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# MODULE 1

# FOUNDATIONS OF HRM

**Resources**

An organisation's resources are classified into Physical resources (money, material, Machinery) and Human Resources.

**Human resources:**

Human resources is the most valid asset of all organisations. It is considered as a powerful capital which has three unique features:

(a) Intellectual Capital (Knowledge & Skills),

(b) Social Capital (Relationship & Sociability)

(c) Emotional Capital (ambition, courage, and self-confidence)

**Characteristics of Human Resource**

1. **Heterogeneous** *(Diverse)*:- Each person differs from another in needs, attitudes, values, personality, etc.
2. **Dynamic Character**: This reflects HR's adaptability and how individuals respond to situations, which are often influenced by experience and mood. Different people react differently to a particular situation. Even the same person reacts differently to the same situation on different occasions.
3. **Source of creative energy**:- HR Can produce unlimited ideas if properly motivated. Proper motivation strategies help employees to unlock their creative potential.
4. **Reactive**:- Being influenced by external factors like culture, education, and organisational climate emphasises HR's role in managing and understanding these influences.
5. **Proactive**:- This enables organisations to anticipate challenges, create positive conditions, and improve organisational climate and productivity.

## Human Resource Management

'Human resources' describes two things: (a) the people who work for an organisation and (b) the department responsible for managing resources related to employees.

Human resources (HR) is the department concerned with recruiting, selecting and training job applicants and administering employee-benefit programs.

Human resource management (HRM or simply HR) manages human resources.

Edwin Flippo defines- HRM as "planning, organising, directing, controlling of the procurement, development, compensation, integration, maintenance and separation of human resources of the organisation."

## Assumptions/Nature/Features/Importance of HRM

1) **Employees are Valuable Resources**: People bring essential skills and talents to the organisation. Recognising employees as valuable resources is essential for organisational success.

2) **Reservoirs of Skills and Creativity**: Employees possess valuable resources, including skills and creativity, that benefit the organisation when nurtured. This harnesses employees' skills, leading to innovation and growth.

3) **Unlimited Potential for Growth**: Human resources can be continuously developed and enhanced. The workforce continually enhances its capabilities by investing in training, leading to sustained development.

4) **Most Important Asset**: Employees are the organisation's most valuable asset. HRM manages these assets to contribute to long-term organisational success.

5) **Motivation through Challenges**: People are motivated by challenging and meaningful work. This keeps them engaged and allows them to perform at their best.

6) **Mutual Benefit**: HRM can be planned to benefit both employees and the organisation. This improves job satisfaction, loyalty, and productivity, making HRM a central function.

7) **Commitment through Belonging**: A sense of belonging fosters employee commitment. Employees who feel connected to the organisation are more likely to contribute positively.

8) **Satisfaction of Needs**: Employees are motivated when basic and higher-level needs (such as growth and recognition) are fulfilled. This satisfaction boosts morale, reduces turnover, and improves performance.

9) **Opportunity for Self-Discovery**: Providing employees opportunities to use their capabilities increases commitment and job satisfaction. This helps employees realise their potential.

10) **Opportunities to Increase Commitment**: Employees are more committed when they can use and develop their skills. Employees who feel they are growing within the organisation are more likely to contribute.

**HRM: Functions, Scope and Objectives**

Each of the managerial and operative functions defines the objectives and scope of HRM. When viewed as an objective, the functions align with the purpose of HRM to develop a capable, motivated, and productive workforce, ensuring a positive workplace culture.

**Functions of HRM**

The functions can be broadly classified as managerial and operative functions.

| **Managerial functions** | **Operative functions** |
|---|---|
| 1. Planning | 1. Manpower planning |
| 2. Organising | 2. Recruitment and selection |
| 3. Staffing | 3. Training and development |
| 4. Directing | 4. Compensation |
| 5. Coordinating | 5. Human relations |
| 6. Controlling | 6. Industrial relations |
| | 7. Counselling |
| | 8. Performance Appraisal |
| | 9. Career planning |
| | 10. Succession/exit planning |
| | 11. Redressal of grievances |

## I. Managerial Functions

Managerial functions involve planning, organising, staffing, directing, coordinating, and controlling human resources.

### 1. Planning

This involves manpower planning to ensure an adequate workforce aligns with strategic goals. The objective is to anticipate future workforce needs and ensure no staff shortages. The scope includes workforce forecasting, setting recruitment goals, and assessing skill gaps.

### 2. Organising

This creates a structured HR department with defined roles and responsibilities. The objective is to set up a clear organisational structure. The scope defines job roles, organisational structure, and reporting hierarchies to organise HR functions.

### 3. Staffing

This involves recruiting, selecting, and placing employees to build a qualified workforce. The objective is to attract and retain the right talent and skills that align with job roles. It covers job postings, candidate screenings, interviews, and placement processes.

### 4. Directing

Directing guides and motivates employees to achieve their potential. The objective is to encourage employees to align efforts with organisational objectives. This involves leadership, communication, supervision, and goal-setting.

**5. Coordinating**

Coordination ensures seamless collaboration and cohesive operations. The objective is to synchronise HR activities with other departments. It aligns HR processes like training, appraisals, and rewards to support teamwork.

**6. Controlling**

Controlling, monitoring, and evaluating HR operations to maintain compliance with policies and standards. The objective is to ensure that HR activities adhere to organisational standards and legal regulations. This includes performance monitoring, policy enforcement, and compliance checks.

**II. Operative Functions**

Operational functions focus on day-to-day activities to smooth and efficient workplace operations.

1. **Manpower Planning**

This involves predicting and planning for future staffing needs to avoid shortages. The objective is to ensure the organisation has the right workforce size and skill mix. The focus is on workforce forecasting and aligning staffing levels with growth.

2. **Recruitment and Selection**

R&S manages the processes for attracting and selecting suitable candidates. The objective is to secure qualified employees who align with the organisation's skill requirements and culture. This covers job advertising, screenings, interviews, and selection procedures.

3. **Training and Development**

T&D focuses on skill enhancement and career growth for employees. The objective is to ensure that employees have the necessary skills to perform their jobs. The scope includes onboarding, skill-building workshops, and leadership development programs.

4. **Compensation**

Compensation designs and manages pay structures, benefits, and incentives to retain talent. The objective is to provide competitive rewards that attract and retain employees. The scope involves salary structures, benefits, bonuses, and incentives.

5. **Human Relations**

HR builds positive employee relationships and maintains a supportive work environment. The objective is to promote a healthy, engaging, and respectful workplace. This covers workplace relationships, conflict resolution, and employee engagement activities.

6. **Industrial Relations**

HR manages relationships with labour unions and ensures compliance with labour laws. The objective is to foster cooperative and fair union relations, avoiding conflicts. The scope includes collective bargaining, dispute resolution, and compliance with labour regulations.

7. **Counselling**

HR provides support to employees facing work-related or personal challenges. The objective is to offer guidance and support for employees' mental and emotional well-being. The scope includes career guidance, mental health support, and wellness resources.

8. **Performance Appraisal**

HR evaluates employee performance to foster growth and reward high achievement. The objective is to assess and enhance individual performance through constructive feedback. The scope involves setting performance goals, conducting appraisals, and providing feedback.

9. **Career Planning**

This helps employees to plan and progress in their careers within the organisation. The objective is to support employees in achieving career growth and improving job satisfaction and retention. The scope includes career pathing, mentoring, and developmental planning.

10. **Succession/Exit Planning**

HRM prepares for smooth transitions in key positions and manages employee exits. The objective is to ensure continuity in leadership and manage workforce changes. It covers succession planning, knowledge transfer, and exit procedures.

11. **Grievance Redressal**

HRM handles employee complaints and disputes to maintain a fair work environment. The objective is to address and resolve employee grievances promptly and fairly. This involves grievance procedures and ensures timely, unbiased resolutions.

**Evolution of HRM**

The history of Human Resource Management is complex and rooted in the development of work and organisation.

1. **Slavery System**:

In the pre-industrialisation era (1400–1700), workers were seen as labourers with limited rights, performing only basic functions. Feudalism declined, freeing labour from land-based roles, but the creative potential was largely ignored.

2. **Labor Market**:

The Industrial Revolution shifted economies from agriculture to commerce, creating a labour market with a free employment relationship. Towns grew, a middle class emerged, and early personnel management forms began to develop.

3. **Labor as a Factor of Production**:

With the second phase of the Industrial Revolution, labour became a commodity in the factory system. This led to low wages, high turnover, and increased labor-management conflicts.

iv. **Personnel Management**:

In the 18th century, Robert Owen advocated for a humanitarian approach. At the same time, FW Taylor and Henri Fayol's classical management theories laid a foundation for personnel management as a field focused on both efficiency and human relations.

v. **Human Resource Management**:

The 1920s saw a shift in focus due to Elton Mayo’s Hawthorne Studies, showing that productivity improves with better communication, cooperation, and involvement.

Following World War II, trade unions and labour conflicts highlighted the need for a more comprehensive approach to workforce management, leading to modern Human Resource Management.

## Evolution of HRM in India

Starting with the Royal Commission on Labour in 1929, establishing professional institutions shaped HRM into a strategic role in Indian organisations.

i. **Royal Commission on Labor (1929)**:

HRM in India originated with the Royal Commission on Labor, which recommended appointing labour officers, forming trade unions, and implementing worker welfare and labour-management standards.

ii. **Trade Unions (Post-Independence)**:

After independence, the Indian Constitution endorsed a socialistic economy, supporting worker rights through legislation. This led to rapid trade union growth and increased labour rights awareness.

iii. **Functional Departments (1970s-1980s)**:

By the 1970s, organisations began establishing personnel and labour welfare departments. By the late 1980s, traditional personnel management had evolved into Human Resource Management (HRM).

iv. **The Factories Act (1948)**:

This act mandated welfare officers in factories with over 500 employees, outlining their qualifications and duties to improve worker welfare.

v. **Professional Institutions (1950s)**:

Institutes like the Indian Institute of Personnel Management (IIPM) and the National Institute of Labor Management (NILM) were established, eventually merging to form the National Institute of Personnel Management (NIPM).

vi. **HRM as a Strategic Role (1990s)**:

Economic liberalisation brought foreign competition, prompting Indian companies to focus on strategic HRM practices to attract and retain talent.

**HRM Vs Personnel Management**

1) PM is a Conventional System.
2) HRM is a Modern system.
3) PM follows an administrative and bureaucratic approach.

   HRM follows a human relations approach.
4) PM focuses on Scientific Management.

   HRM focuses on the social and psychological needs.
5) PM considers people as factors of production.

   HRM consider people as resources.
6) PM is reactive. HRM is proactive.
7) PM emphasis on rules and regulations.

   HRM emphasises results through teamwork
8) PM is more rigid

   HRM is more flexible.

9) Robert Owen is regarded as the father of PM.

   Elton Mayo is the father of HRM.

10) PM is the outcome of the Industrial Revolution

    HRM is the outcome of the human relations movement

11) PM is influenced by time and motion studies (1910s)

    HRM is the impact of the Hawthorne Experiment (1924).

**Qualifications & Qualities of HRM**

Like Management, HRM is also not a full-fledged profession. Formal degrees are not a must to become an HR Manager. But these degrees are advisable for career development.

**HR Qualifications**

Masters degrees and PG Diplomas are offered by Universities.

**Masters Degrees:**

MBA with a specialisation in HR

MBA with specialisation in HRD[1]

MHRM-Master of Human Resource Management[2]

MHROD -Master of HR and Organisational Development[3]

MA (HR) –Master of Arts in Human Resource[4]

MSc (HR) – Master of Science in HR

MSc (HRC) - Master of Science in H RM and Consulting[5]

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[1] University of Delhi
[2] Andhra University
[3] Indian Institute of Technology (IIT) Bombay
[4] offered by the University of Madras
[5] University of Bath, UK.

**PG Diploma**

PGDHRM –PG Diploma in HRM

PGDHRD - PG Diploma in HR and Organisational Development

**Qualities of HRM**

An effective HR manager should possess the following skills and qualities:

1. **Creative Thinking**: Ability to approach problems with fresh ideas.
2. **Analytical Skills**: Logical thinking to solve complex issues.
3. **Intelligence**: Using past experience and adapting to new situations.
4. **Presentation Skills**: Ability to clearly present information to different audiences.
5. **Communication Skills**: Strong verbal and written skills.
6. **Negotiation Skills**: Resolving conflicts among employees and management.
7. **Judgment**: Recognising high-quality solutions and ideas.
8. **Execution Skills**: Ability to act on decisions effectively.
9. **Leadership**: Guiding and influencing others.
10. **Listening Skills**: Patience to actively hear employees' concerns.
11. **Motivational Skills**: Inspiring employees to perform well.
12. **Emotional Stability**: Staying calm and balanced under pressure.

13. **Conflict Management**: Handling disputes productively.
14. **Objectivity**: Making unbiased, fair decisions.
15. **Multitasking**: Managing various issues and priorities daily.

**Role and Status of HR Manager**

**1. Strategic Partner**

- Aligns HR strategies with organisational goals.
- Participates in top-level decision-making.
- Advises management on workforce planning, organisational development, and change management.

**2. Administrative Expert**

- Ensures smooth implementation of HR policies.
- Manages HR operations like payroll, employee records, compliance, etc.
- Streamlines HR processes through automation and best practices.

**3. Employee Champion**

- Represents employee interests to management.
- Handles grievances and conflict resolution.
- Promotes employee welfare, engagement, and morale.

**4. Change Agent**

- Facilitates organisational change and transformation.
- Manages training and development initiatives.
- Supports cultural and behavioural change within the company.

**5. Talent Manager**

- Involved in recruitment, selection, onboarding, and retention.
- Develops and implements talent management strategies.
- Conducts performance appraisals and succession planning.

**Status of HR Manager**

- **Middle to Top Management Role:** Depending on the size and structure of the organisation, HR managers may report directly to the CEO or senior management.
- **Policy Influencer:** Plays a key role in shaping workplace policies and organisational culture.
- **Liaison Role:** Acts as a bridge between management and employees.
- **Recognition & Influence:** In modern organisations, HR managers are increasingly viewed as strategic leaders rather than just administrative personnel.

**HR Policies**

Policies are general guidelines to address an issue. HR Policies are formal rules and procedures followed in the company. It dictates how certain matters should be addressed in the workplace.

1. **Prevent Conflicts**: HR policies help avoid conflicts between employees and management.
2. **Legal Protection**: Employees can take legal action if employers violate HR policies.
3. **Ensure Fairness**: Effective policies make sure all employees follow the same rules.

4. **Consistent Enforcement**: Management applies policies consistently, reducing bias.
5. **Prevent Discrimination**: Policies help eliminate any chance of unfair treatment.
6. **Clear Disciplinary Process**: Policies outline a standard approach for handling rule violations.
7. **Expert Input**: Policies should be developed with input from experienced staff and labour lawyers.
8. **Promote Transparency**: Clear policies build trust and transparency within the organisation.
9. **Boost Employee Morale**: Fair and consistent policies increase job satisfaction and morale.
10. **Align with Company Goals**: HR policies support organisational objectives and culture.

**Types of HR Policies**

**I. Based on Origin**

1. **Originated Policies**: Created by senior managers to guide team members.
2. **Implicit Policies**: Unwritten policies inferred from managers' behaviour.
3. **Imposed Policies**: Mandatory policies from external bodies like the government, trade unions, or associations.
4. **Appealed Policies**: Policies created upon requests from employees or subordinates.

