training, placement, etc., which the problems to management, the human resource managers attach highest priority to the settlement of industrial disputes than anything else.

The role of human resource management in industry is underlined by the complex and dynamic nature of environment under which the modern large-scale industries function. The impact of technology on organization structure, politicization of workers' unions, and the growing consciousness of industrial employees about their rights and privileges, have made the role of personnel management increasingly more important in industrial undertakings. The task has also been facilitated by the greater recognition of the value of human resources in industry and application of human resource development (HRD) techniques by the enlightened managers in modern organizations.

UNIT III

Human Resource Planning (HRP)

Human Resource Planning (HRP) is the process of forecasting the future human resource requirements of the organization and determining as to how the existing human resource capacity of the organization can be utilized to fulfill these requirements. It, thus, focuses on the basic economic concept of demand and supply in context to the human resource capacity of the organization

What is the process of HRP?

Ans. It is the HRP process which helps the management of the organization in meeting the future demand of human resource in the organization with the supply of the appropriate people in appropriate numbers at the appropriate time and place. Further, it is only after proper analysis of the HR requirements can the process of recruitment and selection be initiated by the management. Also, HRP is essential in successfully achieving the strategies and objectives of organization. In fact, with the element of strategies and long term objectives of the organization being widely associated with human resource planning these days, HR Planning has now become Strategic HR Planning.

Though, HR Planning may sound quite simple a process of managing the numbers in terms of human resource requirement of the organization, yet, the actual activity may involve the HR manager to face many roadblocks owing to the effect of the current workforce in the organization, pressure to meet the business objectives and prevailing workforce market condition. HR Planning, thus, help the organization in many ways as follows:

- HR managers are in a stage of anticipating the workforce requirements rather than getting surprised by the change of events
- Prevent the business from falling into the trap of shifting workforce market, a common concern among all industries and sectors
- Work proactively as the expansion in the workforce market is not always in conjunction with the workforce requirement of the organization in terms of professional experience, talent needs, skills, etc.
- Organizations in growth phase may face the challenge of meeting the need for critical set of skills, competencies and talent to meet their strategic objectives so they can stand well-prepared to meet the HR needs

- Considering the organizational goals, HR Planning allows the identification, selection and development of required talent or competency within the organization.

It is, therefore, suitable on the part of the organization to opt for HR Planning to prevent any unnecessary hurdles in its workforce needs. An HR Consulting Firm can provide the organization with a comprehensive HR assessment and planning to meet its future requirements in the most cost-effective and timely manner.

An HR Planning process simply involves the following four broad steps:

- **Current HR Supply:** Assessment of the current human resource availability in the organization is the foremost step in HR Planning. It includes a comprehensive study of the human resource strength of the organization in terms of numbers, skills, talents, competencies, qualifications, experience, age, tenures, performance ratings, designations, grades, compensations, benefits, etc. At this stage, the consultants may conduct extensive interviews with the managers to understand the critical HR issues they face and workforce capabilities they consider basic or crucial for various business processes.
- **Future HR Demand:** Analysis of the future workforce requirements of the business is the second step in HR Planning. All the known HR variables like attrition, lay-offs,

foreseeable vacancies, retirements, promotions, pre-set transfers, etc. are taken into consideration while determining future HR demand. Further, certain unknown workforce variables like competitive factors, resignations, abrupt transfers or dismissals are also included in the scope of analysis.

- **Demand Forecast:** Next step is to match the current supply with the future demand of HR, and create a demand forecast. Here, it is also essential to understand the business strategy and objectives in the long run so that the workforce demand forecast is such that it is aligned to the organizational goals.
- **HR Sourcing Strategy and Implementation:** After reviewing the gaps in the HR supply and demand, the HR Consulting Firm develops plans to meet these gaps as per the demand forecast created by them. This may include conducting communication programs with employees, relocation, talent acquisition, recruitment and outsourcing, talent management, training and coaching, and revision of policies. The plans are, then, implemented taking into confidence the managers so as to make the process of execution smooth and efficient. Here, it is important to note that all the regulatory and legal compliances are being followed by the consultants to prevent any untoward situation coming from the employees.

Hence, a properly conducted process of HR Planning by an HR Consulting Firm helps the organization in meeting its goals and objectives in timely manner with the right HR strength in action.

