



Uttarakhand Open University, Haldwani

MS 301

School of Management Studies and Commerce
Human Resource Planning



Block I Introduction to Human Resource Planning

Block II Job Evaluation and Analysis

Human Resource Planning



Block – I

Block Title- Introduction to Human Resource Planning

Block – II

Block Title- Job Evaluation and Analysis

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Course Contents

Course Name: Human Resource Planning

Course Code-MS 301

Course Objective: The main aim of the course is to give the student understanding of how planning is done for better long term requirement of human resources in the organization.

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Unit II Macro and Micro Human Resource Planning

Unit III Process of Human Resource Planning

Unit IV Demand Forecasting in HRP- Methods and Techniques

Unit V Supply Forecasting in HRP- Methods and Techniques

Unit VI Productivity, Technology and Human Resource Planning

Block II Job Evaluation and Analysis

Unit VII Job Evaluation

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Block III Human Resource Planning: Recruitment, Selection and Induction

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Block IV Trends and Issues in Human Resource Planning

Unit XVII Human Resource Information System

Unit XVIII Human Resource Costs

Unit XIX Human Resource Accounting and Costs

Unit XX Emerging Trends in Human Resource Planning

Suggested Readings:

1. Bhattacharya, Deepak Kumar – Human Resource Planning, Excel Books.
2. Aswathapa, Human Resource and Personnel Management Text & Case, TMH.
3. Paranjpe Vivek , Strategic Human Resource Planning – (Allied Publisher)
4. D.J. Bell – Planning Corporate Man Power
5. Stainer, Gareth, HRP - Manpower Planning.
6. Jyothi Venkatesh – Human Resource Management, Oxford

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Block I
Introduction to Human Resource Planning

UNIT 1 HUMAN RESOURCE PLANNING- CONCEPTS, OBJECTIVES AND SIGNIFICANCE

- 1.1 Introduction
- 1.2 Objectives
- 1.3 Concept of Human Resource Planning
- 1.4 Linkage of Human Resource Planning to Business Planning
- 1.5 Hard and Soft Human Resource Planning
- 1.6 Approaches to Human Resource Planning
- 1.7 Factors influencing Human Resource Planning
- 1.8 Objectives of Human Resource Planning
- 1.9 Significance of Human Resource Planning
- 1.10 Limitations of Human Resource Planning
- 1.11 Where, how and by whom is human resource planning carried out?
- 1.12 Summary
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- 1.14 Reference/Bibliography
- 1.15 Suggested Readings
- 1.16 Terminal and model questions

1.1 INTRODUCTION

In this unit, you will study the concept and definition of human resource planning, linkage of human resource planning and business planning, hard and soft human resource planning, approaches to human resource planning, factors influencing human resource planning. You will also study the objectives of human resource planning, significance of human resource planning, limitations of human resource planning and process of human resource planning etc

1.2 OBJECTIVES

After reading this unit, you will be able to

- Know the concept of Human Resource Planning.
- Link Human Resource Planning to Business Planning.
- Understand Approaches to Human Resource Planning.
- Identify Factors influencing Human Resource Planning.
- Assess Significance of Human Resource Planning.

1.3 CONCEPT OF HUMAN RESOURCE PLANNING

Human resource or workforce planning is the process, which forecasts the requirements of human by an organization for accomplishment of the strategic objectives. **Bulla and Scott (1994)** has defined human resource planning as a systematic process to ensure appropriate identification and satisfaction of human resource requirements of an organization. A different perspective of the definition of human resource planning can be seen in the words of **E.W Vetter (1997)**. According to him human resource planning is a process, which helps an organization to move from its current manpower status to its desired manpower status. The definition further states that the management of an organization attempts to have the right number type of people at the right places at the right time through manpower planning. Vetter has opined that without effective human resource planning, both the organization and its people fail to attain desirable objectives. According to Human resource planning has been defined as integrated approach by **Leon CMegginson (2000)**, by which the organizations plan the future performing by understanding the overall performance targets and putting such targets in the estimated number of employees in the organization.

Human resource planning is based on the belief that people are an organization's most important strategic resource. It is generally concerned with matching resources to business needs in the longer term, although it will sometimes address short term requirements. It addresses human resource needs both in quantitative and in qualitative terms. This means answering two basic questions: 1) how many people? and 2) what sort of people? Human resource planning also looks at broader issues relating to the ways in which people are employed and developed in order to improve organizational effectiveness. It can therefore play an important part in strategic human resource management.

Though, the concept of HRP can be found synonymous with manpower planning; yet, most of the recent literatures have preferred to the term 'HR' rather than manpower planning. This is not only for consciously promoting gender equality, but because of the concept of the past of manpower planning, which was a more centralized, mechanistic, number crunching type of process. It is found in the research literature of the past that the concept of human resource planning has always been concentrated more on quantitative aspects only and qualitative

aspects have been deliberately ignored in such concepts. According to **Bramham (1994)**, key features of human resource planning are:

- Human resource planning is a conscious process
- It is an explicit process.
- It is analytical, purposive and forward looking process
- It is also dynamic, aggregate and quantitative process.

In different words, HR planning experts have considered the future of human resource requirement in a mechanistic and structured manner. Their focus was mainly concentrated to identify the areas of intervention based on the result of analysis of the supply and demand of people in the organization. Such priorities have led to the evaluation of possible sources of human resource supply. This also involves an evaluation of the various options that are associated with the supply. Therefore, from an overall perspective, the traditional concept of manpower planning has intended to be a process, where an aggregate and quantitative exercise has been the main prepositions. This approach has not emphasized that much on qualitative dynamics of human resource planning. Workforce disaggregation into sub-groups based on grade, occupational segmentation, level of skill and expertise etc. has been also found very common there

1.4 LINKAGE OF HUMAN RESOURCE PLANNING TO BUSINESS PLANNING

It is strongly believed by strategic experts in business that without appropriate human resource planning, effective business planning cannot not be planned and executed. Therefore both are considered as closely integrated with each other. The concept of business planning, also known as strategic planning is a process, which always attempts to understand the projected changes in the patterns and scales of organization activities in the short, medium and long runs. The practice can be explained in the following manner. An organizational strategic planning attempts to identify the core competencies of an organization and accordingly decides the required skills and behavioural requirements. It is a sequential process, where all the actionable points are found to be implemented one after another. However, human resource planning has also been found to have major influence on business strategy, which is a reverse and very common trend, now a days. Because, human resource planning provides very significant input to business strategy in the forms of people development and deployment needs of the future. Eminent scholar in the discipline **Quinn Mills (1983)** has indicated that human resource planning process is based on a decision making, which combines three important activities. According to him, human resource planning has most important priority to identify and acquire the right number of people and such people must possess proper skills. Secondly, human resource planning indirectly plays

significant role in motivating these people for consistency high performance and finally, creates interactive links between business objectives and people planning initiatives.

1.5 HARD AND SOFT HUMAN RESOURCE PLANNING

Human resource planning has been segregated between 'hard' and 'soft' aspects. The basis on the hard aspects of human resource planning is mostly of the quantitative analysis. Through quantitative analysis is focused on estimating and ensuring the supply of in order to ensure the right number of the right sort of people. The soft aspect of human resource planning can be explained as creation and shaping of organizational culture. In other words, soft aspect of human resource planning integrates the corporate goals, employee values, beliefs and behaviours, which can be synonymous with the overall concept of human resources management. *Marchington and Wilkinson (1996)* in their research has highlighted this integration aspect and have held the effectiveness of human resource planning responsible for organizational effectiveness. Therefore, it can be concluded that the concept and practice of human resource planning is indeed prioritized with broader issues of quantification of human resource needs, followed by skill evaluation of such needs.

1.6 APPROACHES TO HUMAN RESOURCE PLANNING

Human resource planning based researches have identified significant relations between the planned business strategies and demographic trends. Such significant relationships have been identified at the phases of demand forecasting, supply forecasting, forecasting requirements and action planning.

- Demand forecasting is the first and most important process component, which estimates future needs for people and competences. However, in the process of such estimation three major considerations cannot be avoided, for example corporate plans, subsequent functional plans and different activity levels in the organization.
- Supply forecasting is another major process component of the human resource planning process. Supply forecasting is the process, by which supply of people from available sources, both present and future are evaluated. To forecast the supply of people for the organization, detailed observation of labour market trends relating the availability of skills and to the demographics are required to be done.
- Forecasting requirements: It analyses the demand and supply forecasts to identify future deficits or surpluses, with the help of models where appropriate.
- Action planning: It prepares plans to deal with forecast deficits through internal promotion, training or external recruitment. If necessary, plan for unavoidable

downsizing so as to avoid any compulsory redundancies, if that is possible. Develop retention and flexibility strategies.

All these components have always remained interrelated, though found to be separate components.

1.7 FACTORS INFLUENCING HUMAN RESOURCE PLANNING

The factors effecting human resource planning can be described through following factors:

- 1) Internal factors
- 2) External factors

Internal factors effecting human resource planning include strategic leadership influence, workforce scenario, management practices etc. Leadership influence includes the strategic and functional priorities in terms future plan of the top management, the strategies and policies of the organization pertaining to workforce adjustments and realignments etc. For example, an organization can prepare the policy of workforce realignment in futuristic situations based on balancing between internally and externally sourced employees. Workforce scenario can also be an important factor in-terms of status of employee turn-over, absenteeism, competency level of the organizational workforce etc. Management practices include, training and competency development initiatives, succession planning etc. External factors those influence human resource planning include regulatory environment, talent availability in the employment market, industry positioning and socio-economic condition of the place or industry cluster, where the organization is located. For example, regulatory environment influences the organization in terms of deciding about filling up certain positions in specific ways such as through reservation policy compliance, composition of workforce etc. Availability of the talent in the external market also influences the planning initiatives in the ways of cost of staffing, choosing between ‘make or buy’ options etc. Even, the positioning of the organization in the specific locations or clusters influence human resource planning to a great extent by influencing the training and induction practices, cost of staffing practices, career progression practices, practices of specific talent management strategies in the competitive market scenario.

From these factors following components of human resource planning can be identified.

- 1) **Workload evaluation:** This indicates the evaluation of present and futuristic workload situation in an organization. Different techniques are used to predict the future workloads and the gap is analysed in comparison with present workload. Such workloads are forecasted along with strategic and business decisions made at the top and middle levels in the organization.

- 2) **Workforce analysis:** This is the practice, where the available workforce of the organization is evaluated to understand the potential skill gaps, which the organization is presently experiencing or can encounter in short or long term future. Human Resource Information System (HRIS) is a popular source, which is commonly used to have an overall picture of available manpower of the organization.
- 3) **Absenteeism:** This is voluntary non attendance at work, without valid reason. It is a major factor, which influences the human resource planning in the long term.
- 4) **Employee turnover:** This is the tendency of employee separation from workforce due to resignation, dismissal etc. Employee turnover has also significant influence on human resource planning to make such initiative more appropriate.
- 5) **Recruitment and selection:** These are the outcomes of human resource planning, though the policy priorities in terms of 'make or buy' decisions, composition of workforce etc. plays important role, those connect human resource planning to staffing initiatives.
- 6) **Training and development:** Training and development is considered as important factor influences HRP decisions, mainly in choosing between 'make or buy' decisions.
- 7) **Overall business plan and time-lays:** Overall strategic business plan and time lays play important role in influencing human resource planning in an organization.

1.8 OBJECTIVES OF HUMAN RESOURCE PLANNING

In a recent study by *Institute of Employment Studies (2016)*, it has been observed that almost 20 percent less organizations in Europe are currently practicing Human Resource Planning than ten years before. The study observed that turbulent business environment, complex work systems and other issues have forced these organizations to abandon the practice. However, still majority of organizations across the globe still believe in human resource planning, citing the same reasons. The general observation reveals that, organizations practice human resource planning for the following objectives:

- i) To prepare the plan for recruitment and retention of the people in the organization according to organizational requirements in terms of quantity and quality.
- ii) To predict the turnover tendencies of the employees and making necessary plan and policies to restrict large scale employee turnover in future. Filling up the vacancies can also be done in the process.
- iii) To plan and support the needs of the employee requirements at the time of organizational expansion, diversification or even downsizing etc.

- iv) To plan and support the policies and procedures of allocating or reallocating the existing employees and future employees in the situation of quantitative and qualitative impact on the organizational skill maps due to technology changes.
- v) To update the workforce in terms of improved standards skill sets ,knowledge dynamics, ability, performance related discipline etc.
- vi) To evaluate the surplus or shortage of human resources and take measures accordingly.
- vii) To maintain healthy industrial relations by maintaining optimum level and structure of human resources
- viii) To take initiatives to reduce the imbalance in the organization due to sudden, unpredicted developments impacting employee dynamics in the organization.
- ix) To make the best use of its human resources; and
- x) To estimate the cost of human resources.

The objectives, discussed above indicate the strategic and functional aspects of human resource planning of an organization. For example, the objectives of meeting the needs of expansion and change management, maintaining congenial industrial relations etc. can be considered as strategic objectives of the human resource planning, whereas the other objectives are the parts of functional initiatives of the organization. From a review of literature, it has been found that there are number of objectives, which facilitate the human resource planning in an organization. These can be classified into two groups:

1. The foremost objective can be related to planning for substantial reasons, i.e. to have a practical effect on optimizing the resources and making them more flexible; to acquire and develop new skills, where those are required; to identify the potential problems; to minimize the chances of bad decisions involving cost and resource utilisation etc.
2. The another objective can be related to process benefits including to regain/maintain some sort of corporate control on the operating units, to understand present in order to confront the future, to link HR plans to business plans; to allow explicit decisions which would allow later change; to ensure long term orientation in plan and processes.

Historically, human resource planning is influenced by two main drivers. These are supply shortage and the need to improve the utilisation of workforce. Human resource planning grew in 1960s and 1970s, when demand was not a constraining factor in many countries, though supply was a concern to a great extent in many industries. Unemployment level was low in developed economies and moderate in developing countries and technology was first progressing. Employers of the public and private sectors were mainly focused on right recruitment and training of the workforce.

Interest was mainly centred on recruitment planning, retention and wastage management. The early proponents of human resource planning developed increasingly sophisticated models to forecast the human resource needs, but the entire effort was done during the era of relatively stable economic prosperity, mainly in the prosperous nations. However, the serious concern for shortage of human resource shortages felt in 1980s across different parts of the world in different dimensions. The situation became extremely unpredictable due to change in the nature of competition, pattern of doing business, change in technology and business priorities, large scale restructuring of the organization, change in rules and regulations effecting human resource issues etc. Perhaps for the first time in the history of management practices, issues of quality exceeded the importance of quantity. In these situations, some patterns were observed in human resource planning in the organizations:

- 1) Organizations started thinking of developing their own human resource planning techniques, rather than standard formats.
- 2) These organizations also started more focusing on managing skill gap, rather than focusing on supply issues only.

Considering all the aspects, it can be said that since 1980s, in whatever forms or shapes, human resource planning emerged as one of the most discussed and practiced management practices in business.

Based on different observations, it can be said, human resource planning has been carried out with different objectives as follows, since late 1970s till now. These are:

1. Ensuring adequate supply of manpower as and when required. It has been found in many industries that the disruption in performance delivery is common due to the shortage of supply of manpower from time to time. Industries such as BPO, hospitality, healthcare, higher education, aviation etc. have been found to be worst hit due to the occurrences of such incidents. This has happened not only in developing economies, but the same trend is visible in many developed economies as well. Such shortage of supply of manpower can occur due to different reasons, some of which are controllable, and some are uncontrollable to a great extent. For example, shortage of appropriately skilled manpower can happen due to improper forecasting of manpower requirement and in such situations, management mostly blames on the unforeseen developments, though most of such developments should be considered in a proper planning initiative. Uncontrollable developments include the issues of sudden shortage due to employee absenteeism, turnover, separation etc. Whatever, the situation may be, the foremost objective of human resource planning is to forecast and ensure the adequate supply of manpower on time.
2. Ensuring proper use of existing manpower in an organization is another important objective of human resource planning. It has been found that in many organizations, distribution of workload and allocation of tasks are not been done according to the available manpower. The frequent complains of excess workload due to improper

distribution of work, or shortages of manpower are quite common. It is also a common phenomenon that in many organizations, employees are found to be underworked. In both the situations, the organizations can face the difficulties of several natures, which can ultimately effect the organization in terms of customer service quality or resource wastage. An appropriate human resource planning can prevent such a situation to a great extent.

3. Another significant objective of human resource planning is to forecast future requirements of the human resources with different levels of skills. It is found that an organization employs people with different and diverse skill levels. However, appropriately defined skill sets for different roles in right numbers in future is a trivial task for the planners, to make the entire show run in the organization. Otherwise, role experimentations seem to be very common and that can cause poor performance, problem of dissatisfaction, wastage of human resource etc.
4. Identifying surplus or shortage of manpower is another major objective of human resource planning. This aspect is related to the organization's future and the requirement of human resource accordingly. Scholars use different situations like up scaling or downscaling of businesses or the issues related to the organizational life cycles also impact the requirements of people in the organization. A proper, scientific human resource planning has an important objective to address these issues.
5. Another objective of human resource planning is to anticipate the impact of changes in business environment, such as technology, market demand, regulations, mergers and acquisition, divestment etc. on the number of people required in the organizations. As explained earlier that since late 1970s, and more specifically, 1980s, the changes in the business environment have been found to be more faster than ever before. With the emergence of modern technology and international business relations and competitive scenario, the same can be found to have grown at a phenomenal rate. In such a situation, the possibilities of inappropriate human resource forecasting has become more prominent. Therefore, the objectives of forecasting and allocating people in the fast changing business environment has become a major objective.
6. Controlling human resource already deployed in the organization, through proper career planning, reward mechanism, training planning etc. is another major objective of the human resource planning. Proper human resource planning is able to understand and forecast the needs of skills and competencies of the future and can identify the thrust areas to improve the same. Related major HR decisions such as training, compensation, career planning, staffing etc. are therefore dependent on the inputs provided by the human resource planning.

1.9 SIGNIFICANCE OF HUMAN RESOURCE PLANNING

It is well accepted that human resource planning is a strategically significant function in any organization. The debate became more prominent among two opposite sides on the role and contribution of human resource planning in the times of change. Many organizations have believed that the human resource planning has lost the relevance in the time of uncertainty and change, when almost everything has become uncertain. However, many other organizations have reemphasized on the human resource planning in their own ways. For example, organizations like Virgin atlantic, Unilever etc. have reinvented the practices of human resource planning by making the mechanism and system more suitable for their organizational needs. The organizations, who have accepted the significance of human resource planning have either made the process multi-layered involving more than one techniques for forecasting of people requirement at different levels in the organization, or have linked the practice to the organizational dynamics by involving different predictive factors beyond hr only. However, the significance of human resource planning can be classified into different areas:

1. Strategic significance of human resource planning
2. Operational significance of human resource planning

Strategic significance of human resource planning can be explained in the following manners:

- i) As human resource is considered to be most crucial and doubtedly most complicated and costly resource in the organizations, it's management through strategic planning seems to be a strategic priority for most of the organizations.
- ii) Most of the organizations run on the systems, which could integrate the people in such systems and processes properly. For example, an organization in the ways of upscaling or downscaling, intends to integrate people of the organization in different ways. The integration or the involvement may be in the form of skill integration or nature of workforce composition etc. Without appropriate human resource planning such initiatives might not yield desirable results.
- iii) Human resource planning provides detailed plan in terms of positive, negative aspects of the competency scenario in the organization and also predict the needs of future competency requirements. Such inputs help the organizations to decide their HR policies and strategies according to business requirements.

In other words, the human resource planning provides valuable inputs for organizational sustainability, change and growth initiatives.

From functional perspectives, the significance of human resource planning can be explained as follows:

- i) Despite growing unemployment, there has been shortage of skilled workforce in many countries. Many industries in developed and developing economies are facing acute skill shortage. Human resource planning provides the valuable

feedback to HR department and other line departments to get prepared to encounter such situations in future in advance.

- ii) Human resource planning is the first step among HR initiatives, which attempts to provide sufficient inputs and directions regarding future staffing practices, future workforce, future training scenario, future initiatives on retention and development of employees etc.
- iii) Human resource planning has also the significance of identification of skill shortage and deficits in the organization, in the present or future scenario. Accordingly, the management is compelled to assess critically the strength and weaknesses of its employees and personnel/HR policies on continuous basis. In turn, organizations take corrective measures to improve the present situations and to address the future issues as well.
- iv) Human Resource planning can contribute significantly towards seeing the possible hick-ups or problems and consequences of any major change initiatives, those can be planned and implemented in the organizations. Consultations, Organizational Development interventions can be initiated accordingly to mitigate such challenges and to integrate the resisting workforce in the process of transformation.
- v) It has been found that in many organizations, human resource planning inputs have helped the management to design a detailed career progression strategy for the employees. Subsequently practices such as performance appraisal, potential appraisal, succession planning etc. have been given formal shapes. A study by DGP, a global think tank on organizational innovation in management practices, has shown that almost 334 medium size organizations of North America, has adopted more modern and formal HR practices after engaging themselves in the human resource planning initiatives.
- vi) Another functional significance of human resource planning is that, it creates the possible spaces and lead times to initiate the required steps to be taken by the management in terms of HR deliverables. As human resource planning is a future oriented process and it involves futuristic planning, it indeed provides all possible scopes and opportunities to initiate or avoid the decisions.

On the basis of research conducted by the Institute for Employment Studies, following significance of human resource planning can be explained.

- Human resource planning has been identified as a significant contribution towards optimization of resource usage in the organization. The study further observes that the process also significantly contributes towards flexible situation specific initiatives to make the people dynamics devoid of bad situations.
- The study has also indicated that human resource planning helps the organizations to decide for the present in the situation of the future. It means, that most of the

decisions pertaining to present day HR activities can be shaped with the help of human resource planning, where the futuristic orientation plays a major role.

- The research further observed that effective human resource planning plays the role of bridging the gap between different line and staff departments or units or SBUs of the organization. It becomes imminent as human resource planning and subsequent decisions and action plans involves most of the departments, strategic business units etc.



Check Your Progress- A

Q1. What do you mean by Human Resource Planning?

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Q2. What is workforce analysis in human resource planning?

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Q3. What are the various factors influencing Human Resource Planning?

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1.10 LIMITATIONS OF HUMAN RESOURCE PLANNING

The limitations of human resource planning can be identified as follows:

- 1) In the perspectives of traditional concept and practice of human resource planning, it is considered as all-embracing, structured process. But, in reality, human resource planning has remained a continuous activity.
- 2) Presently, many sophisticated techniques of human resource planning have become popular. But, still none of such techniques can be considered absolutely accurate and full proof. This is due to external contingencies and uncontrollable developments.
- 3) Human resource planning can be most effective in an organization, where starting from planning stage to repercussions, an unparalleled coordination prevails. This is indeed a difficult task in a large scale organization.

1.11 WHERE, HOW AND BY WHOM IS HUMAN RESOURCE PLANNING CARRIED OUT?

It has been observed that there are circumstances that predispose certain organizations to plan their human resource requirement. Based on these assumptions, many scholars have classified organizations into certain categories such as labour intensive and capital intensive organizations. According to contemporary studies, human resource planning in labour intensive industries are relatively simpler organization structure, labour intensive organizations can complete human resource planning more easily. Whereas, most of the capital intensive organizations running on SBU structures need to consider and incorporate different considerations. Following table presents the dynamics of human resource planning from term and organizational level perspectives in general.

	Short term (< less than a year)	Medium term (1 to 5 years)	Long term (> 5 years)
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Level	Deployment, Job filling, Restructuring	Human resource budget	
Corporate	Senior appointments	Graduate recruitment, business planning, succession planning	
Sectoral			Industry/occupational forecast

The above illustration provides the simplified description of the range of resourcing and human resource planning processes. The above table shows that impact of short term initiatives towards human resource planning at the functional level has always been found with deployment, job filling and restructuring and the mid term, its all about graduate recruitment, business planning etc.

Finally at the sectoral level, focus remains on industry and or occupational forecasting effecting the entire organizations.

However, who the actors are and what their involvement is, depends on the issue and the priorities of the moment. Senior managers are the people, who are concerned and responsible for corporate level planning of human resource. For the functional and lower levels, input is required from the supervisors. At the industry level, it depends on the senior most people in the sectors to understand and take the decisions. Therefore, it can be said that organizations at some time or another, may be involved in all aspects of human resource planning. with the probable exception of However, sectoral forecasting might have been an exception.. Therefore, it will not be an exaggeration to say that individual organizational circumstances and the particular needs play very significant role in this regard. Few other things also play important role, such as the timeliness of such planning, the engaged parties in the process and the specific context of such planning initiatives. Even, the techniques to be adopted can not be separated from circumstances.

1.12 SUMMARY

Human resource planning intends to forecast the need of people in the organization in future. It covers both quantitative and qualitative aspects of the forecasting of the requirements of people. Human Resource Planning is a strategic function, which is related to business planning of an organization. Such linkage between human resource planning and business planning is based on different decision points. While, human resource planning is an essential component of strategic planning of an organization, it's hard and soft aspects also need to be

understood. Hard aspects of human resource planning indicate quantitative aspects, whereas soft aspects of human resource planning encompass the whole gamut of HR planning. However, different factors such as macro and micro environmental factors play the crucial role in planning human resource requirement in future.



1.13 GLOSSARY

Human resource or workforce planning- It is the process, which forecasts the requirements of human by an organization for accomplishment of the strategic objectives.

Business Planning- The concept of business planning, also known as strategic planning is a process, which always attempts to understand the projected changes in the patterns and scales of organization activities in the short, medium and long runs.

Hard aspects of human resource planning- The basis on the hard aspects of human resource planning is mostly of the quantitative analysis. Through quantitative analysis is focused on estimating and ensuring the supply of in order to ensure the right number of the right sort of people.

Soft aspects of human resource planning- The soft aspect of human resource planning can be explained as creation and shaping of organizational culture. In other words, soft aspect of human resource planning integrates the corporate goals, employee values, beliefs and behaviours, which can be synonymous with the overall concept of human resources management

Workload evaluation: This indicates the evaluation of present and futuristic workload situation in an organization. Different techniques are used to predict the future workloads and the gap is analysed in comparison with present workload. Such workloads are forecasted along with strategic and business decisions made at the top and middle levels in the organization.

Workforce analysis: This is the practice, where the available workforce of the organization is evaluated to understand the potential skill gaps, which the organization is presently experiencing or can encounter in short or long term future. Human

Resource Information System (HRIS) is a popular source, which is commonly used to have an overall picture of available manpower of the organization.

Absenteeism: This is voluntary non attendance at work, without valid reason. It is a major factor, which influences the human resource planning in the long term.



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1.15 SUGGESTED READINGS

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1.16 TERMINAL QUESTIONS

- Q1. Define Human Resource Planning
- Q2. Explain the key features of human resource planning

- Q3. 'Human Resource Planning is a strategic function'-explain the statement in the context of business planning
- Q4. Identify the factors, which should be considered to prepare the human resource plan for an organization.
- Q5. Explain the component aspects of human resource planning.
- Q6. Discuss different factors to be considered for preparing a human resource plan for an organization.
- Q7. Explain different objectives of human resource planning.
- Q8. What are the strategic and operational significance of human resource planning?
- Q9. Human resource planning cannot be perfect in all senses and it has several limitations. Explain with practical examples.
- Q10. Responsibility of human resource planning lies with different stakeholders in an organization. Please explain.

UNIT 2 MACRO AND MICRO-LEVEL HUMAN RESOURCE PLANNING

2.1 Introduction

2.2 Objectives

2.3 Background

2.4 Major impacts on macro-level and micro-level human resource planning

2.5 Summary

2.6 Glossary

2.7 Reference/Bibliography

2.8 Suggested Readings

2.9 Terminal and model questions

2.1 INTRODUCTION

In the previous unit you learnt that Human resource planning intends to forecast the need of people in the organization in future. It covers both quantitative and qualitative aspects of the forecasting of the requirements of people. Human Resource Planning is a strategic function, which is related to business planning of an organization. Such linkage between human resource planning and business planning is based on different decision points. In this unit you will understand background and major aspects of macro and micro-level human resource planning.

2.2 OBJECTIVES

After reading this unit you will be able to;

- Understand Background of Micro and Macro Level Human Resource Planning.
- Assess Major impacts on Macro-level and Micro-level Human Resource Planning.

2.3 BACKGROUND

Micro and macro level human resource planning are two different major aspects of human resource planning. Micro level planning means the planning, which is done at a smaller level, say at an organizational level. Whereas, macro-level planning is considered to be a planning conducted in the view of a whole industry or country. Therefore, both type of planning are distinctive in nature based on their scopes only. However, in both cases, planning revolves around estimation of human requirements in a futuristic situation. Following are some of the similarities and differences of micro and macro level planning.

- 1) Macro-level planning is the process, where requirement of manpower at the industry, sector or national level are estimated. Whereas, it's mainly an organization, where planning is concentrated in case of micro-level planning.
- 2) At the macro-level planning, factors such as future economic trends, social priorities etc. are taken into consideration and accordingly skill mapping is done, where futuristic skill needs are taken care of. Based on such prediction of future trend, the supply and demand related aspects are considered. Whereas, at micro-level planning, forecasting is concentrated in an industry. However, in micro-planning, factors like internal availability, supervisory skills etc. are taken into consideration.
- 3) Both macro and micro-level planning needs accuracy in outcomes. However, the chances of accuracy in forecasting of manpower at the micro-level planning has always remained high.
- 4) Macro-level planning is a more decentralized process than micro-level planning, though an element of central coordination is required for both type of planning.

Scholars have however explained the relationship between macro and micro-level human resource planning in the more practical context. The most popular and common proposition of macro-level planning has been identified as the alignment between the administering HR with overall organizational mission and organization's strategic plan. Moreover, such proposition also examines the employee-management policies and procedures and their effect on human resource planning. It is observed and practiced that macro-level human resource planning drives the micro-level human resource planning, which develops and implements the tactics needed to help the organization achieve the strategic objectives. From the micro-level planning perspectives, it is also examined or reviewed that the business has the appropriate number of employees with the appropriate mix of knowledge, skills and abilities in the proper areas and departments.

How to undertake macro-level and micro-level human resource planning in the situation of recession: In case of both macro and micro-level planning, contingencies pose serious challenges as such developments create the situations more turbulent and unpredictable for an human resource planner. However, recession is a global phenomenon now a days. Recession can be defined as general economic slowdown over a long period of time. Recession can effect the entire economy, a part of the economy, a specific industry or sector etc. In case of

recession, an organization can also get severely affected and the immediate impact can be seen in their HR related practices. . It has been found from recent recessions at some of the globally competitive economies that consumers starts losing confidence in the economy of a country and it's impact suddenly became visible in the general spending patterns. Such tendencies cause large scale fall in demand and subsequently fall in production targets, lower utilization of company resources, lay-off of employees, loss of jobs, increased multi-tasking for existing people in the organizations etc.

From the perspectives of HR in organizations, recessionary tendencies cause direct impact on nature of job roles. It has been found that during recession, some of the jobs are eliminated causing loss of employment for a large number of people. Some of the employees become overloaded with work as different related roles are merged and few new jobs are also created, leading to fresh, though restricted hiring. . In connection with workforce reduction new work places design is needed. Some jobs will be cancelled, some added and some will be put together. The employee has to Obtain new skills, and usually work load is higher. Putting some jobs together force human resource department to remake career plans.

It has always been found that an organization badly affected by recession faced several challenges in maintaining balance between cost aspects and long term sustainability. One of the most difficult considerations, an organization normally interacts is the present need to cut costs and to plan in such a way that its long term strategic priorities are not compromised. For the same purpose, the HR managers normally prioritize the investments based on the fundamental understanding that not all the investments create equal returns. Unless HR managers, like many other resource managers, is able to plan in such a way, the organization may identify an areas where returns are poor and slowly withdraw investments from there. However, it is always recommended that the HR manager and the top management talks to each other periodically and finding out the ways to strategic plans for increasing the return from HR portfolio.

It is no secret that the high talented employees or multi-skilled employees are most critical to a company's success. Companies can find one way to decrease recruitment cost is to have multi-skilled employees. Retention of multi-skilled employees help to reduce manpower dependence, and the overall sum of all the multi-skilled employees is greater than the same number of equal number of specialist. The advanced knowledge, experience, and skills that such employees have represent the most viable strategic competitive advantage that a successful organization has. Talented employees continuously need new challenges and goals they can achieve, and a continuous supply of information and resources they can use to solve business problems.

Compensation practices should be revised during a recession so that they are adjusted with the needs of employees. Where the incentive based bonuses may be too costly for an organization to pay they can use other strategies. The companies can implement flexible work schedules which not only provide a desired benefit to employees but may also reduce the costs of the company. Investment in healthcare benefits can allow a company to achieve a competitive advantage that it can sustain after the recession, enabling the organization to

more easily attract talented employees when labor demand improves. Stress management may also help an employer to reduce its long-term employee medical costs. Such strategies that can both maximize employee return and decrease employee cost will provide significantly improved returns on HRM investments.

HRM professionals should give strong consideration to increasing resources allocated to training and development during a downturn. The managers should design training and development programs that are in line with employees' needs and the skills required to perform job tasks. This can be more easily accomplished if managers first ensure that workers and their associated job roles have the appropriate fit as previously recommended. Lack of motivation in employees will not improve organization's business in any way. Motivation can be either intrinsic which is self-generated that will influence the employees or extrinsic which is all about rewards, promotion and so on. Effective training and development programs will also consider how each generation of employees uniquely prioritizes its needs. An employer should utilize training and development programs that improve the workplace flexibility of its managers as well.

Communication should definitely be one of the focus points during the recession metrics. Open communication should be administered because without this, the informal grapevine would then be the ultimate source of the company. Communication minimizes rumours, which if not managed properly, can lead to grave consequences. The face-to-face communication such as briefings by managers and small group meetings is a more appropriate technique for dealing with a subject as traumatic as downsizing.

Employee Relations involves the body of work concerned with maintaining employer-employee relationships that contribute to satisfactory productivity, motivation, and morale. Employee's relations can be encouraged to reduce the overall cost of the organization by involving employees. It is important that how HR manages the relation with employees so that employee should feel proud and gain a sense of ownership. In order to get through the rough times and keeping the right people actively engaged, performing well, and keeping them on board requires business owners of all sizes to use all the tools at their disposal.

During recession, HR manager has to act as a democratic leader. He should also try to combine the organizational and employees interest and adopt situational leadership style as well as humanistic approach for leading the employees to achieve the organization goals. Following are few recommendations for HR Manager to deal with employees during recession:

- The HR managers should focus on the succession and contingency plans.
- Maintaining employer-employee relationships that contribute to satisfactory productivity, motivation and morale.
- Rewards and recognition is one of the best tools to motivate employees.
- Flow of Communicate should be from top to down that will help in making conducive atmosphere within the organization
- Identifying the real key employees and focus on the continual development of employee knowledge to retain them.

- Human Resources have to be ready to provide necessary data to the Organization, solving the initial problems with the recession.
- Design new efficient HR policies, processes and procedures to ensure that they are purposeful and contribute directly to the success of the company with minimum cost.
- Consistent and committed leadership helps employees overcome organizational change caused by downsizing.
- Increase brainstorming sessions with top management and contribute in their strategic planning.
- Review the employee performance evaluations to determine the key people that the company cannot afford to lose.

In other words, human resource planning at the macro-level attempts to integrate the initiative to the organizational corporate strategy. Human resource planning at the macro-level is integrated with strategic planning through the acquisition of employees to achieve future organizational goals. This includes an analysis of the current workforce and how it can be improved to best achieve these goals. Through the objectives of strategic planning, human resources can prepare the organization's future workforce. Strategic planning supports the direction a company wants to take. This relates to the organization's vision, mission and its strategic objectives. Goals can be loosely or narrowly defined, but more defined company goals usually lead to better planning and attainment. Macro-level human resource planning analyzes the competencies or abilities of the current workforce and compares them to future requirements. It attempts to meet future demands by attracting, retaining and training quality employees. Strategic planning cannot exist without human resource planning. For macro-level human resource planning to be effective, the organization's future plans and objectives must be communicated or understood. The plans and objectives will have a direct impact on future employment needs. To assist in realizing objectives, the organization must prepare for a future workforce. Macro-level human resource planning adds value in the following ways:

- Macro-level planning is the process, which identifies the issues from broader comprehensive perspectives. Many of such issues have not been identified before.
- Macro level planning attempts to study such issues of the organization, which not only effect individual performance but also the overall organizational performance framework. These are all underlying issues, those must be addressed for effective business performance

The areas of interventions in such cases can be classified into two categories.