**II. Based on the Function**

1. **General Policies**: Broad guidelines not specific to any issue.
2. **Specific Policies**: Target specific areas like recruitment, compensation, or conflict resolution.

**III. Based on the Usage**

Staffing/hiring, compensation, leave, and service policies are the broad usage-based policy classifications.

A. **Staffing/Hiring Policies**

1. **Recruitment and Selection Policies**: Policies related to recruitment, promotion, and transfer aspects.
2. **Placement and Transfer Policies**: Policies related to initial job placement and subsequent transfers based on organisational needs and employee suitability.
3. **Promotion Policies**: Policies governing employee advancement based on merit, performance, and organisational requirements.
4. **Probation Policies**: Policies outlining the probation period and the criteria for assessing employee suitability for confirmation.
5. **Training & Development Policies**: Policies related to enhancing employee skills and competencies through structured learning programs.
6. **VRS/Resignation Policies**: Policies guiding voluntary resignation and retirement, including notice periods and exit procedures.
7. **Termination Policies**: Policies specifying conditions and procedures for termination, including notice requirements and compliance with legal norms.

B. **Compensation Policies**

1. **Performance & Appraisal Policies**
2. **Wage Policies**: Comply with laws like the Minimum Wages Act and the Equal Remuneration Act.
3. **Benefits Policies**: Cover gratuity, provident fund, pension, etc.

C. **Leave Policies**

1. **Leave Types**: Casual, Sick, Earned, Maternity, and Paternity Leave.
2. **Public Holidays & Work Weeks**
3. **Vacation and Long Leave Options**: With or without pay, depending on leave type.

D. **Service Policies**

1. **Employment Contracts**: Can be verbal or written, though written is recommended.
2. **Code of Conduct**: Outlines expected employee behaviour and reporting breaches.
3. **Working Hours & Overtime**: Limits on work hours and overtime pay rates.
4. **Confidentiality Policy**: Safeguarding sensitive company information.
5. **Workplace Safety**: Includes anti-harassment, anti-bribery, equal employment, and substance policies.
6. **Grievance Redressal**: Procedures for resolving employee complaints.

7. **Anti-Bribery Policies**: Set rules to prevent corruption and unethical behaviour in the workplace.
8. **Equal Employment Opportunity (EEO) Policies**: Ensure fair treatment and prevent discrimination in hiring and promotions.
9. **Workplace Policies on Smoking, Drugs, and Alcohol**: Regulate substance use to maintain a healthy and safe work environment.

**Formulation of Policies**

There are different stages in the formulation of a policy:

1. **Identify the need**: Identify and acknowledge the problem that needs to be addressed. E.g., there is a need for a policy on remote work or anti-harassment.
2. **Set Objectives:** Clearly define what the policy intends to achieve (e.g., fairness, safety, consistency).
3. **Consultation:** Involve stakeholders such as management, HR professionals, legal advisors, and employee representatives. This ensures policy is practical and inclusive.
4. **Policy Formulation**: Developing solutions to solve the identified problem through policy.
5. **Draft the Policy**: Write the policy in simple, unambiguous language. This includes purpose, scope, responsibilities, procedures, and consequences of violation.
6. **Adoption (Decision Making)**: Making a formal decision to approve and adopt the policy.
7. **Implementation**: Putting the policy into action.
8. **Evaluation**: Assessing the policy's effectiveness and making adjustments or modifications if needed.

## RESOURCE PLANNING

Resource planning involves determining the necessary resources—such as money, staff, equipment, and advisors—and planning how, when, and where to acquire them to ensure the successful completion of a project.

### Resource Loading vs. Resource Levelling

1. **Resource Loading**: The process of assigning resources (people, money, equipment) to specific tasks in the project plan.
2. **Resource Levelling**: The process of adjusting project schedules to balance resource demands with available resources, preventing over-allocation.

### Human resource (Manpower) planning Concept

HRP is the process of identifying an organisation's current and future human resource needs. It involves job analysis, recruitment, selection, placement, training, and employee benefits.

“HRP is the process of moving an organisation from its current manpower situation to the desired one, ensuring the right people are in the right roles at the right time for long-term benefit to both the organisation and the individuals." E.W Vetter

“A process to ensure that an organisation has enough qualified people at the right time, doing jobs that meet the organisation's needs and satisfy the individuals.” Dale S. Beach

### Strategic HRP

It means working closely with employees to improve job quality, enhance work preservation, and maximise mutual benefits. It also involves key HR activities like hiring, discipline, and payroll. SHRP supports long-term business objectives.

## Types of HR planning

There are many types of HRP. They help in managing the workforce effectively at various levels and stages within the organisation.

a. **Strategic (Long Term) HR Planning**: Aligns the HR needs with the organisation's long-term goals. It ensures that the right talent is in place to support future business strategies.

b. **Tactical (Short Term) HR Planning**: Focuses on the organisation's short-term goals. It addresses immediate HR needs like recruitment, training, and performance management to meet current operational requirements.

c. **Operational (Day to Day) HR Planning**: Deals with day-to-day HR activities and ensures the smooth functioning of HR operations, such as staffing, compensation, and employee relations.

d. **Succession Planning**: Identifies and develops internal candidates to fill key leadership and critical roles in the future. It ensures continuity in leadership and key functions.

e. **Workforce Planning**: Involves analysing the current workforce, forecasting future human resource needs, and developing strategies to meet those needs, ensuring the organisation has the right number and type of employees.

## Steps (Process) in HRP (HR planning process)

"HR planning includes job analysis, estimation, recruitment, selection, placement, training, and employee benefits." This planning is a process. This forms a systematic approach to HR planning, ensuring the right people are in place to meet organisational goals.

1. **Analysing Corporate Strategies**

HR planning begins by understanding the company's overall strategies, such as expansion, mergers, or technology changes, to determine whether HR needs to align with these goals.

2. **Designing Jobs**

Jobs should be designed effectively to meet organisational objectives. This includes job analysis, job design, job descriptions, and job specifications.

3. **Demand Forecasting**

Based on the organisation's plans, estimate the number and types of employees needed.

4. **Analysing HR Supply**

Analyse internal (existing employees) and external (new hires from outside) sources to meet the HR demand.

5. **Forecasting Manpower Gaps**

Compare the forecasted demand and supply to identify if there are any shortages (deficits) or surpluses in manpower.

6. **Recruitment**

Actively search for candidates and encourage them to apply for roles in the organisation.

7. **Selection**

Choose the most suitable candidates through interviews, tests, and other selection processes.

8. **Placement**

Assign selected candidates to specific jobs with appropriate responsibilities and ranks.

9. **Training**

Provide necessary training to enhance employees' skills and improve their performance.

10. **Fixing Remuneration and Benefits**

Plan employee salaries and benefits to ensure they are competitive and fit within the organisation's budget.

11. **Formulating HR Policies**

Develop policies to guide HR practices, such as recruitment, discipline, and performance management.

12. **Controlling and Review**

Regularly assess and review the effectiveness of the HR plan and adjust strategies as necessary.

**Objectives of HRP (Benefits/Need/ importance)**

1. It helps to identify the **HR needs** of an organisation through job analysis.
2. It helps estimate the current and future **manpower requirements**, both near and distant.
3. It serves as a link between HRM and the overall **strategic plan** of an organisation.
4. It ensures the adequate **supply of manpower** as and when required.

5. It ensures **proper use of existing human resources** in the organisation.
6. It helps to **assess surplus or shortage**, if any, of human resources available over at a time.
7. It helps to **control** the human resources already deployed in the organisation.
8. It provides **lead time available to select and train** additional human resources.
9. It helps to develop **training and succession planning** for employees and managers.
10. It helps to develop **employee benefit** plans- both monetary and fringe benefits.
11. It also helps to **anticipate the vacancies** that may arise shortly.
12. It helps to provide better planning for **employee development**.
13. National-level HR Planning is required to **eliminate unemployment**:
14. It is required to **minimise the shortage of human resources** and to have the required skills, qualifications, and capabilities to carry on work.
15. HRP ensures a **smooth supply of workers** without interruption.
16. **Technological changes and globalisation** require HRP.
17. It helps to **assess the strengths and weaknesses** of its employees to improve the situation.

## Levels of HR Planning

The levels of HRP help to ensure that the workforce is aligned with national, sectoral, industrial, and organisational needs.

1. **National Level**

   At this level, the government plans HR. It focuses on population projections, economic development, educational and healthcare facilities, workforce distribution, and migration patterns across industries and regions.

2. **Sector Level**

   HRP is done for various sectors, like agriculture, industry, and services, to forecast the manpower needs within each sector.

3. **Industry Level**

   At this level, HRP is specific to individual industries, such as engineering, textiles, heavy industries, etc., to predict workforce demand for each industry.

4. **Industrial Unit Level**

   This level focuses on the specific manpower needs of a single company or enterprise, determining how many and what types of employees are required.

## Problems of HRP/Limitations of HRP

1. **Uncertain Future**: External factors like changes in technology, politics, and culture can impact employment, making HR planning less reliable.
2. **Forecasting Accuracy**: HR planning depends on accurate predictions of workforce demand and supply, which can be difficult to achieve.

3. **Lack of Support from Top Management**: For HRP to succeed, it needs full support from senior leadership.
4. **Job Insecurity**: Actions like layoffs or terminations to balance HR needs can create insecurity and erode employee trust.
5. **Time-Consuming**: Gathering detailed information about staffing requirements across departments can take much time.
6. **Costly**: HR planning can be an expensive process for organisations.
7. **Lack of Planning Culture**: In some regions, like India, HR planning is not widely recognised for its value and is considered unnecessary.

## JOB DESIGN

**Work:** Work is a physical or mental activity that is performed to provide something. It includes all kinds of activities done by an employee.

**Job**: A job is a bundle of related tasks/works. It is performed in exchange for a specific fee for payment.

E.g. An occupation, profession, career or task.

### Job Design

Job design is organising tasks and responsibilities to create a specific job role. It involves defining an employee's duties, authority, decision-making power, satisfaction, and productivity. Job design follows job analysis, Job Description, Job Specification, and Job Evaluation.

Job design defines roles; job analysis provides detailed information; job descriptions describe the role; job specifications outline qualifications; and job evaluation determines the job's value.

1. **Job Analysis**: Collecting information about the job to understand the tasks, responsibilities, environment, required skills, and tools. This helps create job descriptions and specifications and determine job value for pay and evaluation. Key areas of Job design include:
   - **Duties and Tasks**: Information about what tasks are done, how often, and with what tools.
   - **Environment**: Conditions under which the job is performed (e.g., physical requirements, risks).
   - **Tools and Equipment**: Tools needed for the job.
   - **Relationships**: Internal and external interactions.
   - **KSA**: **K**nowledge, **S**kills, and **A**bilities required for the job.

The purpose of job analysis includes job design and redesign, recruitment and selection, training and development, performance management, compensation and benefits, legal compliance, health and safety, and career planning.

2. **Job Description**: A detailed statement describing the job title, duties, location, equipment, supervision, and work conditions. It’s based on the information gathered during job analysis.
3. **Job Specification**: A statement of the qualifications, skills, and knowledge required to perform the job effectively. It is derived from the job analysis.

4. **Job Evaluation**: Determining the value of each job to decide the rank, category, and pay scale. This is based on the job description and job specification.

**Factors Affecting Job Design**

Organisational structure, technology and tools, employee skills and abilities, work environment, workplace culture, nature of the job, job requirements, health and safety considerations, employee motivation and satisfaction, managerial philosophy, and external factors (e.g., labour laws, economic conditions) influence job design.

**Methods of Job Analysis**

Observation, job participation, interview, questionnaire, checklist, technical conference, diary method, critical incident technique, position analysis questionnaire (PAQ), functional job analysis (FJA), employee/manager feedback, etc., are used for job analysis.

**Methods/techniques of job design**

1. **Work Simplification**: Breaking a job into smaller tasks and assigning each to a worker, increasing productivity by focusing on specific duties.

2. **Job Rotation**: Moving employees between similar jobs to reduce boredom, broaden skills, and increase competency in various roles.

3. **Job Enrichment**: Adding more meaningful tasks to a job, giving employees more decision-making, planning, and control, making the work more engaging and challenging.

4. **Job Enlargement**: Expanding the job by adding more tasks of the same level, providing variety and increasing job scope.

5. **Task Identity**: Designing jobs so employees can see a complete product or outcome gives them a sense of accomplishment.
6. **Task Significance**: Ensuring the job clearly impacts others or the organisation, enhancing the employee's sense of purpose.
7. **Autonomy**: Giving employees more control over how and when they do their work increases motivation and satisfaction.
8. **Skill Variety**: Designing jobs requires a range of skills, helping employees stay engaged and reducing monotony.
9. **Work Team Design**: Creating teams, collaborating on tasks, improving efficiency, creativity, and problem-solving.
10. **Ergonomic Design**: Designing jobs to fit employees' physical capabilities, reducing discomfort and increasing efficiency.
11. **Flexible Work Schedules**: Flexible working hours or remote work options allow employees to better balance work and personal life.

**Methods of HR Demand Forecasting**

Forecasting of quality and quantity of human resources is done through the following methods: -

1. **Executive or Managerial Judgment**: Managers estimate future HR needs based on their experience, often involving guesswork. This method can be approached in three ways:

   a) **Bottom-Up Approach**: Supervisors propose the number of employees needed, which top management then adjusts and finalises.

   b) **Top-Down Approach**: Management sets the HR requirements, which lower-level employees then refine and finalise.

c) **Participative Approach**: Both supervisors and management collaborate to determine HR projections through joint consultations.

2. **Statistical Techniques**: These methods use statistical and mathematical tools to predict future HR supply and demand, offering a more data-driven approach.
3. **Ratio-Trend Analysis**: Historical data on employee numbers and workload levels are used to create ratios for each department. These ratios are extrapolated to project future HR requirements.
4. **Work Study Method**: This method focuses on the correlation between work volume and labour needs. It is useful for repetitive or manual jobs where work can be measured and standardised.
5. **Delphi Technique**: Gathering insights from a panel of experts to form a consensus on future HR needs. It is mainly used for long-term HR forecasting.
6. **Computerised Models**: These involve the use of software to simulate HR demands based on variables such as growth rates, turnover, and other organisational factors.
7. **Scenario Planning**: Forecasting HR needs based on various future scenarios (e.g., economic changes, technological advancements) to prepare for different possibilities.
8. **Trend Analysis**: Involves examining historical patterns in employee numbers and organisational growth to predict future HR demand based on past trends.

## Recruitment, Selection, Placement, & Training

Recruitment, selection, placement, and training are key HR processes that help organisations hire the right people, assign them suitable roles, and develop their skills for effective performance.

**Recruitment** is the process of attracting candidates, selection is choosing the most suitable candidate from the pool, **placement** involves assigning the selected candidate to the appropriate job role, and **training** is providing the necessary skills and knowledge to perform the job effectively.

### Recruitment

Recruitment is attracting, selecting, and appointing suitable candidates for an organisation's job. It involves identifying new employees' needs, finding potential candidates, and assessing their suitability for specific roles.

William Byars and Rue State, "Recruitment involves finding and attracting a group of people from whom qualified candidates can be selected to fill job vacancies."