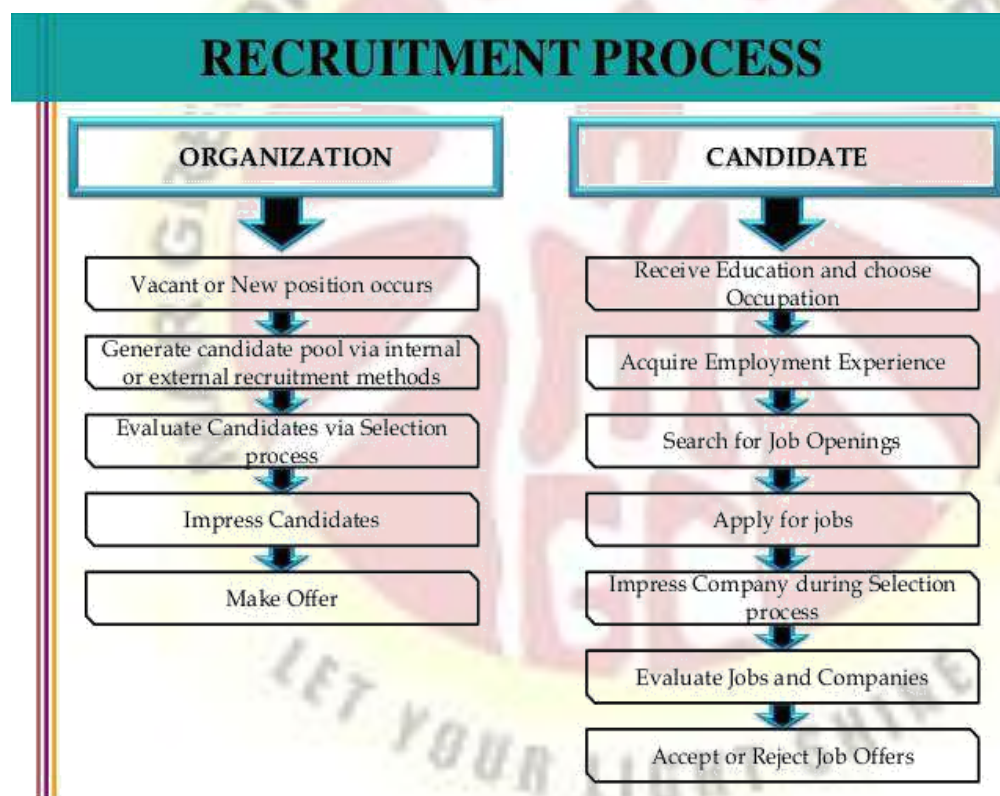
What is the concept of Recruitment?

Ans. Effect recruitment is the next big process after human resource planning is to develop applicant polling called recruiting. The more application you have, the more selective you can be in your hiring. If only two candidates apply for two openings, you can use techniques like interviews and tests to screen out all but the best. Some employees use a **recruiting yield pyramid** to calculate the number of applicants they must generate to hire the required number of new employees. In the company knows it needs 50 new entry-level accountants next year then they use this recruitment yield pyramid. It is a historical arithmetic relationships between recruitment leads and invitees, invitees and interviews, interviews and offers made, and offers made and offers accepted. Therefore for getting the 50 recruits the firm

must generate 1,200 leads to be able to invite 200 viable candidates to its offices for interviews. The firm will then get to interview about 150 of those invited and from these it will make 100 offers. Of those 100 offers, about 50 will accept. A effective recruitment is carried out by something called recruitment policy which is derived from personnel policy of the same organization. Recruitment practices vary from organization to organization, some follow centralized way such as commercial banks and others such as railways follow decentralized process for various grades of jobs.

What is the process of recruitment?

Ans. The recruitment process consists various steps:



Discuss the different types of selection tests.

Selection can be defined as process of choosing the right person for the right job.

Types of selection test

Different selection test are adopted by different organization depending upon their requirements. These tests are specialized test which have been scientifically tested and hence they are also known as scientific test.