The first of these areas can be identified in the existing scenario of the organization or the factors influencing the organization currently. Also, the developments around the industry, those can effect the industry in future also can be identified. The second areas of intervention can be macro-level plans, policies, strategies and basic fundamental areas, which are essential to understand in such a situation of macro-level implementation. Such intervention areas may include succession planning, workforce planning, Workforce

planning issues, employment equity planning etc. Micro-level planning is the planning, focusing on a specific unit of business etc. However, no micro-level planning can be implemented without referring macro level planning. It can be said that each micro-level planning element is somehow related to macro-level planning related issues. The direct implications of micro-level planning on HR issues, which are related to macro-level planning are fair treatment of the employees, pay levels and salary structures for hiring and retaining talented employees, ensuring a practice of alignment between line and staff departments in all aspects of HR related matters etc. Consistent performance management practice with clearly drafted plans and policies and steps taken for competency development are also some of the major areas of repercussions of micro-level planning too.



Check Your Progress- A

Q1. Identify the difference between macro and micro-level planning?

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Q2. How macro-level and micro-level planning contribute to the forecasting of the human resource requirement.

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2.4 MAJOR IMPACTS ON MACRO-LEVEL AND MICRO-LEVEL HUMAN RESOURCE PLANNING

Organizations take account of and plan for changes in the wider environment, which are likely to have major impact on macro-level human resource planning:

- One of the major areas, which cause serious impact, is the general employment market scenario in terms of demographic and remuneration levels in industry.

- Another important factor, which causes impact on macro level planning is the change in the patterns of organizational culture that can influence the future employment patterns of the organization. Changes in the employee relations climate
- Employee relations climate is another major area, which also influences major impact on macro-level human resource planning.
- Macro-level planning also gets influenced by the workforce pattern of an organization and vice versa. For example, practiced employment pattern such as adoptability of flexible staffing practice, on-roll and off roll employment trends etc.

Whereas, following factors have impact on micro-level human resource planning:

- The ground situation pertaining to supply of manpower also plays major roles in influencing human resource planning in an organization.
- Internal alignment between line and staff departments
- Organizational policy and strategy
- Organizational practices
- Career planning/succession planning

The human resource planning is a systematic process, which is integrated with broader organizational objectives. To achieve the objectives, planning should:

- Have a detailed and comprehensive consultation mechanism with all concerned stakeholders of the organization, especially in the situation of strategic priorities. This initiative definitely creates a positive environment, where the supporters of strategy create all possible facilitating mechanisms towards effective human resource planning implementation.
- To get the human resource planning accepted in principle etc., the benefits derived from previous such initiatives should be projected as examples. This creates positive impact on the entire scenario.
- Human resource planning can be effectively implemented, if the commitment is ensured as much as possible. This is to be ensured at all costs across the organization.
- Feedback on regular interval is a major requirement for effective implementation of human resource planning. The initiative should be taken by setting up required mechanism to get the regular feedback from the organization to ensure smooth flow of information and updated feedback.
- All outcomes should be planned in quantifiable terms and the same will help the organization to track and to monitor the progress regularly.
- Making human resource planning a part of induction process for senior managers can also bring qualitative changes in the entire process.

2.5 SUMMARY

Human resource planning is a strategic process, which comprises of different factors and influences on the process. It cannot be initiated without understanding the external environment and aligning the same with internal response strategy. Considering external environment is the process, which is known as macro-level human resource planning. Micro-level planning is about understanding the needs of organization's people requirement in the context of the same. Aligning both macro and micro level aspects of human resource planning becomes more challenging, especially in the unforeseen situations.



2.6 GLOSSARY

Micro level planning means the planning, which is done at a smaller level, say at an organizational level.

Macro-level planning is considered to be a planning conducted in the view of a whole industry or country.



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5. Mills, Quinn (1983), Planning with people in mind, Harvard Business Review
6. Institute of Employment Studies (2016), Human Resource Planning.



2.9 TERMINAL QUESTIONS

- Q1. What is macro-level human resource planning?
- Q2. What is micro-level human resource planning
- Q3. How macro-and micro-level human resource planning contribute to the forecasting of human resource requirement in and organization?
- Q5. Compare macro and micro-level resource planning in an organization.
- Q6. How to undertake macro-level and micro-level planning in the situation of recession?

UNIT 3 PROCESS OF HUMAN RESOURCE PLANNING

3.1 Introduction

3.2 Objectives

3.3 Steps of Human Resource Planning

3.4 Future of Human Resource Planning

3.5 Summary

3.6 Glossary

3.7 References/ Bibliography

3.8 Suggested Readings

3.9 Terminal and model questions

3.1 INTRODUCTION

In the previous unit you learnt about background and major aspects of macro and micro-level human resource planning. In this unit will help you to understand the steps of human resource planning and future of human resource planning in an organization.

3.2 OBJECTIVES

After reading this unit you will be able to;

- List the Steps of Human Resource Planning.
- Understand the Future of Human Resource Planning.

3.3 STEPS OF HUMAN RESOURCING PLANNING

Human resource planning is a complicated, but essential process in any organization. It demands the perfect blending between the quantitative measurements and qualitative understanding. However, no standard process of human resource planning can guarantee its effectiveness. However, some essential components of the human resource planning cannot be

ignored. Based on such essential components, a generally accepted process of human resource planning can be identified as here under.

Step 1: Business objectives/Business Plan	Positive orientation or negative orientation
Step 2: Forecasting of activity levels	Role analysis
Step 3: Analysis of requirements: numbers, skills and behaviours	Quantitative and qualitative dimensions of human resource requirements
Step 4: Demand forecasting	Time frame, aspects, break-ups of human resource demands by applying different techniques
Step 5: Supply forecasting	Internal vs. external supply analysis
Step 6: Action planning	Necessary actions to be taken

Step 1: Business objectives/Business plan: Human resource planning starts with organizational objectives. Organizational objectives, also can be explained as business plan can explained as the future directions of the business, the organization is planning. It can be a positive or negative phenomenon. Positive phenomena might be expansion of business through opening of new branches, facilities, units, departments or adding new capacities in future. However, negative phenomenon might be withdrawal or downscaling of business through closure of the existing branches, facilities, units, departments etc. There can be the situation, where expansion is followed by negative developments such as the capacity enhancement has been planned with technology up-gradation, which may cause downsizing of manpower in the organization.

Step 2: Forecasting of activity levels: This indicates the analysis of activities to be carried out in the context of either positive or negative objectives. In both the situations, activities are required to be mapped, which will identify the priority activities, clubbing of activities etc. Such forecasting can be done through role analysis, where the possible roles in the new situations are required to be understood properly. Priority roles are those roles, which can be considered as essential and key roles to run the organization in the upcoming situations. For example, an organization is planning for expansion by setting up new divisions in new locations. In that situation, activity levels can be identified as overall management of the new divisions, marketing and customer relations roles etc.

Step 3: Analysis of requirements: Once the roles are identified, the requirement of people is to be estimated according to the role requirements. People requirements means understanding the number and type of people in the organization. For example, once it is understood that a new division should require some roles, these roles should have been occupied or allotted to some employees. Requirement analysis indicates both quantitative and qualitative aspects of

such analysis of people requirement. Quantitative aspect indicates the number of the persons required and the qualitative aspects indicate the characteristics of such positions. As, it is said that a new division requires an overall divisional head, the person who will be appropriate for such role must possess certain qualities.

Step 4: Demand forecasting: Demand forecasting is the process, by which the numbers and qualities of the people required in future in the organization can be systematically estimated. An effective demand forecasting needs to be time framed and meticulously planned. Different techniques are used for the same. Some of the techniques are considered as conventional techniques, such as expert opinion, group discussion, trend analysis, ratio analysis etc., whereas, more contemporary techniques are such Delphi technique, work-load analysis, linear regression, mathematical model etc. The above methods of forecasting of human resource requirement is however, practiced according to short-term and long-term methods. Short-range forecasts usually grow out of normal budgetary processes. Manpower budgets and projections are generally based on estimates of work-loads (production schedules, passenger loads, expansions or contractions in operations), whereas, long term forecasting is done mostly with mathematical and statistical models. Unlike forecasting short-term needs, which generally involves necessary adjustments, to assure that specific vacancies are filled, long-term forecasts are more general in nature.

Expert opinion is one of the oldest methods of human resource planning. Under this method, expert's opinion is sought on number and quality of people required in an organization in future. Expert opinion method is also known as managerial judgment technique in management. This is the oldest and still widely and very common technique for forecasting of employee demand in the organization. However, this technique cannot be used effectively in large organizations and mainly used in small and medium size organizations. Both 'bottom-up approach' and 'top-down approach' are applicable for this type of technique. Under the 'bottom-up approach', line managers send their departmental requirement of human resources to top management. Top management ultimately forecasts the human resource requirement for the overall organization on the basis of proposals of departmental heads. Under the 'Top-down approach', top management forecasts the human resource requirement for the entire organization and various departments. Once such information is generated, the same is disseminated to different departmental heads to get their views and opinions. Combining both the approaches, a new approach can be developed, which is termed a 'Participative Approach'. Participative approach has been found to be an effective technique to forecast human resource requirements in the organization for long time. Participative approach ensures that the senior or top management meets the respective department heads and finalize the human resource needs in the organization. A practice of unanimity is therefore followed under such approach.

Group discussion method is also a common technique, where the concerned group of people sits together and discusses and decides about the tentative number and type of people required in the given situation. However, few problems persist under this method. People involved in the process might not be equally interested in the discussion or few persons in the group can dominate the entire discussion and their opinions get priorities than the opinions of the others.

To overcome this problem, Delphi technique became popular technique in employee demand forecasting.

Delphi technique is also an important and popular technique based on opinions. However, it is different from expert opinion method as it takes into consideration the collective opinion given by a group of participants, mainly managers. This process is continued several rounds until all members of the group independently give their opinions and finally agree on estimated human resources requirement. However, to effectively implement the method, following aspects should be taken into consideration. For example, experts should be selected from such diverse backgrounds across the organization, who possess knowledge or expertise relevant to the human resource forecasting. Discussions or opinions should be sought from the participants on key forecasting concerns, variables, problems and developments through scrutiny of the organization's strategic position and accordingly a list of specific human resource forecasting questions or issues can be prepared. Work-load analysis is another technique, which is one of the more popular and scientific methods in forecasting the employee demands in the organization. This technique is suitable where the estimated work-load can be easily measureable and quantifiable. Under this method, prediction is done on estimated total production and activities for a specific future period. The organization at the same time has the detailed information about employee productivity. Based on these two two aspects or dimensions, the estimated number of manpower required in the organization is calculated. For example an organization produces 30000 units of goods per month. Based on the existing manpower and productivity record, the average employee productivity per month is 10 units per month. Therefore by dividing 30000 units by 10 units, the organization can predict the requirement of 3000 employees in the organization for that month. Another quantitative approach, viz., linear regression analysis, may also be used to estimate the manpower necessary at a future point in time, based upon such factors as sales, output or services rendered. For example, if an organization is expanding, it is likely that more executives will be needed. If there has been a satisfactory relationship in the past between the size of the executives and the number of customers, linear regression may be a useful method for estimating the number of teachers needed for expansion. Mathematical models are used in manpower forecasting are based on selected key variables that affect the organization's overall manpower needs. Some models contain both internal and external variables. For example, a model incorporating the following factors might be used to forecast overall employment in an organization:

$$E_n = \frac{(L_{agg} + G) \frac{1}{X}}{Y}$$

where E_n is the estimated level of manpower demand in n planning periods (e.g., years); L_{agg} is the overall aggregate level of current business activity in rupees and, G is the total growth in business activity anticipated through period n in today's rupees.

X is the average productivity improvement anticipated from today through planning period n (e.g., if $X = 1.80$ it means an average productivity improvement of 8%).-

Y is an conversion figure relating today's overall activity to manpower required (total level of today's business activity) divided by the current number of personnel). It reflects the level of business activity per person.

The major purpose of this model is to predict E_n , the level of manpower necessary in n periods. Before putting the number into the model, estimates of G, X and Y must be made." Such estimates may be based on the previous experiences of management, as well as on future strategic choices to which the organization's decision-makers are committed. The application of a personnel (employment) forecasting model depends heavily on obtaining accurate estimates of total growth (G), average productivity improvement (X) and conversion ratios (Y) (e.g., one employee per Rs 50,000 in sales). Suppose we wish to estimate the number of salespersons necessary in 2000. We may use the relationship between sales and the number of salespersons we have today as a starting point. Let's assume that we currently have Rs 1,000,000 in sales today (L_{agg}). We also assume that by 2000 our sales will increase by Rs 500,000 in today's rupees (G, rupees adjusted for inflation), that there will be no increase in productivity ($X = 1.0$), and each of today's employees can support Rs 50,000 worth of sales (X). If we substitute these values into the formula we obtain

$$E_n = \frac{(L_{agg} + G) \frac{1}{X}}{Y}$$

$$E_{1999} = \frac{(\text{Rs } 1,000,000 + \text{Rs } 500,000) \frac{1}{1.0}}{50,000}$$

$$E_{1999} = \frac{(\text{Rs } 1,500,000)^8}{50,000} = 30 \text{ salespersons}$$

Trend analysis and ratio analysis are other two popular techniques of human resource forecasting. **Trend analysis** is more appropriate for an existing business because it requires historical staffing data to make future staffing predictions. This creates a relationship between past and future staffing needs by linking the two using a performance or financial metric called an operational index. A service business, for example, might base future staffing requirements on the number of customers each customer service representative effectively handled in the past, while a retail business might compare sales volume per sales employee. A new business, or one having less than five years of historical staffing data, often uses a ratio analysis forecasting technique. **Ratio analysis** uses elements called causal factors that can be linked to and help predict future staffing needs. A business might identify production or sales volume as a causal factor and estimate, for example, that it needs one customer service representative for every five clients or one production line worker for every 5,000 widgets. If projections determine the business will handle 500 clients or produce 500,000 widgets over the coming year, forecasting sets demand at 100 employees for each.

Step 5: Supply forecasting: Supply of employees according to the human resource requirement is the next major step in human resource planning. Analysis of human resource supply can be done through internal and external sources. A forecast of internal supply is derived from examining the kinds of human resources internal to the organisation, the demographics of those resources (especially years until retirement), and the stability of the people presently employed. This process may include a job analysis, which is a systematic study of what is done, when, where, how, why, and by whom in current and predicted jobs. The job analysis can be used to write job descriptions and job specifications. A job description is a written statement of job duties and responsibilities. A job description frequently includes working conditions, and the tools, materials, and equipment used to perform the job. A job specification is a list of the skills, abilities, education, experience, and other qualifications needed for the job. The job analysis may include a human resource audit. A human resource audit is a listing of the strengths and weaknesses of current personnel. For example, such an audit may uncover weakness in the information technology skills of current employees at a time when the organisation is entering a computer system intense business. Once managers have forecast internal supply, they are in a position to forecast external supply. As with forecasting internal supply, this includes a review of skills, abilities, education, experience, and other qualifications needed for the job. Especially if the organization has always hired locally, this forecast may have implications for training to fill gaps. From the forecasts and the comparisons of supplies and needs, the organization is in a position to correct the imbalances. If there is a surplus in the organisation, management needs to decide the value of the human resources to the enterprise and if it will carry a surplus until normal turnover and retirements correct the situation.

Step 6: Action planning: If there is a huge imbalance and if management cannot tolerate the costs of carrying the surplus personnel then it might resort to involuntary pay cuts, part-time work, early retirements, and terminations. Alternatively, if there is a shortage of human resources in certain areas, cross training and hiring seem to be the only alternatives (Fordyce and Weil, 1978).



Check Your Progress- A

Q1. What is positive orientation in business plan?

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Q2. What is negative orientation in business plan?

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Q3. What is role analysis?

Q4. How role analysis is relevant in human resource planning?

Q5. Explain the quantitative dimensions of human resource forecasting?

Q6. Describe the qualitative dimensions of human resource forecasting?

Q7. Identify different techniques of demand forecasting.

Q8. What is internal and external supply analysis?

Q9. What is action planning?

3.4 FUTURE OF HUMAN RESOURCE PLANNING

It has been seen that human resource planning has waxed and waned with the state of labour market. When the supply has been tight, the need to minimize wastage has been an important objective. This has usually coincided with an economic boom, which has encouraged future optimism. Hopes of expansion have meant that resources have had to be mobilized which, with a shortage of supply, meant planning ahead. There was recognition that the economic cycle would turn downwards, but planners expected that this could be anticipated such that any workforce reduction could be handled relatively painlessly and efficiently. Human resource planning has also followed the fortunes of corporate planning. It was consistent with the scientific management model of organizations, where control of events was seen as both possible and desirable. It fitted situations where the exercise of this management was centralized and only limited power was developed.

The international scenario today exhibits few signs of the above picture. Whilst there may be pockets of labour shortage, feelings of job insecurity combined with high levels of unemployment have resulted in a less than buoyant position. Pessimism is more common than optimism amongst managers, or perhaps it is more accurate to say that they are cautious over future prospects. Most have been, or are, coping with the effects of downsizing; not a context which is conducive to worrying about the resignation rate or planning staff requirements for five years hence. Job reductions have been coincided with organizational devolution. In the transfer of corporate power to operating businesses, the manpower planning responsibility has often been mislaid, or the skills to do it lost. The final nail in the coffin has come from 'post modernist thinkers' who stress the behavioural aspects of work. So, on the other hand, the drive to empower staff and harness their energies works against the determination of human resource planning, on the other hand, the stress on cultural and political nature of decision making challenges the assumption of rationality in planning of any sort. The result is the perception of instability; that change is a constant companion that must be welcomed however unsettling this might be. This situation is an anathema to planning. Yet it has been seen that there are organizations who continue to plan or who are starting again. However, human resource planning outcomes are not always perfect. There are examples, where ineffective human resource planning caused experienced and valuable staffs to leave the organizations in greater numbers than desirable. However, there are still many examples, where human resource planning has caused significant contribution to the organization. In such situations, human resource planning has been found to be highly responsive to the turbulent environment, such planning and implementation were seemed to be based on modified assumptions etc. . Moreover, such processes have been seen to recognize organizational fluidity around skills that allowed flexibility in supply to be included. Therefore, certain preconditions must be considered before designing and executing human resource planning such as using scenario based demand planning at the macro level by concentrating on key variables. Such planning should attempt to find a method which if not validates, at least exposes the assumptions upon which plans are based in case that is based on manager's best guesses. Use of knowledge of the demand/supply balance for informing critical HR processes such as succession planning and fresh hires is another major determining criteria. In favourable times, investigation should

have been carried out on the state of appropriate labour markets in order to make whatever policy adjustments are required. The HRP techniques should also be used wisely in resourcing projects, particularly in judging the effects of change. Finally, human resource planning should not be over ambitious in its objectives. However, human resource planning may act as corporate caution in reminding organizations on the over emphasis given at the time of business booms and over conservatism during the time of business crisis in terms of either recruiting or terminating employees. In this context, the aspect of possibilities of mergers, acquisitions etc. should also be considered, which are mostly seemed to be unpredictable in the long run. Therefore, human resource planning, in the future, is likely to stronger, if as with other aspects of human resource work, it can get closer to the business agenda and influences, as well as reflects its imperatives.

3.5 SUMMARY

Steps of human resource planning comprises of setting of business objectives/business plan, forecasting of activity levels, analysis of human resource requirements in terms of numbers, skills and behavioural requirements, demand forecasting and supply forecasting. Future of human resource planning is also discussed in terms of economic situations around and in international business situations.



3.6 GLOSSARY

Expert opinion method is also known as managerial judgment technique in management. This is the oldest and still widely and very common technique for forecasting of employee demand in the organization.

Demand forecasting is the process, by which the numbers and qualities of the people required in future in the organization can be systematically estimated. An effective demand forecasting needs to be time framed and meticulously planned.

Group discussion method is also a common technique, where the concerned group of people sits together and discusses and decides about the tentative number and type of people required in the given situation.

Delphi technique is also an important and popular technique based on opinions. However, it is different from expert opinion method as it takes into consideration the collective opinion given by a group of participants, mainly managers.

Trend analysis is more appropriate for an existing business because it requires historical staffing data to make future staffing predictions.



3.7 REFERENCES/ BIBLIOGRAPHY

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3.8 SUGGESTED READINGS

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2. Aswathappa, A. (2010), Organization Behaviour, Himalaya Publishing House



3.9 TERMINAL QUESTIONS

Q1. 'Human Resource Planning is a systematic process to forecast human resource requirement' in an organization"-explain with brief description.

Q2. Explain the steps of human resource planning.

Q3. Human resource planning is related to business plan of an organization-explain with practical examples.

Q4. Write short notes on following topics:

- i. Role analysis
- ii. Trend analysis
- iii. Work-load analysis
- iv. Delphi technique,
- v. Group discussion
- vi. Expert opinion

Q5. How the macro-economic environment influences the human resource planning of an organization?

Q6. Describe in brief the human resource planning considerations in international business scenario.

UNIT 4 DEMAND FORECASTING IN HRP- METHODS AND TECHNIQUES

- 4.1 Introduction**
- 4.2 Objective**
- 4.3 Concept of HRP**
- 4.4 Objectives of HRP**
- 4.5 Features of HRP**
- 4.6 Concept of HR demand**
- 4.7 Factors affecting HR demand forecasting**
- 4.8 Importance of demand forecasting**
- 4.9 Methods of demand forecasting**
- 4.10 Summary**
- 4.11 Glossary**
- 4.12 Answer to check your progress**
- 4.13 References/Bibliography**
- 4.14 Suggested Readings**
- 4.15 Terminal Questions**

4.1 INTRODUCTION

To accomplish the objectives decided human resource is necessary to use by the organization. The fulfilment of all required human resource in the organization is carried out by HRP practices. HRP has two aspect as HR demand i.e. how many people are required to accomplish the set objective and HR supply i.e., how these human requirement is going to be fulfilled. Human resource planning identifies the need and sources of supply studied as HR demand and HR Supply. HRP thus provides the outcome as the right person at right place and at right time. HR demand provides the total no of workforce requirement within the organization to meet the organization objectives. The workforce required in the organization need to meet the criteria

of work thus specialization is required to secure while estimating the demand. The requirement gets influenced through the availability of resource in the market (labour market) from where resources will be available for organization. All other factors are also considered while estimating the HR demand.

4.2 OBJECTIVES

After reading this unit you will be able to understand;

- The factors influencing the human resource demand.
- Methods and techniques used in demand calculation.
- Benefits and limitation associated with each method of demand calculation.
- Labour market

4.3 CONCEPT OF HUMAN RESOURCE PLANNING

It includes identification of the needs of organization in terms of human resource requirement and making the availability of that resource. The human resource planning can be understood with the help of HRP model.

The first step includes the collection of information from all the sources which impact the organization working. This includes external sources like economy, technology, competition etc and the internal sources providing the policy and working environment of the organization. Once the required information is received by the organization it looks forward for the human resource demand forecast. The demand generated for the organization is further fulfilled through the supply of the identified human resource demand through the internal as well as external sources. The supply and demand can further be modified as per the actual requirement and the progress policy in the organization. All these practices are verified by evaluating the action taken.

4.4 OBJECTIVES OF HUMAN RESOURCE PLANNING

To obtain the right person at right time at right place is the main objective of HRP. This leads to identification of the human resource needs in the organization, estimation of needs i.e., demand estimation and identifying sources to fulfil the requirement. The objectives of the HRP can be explained as;

- Human resource needs identification

- Planning to match human resource in the organization as per the organization competency requirement.
- Identifying the sources to meet the needs
- Finding the gap at current time and filling the through supply sources.
- Proactively planning for any contingency of human resource supply
- Attainment of organization objective through right person at right time at right place.

4.5 FEATURES OF HRP

Forward Looking Human resource planning is a forward looking function. It identifies the future requirement and accomplishes the requirement through identification of sources of supply.

In sync with organization needs HRP is synchronized with the needs of the organization. It serves with the required skilled source when the organization needs it.

In tune with corporate plan HRP get in tune with the corporate level plans. It serves the purpose of corporate policy while executing its plans.

Proactive Before the actual existence of the requirement through the futuristic approach HRP proactively provides the solution for HR concerns of organization.

Get qualified people at right time HRP objective is to provide right person at right time at right place. This get fulfil through availability of the qualified resource at right time.

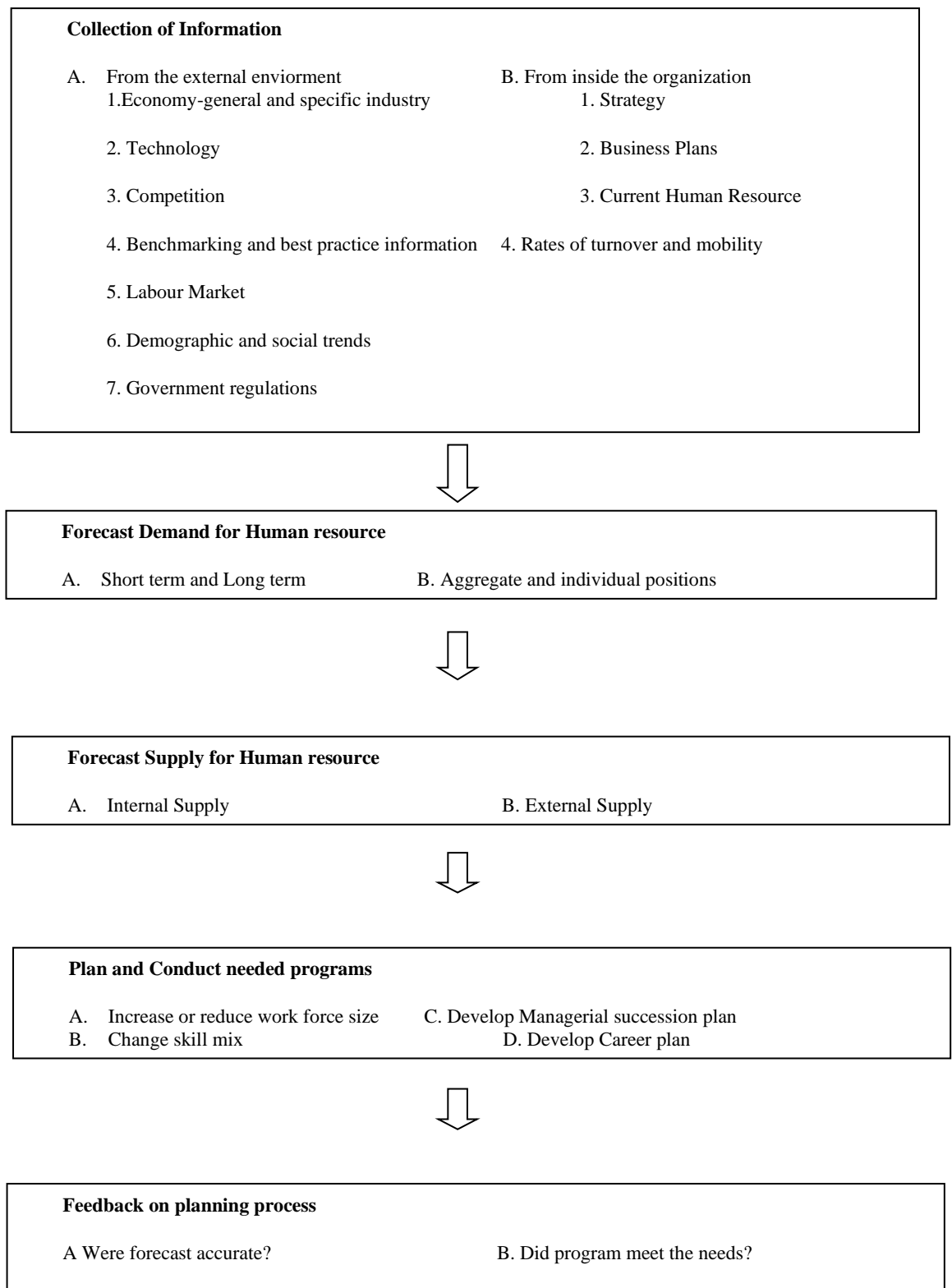


Fig-4.1 Human Resource Planning Model

4.6 CONCEPT OF HR DEMAND

The commencement of any business comes up with planning for the future to fulfil the objectives and attainment of desired outcomes. Thus the demand and the sources of supply studies are the part of HRP. The production targets can be accomplished through the required human resource. The competency and the total number of employee required together provide the HR demand of any organization.

The human resource planning has to meet the product thrust that is different individuals possess different demand thus to meet variety of product has to be served by the producer. This variety in production can be achieved by different competent and specialized human resource. Along with variety the producer has to fulfil the quantity demanded in the market as the consumers/user is increase. To furnish both the requirement organization decides at corporate level which is contributed by the suggestions from divisional level to functional level. All these planning finally contribute to HRP. The decision of competent and total number of workers required is called HR Demand.

Human resource demand can be classified as require and requirement. **Require** is the actual number of vacancies to be filled in the organization. **Requirement** is the number of candidate shortlisted out of which appropriate candidates are selected to fill the vacant positions.

4.7 FACTORS AFFECTING HR DEMAND FORECASTING

External challenges The challenges arise through three important sources;

Economic development The economic development of the nation leads to change in human resource compensation practices. With the modified practices the HR demand gets changed and the new resource requirement gets generated.

Political, legal, social and technical change Instability of the political scenario has impact over the organization practices. It may lead to the layoff, termination, retirement etc. situations in the organization. The evolve gap influences the HR demand. The legal scenario of the nation, the culture individual belongs to also create the specific requirement in the organization.

Technology change requires human resource to cope up with. The new skills set are required hence leading to creation of HR needs in the organization.

Competition Organization on the basis of their unique human resource (with unique competencies) is at *competitive advantage* to the other parallel firms. Thus competition leads to formation of organization with better human resource than the competitive firm.

Organization decisions Policy framework of organization and decision according to different situation leads to meet the Human resource needs.

Employment trend To determine the employment trend at least last five year employment get analysed. The trend may include the employee's organization leaving pattern, skills requirement generation etc. to estimate the future requirements.

Replacement needs Due to retirement, death, transfer, demotion, promotion different requirement generated in organization. To adjust with all these factors organization has to plan for the new replacing employees.

Productivity The fluctuating environment of the organization may incur new skills to implement the modern technology or modify the current process. For meeting the productivity challenges organization has to forecast the HR demand.

Absenteeism employee continuous absenteeism may lead to the leaving of job or the outcome of the organization gets hampered. Thus while calculating the future demand the current absenteeism is an important factor to consider.

Expansion and growth Increase in the organization outcome or the expansion of business has the requirement of more human resource to furnish the outcomes. The expansion or the growth strategy influences the demand of human resource.

4.8 IMPORTANCE OF DEMAND FORECASTING

The demand forecasting is important to the organization because;

- It provides solution for upcoming HR requirement.
- It quantifies the requirement with consideration of qualitative outcome. As under the job analysis skills set requirement is also considered while estimating the demand.
- It generates the replacement needs arises in the organization.
- In case of expansion or growth it helps in accommodating with the requirement of the organization.
- It ensures the effectiveness of the organization.

With all these purposes served by the HR demand the effectiveness and efficiency is dependent on the Hr demand forecasting practices of the organization.

4.9 METHODS OF DEMAND FORECASTING

4.9.1 TREND ANALYSIS

Trend Analysis provides organization's past human resource need fluctuations. This method studies the past trend of the firm's human resource requirement as to identify a set pattern under which the requirement falls. If the firm needs follow a specific pattern (trend) the same being projected for the coming future and the HR demand get projected.

For example:

2009-10 Production of Units : 10000

2010-11	No of workers	: 1000
	Ratio	: 1000:10000
2011-12	Estimated Production	: 1200
	No. of workers required	: $1000/10000*1200 = 120$

If supervisor has span of 20 workers, 6 supervisors are also needed in 2011-12.

4.9.2 WORKFORCE ANALYSIS

As the organization look for the retention of the employees, yet employees change the organization due to various factors. The total number of employees leaving the organization within a year is called HR Turnover. The turnover may be caused due to *Layoff*, *attrition*, *retirement*, *transfer* etc. The loss of manpower may also occur due to death of the employees as well. The workforce analysis includes all these factors of manpower loss (even also include the absenteeism of employees) to estimate the human resource demand for the future.

For example in banks the factors like Transfer, Retirement, VRS scheme (Golden handshake), termination, resignation, retrenchment, attraction in other banks etc are consider to estimate the require and requirement of human resource in the firm under workforce analysis.

4.9.3 EXPERT'S OPINION

Expert's opinion is informal way which is used to take opinion of the experts about the matter of their expertise. In this methods experts of the area (i.e. individuals' involved in the estimation of HR demand) from inside or the outside the organization are asked with their opinion about the demand in the future. This method is based on judgement and experience of the expert's about the matter.

The method proceeds with the gathering of the expert's in group and they examine the relevant aspects of demand. Then they set to discuss the matter and factors influencing the demand. On the basis of discussion among the expert's the conclusion gets drawn to calculate the HR demand of the organization. The discussion consist the opinion of the expert's according to their respective experiences and expertise. This method poses the benefits as the solution to the identification of required employees is -reached through the discussion among the expert's. The same also work as disadvantage because the opinion of the individual expert gets influenced through the point contributed by the other expert's in the process of discussion. Another disadvantage is that the discussion may be dominated by one individual expert. The result may not lead to the opinion gathering of all the experts involve in the discussion.

4.9.4 NOMINAL GROUP TECHNIQUE

It is small group discussion method including the experts of different organization level to draw conclusion. It collects information from individual respondents by the moderator to reach consensus. Expert participants are asked to prioritize the ideas and suggestion given by the group members. NGT is used when the consensus of the group has to be taken regarding any matter of concern.

In HR demand forecasting line managers, staff managers group being created to get the actual number of workers requirement as they are the individuals those have are involved at operation level. The technique includes the following step;

Generating ideas The moderator introduces the concern to all the discussion group members. All the members are asked to write their solution silently on the given question sheets. Each member generates an idea about the posed concern.

Recording ideas The moderator writes individual's ideas on a flip chart until each member idea get recorded. The idea is not modified until the member identifies the impact is deviating from the basic idea the member is willing to provide.

Discussing ideas The discussion is carried out for the each idea recorded. The discussion provides more clarity about the idea among the group members. Moderator also asks for further clarity creating the opportunity for the other members to clear their confusions regarding the idea generated.

Voting on ideas Individual group member asked to prioritize the idea separately. Moderator provides the instruction to the members for the prioritizing criteria. Individual than separately prioritize the idea under given index rank from 1 to 5. Every one rank one or the other idea as rank 1 and rest to other ranks till 5.

Moderator than identifies the frequency regarding the priority of ideas. On the basis idea getting highest priority among the available ideas is the most favourable idea. This idea is the most probable solution reached through the group members' consensus. The HR demand includes the similar pattern while calculating through NGT technique.

4.9.4.1 Advantages

- Provides higher ideas than any group discussion.
- Balance the influence of the group member by limiting power of opinion maker.
- Ideas reached as solution is already a consensus drawn among the group members.
- Encourages participants to encounter issues through providing more creative ideas.

- Prioritizing of ideas is through democratic manner.
- Provides greater sense of closure than group discussion.

4.9.4.2. Disadvantages of NGT

- Required preparation.
- It serves the purpose of single topic or concern.
- Minimizes discussion, thus elaboration of idea get restricted.

4.9.5 RATIO ANALYSIS

Ratio Analysis determines future resource demand based on ratio of number of employees need to assumed influencing factor. It is finding similar to the trend analysis but differ in terms as it does not required past years data to identify trend. It takes factors influencing the employee's numbers. It does not required past data study for analysis of the trend but the current ration of the influencing factor to the employee required is enough to estimate required no. of employees. Ratio analysis is beneficial in benchmarking organizations efforts to the competitive firm or with the industry. It also provides identification of strength and weakness of the firm as compare to competitive firms.

For Example:

Ratio Analysis on a Hypothetical Manufacturing Firm (25 Percent Growth)

Level 2009	Actual Employee Count	Est. 25% Growth Requirements for 2012
Plant manager	3	4
Department supervisor	15	19
Foreman	60	75
Machine operator	105	128
General labourer	306	383
Total	486	609

4.9.6 DELPHI'S METHOD

Wechsler characterises a 'Standard-Delphi-Method' in the following way: 'It is a survey which is steered by a monitor group, comprises several rounds of a group of experts, who are anonymous among each other and for whose subjective-intuitive prognoses a consensus is aimed at. After each survey round, a standard feedback about the statistical group judgement

calculated from median and quartiles of single prognoses is given and if possible, the arguments and counterarguments of the extreme answers are fed back...'. Method can be explained as;

- It is expert's survey of two or more rounds.
- Feedback starts from the second step onwards.
- The matter can be further access by the expert even after the opinion of other expert being received on the idea.