### Sources of recruitment

Internal and external sources of recruitment are available. Organisations choose between the sources based on factors like the urgency of the vacancy, availability of qualified internal candidates, cost of hiring, need for fresh talent or new ideas, and the organisation's promotion or growth policies.

| Internal sources | External sources |
|---|---|
| **Employee Movement**<br>1. Promotions<br>2. Transfers<br>3. Deputation<br>4. Employee Redeployment<br>**Work Arrangement**<br>5. Work Arrangement<br>6. Succession Planning<br>**Employee Recommendations**<br>7. Employee Referrals<br>8. Retrenched Employees<br>9. Retired Employees<br>**Internal Mobility**<br>10. Internal Job Postings | **Online Platforms**<br>1. Job Portals and Websites<br>2. Online Agencies<br>3. Career Links on Company Websites<br>4. Social Media (LinkedIn, Facebook, Twitter)<br>**Agencies and Consultants**<br>5. Recruitment Agencies<br>6. Private Employment Agencies/Consultants<br>7. Headhunters<br>**Networking and Referrals**<br>8. Employee Referrals<br>9. Relatives/Friends of Present Employees<br>10. Professional Associations<br>11. Trade Unions<br>**Direct Recruitment Methods**<br>12. Campus Recruitment<br>13. Job Fairs<br>14. Walk-ins |

| | |
|---|---|
| | **Employment Exchanges**<br>15. Public Employment Agencies<br>16. Public Employment Exchanges |

**Innovative Recruitment Methods/Techniques**

IRM refers to creative, new approaches that organisations use to attract, identify, and hire talent. These methods go beyond traditional recruitment techniques.

**Technology-Driven Methods**

1. **AI and Chatbots**: Screening candidates using AI tools.
2. **Predictive Analytics**: Using data to predict candidate success.
3. **Mobile Recruiting**: Facilitating applications and communication via mobile apps.
4. **Virtual Reality (VR):** Allows candidates to virtually explore the job environment or experience real job tasks.
5. **Augmented Reality (AR)**: Provide a virtual workplace tour or show job-related tasks in real time.

**Interactive and Engagement-Based Methods**

6. **Gamification**: Assessing candidates through games and challenges.
7. **Hackathons and Competitions**: Organising challenges to spot talents on real-world performance.

8. **Social Media Recruiting**: Using platforms like LinkedIn, Twitter, and Instagram.

**Employee-Centric Methods**

9. **Employee Referral Programs**: Encourage employees to refer candidates with incentives.
10. **Crowdsourcing**: Getting employees or the public to suggest candidates.
11. **Influencer Recruiting**: Partnering with influencers to attract candidates.

**Candidate Pooling Methods**

12. **Talent Pools**: Database of pre-qualified candidates for future roles

**Selection**

Choosing the right candidates from the pool of applicants is termed a selection. The goal is to identify candidates who best match the job requirements and fit the organisational culture.

**Steps in the selection process/ Recruitment Process**

1) **Job Analysis**: Define the job requirements, responsibilities, and qualifications needed for the role.
2) **Sourcing Candidates**: Attract candidates through internal or external recruitment methods.
3) **Screening of Applications**: Review resumes and applications to shortlist candidates based on qualifications and experience.
4) **Initial Interview**: Conduct a preliminary interview (phone or video) to assess candidates' basic skills and suitability.

5) **Testing**: Administer tests (skills, personality, cognitive) to evaluate candidates' abilities and potential.

6) **In-depth Interview**: Conduct face-to-face or detailed interviews to assess deeper qualities like problem-solving skills, experience, and cultural fit.

7) **Background Checks**: Verify candidates' references, employment history, and criminal record to ensure accuracy and integrity.

8) **Job Offer**: Make a formal job offer to the selected candidate, including compensation details.

9) **Onboarding**: Once the candidate accepts, begin onboarding to integrate them into the company.

**Selection Techniques**

Selection techniques are required to assess candidates' skills, qualifications, and fit for the role and organisation.

**1. Interviews:**

a) Structured Interviews: The interviewer follows a set of predetermined questions for each candidate, ensuring consistency and fairness.

b) Unstructured Interviews: More informal and conversational, allowing the interviewer to ask questions based on responses from the candidate.

c) Panel Interviews: A group of interviewers evaluates the candidate, providing diverse perspectives.

d) **Stress Interview:** It assesses how a candidate handles pressure, stress, and challenging situations. The aim is not to intimidate the candidate but to evaluate their emotional resilience, problem-solving abilities, confidence, and behaviour under pressure.

In a stress interview:

The interviewer may act hostile, interrupt frequently, and ask rapid-fire or tricky questions. Situations may be created to make the candidate feel uncomfortable or confused.

It is often used for jobs that involve high-pressure environments, like sales, law enforcement, or customer service.

Example:

An interviewer may remain silent for long periods or challenge everything the candidate says to see how they react.

Advantages: Personal interaction provides insight into a candidate's communication skills, personality, and suitability for the role.

Disadvantages: This may be influenced by interviewer bias, and candidates may not always perform well in an interview setting.

**2. Psychometric Testing:**

a) Personality Tests: Assess the candidate's characteristics, preferences, and interpersonal behaviours.

b) Aptitude Tests: Measure the candidate’s ability to perform specific tasks or solve problems (e.g., numerical reasoning, verbal reasoning).

c) Skills Tests: Assess specific technical or job-related skills (e.g., programming, typing speed).

Advantages: Provides an objective measure of a candidate's abilities and personality, helping reduce bias in hiring decisions.

Disadvantages: It may not fully reflect a candidate's on-the-job performance, and candidates may sometimes prepare to answer in a way that doesn't represent their true abilities.

**3. Group Discussions:**

A group of candidates is given a topic to discuss, and their communication, teamwork, and problem-solving abilities are evaluated.

Advantages: Helps assess a candidate's ability to work in a team, leadership skills, and how they handle pressure.

Disadvantages: Some candidates may dominate the discussion, making it harder to evaluate everyone fairly.

**4. Assessment Centers:**

A series of exercises, simulations, and tests designed to assess candidates' behaviour, decision-making skills, and potential for success in the role.

Advantages: Provides a comprehensive view of a candidate's capabilities in different situations.

Disadvantages: Expensive and time-consuming for the organisation to implement.

**5. Work Samples/Job Simulations:**

Candidates perform tasks or complete projects similar to those they would be doing in the actual role.

Advantages: Directly assesses job-related skills and capabilities.

Disadvantages: It can be time-consuming for both the candidate and the employer, and not all roles can be simulated effectively.

**6. Reference Checks:**

Contacting the candidate's previous employers or colleagues to verify their work history, performance, and behaviour.

Advantages: Provides external validation of a candidate's qualifications and experience.

Disadvantages: References may not always provide unbiased feedback, and candidates may give only professional references that are likely to provide positive feedback.

**7. Background Checks:**

Verifying the candidate's education, work experience, criminal record, credit history, etc., to ensure they meet the required qualifications and standards.

Advantages: Helps reduce the risk of hiring unqualified or dishonest candidates.

Disadvantages: It can be invasive and time-consuming, and candidates may be uncomfortable with the process.

**Placement**

Placement is assigning a selected candidate to a job role in the organisation. It is a process of assigning a specific job to each selected candidate. It involves assigning a specific rank and responsibility to an individual. It includes:

1. **Assigning the Role**: Placing the candidate in the right job.
2. **Job Responsibilities**: Explaining what the job entails.
3. **Orientation**: Introducing the employee to company policies and culture.
4. **Training**: Providing necessary skills and knowledge for the role.

5. **Support**: Offering feedback and helping the employee succeed

**Induction**

Induction is introducing the organisation to the new employee. It involves familiarising the new hire with the company's culture, policies, work environment, and their specific role. The focus is on helping the employee understand how the organisation operates, what is expected of them, and how they can integrate smoothly into the team.

**Key Elements of Induction**

**1. Introduction to the Organization**

a) **Company Overview**: Sharing the organisation's history, values, ethics, philosophy, and mission.

b) **Organisational Structure**: Explaining the organisational structure, departmental layout, interfaces, and key personnel roles.

c) **Workplace Environment**: Overview of basic amenities (washrooms, food, parking, restricted areas, etc.), emergency procedures, and safety measures.

d) **Employment Policies**: Pay, absenteeism, holidays, health insurance, pensions, security, dress codes, rights, and legal issues.

e) **Health and Safety**: Emergency procedures, accident reporting, use of personal protective equipment, first aid, and other safety guidelines.

**2. Job and Departmental Induction**

a) **Role-Specific Information**: Job description, duties, authority, scope, and expectations.

b) **Team and Department Introduction**: Introduction to the local departmental structure, team members, personalities, and departmental functions.

c) **Work Processes**: Explain workflow, customer service standards, departmental protocols, or unwritten rules.

d) **Resources and Tools**: Use job-specific equipment, tools, materials, and storage procedures.

e) **Support and Guidance**: Information on where to go for help, who to contact for support, and other resources available.

**3. Policies and Procedures**

a) **Company Policies**: Review time and attendance systems, sickness, holidays, grievance procedures, and discipline procedures.

b) **Legal Rights and Benefits**: Rights, legal issues, trade unions, career paths, training, and development opportunities.

**4. Workplace Tour and Team Introduction**

a) **Office Tour**: To familiarise with the office layout, departments, and key areas.

b) **Introducing Colleagues**: Introduction to colleagues and managers and their roles.

**5. Training and Development**

a) **Job-Specific Training**: Providing tools, training, and resources to perform their job effectively.

b) **Development Opportunities**: Offering learning opportunities, mentoring, career paths, appraisals, and rewards systems.

**Objectives of Induction**

1. **Familiarise employees**: Help them understand the company's culture, values, and structure.
2. **Clarify Roles**: Explain job responsibilities and expectations.
3. **Ease Transition**: Make employees feel comfortable and confident in their new role.
4. **Boost Engagement**: Make employees feel welcome and valued.
5. **Reduce Stress**: Provide clear information to ease any worries.
6. **Ensure Compliance**: Teach company policies and safety rules.
7. **Build Connections**: Introduce employees to colleagues and managers.
8. **Increase Productivity**: Give employees the tools and knowledge to start working effectively.

**Methods of Induction:**

1. **Formal Induction:** Structured program with presentations, HR sessions, facility tours, etc.
2. **Informal Induction:** On-the-job introduction by supervisors or colleagues without a set plan.
3. **Individual Induction:** Tailored orientation for each employee, especially at higher levels.
4. **Group Induction:** Used when onboarding multiple employees together.
5. **E-Induction:** Online onboarding using digital tools and videos (common in hybrid/remote settings).

## Succession Planning

This is identifying and developing future leaders to replace current leaders when they leave, retire, or pass away. It ensures leadership continuity, preventing power struggles and disruptions. The goal is to recruit and nurture employees to fill key organisational roles.

## Principles of Recruitment

1. **Fairness**: It should be unbiased, ensuring equal opportunities for all candidates.
2. **Transparency**: The process should be clear, with open communication about job requirements and expectations.
3. **Job Fit**: Candidates should be selected based on their qualifications, skills, and experience, which match the job requirements.
4. **Timeliness**: Recruitment should be conducted efficiently to fill vacancies without delays.
5. **Confidentiality**: Candidates' personal information should be kept private.
6. **Legal Compliance**: The recruitment process should follow all relevant labour laws and regulations.
7. **Diversity and Inclusion**: Efforts should be made to recruit diverse candidates.
8. **Cost-effectiveness**: The recruitment process should be cost-effective, balancing quality with budget considerations.
9. **Consistency**: The same standards and procedures should be applied to all candidates to ensure fairness.

**Realistic philosophy of recruitment**:

This refers to providing candidates with a clear, honest, and accurate depiction of the job and work environment. This philosophy emphasises transparency about the role's positive and challenging aspects to help candidates make an informed decision. It aims to align candidates' expectations with the reality of the job, reducing turnover and improving job satisfaction.

**Factors affecting recruitment**

Nature of business, size of the organisation, recruitment policy, financial strength of the organisation, growth and expansion plans, brand of the organisation, industry practices, prevailing laws, availability of suitable candidates, organisational culture, economic conditions, technological advancements, employee benefits and compensation, competition, recruitment channels, location, leadership and management, workforce demographics, job market trends, etc. are the factors affecting recruitment.

**Conclusion**

Module 1 lays the foundation of Human Resource Management by explaining its nature, scope, and key functions. It covers essential topics like HR policies, planning, job analysis, recruitment, selection, placement, and induction. These elements form the backbone of effective HRM, ensuring the right people are hired, placed, and prepared to contribute to organizational success from the beginning.

## REVIEW QUESTIONS

Section A. Weight 1

1. What do you mean by Human Resource Management? 2017, 2016
2. What is a Human Resource Specialist? 2017
3. Why study Human Resource Management? 2016, 2013,
4. Define/What is HRM? 2015
5. What is Personnel Management? 2015
6. What are the basic functions of a human resource manager? 2014
7. What are the objectives of HRM? 2013
8. Describe Human resource functions. 2013
9. State the challenges faced by an HR Manager. 2013
10. Define Human Resources. 2012
11. Describe human resource activities. 2012
12. State the difference between HRM and personnel management. 2012
13. Define HR Policy 2022
14. What is a stress interview? 2022

Section B Weight 2

1. Is Human Resource Management a profession? Explain. 2017
2. Explain the role of the Human Resource Manager. 2017
3. Write down the responsibilities of the HR manager. 2018
4. State the importance of Human Resource Management. 2016
5. Explain the qualities of a Human Resource Manager. 2016

6. What are the qualifications and qualities of a good HR manager? 2018
7. Describe the scope of Human Resource Management. 2015
8. What are the most important functions of Personnel Management? 2015
9. Discuss the needs and limitations of HRM. 2014
10. Discuss the managerial and operative functions of Personnel Management. 2014
11. Human Resource Management plays a vital role in an industrial organisation's whole system of management. Explain. 2013
12. “All executives must unavoidably be personnel managers.” Explain the statement. 2013
13. Describe the different methods of induction. 2023

Section C Weight 5

1. What are the various functions of human resource management? 2017, 2016,
2. “Personnel management is not a fire fighting function, but an integral part of total management.” Discuss. 2014
3. Explain the features of HRM. 2018
4. "Human resource management involves two categories of functions- management and operative" Describe these functions. 2022
5. “A job must be designed in such a way that it satisfies the higher order needs of the employees.” Discuss the methods of job design based on the given statement. 2022

## TACKLING ANALYTICAL QUESTIONS

**E.g. 1: Personnel management is not a firefighting function but an integral part of total management.**

**Covered Under:**

- Differences and relationship between Personnel Management and HRM

Build your answer by:

- Defining personnel management
- Explaining what "fire-fighting" means (reactive)
- Showing how HRM is proactive, strategic, and integrated into all areas of management
- Using examples like workforce planning, training, and organisational development

**E.g. 2: A job must be designed to satisfy higher-order needs..." Discuss methods of job design.**

**Covered Under:**

- Job Design Methods are part of your notes
- Concepts of motivation and employee satisfaction are also indirectly discussed

Build your answer:

- Begin with Maslow's Hierarchy of Needs (higher-order = esteem & self-actualisation)
- Then, move to job design methods:
    - Job Enlargement, Job Enrichment, Job Rotation
    - Team-based job design, Socio-technical systems approach

Emphasise how each method meets the psychological/motivational needs of employees.

# MODULE 2

# HUMAN RESOURCE DEVELOPMENT

### Human Resource Development

HRD is concerned with improving the employees' skills, knowledge, and confidence to contribute their best to the organisation's success. It attempts to improve current and future employee performance by increasing an employee's ability.

“HRD is the process of increasing knowledge, skills, capabilities and positive work attitude and values of all people working at all levels in a business organisation”. M.N. Khan

**Training:** The process of imparting specific skills. It is the application of knowledge that provides job experience.

**Education:** Theoretical learning in the classroom.

**Development:** Development is the formal man-making mechanism. Development is a process that helps people to improve their knowledge and skills in a structured way. It transforms an organisation into a vibrant human system.