I. Aptitude test:-

Aptitude tests are test which assess the potential and ability of a candidate. It enables to find out whether the candidate is suitable for the job. The job may be managerial technical or clerical. The different types of aptitude test areas are:

a. Mental ability/mental intelligence test:-

This test is used to measure the overall intelligence and intellectual ability of the candidate to deal with problems. It judges the decision making abilities.

b. Mechanical aptitude test :-

This test deals with the ability of the candidate to do mechanical work. It is used to judge and measure the specialized knowledge and problem solving ability. It is used for technical and maintenance staff.

c. Psycho motor test:-

This test judges the motor skills the hand and eye co- ordination and evaluates the ability to do jobs like packing, quality testing, quality inspection etc.

II. Intelligence test:-

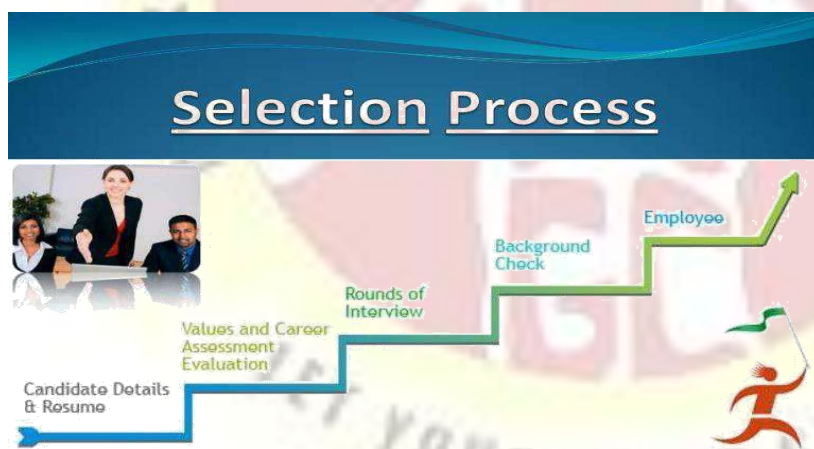
This test measures the numerical skills and reasoning abilities of the candidates. Such abilities become important in decision making. The test consists of logical reasoning ability, data interpretation, comprehension skills and basic language skills.

III. Personality test:-

In this test the emotional ability or the emotional quotient is tested. This test judges the ability to work in a group, inter personal skills, ability to understand and handle conflicts and judge motivation levels. This test is becoming very popular now days.

IV. Performance test:-

This test judges and evaluates the acquired knowledge and experience of the knowledge and experience of the individual and his speed and accuracy in performing a job. It is used to test performance of typist, data entry operators etc.



What is HRIS?

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

What is the importance of HRIS Systems?

There are a number of solutions offered to a company that adopts a HRIS. Some of these include solutions in training, payroll, HR, compliance, and recruiting. The majority of quality HRIS systems include flexible designs that feature databases that are integrated with a wide range of features available. Ideally, they will also include the ability to create reports and analyze information quickly and accurately, in order to make the workforce easier to manage.

Through the efficiency advantages conferred by HRIS systems, a HR administrator can obtain many hours of his or her day back instead of spending these hours dealing with non-strategic, mundane tasks required to run the administrative-side of HR.

HR and Payroll Factors

When a company invests in an affordable HRIS, it suddenly becomes capable of handling its workforce by looking at two of the primary components: that of payroll and that of HR. Beyond these software solutions, companies also invest in HRIS modules that help them put the full productivity of their workforce to use, including the varied experiences, talents, and skills of all staff within the enterprise.

HRIS Popular Modules

A range of popular modules are available, including those for recruiting, such as resume and applicant management, attendance, email alerts, employee self-service,

organizational charts, the administration of benefits, succession planning, rapid report production, and tracking of employee training.

In conclusion, it is important to choose the right HRIS. A company that takes the time to invest in a HRIS that fits their goals, objectives, mission, and values, is a company that is investing in its future and in its success. It will be necessary to customize any HRIS to the unique needs of a company so the system will remain flexible and relevant throughout the life of the company or enterprise.

What is strategic HRM?

Ans Strategic human resource management is a complex process which is constantly evolving and being studied and discussed by academics and commentators. Strategic Human Resource Management (SHRM) is an area that continues to evoke a lot of debate as to what it actually embraces. Definitions range from 'a human resource system that is tailored to the demands of the business strategy' (Miles and Snow 1984) to 'the pattern of planned human resource activities intended to enable an organization to achieve its goals' (Wright and McMahan 1992).