Delphi's method is applicable when long term decisions are to be taken for future. It reduces the tacit and complex statement into single statement. The process of Delphi method can be represented as;

The process starts from formulation of committee and management team. Management team required to prepare and formulate the statements and will be helpful for expert's panel to proceed. The process need to be pre-determined. The responded questionnaire is further provided to the experts' and the finally the discussion takes place among the panel members to reach to the results. The process provides the individual contribution without the influence of the other member of the panel. The result reach are properly discussed among the members with expert's consensus reached on the matter. The most important aspect of the Delphi method is the framing of the concern topic for receiving the ideas from the panel member. In case of the HR demand estimation the concern for receiving the expert's opinion is HR demand forecasting with the current situation description for the expert's panel.

4.9.7 SCENARIO ANALYSIS

The factors influencing the HR demand are many. To identify the actual demand all the factors impact must be study. The scenario analysis provides multiple estimates of future demand contingent to unique set of assumption and circumstances for each scenario. This method recognizes the uncertainties available in future. For example, forecasts are contingent upon the overall economic outlook of the firm's output. An organization could create three different estimates accordingly, one for a constant economic situation (e.g., zero growth), a second for some anticipated economic growth (e.g., five percent growth), and a third for the possibility of economic decline (e.g., five percent reduction).

Expert brainstorming helps to attain agreement on long range factors and impact of changes on the HR demand. Changes may include external as well as internal changes. The result will forecast for possible scenario that organization can expect. Generally there are three estimations are obtain , one at the level of continuance i.e status quo (no change from the current scenario), one with the best results or optimistic scenario and one with worst results or pessimistic scenario. While this method is the least effective in determining a single estimate of future HR needs. The steps involved in the method can be summarized as:

- Preparation of base
- Identifying and Selecting critical factors

- Fixing previous behaviour indicators
- Confirmation of future indicators
- Predicting the indicators
- Writing the scenario

4.9.8 THE SCATTER PLOT

It determines the relationship between business activity and the human resource level of the organization. If both factors are related the level of business activity will be able to determine the human resource requirement. For example: Legal alterations in healthcare system has created condition where two Indian hospital to be clubbed. Hospitals consists 500 beds each. Government planned that the combination can facilitate acute care (Hospital A), chronic and long-term care (Hospital B). Acute care requires registered nurses while the other requires the registered practical nurses. By the end of the calendar year Hospital A, 200 beds are required to be converted to chronic and long term care beds and same time 200 patient of hospital A are required to be transferred to Hospital B. The directors of nursing started calculate nurse's demand considering the relationship between hospital size (in terms of number of acute beds) and the number of RNs required. After placing telephone calls to their counterparts at eight hospitals in larger centres across the country, they obtain the following information:

Size of Hospital (Number of Acute Beds)	Number of Registered Nurses
200	240
300	260
400	470
500	500
600	620
700	660
800	820
900	860

To determine how many RNs would be needed the collected data being draw through scatter diagram. The drawn line that minimizes the distance between the plotted points as per the data is most likely estimation of the numbers of RNs required in the hospital. The scatter pot required careful plotting of the data along with identification of the line best

suit to the situation provided. The above data provides for the 500 bed the required no. of RNs is received as 500.

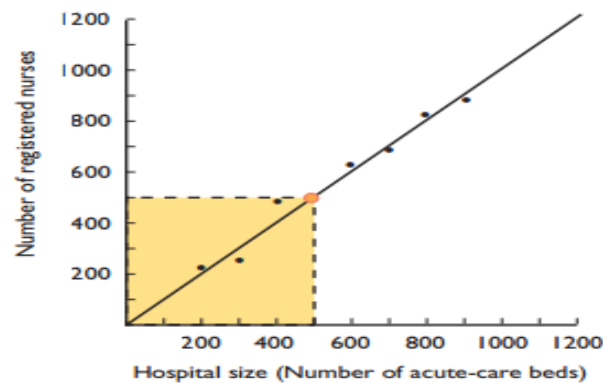


Fig 4.2 Scatter Plot

4.9.9 REGRESSION ANALYSIS

The statistical tool with the help of which we are in a position to estimate (or predict) the unknown values of one variable from known values of another variable is called regression analysis. Regression analysis helps in three important ways as;

- It provides estimates of values of dependent variables from values of independent variables.
- Regression analysis objective is to obtain the error involved in using the regression line as a basis of estimation.
- Regression analysis provides the degree of association between the two variables.

In estimation of the HR demand previous records provides influencing indicators of demand in the organization. With the identification of the factor the future demand of the organization can be estimated using the regression analysis.

Regression equation for HR demand forecasting can be represented as;

$$y=A+Bx$$

y =Manpower requirement }
 x =Production output } Variables

A = Minimum requirement }
 B =Regression Co-efficient } Constant

Simple linear regression model

$$y=A+Bx$$

$$A = \bar{y} - B \bar{x}$$

$$B = \frac{\sum xy - N(\bar{x})(\bar{y})}{\sum x^2 - N(\bar{x})^2}$$

With the help of the different variables of the organization HR demand the forecasting can be done using the regression method. For example: In the figures given below, possible relationships are examined to see whether they might prove useful for forecasting from the first, it is clear that manpower requirements are not closely related to investment. From the second, however, it appears that the number of engineers has in the past been closely related to the level of sales. If the relationship appears likely to be continued into the future, estimates of manpower required can be derived from prediction of sales levels.

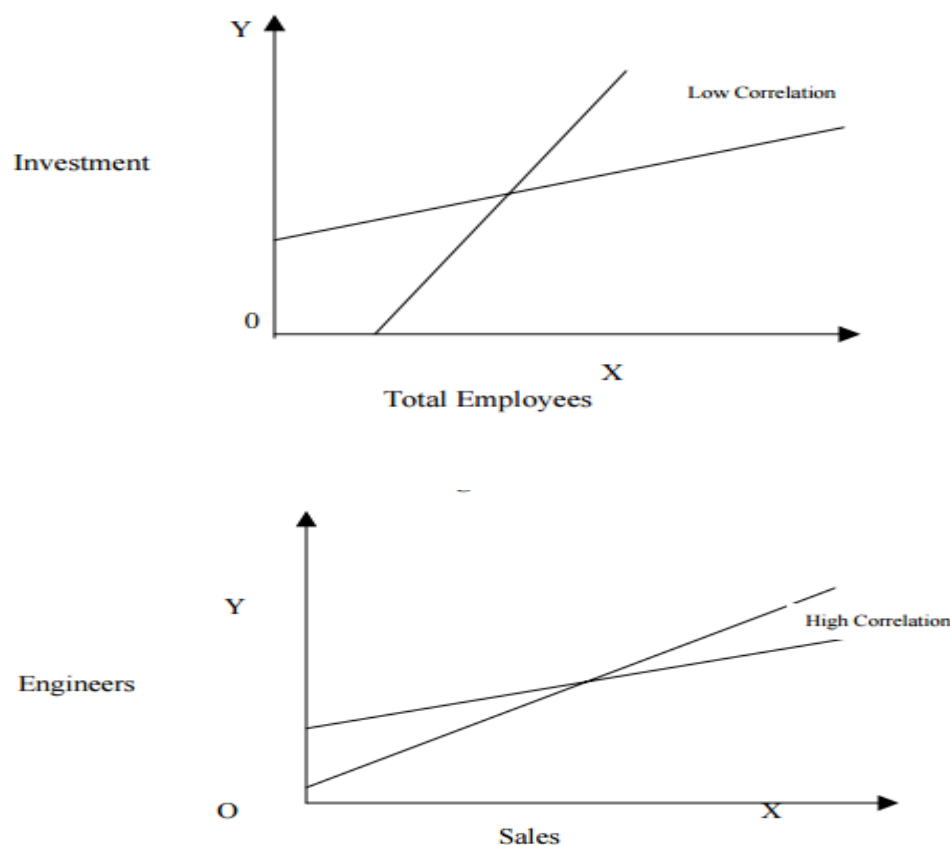


Fig 4.3 Regression Analysis

4.9.10 COMPUTERISED FORECASTING

It includes the inclusion of the factors influencing the HR demand of the organization. All these factors are get feed in the computer with reference to their relevant importance in the demand. With the help of identified relation among the factors and the HR demand the software

programme get develop. For any future purpose on the basis of the current scenario situation can be evaluated under the software and demand get estimated.

The past data of the company helps in generating a relation between the HR demand and the influencing factors and corresponding

4.9.11 ECONOMETRIC MODEL

It is used for the workforce different from statistical methods. Past data analysis is carried out to obtain the relationship between number of influencing variables in mathematical and statistical terms. To portray the relationships between different types of manpower requirements and measures of investment, profitability, sales, complexity and quality of the product, any other factors which may be thought important in a particular company, in terms of a single equation or more likely building a series of equations, which together described the various relationships with the help of econometric models. Very often, such models are based on simple and multiple regression analysis of the types described above.

4.9.12 WORKLOAD ANALYSIS

The requirement of the employees can also be determined through the workload analysis. The company tries to calculate the number of workers required according to the planned output or production for the future. It gives weight age to important factors such as absenteeism, idle time etc. For example:

Planned output of the year	60000pieces
Standard hour per piece	3 hrs
Planned hrs required	180000 hrs
Productive hrs per person per year (Allowing for absenteeism, idle time etc.)	1000(estimated on annual basis)
No of workers required	180

If span of control in the company is 20 per officer, then 9 officers are also required.

4.9.13 JOB ANALYSIS

The process through which the skills set requirement with the eligibility criteria for those skills and the standard of performance are obtain. These are covered under the heads as **job description, job specification, and job evaluation respectively**. The other methods are majorly able to evaluate the number of the Human Resource while not have any specifications for the specializations required. The job analysis method identifies requirement of the human resource as per the specialization or the departmental requirement.

Job analysis provides the requirement information regarding the specific area of work with the information of the resource competency requirement. The information related to the job can be obtained through;

Observation

Questionnaire

Interview

Checklist

Daily Diary

Past & present records/historical records

A combination of two or more of these

Above mentioned methods are time consuming but provide the result which minimizes the *role ambiguity* for the job holder. It assists in clarity of competency domain (knowledge, skills and attitude) for the job. It also assists in eligibility criteria assessment as describes all the specification of eligibility (e.g. education, experience, etc.)

Job analysis provides understanding of the performance to be carried out by the individual in the organization. It classifies the different responsibilities along with the different time requirement for the accomplishment of the work. Before the job analysis to carry information of the organization like vision, mission, objectives and the past historical data need to be study for the evaluation of the future demand in right order. Historical data provides assistance in identifying and setting norms for the working condition to construct.



Check Your Progress- A

Q1. True-False

- i. Delphi method provides less opportunity to have elaborated discussion of the matter of concern.
- ii. Expert's opinion result provides consensus of the all group members involved in discussion
- iii. The best fit line being considered under scatter plot.
- iv. Regression analysis provides degree of relation between the dependent and independent variables.

- v. The KSA stands for Knowledge, Skills and Attribute.

Q2. Multiple Choice Questions

- i. Which among the following is a factor influencing HR demand?
- a) Productivity b) Politics
c) Technology d) All of the above
- ii. Which method of demand forecasting separate idea about the concern being collected?
- a) Delphi b) Scenario Analysis
c) Expert's Opinion d) Ratio Analysis
- iii. Which among the following does not use statistical tools for demand estimation?
- a) Regression Analysis b) Scatter Plot
c) Econometric model d) Expert's Opinion
- iv. Temporarily removal of employee for unavoidable circumstances is called;
- a) Retrenchment b) Termination
c) Lay-off d) VRS
- v. Information related to job under job analysis can be obtained through;
- a) Observation b) Interviews
c) Check List d) All of the above

Q3. Fill in the blanks

- i. Forced lay-off of an employee usually for the cut down in payroll is termed as.....
- ii. The scatter plot obtained line isto the majority of the data regarding the variable and number of employee required.
- iii. Workload analysis identifies the HR demand on the basis ofto the productivity assessment.
- iv. Job specification provides information regardingof the candidate.
- v. Unique competency providesadvantage over the competing organizations.

4.10 SUMMARY

With the change in the requirement as per the business environment fluctuation the requirement of the human resource to get fulfil is very challenging. The HR demand provides solution to meet the acceleratory thrust as well as volume thrust future is bringing with it. Different methods or techniques used for the estimation of the HR demand provide solution to absorb the future shock available with new challenges. The concern of productivity, meeting the growth and expansion opportunity comes with the challenge of meeting the future HR demand. The demand forecasting meets the future requirement.

Different methods of demand forecasting provides opportunity to identify the future demand and mitigate the future shock of HR. Trend projection provides the past trend to be projected for the future. It provides easy step to reach the demand according to the historical procedure of the organization but fails to accommodate the new challenges if any exists in the business environment. Similar to the trend analysis ratio analysis calculates the demand without using the past records. It considers the influencing factors and the number of the required human resource get calculated. The work force analysis method estimates demand while considering the turnover, attrition, layoff any other ways of employees leaving organization. With advantage over the workforce analysis the workload analysis estimates the overall load of work at different level of work and calculates the employees demand.

Expert's opinion method receive the estimation through the experts' experience taken into account and receiving the demand. The method consist level of biasness included due to the influence on the idea of one expert by the other member expert. This being resolved using the Delphi's method through which individual expert idea as per their experience is separately collected and the best solution being reached without the interference or the influence of the experts' panel. NGT provides an opportunity to attain the consensus of the members of the group. It is helpful when every employees having representation in the group has to get satisfy for the final HR demand estimated.

Scenario analysis identifies different circumstances and the relevant assumption for those situations. With the understanding of the future situations and the corresponding identified assumptions the demand for the future is get estimated. It considers the fluctuations in the future and study of the scenario for estimation of HR demand. Along with the qualitative methods of demand forecasting several quantitative (statistical) methods are also used to estimate the HR demand. The scatter plot is one of the graphical methods using business activities plot against the influencing factors to evaluate the required human resource. The data is collected from the past records for plotting the graph and the plot being drawn. The scatter diagram tried to be converted to a most suitable linear format (i.e. major data must be close to the line) and the similar linear format being converted for the estimation of the future requirement.

Econometric model provides the study of past data with consideration to be similarly followed in the future. Different factors being together studied along with their impact on demand. The same being followed for the estimation of future related demand. For further specification of the HR demand with reference to specialization job analysis method get followed. It describes the competencies requirement as well eligibility of the human resource to be an integral part of the organization.

Statistical tool providing the relation of the dependent to the independent variable called regression analysis also used for the estimation of the HR demand. Regression analysis form the equation connecting the variables with their degree of relation and then the different futuristic values being kept to identify the demand. This is different from correlation in terms of capability to define the degree of relation among the variables. In modern technology the computerized software get prepared to estimate the demand for the future. Different variables are identified and the relation being developed as a part of software which can easily operate to get the future demand of HR.

All the methods used are to get the accuracy in meeting the future uncertainties. As we proceeds towards the new method previous methods limitations get overcome and the better estimation is obtain. The identified demand encourages the next level practice of HRP. The estimated demand further responsible to recognize the sources for supply.



4.11 GLOSSARY

Competency The combination of observable and measurable knowledge, skills, abilities and personal attributes that contribute to enhanced employee performance and ultimately result in organizational success.

Competency Domain The set of Knowledge, Skills and Abilities (KSA) posses by any individual called competency domain.

Competitive advantage The unique set of competencies, which makes one organization better than the other organization and provides advantage in the competitive market forms competitive advantage. The advantage received by the firm over the other on unique competencies is called competitive advantage.

Turnover Number of total employees left the organization in a period of a year is called HR turnover of the organization.

Layoff Due to the unavoidable situation temporary removing the employees or downsizing the organization is called Layoff.

Attrition Employee Voluntary leaving the organization of their own is called attrition and the rate at which they leave the organization in a year is called attrition rate.

Golden Handshake Employees takes retirement from their services before completion of tenure (as per the age bar set by the organization) get complete of their own is called Voluntary Retirement Services. Organization provides benefits for the VRS taken by the employee. The benefit provided under VRS conditions are termed as golden handshake.

Retrenchment Forced lay-off of employees by a firm, usually to cut down its payroll.

Role ambiguity Employees when not clear with their job responsibility, duties, are in the situation of role ambiguity. With the help of job description the role ambiguity get minimizes in the organizations.

Job Description It provides information regarding the duties, responsibilities, authority and working condition of the work to be performed by the employee.

Job Specification It provides the eligibility criteria for the job identified in the organization.



4.12 ANSWERS TO CHECK YOUR PROGRESS

Check Your progress- A

Q1.

- i. True
- ii. False
- iii. True
- iv. True
- v. False

Q2.

- i. d) All of the above
- ii. a) Delphi method
- iii.d) Expert's Opinion
- iv. c) Lay-off
- v. d) All of the above.

Q3.

- i. Retrenchment

- ii. Nearest
- iii. Effective Working hours
- iv. Eligibility criteria
- v. Competitive



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4.15 TERMINAL QUESTIONS

- Q1. What is Human Resource Planning?
- Q2. Explain the factors influencing HR demand estimation.
- Q3. Elaborate the different features of HRP.
- Q4. Write short notes on followings;
 - a) Delphi Method, b) Job Analysis, c) Objectives of HRP
- Q5. What do you understand from Demand forecasting? Why it is necessary for the organization?
- Q6. Differentiate between the trend analysis and ratio analysis. Explain the best method for estimating the HR demand
- Q7. Describe the process of Human Resource planning.
- Q8. “Experts’ opinion is biased as influence of one expert is available on other”, comment on the statement.
- Q9. Where the Delphi method is applicable? Explain the process and advantage of the method over the other methods of demand forecasting.
- Q10. Explain the method to determine the specialized employee requirement. Explain its advantages over all other methods of demand forecasting.
- Q11. Explain different methods of HR demand forecasting with suitable examples.

Q12. What do you understand by Human Resource Planning? Explain different features and importance of HR demand in HRP.

Q13. What do you understand from Nominal Group Technique? Write its advantage and disadvantages.

Q14. What do you understand by regression analysis? Explain the regression analysis for HR demand forecasting with its advantages.

UNIT 5 SUPPLY FORECASTING IN HUMAN RESOURCE PLANNING-METHODS AND TECHNIQUES

- 5.1 Introduction**
- 5.2 Objectives**
- 5.3 Concept of HR Supply**
- 5.4 Objectives of HR Supply**
- 5.5 Sources of HR Supply**
- 5.6 Forecasting methods of Human Resource Supply**
- 5.7 Choosing Forecasting Methods**
- 5.8 HR Demand and Supply Balancing**
- 5.9 Ethical Perspective of HR Supply**
- 5.10 Summary**
- 5.11 Glossary**
- 5.12 Answer to check your progress**
- 5.13 References**
- 5.14 Suggested Readings**
- 5.15 Terminal Questions**

5.1 INTRODUCTION

The human resource demand estimated through forecasting techniques need to be addressed by the organization to meet its objectives. The human resource demand get fulfil through the supply against the identified needs. The supply of the resource considers the strategic concerns of the organization policy. The supply calculation also provides the understanding of the sources through which accomplishment of the demand can be attain. The human resource supply helps in meeting the demand part of the HR resource. The identified gap fulfilling can be done through equating the demand side with supply side of the human resource.

5.2 OBJECTIVES

After reading the unit you will be able to understand;

- Concept of HR supply
- Sources of HR supply
- Methods of HR Supply
- Meeting the manpower gap
- Ethical perspective of the HR supply

5.3 CONCEPT OF HR SUPPLY

Once the estimation regarding the manpower requirement is accomplished the need for filling the gap gets generated. The human resource supply bridges the gap between HR demand and HR Supply through different sources. The supply of the resource can be accomplish from the organization internally or from outside the organization. The supply side of the HR tries to equate the demand part of the HR. Supply of HR not only concerns the number required but also considers the specific requirement of the job while selecting the sources of the supply.

The over and under supply situation in the organization comes up with the employment freeze and external sources for filling the demand requirement.

5.4 OBJECTIVES OF HR SUPPLY

The HR supply takes place after the estimation of demand and tries to fulfil the following objectives;

Attaining demand equality The basic purpose of the HR supply is to equate the demand side of HR to facilitate the continuity in the organization. With growth, expansion, and other employee's turnover perspective it facilitates the required human resource. It also equips the organization to cope up with fluctuating factors of its environment.

Minimizes productivity loss The fulfilment of demand minimizes the efficiency and the effectiveness loss which may occur due to lack of HR. It provides the proactive planning chance for meeting the demand of HR.

Providing competent employees The equating of demand side also consist concern for skills set required for the job profile for demand get generated. Through different methods of demand forecasting skills inventory being created for the requirement which is justified through supply.

Minimizes time loss The competent candidate minimizes the defect in performance and efficiency is attained. Proactive supply source identification minimizes the time loss may incurred if supply estimation is not planned by the organization.

5.5 SOURCES OF HR SUPPLY

The purpose of manpower inventory is to estimate the skills sets available and the number of manpower available in organization. There are two major sources of HR supply of any organization i.e., internal and external sources.

Internal Sources For meeting the demand requirement organization identifies who can be best possibilities among the current employees for the available vacant position.

External sources Organization sometimes require new energetic employees to be part of the organization. The available resources may be not able to meet the requirement of the vacant position thus the organization fulfil the requirement from external sources. When the demand is equal to the internal sources (considering the skills set required along with the numbers) the supply is done through internal sources. When the demand cannot fulfil internally external sources are used for supply. In any case when demand is lesser than the supply employment freeze can be opted by the organization.

5.6 FORECASTING METHODS OF HR SUPPLY

The supply of human resource is fulfilled through internal and external sources of supply. The internal forecasting provides the information that which employee will hold job in the organization along with the position. It provides the information like promotable employee, employee available for transfer and even the demotion possibility of any employee. The internal supply sources minimize the cost of obtaining HR from the external source. To determine HR supply different methods are discussed below:

5.6.1 FORECASTING METHODS OF INTERNAL SUPPLY SOURCES:

Before looking for the external sources organization tries to search for the potential candidates internally. The competency mapping of individual employees in the organization provides the information of potential candidates available internally for the available position. The internal HR supply source selection condition can be explained as;

$$\text{HR}_{(\text{Demand})} = \text{HR Supply}_{(\text{Internally})}$$

Assessment of internal supply is carried out through following methods;

5.6.1.1 Skills Inventory and Management Inventories

It consist the comprehensive details of employees' age, education, past performance record, experience, competency, expertise, promotion potential etc through which individual candidature can be evaluated. The inventory for middle level is covered under management inventories. Record summary identifies the qualification, interest, previous work performances, managerial capabilities evaluate the eligibility of individual to get promoted.

To utilise the inventory set of individual need to be maintain regularly. Continuous updating provides the current potential of the employee and the correct eligible candidate can be recognized. Any irregularity in inventory update will leads to incorrect eligibility determination and wrong person identification or internal resource will lose the chance to fill the HR demand.

5.6.1.2 Replacement Chart

Replacement chart is used to record the potential candidate suitable for different position at any point of time. It considers that the organization chart is constant as the change in organization structure and policy being assumed constant. For every position three potential candidate s are being identified under the chart. As depicted in Fig 5.6.1.2.1, for every position there are availability of two more candidate replacing the existing employee. It also provides their level of performance as well as the gaps in the skills to replace the current positioned individual. The current level of performance under different criteria is being quantitatively represented in the chart. It also depict the ladder can be followed by the employee within the organization promotion.

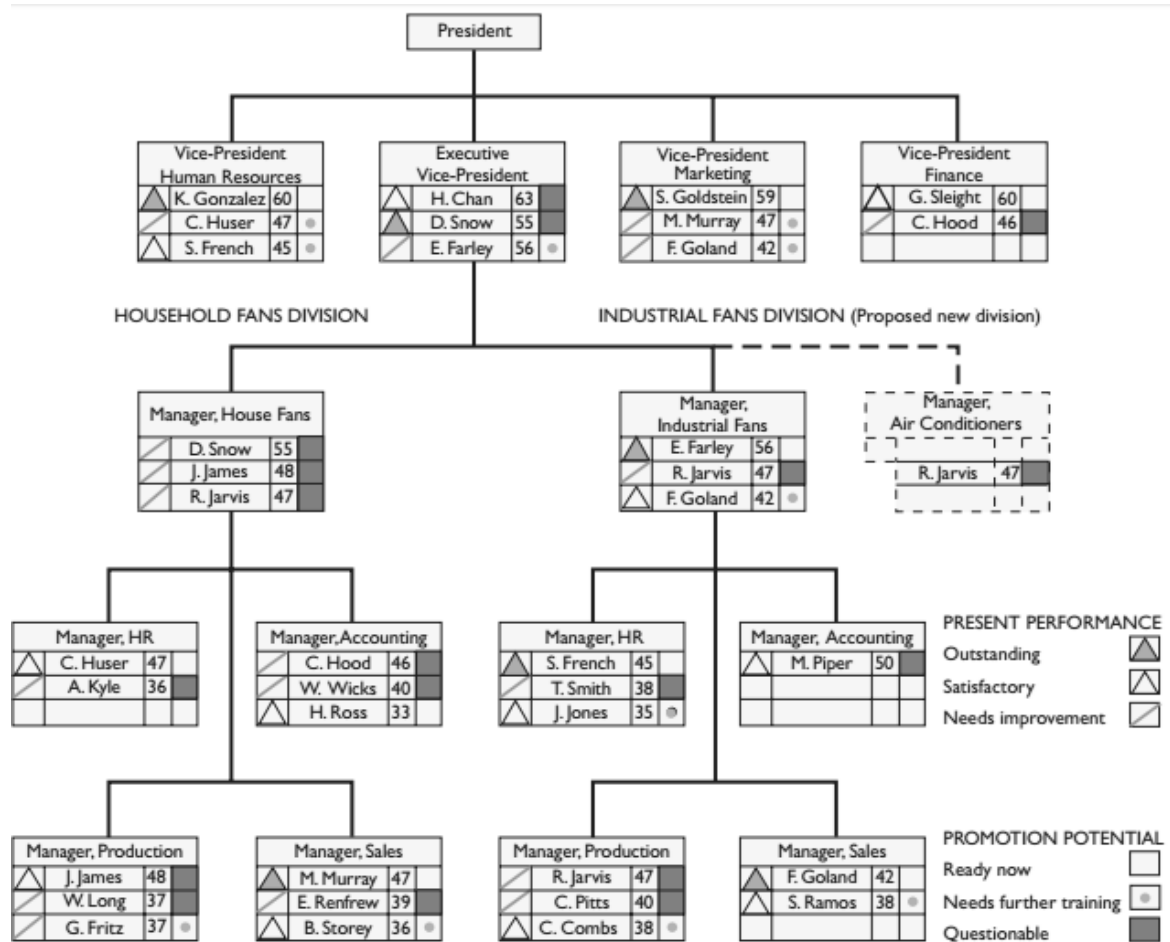


Fig 5.1 Replacement Chart

The above chart represents the static nature of the organization chart. The chart represents the different hierarchical positions and available replacement indicating their age, present performance status with the promotional potential. The chart easily depicts the replacing resource available internally for different hierarchical position in the organization. to obtain more objectivity in the result obtain using replacement chart further exercises like psychological tests, interviews etc can be conducted.

The replacement chart is a quick and easy method to obtain the replacement for the organization vacant position. For the more elaborated information organization use the replacement summaries. It consist lists of likely replacing individual with their performance at current level and potential to be promoted to the higher level of position. Replacement chart can also help in the preparation of training calendar as well as in the performance appraisal. For quick review replacement chart serves the major purpose of the organization.

5.6.1.3 Markov analysis

Markov analysis uses the pattern of transition employees in different positions. It studies how employees move along the different hierarchical position based on the previous pattern and also consider that how many people leave the organization. This analysis draws the pattern of transition among different position including promotion, transfer, demotion and leaving the organization. The past records provide the calculation which can be further utilise for the supply forecast internally.

The given table represents the employee movement internally can be explained as;

For the year 2014-15, 80% of the plant managers remain manger or being transferred retaining the same position. As per the quantity 5 plant managers are available in the organization. Out of which 80% i.e., 4 being retaining the position in that year and 20% i.e., 1 manager left the organization. For foreman 35 in nos. 8% promoted as Plant manager i.e., 3 , 82% i.e.,28 remained as foreperson and 10%,i.e.,4 people have left. For team leaders being 110 in number, No one promoted to plant manager position, whereas 115, i.e., 12 people being demoted to foreperson, 70% ,i.e.,77 people remain team leader, 7%,i.e.,8 person get demoted to production worker and 12%, i.e., 8 people got moved to production worker position. Out of production worker 861 in nos. No one get promoted to plant manager as well as not demoted to foreperson whereas 6%, i.e., 52 people are moved to team leader position. 72 % , i.e., 620 people remain in same position and 22%, i.e., 189 people have left the organization. At the end estimation provides 7 people being supplied for plant manager position, 40 people for foreperson, 129 for team leader and 628 people for production worker position.

	Business Unit Manager	Foreperson	Team Leader	Production Labour	Exit
2014 -2015					
Business Unit Manager (n=5)	60% 3				40% 2
Foreperson (n=45)	8% 4	82% 37			10% 4

Team leader (n=120)		11% 13	75% 90	5% 6	9% 11
Production Labour (n=861)			6% 52	72% 620	22% 189
Projected supply	7	50	142	626	

Table 5.1 Markov analysis

Percentage represents transitions (previous year actual)

Actual number of employees are shown in the blocks Projection is given on the basis of current staffing.

5.6.1.4 Succession Planning

It consist making of plan for the successive position fulfilment by the employees internally. It is different from the replacement chart in a manner that it is not only provide information regarding the potential and eligible candidate but also provide training to make the employee more capable for higher position in the organization.

Succession should include these activities:

- Analysing the demand of middle level and professional in the organization.
- Potential evaluation of existing employees.
- Planning the individual career path according to the potential and making them trained employee for the respective position.
- The present potential need to be enhanced for the future performance of higher position, thus respective training need to be executed for the employees according to their training requirement.
 - Accelerates promotion considering future business needs and development.
 - Planned selection aims at attaining people with capabilities to meet future requirements as well as fulfilling current openings.

Succession planning should cope with the corporate level strategy and future plan so as to have growth opportunity for the each employees' along with meeting the major HR

demand internally through developing the internal source. With succession planning career planning is new policy followed by the organization. Career planning includes the development of the individual career according to his or her potential and develops them for their bright future. The career planning concept is not bound to the development within the organization or only for the organization.

The traditional system of succession planning is changing in the current scenario. It is explained as;

Business System

From	To
<ul style="list-style-type: none"> • Organizational pyramid with multiple layers. • Desire for “Seasonal” leader. • Stability 	<ul style="list-style-type: none"> • Flatter organization structure. • Want the “Seasoning” developed sooner in career. • Flexibility with faster market responsiveness

Succession System

From	To
<ul style="list-style-type: none"> • Groom a backup for each position. • Speciality discipline in candidate. • Business unit autonomy. • Slowed career growth. • Largely human resource driven. • Subjective and informal criteria. • Technical competence a key factor. • Tolerate managerial performer. • Company directs and controls career. • Controlled and confidential process. • Promises • Focus on training and seminar as primary development tool. • Take advantage of vacancies to 	<ul style="list-style-type: none"> • Develop pools of broadly qualified candidates; have position pool. • More broadly disciplined candidates • More centralized and integrated system. • Cross boundary fertilization develop broader skills and perspective. • Largely line driven. • Strategic competence and model define success • Cross functional management capability • Fewer position for development requires removing managerial

<p>promote candies.</p> <ul style="list-style-type: none"> • Promote from within when fully qualified 	<p>blockers</p> <ul style="list-style-type: none"> • Individual sets career direction • Input from multiple sources • No promises • Sequential job assignment primary development experience supplemented by specific training • Create assignment for development • Promote when about 70% qualified.
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Table 5.2 Succession Planning

Source: E.J.Metz "Designing succession system for new competitive realities", Human Resource Planning , Vol.21(3), 1998,p33.

For Example: When ICICI bank announced the name of Chanda Kochhar as managing director Mr. M.V.Kamath, it was not considered accidental decision but the outcome of planned process. The important task of the MD is to train the successor for the position. ICICI follows the system of identifying the probable successor and grooming them to perform the work once the work is assign.

5.6.2 FORECASTING METHODS OF EXTERNAL SUPPLY SOURCES

In case internal sources are not found suitable or available to fill the HR demand, external sources gets evaluated. The external sources are widely spread thus they have to be study in a manner so that the major information about the required resource can be attain easily. The external sources usage condition can be represented as;

$$HR_{(Demand)} > HR_{Supply (Internally)}$$

5.6.2.1 Important Barometer of Labour Supply

While selecting the supply from the external sources few considerations must be carried out as;

- Net migration into and out of the area
- Education level of the workforce
- Demographic change in population

- Technological development and shift
- Population mobility
- Demand for specific skills
- Action of competing employers
- Government policies, regulation and legal environment
- Attractiveness of the area

5.6.2.2 General Economic Condition

There is an impact of economic situation in the business activities. The impact is like interest rate, wage rate, employment situation, and inflationary condition. In other words with slow rate of unemployment the supply of labour will be difficult leading towards further difficulty in obtaining employees.

Thus economic situation need to be taken into account while forecasting external supply or the impact of any political decision on economic conditions need to be consider while estimating external sources of supply. In better economic situation external sources of supply are easier as well as cost bearings of the organization will be lower.

5.6.2.3 Labour Market Analysis

Labour market analysis refers to the study of demographics of nation including the study related to education, age, occupation, gender, income etc. The labour market conditions are mostly stable thus supply analysis is more likely to be accurate. Demographic profile of any nation citizens provides the major aspect related to the availability of required source. The Indian labour market condition and their future prediction are expressed under;

Indian labour force participation rate is projected as 55.32 % in 2020, using econometric

Model. India Labour Force Participation Rate Forecasts are projected using an autoregressive integrated moving average (ARIMA) model.

India Labour	Last	Q2/17	Q3/17	Q4/17	Q1/18	2020
<u>Unemployment Rate</u>	4.9	4.8	4.8	4.7	4.8	4.6
<u>Employed Persons</u>		29650	29785	30013	30240	30312 32200
<u>Unemployed Persons</u>	48.26	49.11	49.55	49.99	50.31	54.44
<u>Labour Force Participation Rate</u>		52.5	51.9	51.51	52.45	51.46 55.32
<u>Population</u>		1299	1305	1309	1311	1315 1340

<u>Retirement Age Women</u>	60	60	60	60	60	60
<u>Retirement Age Men</u>	60	60	60	60	60	60
<u>Wages</u>	272	280	284	289	292	356
<u>Wages High Skilled</u>	50300	52500	53100	54500	57000	87500
<u>Wages In Manufacturing</u>	347	378	382	400	402	425
<u>Wages Low Skilled</u>	11900	14000	14600	15000	15400	18000
<u>Youth Unemployment Rate</u>	12.9	15.5	15.5	15.5	15.5	13.5
<u>Living Wage Family</u>	19735	20900	21400	22000	22500	27000
<u>Living Wage Individual</u>	12110	12600	12500	13000	13100	18000

Table 5.3 India Labour Force Participation Rate Forecasts are projected using an autoregressive integrated moving average (ARIMA) model.

Source: Tradingeconomics.com

The labour market analysis of India provides growth in terms of the employed person but increase in the unemployment person as the population is growing and will be growing at higher rate. Wages of skilled as well unskilled labour force is increasing where as unemployment rate of youth is reducing. The predicted labour market provides that Indian market will have lesser opportunity of youth as unemployed but still have the cheaper labour available compare to the current economic conditions.

5.6.2.3.1 Work force Diversity

The demographic profile provides information related to the skills set and the availability of the resource for supply purpose. Another factor influence the capability of individual to be a good candidate for the vacant position is the society, culture the person belongs to. This provides different individual demographically qualified for the position but differ in many other aspects. This leads to the diversity in the work force in any organization. The supply forecasting should contain consideration towards such aspect to receive results favouring efficient outcome in harmony to each other.

5.6.2.4 Contingent work force

The immediate demand of the workforce raised in any organization is met through the contingent workforce. This nature of contingent workforce employment temporary, they are into work when and where they are required. The immediate condition of demand can be met through this workforce without hampering the organization working. Different contingent workforce in India is like casual worker, daily worker etc.

5.6.2.5 Occupational Market Conditions

Organization with specific requirement does not prefer to look forward for supply through labour market. In spite of labour market they specifically look forward for the market where required skill set of candidates can be obtain directly. The specific occupational market condition like engineers, doctors etc. The shortage of some specialized human resource leads to impact the compensation status for the category of employees.

5.7 CHOOSING FORECASTING METHODS

With the available multiple methods for demand and supply forecasting appropriate method should be opted. While selecting the method for forecasting following consideration should be done;

Stability and certainty The method consideration must possess the stability of the results and outcome received should have certainty in its application. The usage of past data must have provided the stable pattern required to analyze the data for the future purpose. Further the data and the method should have certainty, excluding any manipulation chances.