L Nadler and RA Megginson define HRD as: "a series of organised activities, conducted within a specified time and designed to produce behavioural change."

### Need and Objectives of HRD

HRD addresses challenges like skill gaps, new technology, and workplace changes while helping employees and the organisation achieve growth and success.

1. **Identify and Develop Talents**: Discover and develop hidden skills in employees.
2. **Close Skills Gaps**: Fix weaknesses in employees' knowledge or abilities.

3. **Improve Performance**: Help employees perform better and meet higher standards.
4. **Build Key Skills**: Teach employees what they need for their current and future roles.
5. **Adapt to Technology and New Jobs**: Train employees for new technology and job roles.
6. **Handle Change**: Prepare employees to adapt to organisational changes smoothly.
7. **Align Goals**: Match employees' personal growth with the organisation's objectives.
8. **Encourage Continuous Learning**: Create a workplace that promotes ongoing learning and improvement.
9. **Meet Customer Needs**: Equip employees to satisfy changing customer demands.
10. **Support Career Growth**: Provide opportunities for employees to advance in their careers.
11. **Boost Productivity**: Improve work efficiency while ensuring high quality.
12. **Respond to Policy Changes**: Train employees to adjust to new policies.
13. **Stay Competitive**: Make the organisation adaptable and innovative to succeed in a competitive market.

**HRD – Mechanism**

HRD mechanisms are tools and processes that help employees grow, improve their skills, and contribute to the organisation's success.

1. **Career Planning**: A structured, lifelong process that helps employees assess their strengths, explore opportunities, and grow professionally.
2. **Performance Appraisal**: Regular evaluation of employee abilities and contributions to identify strengths, weaknesses, and development areas.
3. **Rewards and Recognition**: Motivating employees through monetary and non-monetary rewards based on performance evaluations.
4. **Potential Appraisal**: Identifying employee capabilities to predict and prepare for future roles and contributions.
5. **Training**: Providing specific skills and knowledge to enhance current job performance.
6. **Development**: Focusing on long-term personal and organisational growth, including skills, attitudes, and adaptability.
7. **Feedback Mechanisms**: Continuous assessment and communication are needed to understand employee performance, needs, and areas for improvement.
8. **Employee Welfare**: Providing facilities and support beyond remuneration to improve work-life balance and well-being.

**Assumptions of HRD**

1. **Most valuable asset**: People are the most valuable asset in an organisation.
2. **Lifelong process**: Development is a continuous and lifelong process.

3. **Leads to Growth:** Learning leads to growth, both personally and professionally.
4. **Adapting to Changes:** Organisations must adapt to changing environments, and HRD helps with this adaptation.
5. **Self-motivated**: Employees are motivated to learn and improve their skills with the right opportunities.
6. **Creation of a win-win Situation**: HRD benefits both individuals and the organisation by creating a win-win situation.
7. **The uniqueness of Individuals**: Different individuals require different approaches to development.

**HRM Vs HRD**

HRM is more focused on the administration and management of human resources in the organisation. HRD is focused on the development and growth of employees to foster future leadership and skill enhancement.

1. **Focus**:

   HRM focuses on managing human resources to meet organisational needs.

   HRD focuses on developing employees' skills, knowledge, and competencies.

2. **Primary Goal**:

   HRM is to maximise employee performance.

   HRD enhances employees' abilities and prepares them for future roles.

3. **Scope:**

   HRM is administrative and operational functions related to employees.

   HRD is developmental, focusing on education, training, and career growth.

4. **Key Activities**:

   HRM includes recruitment, selection, payroll, compliance, and performance management.

   HRD is training, leadership development, career planning, and succession planning.

5. **Objectives**:

   HRM efficiently manage the workforce, ensures legal compliance, and maintains smooth operations.

   HRD is to empower employees for personal and professional growth,

6. **Time Frame**:

   HRM is a short-term and ongoing task used to maintain the workforce.

   HRD is a long-term focus on employee development and growth over time.

7. **Approach**:

   HRM is transactional, dealing with day-to-day management.

   HRD is transformational, focusing on employee potential and organisational growth.

8. **Examples of Practices**:

   HRM- Hiring, employee relations, payroll, benefits administration.

   HRD- Employee training programs, leadership training, mentoring, succession planning.

**Qualities of HRD Manager**

An HRD manager is key to supporting employee growth, improving efficiency, and building a positive workplace culture. Their qualities help create a strong learning environment, ensuring both employee satisfaction and organisational success.

1. **Communication Skills:** Ability to clearly convey ideas and listen effectively.
2. **Leadership Skills:** Inspires and guides employees to achieve organisational goals.
3. **Interpersonal Skills:** Builds strong relationships and resolves conflicts effectively.
4. **Decision-Making Skills:** Analyses situations and makes sound, timely decisions.
5. **Strategic Thinking:** Plans for long-term growth and aligns HR goals with goals.
6. **Empathy:** Understands and addresses employee concerns with compassion.
7. **Adaptability:** Quickly adjusts to changes in workplace dynamics or policies.
8. **Organisational Skills:** Manages multiple tasks efficiently and meets deadlines.

9. **Technical Knowledge:** Familiar with HR tools and technologies.
10. **Problem-Solving Skills:** Identifies challenges and implements practical solutions.
11. **Strong Technical Skills**: Including expertise in performance and potential appraisal, designing and executing training programs, career planning, and counselling.
12. **Managerial skills:** Skills in organising activities, coordinating effectively, motivating others, and managing change with expertise.
13. **Key personality traits** include initiative, faith in people's abilities, a positive attitude towards others, creativity, and a deep concern for excellence.

### Principles of HRD

Principles are fundamental guidelines or rules that serve as the foundation for behaviour actions. Enhancing employee satisfaction and capability can ensure adherence to these principles of organisational success.

1. **Organisational Growth:** HRD strategies should support the mission and objectives of the organisation.
2. **Continuous Learning:** Foster a culture of ongoing personal and professional development.
3. **Employee-Centric Approach:** Focus on the growth and well-being of employees.
4. **Mutual Benefit:** Ensure HRD initiatives benefit both employees and the organisation.

5. **Inclusivity and Equity:** Provide equal growth opportunities and avoid discrimination.
6. **Flexibility:** Adapt HRD practices to changing needs and environments.
7. **Performance Orientation:** Link training and development efforts to improve employee performance.
8. **Empowerment:** Enable employees to take responsibility and initiative.
9. **Collaboration:** Promote teamwork and partnerships within and across departments.
10. **Evaluation and Feedback:** Regularly assess the effectiveness of HRD programs and make improvements based on feedback.

**Employee Counselling**

Employee counselling is a process that helps employees overcome personal or work-related issues. It involves listening to their concerns, understanding their problems, and offering guidance or solutions. It aims to provide guidance, improve morale, and resolve challenges effectively. Addressing emotional and technical challenges ensures a healthier and more productive work environment.

**Employee Counselling - Concepts**

Emotional and professional support, a problem-solving approach (rather than blaming), the well-being of employees, confidentiality, and constructive outcomes are the foundations for employee counselling. This helps to create a positive and supportive workplace.

**Employee Counselling – Need**

Employee counselling is essential for maintaining a harmonious, productive, and mentally healthy workforce. Certain circumstances demand employee counselling:

1. **Poor Performance:** When an employee's performance declines due to personal or emotional issues, counselling can help to identify and resolve the underlying causes.
2. **Workplace Stress:** Employees struggling with stress or pressure may need counselling to cope with work-related challenges and regain balance.
3. **Interpersonal Conflicts:** When employees face conflicts with co-workers, counselling helps mediate and improve relationships.
4. **Emotional Issues:** Personal challenges such as grief, anxiety, or depression that affect an employee's focus require counselling.
5. **Adaptation to Change:** Employees having difficulty with organisational changes, new roles, or a shifting work environment can benefit from counselling.
6. **Low Job Satisfaction:** When employees show signs of disengagement, dissatisfaction, or loss of motivation, counselling can help to address the issues.
7. **Career Development Concerns:** Employees uncertain about career progression, skills development, or role clarity may seek counselling.
8. **Health-Related Issues:** Employees facing physical health problems or a poor work-life balance can benefit from counselling.

9. **Behavioural Problems:** If employees exhibit negative behaviours affecting team dynamics, counselling can help.

10. **Substance Abuse:** Employees struggling with addiction (alcohol, drugs, etc.) that affects their work performance or health may need counselling to recover.

**Employee Counselling - Forms**

Different counselling methods are used based on the employee's needs and the situation. They include:

1. **Directive Counselling:** The counsellor gives clear advice and solutions to the employee.
2. **Non-Directive Counselling:** The counsellor listens and helps employees find solutions.
3. **Supportive Counselling:** Focuses on providing emotional support during difficult times.
4. **Career Counselling:** Helps employees plan and develop their careers.
5. **Problem-Solving Counselling:** Helps employees identify problems and find ways to solve them.
6. **Crisis Counselling:** Provides immediate support during urgent or traumatic situations.
7. **Performance Counselling:** Addresses work performance issues and guides improvement.
8. **Peer Counselling:** Employees help each other by offering support and advice.
9. **Group Counselling:** Employees with similar issues discuss and solve problems together.

10. **Desensitisation:** A method to reduce fear or phobias by gradually replacing the fear response with relaxation through controlled exposure.
11. **Catharsis:** A technique to release pent-up emotions or tension. It can involve activities like music, art, writing, or even using a punching bag to express feelings.
12. **Insight Counselling:** The counsellor helps employees understand how past experiences and unconscious feelings affect their current behaviour and mindset. The goal is to achieve greater self-awareness and freedom to make better choices.

**Employee Counselling - Steps**

The steps in employee counselling can be summarised as follows:

1. **Preparation**: Identify the issue requiring counselling and gather relevant facts. Choose a private, comfortable setting to ensure confidentiality.
2. **Establishing Rapport**: Start the session with a warm, non-judgmental approach to make the employee feel at ease. Build trust to encourage open communication.
3. **Identifying the Problem**: Allow the employee to explain their concerns without interruption. Actively listen, ask clarifying questions, and ensure you understand the core issues.
4. **Analysing the Cause**: Discuss potential causes of the problem, whether work-related or personal. Explore factors like workload, interpersonal conflicts, or external pressures.
5. **Developing Solutions**: Collaborate with the employee to find realistic and actionable solutions. Focus on achievable goals and necessary support, such as training or resources.

6. **Discuss Alternative Solutions**: Evaluate each alternative and the constraints and select the best.
7. **Action Planning**: Develop an action plan outlining the employee's steps to address the issue. Establish a timeline for implementation and schedule follow-up meetings to track progress.
8. **Providing Support and Motivation**: Offer encouragement, assurance, and any required resources. Show empathy and reinforce their strengths.
9. **Monitoring Progress**: Regularly review the employee's progress toward resolving the issue. Adjust the plan if necessary and provide ongoing feedback.
10. **Closure**: Conclude the counselling session positively, summarising key points discussed. Reaffirm your availability for future guidance if needed.

**Human Capital**

Human capital is the economic value of an individual's skills, knowledge, abilities, and qualities contributing to productivity. This includes education, training, health, intelligence, communication skills, and problem-solving abilities. Organisations and economies can enhance overall efficiency and output by investing in these attributes. In essence, human capital represents the worth of a worker's experience and expertise.

**Human Capital Index**

The Human Capital Index (HCI), developed by the World Bank, measures how well countries build their people's health, education, and skills to boost economic productivity. The HCI shows how investments in health and education can improve a country's future productivity and living standards. The index ranges from '0 to 1'. A score of 1 means children born today will reach their full potential as adults. Lower scores indicate gaps in health, education, or skills. Its main components are:

1. **Survival**: The chance of children living to age five.
2. **Education**: The number of years children are expected to spend in school and the quality of learning.
3. **Health**: Adult survival rates and childhood growth (e.g., stunting).

**Emotional Quotient/Emotional Intelligence (EQ/EI)**

Emotions are feelings of human beings such as happiness, sadness, anger, fear, surprise, pride, disgust, etc. Emotional intelligence is the ability to recognise, understand, and manage emotions in ourselves and others.

[6]EQ is a "set of skills hypothesised to contribute to the accurate appraisal and expression of emotion in oneself and others, the effective regulation of emotion in self and others, and the use of feelings to motivate, plan, and achieve in one's life."

**Components of EQ**

Daniel Goleman's theory of EQ (1995) identifies the following four components of EQ: Self-awareness, self-management, social awareness, and relationship management.

**1. Self-Awareness:**

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[6] https://positivepsychology.com/emotional-intelligence-eq/
https://positivepsychology.com/emotional-intelligence-theories/
https://globalleadershipfoundation.com/deepening-understanding/emotional-intelligence/

Self-awareness includes recognising and understanding your own emotions. It includes how your emotions affect your thoughts and behaviour. Emotional self-awareness, self-assessment, and self-confidence are the components of self-awareness.

2. **Self-Management:** This includes controlling or redirecting disruptive emotions and impulses. It is also part of adapting to changing circumstances and staying calm under pressure. Self-management is comprised of five competencies: self-control, transparency (honesty and integrity), adaptability, achievement orientation and initiative.

3. **Social Awareness:** Social Awareness is comprised of three competencies: empathy, organisational awareness, and service orientation. Empathy relates to understanding others and taking an active interest in their concerns. Service orientation relates to recognising and meeting customers' needs.

4. **Relationship Management:** This means working well with others by inspiring and guiding them **(visionary leadership)**, helping them improve through support and feedback **(developing others),** and communicating clearly with honesty **(influence**). It also involves leading changes (**change catalyst**), solving conflicts together (**conflict management**), building strong relationships (**building bonds**), and promoting teamwork **and collaboration**.

**Mentoring**:

A mentor is an experienced and trusted adviser[7]A mentor guides a less experienced person by building trust and modelling positive behaviours. A good mentor is willing to teach what he/she knows

[7] https://hr.ucdavis.edu/departments/learning-dev/toolkits/mentoring/relationship

and accept the mentee where they currently are in their professional development.

A mentee wants to learn from someone who knows and seeks valuable advice to grow professionally and/or personally. He/She desires to gain from someone else's experience through a period of guidance and support.

**Mentor-Mentee Relationship**

It is a supportive partnership where the mentor shares knowledge, experience, and guidance. The aim is to help the mentee grow personally and professionally. The mentor provides advice, encouragement, and feedback. The mentee is open to learning, applies guidance, and takes responsibility for their growth. This relationship benefits both. The mentee develops skills and confidence. The mentor gets the satisfaction of helping others. It is built on mutual respect, trust, and open communication.

**Kaizen**

"The journey of a thousand miles begins with a single step" Lao Tzu

"Do small things with great love" Mother Teresa

'Kaizen' is a Japanese business philosophy that encourages continuous improvement of working practices, personal efficiency, etc. Japanese words: 'Kai' means change, and 'Zen' means good. Kaizen means "change for the better."

Kaizen refers to activities that continuously improve all functions. It involves all employees, from the CEO to the workers. Kaizen aims to eliminate waste by the improvement of processes and functions. The word refers to any improvement, one-time or continuous, large or small. It can be applied to any kind of work or organisation.

Kaizen is continuous improvement and works on the basic principle that 'change is for good.'

**Guiding principles of Kaizen:**

(1) Good processes bring good results.

(2) Go see for yourself to grasp the current situation.

(3) Speak with data, manage by facts.

(4) Take action to correct root causes of problems.

(5) Work as a team and not as a ‘group’

(6) Kaizen is everybody’s business.