Strategic human resource management (SHRM) is a concept that integrates traditional human resource management activities within a firm's overall strategic planning and implementation. SHRM integrates human resource considerations with other physical, financial, and technological resources in the setting of goals and solving complex organizational problems (Legnick-Hall & Legnick-Hall, 1988) SHRM also emphasizes the implementation of a set of policies and practices that will build employee pool of skills, knowledge, and abilities (Jackon and Schulerm 1995) that are relevant to organizational goals. Thus a larger variety and more complete set of solutions for solving organizational problems are provided and the likelihood that business goals of the organization will be attained is increased (Mechelin, 1996).

Strategic Human Resource Management (SHRM) is an area that continues to evoke a lot of debate as to what it actually embraces. Definitions range from 'a human resource system that is tailored to the demands of the business strategy' (Miles and Snow 1984) to 'the pattern of planned human resource activities

intended to enable an organization to achieve its goals' (Wright and McMahan 1992). Although the difference between these two seems subtle, the implications of the difference are considerable. Where in the first definition human resource management is a 'reactive' management field in which human resource management becomes a tool to implement strategy, in the latter definition it has a proactive function in which human resource activities actually create and shape the business strategy (Sanz-Valle et al. 1999).

Strategic HRM can be regarded as a general approach to the strategic management of human resources in accordance with the intentions of the organization on the future direction it wants to take. It is concerned with longer-term people issues and macro-concerns about structure, quality, culture, values, commitment and matching resources to future need. It has been defined as:

Discuss the Benefits and barriers to SHRM

1. Identifying and analyzing external opportunities and threats that may be crucial to the company's success.
2. Provides a clear business strategy and vision for the future.
3. To supply competitive intelligence that may be useful in the strategic planning process.
4. To recruit, retain and motivate people.
5. To develop and retain of highly competent people.
6. To ensure that people development issues are addressed systematically.
7. To supply information regarding the company's internal strengths and weaknesses.
8. To meet the expectations of the customers effectively.
9. To ensure high productivity.
10. To ensure business surplus thorough comopetency

Barriers of SHRM

Barriers to successful SHRM implementation are complex. The main reason is a lack of growth strategy or failure to implement one. Other major barriers are summarized as follows:

1. Inducing the vision and mission of the change effort.
2. High resistance due to lack of cooperation from the bottom line.
3. Interdepartmental conflict.
4. The commitment of the entire senior management team.
5. Plans that integrate internal resource with external requirements.
6. Limited time, money and the resources.
7. The statuesque approach of employees.
8. Fear of incompetency of senior level managers to take up strategic steps.
9. Diverse work-force with competitive skill sets.
10. Fear towards victimization in the wake of failures.
11. Improper strategic assignments and leadership conflict over authority.
12. Ramifications for power relations.
13. Vulnerability to legislative changes.
14. Resistance that comes through the legitimate labour institutions.
15. Presence of an active labour union.
16. Rapid structural changes.
17. Economic and market pressures influenced the adoption of strategic HRM.
18. More diverse, outward looking approach.

Unit -IV

What is the concept of performance appraisal?

Performance appraisal

Ans. Performance appraisal is defined by Wayne Cascio as “the systematic description of employee’s job relevant, strength, weakness.

Performance appraisal may be conducted once in every 6 months or once in a year. The basic idea of the appraisal is to evaluate the performance of the employee, giving him a feedback. Identify areas where improvement is required so that training can be provided. Give incentives and bonus to encourage employees etc.

Discuss the Traditional methods of performance appraisal in detail?

Ans. Performance appraisal is defined by Wayne Cascio as “the systematic description of employee’s job relevant, strength, weakness.

Companies use different methods of appraisal for identifying and appraising the skills and qualities of their employees. The different methods used can be explained with the help of following diagram.

Methods of performance appraisal

Traditional method Modern method

1. Check list method
2. Confidential report
3. Critical incident method
4. Ranking method
5. Graphic rating scale
6. Narrated essay
7. 360* Appraisal

Traditional method

Traditional method of performance appraisal has been used by companies for very long time. A common feature of these methods is they are all relatively simple and involve appraisal by one senior.