Availability of data the accuracy of data for the use in forecasting must be ensured. Non availability of data may lead to wrong prediction of the demand or supply.

Number of employees the applicability of few methods is restricted to either the large number or small number e.g. Markov analysis is applicable to the large number of employees only. Thus on the basis of quantitative requirement of the employees appropriate method can be opted for the estimation.

Resources available in forecasting how efficient resources for the estimation are available need to be consider while choosing any method.

Time horizon The limitation of time associated with the forecasting can identify which method can accomplish the objective within the given frame of time.

Credibility to management After the final selection of any method it is necessary that the selected method holds good credential in management perspective. Very high credential method in result aspect if not posses good value for the management then the result implication will always be questionable.



Check Your Progress- A

Q1. State whether True-False.

- i. Human resource forecast can be very accurate.
- ii. Replacement chart show potential termination.
- iii. Only relevant market gets study under occupational market conditions.
- iv. Markov analysis posse's details of employees leaving organization corresponding to different position they held in organization.
- v. Inventory of managers' skills is termed as management Inventory.

Q2. Choose the correct alternative.

- i. The basis for human resource planning is
 - a) The economic Trend
 - b) Demand for employees
 - c) Strategic plan of the firm
 - d) Budget
 - e) Supply of employees

- ii. Workforce factors that influence demand include;
 - a) Expansion move
 - b) Termination
 - c) Organization design
 - d) Sales projections

- iii. Replacement charts;
 - a) Show likely termination
 - b) Indicate the current performance of employees and their promotability.
 - c) Display the strength and weakness of employees

- d) Point out future HR need for each job
- iv. Which among the following is the method of internal supply forecasting;
- a) Succession Planning
 - b) General Economic Condition
 - c) Labour Market Analysis
 - d) Contingent workforce
- v. Replacement chart does not contain;
- a) Demographics of candidate
 - b) Age
 - c) Present Performance
 - d) Promotion Potential

Q3. Fill in the blanks

- i. The successor details are available under.....
- ii. Transition of employee in different positions in the organization is available in.....
- iii. Unemployment status is present undermethod of external HR supply forecast.
- iv. Temporary work force to meet the immediate HR demand is accomplished using.....
- v. Impact of economy on inflation, interest rate and to HR supply is studied under.....

Exercise:

Using the given format for skill inventory conduct the skill inventory in any organization and identify the importance of the skill inventory in Human Resource Supply. Does the same format applicable for management inventory, if no then construct the format for the management inventory?

Skill inventory Worksheet				
General Information				
Project Name:			Project Number:	
Project Manager Name:			Date:	
Employee's Name	Job Title	Skills and Training	Years of experience	Education certificates

Table 5.4 Skill Inventory Worksheet

5.8 HR DEMAND AND SUPPLY BALANCING

After HR demand and Supply calculation the planning execution takes place. For successfully filling the vacant positions internally the records of the sources need to be perfectly maintained and updated timely. For preparing internal employee potentially eligible for the position proper career training must be carried out by organization. Balancing condition reaches to three levels of situations as;

- Forecasted labour demand matches the forecast supply (equilibrium).
- Forecasted labour supply exceeds forecast demand (Surplus).
- Forecasted labour demand exceeds forecast supply (Shortage).

Conditions	Possible Solutions
Equilibrium (when labour demand equate labour supply)	<ul style="list-style-type: none"> • Positions are filled internally through training, transfers, or promotions or externally through hiring
Surplus (when labour demand is lesser than labour supply)	<ul style="list-style-type: none"> • Hiring freeze: reassign current workers to job openings • Attrition: standard employee resignation, retirement, or death • Early retirement buyout programs: For employees those are close to retirement are leaving the early through buyout program, providing access to full or reduced pension, and/or continuation of benefits • Job sharing, work sharing, or reduced workweek programs: reducing work from the standard full-time workload to a less than full-time work • Layoff: temporary or permanent withdraw of employee due to business seasonality, business operational conditions or economic reasons. • Termination: permanent separation from the organization because of job performance reasons • Leave of absence: voluntary, temporary withdrawal of employment with guaranteed

	job upon return
Shortage (when labour demand is higher than labour supply)	<ul style="list-style-type: none"> • Scheduling overtime hours • Hiring temporary workers • Subcontracting work • External recruitment • Internal promotions or transfers

Table 5.5HR Demand and Supply Balancing

Labour Equilibrium In case of demand meeting the supply the internal supply can be met through transfer, promotion or demotion of individual in the organization. The external source can be use to attain equilibrium through hiring.

Labour Surplus When the Human resource availability is greater than that of the actual requirement the labour surplus condition arises. Following solution can be opted by the organization or by employees;

Hiring Freeze In this condition due to surplus of the availability of human resource, organization stops hiring new employees or its hiring process gets freeze either internally or externally.

Attrition With the available situation of the organization employee voluntary leave the organization because due to surplus the chances of benefits and growth get reduces for the employees in the organization. They look forward for the opportunity in other organization. The voluntary leaving organization by the employees is termed as Attrition.

Voluntary Retirement Services excess supply of labour leads towards the promotion of retirement by the employer. They promote the retirement taken by the employee before their age limitation get completed.

Job Sharing For attaining the loyalty of the employee and not reducing the workforce another option of remaining in the organization and sharing the work so that cost effectiveness along with the job security can be attain.

Lay-off Temporary termination of the employee under certain circumstances raised in the organization. The employees get further opportunity when the situation of surplus employee being resolved and organization gets the opportunity to again accommodate the employees moved out.

Termination Employees being terminated from the organization to reach the balanced situation in the organization.

Leave of absence Voluntary, temporary withdrawal of employment with guaranteed job once return.

Labour Shortage when demand of HR is higher than the supply available either internal or external source. The condition can be solved using the available resource for more working hours. Through hiring temporary workers shortage problem can be resolved. Another solution is to provide contract to the third or outside firm to meet resource requirement. Through internal promotion the higher level of requirement can be fulfilled. The method mostly utilized by the arm force at the battle field.

5.9 ETHICAL PERSPECTIVE OF HR SUPPLY

Ethics in business includes the moral principles implementation in the business activities. Different problems raised in the organization is evaluated under the ethical principles have ethical practices in business. It is applicable to all business conduct as well as individual in the organization. Ethical practices ensure the attainment of the objective through right manner. The human resource supply includes estimation of supply from internal as well as external sources.

The estimation carried out with data available can provide the outcome even the method chosen is not correct. The wrongful use of the data to have the result favouring the individual or the organization falls under unethical practices. The information used for the supply estimation is confidential in a matter for organization practices. Thus disclosure of the information to other resources will lead to losses to the organization. The supply forecasting must be carried out in ethical manner so as to maintain the growth and attain the objectives of HRP.

5.10 SUMMARY

The estimation of the demand further need to be addressed by estimation of supply to accomplish the objective of HRP. HR supply estimation fulfils the predicted demand of HR. The two major sources for the HR supply to furnish are internal and external sources. The internal sources are selected when the demand can be fulfilled through internal sources. When the demand exceeds internal supply or cannot complete from internal sources external supply sources get evaluated.

The internal supply of the resource can be done using different methods. The skill inventory method provides information of employees' potential mapped under the different level of skills required to perform the job. The past record of working, skills set available, competency of the individual provides the information of individual being capable to be promoted or not. The skills inventory prepared for the managerial person is called management inventory including the managerial perspective of job performance. The regular update of the skills inventory provides the real picture of capability to perform the higher responsibility in the organization.

Another way to receive the potential candidature from inside the organization is through representation under replacement chart. This facilitates the successor information along with their age and expertise in the upcoming responsibilities. This is the easy way to identify the potential replacement with the help of presentation in a chart, consisting current hierarchical status of employee in organization. The advanced form to the replacement chart can be attained using succession planning. It indicates the detailed potential successor information. It also has an advantage over replacement chart as it trains the individual to be capable for executing the higher responsibility in the future.

Another method of internal supply forecast is Markov analysis. It provides the understanding through the past data regarding the transition of individual in the organization along with the details of HR turnover with respect to the individual positions. The estimation through Markov analysis provides the promotability, demotion status, transfer and exit from the organization. It facilitates the estimation of specialization requirement existing in the organization.

Once internal sources are not capable of furnishing the demand of the organization, external sources are referred to fulfil the requirements. One of the methods to estimate the external supply sources is general economic conditions of the nation. The economy of the nation has impact over the interest rate, wages, inflation and ultimately to the availability of the required resource to fulfil the demand. The other important technique to estimate the future source of external supply is the Labour market study. This facilitates the information regarding the unemployment, wage structure, skills sets availability for meeting the required demand. Another factor to consider while using labour market study is the diversity nature of labour force. Different culture and exposures creates differentiation in the available potential candidatures. To minimize the further scrutiny of specialized candidates occupational market study being opted by the employers. This gives the data of the specialized people and the required specialized people can be fetched easily from occupational market. Another better solution of meeting the demand is temporary appointment of the employees to accomplish the work and when needed can be accommodated in the organization. The temporary source used is a part of contingent workforce.

The technique of demand and supply estimation must be chosen using the parameter of time horizon, number of employees, stability and certainty, compatibility to the management. The major work after estimation is to equate the demand with the estimated supply. Three conditions of equilibrium, shortage, and surplus may rise while trying to balance. The surplus can be managed through attrition, termination, lay-off, job sharing practices by the organization. The shortage can be managed using job redesign like job enlargement, extra work hours scheduling etc. The equilibrium situation is the most desirable condition an organization wants to achieve HRP objectives.

All the practices under human resource must be conducted in ethical manner. The information used in HRP is confidential in nature thus the practices need to be ethical i.e., effective and morally correct.



5.11 GLOSSARY

Employment freeze In this condition due to surplus of the availability of human resource, organization stops hiring new employees or its hiring process gets freeze either internally or externally.

Skills Inventory Listing of abilities, capacities, qualification and career goals of the employee to identify suitable candidate for internal recruitment or promotion.

Management Inventories Managerial level employees' education, skills, past performance records to identify the potential of the employees is called management inventories.

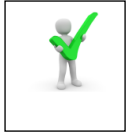
Replacement chart It provides the details of different hierarchical position with the next replacing individual details along with their age and capability status.

Replacement summaries Lists of likely potential candidates with their current performance and potential performance concluding the different criteria of evaluation.

Succession planning The process of ensuring a suitable supply of successors for current and future senior or key jobs so that the careers of individuals can be effectively planned and managed.

Career planning Developing the employee as per their potential and enhancing their career opportunity, not concentrating to the periphery of the organisation is termed as career planning.

Competency mapping "A process of identifying key competencies for an organization and/or a job and incorporating those competencies throughout the various processes (i.e. job evaluation, training, recruitment) of the organization".



5.12 ANSWERS TO CHECK YOUR PROGRESS

Check Your progress- A

Q1.

- i. False
- ii. False
- iii. True
- iv. True
- v. True

Q2.

- i. c) Strategic plan of the firm
- ii. b) Termination
- iii. b) Indicate the current performance of employees and their employability
- iv. a) Succession Planning
- v. a) Demographics of Candidate

Q3.

- i. Succession Planning
- ii. Markov Analysis
- iii. Labour Market Study
- iv. Contingent Workforce
- v. General Economic Condition.



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5.15 TERMINAL QUESTIONS

- Q1. What are the objectives of HR supply?
- Q2. How labour shortage problem get resolve?
- Q3. Why organization uses occupational market conditions?
- Q4. Write short notes on the followings;
- a) Replacement chart, b) Employment Freeze, c) Skills Inventory, d) Ethics in HR Supply
- Q5. What do you understand from HR supply? Why organizations need to practice it?
- Q6. Explain different methods of Human Resource supply forecasting methods with their importance to HRP.
- Q7. Explain the labour market analysis with its importance. Discuss the current status of Indian labour market and explain the supply forecast using the same.
- Q8. “Succession planning have advantage over the replacement chart.”, Comment using suitable example.
- Q9. “The balancing of HR demand forecast with supply is an important aspect of HRP”, Explain using suitable example.
- Q10. Discuss the different usage of skill inventory in any organization. Where the skill inventory method is most suitable for forecasting HR supply?
- Q11. Explain Markov analysis for supply forecasting. Compare it with other forecasting methods of internal supply.
- Q12. Explain different external supply forecasting methods. Why workforce diversity is an important aspect in external supply evaluation?
- Q13. What do you understand from Business ethics? Explain the use of ethics in HR supply.
- Q14. “Replacement chart modified and advanced form is the succession planning”, Comment. Also explain the changes in the traditional system of succession planning.

UNIT VI PRODUCTIVITY, TECHNOLOGY AND HUMAN RESOURCE PLANNING

- 6.1 Introduction**
- 6.2 Objective**
- 6.3 Human Resource Planning Practices**
- 6.4 Concept of Productivity**
- 6.5 Human Resource Planning and Productivity**
- 6.6 Human Resource Planning and Technology**
- 6.7 Human Resource Information System**
- 6.8 HRIS role in Human Resource Planning**
- 6.9 India and Human Resource Information System**
- 6.10 Summary**
- 6.11 Glossary**
- 6.12 Answers to check your progress**
- 6.13 References/ Bibliography**
- 6.14 Suggested Readings**
- 6.15 Terminal Questions**

6.1 INTRODUCTION

Human resource planning provides the right person at right time at right place. The meeting objectives of HRP contribute to the efficient functioning of the organization. The effective and efficient functioning leads to enhancing the productivity. The era of globalisation has up lift status of technology which makes work simpler and less time consuming. HRP practices got easier with the help of technology and contribute towards the productivity enhancement of the organization.

6.2 OBJECTIVES

After reading this unit you will be able to understand;

- Concept of Productivity
- Technology advancement and use in business
- HRP practices and use of technology
- HRP impact on Productivity
- Advantages and disadvantage of technology in HR practices

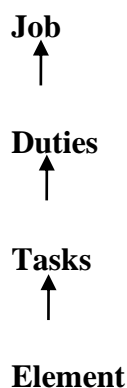
6.3 HUMAN RESOURCE PLANNING PRACTICES

Human Resource Planning is the estimation of the requirement of the workforce to accomplish works within the organization. Organization prepares corporate level plan to be executed by employees in different area of their specialization. The specialized individuals are acquired for all those objectives. The HRP planning includes identification of work, designing of job, redesigning of job, defining the job (Job Analysis), determining of workforce requirement, assessing the source to fulfil the requirement generated, and acquisition if the resource. All the process of HRP meets the objective of taking right person at right time at right place.

The practices under human resource planning can be explained as;

The identification of work is defined under vision, mission and objectives. The vision statement provide long term perspective of the organisation get converted to short term achievement i.e., mission and then converted into smaller objectives. These objective for the functioning of organizations are further converted to goals and then to targets.

Job Designing The process of converting identified work into functional level job is called designing of job. Job is club of duties, consisting multiple task and outcome of smallest unit of work i.e., element. This can be hierarchically represented as;



With club of all duties identified job contains the number of tasks and duties to be performed by an individual. The multiplicity of duties is to minimize the monotony of work. Designing of job provides the specialization of work which club together to form a job.

Job Redesign is conducted when the designing of job consists under specialization or overspecialization. The under specialization is overcome through Job enlargement and Job rotation practices. Over specialization is overcome through Job enrichment or job enhancement practices. The other practice for the job redesign is autonomous work group practice.

Job Analysis Designed job required to have clarity of the work performed by the individual. Defining of job is done under job analysis consisting information regarding duties, responsibilities, authorities and performance related information. This has other element like job description, Job Specification and Job Evaluation/Standardisation.

HR Demand Total number of human resource required in the organization to fill the vacant position is called HR demand. The details are discussed in previous unit

HR Supply The fulfilment of the demand obtained for future Supply sources estimation is carried out.

Recruitment and Selection Pooling of appropriate is called recruitment. Screening of best suitable candidate and hiring them for the vacant position is called selection. Both the process ends up with acquisition of resource for job in the organization.

The whole process of HRP consist practices for acquiring best suitable human resource for the vacancy. The selection of best candidate contributes towards the effective and efficient outcome leads to increase in productivity of the organization.

Process of HRP

The HRP being already discussed in the previous units process is being presented in the figure.

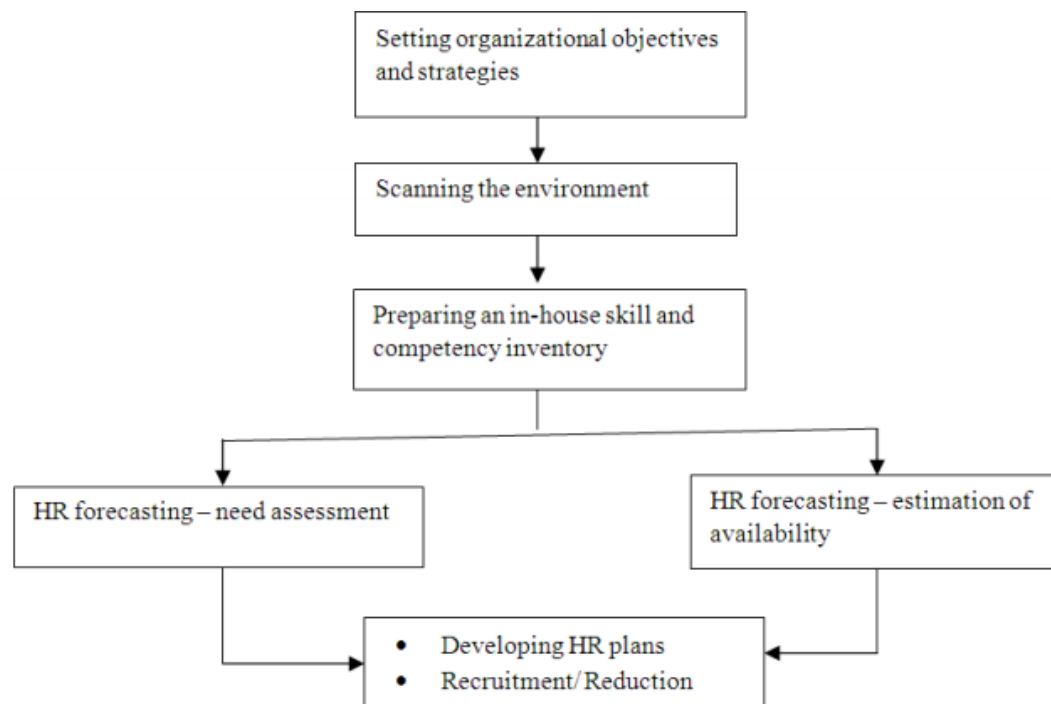


Fig. 6.1 Process of HRP

Source: Pravin Durai (2010), Human Resource Management, Pearson Education Publication

6.4 CONCEPT OF PRODUCTIVITY

The major concern in human resource is productivity, quality and quantity of work. The quantity is termed as the production i.e., conversion of input to the output. Whereas the productivity is the relation of outcome received to the input used. Thus productivity is output to the input ratio. Productivity *characteristics* can be defined as;

- It is a measure of ratio between the outputs of a process to the input resource used in it.
- Output can be expressed in terms of units or volume and this unit usually determine for future under planning.
- Inputs are into different category like Man, Machine and Material.

Productivity concerns both effectiveness and efficiency. According to Peter Drucker wrote, effectiveness is a minimum condition for survival after success has been achieved. Efficiency is concerned with doing things right and effectiveness is doing the right things. Effectiveness can be attained with the proper understanding of the targets fixed by the organization. Effectiveness is outcome received only with attainment of work is standard. To receive

correct outcome competent candidates are required through the HRP practices. Along with effective outcome efficiency can be attained by optimum outcomes attained by the employees. The HRP practices contribute towards effective and efficient outcome.

6.4.1 IMPORTANCE OF PRODUCTIVITY

- Productivity leads to enhance the level of living.
- Economy of the nation replaces the manufacturing work with the services of lower productivity thus creating difficulties in attaining the higher standard of living.
- Efficient productivity leads to attainment of competitive advantages in the competitive world.
- Productivity enhancement provides enhancement in profit margins due to reduction in the cost.
- Efficiency in productivity provides more sustainability to the organization in industry. Thus leading to create tough competition even for Multinational companies.

The productivity in the organization can be measured into multiple contexts. Examples are as;

Labour Productivity

It is measured in terms of the units of output provided by per labour hour.

Machine Productivity

It is measured in terms of the units of outcome received from machine as per machine hour.

Capital Productivity

Units of outcome attained through per unit dollar input.

Energy Productivity

Units of output against the per kilowatt hour dollar value input.

6.4.2 WAYS TO INCREASE PRODUCTIVITY

Productivity of the organization can be enhanced using any of the following practices;

- Increase in output using equal or lesser amount of input.
- While decreasing input amount and either not changing the output or increasing it.
- Using resource may be increased until the outcome increases with higher rate.
- Decreasing the input resource until the rate of output decreases at higher rate.
- Production belongs to the activity resulting goods and services from the resources.

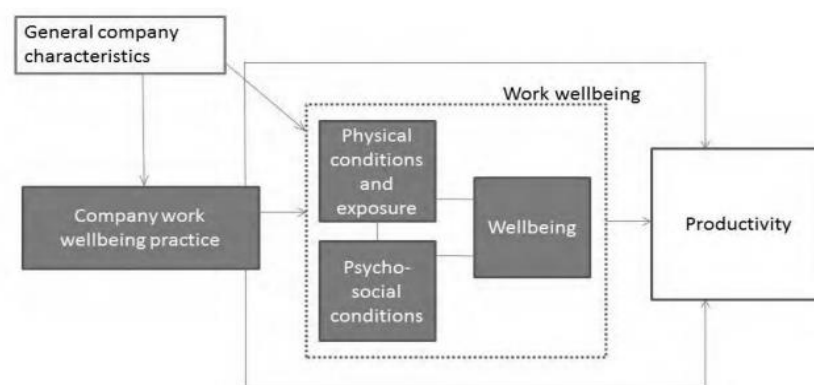
- Productivity is the efficiency and effectiveness of production i.e., resources are optimally utilise to attain the outcome.

6.4.2.1 Optimisation for Productivity Enhancement

- Efficiency is essential but not only satisfactory condition for productivity attainment.
- Efficient outcome is the ratio of actual to the standard output using the resource optimally.
- Effectiveness is the degree to which the required outcome is attained.
- Effectiveness includes first identification of goals and then the ways to attain them.

6.5 HRP AND PRODUCTIVITY

The concept of Productivity depicted in fig 6.5.1 provides the understanding of measurement related to work wellbeing and relation with productivity. The fig provides that company wellbeing practices (including recruitment, selection, training etc.) are majorly contributing to the productivity of the organization. The well being practices are executed by the employees and the acquisition of right person at right time at right place is also an important aspect of the organization practices. Thus in direct relation a wellbeing practices are the outcome of right people to execute them. Thus productivity is relevant to HRP practices followed by the company.



Source: DAMVAD and expert group, 2011: Measuring Work Wellbeing and Productivity in the Nordic Countries – A Manual.

Fig 6.2 Productivity Measurement

A link between Strategic HRM and organizational performance has been developed by author Michael Armstrong. According to him, the performance is a function of the Ability + Motivation + Opportunity (AMO). This clearly states that the opportunity provided to the capable and motivated employee will lead to performance. Performance is the measure of duties executed by employees against the established standards. Thus the capable persons are required to enhance the productivity of the organization.

Appropriate candidate identification is not a simple process but consists of discussion among the different level leaders to conclude with the actual requirement of any position. The organization chart only provides the level for which candidate may be required. The discussion at different level provides the understanding of skills set required in the candidate to fulfil the requirement of the vacant position. The skills sets may perfectly not meet by the candidates but idea about the need can be attain and allow to create the bridge the gap.

6.6 HRP AND TECHNOLOGY

The application of scientific knowledge for practical purpose is termed as technology. With everyday changing scenario the technology creating advancement in the previous practices. With advancement in technology it is creating the current practices obsolete and the new skills sets are required to cope up with the changes occurred. In the business world the new set of skills among the employees are possible with the continuous and consistent improvement in their present skills. Advancement has created the scarcity of skilled resource as well as up to great extent decreases the employment options. Due to lack of skills organization are facing many concerns. The concerns are mentioned as;

- Globalization
- Diversity in labour force
- Political and Legal Environment
- Economic Environment changes
- Professional's mobilization
- Information Technological advancement

Globalization has provide whole world as a resource and the organization working standards must match the world norms to meet the challenges. The suitable sources are available across the world thus the challenge to occupy the diversified source and attain work from them. The changes are matching the world requirement but have to meet the political and legal restrictions available with the organization within nation boundary. The restriction of skills people's mobilization from nationwide or within nation is another challenge.

Information technology at present world one of the integral parts of the organization process, communication and now has significant influence over the HRM practices of the business. As the IT has significant influence on HR practices the efficiency level of HR activities increased with expectations. The inclusion of IT in HR practices has enhanced the competencies expectations from the candidates for the HR functions.

6.6.1 CHALLENGES OF INFORMATION TECHNOLOGY ON HR FUNCTION

- New skills required
- Downsizing
- Collaborative work
- Telecommuting : Internet and intranet revolution
- Business environmental change
- Development of technology
- Service improvement

The information technology has created challenges for the human resource practices. The advancement of technology creates demand for the new skilled people who can execute the current functions of the organization using new technology. The technology has replaced the work of human being thus reducing the required number of people to perform the work. This situation leading to downsizing (downsizing methods: Layoff, retrenchments, termination, dismissal etc) of employees. The less work for the human resource has brought sharing of work along with the coordination among the employees for different assigned responsibilities to accomplish.

Accessibility of information worldwide being made easier with the help of internet and intranet revolution. Demand for fast outcome is the new challenge with the human resource for completing the targets. Competition has crossed the nation boundary and the services to the customer are more specific. The environment is changes and requires business to cope with all the fluctuating situations. New demands of consumers and technology change have rapidly increased the challenges in front of organization.

6.7 HUMAN RESOURCE INFORMATION SYSTEM

Human resource information system consist all the practices used by the organization to run its business. HRIS provides coordinating software between multiple activities of human resource management. “A **Human Resources Information System (HRIS)** is a software or online solution that is used for data entry, data tracking and the data information requirements of an organization's human resources (HR) management, payroll and bookkeeping operations. Human resource information system is offered as database.”

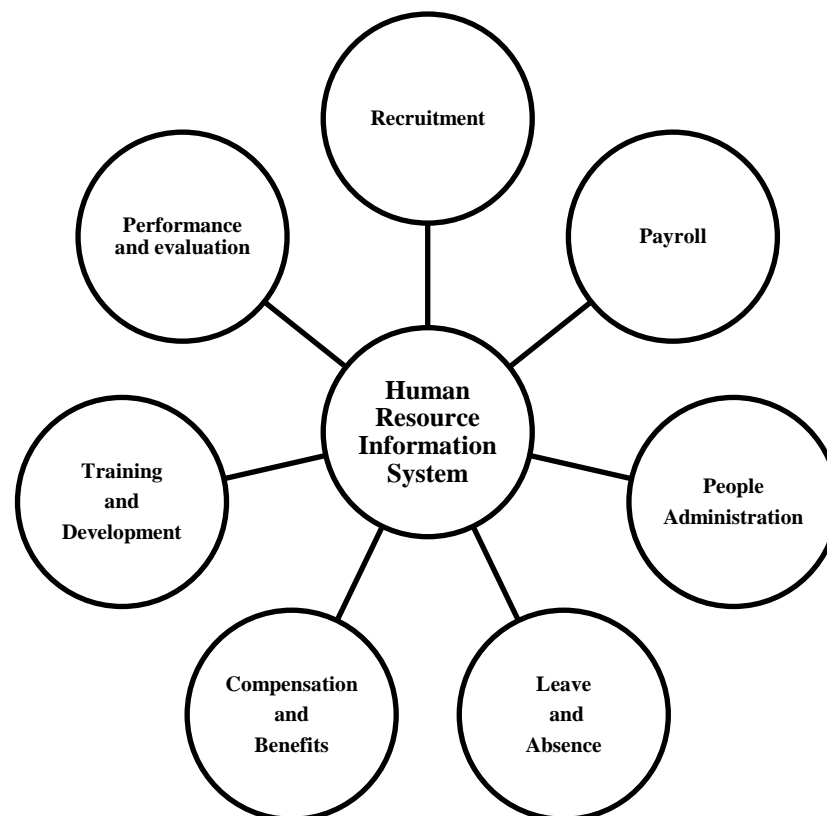


Fig 6.3 Human Resource Information System

HRIS contains all the function from recruiting the right person to evaluate their performance to maintain their human resource as well as retain them. For example: An organization firstly identifies the required skills as well as number of required people. It helps in forecasting demand as well as supply sources through HRIS. It secure the recruitment process to be easy through keeping the track of the applicants' and selecting the appropriate using the past record of individuals with different skills. It further keeps the record of skill through preparing skill matrix and mapping the individual employees' current competencies. Further the skill gap is filled through training, motivated through compensation and reward policy. All decision making in the organization is made simple using HRIS. The HRIS system with its' influenced dimensions of HR practices are depicted in fig 6.7.1

Information system enhances the efficiency and provides information helpful in decision making. There are three dimensions of HRIS are;

Tactical HRIS: It is used to assist managers in decision related to resource allocation. HRM major decisions can be described under Obtaining, Maintaining and Retaining (OMR). This can further describe as recruitment, selection, training, performance appraisal, compensation etc.

Operational HRIS: HRM related routine work can be easily accomplished with the use of information technology. It has minimized the time as well as the cost factor while providing the required information within short span with better efficiency. Number of information being collected and according to the requirement available data is utilized.

Strategic HRIS: With the implementation of IT in the HR practices of different organization past data storing and mining of the information has led the strategy formulation a simple and fast exercise.

6.7.1 OBJECTIVES OF HRIS

Objectives of the HRIS are listed as given below;

- To provide required information about people and jobs.
- To supply information under reasonable costs.
- To ascertain data security and privacy.

6.7.2 STEPS OF SETTING UP AN HRIS

In any organization the HRIS system can be implemented using following common stages;

Planning

Idea Generation contains the initiation of HRIS implementation. It provides basic idea behind the usage and requirement of the system. *Feasibility Study* provides validating the idea in practical scenario with considering all the dimensions of implementation. *Selecting a team* is carried out once the feasibility study verifies its implementation.

Analysing

After planning get ascertain then the further first step of HR practices i.e., recruitment get defined. *Defining Recruitment* provides the demand, supply status of the candidates as well as creates the pool of the appropriate candidates. *Vendor Analysis* is carried out to recognize the outsourcing of the work to be performed by the third party and it direct by the organization itself. *Contract Negotiation* includes the clarity of terms and conditions regarding the employment and working scenario in the organization.

Design

This includes final draft creation before implementation qualifying previous stages. It *Examine flow of Information* in the organization accordingly the HRIS information flow or data gathering strategy is developed. If there is any *gaps* are available that has to be field while designing the HRIS. Once the design is prepared implementation takes place.

Implementation

Designed HRIS requires *Training* of individual those are responsible for its implementation. Once users are well equipped *Implementation* is carried out in the organization. *Tailoring the System* while implementing the system tries to be inherent part of organizational practices. The next step is to *Collecting data* which has to be used in the system. The stored data then *Tested* and system get verified for the implementation. *Starting up* with all implementation the system is ready to begin. Which then *parallel run* along with the current system until it become self sufficient to fulfil the organization purposes.

Maintenance

The implementation further required maintenance of HRIS. The HRIS is maintained is the data in the system is regularly updated. *Auditing* is conducted time to time for proper functioning of the system.

6.7.3 BENEFITS OF HRIS

Use of HRIS provides following stated benefits;

- High speed of data retrieval and processing
- Reduction in duplication of work
- Ease in classifying the data
- Analysis improvement leading to better decision making
- Higher accuracy in information

- Improved work culture
- Transparency in system

6.8 HRIS ROLE IN HUMAN RESOURCE PLANNING

HRIS emphasizes mainly the “retention of capable employees and the reduction costs associated with maintaining them”. HRIS creates opportunities for the HR personals to contribute in organization long term plan in more efficient and effective manner. First, it assist in routine work of the HR professionals with the use of automation providing spare time for the more important strategic and critical level tasks likewise knowledge management, leadership etc. Second, through more systematically data and better understanding of information leads to HR professional’s contribution in strategic decision making and planning for the future of the business. Third, labour force information including the sources as well as the current status of the working force helps in estimating the demand and supply and equating them to attain the equilibrium of HR demand and supply. The workforce information also includes the information about the new people joining, people leaving the organization in a year, transfer carried out in the organization handy and helps in meeting the contingencies arises in the organization. Fourth, risk and security is another important function which need to be taken into account while analysing the role of the HRIS. The Risk and security function can be attain while addressing the information of the individual while accessing the information of individual from the data. Dessler provided that HRIS influences HR functions by;

- Analysis of the human resource needs regularly to attain the information of demand generated in the organization and meeting with the available supply sources. The process of recruitment and selection is being accomplished in this order.
- HRIS provides information about training needs, trainer’s availability and formation of training calendar for the year. It also assists in skills measurement and identification of the deficiency to be nurtured through training sessions. The similar information also utilized in the evaluation of the performance of the individual against the standard of performance. The status of performance is utilized for the performance appraisal practices of the organization.

Wiblen , Grant and Dery asserted that the performance and productivity data in HRIS used as evidence for the redressal of the grievances of the employees in the organization. The complex form of employee information can be easily maintained and can easily utilize by the HR professional for different purpose of the work.



Check Your Progress- A

Q1. State True and False.

- i. Human Resource System is a MIS into HR practices.
- ii. Competency mapping maps knowledge, skills and ability of organization's employees.
- iii. Productivity is an effective outcome without efficiency.
- iv. Advance technology enhances productivity.
- v. Human Resource Information System is helpful in HR audit.

Q2. Choose the correct alternative.

- i. HRP is related to which objective of HRM
 - a) Obtaining Human Resource
 - b) Maintaining Human Resource
 - c) Retaining Human Resource
 - d) All of the above

- ii. HRIS does not provide;
 - a) Information regarding vacant position
 - b) Competency status of employees
 - c) HR audit related Information
 - d) None of these

- iii. Productivity is concerned with;
 - a) Effective outcome
 - b) Efficient outcome
 - c) Optimization of resources
 - d) All of the above

- iv. Job Enlargement is;
- a) Vertical Expansion
 - b) Horizontal Expansion
 - c) Job Enhancement
 - d) Job Enrichment
- v. Technology does not impact which of the HR practices mentioned below;
- a) Job Description
 - b) Job Standardization
 - c) Job Rotation
 - d) None of these

Q3. Fill in the Blanks

- i. HRIS stands for.....
- ii. Production considering usage of input corresponding to outcome received is termed as.....
- iii. Optimization provides.....way of production.
- iv. Information system used for overall management of the practices in the organization is called.....
- v. Human resource planning fulfilobjective of Human Resource Management.

6.9 INDIA AND HUMAN RESOURCE INFORMATION SYSTEM

Results indicate that the most important applications of HRIS are in “technical and strategic HRM” and “performance appraisal and performance management”. This shows that companies in India find “sophisticated” application of HRIS for decision making as important. In organization type (both Indian and multinationals), nature of organizations (both manufacturing and service) and also overall, results provides that frequent use of HRIS was in “employee data” followed by “compensation” in organizations operating in India. The study is in conformity to earlier studies that HRIS is most frequently applied for maintaining employee record followed by pay roll activities. Reason for this could be that use of HRIS in these applications had been since birth of HRM.

Further, the traditional applications of HRIS in HRM were first computerized due to legal obligations. Managers/employees perceived that all other factors of HRIS applications i.e. “Strategic HRM”, “performance appraisal and performance management”, and “Business communication” was also applied quite often in Indian companies and can be called “sophisticated” applications of HRIS.

The study provides there is lot of opportunities are available in term of usage related to the HRIS in Indian organizations. This also provides that different small level organization yet not applying the available HRIS in their organizations.

6.10 SUMMARY

Human resource planning includes all the practices responsible for the attainment of first obtaining/acquiring objective of HRM. HRP includes different practices which sometime require immediate address. This is possible only when practices are carried out in effective and efficient manner. The effective way of performing task with efficiency is productivity. This productivity is what every organization is looking now days.

The productivity measurement can be conducted in multiple directions. Practices under Human resource planning if carried out in effective and efficiently the outcome of the organization will enhance. This will contribute towards the productivity enhancement.

Human resource management practices are very complex in nature as in one direction they identifies the competent people on other hand tries to make them satisfy under organization policy and also wants to retain them. Whereas environment of the business is fluctuating in nature. The major role is played by technology which is giving advantages at one end and some challenges on the other. Technology in any case has to be adopted by the organization to meet the current competitive demands. This has provided software to be utilized in HR practices and outcome receiving becomes more simple. The software used for the purpose is named as HRIS. Further with reference to the India HRIS posses lots of scope as it is implemented partially in India.