**Features**:

1. Many small changes accumulated over time bring big results.
2. It does not mean that Kaizen equals small changes.
3. The majority of changes may be small.
4. Everyone is involved in making improvements.
5. Kaizen is a daily process, the purpose of which goes beyond simple productivity improvement.
6. Focus on small ideas and improvements that can be implemented on the same day.
7. It is a humanised approach to workers and to increasing productivity.
8. People at all levels of an organisation participate in Kaizen.
9. Kaizen methodology includes making changes and monitoring results, then adjusting.

10. Smaller experiments replace large-scale pre-planning and projects.

**Phases/Steps in Kaizen**

Kaizen generates small improvements due to coordinated and continuous efforts by all employees. The following are some basic steps for doing Kaizen:

**1. Identifying the Problem:** Pinpoint areas needing improvement. For this, gather feedback from employees, customers, or stakeholders.

**2. Analysing the Current Process:** Understand the current situation thoroughly. Map the current process to identify inefficiencies or quality issues.

**3. Setting Goals:** Define clear, measurable objectives for improvement and establish specific Key Performance Indicators (KPIs).

**4. Developing Solutions:** Create actionable plans to address identified issues.

**5. Implementing Changes:** Execute the planned solutions. Pilot the changes on a small scale to test their effectiveness. Communicate changes clearly to all stakeholders.

**6. Evaluating Results:** Assess the impact of the changes made. Collect and analyse data to compare outcomes against KPIs.

**7. Standardising the Improvements:** Embed successful changes into regular processes.

**8. Continuous Monitoring:** Ensure the improvements are sustained and conduct regular reviews to identify new opportunities for improvement.

## Practical Tips for Effective Kaizen Implementation

1) Replace conventional fixed ideas with fresh ones.
2) Start by questioning current practices and standards.
3) Seek the advice of many associates before starting a Kaizen activity.
4) Think of how to do something, not why it cannot be done.
5) Don't make excuses. Make execution happen.
6) Do not seek perfection.
7) Implement a solution immediately, even if it covers only 50 per cent of the target.
8) Correct something right away if a mistake is made.

For example:

- A study conducted in 2009 found that when hospitals followed a simple checklist before a surgical procedure, death rates decreased by 40 per cent.
- The checklist provided by the election commissioner largely reduces the burden of presiding officers.
- A simple checklist in the study room will reduce a lot of time.
- A master switch for the whole classroom's electrical fittings will save a lot of electricity.
- A simple smile or a word of appreciation will reduce tension.

## Benefits of Kaizen

1. It brings in changes acceptable to all.
2. It improves employee participation in the change process.

3. It improves employee morale.
4. It helps to reduce costs and increase profit.
5. It increases customer satisfaction.

**Total Quality Management (TQM)**:

TQM originated during the 1960s in Japan. TQM is a management approach to long–term success through customer satisfaction. In a TQM effort, all members of an organisation participate in improving processes, products, services, and the culture in which they work. TQM refers to a quest for quality that involves everybody in the organisation.

"TQM is a corporate business management philosophy which recognises the customer needs and business goals as inseparable with industry and commerce." British Quality Association

E.g. Quick repayment system of cancelled tickets by IRCTC, tracking your train status by Railway, 24-hour customer care, online fee payment system by MGU, One-time registration by Kerala PSC, E-NET certificate by UGC, E-payment of bills by KSEB, etc. are TQM implemented recently.

The key aspects of TQM are:

a) Continuous improvement -Kaizen.
b) Customer satisfaction: Exceeding the customer's expectations.
c) Participation of all employees.

**Basic Approaches:**

TQM requires six basic approaches:

1. **Committed and involved Top management:**

Any company's fate is determined by how its top management manages it. Only a committed top management can inculcate the required culture.

2. **Focus on customer:**

Today's business starts and ends with the customer. The whole idea of TQM revolves around the customer and their satisfaction. Customers are treated as the God of the business.

3. **Employee involvement**:

The success of any organisation is always attributed to the involvement of the employees. Top management instils a sense of quality consciousness in employees.

4. **Continuous Improvement:**

Continuous and never-ending improvement in all aspects of the business is the key to initial success.

5**. Partnership with suppliers:**

The focus should be on quality rather than price. A good relationship with suppliers ensures a timely supply of goods to reduce lead time.

6. **Performance Measures: -**

Performance measures act as motivators for everyone in a company. Performance measures must be set objectively and used fairly.

**Benefits of TQM**

1. Great customer satisfaction.
2. Leads to customer loyalty.
3. Helps to reduce waste and inventory.

4. Improved quality of products and services.
5. Increases productivity.
6. Employee participation.
7. Teamwork and team spirit.
8. Improves creativity and innovation.
9. Increases employee satisfaction and motivation.
10. Increases profitability.
11. Increases goodwill of the firm.
12. Improves the quality of life of the society.

**Quality Circle (Quality Control Circle)**

Quality Circle is a participatory management technique that originated in Japan. It calls for the help of employees to solve problems related to their jobs. The main objective of Quality Circles is 'self and mutual' development. It creates cohesive teamwork. QC is a group of employees who meet regularly to identify, analyse and solve work-related problems. The number of employees in the circle should not be too small or large. An ideal of 10 to 12 employees is advocated. They are engaged in continuous improvement activities. For this, QC meets at regular intervals. E.g. IQAC of colleges.

**Basic principles of quality circle**

1. Every job is capable of being improved.
2. People do not resist change; they resist being changed.
3. Every employee is capable of attaining excellence in his work.
4. Every employee is capable of attaining the basic ability to improve the job.

5. People like to improve their jobs and derive satisfaction from it.
6. People welcome improvement if they are involved through human touch, recognition and reward for work.
7. People like to participate in groups and desire attention.
8. People have integrity and can be highly creative.
9. A man who does the job knows best about the job.
10. A worker at least knows the problems of the job.

**Impact of TQM, Quality Circles, Kaizen on HRM.**

TQM, QC, and Kaizen aim to enhance organisational performance through continuous improvement and employee engagement. The main impacts are:

1. Catalyse – attitudinal change.
2. Develop – a participative culture and team spirit.
3. Improve – employee and employer relationship.
4. Improve – the quality of the goods and services.
5. Improve – Human relations at the workplace.
6. Increase – productivity.
7. Leads – towards the better efficiency.
8. Reduce – work-related errors and costs.
9. Save – amount of time.

**Benefits of the quality circle to the employees:**

1. Advances – employee career & personal development.
2. Develop – latent problem-solving capabilities.

3. Encourage – employees to be involved in the common goal of the organisation.
4. Give – a sense of participation.
5. Improve – individual communication capability.
6. Involve – worker in decision making.
7. Provide- job interest.
8. Remove – frustration.

**Conclusion**

Module 2 emphasizes the development aspect of human resources, focusing on enhancing employee potential through HRD practices. It covers the objectives, principles, and mechanisms of HRD, along with concepts like counselling, emotional intelligence, mentoring, and human capital. These elements build a motivated, skilled, and adaptable workforce, ultimately supporting organizational growth and long-term success.

## REVIEW QUESTIONS

Section A. Weight 1

1) What are the features of HR policies (2020)
2) What you mean by job design (2020)
3) What are applied policies and originated policies (2022)
4) Define HR planning (2022)
5) What is recruitment (2022)
6) Explain any five qualities of HR managers (2022)
7) Define HR policies (2022)
8) Explain the meaning of HRD and state any features of HRD
9) What are the advantages of quality circle (2022)
10) Write a short note on the critical incident technique used in job analysis (2023)
11) Distinguish between career development and management development (2023)
12) Define 360-degree appraisal.
13) What is Kaizen?

Section B. Weight 1

14) Explain the characteristics of HR management (2020)
15) Explain the nature and principles of HRD (2020)
16) Define mentoring and explain its need and importance (2020)
17) Discuss the role of emotional intelligence in HRD.
18) Explain the need and importance of HRD in the organisation (2022)
19) Explain five major components of EI (2022)

20) Describe the need and importance of employee counselling.

21) Describe the principles of HRD (2022)

22) Explain the steps for formulating HR policies (2023)

23) Explain the benefits of mentoring (2023)

24) Explain the basic principles of TQM (2023)

26) Explain any four techniques used in performance appraisal.

Section C. Weight 1

27) Describe the process of HR planning in detail (2020)

28) Write a brief note on HRD strategies. Explain the importance of HRD strategies (2020)

29) Explain various functions of HRM (2022), (2023)

30) What is TQM? How can human resources contribute towards TQM (2022)

# Module 3

# Training and Development

3.1 Concept of Training

3.2 Training methods and techniques

3.3 Training for creativity and problem-solving.

3.4 Training for Management Change

3.5 Training for Productivity.

3.6 Role, responsibilities and challenges

## Concept of Training

The process of imparting specific skills. It is enhancing employees' skills, knowledge, and competencies to improve their performance in their current job roles. It involves planned activities designed to develop specific skills or knowledge needed for their tasks, enhance productivity, and prepare them for future responsibilities. Training aims to improve job performance, increase efficiency, and ensure employees meet the organisation's objectives.

### Training:

Training means learning specific skills needed to do a job. It is the practical use of knowledge and gives experience related to the work.

### Education:

Education is classroom-based learning. It is more about theory and general knowledge, not linked to a specific job.

### Development:

Development is a formal process that helps a person grow overall. It aims to make the organisation more active and people-focused.

## Human Resource Development

"Human Resource Development is an integrated and holistic approach to changing work-related behaviour using a range of learning techniques." – Megginson.

### Components of HRD:

Human Resource Development includes various elements. These components work together to promote the growth of both individuals and the organisation. The components of HRD include:

1. Training to improve job-related skills.

2. Education to enhance knowledge.
3. Development of attitudes, values, and ethics.
4. Career development for personal growth and advancement.
5. Management development to build leadership abilities.
6. Organisational development to improve the overall effectiveness of the organisation.

**Need and Importance of Training**

1. **Skill Development**: Helps employees to acquire or improve job-specific skills.
2. **Improved Performance**: Helps to enhance the overall productivity of employees.
3. **Adaptation to Change**: Prepares employees to adapt to technological advancements and industry trends.
4. **Employee Motivation**: This provides employees with the confidence to perform well, increasing job satisfaction and motivation.
5. **Increased Employee Retention**: Training contributes to career development and increases job satisfaction.
6. **Boosts Organizational Growth**: Trained employees contribute to the growth by improving innovation, quality, and customer satisfaction.
7. **Compliance and Safety**: Ensure employees are aware of legal and safety standards.
8. **Succession Planning**: Prepares employees for higher responsibilities.

9. **Reduces Supervision**: Trained employees are more self-sufficient, reducing the need for constant supervision.
10. **Cost Efficiency**: While training involves cost, reducing errors can save costs.

**Organisation and Management of Training Function**

This involves assessing training needs, designing programs, allocating resources, selecting trainers, delivering training, monitoring progress, evaluating effectiveness, providing post-training support, and ensuring continuous improvement.

1. **Training Needs Assessment**: Identify skill gaps and determine the training requirements to align with organisational goals.
2. **Designing the Training Program**: Create clear objectives and contents and select the right training methods to address the identified needs.
3. **Resource Allocation**: Ensure sufficient resources like budget, tools, and personnel are available for effective training delivery.
4. **Trainer Selection**: Choose qualified trainers based on expertise and the training requirements.
5. **Training Delivery**: Conduct the training using selected methods to engage employees and facilitate learning.
6. **Monitoring and Evaluation**: Track progress and assess the effectiveness of the training program through feedback and performance metrics.
7. **Post-Training Support**: Provide ongoing support to reinforce training and encourage skill application.

8. **Continuous Improvement**: Gather feedback and regularly update training programs to meet evolving needs and industry trends.

**Training Methods and Techniques**

Training methods are techniques used to impart knowledge and skills to employees. By combining on-the-job and off-the-job methods, organisations can provide comprehensive training in both practical skills and theoretical knowledge.

They are broadly classified into two categories:

A. **On-the-Job Training (OJT)**

On-the-job training takes place while the employee is working. This method is crucial for hands-on learning.

**Methods of On-the-Job Training:**

1. **Induction Training**: Induction introduces the organisation to new employees. It involves familiarising the new hire with the company's culture, policies, work environment, and their specific role.

2. **Orientation Training**: This is a longer-term process that helps new employees to familiarise themselves with the company's culture, policies, and procedures.

3. **Job Rotation**: This involves moving employees from one role to another to gain experience across different job functions.

4. **Coaching**: A supervisor or mentor provides continuous guidance, feedback, and support to help employees improve their skills and performance.

5. **Job Instructions (Step-by-Step Training)**: The trainer demonstrates how to perform a task and then guides the trainee through it step-by-step, offering corrections as needed.

6. **Committee Assignments**: A group of trainees works together to solve an organisational problem, promoting teamwork and collaborative decision-making.

7. **Mentoring**: A mentor guides a less experienced employee, builds trust and provides career advice, feedback, and development support.

8. **Apprenticeship**: A formal system of training in which a trainee works under the guidance of an experienced professional while also receiving classroom instruction.

9. **Internship**: A temporary work experience, often for students or recent graduates, where employees gain practical skills and knowledge while being exposed to the workplace environment.

10. **Vestibule Training (Near-the-job Training)**: A separate training space, often designed to mimic the actual work environment, trains employees without the pressure of actual work. E.g., pilot or cabin crew training.

11. **Programmed Instruction (PI)**: A self-paced learning method where employees proceed through training materials at their own pace, often used for teaching machine operators.

**B. Off-the-Job Training**

Off-the-job training involves learning that takes place outside the work environment. It focuses on theoretical knowledge and skills development.

**Methods of Off-the-Job Training:**

1. **Case Study Method**: Trainees analyse real-world business problems and develop potential solutions.

2. **Role Play**: Trainees simulate real-life situations by assuming roles, interacting with others, and reflecting on their performance. This encourages empathy and problem-solving skills.

3. **In-basket Method**: Trainees are given a "basket" of tasks, such as complaints, memos, or reports, to prioritise, delegate, and respond to within a set time. This helps develop situational judgment and decision-making.

4. **Business/Management Games**: Employees are divided into teams and assigned simulated tasks to apply their learning to make decisions about production, marketing, pricing, etc.

5. **Grid Training**: Focuses on two key management behaviours: concern for people and concern for production. It involves teamwork, decision-making, and coordination to improve management skills.

6. **Outbound Training**: Employees are taken out of the work environment to participate in experiential learning activities, often outdoors, to build teamwork, problem-solving, and leadership skills.

7. **Simulation**: Trainees use specially designed equipment or software to practice job tasks in a safe, controlled environment that mirrors real-world situations. For example, flight simulators for pilots.

8. **Sensitivity Training**: This program helps employees understand how to interact respectfully with others, fostering a positive workplace culture free from discrimination, harassment, and bullying.

9. **Conferences**: A group of individuals meet to discuss specific topics. Conferences promote idea exchange, problem-solving, and networking.

10. **Lectures**: A traditional method where an instructor delivers information to a group, often used in theoretical subjects. However, it can lack interactivity and engagement.

11. **Brainstorming**: A group activity where participants contribute ideas without judgment. It encourages creative thinking and problem-solving.

12. **Refresher Training**: Designed for existing employees to update them on new skills, technologies, or procedures, ensuring their skills remain current and relevant.

13. **Video-Based Training**: Utilises films, TV shows, or other audiovisual tools to convey information, often more engagingly and memorably than traditional methods.