1. Check list method:-

In this method the senior, the boss is given a list of questions about the junior. These questions are followed by check boxes. The superior has to put a tick mark in any one of the boxes this method can be explained with the following eg.

2. Confidential report:-

This method is very popular in government departments to appraise IAS officers and other high level officials. In this method the senior or the boss writes a report about the junior giving him details about the performance about the employee. The +ve and – ve traits, responsibilities handled on the job and recommendations

for future incentives or promotions. The report is kept highly confidential and access to the report is limited.

3. Critical incident method:-

In this method critical or important incidents which have taken place on this job are noted down along with employee's behavior and reaction in all these situations. Both +ve and -ve incidents are mentioned. This is followed by an analysis of the person, his abilities and talent, recommendations for the future incentives and promotions.

4. Ranking method:-

In this method ranks are given to employees based on their performance. There are different methods of ranking employees.

Simple ranking method

Alternate ranking method

Paired comparison method

i. Simple ranking method :-

Simple ranking method refers to ranks in serial order from the best employee eg. If we have to rank 10 best employees we start with the first best employee and give him the first rank this is followed by the 2nd best and so on until all 10 have been given ranks.

ii. Alternate ranking :-

In this method the serial alternates between the best and the worst employee. The best employee is given rank 1 and then we move to the worst employee and give him rank 10 again to 2nd best employee and give him rank 2 and so on.

iii. Paired comparison :-

In this method each and every person in the group, department or team is compared with every other person in the team/group/department. The comparison is made on certain criteria and finally ranks are given. This method is superior because it compares each and every person on certain qualities and provides a ranking on that basis.

5. Graphic rating scale:-

Graphic rating scale refers to using specific factors to appraise people. The entire appraisal is presented in the form of a chart. The chart contains certain columns which indicate qualities which are being appraised and other columns which specify the rank to be given.

Eg. Employee A

Quality of work Quantity of work Intelligence

Excellent

Very good

good

satisfactory

poor

The senior has to put a tick mark for a particular quality along with the ranking. Such charts are prepared for every employee. According to the department in which they work. Sometimes the qualities which are judged may change depending upon the department.

6. Narrated essay:-

In this method the senior or the boss is supposed to write a narrative essay describing the qualities of his junior. He may describe the employees strength and weakness, analytical abilities etc. the narrative essay ends with a recommendation for future promotion or for future incentives.

What are various Modern methods of performance appraisal?

Ans. Modern methods of appraisal are being increasingly used by companies. Now days one of the striving feature that appraisal involves is, the opinion of many people about the employee and in some cases psychological test are used to analyze the ability of employee. These methods are as follows

1. Role analysis:-

In this method of appraisal the person who is being appraised is called the focal point and the members of his group who are appraising him are called role set members.

These role set members identify key result areas (KRA 2 marks) (areas where you want improvement are called KRA) which have to be achieved by the employee. The KRA and their improvement will determine the amount of incentives and benefits which the employee will receive in future. The appraisal depends upon what role set members have to say about the employee.

2. Assessment centers:-

Assessment centers (AC) are places where the employee's are assessed on certain qualities talents and skills which they possess. This method is used for selection as well as for appraisal. The people who attend assessment centers are given management games, psychological test, puzzles, questioners about different management related situations etc. based on their performance in these test an games appraisal is done.

3. Management by objective:-

This method was given by Petter Druckard in 1974. It was intended to be a method of group decision making. It can be used for performance appraisal also. In this method all members of the of the department starting from the lowest level employee to the highest level employee together discuss, fix target goals to be achieved, plan for achieving these goals and work together to achieve them. The seniors in the department get an opportunity to observe their junior- group efforts, communication skills, knowledge levels, interest levels etc. based on this appraisal is done.

4. Behavioral anchored rating scale:-

In this method the appraisal is done to test the attitude of the employee towards his job. Normally people with +ve approach or attitude view and perform their job differently as compared to people with a –ve approach.

5. Psychological testing:-

In this method clinically approved psychological test are conducted to identify and appraise the employee. A feedback is given to the employee and areas of improvement are identified.

6. Human resource audit/accounting:-

In this method the expenditure on the employee is compared with the income received due to the efforts of the employee. A comparison is made to find out the utility of the employee to the organization. The appraisal informs the employee about his contribution to the company and what is expected in future.