6.11 GLOSSARY

Element The smallest portion of any work.

Tasks is combination of multiple elements.

Duties contains many task to be accomplished.

Job combination of different duties which one individual has to perform within any organization is called job.

Job Enlargement is the process of increasing the duties and responsibilities of an individual under his job but not changing the status. It is also called horizontal expansion.

Job Rotation is placing individual at different work within the organization. It is sometimes used as a medium to remove monotony of the assigned work to individual.

Job Enrichment or Job Enhancement Vertical expansion of job where job duties, responsibility and status gets raised. But salary increment is not compulsory.

Autonomous Work Group A group without leader is autonomous groups.

Job Description is details regarding the duties, responsibilities, authority and working conditions.

Job Specification describes eligibility criteria for performing the job.

Job Evaluation/Standardisation are the benchmarks which an individual required to adhere while working in his/her profile.

Competency mapping is a process of identifying key **competencies** for an organization and/or a job and incorporating those **competencies** throughout the various processes (i.e. job evaluation, training, recruitment) of the organization.



6.12 ANSWERS TO CHECK YOUR PROGRESS

Check Your progress- A

Q1.

- i. True

- ii. True
- iii. False
- iv. True
- v. True

Q2.

- i. a) Obtaining Human Resource
- ii. d) None of these
- iii. d) All of the above
- iv. b) Horizontal Expansion
- v. d) None of these

Q3.

- i. Human Resource Information System
- ii. Productivity
- iii. Efficient
- iv. Management Information System
- v. Acquiring/Obtaining.



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6.15 TERMINAL QUESTIONS

- Q1. What do you understand by Human resource Planning?
- Q2. Explain the concept of Productivity.
- Q3. What do you understand by effective and efficiency?
- Q4. Write short note on followings;
- i. Production
 - ii. Productivity Measures
 - iii. Technology
 - iv. Job Analysis
- Q5. What is Human Resource Information System? Explain its advantages and disadvantages in detail.
- Q6. Explain Human Resource planning. Elaborate the role of technology in it.
- Q7. “HRIS is evolved as tool for productivity enhancement.” Explain.
- Q8. Explain different practices of Human Resource Planning. How these practices contribute in enhancing the productivity?
- Q9. Explain use of technology in HR practices with reference to India.
- Q10. “Effective and efficient application of input is the cause of productivity enhancement.” Explain
- Q11. How Human Resource Information System is useful in Job design, Redesign and Analysis?

Q12. Explain use of technology in enhancing the productivity of an organization with suitable example.

Q13. “Productivity is every organization current demand from the employees.” Explain.

Q14. Explain the technological advancement with reference to HR practices.

Block II
Job Evaluation and Analysis

UNIT 7 JOB EVALUATION

7.1 Introduction

7.2 Objectives

7.3 Job Evaluation

7.4 Methods of Job Evaluation

7.5 Scope of Job Evaluation

7.6 Limitation of Job Evaluation

7.7 Summary

7.8 Glossary

7.9 Answer to Check Your Progress

7.10 Reference/ Bibliography

7.11 Suggested Readings

7.12 Terminal Questions

7.1 INTRODUCTION

Job Evaluation is a systematic comparison done in order to determine the worth of one job relative to another. Job Evaluation aims to determine a job's relative worth. In any organization, job evaluation is conducted to develop internal, external, individual and procedural equity, so that all the jobs in an organization can be cauterized based on their relative worth. This includes intra-industry and inter-industry equity, equity of procedures that are applied for job evaluation and individual equity to ensure that every individual must be paid at-par to his or her colleague. The four methods of Job Evaluation are practised by various HR personnel in organization for setting pat rates and pay branding.

7.2 OBJECTIVES

After reading this unit you will be able to:

- Understand Job Evaluation.
- Methods of Job Evaluation.
- Scope and limitations of Job Evaluation.

7.3 JOB EVALUATION

Job Evaluation is a systematic comparison done in order to determine the worth of one job relative to another. Job Evaluation aims to determine a job's relative worth. The job evaluation is a formal and systematic comparison of jobs to determine the worth of one job relative to another. Job evaluation eventually results in a wage or salary structure or hierarchy (this shows the pay rates for various jobs or groups of jobs). The basic principle of job evaluation is this: Jobs that require greater qualifications, more responsibilities, and more complex in nature should receive more pay than job with less requirements. The basic procedure is to compare the jobs in relation to one another-for example, in term of required effort, responsibilities, and skills. Suppose you know (based on your salary survey) how to price key benchmark jobs, and then use job evaluation to determine the relative worth of all the other jobs in your firm relative to these key jobs. You are then well on your way to being able to price all the jobs in your organization equitably.

Compensable Factors

There are two basic approaches to compare several jobs. First, you can have an intuitive approach. In this you might decide that one job is more important than another and not dig any deeper into it. Whereas, another approach is based on comparing the jobs by focusing on certain basic factors the job have in common. Compensation management specialists call these as compensable factors.

A fundamental, compensable element of a job, such as skills, efforts, responsibility and working conditions are known as compensable factors. They are the factors that establish how the jobs compare to one another, and that determine the pay for each job.

Some employers develop their own compensable factors. However, most use factors popularised by packaged job evaluation system or as mentioned by legislation. For example, the Equal Pay Act emphasises four compensable factors- skills, efforts, responsibility, and working condition. The method popularised by Hay consulting firm emphasis three factors: known-how, problem solving and accountability. Walmart bases its wages structure on knowledge, problem-solving skills, and accountability requirements.

Identifying appropriate compensable factors plays an important role in job evaluation. We usually compare each job with all comparable jobs using the same compensable factors as basis. However, the compensable factors you use depend on the job and the job evaluation methods. For example, you might choose to include 'decision making' for a manager's job, though it might be inappropriate for a cleaner job.

Preparing for a Job Evaluation

Job evaluation is a judgemental process and demands close cooperation among supervisors, HR specialists, and employees and union representatives. The main steps include identifying the need for the programme, getting cooperation, and then choosing an evaluation committee. The committee then perform the actual evaluation.

Identifying the need for job evaluation should not be difficult. For example, dissatisfaction reflected in high turnover, work stoppages, or arguments may result from paying employees different rates for similar jobs. Managers may express uneasiness with an informal way of assigning pay rates, accurately sensing that a more systematic assignment would be more equitable.

Next (since employees may fear that a systematic evaluation of their jobs may reduce their pay rates), getting employees to cooperate in the evaluation is important. You can tell employees that because of their impending job evaluation programme, pay rate decision will no longer be made just by management whim; that job evaluation will provide a mechanism for considering the complaints they have been expressing; and that no current employee's rate will be adversely affected because of their job evaluation.

Third, choose a job evaluation committee. There are two reasons for doing so. First, those evaluating jobs should include several people who are familiar with the jobs in questions, each of whom may have a different perspective regarding the nature of the jobs. Second, if the committee is composed at least partly of employees, the committee approach can foster greater employee acceptance of the job evaluation results.

So, the composition of committee is important. The group usually consists of about five members, most of whom are employees. Management has the right to serve on such committees, but employees may view this with suspicion. However, a human resource specialist can usually be justified as perhaps being more impartial than line manager, and can provide expert assistance. Perhaps have this person serve in a non-voting capacity. Union representation is possible. In most cases, though, the union's position is that it is accepting the results of the job evaluation only as an initial decision and is reserving the right to appeal actual job pricing decisions through grievance or bargaining channels. Once appointed, each committee member should receive a manual explaining the job evaluation process and instruction that explain how to conduct job evaluation.

The evaluation committee performs three main functions. First, it usually identifies 10 to 15 benchmark jobs. These will be the first jobs they'll evaluate and will serve as the anchors or benchmarks against which the relative importance or value of all other jobs can be compared. Next, the committee may select compensable factors (although the human resource department will usually choose these as part of the process of determining the specific job evaluation technique the firm will use). Finally, the committee performs its most important function- actually, evaluating the worth of each job. For this, the committee will probably use one of the following methods:

- Ranking Method,
- Job Classification Methods,
- Point Method or
- Factor Comparison Method.

7.4 METHODS OF JOB EVALUATION

Ranking Method

This is the simplest job evaluation method ranks each job relative to all other jobs, usually based on some overall factors like 'job difficulty'. There are several steps in the job ranking method as:

- i. **Obtain Job Information:** Job analysis is the first step: Job description for each job are prepared, and the information they contain about the job's duties is usually the basis for ranking jobs. Sometimes job specifications are also prepared. However, the ranking method usually ranks jobs based on the whole job, rather than on several compensable factors. Therefore, job specification, which tend to list job demands in term of compensable factors such as problem solving, decision making and skills, are not as important with this method as they are for other job evaluation methods.
- ii. **Select and Group Jobs:** It is usually not practical to make a single ranking for all jobs in an organization. The usual procedure is to rank jobs by department or in cluster (such as factory workers or clerical workers). This eliminates the need for direct comparison of, say, factory jobs and clerical jobs.
- iii. **Select Compensable Factors:** In the ranking method, it is common to use just one factor (such as job difficulty) and to rank jobs based on whole job. Regardless of the number of factors you chose, it is advisable, to explain the definition of factor(s) to the evaluators carefully so that they all evaluate the jobs consistently.
- iv. **Rank Jobs:** For example, give each rater a set of index cards, each of which contains a brief description of a job. Then they rank these cards from lowest to highest. Some managers use an 'alternate ranking method' for making the procedure more accurate. Here you take the cards, first choosing the highest and the lowest, then the next highest and next lowest, and so forth, until you have ranked all the cards. For example:

Rank No.	Ranking Order	Annual Pay Scale (in Rs.)
1	Office Manager	43,000/-
2	Chief Nurse	41,000/-
3	Book-Keeper	34,000/-
4	Nurse	28,000/-
5	Orderly	23,000/-

Jobs in this table ranks from orderly to office manager. Upon ranking of these jobs, it is possible to slot additional jobs between those already ranked and to assign an appropriate wage rate.

- v. **Combine Ratings:** Usually, several raters rank the jobs independently. Then the rating committee (or the employer) can simply average the raters' rankings.

This is the simplest job evaluation method, as well as the easiest to explain. And it usually takes less time than other methods.

Some of its drawbacks derive more from how it's used than from the method itself. For example, there's a tendency to rely too heavily on 'guesstimates' (of things like overall difficulty), since ranking usually does not use compensable factors. Similarly, ranking provides no yardsticks for quantifying the value of one job relative to another. For example, job number 4 may in-fact be five times 'more valuable' than job number 5, but with the ranking method all you know is that one job ranks higher than the other. Ranking is usually more appropriate for small employers that can't afford the time or expenses of developing a more elaborate system.

Job Classification Method of Job Grading Method

It is a simple, widely used method in which raters categorise jobs into groups; all the jobs in each group are of roughly the same value for pay purposes. The groups are called classes if they contain similar jobs or grades if they contain jobs that are similar in difficulty but otherwise different.

In practice there are several ways to categorise jobs. One is to write class of grade description (similar to job description) and place jobs into classes or grades based on how well they fit these descriptions. Second, is to write a set of compensable factors-based rules for each class (for instance, how many independent, skills, physical efforts, and so on, does the class of jobs require?). Then categorise the jobs according to these rules.

The most popular procedure is to choose compensable factors and then develop class or grades descriptions for each class of grade in term of the amount or level of the compensable factor(s) in those jobs. For example, for few countries, job classification system includes following compensable factors:

- a) Difficulty and variety of works.
- b) Supervision received and exercised.
- c) Judgement exercised.
- d) Originality required.
- e) Nature and purpose of interpersonal work relationships.
- f) Responsibility.
- g) Experience.
- h) Knowledge required.

Based on these compensable factors, raters write a grade definition. For example,

Grade	Nature of Assignment	Level of Responsibility
GS-7	Performs specialised duties in a defined functional or program area involving a wide variety of problems or situations, develops information, identifies inter-relationships and takes action consistent with objectives of the function or program served.	Work is assigned in term of objectives, priorities and deadlines; the employee works independently in resolving most conflicts; completed work is evaluated for conformance to the policy; guidelines such as regulations, precedent cases, and policy statements require considerable interpretation and adaptation.

This GS-7 grade description is for the federal government's pay grade system. Then the evaluation committee review all job description and slots each job into its appropriate grade, by comparing each job description to the rules in each grade description. For instance, the federal government system classifies the positions of automotive mechanic, welder, electrician, and machinist in GS-10.

The classification method have several advantages. The main one is that most employers usually end up grouping jobs into classes anyway, regardless of the evaluation method they use. They do this to avoid having to work with and price separately dozens and hundreds of jobs. On course, the job classification automatically groups the employer's into job classes. The disadvantages are that it is difficult to write the class or grade description, and considerable judgement is required to apply them. Yet many employers use this method with success.

Point Method

Point method is a quantitative technique. This is the job evaluation method in which a number of compensable factors are identified and then the degree to which each of these factors is present on the job is determined.

It involved identifying,

- Several compensable factors, each having several degree, as well as,
- The degree to which each of these factors are present in the job.

Assume there are five degrees of 'responsibilities' a job could contain. Further, assume you assign a different number of points to each degree of each factors. Once the evaluation committee determines the degree to which each compensable factor (like 'responsibility' and 'efforts') is present in the job, it can calculate a total point value for the job by adding up the

corresponding points for each factors. The result is a quantitative point rating for each job. The point method is probably the most widely used job evaluation method.

Factor Comparison Method

This method is a refinement of ranking method. With the ranking method, you generally look at each job as an entity and rank the job on some overall factor like job difficulty. With the factor comparison method, you rank each job several times- once for each of several compensable factors. For example, you might first rank jobs in terms of the compensable factor 'skill'. Then rank them according to their 'mental requirements' and so forth. Then combine the rankings for each job into an overall numerical rating for the job. This too is a widely used method.

Computerized Job Evaluation

Using more quantitative Job Evaluation methods such as point or factor comparison can be time-consuming. Accumulating the information about 'how much' of each compensable factor the job contains involves a tedious process in which evaluation committee debate the level of each compensable factor in a job. They then write down their consensus judgement and manually compute each job's point value or rankings.

Computer-aided job evaluation can streamline this process. Most of these computerised systems have two main components. There is, first, a structured questionnaire. This contains items such as 'enter total number of employees who report to this position'. Second, all such system use statistical model. These allow the computer program to price jobs more or less automatically, by assigning points or factor comparison ranking to things like number of employees reporting to the position, pay rates of benchmark jobs and current pay.



Check Your Progress- A

Fill in the blanks.

1.is the purpose of job evaluation.
2. Job evaluation tries to make a systematic comparison between
3. is the basis of job evaluation.
4. is a written record of the duties, responsibilities and condition of the jobs.

7.5 SCOPE OF JOB EVALUATION

Job Evaluation is a procedure of deciding the relative worth of a job. It is a procedure which is useful to frame remuneration plans by the staff director. Job Evaluation as a procedure is worthwhile to an organization from various perspectives:

1. **Lessening imbalances in Compensation Structure:** It is discovered that individuals and their inspiration is reliant upon how well they are being paid. Along these lines the principle target of Job Evaluation is to have external and internal equity in pay structure so that imbalances in pay rates may be reduced.
2. **Specialization:** Because of division of work and in this way specialization, countless enterprises have hundred occupations and numerous representatives to perform them. Hence, an endeavour ought to be made to characterize an occupation and along these lines settle compensations for it. This is conceivable just through Job Evaluation.
3. **Advantageous for Selection of Workers:** The job evaluation information can be useful in identification of appropriate candidates. The variables that are resolved for job evaluation can be considered while selecting the employees.
4. **Harmonious relationship amongst Managers and Employees:** Through job evaluation, harmonious and amiable environment can be kept up amongst employees and administration, so that a wide range of pay rates controversies can be minimised.
5. **Standardization** - The way toward deciding the pay differentials for various jobs can noticeably be institutionalized through job evaluation. This helps in bringing consistency into compensation structure.
6. **Significance of New Job:** Through Job Evaluation, one can comprehend the relative worth of new job in an institution.

7.6 LIMITATIONS OF JOB EVALUATION

Limitations of Job Evaluation can be summarised as:

- **Not a Scientific Technique:** Job Evaluation is a deliberate procedure and not the scientific technique of remunerating the jobs. Job Evaluation needs logical exactness since all variables can't be measured precisely.
- **Problem of Adjustment:** Though numerous methods for applying the job evaluation systems are accessible; even then due fast changes in innovation and in the free market activities, the problem of adjustment is arises.
- **Unrealistic:** Substantial differences exist between occupation elements and the components stressed in the market. These distinctions are more extensive in cases in which the normal pay offered by an organization is lower than that pervasive in different organizations in a similar industry or in the same topographical region.

- **Organisational Limitations:** A job evaluation scheme takes a long time to install. It requires specialised personnel and it is costly.
- **Resistance by Labourers:** Job assessment is considered by the trade unions with doubt since it is made on specific standards and the results are by and large overlooked. A portion of the techniques for job evaluation are not effectively comprehended by labourers. Workers presume that job evaluation will reduce the ability of collective bargaining.
- **Subjective:** Too many variables are considered as a part of job evaluation and also there is no standard list of elements to be considered. Meanings of elements varies from organisation to organisation. Many researches demonstrate that the components utilized are not autonomously be valued by any stretch of imagination. It gives more dependence on inner models and assessment for settling wage rates.



Check Your Progress- B

Write True or False

1. Assessment method is one of the method of job evaluation.
2. In Ranking Method jobs can be arranged according to the relative difficulty in performing them.
3. Job Evaluation is carried on by an individual in an organization.
4. In factor comparison method each factor is ascribed a money value.

7.7 SUMMARY

- Job Evaluation is a systematic comparison done in order to determine the worth of one job relative to another.
- Benchmarking of Job is done to anchor the employer's pay scale and around which other jobs are arranged in order of relative worth.
- Compensable Factors are identified as fundamental, compensable element of a job, such as, skills, efforts, responsibility and working condition.
- Ranking Method is the simplest method of Job Evaluation that involves ranking each job relative to all other jobs, usually based on overall difficulty.
- Point Method is the job evaluation method in which a number of compensable factors are identified and then the degree to which each of these factors is present on the job is determined.

- In Factor Comparison Method ranking of jobs is done according to a variety of skill and difficulty factor, then adding up these rankings to arrive at an overall numerical rating for each job.



7.8 GLOSSARY

Job Evaluation: A systematic comparison done in order to determine the worth of one job relative to another.

Benchmark Job: A job that is used to anchor the employer's pay scale and around which other jobs are arranged in order of relative worth.

Compensable Factors: A fundamental, compensable element of a job, such as, skills, efforts, responsibility and working condition.

Ranking Method: The simplest method of Job Evaluation that involves ranking each job relative to all other jobs, usually based on overall difficulty.

Job Classification (Job Grading) Method: A Method of categorizing jobs into groups.

Classes: Grouping jobs based on set of rules for each group or classes, such as amount of independent judgment, skills, physical efforts, and so forth required. Classes usually contains similar jobs.

Grades: A job classification system like the class system, although grades often contains dissimilar jobs, such as, secretaries, mechanics and firefighters. Grades description are written based on compensable factors listed in classification systems.

Point Method: The job evaluation method in which a number of compensable factors are identified and then the degree to which each of these factors is present on the job is determined.

Factor Comparison Method: A widely used method of ranking jobs according to a variety of skill and difficulty factor, then adding up these rankings to arrive at an overall numerical rating for each job.



7.9 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

1. Determining Worth of a job in relation to other jobs.
2. Jobs
3. Job Analysis
4. Job Description.

Check Your Progress –B

1. False.
2. True.
3. False.
4. True.



7.10 REFERENCES/ BIBLIOGRAPHY

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- D.T. Bell – Planning Corporate Man Power
- HRP – Gareth Stainer – Manpower Planning.
- Jyothi Venkatesh – Human Resource Management, Oxford



7.11 SUGGESTED READINGS

1. Bhattacharya, Deepak Kumar – Human Resource Planning, Excel Books.
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4. D.T. Bell – Planning Corporate Man Power
5. HRP – Gareth Stainer – Manpower Planning.
6. Jyothi Venkatesh – Human Resource Management, Oxford



7.12 TERMINAL QUESTIONS

- Q1. Define Job Evaluation?
- Q2. Elaborate the scope and limitation of Job Evaluation?
- Q3. What are the various methods of Job Evaluation?
- Q4. Design a Job Evaluation for bank employees?

UNIT 8 JOB ANALYSIS

8.1 Introduction

8.2 Objectives

8.3 Job Analysis

8.4 Job Questionnaire

8.5 Job Description

8.6 Summary

8.7 Glossary

8.8 Answer to Check Your Progress

8.9 Reference/ Bibliography

8.10 Suggested Readings

8.11 Terminal Questions

8.1 INTRODUCTION

The Human Resource Management process really begins with deciding what the job entails. The main purpose of this unit is to show how to analyse a job and write a job description. We'll see that analysing jobs involves determining in detail what the job entails and what kind of people the firm hire for that job.

8.2 OBJECTIVES

After reading this unit you will be able to understand about;

- Job Analysis and its process.
- Job Questionnaire.
- Job Description.

8.3 JOB ANALYSIS

Organizations consists of jobs that have to be staffed. Job Analysis is the procedure through which we determine the duties and skill required for a particular positions and the characteristics of the person who should be hired for it. Job Analysis procedure helps to

produce information that is required to write Job Description (a list of what the job entails) and Job Specification (what kind of people to hire for the job).

The supervisor or HR specialist normally collects one or more of the following types of information via the Job Analysis:

- Work Activities,
- Human Behaviour,
- Machines, Tools, Equipment and Work Aids,
- Performance Standards,
- Job Context and
- Human Requirement.

Uses of Job Analysis Information

The information so collected through the process of Job Analysis is used for the following purposes:

- Recruitment and Selection,
- Compensation,
- Training and Development,
- Performance Appraisal,
- Discovering Unassigned Duties and
- Legal Compliance,

Steps involved in Job Analysis Process

Step 1: Determine how you'll use the information, since this will determine the data you collect and how you collect them. Some data collection techniques – like interviewing the employee and asking what the job entails- are good for writing job description and selecting employees for the job. Other techniques, like the position analysis questionnaire, do not provide qualitative information for job description. Instead, they provide numerical ratings for each jobs; these can be used to compare jobs for compensation purposes.

Step 2: Review relevant information such as organizational charts, process charts and job description. Organizational chart shows the organization-wide division of work, how the job in question relates to other jobs, and where the job fits in the overall organization. The chart should show the title of each position and by means of interconnecting lines, who report to whom and with whom the job incumbent communicates.

A Process Chart is a more detailed picture of work-flow. In its simplest form a process chart shows the flow of inputs to and outputs from the job you're analysing. Finally, the existing job description, if there is one, usually provides a starting point for building the revised job description.

Step 3: Selection of representative position. There may be too many similar jobs, to analyse them all. For example, it is usually unnecessary to analyse the jobs of 200 assembly workers when a sample of 10 jobs will do.

Step 4: Actually analyse the Job by collecting data on job activities, required employee behaviours, working condition and human traits and abilities needed to perform the job. For this step, use one or more of the job analysis methods.

Step 5: Verify the job analysis information with the worker performing the job and with his/her immediate supervisor. This will help confirm that the information is factually correct and complete. This review can also help gain the employee's acceptance of the job analysis data and conclusions, by giving that person a chance to review and modify your description of job activities.

Step 6: Develop a Job Description and Job Specification. These are two tangible products of the job analysis. The job description is a written statement that describe the activities and responsibilities of the jobs, as well as its important features, such as working conditions and safety hazards. The job specification summarizes the personal qualities, traits, skills and background required for getting the job done. It may be in a separate document or in the same document as the job description.

Methods for Collecting Job Analysis Information

There are various ways to collect information on a job's duties, responsibilities and activities. There may be described as:

- Interview Method.
- Questionnaires.
- Observation.
- Participants Diaries/ Logs.
- Quantitative Job Analysis.
- Internet Based Job Analysis

Interview Method

Job analysis interview range from completely unstructured interviews to highly structured ones containing hundreds of specific items to check off.

Managers may conduct individual interviews with each employee, group interview with group of employees who are performing same jobs, and/or supervisor's interview with one or more supervisors who know the job. They use group interviews when a large number of employees are performing similar or identical work, since it can be a quick and inexpensive way to gather information. As a rule, the worker's line manager attends the group session; if not, you can interview the supervisor separately to get that person's perspective on the job's duties and responsibilities.

Whichever kind of interview you use, you need to be sure the interviewee fully understands the reason for the interview. There's a tendency for workers to view such interviews, rightly

or wrongly, as 'efficiency evaluation'. If so, interviewees may hesitate to describe their jobs accurately.

Some of the typical interview questions are as:

- What is the job being performed?
- What are the major duties of your position? What exactly do you do?
- What physical location do you work in?
- In what activities do you participate?
- What are the job's responsibilities and duties?
- What are the basic accountabilities or performance standards that typify your work?
- What are your responsibilities? What are the environmental and working conditions involved?
- What are the job's physical demands? The emotional and mental demands?
- What are the health and safety conditions?
- Are you exposed to any hazards or unusual working conditions?

Interviewing Guidelines

To get the best information possible, keep several things in mind when conducting a job analysis interview.

- Quickly establish rapport with the interviewee. Know the person's name, speak in easily understood language, briefly review the interview's purpose and explain how the person was chosen for the interview.
- Preferably follow a structured guide or checklist, one that lists questions and provides space for answers. This ensures you'll identify crucial questions ahead of time and that all interviewers (if more than one) cover all the required questions.
- When duties are not performed in a regular manner- for instance, when the worker does not perform the same duties repeatedly many times a day- ask the worker to list his/her duties in order of importance and frequency of occurrence. This will ensure that you don't overlook crucial but infrequently performed activities. Like a nurse's occasionally emergency room duties.
- After completing the interview, review and verify the data. Specifically, review the information with the worker's immediate supervisor and with the interviewee.

Questionnaires

Having employees fill out questionnaires to describe their job-related duties and responsibilities is another popular way to obtain job analysis information.

You have to decide how structured the questionnaire should be and what questions to include. Some questionnaire are very structured checklists. Here each employee gets an inventory of perhaps hundreds of specific duties or tasks. He or she is asked to indicate whether or not he

or she performs each task and, if so, how much time is normally spent on each. At the other extreme, the questionnaire can be open ended and simply ask the employees to describe the major duties of your job.

Observation

Direct observation is especially useful when jobs consist mainly of observable physical activities- assembly-line workers and accounting clerks, are examples. On the other hand, observation is not usually appropriate when the job entails a lot of mental activities such as lawyer, designer or engineer. Nor it is useful if the employee is occasionally engages in important activities, such as a nurse who handles emergencies. And reactivity- the worker's changing what he or she normally does because you are watching- can also be a problem.

Managers often use direct observation and interviewing together. One approach is to observe the worker on the job during a complete work cycle. Here, you take notes of all the job activities. Then, after accumulating as much information as practical, you interview the worker. Ask the person to clarify point not understood and to explain what other activities he or she performs that you didn't observe. You can also observe and interview simultaneously, asking questions while the worker perform his/her job.

Participant Diary/Logs

Another method is to ask workers to keep a diary/log of what they do during the day. For every activity engaged in, the employee records the activity in a log. This can produce a very complete picture of the job, especially when supplemented with subsequent interviews with the worker and the supervisor. The employee, of course, might try to exaggerate some activities and under play other. However, the detailed, chronological nature of the log tends to mediate against this.

Diary/logs have gone high-tech. Some firms give employees pocket dictating machine and pagers. Then at random times during the day, they page the workers, who dictate what they are doing at that time. This approach can avoid one pitfall of the traditional diary/log method: relying on workers to remember what they did hours earlier when they complete their logs at the end of the day.

Quantitative Job Analysis Techniques

Qualitative method like interviews and questionnaires are not always suitable. For example, if your aim is to compare jobs for pay purpose, a mere listing of duties may not suffice. You may need to say that, in effect. 'Job A is twice as challenging as Job B, and so is worth twice the pay'. To do this, it helps to have quantitative ratings for each job. The position analysis questionnaire approach is used as quantitative methods for doing this.

Position Analysis Questionnaire (PAQ)

PAQ is a form of questionnaire used to collect quantifiable data concerning the duties and responsibilities of various jobs.

PAQ is probably the most popular quantitative job analysis tool, and consist of a detailed questionnaire containing 194 items. The items such as, 'written material', each represent a

basic element that may or may not play a role in the job. The 194 items each belongs to one of five PAQ basic activities:

- i. Having decision making/ communication/ social responsibilities.
- ii. Performing skilled activities.
- iii. Being physically active.
- iv. Operating vehicles/ equipment.
- v. Processing information.

The final PAQ score shows the job's rating on each of these five activities. The job analyst decides if each of the 194 items plays a role and, if so, then to what extent. The job analyst can use an online version of the PAQ for each job he/she is analysing.

The PAQ's strength is in classifying jobs. With score for each job's decision making, skilled activity, physical activity, vehicle/ equipment operation and information-processing characteristics, you can quantitatively compare jobs relative to one another, and then assign pay for each job.

Internet Based Job Analysis

Methods such as interview and questionnaire present some drawbacks. For example, face-to-face interviews and observations can be time-consuming. And collecting the information from geographically dispersed employees can be challenging.

Conducting the job analysis via the internet is an obvious solution. Therefore, the use of online methodologies for surveys, including job analysis surveys has increased dramatically in recent year, and most companies choose to use the Internet or Intranet to collect this type of data. Most simply, the human resource department can distribute standardized job analysis questionnaire to geographically disbursed employees via their company internet, with instructions to complete the forms and return them by a particular date.

Of course, the instruction should be clear, and it's best to test the process first. Most importantly, without a job analyst actually sitting there with the employee or supervisor, there's always a chance that the employees won't cover important points or that misunderstanding will could the results.

8.4 JOB QUESTIONNAIRE

As described earlier, the best questionnaire often falls between the two extremes. A typical job analysis questionnaire might include several open-ended questions (such as 'state your job', 'overall purpose') as well as structured questions (concerning for instance, previous education required).

Whether structured or unstructured, questionnaire have pros and cons. A questionnaire is a quick and efficient way to obtain information from a large number of employees; it's less costly than interviewing hundreds of workers, for instance. However, developing the questionnaire and testing it (perhaps by making sure the workers understand the questions)

can be time-consuming. And as with interviews, employees may distort their answers, consciously or unconsciously.

A sample of Job Analysis Questionnaire for Developing Job Description is as below (source: www.hr.blr.com):

Job Title: Date:

Job Code: Department:

Superior's Title:

Hours Worked: AM to PM

Job Analyst's Name:

1. What is the job's overall purpose?

2. If the incumbent supervises others, list them by job titles; if there is more than one employee with the same title, put the number in parenthesis following.

3. Check those activities that are part of the incumbent's supervisory duties.

- Training.
- Performance Appraisal.
- Inspecting work.
- Budgeting.
- Coaching and/or counselling.
- Others (please specify):

4. Describe the type and extent of supervision received by the incumbent.

5. Job Duties: Describe briefly WHAT the incumbent does and, if possible, HOW he/she does it. Include duties in the following categories:

- Daily Duties: _____
- Periodic Duties: _____
- Duties performed at irregular interval: _____

6. Is the incumbent performing duties he/she considers unnecessary? If so, describe.

7. Is the incumbent performing duties not presently included in the job description? If so, describe.

-
8. Education: Check the box that indicates the educational requirements for the job (not the educational background of the incumbent)
- No formal education required.
 - Eight grade education.
 - High School Diploma.
 - 3 Years college degree course.
 - P G Level Course.
 - Professional Course.
 - Please Specify:
9. Experience: Check the amount of experience needed to perform the job:
- None.
 - Less the one month.
 - One to six months.
 - Six months to one years.
 - One to three years.
 - Three to five years.
 - Five to ten years.
 - More than ten years.
10. Location: Check location of job, and, if necessary, describe briefly:
- Outdoor.
 - Indoor.
 - Underground.
 - Excavation.
 - Scaffold.
 - Other (Specify):
.....
11. Environmental condition: Check any objectionable condition found on the job and note afterward how frequently each is encountered.
- Dirt.
 - Dust.
 - Heat.
 - Cold.
 - Noise.
 - Fumes.
 - Odours.
 - Humidity/wetness.
 - Vibration.
 - Sudden Temperature change.
 - Darkness or poor lighting.
 - Others (specify):
.....
12. Health and safety: Check any undesirable health and safety conditions under which incumbent must perform and note how often they are encountered.

- Elevated workplace.
- Mechanical hazard.
- Explosives.
- Electrical hazards.
- Fire hazards.
- Radiations.
- Other (specify):.....

13. Machine, tools and equipment and work aids the incumbent works with on a regular basis:

14. Have concrete work standards been established?

15. Are there any personal attributes:

16. Are there any exceptional problems the incumbent might be expected to encounter in performing the job under normal conditions?

17. Describe the successful completion and/or end results of the job.

18. What is the seriousness of errors in this job?

19. To what job would a successful incumbent expected to be promoted?



Check Your Progress- A

Fill in the blanks.

1. Job Analysis is a process of gathering information about the Job

2. A structured questionnaire method for collecting data about the personal qualities of employees is called..... Work profiling system
3. Position Analysis Questionnaire (PAQ) for job analysis is a Quantitative Technique.
4. An outline of chain of command and reporting relationships in form of chart, is stated in Organization Chart

8.5 JOB DESCRIPTION

The employers almost always uses the job analysis to produce a job description. A Job Description is a written statement of what the workers actually does, how he or she does it, and what the job's working conditions are. You use this information to write a job specification; this lists the knowledge, abilities and skills required to perform the job satisfactorily.

There are no standard format for writing a job description. However, most description contain sections that cover:

1. Job Identification
2. Job Summary
3. Responsibilities and Duties
4. Authority of Incumbent
5. Standards of Performance
6. Working Conditions
7. Job Specification

Job Identification

Job identification includes several type of information. Such as, *job title* specifies the name of the job. *Date*, is the date the job description was actually approved. There may also be a space to indicate who approved the description and perhaps a space that shows the location of the job in terms of its facility/division and department/section. This section might also include the immediate supervisor's title and information regarding salary and/or pay scale. There might also be space for the grade/ level of the job, if there is such a category. For example, a firm may classify programmers as programmer II, programmer III, and so on.

Job Summary

The job summary of-course summarise the essence of the job, and include only its major functions or activities. Thus, for the job of material manager, the summary might state that the 'material manager purchases economically, regulates delivery of, stores, and distributes all material necessary on the production line'. For the job of mailroom supervisor, 'the mailroom supervisor receives, shorts, and deliver all incoming mails properly, and he or she handles all outgoing mail including the accurate and timely posting of such mail'.

While it's common to do so, include general statements like 'performs other assignments as required' with care. Such statements do give supervisors more flexibility in assigning duties. Some experts, however, state unequivocally that 'one item frequently found that should never be included in a job description is a cop-out clause like other duties, as assigned', since this leaves open the nature of the job- and the people needed to staff it. To avoid any ambiguities, it's advisable to make it clear in the job summary that the employer expects the job incumbent to carry out his or her duties efficiently, attentively, and conscientiously.

Relationships

There may be a relationship statement that shows the job-holders relationship with other inside and outside the organization. For a human resource manager, such a statement might look like this;

Report to: Vice president of employee's relations.

Supervises: Human Resource Clerks, test administrator, labour relation director, and one secretary.

Works with: All department managers and executive management.

Responsibilities and Duties

This is the heart of job description. It should present a list of job's significant responsibilities and duties. For instance, job's duties may include 'achieve quantitative sales goal' and 'determine sales priority'.

This section may also defines the limit of the jobholder's authority, including his/her decision making authority, direct supervision of other personnel, and budgetary authority.

Usually, the manager's basic question here is, 'How do I determine what the job's duties are and should be?'. The first answer is, from the job analysis itself; this should reveal what the employees on each job are doing now. Second, the manager will turn to the various sources of standardized job description information.

Standard of Performance and Working Conditions

Some managers want the job description to contain a 'standard of performance' section. This lists the standards the company expects the employees to achieve under each of the job description's main duties and responsibilities. It guides both the employee and manager in assessing how the former is performing.

Setting standards is never easy. However, most managers soon learn that just telling subordinates to 'do their best' doesn't provide enough guidance. One straightforward way of setting standards is to finish the statement, 'I will completely satisfy with your work when'. This sentence, if completed for each duty listed in the job description, should result in a usable set of performance standards. Here are some examples:

Duty: Accurately Posting Accounts Payable

1. Post all invoices received within the same working day.

2. Route all invoices to proper department managers for approval no later than the day following receipts.
3. An average of no more than three posting errors per month.