**C. Attitudinal Training**

Attitude is a person's way of thinking, feeling, or behaving toward something. It reflects his mental and emotional outlook toward people, objects, events, or situations. This shapes how they feel, think, and act toward something. Attitudes can be positive, negative, or neutral.

Attitudinal Training is a process to improve or change people's attitudes. The objective is to think positively and handle situations effectively.

Methods of Attitudinal Training include role plays, group discussions, self-reflection, case studies, workshops, seminars, positive reinforcement, feedback, etc. Short stories, the Jigsaw Method, Fish Bowl Exercise, Sensitivity Training, etc., are also techniques used to change attitudes.

**Components of Attitude**

Attitude has three main components:

1. Cognitive – what a person believes or thinks
2. Emotional (Affective) – what a person feels
3. Behavioural – how a person acts

Example:

Jane believes smoking is harmful (cognitive), feels disgusted when people smoke (emotional), and avoids smoking areas (behavioural).

**Types of Attitude**

There are mainly four types of attitude. They are positive, negative, neutral, and sickened.

1. **Positive Attitude:**
   Focuses on the bright side of life. It involves optimism and saying "I can" or "It is possible". It leads to happiness, better decision-making, and higher performance.
2. **Negative Attitude:**
   Focuses on problems rather than solutions. It involves complaining, giving up easily, and seeing the worst in situations. It can reduce performance and lead to mistakes and low morale.
3. **Neutral Attitude:**
   Shows a lack of interest or concern. People avoid involvement and ignore problems. No strong emotional response, either positive or negative.
4. **Sickened (Destructive) Attitude:**
   A highly negative and aggressive mindset. It tries to destroy or criticise everything. This is hard to change and can be harmful to individuals and organisations

### Attitudinal Competence

Attitudinal competence means the ability to choose the right attitude for different situations. It helps a person to respond positively instead of reacting with fixed or harmful attitudes.

### Attitudinal Training Methods

Attitudinal training aims to positively change a person's thoughts, feelings, values, motivations, and beliefs. These methods are used to influence a person's behaviour in a desired direction. Common techniques include:

#### 1. Short Stories

Short stories are used to inspire and motivate individuals. They help to bring about changes in attitude through meaningful messages or moral lessons. These stories are easy to remember and emotionally engaging.

#### 2. Jigsaw Method

The jigsaw method is a cooperative learning strategy that helps participants see different perspectives. The process includes:

1) Dividing students into small groups (ideally 5–6 members)
2) Assigning each group a part of the topic
3) Forming "expert groups" where members study and discuss their part
4) Returning to original groups to teach their topic to others
5) Engaging in group discussions and completing worksheets
6) Presenting group findings through a group leader

This method encourages teamwork, responsibility, and understanding of diverse viewpoints.

### 3. Fish Bowl Exercise

The fishbowl method is a discussion-based technique used in large groups. A small group discusses a topic while the rest observe and take notes. After the discussion:

a) Observers provide feedback
b) Reflection is encouraged on the content and group behaviour
c) It helps improve listening, speaking, and analytical skills

### 4. T-Groups (Sensitivity Training)

T-groups are experiential learning sessions focused on personal awareness and interpersonal behaviour. Participants learn through group interaction, self-reflection, and feedback. There are two types:

Stranger Groups: Members do not know each other. Easier sharing but a slower start.

Family Groups: Members know each other. Quicker start, but feedback may be limited due to fear or hesitation.

T-groups help participants understand their behaviour and make attitudinal changes.

### 5. Business Games

Business games simulate real-world business situations. Participants work in groups and make decisions in a hypothetical business environment. Activities may include production planning, pricing, marketing, etc.

These games develop decision-making, teamwork, problem-solving, and strategic thinking. Types of business games include:

a) Total enterprise games
b) Functional games

c) Interactive and non-interactive games
d) Computer-based and non-computer games

**D. Technical training**

Technical training teaches the skills needed to do a specific job. This includes the skills of using tools, machines, software, etc.

**Training for Creative Thinking and Problem Solving**

Making the right decisions at the right time is important for the success of any organisation. Therefore, companies need employees with strong skills in analysis, problem-solving, and decision-making to maintain quality and efficiency.

**Creativity**

Creativity is the ability to produce new and useful ideas. It involves imagination, originality, and innovation. Creativity is important in all fields, like science, art, music, and business.

**Components of Creativity**

According to Sternberg, creativity includes five key components:

**Expertise** – Strong knowledge and experience in a particular area.

**Imaginative Thinking Skills** – Ability to view problems in new ways and make connections.

**Venturesome Personality** – Willingness to take risks and overcome challenges.

**Intrinsic Motivation** – Motivation that comes from within, not from external rewards.

**Creative Environment** – A workplace that encourages and supports new ideas and collaboration

### Methods of Creativity Training

1) **Brainstorming:** A group activity where all ideas are welcomed without judgment. It encourages free thinking and building on others' ideas.
2) **Negative Brainstorming:** Starts with bad ideas and then turns them into useful solutions
3) **The Insights Game:** Involves collecting images, quotes, and stories to reflect on and spark ideas. It encourages daily creative thinking over a period.
4) **Mood Boards:** Visual tools used to collect ideas, designs, and inspirations. This helps to define the style or direction of a creative project.
5) **Random Words Technique:** Using unrelated words or phrases to generate new ideas. This helps to think differently and find new angles to solve problems.

### Training for Change Management

Change is a constant in the modern business world. Organisations must help employees adapt to new situations, systems, or structures. Change Management (CM) is the structured process of guiding individuals and teams through transitions to achieve desired outcomes.

Examples of Organisational Change include company restructuring, new technology or software introduction, adapting to new government regulations, shifts in business strategy or culture, etc.

### Objectives of Change Management

1) Support individuals and teams during organisational change
2) Ensure a smooth transition to new systems, structures, or strategies

3) Minimise resistance and increase employee acceptance
4) Achieve successful implementation of new initiatives

**Why People Resist Change**

The following are some of the reasons for resisting change.

1) Fear of the unknown
2) Lack of understanding of the benefits
3) Worry about loss of job or control
4) Importance of Change Management Training
5) Prepares leaders to guide others through change
6) Builds trust and communication during transitions
7) Increases the success rate of organisational change efforts

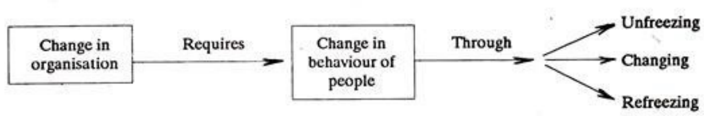
**Theories/ Methods of Change Management**

Change in employee behaviour is essential for successful organisational change. Several models explain how change can be effectively introduced in organisations.

I. Lewin's 3-Stage Model of Change
II. Kotter's 8-Step Change Model
III. ADKAR Model - developed by Prosci
IV. The Change Curve –by Elisabeth Kübler-Ross

**I. Lewin's 3-Stage Model of Change (1940s)**

Lewin compared the change process to reshaping ice. His model has three stages:



**Unfreeze** – Prepare the organisation to accept that change is necessary.

**Change (or Reshape)** – Introduce the new behaviours, processes, or systems.

**Refreeze** – Reinforce and stabilise the change to make it permanent.

## II. Kotter's 8-Step Change Model

John Kotter proposed an 8-step model to guide transformational change:

1) Create Urgency – Highlight the need for change.
2) Form a Powerful Coalition – Build a team to lead the change.
3) Create a Vision for Change – Define a clear direction.
4) Enlist a Volunteer Army – Engage key supporters.
5) Remove Obstacles – Identify and eliminate barriers.
6) Create Short-Term Wins – Show early progress.
7) Build on the Change – Keep improving based on feedback.
8) Anchor Changes in Corporate Culture – Integrate change into the company's values.

## III. Prosci's ADKAR Model

The ADKAR Model is a goal-oriented framework for individual and organisational change. It includes:

**A**wareness – Understanding the need for change

**D**esire – Willingness to support and participate

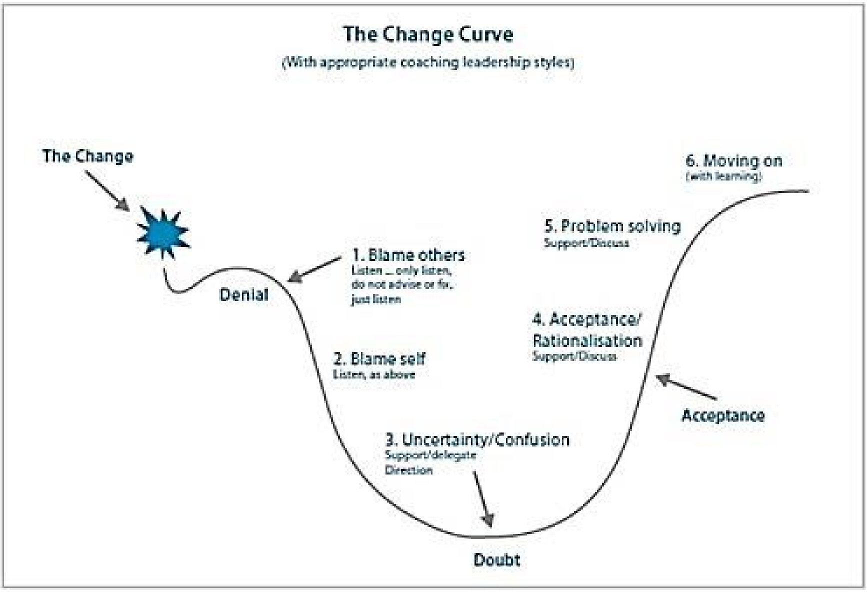
**K**nowledge – Knowing how to change

**A**bility – Having the skills to implement change

**R**einforcement – Ensuring change is maintained

### IV. The Change Curve (Elisabeth Kübler-Ross)

Developed initially to describe grief, the Change Curve also applies to organisational transitions. It helps predict emotional reactions to change. The curve mainly contains six stages: Denial, blaming others, blaming self, doubt, acceptance, and problem-solving.




### Training for Productivity

Productivity is critical to individual and organisational success. Unlike "being busy", productivity is about adding value and achieving goals efficiently.

### Definition

Productivity training focuses on helping individuals complete more meaningful work in less time. It improves efficiency and performance by eliminating non-productive activities.

**Causes of Non-Productivity (SOS Model)**

**Self** – Poor habits or mistakes by the individual

**Others** – Mistakes or inefficiencies by co-workers

**Systems** – Flaws in organisational processes or external systems

**Ps of Productivity**

Productivity depends on following a set of important ideas, all starting with the letter P. These key concepts help people work better and achieve more.

Purposefulness – Knowing the core objective

Planning – Structuring how to meet goals

Productive Effort – Focused and efficient work

Persistence – Continuing despite obstacles

Prioritisation – Doing the most important tasks first

Protocols – Standard operating procedures

Preparation – Getting ready before execution

Progressive Thinking – Looking ahead and improving

Prevention of Avoidable Errors – Avoiding self-made mistakes

Proper Decision-Making – Choosing the best option

Problem-Cause-Solution Analysis – Understanding and fixing issues

Problem-Implication-Countermeasure Analysis – Preventing future consequences

Personal Initiative – Taking action proactively

Positive Mental Attitude – Maintaining an optimistic outlook

Political Awareness – Building cooperation and influence

Philosophy of Continuous Improvement – Always striving for better results

**Methods of Productivity Training**

Experimental learning, E-learning, One-on-One coaching and mentoring, Simulations, case studies, etc., are the methods used for productivity training.

Experiential Learning – Learning through direct experience

E-Learning – Online modules and interactive courses

One-on-One Coaching – Personalised guidance

Mentoring – Long-term professional development

Simulations and Case Studies – Learning through real-life scenarios.

**Training Managers and Employees**

Training plays a crucial role in enhancing employees' skills and performance, which directly impacts the success of an organisation. Training managers are responsible for designing, implementing, and evaluating training programs. Training employees are expected to actively participate, apply new skills, and contribute to their own professional development.

**Role of Training Managers**

1) Act as planners, organisers, and facilitators of training programs.
2) Ensure training aligns with organisational goals.
3) Bridge the gap between employee performance and desired skills.

**Role of Training Employees**

1) Participate actively in training programs.
2) Apply new knowledge and skills in their job roles.
3) Give feedback to improve future training sessions.

**Responsibilities of Training Managers**

Assess Training Needs: Identify skill gaps through performance analysis and feedback.

Design Training Programs: Develop content that suits employee roles and organisational objectives.

Implement Training: Organise and deliver training using effective methods (e.g., workshops, e-learning).

Monitor and Evaluate: Measure the effectiveness of training and make improvements.

Support Career Development: Help employees grow professionally through continuous learning.

**Responsibilities of Employees**

Engage in Learning: Show interest and participate sincerely in training sessions.

Practice and Apply: Use the learned skills in day-to-day work.

Self-Development: Take responsibility for personal growth and skill enhancement.

**Challenges in Training Managers**

Limited time and budget for training.

Resistance to change from employees.

Keeping training updated with the latest industry practices.

Measuring the return on investment (ROI) of training.

**Challenges in Training Employees**

Lack of motivation or interest in training.

Balancing training with regular work duties.

Difficulty in applying new skills to real work situations.

Fear of failure or being judged during training.

**Conclusion**

Module 3 focuses on the vital role of training and development in enhancing employee skills, performance, and adaptability. It covers various training methods, including technical, attitudinal, and productivity-oriented programs and training for change and creativity. Organizations can build a competent workforce ready to meet present and future challenges by investing in structured and continuous training.

# Module 4

# Performance Appraisal and Industrial Relations

4.1 Performance Appraisal

4.2 Job Evaluation

4.3 Promotion and Demotions

4.4 Industrial relations

4.5 Grievance handling

4.6 Employee participation in management

## Performance appraisal

Performance is the action or process of performing a task or function. The performance of an individual depends on his ability backed by motivation. Ability refers to the skill and competence of a person to complete a given task. A person's desire to accomplish the task is motivation. Organisations become successful when there are motivated employees with ability. Motivation is a psychological phenomenon that converts abilities into performance.

Performance = f (ability X motivation)

A performance appraisal is a formal assessment of an employee's productivity. It is a regular and periodic review of an employee's job performance. It is also known as an "annual review," "performance review or evaluation," or "employee appraisal". A performance appraisal evaluates an employee's skills, achievements, or lack thereof. It is one of the challenging concepts of human resource management.

## Purpose/Significance of Performance Appraisal.

Performance appraisal serves two main purposes: administrative and developmental.

### I. Administrative Purposes

1. **Guiding Employment Decisions**: Assists in decisions regarding hiring, promotions, transfers, and termination.
2. **Identifying Strong and Weak Performers**: Helps to recognise high performers and those needing improvement.
3. **Determining Rewards**: Guides decisions on raises, bonuses, and other employee incentives.

4. **Evaluating Training Effectiveness**: Assesses the success of the organisation's training and development programs.
5. **Assessing Hiring Outcomes**: Measures the success rate of recruitment and selection processes.
6. **Legal Documentation**: Provides records to justify decisions and defend against potential lawsuits.

**II. Developmental Purposes**

1. **Identifying Performance Gaps**: Highlights areas where employee performance falls short.
2. **Providing Feedback**: Delivers constructive feedback to employees to guide improvement.
3. **Enhancing Employee Growth**: Recognises individual strengths and training needs while improving communication and reinforcing organisational hierarchy.
4. **Enabling Leadership Coaching**: A platform for managers to mentor and coach employees.
5. **Discovering Future Opportunities**: Identifies career development pathways by leveraging employee strengths.