7. 360* appraisal:-

In this method of appraisal and all round approach is adopted. Feedback about the employee is taken from the employee himself, his superiors, his juniors, his colleagues, customers he deals with, financial institutions and other people he deals with etc. Based on all these observations an appraisal is made and feedback is given. This is one of the most popular methods.

Process of performance appraisal

Performance appraisal is defined by Wayne Cascio as “the systematic description of employee’s job relevant, strength, weakness.

Process of performance appraisal followed by different companies is different. A general procedure is explained below with the help of a diagram.

Discuss the process of performance appraisal?

Ans The process consists various steps:

Setting performance standards

Communicating standards set to the employee

Measuring performance

Comparing performance with standard

Discussing result

Collective action

Implementation and review

1. Setting performance standards:-

In this very first step in performance appraisal the HR department decides the standards of performance i.e. they decide what exactly is expected from the employee for each and every job. Sometimes certain marking scheme may be adopted eg. A score 90/100 = excellent performance, a score of 80/100 = good. And so on.

2. Communication standard set to the employee:-

Standards of performance appraisal decided in 1st step are now conveyed to the employee so that the employee will know what is expected from him and will be able to improve his performance.

3. Measuring performance:-

The performance of the employee is now measure by the HR department, different methods can be used to measure performance i.e. traditional

and modern method. The method used depends upon the company's convenience.

4. Comparing performance with standard:-

The performance of the employee is now judged against the standard. To understand the score achieved by him. Accordingly we come to know which category of performance the employee falls into i.e. excellent, very good, good, satisfactory etc.

5. Discussing result:-

The results obtained by the employee after performance appraisal are informed or conveyed to him by the HR department. A feedback is given to the employee asking him to change certain aspects of his performance and improve them.

6. Collective action:-

The employee is given a chance or opportunity to improve himself in the areas specified by the HR department. The HR department constantly receives or keeps a check on the employee's performance and notes down improvements in performance.

7. Implementation and review:-

The performance appraisal policy is to be implemented on a regular basis. A review must be done from time to time to check whether any change in policy is required. Necessary changes are made from time to time.

Narrate various limitations of performance appraisal system?

Ans. Performance appraisal is defined by Wayne Cascio as “the systematic description of employee’s job relevant, strength, weakness.

The following are the limitations of performance appraisal

1. Halo effect:-

In this case the superior appraises the person on certain positive qualities only. The negative traits are not considered. Such an appraisal will no give a true picture about the employee. And in some cases employees who do not deserve promotions may get it.

2. Horn effect:-

In this case only the negative qualities of the employee are considered and based on this appraisal is done. This again will not help the organization because such appraisal may not present a true picture about the employee.

3. Central tendency:-

In this case the superior gives an appraisal by giving central values. This prevents a really talented employee from getting promotions he deserves and some employees who do not deserve anything may get promotion.

4. Leniency and strictness:-

Some bosses are lenient in grading their employees while some are very strict. Employee who really deserves promotions may loose the opportunity due to strict bosses while those who may not deserve may get benefits due to lenient boss.

5. Spillover effect:-

In this case the employee is judged +vely or –vely by the boss depending upon the past performance. Therefore although the employee may have improved performance, he may still not get the benefit.

6. Fear of losing subordinates and spoiling relations:-

Many bosses do not wish to spoil their relations with their subordinates. Therefore when they appraise the employee they may end up giving higher grades which are not required. This is a n injustice to really deserving employees.

7. Goodwill and techniques to be used:-

Sometimes a very strict appraisal may affect the goodwill between senior and junior. Similarly when different departments in the same company use different methods of appraisal it becomes very difficult to compare employees.

8. Paper work and personal biased:-

Appraisal involves a lot of paper work. Due to this the work load of HR department increases.

Personal bias and prejudice result in bosses favoring certain people and not favoring others.