Duty: Meeting Daily Production Schedule

1. Produce no less than 426 units per working day.
2. Next workstation rejects no more than an average of 2% on units.
3. Weekly overtime does not exceed an average of 5%.

The job description may also list the working conditions involved on the job. These might include things like noise level, hazardous conditions, or less.

Writing Job Specification

The job specification takes the job description and answers the question, ‘What human traits and experiences are required to do this job effectively?’ It shows what kind of person to recruit and for what qualities you should test that person. The job specification may be a section of the job description, or a separate document.

Specifications Based on Judgement

Most job specifications come from the educated guesses of people like supervisors and human resource managers. The basic procedure here is to ask, ‘What does it take in terms of education, intelligence, training and the like to do this job well?’ There are several ways to get these ‘educated guesses’. You could simply review the job’s duties and deduce from those human traits and skills the job requires. You can also choose them from the competencies listed in various web-based descriptions.

Job Specifications Based on Statistical Analysis

Basing job specifications on statistical analysis is the more defensible approach, but it’s also more difficult. The aim here is to determine statistically the relationship between (1) some predictor (human traits, such as height, intelligence, or finger dexterity) and (2) some indicator or criterion of job effectiveness, such as performance as rated by supervisor.

This procedure have 5 steps:

1. Analyse the job and decide how to measure job performance.
2. Select personal traits like finger dexterity that you believe should predict successful performance,
3. Test candidates for these traits,
4. Measure these candidates subsequent job performance and
5. Statistically analyse the relationship between the human traits.

This method is more defensible than the judgemental approach because equal rights legislation forbids using traits that you can’t prove distinguished based on gender, race, religion, or age may have to be shown to predict the job performance.



Check Your Progress- B

Write True or False.

1. The final process of a job analysis is the preparation of two statements, namely Job description and job specification.
2. The process of grouping of similar types of work together is called Job Design.
3. The process of bringing together different tasks to build a job is called Job Classification.
4. The system of ranking jobs in a firm on the basis of the relevant characteristics, duties, and responsibilities is known as Job Evaluation.

8.6 SUMMARY

- Job Analysis is the procedure of determining the duties and skill requirements of a job and the kind of person who should be hired for it.
- Job Description is a list of Job's Duties, responsibilities, reporting relationships, working conditions, and supervisory responsibilities- one product of a job analysis.
- Job Specification creates a list of Job's 'human requirements', i.e., the requisite education, skills, personality and so on- another product of a job analysis.
- Job Questionnaire is used to develop a detailed information regarding a particular job.
- Diary/Log is used for daily listing made by workers of every activity in which they engage along with the time each activity takes.
- Position Analysis Questionnaire is used to collect quantifiable data concerning the duties and responsibilities of various jobs.



8.7 GLOSSARY

Job Analysis: The procedure of determining the duties and skill requirements of a job and the kind of person who should be hired for it.

Job Description: A list of Job's Duties, responsibilities, reporting relationships, working conditions, and supervisory responsibilities- one product of a job analysis.

Job Specification: A list of Job's 'human requirements', *i.e.*, the requisite education, skills, personality and so on- another product of a job analysis.

Organization Charts: A chart that shows the organizations wide distribution of work, with titles of each position and interconnecting lines that show who reports to and communicates with whom.

Process Chart: A work-flow chart that shows the flow of inputs to and output from a particular job.

Diary/Log: Daily listing made by workers of every activity in which they engage along with the time each activity takes.

Position Analysis Questionnaire: A questionnaire used to collect quantifiable data concerning the duties and responsibilities of various jobs.



8.8 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

1. Job
2. Work profiling system
3. Quantitative Technique.
4. Organization Chart

Check Your Progress –B

1. True
2. False
3. False
4. True



8.9 REFERENCES/ BIBLIOGRAPHY

- Bhattacharya, Deepak Kumar – Human Resource Planning, Excel Books.
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8.10 SUGGESTED READINGS

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5. HRP – Gareth Stainer – Manpower Planning.
6. Jyothi Venkatesh – Human Resource Management, Oxford



8.11 TERMINAL QUESTIONS

- Q1. Define Job Analysis?
- Q2. Elaborate the process of Job Analysis?
- Q3. Define Job Description?
- Q4. Elaborate how to use Job questionnaire?

UNIT 9 JOB ASSESSMENT

9.1 Introduction

9.2 Objectives

9.3 Job Assessment

9.4 Methods of Job Assessment

9.5 Scope of Job Assessment

9.6 Limitation of Job Assessment

9.7 Summary

9.8 Glossary

9.9 Answer to Check Your Progress

9.10 Reference/ Bibliography

9.11 Suggested Readings

9.12 Terminal Questions

9.1 INTRODUCTION

Job information is essential for the organization to carry the functions in efficient and effective manner. At the stage of job assessment information about each job responsibilities, duties and authority including all working scenario is available with the assessor of the job (Chaitanya Mallapur, IndiaSpend.com, 2020). The nature of job be it manual, automated or technology assisted is clearly communicated with the worker as well as the assessor. Proper co-ordination between the execution and plan of the job leads to attainment of organization's objectives.

In depth understandings of job values to organization, work efforts required by the employees to perform, work coordination with instrument or technology involve in job makes job assessment exercise easy for the assessor. Different tools used to assess jobs.

9.2 OBJECTIVES

After reading this unit you will be able to:

- Understand the concept of Job Assessment.

- Learn the methods of job assessment.
- Understand importance and scope of Job assessment in the organization.

9.3 JOB ASSESSMENT

Job Assessment is required in each organization to synchronize the job effectiveness and efficiency into practice. The assessment of job is carried after the information of the job integrals is available with the assessor. The accelerated change available in future can be encountered when continuous job assessment allows the inclusion of required changes in each job. Nature of job can vary from being manual to base on technology. In every case of job condition the assessment provide opportunity to cope up with the demand of the industry in time context.

Planning about the responsibilities, duties, authority and working conditions described in job description may have alteration on practical ground. Assessment of job provides the understanding of these differences and suggestion at foreman level or workers level allows re-assessment of job. Various methods are available to assess the job. The amalgamation of changes required in the existing job description serves the actual purpose of job assessment in any organization. Ground level implementation reports need to be checked using observation and feedback from the supervisors and workers level frequently so as to meet the existing demand of the jobs in organization as well as in industry.

Job design may consist over or under estimation of job duties, responsibilities at the time job description and job specialization steps of job analysis. This may lead to over or under specialization of job. Job assessment provides opportunities to remove the inequality available in the job design and lead to a balanced job. Regular job assessment in practices minimizes the concerns of job.

9.4 METHODS OF JOB ASSESSMENT

The job assessment methods are used to calculate the worth of the job for the organization. Job pricing and different job assessment methods used for pricing a job are discussed below;

- **Job Pricing:** Job assessment identifies the errors in current job design and improvise any changes required. The first important aspect under job assessment is creation of job value within organization either in ranks, points or in terms of pay. Creating the value of job in terms of pay is called job pricing.

Job pricing begins with creation of pay worth of the individual job. Each job is get assessed on the basis of pay value can be received by the employee engaged in it. The worth of job in pay terms than get categorised into pay value jobs. These similar category jobs get compared with other organizations' job into similar category (in terms of responsibilities and duties associated with them). After categorization of the similar job description based job and equating them in terms of pay too, pay grades are determined by the job.

The pay grades/bands/range created on the basis of equalization of pay value of the jobs leads to different pay range/ band of the job with their worth determined by the organization. The assessment of job on the basis of job pricing creates the clarity of any job family (jobs within the similar pay range) to the organization. Future decision of organization for creation of new job opportunities can be assessed on the basis of cost to the company in their future endeavours.

Pricing of job can be carried using job assessment method work study, which is combination of further two methods work measurement and method study. These methods are as follows;

- **Work Study:** It includes all the perspective of human work involved in execution of the job. To make the job outcome more effective and efficient, work study evaluates the factors influence the outcome involved in any job. The work study is enables optimization of human resource for the better utilization of human resource with due consideration of human factors involved in any job profile.

In work study concentration is given to the operation efficiency rather emphasizing over technical part of the work. The operation aspect can be understood on the basis of three dimensions of it as;

Effectiveness of Plant equipment's: The work study provides effective use of the equipment used in the plant. Practice like six sigma, 5S are useful in accomplishing the effectiveness objective. Effectiveness of plant equipment's refers to minimization of wastage involved in production process and attaining quality outcome as designed by the company as per the demand in the market.

Human resource effectiveness: Human efforts in any job consists many human factors like fatigue, motion study, time effectiveness, output standards, procedural standards etc. which need to be followed by the individual human. Thus to make human resource an effective asset to the organization, consideration of all the factors need to be taken care in job assessment.

Human work assessment: Work study also creates standards, against which assessment of human resource inputs are evaluated. The bench marks for the performance of each job profile consist different dimension from technical efficiency to the qualitative outcomes. The human factor of fatigue, boredom sameness etc. also needs to be considered in job design. Human work assessment at one end provides inputs for job reengineering and on the other hand provides opportunity to include human factors in the job design.

Human perspective of work Study (Trade Unions): Implementation of work study is contextual to the workers efficiency and their benefits. Such actions of the organization are helpful in creating the health working condition for the workers. Thus there are always chances to receive reluctance for implementation of such working system in the organization. As change is resisted by the each level

employees, thus for successful implementation of such changes in the organization certain considerations need to be taken into account.

- **Work Measurement:** To obtain standard outcome using defined techniques, process required time is fixed for each job. Thus establishment of time for obtaining the defined outcome as per defined technique is termed as work measurement. Thus it includes identification of element involved in job performance (e.g. production), identification of time taken to execute the work and end with establishment of standard performance under standard time.

Work measurement practices fulfils the objective of manpower planning, planning production, minimization of cost, performance appraisal, alternative methodology comparison, new order acceptance and many more functions of the organization. Work measurement utilizes many methodologies. Different methods of work measurements are discussed below;

Historical Data method is the easier and simple method to utilize. In this method job related past performance is studied and on the basis of understanding regarding techniques, standard outcome and defined time duration of performance. Removal/modification of job factors which are not beneficial / required is carried out in this method so as to get new effective standards of job performance. This method allows the required changes to get implement and facilitate the coordination with developing world.

Time study consist measurement of time using stop watch (fly back method and continuous method) for a specified job which need to get studied. This method was developed by F. W. Taylor. This includes identification of the job for time measurement, fixing the standard method of job performance, identifying the elements of the job, identifying the worker whose performance need to be measured, defining the working conditions, measuring the time taken in each job completion, considering the human factor into consideration (fatigue) and finalizing the standard time as per the defined standard outcome. This method is useful to clearly define the each aspect of job with reference to the time factor should be used in performance.

Work sampling method was developed by Leonard Henry Caleb Tippett, Britain. The method focused on the identification of work involvement of worker within a given working hours of day. This method does not recognize the time involvement rather concentrates the fruitful and idle time in any job performance by an employee. The method involves random study of performance of employee on the job while observing the idle time of work and active involvement time in the work. The recording of working is carried in different time slots. The time slot of in which a worker performs (P) is recorded in multiple interval and number of observation taken for that time recording. The total observation taken in which worker was performing gets divided by the total number of observation taken to receive the value of P. Thus P can be formulated as;

$P = \text{Number of observation when worker performs work} / \text{Total number of observation}$

This value of P is used to establish the performance standards for the job.

The work sampling provides understanding about workers real time performance without disturbing the work. Work sampling is also able to understand the team behaviour while they work together. It facilitates the execution by any individual without expertise into observing the matter of performance. This method is economically efficient against the time study as time frame of observation is fragmented (can be chosen by the observer), simultaneously more than one worker can be observed.

As work sampling is a good tool but yet it fails to fragment a job into elements thus for observation understanding about the whole job in total must be clear to the observer. Alteration of job involvement, performance is possible with the knowledge of getting observed by any one. This method is failed to identify the worker's speed of work.

Synthesis method studies the job in time related dimension and also includes level of performance i.e. about speed to perform the job. The process of synthesis method includes calculation of time taken in performing a job and then also calculates the time taken in each elements of job. This includes the information from the past records regarding the time taken by each elements of job to perform. Total of time taken by each job (synthesize) is used to establish the standard time for job performance while considering the speed of performance being low, medium or very fast. Thus under synthesis method, we can express the method as'

Synthesized time = Summation of time taken by each element of the job (from past data)

This method is reliable as it possesses past information and does not required new time study to carry out.

Predetermine Motion Time System (PMTS) provides identification of time required to perform the job on the basis of human factor consideration. This method identifies the basic time required to perform the human motion available in any job performance. The time taken is fragmented into three categories of being normal, fast and very fast. These time values of different level of performances are fixed for performance. This method eliminates the subjectivity of the evaluator and is an accurate method of determining the time and motion coordination. For a repetitive and short duration job this method is appropriate. The determination of time and motion is carried without interfering the job performed. It assists in improvement of job method as careful study of motion is carried under this method of evaluation.

Analytical Estimating is used in fixation of time for long duration repetitive jobs. Time standardization is based on the available data. In case of non-availability of standard time experience of expert is utilized to calculate the standard time. This

method is useful in fixing rate for non-repetitive jobs. In case of standard time is not available the expertise of individual may be difficult to measure and may provide limitation to this method.

- **Method Study:** Efficiency improvement is focused and obtained using method study. Method study identifies the optimum method to obtain similar productivity using minimum input. This method appreciates innovative practices, minimizes waste, optimize resource utilization. Method study must consider economic, technical and human while designing new methodology of production.

The objective of method study is to obtain efficient way of performing the job for enhanced productivity. It avoids unnecessary work, removes delays in work, minimization of waste etc. method study outcomes in jobs or in organization are indicated through;

- Plans and programs review
- Orientation again towards organization's mission or objectives
- Organization structure balance
- Assessment job task, resource utilization
- Improved plant layout
- Improved communication in organization
- Standardize production procedure
- Production process simplification
- Work planning, work flow and improvement in work flow
- Quality improvement, resource management, inventory management and plant machinery improvement
- Optimum utilization of resources
- Improved working condition
- Higher performance standards

Framework of Method study: Organization can implement method study while considering the procedure steps involved in implementation of method study. The method study includes the following steps in implementation;

Selecting the work to study

Recording the information regarding work to be study

Examine the facts of job critically

Development of practically optimal method of production while considering the working constraints

Installation of new method into practice

Maintaining the implement method

The above procedure is simple format for implementation. Method study procedure can be expressed in other ways as

1. Data collection
2. Preliminary/Pilot study
3. Problem identification
4. Collection of data of concern factors
5. Determination of factor's interconnection
6. Subject study finalization
7. Defining the problem/subject of study
8. Impact assessment/reaction
9. Evolving alternatives
10. Optimal solution decision
11. Solution testing
12. Report development
13. Recommendation presentation
14. Implementation decision
15. Implementation presentation
16. New method installation
17. Maintaining the new method
18. Assessment of improvement attained

The role method study can be expressed as;

- To encourage the objectives of the organizations
- To evaluate the organizations tasks
- Communication and control structure evaluation of organization
- Optimization of resource utilization
- Productivity enhancement through improvement in procedure

- Improvement of working condition while attaining satisfaction of the employees.

Some other methods and integral parts of job assessment are also considered by the organization while conducting the assessment. These factors and methods of job assessment are mentioned as follows;

- **Human Factor Engineering:** Interaction between human and machine is studied under human factor engineering (*Human-Factors Engineering / Definition, Ergonomics, & Examples*, n.d.). Job assessment requires understanding the coordination between humans and their handling with the tools available them for performing jobs. The human factor engineering considers human environment interactions as well as physical and cognitive limitation. Human factor engineering is also called **Ergonomics** or **Human engineering**. Human factor engineering is used as body of knowledge, profession and process.

Human engineering as body of Knowledge: As a body of knowledge human engineering consists data collection about the characteristics of human, their capabilities, limitation, environment in which they function, job they perform and machinery they operate/interact with.

Human engineering as Profession: As a profession it consist professionals from engineering, science and many disciplines that are concern with the individuals and group of people.

Human engineering as Process: As a process it deals with the work, machinery, work process, and the individual's human factors like safety, productivity, growth into account.

Human engineering Approach in Job assessment and design is based on two major principles. The first principle is to analysis of the human machinery interface in scientific manner to resolve the concern in practical, feasible and logical manner. The second principle draws a limitation to the approach as to device new job trial and error get conducted by the person implementing the human engineering. Thus experimental approach is carried before the finalization of design of machinery/job.

Principles of Human Factors: Implementation of the human engineering considers the following human factors while designing or assessing the job;

1. Even the experts can commit mistake, such consideration equips the new development hazards free and safer for the humans.

2. Situation can be predicted, prevented, and can be managed about the human errors.
3. Organization culture and working environment influences the behaviour of individual's.
4. Training and skills enhancement can lead to change in behaviour and performances of individual.
5. Identified errors can be helpful to avoid future mistakes which may occur.

Human Machine Model is a working model representing the workplace design describing human as part of system and studied with their machine interaction. The workplace design can be expressed as;

General approach-

- Plan the whole, then detailed
- Plan the ideal, then practical
- System requirements-process/equipment
- Process/Equipment- Workplace layout
- Evaluation of alternative

Workplace layout

- Define what the operator needs to see outside work station, inside work station, other people/equipment
- Define what operator needs to hear to communicate to with others, signals, alarms, equipment
- Specify what operator needs to control hand/foot controls, latches, seat adjust, emergency
- Determine body clearances

- **Motion Economy:** “Motion economy deals with generating and improving plans for a certain group of simple tasks in industries where efficiency gain is achieved by reorganizing the actions in the plan”(Canan & Birtürk, 2006). Frank Gilbreth developed a set of 17 elementary motions commonly found in manual operations and called them “Therbligs”, reverse spelling of his name. Less body motion decreases the time of performance and enhances the productivity with less efforts. For motion or movement to be efficient certain principles are considered for

motion economy to implement. To minimize the fatigue involved in manual work following principles are considered under motion economy;

- Principles for use of Human body
- Principle for arrangement of workplace
- Principle for design tools and equipment
- Rules concerning time conservation

Principles for use of Human body provide that in working both hands must begin and finish their motion at the same time. Both hands can't be idle leaving the rest period. Simultaneous use of both hands in a best motion method need to be carry. Classification of hands motion should be for the smallest unit of motion e.g., finger, wrist, lower arm, upper arm and body motion. Simple and smooth motion produces less fatigue. Ballistic movements are faster, easier and accurate than controlled movement. Motion sequence need to be sequential and rhythmic for automatically movement. Foots work need not be assigned to hands.

Principle for arrangement of workplace possesses the rules for workplace. The tools and equipment must have defined place. Tools and equipment useful in work should be placed near and close to worker. Use of conveyer for providing inputs to the worker to be work upon. Use of drop delivers means dropping the article into a chute or on a conveyor as near to the point of assembly as possible so that gravity assists. Tools and equipment need to be located in a way to facilitate easy and sequential motions. Proper illumination at work place should be done. Proper working table, place to sit must be available as per the work requirement. Comfortable position must be acquired by the worker using the sitting and other place of work. Keeping the shop in good order and clean.

Principle for design tools and equipment provides assistance in identification of right design of tools and equipment's. The right use of equipment need to carry so as to avoid hands use where equipment can handle the work. Reduction in noise contributes in enhanced work speed and less use of energy. Tools and material should be positioned in a manner to have less search work. While using the multiple body parts in specific movement, balanced distribution of load to each part must be done. Position, location of operating switches/levers must be nearer to worker to avoid position change from the current work individual is performing.

Rules concerning time conservation decides about the time utilization in optimize manner. It states that even temporary halt of work by an employee need to be discouraged. Machinery need to be used for production and need not to run idle. While working on more than two jobs minimization of motions need to be carried out in the organization.

Considering the above principles and human factors motion economy concentrates over minimization of motion so as to reduce energy waste and enhance production and productivity.



Check Your Progress- A

Fill in the blanks.

1.is the purpose of job assessment.
2. Who has developed the time study method of work measurement
3. Standard time calculation is related to.....
4. Productivity efficiency is attained through.....
5. Critically examination of the job facts is carried in.....step of the method study process.

9.5 SCOPE OF JOB ASSESSMENT

The job assessment has wide range of scope in context of organization practices. As the accelerative thrust if change is faced by all individual organization, thus to survive and excel while coordinating the forces of industry and working environment, job assessment turns up as tool to resolve such concerns. The scopes of job assessment can be listed as;

- It enables the effectiveness in the job performance.
- It enhances the probability if organization to survive and excel in the competitive scenario of the industry which is accommodating changes very fast.
- It enhances the resource optimization in each job assessed.

- Innovation, creativity and best practices in the organization get appreciated with the implementation of job assessment.
- It minimizes the cost of production, contributes in decision making, and develops control in different process of the organization.
- Develops opportunities for new jobs creation in organization too.
- Enhancement of working condition and satisfaction among the workers can be drawn using the job assessment practices.
- Review of the existing job and improvement according to the requirement of work are only possible through job assessment.
- Quality improvement, with same input quantity improvement can be achieved using Job assessment.
- Enables change management to incorporate in organization practices.

9.6 LIMITATIONS OF JOB ASSESSMENT

Limitations of Job Assessment can be summarised as:

- In PMTS, Time study under work measurement past data is required. If properly calculated data is not available than determination of correct time taken is difficult.
- New technology require different tools for implementation, thus may have contribution in increasing the cost for organization.
- Regular implementation of job assessment may raise concern of coordination with the changes by the workers.
- Skills enhancement of employee's for new developed job through assessment will require investment of time and money both in training.
- New developed jobs may create new standards of performance may be not affordable to majority of employees.
- Many changes in the existing system can be resisted by the employees.
- With the consent of majority of employees developed job even create concern of resistance as it demands to break comfort with the existing procedure.



Check Your Progress- B

Write True or False.

1. Job Assessment does not include time study.
2. Fly back method is used to calculate the standard time for time study of any job.
3. Ergonomics is the study of machine and human interface.
4. PMTS considers the human factor in time study related to any job.
5. Productivity enhancement is relevant to method study whereas time study is related to work measurement.

9.7 SUMMARY

Job assessment becomes an integral important part of organization activity with its wide scope of implementation. The frequent use of job assessment in the organization provides it competitive advantage over the other players in the industry. After the job design process carried in the organization as a part of job analysis, job assessment provides opportunities to modify and create new opportunities in existing jobs. It even provides chance for new job creation as per the advanced technology available in the industry.

In the process of assessment value/ price of the job being created on the basis of pay comparison within and outside the organization in same levels as a part of value analysis. The assessment of job consist different methods of computation. Work study comprising work measurement and method study and other methods like human engineering or motion economy. Work measurement at one end emphasizing over time study using standard time calculation and method study concentrates over the productivity enhancement perspective. The other two methods viz., human engineering and motion study focuses over the proper use of layouts and human interface with the machine so as to minimize energy, time and resource wastages.

The application of job assessment assists organization in implementing the concept of change management whereas all the changes are carried in a scientifically. The use of job assessment tools in the organization must be encouraged to mitigate the concerns of present and future.



9.8 GLOSSARY

Fly back method- Here the stop watch is started at the beginning of the first element. At the end of the element the reading is noted in the study sheet (in the WR column). At the same time, the stop watch hand is snapped back to zero. This is done by pressing down the knob, immediately the knob is released. The hand starts moving from zero for timing the next element. In this way the timing for each element is found out. This is called observed time (O.T.)

Continuous method- Here the stop watch is started at the beginning of the first element. The watch runs continuously throughout the study. At the end of each element the watch readings are recorded on the study sheet. The time for each element is calculated by successive subtraction. The final reading of the stop watch gives the total time. This is the observed time (O.T.).

Standard time-Standard time is the time allowed to an operator to carry out the specified task under specified conditions and defined level of performance.

Standard time may be defined as the, amount of time required to complete a unit of work:

(a) under existing working conditions, (b) using the specified method and machinery, (c) by an operator, able to the work in a proper manner, and (d) at a standard pace.

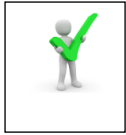
Standard time = Observed time (O.T.) * Rating factor * (1+ PFD allowance)

PFD allowances- PFD Allowances = Personal, Fatigue and Delay Allowances = (PA+RPA+SA)

Production- Production is the process of creating, growing, manufacturing, or improving goods and services.

Productivity - In economics, productivity is used to measure the efficiency or rate of production.

Anthropometry- “It is the scientific measurement and collection of data about human physical characteristics and the application (engineering anthropometry) of these data in the design and evaluation of systems, equipment, manufactured products, human environments, and facilities.”



9.9 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

1. Efficiency and effectiveness
2. F. W. Taylor
3. Work Measurement
4. Method Study
5. Third

Check Your Progress –B

1. False.
2. True.
3. True.
4. True.
5. True.



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9.11 SUGGESTED READINGS

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5. HRP – Gareth Stainer – Manpower Planning.
6. Jyothi Venkatesh – Human Resource Management, Oxford



9.12 TERMINAL QUESTIONS

- Q1. What do you understand from job assessment? Why it is necessary to carry job assessment in the organization?
- Q2. Explain the concept of work study and also discuss the one technique of work measurement with example.
- Q3. Discuss the work measurement methods in details with suitable example.
- Q4. Explain the method study for job assessment. What are the limitations of job assessment with respect to any organization?
- Q5. Write short notes on the following;
- i) Fly back method of time study
 - ii) Continuous method of time study
 - iii) Standard time

UNIT 10 PERFORMANCE APPRAISAL AND MANAGEMENT

- 10.1 Introduction**
- 10.2 Objectives**
- 10.3 Concept and Definition of Performance Appraisal**
- 10.4 Performance Management: Concept and Definition**
- 10.5 Performance Management vs. Performance Appraisal**
- 10.6 Purpose and Importance of Performance Appraisal**
- 10.7 Aims and Objectives of Performance Appraisal**
- 10.8 Performance Appraisal Process**
- 10.9 Performance Appraisal Steps**
- 10.10 Performance Appraisal Approaches**
- 10.11 Methods and Techniques of Performance Appraisal**
- 10.12 Biases of Performance Appraisal**
- 10.13 Summary**
- 10.14 Glossary**
- 10.15 Answer to Check Your Progress**
- 10.16 Reference/ Bibliography**
- 10.17 Suggested Readings**
- 10.18 Terminal & Model Questions**

10.1 INTRODUCTION

Today, performance appraisal is used for developmental and motivational intentions in the organization. It is not a stand still evaluation activity, but a dynamic process which should be viewed as follows- planning the employee's performance and evaluation, and enhancing the employee performance. The process brings the new concept Performance Management. Performance Management is essential for today's organization to integrate the management goals and employees performance. It is a system for integrating the management of

organization and employee performance in order to support and improve organization's overall business goals.

In this unit, the study of performance appraisal and performance management is studied in details.

10.2 OBJECTIVES

At the end of this unit one will be able to:

- State the significance and concept of Performance appraisal and Performance Management.
- Distinguish Performance appraisal from Performance management
- Describe the purpose, importance and objective of performance appraisal
- Elucidate the performance appraisal system steps.
- Explain different approaches of performance appraisal.
- Describe various methods and techniques of performance appraisal.
- Explain the preconceived notion of performance appraisal.

10.3 PERFORMANCE APPRAISAL: CONCEPT AND DEFINITION

Performance appraisal means analysis, review or evaluation of performance, or behaviour analysis of an employee. It may be formal or informal, oral or documented, open or confidential. After selection and training, an employee is given certain targets to achieve and standards to maintain over a predetermined period of time and performance appraisal evaluates the job holders' performance against these standards and targets.

In other words, it is the process of assessing employee performance with comparing already established standards which have been already communicated to employees and then providing feedback to employees about their performance level for the purpose of improving their performance as required by the organisation.

Organisation uses performance appraisal as a tool to know performance of employee and subsequently to take decisions about particular employee like training is needed to particular employee or to give promotion with additional pay hike etc.

Performance means the degree or extent with which an employee applies his skill, knowledge and effort on assigned job and the result of the application. Productive Employees are performing well it means both i. e. concern for effectiveness and concern for efficiency;

where effectiveness refers to goal achievement and efficiency evaluates the share of inputs given to outputs achieved.

Performance appraisal is defined as a process of evaluating employees to understand how well they do their jobs according to performance standards (Dessler, 2000). Today, performance appraisal is used for developmental and motivational purposes in the organization. It is not a stand still evaluation activity, but a dynamic process which should be viewed as follows- the employees' performance and evaluation is planned and measures taken to improve the performance of employees.

The appraisal results are generally used to (i) assess the overall efficiency of employee performance during their jobs.(ii) identify depth of knowledge and skills of job (iii) need of training and development, (iv) re-examine the progress of goals and objectives, (v) determine promotion opportunities, and (vi) encourage growth and development.

10.4 PERFORMANCE MANAGEMENT: CONCEPT AND DEFINITION

Performance Management is a continuous and dynamic process to identify measure and develop the performance of individuals and teams. It also aligns the performance of the individuals with the strategic goals of the organization. Its main aim is to plan, monitor and evaluate the objectives of an employee and ones entire contribution to the organization. The sole objective of Performance Management is to hearten and enhance the efficiency and effectiveness of the employee. Performance management has now considered as the strategic importance to enable organizations to sustain in competition. It refers to the complete process of appraising performances, giving feedback to the employee, accordingly.

Armstrong and Baron stated that the Performance Management as “strategic and integrated approach to delivering sustained success to organisations by improving the performance of the people who works in them and by developing the capabilities of teams and individual contribution.”

The performance management process intends that both the employees and the managers participate in defining the objectives, assessing the performance or progress, providing training and feedback to the employees at regular intervals for enhancement, implementing development programs for employees and rewarding them for their accomplishments.

It is a constant process although its appraisals are periodic activities. It shows, performance management is a dynamic process, although its evaluation or appraisal is static.

10.5 PERFORMANCE MANAGEMENT VS. PERFORMANCE APPRAISAL

The term Performance Management is dissimilar from Performance Appraisal. The distinction between these two concepts is mentioned below:

Performance Management	Performance Appraisal
Performance Management includes complete process of administering the human resources of the organization.	Performance Appraisal is a way of evaluating systematically the employee present performance and potential for their potential growth and development.
Performance management has strategic business considerations and the emphasis is on the Performance Improvements of Individual, teams and organisation.	Appraisal is used as an operational tool to enhance the efficiency of employees, while the emphasizing the assessment of employee's Strengths & Weaknesses.
It is a process.	It is a system.
It is flexible in nature.	It is rigid in nature.
It is an ongoing feedback system	It is carried on eventually and lacks ongoing feedback system.
It is driven by Line manager	It is driven by HR manager.

With this we comprehend that Performance Management developing individuals with the requisite commitment and competencies for working towards shared meaningful objectives within an organizational framework where as performance appraisal is undertaken to evaluate the performance of the employees to make them reach higher standards of performance. The effectiveness and productivity of the performance management process depends on the role of performance appraisal system. In gist, the Performance appraisal forms the subsets to performance management.

10.6 PURPOSE AND IMPORTANCE OF PERFORMANCE APPRAISAL

A performance appraisal programme can serve multiple purposes to benefit both the organization and employees. The following performance objectives are more common in nature, and can be relevant to all types of organisations.

- To make employee understand their job role and function
- To act as a mechanism to increase communication and regular interaction between the employees and their managers to mutually decide performance standards
- To equip managers for effective identification of the strength and weakness of employees performance
- To empower managers to identify and recommend specific employee development programme
- To align performance appraisal with the reward and other human resource management decisions

- To facilitate organization control and also provide opportunities to employees for self regulated performance control. Organization do this using performance core card, dash boards, balanced score cards etc.

The above purposes also describe the significance of Performance appraisal. The crucial focus of performance appraisal is to support important decisions related to people such as promotion and transfer, training and development, compensation and reward, human resource planning, organisational development etc. Apart from the primary, performance appraisal also motives, communicates and strengthens superior- subordinate relationships, decide KRA/ KPA, and improves the overall performance of the organisation.

10.7 AIMS AND OBJECTIVES OF PERFORMANCE APPRAISAL

The objectives of Performance appraisal are embedded with the purpose and significance discussed above. It is understood that the organisations satisfying the purpose of performance appraisal system achieve certain objectives. Such objectives are:

1. Remedial objective- It help in correcting the low performance behaviour of employees through different HR actions, where some HR action may punitive like-transfer, reduction in pay, termination etc, and some other may be developmental.
2. Developmental Objective- It enables employees to grow in their present and future jobs. It met through identification of training needs and then administration of such training to improve employee performance. It even extends to career development like promotion.
3. Innovative Objective- it facilitate discovering the ways to deal with new jobs and also streamlining the process of doing existing jobs.
4. Motivational Objectives- It is rewards, motivation, effective communication, and better interpersonal relations.

10.8 PERFORMANCE APPRAISAL PROCESS

In our earlier discussions we have already focused on the performance improve and developmental aspects of appraisal systems. To design an effective appraisal system which can help to achieve the above role, managers and the organization need to follow the process as categorized below:

- Understand what to measure duly listing the job criteria and its expected level of standard.
- Determine the frequency of appraisal. In a competitive market, rather than making it an annual event, it is always desirable to review or appraise the performance of short intervals.
- Identify the appraisers and train them to feel confident about the appraisal process

- Provide feedback to help employees understand their strengths and weaknesses.

10.9 PERFORMANCE APPRAISAL STEPS

To evaluate the performance of the employees the Performance Appraisal Process should be comprehensive and should follow step by step approach. The steps that are generally suggested for an effective performance appraisal are given below.

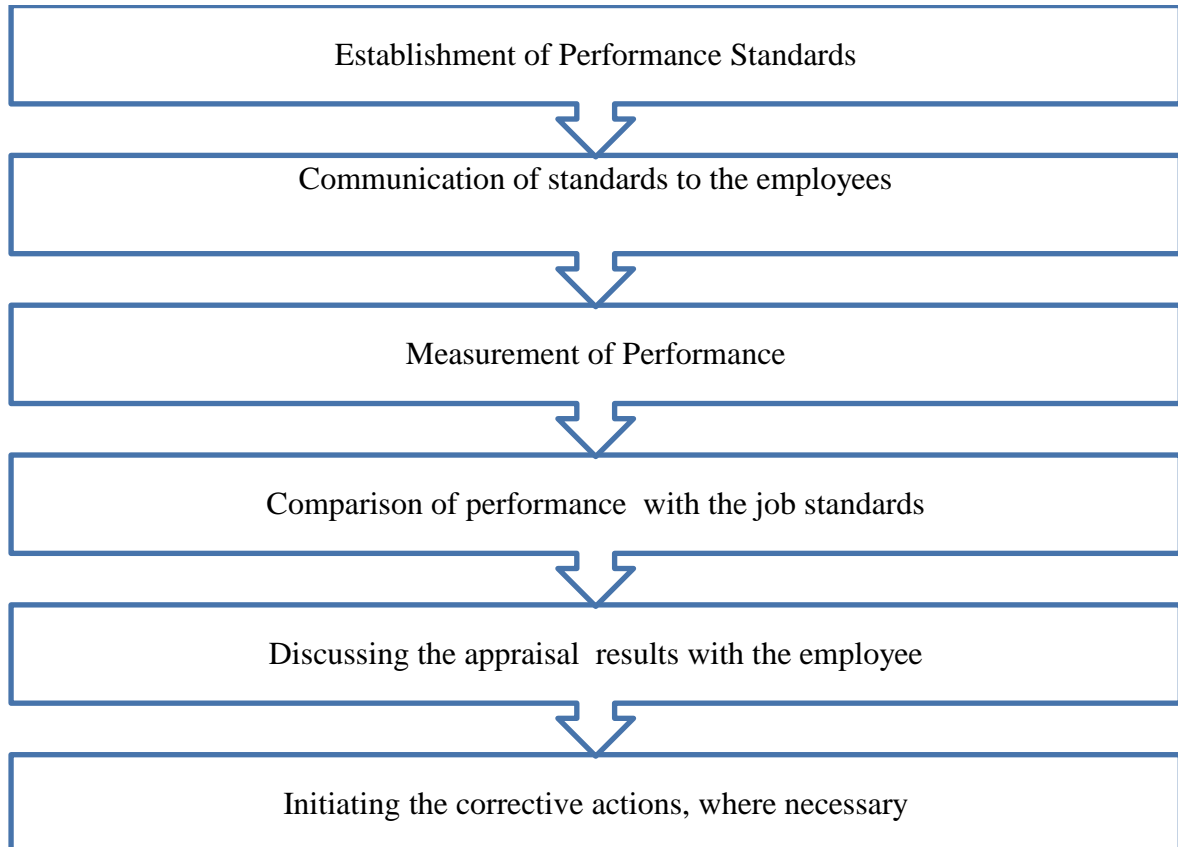


Fig. 10.1 The Effective Performance Appraisal Essentials

10.10 PERFORMANCE APPRAISAL APPROACHES

To appraise the employee performance, organisations adopt various approaches. Performance appraisal by itself is a multistage process; aligned with this, such approaches can be listed as below:

1. Intuitive Approach- managers use this approach to appraise the performance of employees based on their perception and external behaviour.
2. Self Appraisal Approach- This approach appraises employees with standard common format.
3. Group Approach- this approach appraises employee based on the group performance.
4. Trait Approach- the employee performance is appraised on the basis of multiple traits like personality, integrity, honesty, dependability and so on.