**Career Development vs. Management Development**

**Career Development** is employee-centric and helps all staff plan their career progression. **Management Development** is organisation-centric, focusing on building a competent leadership pipeline.

| Aspect | Career Development | Management Development |
|---|---|---|
| **Focus** | Individual employee's long-term career path and growth | Enhancing skills of current/future managers and leaders |
| **Purpose** | Align individual goals with organisational opportunities | Prepare employees for managerial and leadership roles |
| **Scope** | All employees across roles and departments | Specifically targeted at supervisory and managerial personnel |
| **Methods** | Job rotation, coaching, mentoring, training, self-assessment | Seminars, workshops, executive training, simulation, MDPs |
| **Responsibility** | Shared between employee and HR | Mostly organizational (HR + Top Management) |
| **Time Horizon** | Long-term career planning | Medium to long-term leadership development |

**Process of Performance Appraisal**

1. Establishment of performance standards
2. Communicating the standard performance
3. Measurement of actual performance
4. Comparing actual performance with standards

5. Communication of appraisal results
6. Decision-making on training, transfer, promotion, etc.

**Methods of performance appraisal**

There are traditional and modern methods of performance appraisal. They are:

**I. Traditional Methods:**

Traditional methods focus on structured formats. They are often straightforward but may lack the depth of modern techniques. They include the Confidential Report, Narrative (Free Form/Essay) Method, Straight Ranking Method, Forced Distribution Method, Forced Choice Method, Graphic Rating Scale, Behavioural Checklist, Critical Incidents Method, Group Appraisal Method, and Field Review Method.

1. **Confidential Report**: The immediate supervisor will prepare a detailed employee performance report. It is confidential, and the employee is unaware of the content written by his superior. This method is used in government.

2. **Narrative** (Free form/essay) Method: Here, the supervisor is free to write about the strengths and weaknesses of the employee. It is prepared in consultation with the employee. No structured form is used.

3. **Straight Ranking Method**: The organisation's employees are ranked based on their performance.

4. **Forced Distribution Method**: The supervisor distributes the employees into certain groups. For example, each employee will be placed under a high, low, moderate, etc., based on their performance.

5. **Forced Choice Method**: Here, the supervisor has to fill out multiple choices on different areas of employee performance. Examples include punctuality/not punctuality, creativity/not creative, individual performer/group performer, etc.

6. **Graphic Rating Scale**: Here, rating scales are used to assess the. For example, the supervisor rates the employees on a 10-point scale, with 1 being the top and 10 being the least. Various aspects of performance, such as quality, skill, supervision, satisfaction, punctuality, etc., are rated.

7. **Behavioural checklist**: Here, the supervisor is required to fill out the 'checklists' on various job-related aspects of the employee.

For eg. attendance: above 80%, 60%-80%, 40%-60%, below 40%

8. **Critical Incidents Method/Technique**: Only critical incidents are observed and rated here. It highlights both positive and negative behaviours.

9. **Group Appraisal Method**: Here, instead of the individual appraiser, a panel of experts will review the performance of the employees.

10. **Field Review Method**: Here, the appraisal is done by a person from outside.

**2. Modern Methods**

The modern performance appraisal methods include Assessment Centre, BARS, Appraisal by Objectives, 360-degree Appraisal, Negotiated Appraisal, Self-Appraisal, Peer Review Method, and Psychological Appraisal.

1. **Assessment Centre**: Employees participate in exercises (like role-playing, group discussions, or presentations) to demonstrate

their skills and abilities in different situations. Multiple observers then assess the results. This allows for a hands-on, real-time assessment of skills.

2. **Behaviourally Anchored Rating Scales (BARS)**: Employees are rated based on specific behaviours tied to job performance. For example, punctuality, teamwork, and communication might be rated on a scale with detailed descriptions for each level of performance. It gives more detailed and specific feedback based on real actions.

3. **Appraisal by Objectives**: Employees and managers set specific, measurable goals together in this method. Performance is then evaluated based on the achievement of these goals. This method focuses on achieving results based on MBO.

4. **360-degree appraisal**: Employees receive feedback from multiple sources: their manager, colleagues, subordinates, and even sometimes customers. This gives a complete picture of their performance from different perspectives.

5. **Negotiated appraisal:** It utilises a mediator for performance appraisal. The mediator facilitates the process, allowing the employee to present their perspective first. The focus is on highlighting the employee's strengths before discussing areas for improvement. This helps to reduce defensiveness and constructive feedback. This method is useful in resolving conflicts between supervisors and subordinates.

6. **Self-Assessment**/Self-Appraisal: Employees evaluate their own performance by comparing their achievements with goals. This method encourages reflection and self-improvement. This encourages personal responsibility and self-awareness.

7. **Peer Review Method:** An individual's work group rates his performance. Employees are evaluated by their colleagues (peers) based on their work and teamwork. This gives insight into how employees collaborate and contribute. This encourages a collaborative and team-oriented approach to performance evaluation.

8. **Psychological Appraisal:** This method assesses employees' potential and future performance by evaluating their mental abilities, personality, and potential to take on more responsibility. This helps identify future leaders and talents.

**Job Evaluation**

Job evaluation is a systematic process of determining the relative value of different jobs within an organisation. It helps to establish a rational basis for a fair and equitable pay structure. Jobs are compared based on their responsibilities, requirements, and contributions to organisational goals. It is based on job description and job specification. Job evaluation rates the job, not the workers.[8]

**Objectives of Job Evaluation**

1. **Determine Job Worth:** Establish the relative value of jobs to create a fair hierarchy based on responsibilities, skills, and contributions.
2. **Develop Salary Structures:** Provide a foundation for designing equitable and competitive pay scales.

[8] https://www.yourarticlelibrary.com/hrm/jobs/job-evaluation-concept-objectives-and-procedure-of-job-evaluation/35332
https://www.civilserviceindia.com/subject/Management/notes/job-evaluation.html

3. **Eliminate Pay Inequalities:** Address wage disparities and ensure equal pay for equal work.
4. **Design Incentives:** Guide the development of performance-based incentives and reward systems.
5. **Resolve Wage Disputes:** Act as a reference point for addressing wage-related grievances.
6. **Support Recruitment:** Assist in hiring, selecting, and positioning employees based on job roles.
7. **Enable Career Planning:** Offer benchmarks for career progression and employee development.
8. **Employee Motivation:** Promote job satisfaction and reduce turnover by fostering fairness and transparency.
9. **Internal Equity:** Maintain a consistent and logical job hierarchy across the organisation.
10. **Achieve External Competitiveness:** Align pay structures with industry standards to attract and retain talent.
11. **Optimise Costs:** Balance financial resources by preventing overpayment or underpayment.
12. **Facilitate Job Evaluation Tool Development:** Serve as a basis for creating effective job evaluation methods and tools.

**Process of Job Evaluation**

All firms adopt no common procedure for job evaluation. It varies from organisation to organisation. In general, a job evaluation procedure may consist of the following steps:

1. **Form a Job Evaluation Committee:** Create a team of experienced employees and HR experts to manage the evaluation process.
2. **Identify Jobs to Evaluate:** Choose the roles that need to be assessed based on their importance to the organisation.
3. **Gather Data and Prepare Job Descriptions:** Collect relevant information and create detailed descriptions of each job's tasks and requirements.
4. **Select Evaluation Method:** Choose the appropriate method for evaluating jobs, considering factors like skills, responsibilities, and company needs.
5. **Rank Jobs Based on Value:** Organise jobs into a hierarchy based on their importance and complexity.
6. **Conduct Wage and Salary Surveys:** Research industry pay trends to ensure the organisation offers competitive salaries.
7. **Develop Salary Structures:** Create fair pay scales based on the job rankings and market data.
8. **Design Incentives and Benefits:** Develop performance-based rewards and benefits to motivate employees.
9. **Communicate and Implement the Plan:** Explain the job evaluation system to employees and apply it across the organisation.
10. **Review and Adjust as Needed:** Regularly review the system, gather feedback, and make necessary adjustments to keep it fair and effective.

## Methods of Job Evaluation

There are Non-quantitative and quantitative methods of job evaluation.

1. **Non-Quantitative Methods:**

   (a) **Ranking Method:** Jobs are ranked from highest to lowest based on overall importance or difficulty.

   (b) **Job Classification (Grading) Method:** Jobs are grouped into predefined grades or categories based on job descriptions.

2. **Quantitative Methods:**

   (a) **Point Factor Method:** Assigns points to various job components (e.g., skills, responsibilities, effort) to determine job value.

   (b) **Factor Comparison Method:** Jobs are compared against key factors (e.g., education, experience) and ranked accordingly.

## Limitations of Job Evaluation

1. **Prone to Bias:** Results may be influenced by human errors or subjective judgments.
2. **Market Disparities:** Wage patterns in the market may not align with the principle of equality (e.g., private sector salaries for teachers and nurses in India).
3. **Worker Skepticism:** Employees may have doubts or resistance, especially when introduced for the first time.
4. **Unscientific Methods:** Some evaluation techniques may lack accuracy.
5. **Challenges with Managerial Roles:** It is difficult to evaluate managerial jobs that rely heavily on skills and qualitative factors.

6. **Requirement for Updating:** Job enrichment strategies require updating of job evaluation and ranking.

**Job enrichment**

Job enrichment is a motivational strategy. It aims at enhancing a job's content by increasing the responsibilities, challenges, and opportunities for growth. It focuses on making jobs more meaningful. It is a powerful tool to enhance workplace satisfaction and efficiency.

**Examples of Job enrichment:**

- A teacher is given the freedom to design their curriculum and teaching methods.
- A customer service representative is empowered to resolve complaints independently.
- Allowing students to mentor juniors or assist teachers in administrative tasks.
- Giving students the freedom to choose their project topics.
- Giving students the freedom to choose elective courses based on their interests from online platforms.

**Promotion, Demotion, Transfer, and Separation**

- **Promotion**: Upward movement in position/responsibility
- **Demotion**: Downward movement due to poor performance or restructuring
- **Transfer**: Lateral move to another department/location
- **Separation**: Ending of employment (resignation, dismissal, etc.)

## Promotion

Promotion refers to the advancement of an employee to a higher position within the organisation. It usually involves increased responsibilities, higher status, better working conditions, and a higher salary. It is a form of recognition and a reward for performance and potential.

### Objectives of Promotion:

1. To motivate employees towards higher productivity.
2. To attract and retain talented and qualified individuals.
3. To recognise and reward employee efficiency and performance.
4. To enhance individual and organisational effectiveness.
5. To fill higher-level vacancies from within the organisation.
6. To build employee morale, loyalty, and a sense of belonging.
7. To demonstrate career growth opportunities to employees.

## Promotion Policy

A promotion policy serves as a guideline for implementing promotions within an organisation. It plays a key role in employee satisfaction and organisational effectiveness. If poorly managed, it may lead to dissatisfaction, low morale, conflicts, and high employee turnover.

### Key Features of an Effective Promotion Policy:

- It should be written, clear, and flexible.

- It should be transparent and well-communicated to all employees.
- It should balance both employee interests and organisational goals.
- Should specify the basis for promotion: seniority**,** merit, or a combination of both.

**Basis of Promotion**

**1. Promotion Based on Seniority**

*Merits:*

- Easy to administer.
- Minimises subjectivity and bias.
- Preferred by trade unions.
- Rewards loyalty and long service.
- Often aligned with experience and organisational knowledge.

*Demerits:*

- Does not necessarily reflect competence.
- May demotivate high-performing junior employees.
- Lacks clear standards for defining seniority in some cases.
- Performance and efficiency are not rewarded.

**2. Promotion Based on Merit (Competency)**

*Merits:*

- Encourages and rewards efficiency.
- Offers growth to talented employees.

- Helps retain high-performing individuals.
- Contributes to increased productivity.

*Demerits:*

- This may lead to dissatisfaction among senior employees.
- Possibility of bias or favouritism.
- Loyalty and tenure may be overlooked.
- May face resistance from trade unions.

**Demotion**

Demotion refers to the downward movement of an employee to a lower position, involving reduced responsibilities, status, and pay. It may be voluntary or involuntary and is generally used as a corrective or disciplinary action.

**Causes of Demotion:**

1. Organisational restructuring or merging of departments.
2. Poor performance or lack of required competencies.
3. Inability to adapt to new technology or job roles.
4. Health issues or personal reasons.
5. As a disciplinary measure for misconduct or violation of rules.

**Transfer**

A transfer refers to the horizontal movement of an employee from one job, department, shift, or location to another. It typically does not involve changes in pay, status, or level of responsibility.

**Purposes of Transfer:**

1. To meet organisational requirements.
2. To accommodate employee requests.
3. To reassign underperforming employees to roles better suited to their skills.
4. To enhance the versatility and experience of employees.
5. To balance workforce distribution.
6. To replace new recruits with more experienced internal candidates.
7. To resolve disciplinary issues or avoid trade union complications.

**Transfer Policy:**

A good transfer policy should be fair, transparent, and well-communicated. Transfers should be based on clear criteria such as seniority or skill. They should not be frequent or arbitrary. The policy should also define benefits like leave and relocation allowances.

**Types of Transfers:**

1. **Intradepartmental Transfer:**

   Movement within the same section or department; often informal and directed verbally.

2. **Interdepartmental Transfer:**

   Movement between departments is formal and usually documented with written orders by the personnel manager.

**Benefits of Transfers:**

- Enhances organisational productivity.

- Increases job satisfaction.
- Balances workload across departments.
- Improves employee skills and knowledge.
- Corrects mismatched job placements.
- Promotes healthier labour relations.
- Prepares employees for future promotions.
- Reduces monotony and job fatigue.

**Employment Separation**

Employment separation occurs when the relationship between an employee and the employer ends. It may happen voluntarily or be initiated by the employer.

1. Voluntary Separations
    a. VRS
    b. Resignation
2. Forced by an employer
    a. Retirement and Discharge
    b. Suspension
    c. Dismissal
    d. Lay off
    e. Retrenchment

**1. Voluntary Separation**

Here, the employee initiates the separation.

**a. Voluntary Retirement Scheme (VRS):**

Employees retire before the standard retirement age, often in return for a financial package. VRS is common in both public and private sectors and typically applies to employees over 40 years of age or with a minimum of 10 years of service.

**Reasons for Offering VRS:**

1) Downsizing due to competition.
2) Economic downturns.
3) Technological changes.
4) Mergers, acquisitions, or joint ventures.
5) Business restructuring or process reengineering.
6) Product or technology becoming obsolete.

**Merits of VRS:**

1) Legal and compliant with labour laws.
2) Offers attractive compensation packages.
3) Reduces the risk of legal conflict from forced layoffs.
4) Provides flexibility for managing workforce size.
5) Reduces long-term employee costs.

**Demerits of VRS:**

1) This may create uncertainty and fear among the remaining staff.
2) This can lead to high immediate compensation costs.
3) Potential resistance from trade unions.
4) Risk of losing skilled and key employees.

**b. Resignation**

Resignation refers to the voluntary decision of an employee to leave their job or position within an organisation. Employees may resign for various reasons, such as health issues, better career opportunities, personal reasons, or dissatisfaction with company policies or management. Most organisations require employees to give prior notice—typically 14 to 90 days—before formally ending their service.

**2. Employer-Initiated Separation**

The employer ends the employment relationship. Forms include:

1) **Retirement:** Termination due to reaching the retirement age.
2) **Discharge:** Termination due to unsuitability for the job.
3) **Suspension:** Temporary removal due to disciplinary issues.
4) **Dismissal:** Permanent removal for serious misconduct.
5) **Layoff:** Temporary separation due to lack of work.
6) **Retrenchment:** Permanent separation due to redundancy.