Q. 22 Define Workers participation in Management

Definition:

- According to Keith Davis, Participation refers to the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share the responsibility of achievement.
- According to Walpole, Participation in Management gives the worker a sense of importance, pride and accomplishment; it gives him the freedom of opportunity for self-expression; a feeling of belongingness with the place of work and a sense of workmanship and creativity.
-

23. Describe the need for Worker Participation

Need of Workers' Participation

Worker's participation in management has assumed great importance these days because of the following advantages:

1. **Reduced industrial unrest:** Industrial conflict is a struggle between two organized groups which are motivated by the belief that their respective interests are endangered by the self-interested behavior of the other. Participation cuts at this very root of industrial conflict. It tries to remove or at least minimize the diverse and conflicting interests between the parties, by substituting in their place, cooperation, homogeneity of objects and common interests. Both sides are integrated and decisions arrived at becomes "ours" rather than "theirs".
2. **Reduced misunderstanding:** Participation helps dispelling employee's misunderstanding about the outlook of management in industry.
3. **Increased organization balance:** If worker are invited to share in organizational problems, and to work towards common solutions, a greater degree of organizational balance occurs because of decreased misunderstanding of individual and group conflict. Participation leads to increased understanding throughout the organization. People learn that others have problems beside themselves.
4. **Higher productivity:** Increased productivity is possible only when there exists fullest co-operation between labor and management. It has been empirically tested that poor 'labor management relations' do not encourage the workers to contribute anything more than the minimum desirable to retain their jobs. Thus, participation of workers in management is essential to increase industrial productivity.
5. **Increased Commitment:** An important prerequisite for forging greater commitment is the individual's involvement and opportunity to express himself. Participation allows individuals to express themselves at the work place rather than being absorbed into a complex system of rules, procedures and systems. If an individual knows that he can express his opinion and ideas, a personal sense of gratification and involvement takes place within him. This, in turn, fortifies his identification with the organization resulting in greater commitment.
6. **Industrial democracy:** Participation helps to usher in an era of democracy in industry. It is based on the principle of recognition of the human factor. It tends

to reduce class conflict between capital and labor. It also serves as a support to political democracy.

7. **Development of Individuals:** Participation enhances individual creativity and response to job challenges. Individuals are given an opportunity to direct their initiative and creativity towards the objectives of the group. This facilitates individual growth.
8. **Less resistance to change:** when changes are arbitrarily introduced from above without explanation, subordinates tend to feel insecure and take counter measures aimed at sabotage of innovations. But when they have participated in the decision making process, they have had an opportunity to be heard. They know what to expect and why. Their resistance to change is reduced

Explain the Objectives of workers participation in Management.

1. To establish Industrial Democracy.
2. To build the most dynamic Human Resources.
3. To satisfy the workers' social and esteem needs.
4. To strengthen labour-management co-operation and thus maintain Industrial peace and harmony.
5. To promote increased productivity for the advantage of the organization, workers and the society at large.
6. Its psychological objective is to secure full recognition of the workers.

UNIT- V

Describe the functions of Trade Union.

Increasing Co-operation and Well-being among Workers:

The modern industry is complex and demands specialization in jobs. This results in extreme division of labor, which leads to the growth of individualism and development of impersonal and formal relationships. There is no common unifying bond among the workers.

ii. Securing Facilities for Workers:

Most of the industrialists are not very keen on providing the facilities and proper working conditions to the workers. They are more interested in getting their work done to the maximum extent. In such conditions, trade unions fight on behalf of the workers and see that the facilities have been provided by the management.

iii. Establishing Contacts between the Workers and the Employers:

In present days, there are many industries, which have grown into giants. A single unit in a particular industry may employ hundreds of employees. Many times a worker or employee may not have a chance to see their managers. In this situation, the workers are not able to express their grievances before their employers, and even the management does not know the difficulties faced by the workers.

iv. Trade Unions working for the Progress of the Employees:

The trade unions try to improve the economic conditions of the workers by representing their cases to the employers and try to get adequate bonus to the workers.

v. Safeguarding the Interests of the Workers:

Most of the industries try to exploit the workers to the maximum. They do not provide any benefits such as increasing their wages, granting sick leaves, giving compensation in case of accidents, etc. The workers are not made permanent even after many years of service and in some cases they are removed from service summarily. The trade unions provide security to the employees in such situations.

vi. Provision of Labor Welfare:

The economic conditions of the industrial workers in India are very poor. The standard of living is very low. A majority of industrial workers in India are illiterate or semi-literate. It is the responsibility of the trade unions to get them proper housing facilities and promote the socio-economic welfare of the laborers. The trade unions also try to arrange educational facilities for the children of the workers.