5. Result-based Approach- In this approach appraisal is done in terms of measurable performance, comparing with mutually decided expected performance targets' of employees.
6. Behavioural Approach- This approach appraises the behavioural parameters demonstrated by the employees during their performances.



Check Your Progress- A

Q1. What are the steps involved in appraising the performance of a managerial employee?

.....

.....

.....

Q2. Distinguish between performance appraisal and performance management.

.....

.....

.....

Q3. Discuss the objectives of Performance Appraisal.

.....

.....

.....

Q4. MCQs

- i. What among the following is the features of performance appraisal?
 - a. Continuous process
 - b. Systematic approach
 - c. Formal / informal
 - d. All of these
- ii. What among the following is not the objectives of performance appraisal?
 - a. Week related appraisal
 - b. Career development objectives
 - c. Communication
 - d. None of these
- iii. The objectives of Performance appraisal include;
 - a. Organization objectives
 - b. Feedback
 - c. Both a & b

- d. All of these
- iv. An evaluation in which the performance level of employees is measured against established standards in order to make decisions about promotions, compensation, additional training or hiring is called:
 - a. Performance evaluation
 - b. Performance Appraisal
 - c. Performance analysis
 - d. Orientation
- v. Present performance can be determined largely by
 - a. Advisory evaluation
 - b. Supervisory evaluation
 - c. Appraisal evaluation
 - d. All of these

10.11 METHODS AND TECHNIQUES OF PERFORMANCE APPRAISAL

Different organizations follow different methods of performance appraisal to achieve the above objectives that can be broadly classified into –

- **Conventional Methods**
- **Contemporary Methods**

Many organizations follow conventional methods of appraisal while others regard contemporary methods to evaluate the job performance of the employee.

10.11.1 CONVENTIONAL METHODS

Conventional methods of Performance appraisal is categorized broadly under the following heads:

10.11.1.1 Confidential Reports:

It is one of the ancient types of appraisal approaches. In this method, the immediate superior submitted a descriptive report about the strengths and weaknesses of the employees. Normally this method is used in government sectors and is generally conducted once in a year. The major drawbacks in this method are that the superior feedback is very subjective and may be sometimes unfair and biased. It lacks sense of direction in the employee's mind as it will not provide any feedback to improve the performance.

10.11.1.2 Methods of Ranking

The ranking of the employee can be carried out on the following methods:

(a) Method of Straight Ranking:

It is one of the comparative evaluation techniques for appraisal. This method is a platform where the appraiser ranks all the employees from the best to the worst on the basis of the overall performance.

(b) Method of Paired Comparison:

Methods of Straight Ranking and Paired Comparison are the comparative evaluation methods but method of paired comparison is advanced than the straight ranking method. The appraiser evaluates each employee with one- to-one basis comparison with all others, and then the employees are ranked accordingly.

(c) Method of Forced Distribution:

It is similar to grading on a curve. In this method the employees are appraised based on the predetermined percentage of rates on distribution scale in different performance types. The appraiser is to rank 10% employees in the category of excellent, next 20% may be ranked in the next category, 40% may be ranked in the middle category, 20% in the lower category than earlier, and rest 10% in the lowest categories. This method may help to eliminate evaluator bias by the distribution of the pre-determined percentages scale.

10.11.1.3 Graphic Rating Scale:

It is one of the popularly used techniques for appraising the employees' performance. An employee's quality and quantity of work is assessed in a graphic scale representing different range of performance value for each trait, which is related to their work performance. The supervisor rates each subordinate by circling or checking the value the best describe their performance for each trait, e.g. Job knowledge (one of the trait) may be appraised on the scale of Unsatisfactory, Above Average, Average, Very Good or Excellent or based on the value score i.e.1, 2, 3, 4 & 5. The list of factors may vary from company to company based on their requirements.

10.11.1.4 Methods of Critical Incidents:

In this method, the appraisal of the employee by the supervisor is carried out on the basis of critical incidents. The positive and negative critical incidents of a subordinate's work related behavior is recorded by the supervisor during those events. This rating is done to evaluate the performance of employee under critical situations because in normal situations almost every employees perform similarly. In short, it helps to identify the potential employees who can perform better under critical situations, like if a manager handles sudden disturbance by workers successfully, it will reflect his leadership qualities. The Negative incidents may be more noticeable than positive incidents is the main drawback of this method. The supervisor

may have a tendency of noting down the series of complaints about the incidents during review session on performance.

10.11.1.5 Method of Field Review:

The subjectivity and superiors' personal bias can be reduced using this method. Under this method a trained and skilled representative of the HR department works closely with the supervisor and asks them to give the specific information of the employee performance i.e his strength and weakness, work progress, promotion potential etc. a trained or skilled representative of the HR department work closely with the supervisor. They ask the supervisors to provide specific information regarding the employee performance where they are evaluated and rated, i.e the work progress, promotion potential etc. the benefit of this method is that working in consultation with the HR specialist leads to a more reliable performance appraisal however it is very time consuming method.

10.11.1.6 Checklists and weighted Checklist Method:

In this method the supervisor indicates the behavior of the employee by a set of statements that describe the job performance of the employee. The HR department prepares a list of statements that relates the behavior of concerned employee. Each statement has two alternatives Yes and No. e.g.

Is he/she punctual?	Yes/No
Is he/she Regular?	Yes/No
Does he/she respect his/her superiors and colleagues?	Yes/No

Weighted Checklist Method is the extension to this approach, where weight age given to the important statements. The limitation of this weight age is that the statement becomes very subjective and it suffers from the bias of the evaluator. Below is an example of behavioral traits with assigned weights. E.g.

Weighted Checklist	
Traits	Weights
Punctuality	0.5
Job Knowledge	2
Quality of work	1.5
Trustworthiness	1.5
Leadership quality	1.5

10.11.1.7 Forced Choice Method:

This system combines the objective and subjective judgment of the supervisor on an individual employee's performance against rating element. To describe and to rate the employee performance the negative and positive statements are given to the evaluator to indicate the applicability of such statement to the performance of employee. It forces the rater to tick only one which appears to be more descriptive of the employee without the involvement of discussions.

10.11.1.8 Essay Evaluation:

This is a non-quantitative and less structured approach that involves the description of the performance in a variety of performance criteria of an individual employee by his superior based on the facts supported often by examples and evidences. In short, it throws a light on the employee's inherent potential and his knowledge about the area of his job, his interpersonal skills and his relations with the coworkers and the supervisors. Because of subjective in nature, it may suffer from evaluator's bias. Secondly, due to the poor writing skills of the evaluator, it might not present the correct picture of the employee.

10.11.2 MODERN METHOD

The conventional method of performance appraisal discussed above, suffers from a major limitations for their obvious emphasis on assessing individual performance or task, considering it an isolated factor. To eliminate this approach, the modern techniques of performance appraisal have been developed and are widely practiced by the organisation. Some of the modern techniques are mentioned as follows:

10.11.2.1 The objectives of the Management:

Peter Drucker in 1954 coined the word Management by Objective (MBO) which is a comprehensive management approach. It is a systematic and organised approach that focuses on achieving goals by maximizing available resources. The primary focus is to develop objective criteria for evaluating the performance of the individual. Measurable goals are set by joint effort of manager and subordinate of an organisation. In other words, the identified goals are set in close consultation with subordinates. Thus, the spirit of MBO is participative goal setting, choosing course of actions and decision making. It is an independent and participative method of management. Ideally, if the employees are encouraged to be involved with the goal setting and choosing the course of action, then they tend to be more committed and monitor their own development and growth. MBO based performance appraisal system is also in-built with the performance tracking and feedback processes.

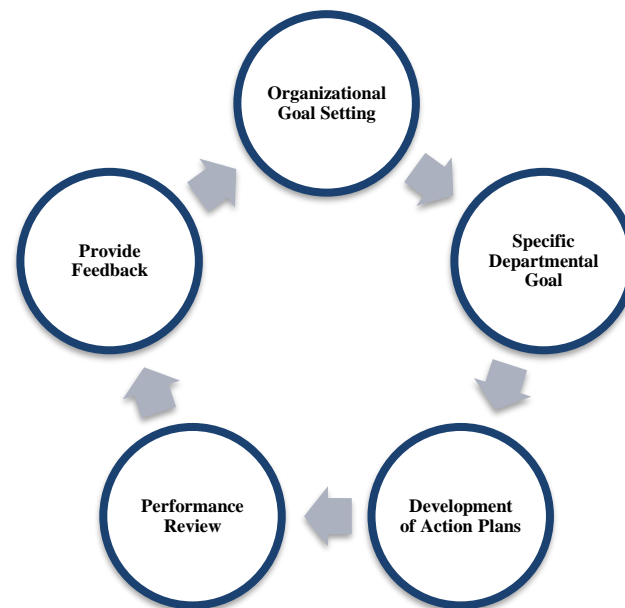


Figure 10.2: The MBO Process

The strength of MBO approach is that it overcomes the problems of trait – based approaches of performance appraisal because it concentrates on actual outcomes. Employees are judged on their actual outcomes not on their potential for success or on subjective opinion of their abilities. Despite of advantages primarily in terms of employee’s sense of autonomy and achievement, it can often lead to unrealistic expectation of management. Management often sets targets based on MBO and impose the same on employee without reality checking. Thus clarity of purpose, the biggest strength of MBO could be a source of weakness also. MBO emphasis more on tangible goals, so intangible goals like morale, interpersonal relations etc are often uncared.

10.11.2.2 360 -Degree Feedback Appraisal Method:

360-degree feedback, is also known as ‘multi-rater feedback’, full-circle appraisal and group performance review is now become very popular tool for employee appraisal worldwide. This methods allows the feedback of the employee to come from all important stakeholders of the organisation, such as employee himself, his superior, subordinates, peers, team members, customers, and suppliers. The feedback is provided on the employee’s job performance. It reduces the error of subjective evaluation system in an organisation.

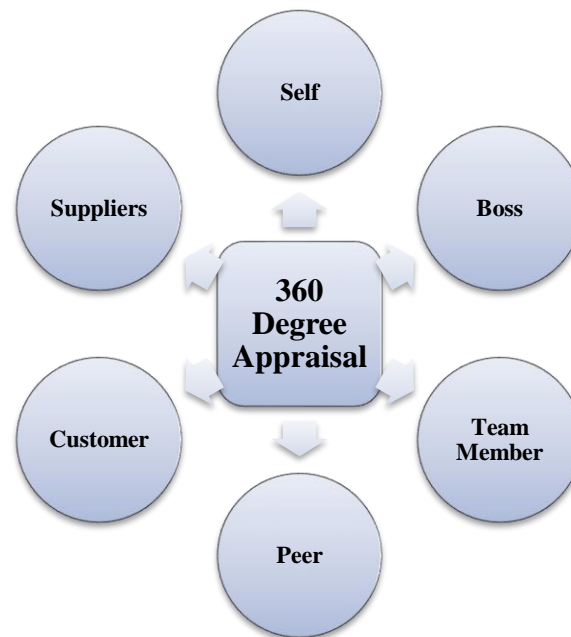


Figure 10.3: 360- degree Respondents

Self appraisal allows employees look at his/her strengths and weaknesses, his achievements, and judge his own performance. Subordinates can rate the employee on the parameters like communication and motivating abilities, leadership qualities etc where Peers evaluation can help to find out employees' abilities to work in a team, support and understanding towards others. Therefore the 360-degree feedback is considered to be one of the most trustworthy and reliable.

10.11.2.3 Behaviourally Anchored Rating Scales (BARS):

BARS is an accurate method to measure and to improve the job performance. It is a modern technique that combines the graphic rating scale and critical incidents method. BARS are developed with behavioural statements may be effective or ineffective. It consists of predetermined critical areas of job performance or sets of behavioral statements that describe the job performance qualities like inter-personal relationships, flexibility and trustworthiness, job knowledge etc. BARS may be different types for different job dimension. Normally they are presented vertically with scale point ranging from seven to nine. It is considered as the most useful techniques of performance appraisal because; an employee's actual job behaviour is reviewed against the expected behaviour during recording and comparing the behavior with BARS. As it is very time-consuming, organisation try to avoid it.

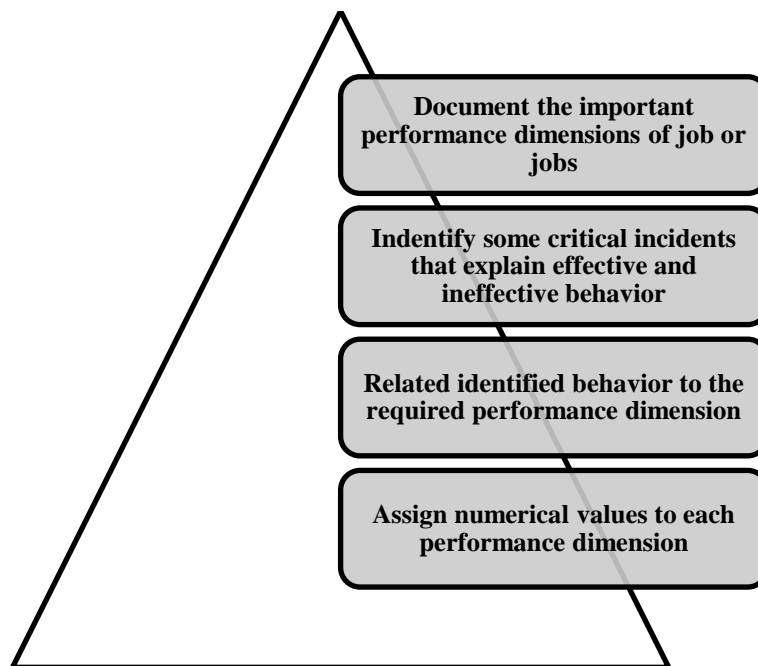


Figure 10.4: Steps for Designing BARS

10.11.2.4 Centre of Assessment:

Experts from various areas are brought together to evaluate the potentials of individuals or groups especially for promotions. Assessment Centres consist of many manifolds that evaluates the candidate for various competencies eliminates the subjectivity and increases objectivity involved in the process. Different type of exercises such as role plays, case analysis, presentations, group discussions etc, creative or exploitative type of simulations and so on are the manifolds.

10.11.2.5 Accounting Method for Human Resource:

Earlier as discussed that the organisation considers Human resources as their valuable assets and with the help of Human resource accounting method values the relative worth of these assets in the terms of money. The evaluation of the employees is done in terms of cost and contribution. The expenses like compensation, recruitment and selection costs, induction and training costs etc., come under the cost whereas the monetary terms consists of the contributions that add value in monetary terms. The performance of the employees accounted as the difference or gap between the cost and the contribution. The contribution of the employees should be greater than the cost incurred on them in an ideal form.

10.11.2.6 Balanced Score Card:

The Balance score Card is introduced by Robert Kaplan and David Norton in 1990s. The balanced scorecard objective is to evaluate the organizational and employee performance. Basically it's a traditional approach that measure the performance of the employees based on

some parameters like the action processes, results achieved or the financial measures etc. BSC is a measurement based management system, which enables organizations to clarify vision and strategy before initiating action. It creates an outline for measurement of both organizational as well as individual performance. In short, the measurement focus is on the performance drive. It is a monitoring system too that integrates all employees of all departments at all levels towards a common goal. It helps to convert the strategy into performance measures and makes it operational and effective. It has two basic features, first a balanced set of measures like financial – profits, market share, return on investment, and customer – perspective and second thing is linking these measures to employee performance. Managers allocate rewards based on the success of employees upon the meeting or greater than the performance measures. In short, it focuses on the measures that drive performance.



Check Your Progress- B

Q1. Discuss the conventional methods of performance appraisal.

Q2. Differentiate between trait based appraisal and result based appraisal.

10.12 BIASES OF PERFORMANCE APPRAISAL

In organizations, the evaluation processes are influenced by the differences in perception and value systems. That's why performance appraisal often suffers from the crisis of errors. The errors or biases can be primarily attributed to the lack of objectivity of the raters. These errors or biases attributed to the lack of objectivity of the raters. The purpose of the appraisal is defeated if organization is unable to reduce it.

These errors can be characterized as follows:

10.12.1 THE HALO EFFECT AND HORN EFFECT

Halo effect is a tendency to assess the individual based on a single positive trait that influences the evaluation whereas horns effect is a tendency to allow one negative trait of the employee to color the entire appraisal.

10.12.2 LENIENCY ERROR OR CONSTANT ERROR AND THE ERROR OF STRICTNESS

It depends on the value system of the appraiser where the employees may be rated leniently or strictly. The actual performance of the employees is not referred in this type of ratings. The leniency error appraisers constantly allocate high values to all employees. On the contrary the strictness tendency reversely rates the individuals' performance and the performance is modest.

10.12.3 THE CENTRAL TENDENCY ERROR

This type of error occurs when an evaluator allocates the most middle range scores or values to all individuals in performance appraisal. The appraisers avoid extremely high or extremely low evaluations by assigning average rating to all.

10.12.4 THE RECENCY EFFECT

This error refers to the error in judgment during performance appraisal where the most recent behavior of the employee is so fresh in the mind of the appraiser that it influences his rating for the entire evaluation period.



Check Your Progress- C

Q1. Describe the traditional methods used in performance appraisal.

.....

Q2. Write a short note on the Management by Objectives (MBO).

.....

Q3. Write a short note on 360 degree feedback system.

.....

Q4. MCQ

- i. The classification of Performance appraisal methods to
 - a. Individual evaluation method
 - b. Group evaluation method
 - c. Other method
 - d. All of these
- ii. A person who is higher up the organization and who can provide careers advice and support to less senior person
 - a. Careers
 - b. Mentors
 - c. BARS
 - d. All of these
- iii. The dimension of employees' problem with a view to help the employee cope with it
 - a. Careers
 - b. 360 degree
 - c. Counselling
 - d. All of these
- iv. The loss of employees who quit the organization for various reasons
 - a. Careers
 - b. Attrition
 - c. BARS
 - d. All of these

10.13 SUMMARY

In this unit the discussion was on the performance appraisal and how it is different from performance management. The concepts and definition, purposes and importance of performance appraisal and management was discussed. It means a review or evaluation of performance or behaviour analysis of an employee. The continuous process of identifying, measuring, developing performance of individuals and teams and aligning performance with the strategic goals of the organization is called as Performance management. The steps involves in performance appraisal were discussed. Further, the different methods and techniques of performance appraisal were learnt. Lastly the biases of performance appraisal were discussed.



10.14 GLOSSARY

Performance Appraisal: It means analysis, review or evaluation of performance, or behaviour analysis of an employee

Performance Management: It is a continuous process of identifying, Measuring, developing performance of individuals and teams and aligning performance with the strategic goals of the organization.

MBO: It is a systematic and organised approach to focus on achieving goals and to attain the same by maximizing available resources.

360-degree feedback: is also known as 'multi-rater feedback', full-circle appraisal and group performance review is now become very popular tool for employee appraisal worldwide.

Halo Effect: A judgment error to do assessment based on a single trait influence the evaluation of the individual on other traits too.

Horn Effect: This is the reverse of Halo effect. It is a tendency to allow one negative trait of the employee to color the entire appraisal.



10.15 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

Q4. MCQs

- i. d. All of these
- ii. d. None of these
- iii. d. All of these
- iv. b. Performance Appraisal
- v. b Supervisory evaluation

Check Your Progress –C

Q4. MCQ

- i. d All of these
- ii. b. Mentors
- iii. c Counselling
- iv. b Attrition



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10.18 TERMINAL QUESTIONS

- Q1. Define performance appraisal. How it is different from Performance Management?
- Q2. Describe the detail process of Performance Appraisal.
- Q3. Evaluate the objective and purpose of performance appraisal in an organization.
- Q4. Explain the biases of performance appraisal.
- Q5. Write short notes on the following methods of performance appraisal.
 - i. Straight Ranking Method
 - ii. Paired Comparison Method
 - iii. Critical Incident Method
 - iv. Checklist method
 - v. Forced Choice Method



Uttarakhand Open University, Haldwani

MS 301

School of Management Studies and Commerce
Human Resource Planning



Block III Human Resource Planning: Recruitment, Selection and Induction

Block IV Trends and Issues in Human Resource Planning

Human Resource Planning



Block – III

Block Title- Human Resource Planning: Recruitment, Selection and Induction

Block – IV

Block Title- Trends and Issues in Human Resource Planning

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Course Name: Human Resource Planning

Course Code-MS 301

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Unit II Macro and Micro Human Resource Planning

Unit III Process of Human Resource Planning

Unit IV Demand Forecasting in HRP- Methods and Techniques

Unit V Supply Forecasting in HRP- Methods and Techniques

Unit VI Productivity, Technology and Human Resource Planning

Block II Job Evaluation and Analysis

Unit VII Job Evaluation

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Block III Human Resource Planning: Recruitment, Selection and Induction

Unit XI Recruitment Function

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Unit XVI Transfer, Promotion and Job Rotation

Block IV Trends and Issues in Human Resource Planning

Unit XVII Human Resource Information System

Unit XVIII Human Resource Costs

Unit XIX Human Resource Accounting and Costs

Unit XX Emerging Trends in Human Resource Planning

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Block III
**Human Resource Planning: Recruitment,
Selection and Induction**

UNIT 11 RECRUITMENT FUNCTION

11.1 Introduction

11.2 Objectives

11.3 Meaning and Nature of Recruitment

11.4 Purpose of Recruitment

11.5 Factors Affecting Recruitment

11.6 Sources of Recruitment

11.7 Methods of Recruitment

11.8 Recruiting *via* internet

11.9 Summary

11.10 Glossary

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11.14 Case Study

11.1 INTRODUCTION

Recruitment is a human resource planning activity. It is aimed at identifying the pool of manpower supply. It aims at motivating applicants to apply for a job in the organisation. It aims at drawing people towards the organisation and finding out their skills and abilities, comparing the available skills with required skills set. It is an activity aimed at maintain a bank of resource of manpower. There are several reasons that may create the vacancy or requirement of new manpower. People leave organisations due to retirement, permanent disability or death. Vacancy may also arise due to promotions and transfer. There may be additional need of manpower if an organisation has plans of expansion or diversification. In all such situations recruitment is done to hire more people. It is an activity that not only looks after the present need of the organisation but also takes care of the future need.

11.2 OBJECTIVES

After reading this unit, you will be able to;

- Know meaning and nature of recruitment.
- Understand purpose of Recruitment.
- Identify factors Affecting Recruitment.
- Know Sources of Recruitment.
- Understand Methods of Recruitment.

11.3 MEANING AND NATURE OF RECRUITMENT

Recruitment is development and maintenance of adequate manpower sources. It is creating a source from where one can hire more employees when the need arises. Recruitment involves attracting applicants with certain skills, abilities, and other characteristics for vacancies arising in the organisation. According to Denerley and Plumblay (1969), recruitment is concerned with both engaging the required number of people, and measuring their quality. It not only considers the present needs of the organisation but also makes an impact on the future of the organisation. Situations that warrant recruitment are vacancies that arise due to promotion, transfer, termination, retirement, permanent disability or death and vacancies that arise out of business expansion, diversification, growth etc.

After having made a plan and having done job analysis and designing, one moves towards the next function of Human Resource Planning that is Recruitment. Recruitment is also necessary when vacancies arise due to death, retirement, resignation, or dismissal of an employee. A good recruitment effort ensures that the drawbacks of incorrect hiring are avoided and saves the organisation from the consequences of incorrect hiring and unnecessary expense.

Let us see some definitions of Recruitment

Edwin B Flippo, *“Recruitment is the process of searching for prospective employees and stimulating them to apply for the jobs in the organisation”*.¹

Roger H. Hawk, *“The purposes of a recruitment function are primarily straight forward: To seek out, to evaluate, obtain commitment from, place and orient the employees to fill positions, required for the successful conduct of the work of an organisation”*

Werther and Davis, *“Recruitment is the process of finding and attracting capable applicants for employment. The process begins when new recruits are sought and ends when their applications are submitted. The result is a pool of applicants from which new employees are selected.”*²

Lord, *Recruitment is a form of competition. Just as corporations compete to develop, manufacture, and market the best product or service, so they must also compete to identify,*

attract and hire the most qualified people. Recruitment is a business and it is a big business.”³

Dale S. Beach, *“Recruitment is the development and maintenance of adequate manpower resources. It involves the creation of a pool of available labour upon whom the organisation can draw when it needs additional employees.”⁴*

11.4 PURPOSE OF RECRUITMENT

The main objectives of recruitment process are as under⁵:

- (i) To begin identifying and preparing potential job applicants who will be appropriate candidates.
- (ii) To increase the pool of job candidates at the minimum cost.
- (iii) To help increase the success rate of the selection process by reducing the number visibly of under qualified and over qualified job applicants.
- (iv) To reduce the probability that job applicants, once recruited and selected will leave the organisation after a short period of time.
- (v) Increase organisational effectiveness in the short term and long term.

Recruitment Function

The recruitment function starts with locating the sources of manpower to meet job requirement and specification. It is the prior stage in the process which progresses to selection and finally placement of the candidate. There are many factors that affect the supply of good manpower. Factors like labour market, global and local economic conditions, legislations, the image of the organisation affect the supply of manpower to an organisation. The factors that affect recruitment have been broadly classified as internal and external. Internal factors are wage and salary policies, the age profile of the existing workforce, promotion, retirement policies, turnover rates, and the kind of manpower required. External factors largely constitute cultural, economic and legal. Recruitment is a very important function. The best laid plans of management may fail due to a faulty recruitment exercise. If the recruitment exercise fails, it results in huge losses to the organisation. So there is a need for a carefully planned and executed recruitment exercise. As is said well begun is half done.

Dilemmas in Recruitment Policies

There are certain dilemmas in recruitment philosophy:

1. Whether to promote employees from within the organisation or to hire from outside for the vacancies that arise at different levels?
2. Whether the objective is to merely fill in vacancies or to hire employees for long term careers?

3. Whether the management should aim to hire diverse range of employees or narrow the field?
4. Whether the applicants are to be treated as a commodity available at a cost or whether they are to be enticed to join the organisation and be seen as prospective customers?
5. Should the recruitment exercise be fair and ethical process?

Recruitment Policy

The recruitment policy of an organisation spells out the objectives and principles of the recruitment. It gives a framework for the recruitment programme.

The Policy may cover the following:

1. Should recruitment exercises be centralised or decentralised especially in organisations that have units at different geographical locations.
2. Whether recruitment should be internal or external and the importance one source has over the other in a particular organisation.
3. The policy of the organisation towards diverse categories of people like specially abled, physically disadvantaged, minorities, socially and economically backward classes etc. and sometimes even women candidates.
4. The policy on age, sex, qualifications, compensation structure, and etc.
5. The person responsible for recruitment process and the role of the personnel department.
6. The budget to be allocated for recruitment process.
7. Evaluation of the process.

Recruitment Process

An effective recruitment process may have certain steps. They are:-

1. Defining the job
2. Establishing the person profile
3. Making the vacancy known
4. Getting and documenting applications
5. Designing the application form
6. Selecting
7. Notification and final perusal
8. Induction⁶

11.5 FACTORS AFFECTING RECRUITMENT

There are several factors that affect a recruitment function. Some of them are internal factors and some are external to the organisation. External factors are beyond the control of the organisation and only the organisation can prepare for them while internal factors may be managed.

Internal Factors:

1. Organisational Image
2. Personnel Policies
3. Job Attractiveness
4. Employee Unions
5. Size of the Organisation

External Factors:

1. Labour Market
2. Unemployment Situation
3. Demographic Factors
4. Legal Factors

Internal Factors:

1. Organisational Image

People generally do give importance to the image of an organisation in the public. Everyone likes to work for an organisation that has a great reputation. People take pride in working for organisations that have good image. So organisations that do not have good name also do not get applications from qualified people despite best efforts to attract talent by the organisation.

2. Personnel policies

If the personnel policies are not favourable, applicants refrain from applying to such organisations. Personnel policies are of utmost importance while applying for jobs. With concepts like work life balance, it assumes all the more importance.

3. Job Attractiveness

Just like the image of an organisation, image of a job also attracts more applicants to a particular job in comparison to other not so glamorous or attractive job. Conditions like good remuneration and working conditions make a job more attractive. People make choices about their career even during their college days and job attractiveness becomes a very decisive factor at this impressionable age. One may choose to switch over to more stable or secured jobs at later stage in their careers. It is quite common to find a hotel management graduate doing bank and police jobs.

4. Union Interference

Trade unions interfere in matters of recruitment. They would want their own people to be recruited. They create pressure on the management to appoint their own friends and relatives.

5. Size of the organisation

Size of the organisation too affects recruitment. It has interestingly been observed that large organisations have better recruitment exercise than smaller ones.

External Factors

1. Labour market

Labour market dynamics too affect recruitment function. The availability of certain skill and its supply will make it easier to hire people of such skills whereas less supply of a certain skill and higher demand will make it difficult and require more efforts.

2. Unemployment situation

Even the unemployment rate affects recruitment. Where there is high unemployment and there is a good supply of manpower, the recruitment exercise is easy. One can find good skilled manpower more easily.

3. Demographic Factors

Demographic factors like sex, age, literacy, economic status also have a bearing on hiring.

4. Legal Factors

There are different legislations governing different aspects of manpower. These legislations are to be followed mandatorily. If organisations fail to comply with laws they may have to face legal consequences, fine and imprisonment. Organizations will have to keep in mind the laws that govern them regarding manpower hiring and make their policies and programmes accordingly.

11.6 SOURCES OF RECRUITMENT

Recruitment has more chances of achieving its objective if recruiting sources reflect the type of position to be filled. For example, an advertisement in a Times Ascent is more likely to be read by executives than mechanics looking for jobs. So it goes without saying that recruitment exercise has to be precisely right to attain its objective. To start with, let's have an insight into various sources of recruitment and see their advantages and disadvantages over other sources.

The sources of recruitment may be broadly classified as: internal sources and external sources.

Internal sources are the employees working in the organisation and external source is the available manpower outside the organisation.

Internal Source

Most big organisations will like to develop their own employees for positions beyond the lower levels. There are many advantages to this as we will see. It would be a good practice to have information in the organisation's personnel file as to which employees might be considered for positions opening up within the organization. The computer information system can be used to create a databank of employees with matching characteristics (skills, qualifications) for vacant positions.

In many organisations, vacant positions for which internal employees may apply, are put up on the notice board or information bulletin of the organization. The interested employees are

encouraged to apply for vacancies. Sometimes, the employees may recommend friends and relatives if they themselves are not interested in the particular job opening.

Internal source can also be used by transfer and promotion.

Advantages of internal recruitment

There are some advantages of internal recruitment:

1. Nurtures loyalty and morale
2. Motivation for self development of employees
3. Gives some sense of stability and security to the employees
4. Costs less

Disadvantages of internal recruitment

1. When internal recruitment is done, young minds and skills are not engaged.
2. When people see certainty of promotions, they stop acquiring new skills.
3. It is not necessary that the internal employees may possess the skills required for the higher jobs.
4. Too many transfers also lowers motivation

External sources are of the following kinds

1. At the Gate Hiring
2. Casual Callers
3. Advertisement
4. College Campus
5. Employee Referrals
6. Placement Consultants
7. Labour Contractors
8. Employment Exchange
9. Outsourcing
10. E-Recruitment
11. Body shopping

At the gate hiring

It is a very common direct method of hiring. A notice is put up on the notice board of the enterprise specifying the details of the job available. A large number of unemployed persons assemble at the factory gate of big factories. If unskilled workers are needed, the managers will take in as many numbers as he needs. It is a simple method of direct recruitment. It is usually practiced in filling up casual vacancies. This method can be used whenever there is a need to fill in immediately.

Casual callers

Many people who have certain qualifications tend to apply to organizations on their own offering for a vacancy that may exist or arise in future. They just send in their applications

and resume. The organisations can create a databank of such people and their resumes be properly filed. In the event of any vacancy they may be called. It is also a very economical source of recruitment.

Advertisement

One of the common sources of recruitment is advertisement. Advertisements are placed in leading news papers and trade journals and magazines. The advertisement gives a scope to spell out all details of job description, job specification and information about the organisation. This helps the prospective applicants in deciding whether they are suitable for a particular opening or not before applying for it. It gives the management a wider range of candidates to choose from. It also creates a problem of applications that may not be suitable. So the task of screening applications becomes massive and time consuming. Yet it is the most commonly used source of recruitment.

College Campus

“Campus Recruitments” are very common phenomenon in recruitment. In fields like engineering, technology, management and of late law, campus hiring has become the most preferred mode of recruiting freshers. It is usually done as a liaison between the organisation and the colleges. A dedicated team of staff from colleges work as placement cell who, provide necessary information, support and infrastructure to company representatives who come to the campus to hire on behalf of the company and conduct on campus placement drive. (tests , interviews, group discussions etc)

Placement Consultants

Management consultancy firms help the organisations to recruit technical, professional and managerial personnel. They normally place people in middle level and top level positions. They maintain a data bank of persons with different qualifications and skills and even advertise the jobs on behalf of their clients to recruit right type of personnel. People approach them who are looking for job switch and the companies hire them to recruit or help in recruiting.

Employee Referrals

When existing employees suggest prospective candidates to the company who are known to him/her we call such candidates as employee referrals. Since the employees know the company well and would also know whom he is referring well, it is normally considered as a good source of recruitment.

Labour contractors

Another method commonly practiced when recruiting skilled and semi-skilled workers is through contractors. There are people who specially function full time as labour contractors, They bring in people to factories/ companies and take a commission for supplying labour. The problem in this type of recruitment is when the contractor leaves, all the workers will also leave. Although this method was seeing a decline but with the advent of a more privatized economy it is seeing a revival. Now most services are outsourced and the workforce is kept through contractors.

Employment Exchange

Employment exchanges and employment agencies provide a nation-wide service for getting the required personnel. Employment exchanges in India are run by the government for unskilled, semi-skilled, skilled, clerical posts etc. It is a very big source of recruitment. It is in certain cases obligatory to notify the vacancies to the employment exchange.

Outsourcing

Some employment agencies have started developing human resource pool by employing the candidates for themselves. These organisations do not utilise the human resources, instead they supply them to various companies based on their needs on temporary basis. In other words, the companies, rather than employing human resources, can draw them from these organisations on commission basis. This method is called outsourcing.

E- Recruitment

Internet has created a revolution in all walks of life and also in recruitment. It is a new source of recruitment and works two ways. Companies that want to advertise for vacancies do so either on their own websites or job portals.

Job seekers respond to them via emails. Alternatively jobseekers may place their CV's on the internet on various job portals and companies may use this databank for their recruitment exercise. This method has certain advantages. It is economical, takes less time, has better selection ratio and increases efficiency of recruitment

Body Shopping

Many hi-tech training institutes have developed their pool of human resources for their possible employment. The prospective employers can contact these organisations to recruit the candidates. Such institutions also approach the prospective employers for the placement of their human resources. That is why such institutions are called as "body shoppers" and these activities are known as body shopping or leasing. Body shopping is used mostly for

computer professionals. There are firms called the leasing firms who lease their employees to the companies for payment of commission.

Advantages of External Recruitment

- 1. Large Base.
- 2. Young and Fresh Talent can be tapped
- 3. Promotes competitive spirit in internal applicants when they compete with external
- 4. Also helps to avoid jealousy and resentment among internal

Disadvantages of External Recruitment

- 1. Causes dissatisfaction and frustration among existing employees who have served long
- 2. The new recruit takes more time to learn the culture of the organisation
- 3. Process requires a longer time
- 4. More expensive



Check Your Progress- A

Q1. What do you mean by recruitment?

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Q2. What are the various factors affecting recruitment?

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Q3. What are the various sources of Recruitment?

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11.7 METHODS OF RECRUITMENT

Recruitment source tell us about the place where human resources can be procured from, Recruitment methods or techniques deal with the question of how to tap these sources. It deals with the methods of procuring candidates from the available sources. Once the HR managers work out the requisite qualities to fill in a vacancy and also decide which source they want to tap they have to contact the candidates. The following methods may be used to contact a candidate.

1. Direct method
2. Indirect method
3. Third Party

Direct methods include campus recruitment, internships, walk-in Interview, Tele-recruiting, Direct mail.

Indirect recruitment is giving out information through media (newspapers, Magazines, TV, radio, internet (job portals))

Recruitment through third Party

Third party recruitment includes recruitment through employment agencies, professional associations, consultants, placement cells of educational institutions.