**Industrial Relations**

According to the *Industrial Disputes Act 1947*, an *industry* is any systematic activity involving cooperation between an employer and employees for producing, supplying, or distributing goods or services to satisfy human needs, regardless of capital investment or profit motive.

An industry is any productive activity in which individuals or groups engage.

**Employer (as per the Act):**

1. In government-run industries: The head of the department or designated authority.
2. In local authority-run industries: The chief executive officer of the authority.

**Employee:**

An employee is a person who works for another (employer) in return for wages or salary. This includes work done on a commission, piece-rate, or time-rate basis. As per the *Employee State Insurance Act 1948*, an employee is anyone employed for wages in connection with the work of a factory or establishment to which the Act applies.

**Employment:**

Employment refers to the state of having a job or being engaged in work under an employer.

**Definition of Industrial Relations:**

Industrial relations (IR) refer to the relationship between employers and employees within an organisational context. It includes all aspects of the employment relationship, such as:

- Human Resource Management (HRM)
- Employee Relations
- Union-Management (or Labour) Relations

Good industrial relations are essential for industrial peace, worker cooperation, and overall productivity. Harmonious relationships benefit both the employer and the employee.

**Components of Industrial Relations:**

- Employer-employee interactions
- Government intervention and regulation
- Role of institutions (like trade unions and labour courts)

Historically, IR encompassed all employment relationships. However, modern usage narrows the focus to include:

- Collective bargaining
- Trade unionism
- Labour-management relations

*Note:* Human Resource Management now functions as a distinct area focusing more on non-union employee relations and internal personnel policies.

**Compensation under the Industrial Relations Code, 2020:**

An employee is eligible for compensation if:

- Their name is listed in the company's muster rolls.
- They have completed at least one year of continuous service.

**Types of Compensation:**

1. **Lay-Off:** 50% of normal wages (excluding holidays) for up to 45 days.
2. **Retrenchment:** 15 days' average pay (or as notified by the government) for each completed year of service beyond six months.
3. **Retirement:** Compensation as per service rules and law.
4. **Transfer of Establishment/Ownership:** Compensation is applicable if service is disrupted.
5. **Closure of Business:** Compensation is paid based on years of service.

**Grievance Redressal**

A **grievance** is a real or perceived feeling of dissatisfaction or injustice that an employee experiences concerning their job, workplace policies, management actions, or organisational environment.

If unresolved, grievances can turn into **collective disputes**, causing issues like:

- Low morale
- Decreased productivity
- Absenteeism
- Frustration

**Causes of Grievances:**

1. Poor working conditions (unsafe workplace, strict targets, poor supervision).
2. Unfair policies (promotion, transfers, salaries).
3. Violation of rules and procedures.
4. Low wages or bonuses.
5. Unrealistic targets.
6. Inadequate health and safety.
7. Poor peer relationships.
8. Layoffs and retrenchment.
9. No career growth opportunities.
10. Lack of employee development plans.

**Outcomes of Unresolved Grievances:**

1. Collective disputes and unrest.
2. Decreased employee morale.
3. Poor productivity and absenteeism.

4. Increased material wastage and machinery damage.
5. Higher production costs.

**Need for a Grievance Redressal Mechanism:**

1. An outlet for employee frustration.
2. Avoids biased supervisor actions.
3. Encourages employees to speak up.
4. Promotes a fear-free work environment.
5. Ensures fair and quick resolution.
6. Helps identify root causes.
7. Prevents escalation of minor issues.
8. Builds trust and transparency.

**Steps in Grievance Redressal:**

1. **Acknowledge dissatisfaction** – Don't ignore complaints.
2. **Define the problem** – Listen carefully to understand the issue.
3. **Gather facts** – Investigate objectively and maintain records.
4. **Analyse and decide** – Management should learn and adapt.
5. **Follow-up** – Implement and communicate decisions properly.

**Grievance Redressal Procedure (5-Step Model):**

1. **Informal Approach** – Try resolving through direct communication.
2. **Formal Meeting** – Official grievance presentation and discussion.

3. **Investigation** – Fact-finding through interviews and evidence.
4. **Outcome Decision** – Communicate results clearly to employees.
5. **Appeal Process** – If unsatisfied, the employee can appeal the decision.

**Hot Stove Rule of Discipline**

Proposed by Douglas McGregor, this rule illustrates how to apply disciplinary action fairly and effectively.

**Four Features:**

1. **Immediate** – Like touching a hot stove, discipline should be quick.
2. **With Warning** – The rules must be known to all (like knowing a stove is hot).
3. **Consistent** – The same rule applies every time and to everyone.
4. **Impersonal** – Punishment is for the Act, not the person; no bias.

**Employee Participation in Management**

This refers to involving employees (non-managers) in organisational decision-making processes. It enhances job satisfaction, promotes democracy at work, and strengthens labor-management relations.

**Definition (Keith Davis):**

"Participation is a mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share responsibility."

**Objectives:**

1. Prevent exploitation of workers.
2. Promote democracy in the workplace.
3. Support employee development.
4. Resolve conflicts democratically.
5. Create a sense of belonging.
6. Encourage employee suggestions.
7. Improve working/living conditions.
8. Build strong labor-management understanding.
9. Make employees aware of their role in the industry.
10. Ensure industrial peace and cooperation.

**Levels of Participation:**

1. **Information Participation** – Employees receive job-related information and share opinions.
2. **Associative Participation** – Workers discuss broad organisational matters and offer binding suggestions.
3. **Consultative Participation** – Employees are consulted on welfare, safety, and training.
4. **Administrative Participation** – Workers share authority in areas like incentives, holidays, and schedules.
5. **Decisive Participation** – Joint decision-making on core business and policy matters; maximum trust and involvement.

## Sweat Equity Scheme

This is a way of rewarding employee contributions beyond regular salary. Sweat Equity Shares are issued by companies to employees or directors**:**

- At a discount or
- For non-cash consideration

They are given in exchange for:

- Know-how
- Intellectual property
- Value addition to the company

## Conclusion

This module highlights the importance of effectively managing employee performance and industrial relations. It covers key areas such as appraisal, job evaluation, promotions, grievance handling, and employee participation. These practices help maintain workplace discipline, motivate employees, and ensure fair treatment—contributing to a productive and harmonious organisational environment.

# Module 5

# HR Outsourcing, Records, Accounting and Audit

5.1 HR Outsourcing

5.2 Contractor's Liabilities

5.3 H R Records and Reports

5.4 Human Resource Accounting

5.5 HR Appraisal and Audit

### Human Resource Outsourcing (HRO)

HRO is the practice of delegating certain non-core and non-confidential human resource functions to external service providers. This enables organisations to focus on strategic HR functions while reducing operational costs and improving efficiency.

"Outsourcing a business's HR functions is referred to as Human Resource Outsourcing (HRO)."

"HRO is the process of subcontracting human resource functions to an external service provider."

### HR Functions Commonly Outsourced

Many companies outsource some of their HR tasks to outside experts. This helps them save time, reduce costs, and focus on more important HR activities like employee development and planning. Usually, routine and support functions such as payroll, recruitment, and training are the ones most commonly outsourced.

1. **Clerical and Bookkeeping Services**
    - Maintenance of personnel records
    - Annual review and revision of employee handbooks
    - Development and updates of policy manuals
2. **Payroll Services**
    - Employee self-service portals
    - Payroll processing and reporting
    - Payroll tax compliance
    - Time-off tracking and reporting
    - Online benefits enrollment

3. **Benefits Administration**
    - Brokerage and consultancy services
    - Designing customised benefit plans
    - Employee communication strategies
    - Eligibility and enrollment services
    - Claims resolution
    - Invoice auditing and reconciliation
    - Online access to benefits data
    - Retention programs and long-term incentives
    - Compensation planning
4. **HR Audit Services**
    - Auditing HR strategies, policies, and practices
    - Employment and termination procedure compliance
    - Job description reviews
    - Conducting exit interviews
    - Benefit-cost analysis and reduction strategies
5. **Recruitment Services**
    - Retained executive search
    - Job description strategy formulation
    - Advertisement and placement
    - Applicant screening and shortlisting
    - Reference and background checks
    - Candidate interviews and recommendations

   - Offer negotiation and onboarding
   - Temporary staffing solutions
6. **Employee Training Services**
   - Development programs for employee growth
   - Performance management training
   - On-site training support
   - Morale enhancement activities
   - Compliance training (e.g., harassment prevention)
7. **HR Management Services**
   - Compensation review and analytics
   - Organisational culture development
   - Due diligence and acquisition planning
   - Retention and incentive strategies
   - Executive coaching and leadership development
   - Succession planning

## HR Functions Not Suitable for Outsourcing

Certain core HR activities are generally not outsourced due to their strategic and sensitive nature. These include:

1. Talent acquisition and retention
2. Workforce capability building
3. Employee motivation
4. Grievance handling
5. Internal communication

6. Coordination among various management levels

### Legal Compliance in HR Outsourcing

Organisations must ensure that service providers operate within legal frameworks, especially when dealing with cross-border outsourcing. The following areas need special attention:

1. **Employment Laws**: Contractors must adhere to labour laws governing wages, working hours, and employee benefits.
2. **Data Protection Laws**: Employee information must be protected in accordance with relevant data privacy laws (e.g., IT Act in India).
3. **Tax Compliance**: Proper deduction and reporting of taxes, provident fund contributions, and social security.
4. **Equal Opportunity Regulations**: Non-discrimination in hiring and employment practices.

Example*:* A U.S. firm outsourcing recruitment to an Indian vendor must ensure compliance with U.S. Equal Employment Opportunity regulations as well as Indian labour laws.

### Liabilities towards Labor in HR Outsourcing

Both the outsourcing contractor and the parent company have certain responsibilities towards the employees involved in outsourced work. These responsibilities, or liabilities, are important to ensure fair treatment, legal compliance, and employee welfare. The details of these liabilities are explained below.

### Contractor's Liabilities

a) Timely disbursement of wages

b) Providing a safe and healthy working environment

c) Compliance with statutory regulations (e.g., minimum wage, ESI, PF)

**Company's Liabilities**

a) Oversight to ensure contractor compliance

b) Provision of safety equipment and insurance

c) Additional welfare benefits (e.g., food, accommodation)

*Example*: If a construction firm's contractor fails to pay wages, the parent firm may be held legally accountable to safeguard workers' rights.

**Human Resource Records and Reports**

HR records are structured documentation of employee-related data maintained for operational, legal, and strategic purposes.

**Importance of HR Records and Reports**

- Ensures legal and regulatory compliance
- Aids in payroll, performance appraisal, and training
- Facilitates data-driven decision-making in workforce planning

**Types of HR Records**

1. **Employee Records:** Personal details, resumes, certificates, and identification documents
2. **Payroll Records:** Salary statements, tax filings, PF/ESI contributions
3. **Leave & Attendance:** Time logs, leave records, biometric data

4. **Training Reports:** Workshop participation, skill assessments
5. **Performance Appraisals:** KPI tracking, performance evaluations

**Example:**

An IT firm uses biometric attendance systems to generate real-time payroll reports via HR management software.

**Human Resource Accounting (HRA)**

Human Resource Accounting (HRA) is a specialised accounting process that assigns value to human capital and captures the financial implications of workforce-related decisions.

**Significance of HRA**

- Assists in strategic HR investments
- Highlights the financial contribution of human assets
- Enhances budgeting and workforce planning

**Approaches to HRA**

Human Resource Accounting (HRA) uses different methods to measure the value of employees as assets to an organisation. These methods help in understanding the cost of hiring, training, and retaining employees, as well as the benefits they bring to the company. The main approaches are cost-based (like historical cost and replacement cost) and value-based (like present value of future earnings and opportunity cost). Each approach offers a different way to assess human resources, helping organisations make better decisions in workforce planning, budgeting, and HR investment.

| Approach | Description | Example |
| --- | --- | --- |
| **Historical Cost** | Captures the actual cost incurred on recruitment and training | The cost of training an employee ₹50,000 |
| **Replacement Cost** | Estimates the cost of replacing current employees with equivalents | Replacement of senior manager: ₹10,00,000 |
| **Present Value** | Calculates the discounted future earnings contributed by an employee | 5-year value contribution estimate |
| **Opportunity Cost** | Values the loss due to employees shifting to competitors | A skilled engineer joins a rival firm |

**Example:**

A bank investing ₹5 lakhs in digital training for employees tracks how the training impacts performance and profitability through HRA metrics.

**HR Appraisal and HR Audit**

**HR Appraisal**

HR appraisal is the systematic assessment of employee performance and their alignment with organisational goals.

**HR Audit**

An HR audit is a structured evaluation of the efficiency, compliance, and effectiveness of an organisation's HR policies and procedures.

**Scope of HR Audit**

1. **HR Planning** – Analysing workforce needs and hiring strategies.
2. **Performance Management** – Checking if employees meet their goals.
3. **Compensation & Benefits** – Reviewing salary structures and benefits.
4. **Training & Development** – Evaluating skill development programs.
5. **Legal Compliance** – Ensuring all labour laws are followed.

**Methods of HR Audit**

HR Audit methods are systematic techniques used to evaluate the effectiveness of human resource policies, practices, and compliance with legal standards. Common methods include internal audits conducted by the HR team, external audits by independent experts for an unbiased review, and 360-degree audits that gather feedback from multiple stakeholders. Each method offers unique insights to enhance HR efficiency, accountability, and overall organisational effectiveness.

| Method | Description | Example |
|---|---|---|
| **Internal Audit** | Conducted by in-house HR team | Review of employee benefit programs |
| **External Audit** | Performed by third-party consultants | Evaluation of safety policies |
| **360-Degree Audit** | Inclusive feedback from multiple stakeholders | Employee feedback on HR operations |

## Importance of HR Audit

1. Identifies inefficiencies and areas of improvement.
2. Supports compliance with labour laws.
3. Guides strategic HR development and cost management.

Example:

A hospital conducts periodic HR audits to ensure all medical staff complete mandatory training, thus aligning with healthcare compliance standards.

## HR Accounting: Audit Process

Human Resource Accounting (HRA) involves measuring and reporting the cost and value of human capital within an organisation. The HRA audit is a detailed examination of human capital investments' cost-effectiveness and strategic value. It ensures alignment with organisational goals and statutory requirements. Following are the steps in the HRA Audit Process:

1. **Planning the Audit**
   - Define objectives and KPIs (e.g., attrition rates, HR cost)
   - Identify data sources such as payroll and training logs.
2. **Data Collection and Analysis**
   - Gather cost-related data: recruitment, compensation, training.
   - Apply valuation models (e.g., Present Value, Opportunity Cost)
3. **Compliance and Risk Assessment**
   - Ensure legal and accounting compliance
   - Assess risks from workforce mismanagement

4. **Performance Evaluation**
   - Evaluate productivity and ROI of HR investments
   - Benchmark HR spending against industry standards
5. **Reporting and Recommendations**
   - Generate reports on workforce valuation
   - Recommend HR strategy improvements
6. **Implementation and Follow-up**
   - Apply audit findings to HR policy
   - Review progress periodically for continuous improvement

**Benefits of HRA Audit**

- Enhances transparency in human capital reporting
- Strengthens strategic HR planning
- Optimises costs and improves returns on workforce investments

**Conclusion**

This module emphasizes the strategic role of HR in managing outsourced services, maintaining accurate records, and ensuring accountability through HR accounting and audits. These practices enhance operational efficiency, legal compliance, and informed decision-making. By integrating these systems, organizations can better manage their human capital and support sustainable growth.