HR Audit

What is the Meaning of HRM Audit? Explain its features.

HR audit is an important management control device. It is a tool to judge organizations performance and effectiveness of HR management. According to Dale Yoder, "Personnel audit refers to an examination and evaluation of policies, procedures and practices to determine the effectiveness of personnel management."

It is an analytical, investigative and comparative process. It gives feedback about HR functions to operating managers and HR specialists. It enables to know about the effectiveness of personnel programmes. It further provides feedback about how well managers are meeting their HR duties. It provides quality control check on HR activities. It refers to determine the effectiveness and efficiency of HRM.

Features:

The essential features of HR audit are:

- (1) The measurement and effectiveness HR management's mission, goals, strategies, policies, programmes and activities, and
- (2) To determine the action plan for future in response to the results from such measurement.

According to R.D. Gray, “the primary purpose of audit is to know how the various units are functioning and how they have been able to meet the policies and guidelines which were agreed upon; and to assist the rest of the organization by identifying the gap between objectives and results for the end product of an evaluation should be to formulate plans for corrections or adjustments.”

Explain the Objectives and need of HR Audit

Objectives of HR Audit:

- (1) To review every aspect of management of HR to determine the effectiveness of each programmes in an organisation.
- (2) To seek explanation and information in respect of failure and success of HR.
- (3) To evaluate implementation of policies.
- (4) To evaluate the performance of personnel staff and employees.
- (5) To seek priorities, values and goals of management philosophy.

Need for Human Resource Audit:

Though there is no legal obligation to have HR audit as in case of financial accounts but the managements have realized its need and usefulness. Therefore they have taken up HR audit voluntarily.

It is done to fulfill the following needs:

- (1) The managements of organisations have realized the need for HR audit because of powerful influence on motivation of employees at work due to participation of employees in decision making.

(2) Growth of organisation needs HR audit. Large organisation requires continuous feedback for improvement in performance of its employees.

(3) Mounting pressures from trade unions of employees and their participation in formulating employment policy and questioning of managerial competence have raised the need for HR audit.

(4) An effective two way communication system has also facilitated the need for HR audit.

(5) Many plants are located at large distances. This also made the HR audit compulsory.

(6) The HR audit becomes essential because of delegation of authority and decentralization of power.

What are the Approaches to HR Audit?

According to William Werther and Keith Davis, there are five approaches for the purpose of evaluation.

These are briefly outlined as under:

(1) Comparative Approach:

Under this approach auditors identify one model company and the results obtained of the organisation under audit are compared with it.

(2) Outside Authority Approach:

In outside authority approach a benchmark is set to compare own results. A standard for audit set by outside consultant is used as benchmark.

(3) Statistical Approach:

Under statistical approach the statistical information maintained by the company in respect of absenteeism, employee turnover etc. is used as the measures for evaluating performance.

(4) Compliance Approach:

Under compliance approach the auditors make a review of past actions to determine to see whether those activities are in compliance with the legal provisions and in accordance with the policies and procedures of the company.

(5) MBO Approach:

Under MBO approach specific targets are fixed. The performance is measured against these targets. The auditors conduct the survey of actual performance and compare with the goals set.

Explain the Benefits of HRM Audit.

Keith Davis summarises the benefits of HR audit in the following ways: It identifies the contributions of the HR department.

- It improves the professional image of HR department.
- It encourages greater responsibility and professionalism amongst members of HR department.
- It classifies the HR department's duties and responsibilities.
- It stimulates uniformity of personnel policies and practice.
- It identifies critical personnel problems.
- It ensures timely compliance with legal requirements.
- It reduces human resource costs.

3. Helps to decide promotion:-

Performance appraisal provides a report about the employee. Based on this report future promotions are decided, incentives, salary increase is decided.

4. Validation of selection process:-

Through performance appraisal the HR department can identify whether any changes are required in the selection process of the company normally a sound selection process results in better performance and positive appraisal.

5. Deciding transfers and lay off of the worker:-

Employee with specific talent can be transferred to places where their talents are utilized properly; similarly decisions regarding termination of employees depend upon performance appraisal reports.

6. Human resource planning and career development:-

Companies can plan for future vacancies at higher levels based on performance appraisal reports.

Similarly career planning can be done for the employee on the performance appraisal report.