Direct Recruitment

The employer may be able to contact the candidates directly in any of the following ways:

- a) Campus Recruitment

In this method the recruiter visits schools, colleges, universities, vocational, technical institutes and management institutes. They hire meritorious degree holders, engineers, technicians. The recruiter who recruits through this method is also called as “travelling recruiter” or “Personnel scout.”

The ambience for such recruitment is provided by the educational campuses who have dedicated staff responsible for placements of their students. These placement cells provide the necessary support to the recruiters of the company, the infrastructure and organising. They help in attracting students, arranging interviews, making available student CV’s. Information regarding the process, the schedule of interviews and group discussions are put up in the college information board. When the processes are successful, results are obtained quickly. Every year thousands of technical and other institutes conduct campus placements. Salaries offered to the graduates are a matter of great interest and also an index of the performance and success of the college.

- b) Internships

Students before completing the degree, work as interns or apprentices in industries during the summers. This is an opportunity for a student who till now has only been introduced to the books and teachers to get a hands on experience of things and get an insight into the real

world of things. Industries follow procedures for recruiting interns also. The employers pay some stipend to the students for their services rendered as apprentices. The employer assesses the attitude and skills of the interns and it may lead to a permanent job offer in case it suits both the internee and the employer.

c) Walk in Interview

It is one quick method of recruitment. The employer places an advertisement of a walk in interview schedule. Interested candidates appear for the interview. They may be asked to submit a written detail CV and those selected may be immediately offered the job. These days interviews are being conducted via internet (skype etc.), telephone.

d) Tele-recruiting

This is a method of recruiting people by contacting them through telephone after obtaining their details from job portals and other sources.

e) Direct mail

Sometimes directly letters may be sent to prospective candidates after obtaining their details either from job portals or campus lists or professional associations. Use of emails is the most quick and efficient method of contacting prospective candidates now-a-days.

Indirect Recruitment

It involves dissemination of recruitment message through public media, i.e. newspapers, magazines, television and radio. The most frequently used method or technique of recruitment is advertisement in publications such as newspapers, magazines and trade journals, technical and professional journals. The choice of the media, place format and timing of the advertisement and appeal to the reader, all determine the efficacy of an advertisement. Impact can further be enhanced by improving the layout, design, phrasing, location of the advertisement in the paper.

The advertisement copy has to provide information on the following.

- a) The organisation- history, business, location.
- b) The job- Its title, main duties and location
- c) Qualifications and Experience (Both necessary and desirable) Educational requirements, professional qualifications, technical skills, experience, aptitude.
- d) Rewards and Opportunities- Basic salary, fringe benefits or perquisites, opportunities for career development.
- e) Conditions- Any special terms.

Form of application, last date, address for sending applications, etc may also be given in the advertisement of the vacancy.

Recruitment through third party

The third parties who may be hired to recruit are

- i) Employment agencies and exchange

- ii) Management consultants or professional search firms
- iii) Professional Associations
- iv) Placement officers of educational institutes.

11.8 RECRUITMENT VIA INTERNET

With the advent of internet, internet recruiting or cyberspace recruiting has also become very common and is now taking over other modes of recruiting. Most organisations, on their websites, have information about ‘careers. It provides job opportunities/vacancies available in the organisation. Many companies have developed websites especially for recruitment. Internet recruiting like other recruitment methods also provides all information regarding the vacancy and the method to apply for it, albeit, on the internet. Even after short listing, the candidates are informed of the schedule of tests and interviews through the internet.

Recruitment via net happens in two ways. The other method is internet is used to pick up candidates who offer themselves for employment through it. There are many websites on the net which makes available data and information about candidates who are seeking jobs. The applicants post their resume over the web which can be accessed by the organisations looking for employable candidates. The organisations advertise on the web, either on job portals or on their own websites.

Recruiting through net gives a few advantages, like less expenses, more efficiency, less time in the process. Internet has made recruitment process easier for both organisations as well as candidates.

Evaluation of Recruitment

HR managers have to constantly review and improve methods of recruitment and sources of manpower supply. A method that was very effective at one time may not be so and may not give desired results at a later stage in different circumstances. The managers need to assess their sources of recruitment from time to time to see if they are still the best source in terms of the recruits they made. “Job success” is a major criteria to determine how effective the recruitment exercise was and how good a source or a method was.

Managers must continually improve their recruitment system. Another aspect to improve might be the “image” of the organisation itself. To attract more and good talent working on improving the image of the organisation would be a very good step. Every year “Best places to work” list is released where in the organisations which have the best HR practices are ranked.

Alternative sources of recruitment can be evaluated and the better option can be decided based on the following criteria:

1. *Time lag between personnel requisition and placement.*

2. Yield ratio i.e. number of applications divided by number of persons selected.
3. Cost per hire for different sources of recruitment.
4. Co-relation between source of recruitment and job success of the persons selected.
5. Employee reactions towards different sources of recruitment.
6. Extent of labour turnover, grievances and disciplinary actions, for each source of recruitment.⁷

11.9 SUMMARY

Recruitment is an important HR function. It is seeking and attracting qualified candidates from a both internal and external source for job vacancies. Both the sources have their own advantages and disadvantages in comparison to the other and they depend on the vacancy to be filled. The recruitment process involves identifying the sources of qualified personnel, methods of their recruitment. the people responsible for the recruitment process, how would an organisation attract good talent? A good recruitment plan envisages a well stated policy, a good organisational structure, procedure to identify sources, methods and techniques to tap the source and a continuous evaluation of its programmes.



11.10 GLOSSARY

Recruitment- Recruitment is development and maintenance of adequate manpower sources. It is creating a source from where one can hire more employees when the need arises. Recruitment involves attracting applicants with certain skills, abilities, and other characteristics for vacancies arising in the organisation.

Outsourcing- Some employment agencies have started developing human resource pool by employing the candidates for themselves. These organisations do not utilise the human resources, instead they supply them to various companies based on their needs on temporary basis. In other words, the companies, rather than employing human resources, can draw them from these organisations on commission basis. This method is called outsourcing

Tele-recruiting- This is a method of recruiting people by contacting them through telephone after obtaining their details from job portals and other sources.



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11.13 TERMINAL QUESTIONS

- Q1. What is recruitment?
- Q2. What is selection?
- Q3. “Recruitment is a positive process while selection is negative.” Comment.

Q4. What are the various sources of recruitment?

Q5. What are the various factors affecting recruitment?



11.14 CASE STUDY

Arjun had been in the education sector for over a decade. He was a very knowledgeable and involved teacher. He was not only a teacher with a good command over his subject, he also was a colleague who was very helping and cooperative and above all a very good human being. His students loved and respected him. The college in which he worked was on the verge of closing down due to zero admissions. Most faculty members had moved out or were looking for avenues elsewhere. Arjun too decided to move seeing that the closure was imminent. When he was selected after the interview in the new college he had applied, the management offered him the job but with a condition that his salary might be less compared to the other faculty members who might be junior to him in age and experience but were being paid higher salaries. Although he will be getting more than what he was being paid in his previous employment. The management may consider his promotion when there is vacancy after a year. Seeing that he was not much in a position to negotiate Arjun accepted the offer. He outperformed his colleagues even in his new employment. He was very involved in all activities and took up all responsibilities. A year was over, Arjun was waiting for the promised promotion but the management gave him few additional increments than the usual annual increment which was given to all employees. The vacancy to the senior position was filled by a new external recruit who had higher qualifications than Arjun.

Q1. What lessons do you learn by this case regarding recruitment process?

Q2. What can be the possible course of action for Arjun?

UNIT 12 SELECTION FUNCTION

12.1 Introduction

12.2 Objectives

12.3 Meaning and Significance of Selection

12.4 Steps in Selection Process

12.5 Requirements of Effective Selection

12.6 e- Selection

12.7 Summary

12.8 Glossary

12.9 References/Bibliography

12.10 Suggested Readings

12.11 Terminal Questions

12.12 Case Study

12.1 INTRODUCTION

Selection function may result in high costs if not properly designed and executed. So it becomes very important to ensure that selection is very carefully done. All necessary information is to be gathered and processed properly to select the best desired employee. The selection process involves cost. When you select a candidate who does not perform well or who leaves the organization before contributing to the profits, it is a heavy cost to the business. There are heavy costs incurred in hiring and training people. The best reward for the costs incurred is that the person selected does his job well and contributes towards business profits.

12.2 OBJECTIVES

After reading this unit you will be able to understand about;

- Meaning and significance of selection
- Steps in selection procedure
- Requirements of Effective Selection

12.3 MEANING AND SIGNIFICANCE OF SELECTION

The selection function aims at selecting the right person who has the required skills and knowledge to perform the job for which he is being selected. Selection is the process of segregating those who will be offered jobs from those who will not and thus it is often described as a negative function. In contrast recruitment is said to be a positive function where the aim is to encourage more and more people to apply and build a large database from which the organisation can draw when required or select the best for the current requirement.

12.3.1 SIGNIFICANCE OF SELECTION

The selection activities, from the initial screening interview to the physical examination, if required, exist for the purpose of making effective selection decisions. Every step is an action towards the end goal of selecting an applicant who will contribute to the organisation. For example, a sales person should be able to generate high sales volume. A teaching position may be evaluated by students and publications.

Selection has two objectives (i) to predict which job applicants would be successful if hired and (2) to inform and sell the candidate on the job and the organisation. Although the selection is long and tedious process, it does not necessarily create any impact on the candidate about the organization.

If the selection activity places too great an emphasis on public relations, getting the information needed to make a successful selection decision may become secondary. So there is always a dilemma in selection for the manager “how to balance the desire to attract people with the desire to gather relevant selection data.”

Selection activities have a standard pattern beginning with screening interview and concluding with final employment decision

It is important to have a scientific method of selection. Matching persons with jobs requires numerous functions that may have been already done like job analysis, role description etc.

If the selection process goes wrong, the organisation would be incurring a lot of wasted expenses on placement, induction, training etc. It would also reflect as absenteeism and large labour turnover.

There must be scientific methods of selection. Selection methods may vary from simple to complex, few steps to a long drawn process, depending on the nature of the job. The objective is to elicit as much information as possible and required for making a decision as to the suitability of a candidate for a job.

The selection process consists of several steps.(i) initial screening interview (2) completion of the application form (3)employment tests (4)background investigation (5) Physical examination (6) Final employment decisions. In each of the steps a decision is made for further steps. Each step aims at expanding the organization’s knowledge about the applicant’s background, abilities and motivation and it increases the information from which the decision

makers will make their predictions and final choice. Some steps may be done away with if it does not serve any purpose or if it affects budgetary constraints.

Given below are some of the steps in a typical selection process.

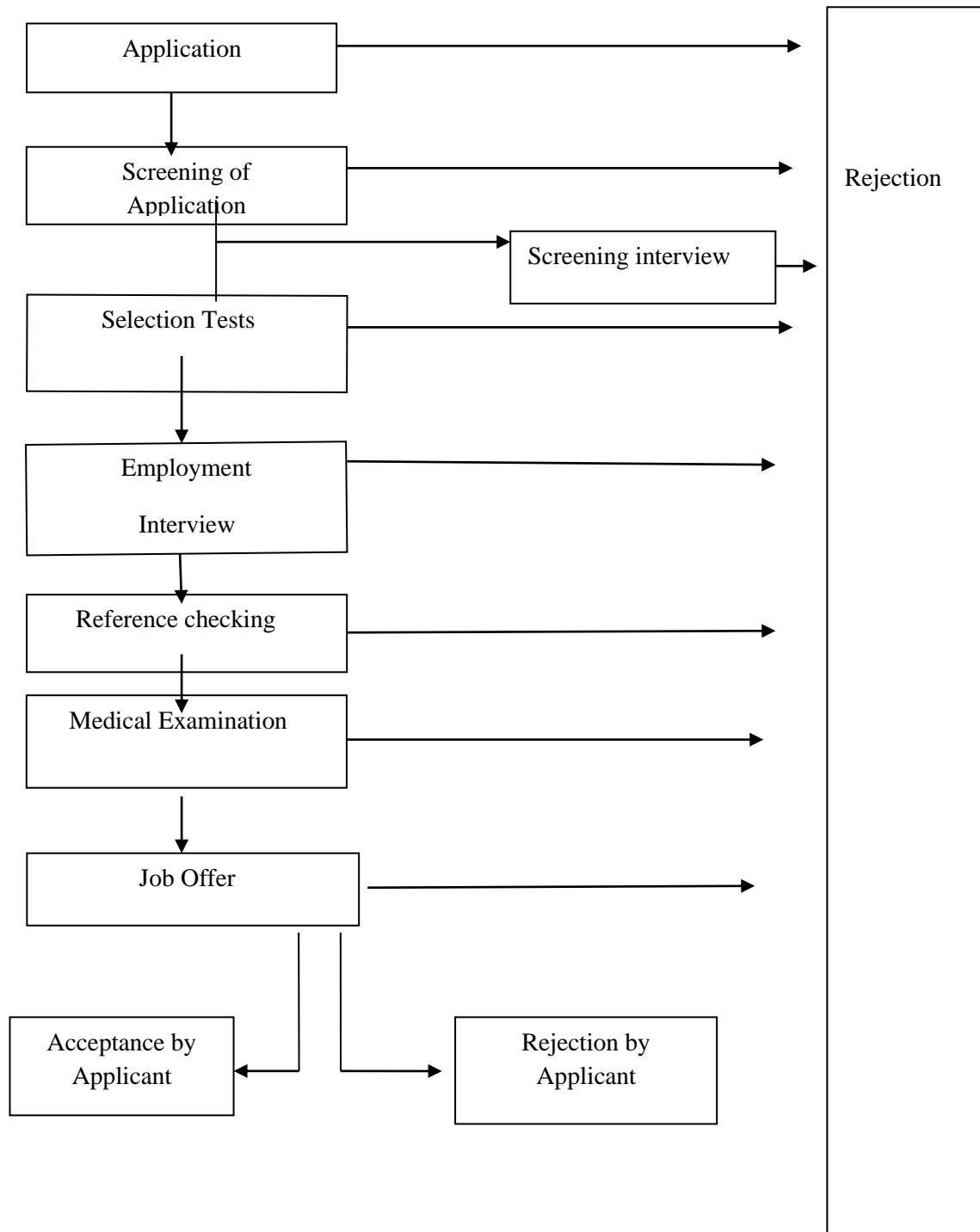


Fig12.1 Steps in the Selection Procedure

12.4 STEPS IN THE SELECTION PROCESS

The following are steps in the selection process;

1. Preliminary Interview

Many organisations, for certain kinds of managerial positions, often conduct a small interview even before the acceptance of the application from the candidate. The purpose may be twofold. The applicant gets to make necessary inquiry and thus, make a decision of further pursuing or not. The organisation also makes an assessment of the suitability of the candidate for the job and decide as to whether the applicant should further be asked to follow the remaining procedure. It saves cost of the organisation on further process and also saves the candidate from unnecessary trouble if rejected at this stage.

2. Application Blank

Application forms are used to collect information about the applicant. They may be standardised to maintain uniformity in method of supplying the information and the information itself. It makes the job of processing easy when information is collected using standard formats. Information is generally collected about Identification, Education, Occupation, Extra-curricular, etc.

3. Scrutiny of Applications

There are often two components in the prerequisites for any job. One component that is essential and the other that would be desirable. Essential components are generally mandatory and absence or non-fulfilment of the same may lead to rejection of the candidate. Screening of applications precisely does this. Applications of candidates that do not fulfil the minimum required criteria are rejected at this stage. Applications of candidates found meeting the necessary conditions are sorted and lists of candidates for further process are drawn. This step is generally followed by sending in letters for tests, interviews etc.

4. Employment Tests

Various kinds of tests are there to assess different parameters of the applicants. Depending on the required skill and knowledge for a particular job, tests may be conducted to assess whether the applicants possess them or not. Some of the tests prevalent are -

Intelligence tests, Achievement tests, Aptitude tests, Personality tests, and Interest tests (a) validity (b) reliability (c) standardisation and (d) evaluation. Tests should have validity i.e. they should actually measure what they purport to measure. The validity of test is determined by relationship between the test results and some criterion of efficiency on the job. Reliability means the consistency with which it serves as measuring instrument. A test will be effective only if it is reliable. The Process of standardisation includes the scaling of test items in terms of difficulty and the establishment of norms.

5. Employment Interview

Tests are often followed by interviews. Sometimes interview is the only basis of selection. A face to face interview gives a better perspective of the candidate to the panel than written applications or test scores. Interviews are again used to collect information about the candidate and also give information to the candidate about the organisation, employment, nature of duties, salary package etc.

Interview Problems

Some of the problems are:¹

- Interviewers do not seek applicant information dimensions needed for successful job performance. Often, they do not have a complete job description or an accurate appraisal of the critical job requirements. In addition, the interviewer often does not know the conditions under which the job is performed.
- Interviewers may make snap judgements early in the interview. Consequently, they block out further potentially useful information
- Interviewers permit one trait or job related attribute to influence their evaluation of the remaining qualities of an applicant. The process, called the halo effect, occurs when an interviewer judges an applicant's entire potential for job performance on the basis of single characteristics. Such as how well the applicant dresses or talks.
- Interviewers have a tendency to be swayed by negative information about the applicants.
- Information from interviews is not integrated or discussed in a systematic manner. If several interviewers share information on an applicant, they may do so in a haphazard manner. They do not identify job related information or seek to examine any conflicting information. This casual approach may save time and confrontation, but only in the short run. In the long run everyone in the organisation will pay for poor hiring decisions.
- Interviewers' judgements are often affected by pressure to favour a candidate or fill the position, hence they lower their standards.
- Interviewer's judgement regarding an application is often affected by the list of available applicants. For example, a good person looks better in contrast to a group of average or below average.
- Some interviewers may place more weight on certain attributes than others or they may combine attributes differently as they make their overall decisions. For instance, some interviewers may give emphasis to educational experiences while others give weightage to work experience.

- Sex, race, attitude similar to those of the interviewer may lead to favourable evaluation.

Most common types of interview

i) Preliminary interview

Also known as screening interview, its purpose is to decide through mutual information sharing whether a comprehensive interview is needed or not. Besides giving information about job and organisation preliminary information is collected about past work, experience, education and motivation. This type of interview is done for jobs that are technical in nature.

ii) Patterned interview

In this type less direct questions are asked. Mostly non-direct questions are asked where the applicant/interviewee gets to talk freely and tell more about himself rather than answer yes or no.

iii) Stress interview

Stress is created in the interview by either asking too many questions at the same time or not letting the applicant complete his /her answers. The idea is to see how the person will react under a stressful situation. This type of interviews are conducted for jobs that require a person to maintain emotional balance.

iv) Depth interview

The idea is to get detail information about the candidate, his knowledge, skill etc. and to get an in-depth idea of his personality. It's a time taking process and involves high cost. Although it gives a complete and detailed understanding of the applicant, its costs are high and hence it is not generally used in practice.

v) Group interview

A topic of discussion is assigned to the group of applicants and their performance is evaluated by the observers. The main idea is to see if anyone emerges as a leader, how he/she does it and how it is accepted by other members.

vi) Panel interview

A panel of experts conducts the interview. The experts may be specialised in different fields. In this type of interview one gets the collective wisdom of members of the panel. This is done mainly in jobs that are supervisory and managerial.

6. References Checking

References may be taken from the candidate. References are taken on the candidate's character and experience. References are taken with an objective that a true account of the person may be available from someone with whom he has worked. Confidentiality of information received is also maintained.

7. Medical Examination

Medical examination of the candidate is conducted before appointing him on the job in some jobs. Certain kind of work requires employees to possess required health and physique. A thorough physical examination gives a clear picture of the person's physical characteristics. Depending on the organisation, sometimes doctors' panel is constituted by the organisation itself and sometimes the candidate is asked to get a medical examination done on his own and submit the necessary reports.

8. Placement

Once the process of selection is done, the candidates selected are issued placement letters. They may be first placed on probation for some time. Generally the probation period is for six months to one year. During the probation an employee is observed both for performance on the job and his behaviour. If found unsuitable he may be even asked to leave, or may be put on some other job.

9. Induction

The purpose of induction is to familiarise the worker with the working environment, culture and the do's and don'ts of the workplace. Induction programmes vary in their content and length depending upon the nature of the job and the policy of the organisation.

Ways to minimise selection Errors²

1. *Be prepared to devote significant time and resources to the hiring process.*
2. *Use appropriate selection technique successfully to ensure that people hired will meet or exceed their expectations.*
3. *Rely on several assessment procedures rather than on just one. No one method is infallible. Using a variety of methods will provide more data and increase the chances of success.*
4. *Conduct structured, in depth interviews. Structured interviews have higher success rate than others.*
5. *Involve all those who are concerned in the selection process.*

6. *Conduct a potential problem analysis on final candidates. A potential problem analysis is an attempt to anticipate any difficulties that might occur if a person was hired.*
7. *Keep accurate records. Ensure that relevant data are collected and are used in assessing the validity, cost effectiveness and reliability of the selection process.*



Check Your Progress- A

Q1. What is selection?

Q2. How is Selection different from recruitment?

Q3. What are the various steps in selection procedure?

12.5 REQUIREMENTS OF EFFECTIVE SELECTION

An effective selection process should be able to find and place the right person on the job using optimum resources. A selection process has to be;

1. Simple and Clear
2. Unbiased
3. Must be designed considering the nature of the job
4. It must be flexible
5. It must economical

6. Must be able to get complete information of the candidate.

12.6 E-SELECTION

These days selection via internet and telephone has become common. Interviews are taken through internet. Online tests are held and all documents are also sent and received through email. It has speeded up the process of selection and has also reduced the cost.

12.7 SUMMARY

Selection of the right candidate involves not only costs but also skills and technique. There are number of steps involved in a typical selection procedure, from filling forms to the final selection there is test, interview, background investigation, physical examination, and final employment decision. In each of the steps a decision is made for the next step. Finally a candidate is chosen. Modern technology has made this process easy by use of internet. Selection has become a quicker and a more organised process.



12.8 GLOSSARY

Selection is the process of segregating those who will be offered jobs from those who will not and thus it is often described as a negative function. In contrast recruitment is said to be a positive function where the aim is to encourage more and more people to apply and build a large database from which the organisation can draw when required or select the best for the current requirement.

Reliability means the consistency with which it serves as measuring instrument.

Application Forms- Application forms are used to collect information about the applicant.



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12.11 TERMINAL QUESTIONS

- Q1. What is selection? How is it different from recruitment?
- Q2. What are the various steps in selection procedure?
- Q3. What are the requirements of effective selection?
- Q4. Write a note on e-selection.



12.12 CASE STUDY

Ms Mandira Saxena was an ambitious young lady from Alwar wanting to make it big and successful in the Education field. She had grown up in a small town and had obtained her basic schooling and graduation in the vernacular medium albeit with very good academic credentials and first class marks throughout her academic career. After her graduation, she

took up a teaching job in a school. Having spent a few years there she was always aiming to move up to the higher education sector. She was highly impressed and motivated by her Professor Mr Dayal who was an authority in his field and was heading the Department and was also member of several Boards and governing bodies of educational institutions in the region. Mandira not only enrolled for a PhD under Prof Dayal but also considered him her mentor in all respects.

Private educational institutions were mushrooming and in Alwar too a few new private colleges had come up. Vidyasagar Institute was one of such institutions.

Vidyasagar advertised for vacancies in its various departments. Mandira applied for an opening in the technology department. Several applicants from the length and breadth of the country appeared and a more qualified candidate who was nearly completing his PhD and had several research Papers to his credit had been appointed and Mandira was rejected. Mandira was not the one to give up, She would go to any extent to achieve her objectives and with the contacts of Prof. Dayal, she got herself an offer from Vidyasagar in its management department, where one of the senior members from the department had been asked to resign and Mandira took his place. She was very hard working and soon found herself involved in all the major academic and extra-curricular activities of Vidyasagar. She was also a popular teacher and favourite of her students. So, soon she harboured enemies. Since Mandira had spent a few years already teaching in schools, she considered herself senior to the faculty members in the institute who had spent more years in the higher education than her but had lesser total experience than her. Academic institutions are the breeding grounds of petty politics and Vidyasagar was a hot bed. With passing years Mandira the shy young school teacher from Alwar, had now metamorphosed into a seasoned political player in the faculty. She was despised by colleagues who complained about her arrogance and insolence to the management. The management transferred Mandira to the technology department under the garb of promoting her to the head of the department. Mandira put her matter before the management but the management heard her patiently and did nothing. Mandira took this as a personal insult and refused to move physically to the technology department and continued to work from her seat in the management but she knew she had had her innings at Vidyasagar and she began to look out for options. Her mentor Prof Dayal came to her rescue and she was selected in a prestigious institution at Jaipur. One fine day she tendered her resignation at Vidyasagar and moved to Jaipur for good. It's been a decade since Mandira moved out of Vidyasagar and is globetrotting on conferences and teaching assignments. She is the role model for many young aspiring girls and women back at her college and school at Alwar.

Q1. Identify the key issues of the case with respect to Selection Function.

UNIT 13 INDUCTION AND PLACEMENT

13.1 Introduction

13.2 Objectives

13.3 Introduction to Placement

13.4 Nature and significance of placement

13.5 Placement of New Employees - Some Considerations

13.6 Induction

13.7 Objectives of induction

13.8 Phases of Induction

13.9 Socialisation

13.10 Summary

13.11 Glossary

13.12 References/Bibliography

13.13 Suggested Readings

13.14 Terminal Questions

13.15 Case Study

13.1 INTRODUCTION

In the previous unit you learnt that selection of the right candidate involves not only costs but also skills and technique. There are number of steps involved in a typical selection procedure, from filling forms to the final selection there is test, interview, background investigation, physical examination, and final employment decision. In thus unit you will learn about nature and significance of placement, different phases of induction and the process of socialisation.

13.2 OBJECTIVES

After reading this unit, you will be able to;

- Understand nature and significance of placement.
- Know about Induction.

- Identify different Phases of induction.

13.3 INTRODUCTION TO PLACEMENT

Placement means putting the selected candidate on the job. The term holds good for both placement of new candidates and for promotions and transfers.

“Placement may be defined as the determination of the job to which a selected candidate is to be assigned and his assignment to the job. It is a matching of what the supervisor has reason to think he can do with the job demands; it is a matching of what he imposes in terms of strain, working conditions, etc., and what he offers in the form of payroll, companionship with others, promotional possibilities, etc”. *Paul Pigors and Charles A. Myers*

13.4 NATURE AND SIGNIFICANCE OF PLACEMENT

A good placement decision will give some benefits like;

- a) Less labour turnover
- b) Less absenteeism
- c) Increased worker safety and fewer accidents
- d) Higher morale of workers
- e) Better employee relations in the organisation.

It is important not just to match employees to the jobs but also jobs are to be matched with the individuals.

13.5 PLACEMENT OF NEW EMPLOYEES - SOME CONSIDERATIONS

1. Job requirements:

Employees’ physical and mental abilities are evaluated and matched with the requirements of the job then only placement decisions are taken. Job Profile charts are made which have job requirements and worker abilities for important jobs. These profile charts become helpful and aid in making placement decisions.

2. Qualifications:

One has to consider qualifications before making placement decisions. Employing overqualified or under-qualified workers both would lead to problems.

3. Information required:

Information regarding job like working conditions, compensation etc must be given to the new joinee.

4. Creating involvement :

It is important to create a sense of involvement in the job along with loyalty. It will keep the employees committed.

5. Flexibility:

There must be an unstated but intrinsic flexibility in it so that if there are errors in placement, it may be corrected by putting the employee after probation in more suitable positions.

Placement of existing employees

When already existing employees are promoted, transferred or demoted, placement of the employee on the new job is done. Though there may not be a need to orient the employee to the organisation when he is moving internally but time for socialisation and adjustment to the new job or the department may well still be required.

13.6 INDUCTION

Edwin B. Flippo, *“Induction is concerned with introducing or orienting a new employee to the organisation. It is the welcoming process to make the new employee feel at home and generate in him a feeling of belongingness to the organisation”*

Induction is familiarising the employee with the organisation. Depending on the content and policy of the organisation, induction process may be exhausting and running into number of days or be short and simple. Normally the purpose of the induction is to acquaint the employee with every aspect of the organisation like company’s philosophy, its contribution and standing in the industry, policies etc. The usual information regarding work timings, rest hours, lunch timings, canteen and other facilities is also given.

Audio visual aids, company song, company pledge all this also become part of induction programmes.

Well designed induction programmes are also followed up to measure effectiveness.

Induction programmes are generally the job of the personnel department.

13.7 OBJECTIVES OF INDUCTION

The objectives of systematic induction are¹:

- a) To build up the new employee’s confidence in the company and in himself, so that he can become an efficient worker.
- b) To promote a feeling of “belongingness” and loyalty to the company.

- c) To give the new employee information and knowledge of the company, its organisation and products.
- d) To give him information that he needs, such as the time for break, offer for tiffin, where to find the canteen, the wash place and latrines; what leaves he is entitled to and how to apply for it, and so on.
- e) To foster a close and cordial relationship between the newcomers and the old employees and their supervisors.
- f) To ensure that the newcomers do not form a false impression and a negative attitude towards the organisation or the job because first impression is the last impression.



Check Your Progress- A

Q1. What do you mean by Placement?

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Q2. What is Induction?

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Q3. What are the various phases of Induction?

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13.8 PHASES OF INDUCTION

General Induction

This is an induction programme mainly covering areas like the philosophy, mission, objectives and history of the organisation. It would also explain to the joiner pay, perks,

service conditions, personnel policies, promotion policies, etc. The duration of induction may vary according to the need and policy of the organisation and it is normally conducted by HR Departments.

Specific Induction

The purpose of this induction is to familiarise the joiner to his work.

It is generally done by line managers. The purpose is to make sure that the joiner understands his work and work environment better. Consequently he would be able to adjust better to his work and colleagues.

Follow-up induction

Follow up induction is done to assess the induction done. The purpose is to make an assessment as to whether the joiner has been able to adjust with work and the workplace. This is done by the line managers and experts in the field.

Problems in Induction

An orientation programme can go wrong for a number of reasons like the following:²

- (i) The supervisor who has to induct the employee may not be trained or may be too bossy.*
- (ii) Employee is confused with a wide variety of forms to be filled.*
- (iii) Employee is overwhelmed with too much information in a short time.*
- (iv) In the initial stages, employee is given only manual jobs that discourage job interest and company loyalty.*
- (v) Employee is given only a sketchy induction under the mistaken belief that “trial and error” method is the best induction.*
- (vi) Employee is forced to balance between a broad orientation by the HR department and a narrow orientation at the department level.*
- (vii) Employee may be asked to work on a number of jobs and he may develop wrong perceptions because of short periods spent on each job.*
- (viii) Employee is thrown into action too soon. His mistakes can damage the company.*

Guidelines in Effective Induction

For achieving intended results, care should be taken of the following points:

- (1) Orientation should be thoroughly planned and those conducting the programmes should give attention to specific problems faced by new employees.*
- (2) Supervisors should be trained in the art of orientation of new workers. Thus, induction should be treated as a special duty.*

- (3) *Human side is the most important part of orientation. Therefore, first of all, new employee should be introduced to the people with whom he will work – his colleagues, superiors and subordinates. A tea party may be arranged for this purpose.*
- (4) *The new employee should be informed about that apply to him as well as the specific work situation and requirements.*
- (5) *Orientation should be gradual process. The participants should not be overloaded with much information*
- (6) *The supervisors should answer the questions and clarify the doubts that the employee may have about the job and the organisation.*

13.9 SOCIALISATION

Socialisation is a process of internalisation of the culture, customs, values and beliefs of an organisation by an employee. It is adapting to the acceptable behaviour in the organisation. It is generally a process requiring time and though it begins with orientation it, may be done through different activities including training and development.

If people do not learn the culture of the organisation and do not behave in the way they are expected according to the organisations' expected norms, they may even be soon shown the door.

Socialisation helps in creating a uniform behaviour. There is also clarity in the minds of the employees as to what is expected of them.

Stages in Socialisation process

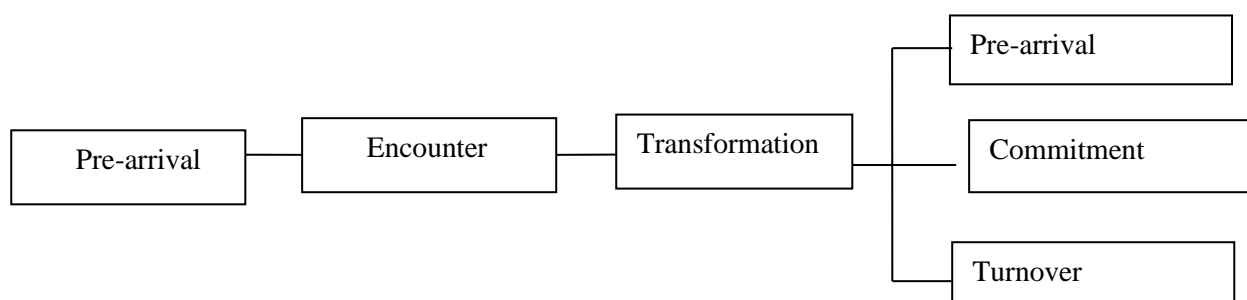


Fig 13.1 Stages in Socialisation Process

Mannen and Schein have given the process of stages in socialisation-
The three stages are (1) Prearrival, (2) Encounter (3) Metamorphosis.

Pre-arrival Stage: People generally come with preconceived notions. They have values, beliefs, attitudes and expectations which they carry from their previous organisations. The same of the present organisation has to be appraised to them during the selection process.

Encounter Stage: This is the stage in which the employees actually face and know the difference between the culture they have learnt and the culture that is expected of them in the new organisation. Either the employee adapts to the new culture or faces discomfort in aligning himself with the organisation.

Metamorphosis or Transformation stage:- In this stage the actual change happens. He learns to adjust with the new environment and becomes comfortable with his work and the organisation. This leads to a better relationship with the colleagues, because of which he feels more involved in his work and enjoys being at his workplace. This increases his productivity and commitment to the work. He becomes more committed and is less likely to job hop. In case of a mismatch and dissatisfaction due to he not being able to adapt to the new work culture, it would result in low commitment, low productivity and finally his exit from the organisation.

13.10 SUMMARY

After selection the next function of HR is to place the employees in the organisation and induct them into the organisation. Placement and induction is an important function as it may be a very decisive phase in an employees life in the organisation. The induction phase is one that may create a negative or positive impact on the employee depending upon the programme. The employees may develop a concept or image of the organisation from the induction and that would become the guiding principle for the employee in his future interactions. In this unit we have seen what is placement and what are the consideration for placement of already existing and new employees. We have also seen what is induction and what are the guiding principles for induction. We have also seen what are the phases of a socialisation process.



13.11 GLOSSARY

Placement means putting the selected candidate on the job. The term holds good for both placement of new candidates and for promotions and transfers.

Induction is familiarising the employee with the organisation. Depending on the content and policy of the organisation, induction process may be exhausting and running into number of days or be short and simple.

Pre-arrival Stage- People generally come with preconceived notions. They have values, beliefs, attitudes and expectations which they carry from their previous organisations. The same of the present organisation has to be appraised to them during the selection process.

Encounter Stage: This is the stage in which the employees actually face and know the difference between the culture they have learnt and the culture that is expected of them in the new organisation. Either the employee adapts to the new culture or faces discomfort in aligning himself with the organisation.

Socialisation is a process of internalisation of the culture, customs, values and beliefs of an organisation by an employee. It is adapting to the acceptable behaviour in the organisation



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13.14 TERMINAL QUESTIONS

- Q1. What is placement?
- Q2. How is placement different from induction?
- Q3. What is induction?
- Q4. What are the points to be kept in mind while placing new joinees on the job?
- Q5. What is socialisation?



13.15 CASE STUDY

Arindam Gogoi was selected in a management institute as an English teacher and placed as Assistant Professor. In due course of time the administration realised that they had committed a mistake. Arindam did not have enough marks in his Masters degree to qualify as an Assistant Professor as per the prescribed norms. Although, he was a brilliant employee and was performing his duty par excellence he was not only given to teach English he, was also asked to conduct personality development programme and assist the placement cell in preparing the students for the placement interviews and group discussion. Unaware of the fact that he did not qualify to be appointed in the department, Arindam was working hard and putting in his best.

The administration could not afford to sack a well performing employee and was also finding a loss of face in admitting their mistake that they had not verified the essentials before appointing and was trying ways and means that Arindam himself resigns.

Some girls students filed a complaint with the HOD that Arindam was passing comments in the classroom that were sexist. The HOD constituted a team of senior faculty members to enquire into the matter. An enquiry was held. Several students recorded their statements and statements were also taken from some of his colleagues. The team could not find anything against Arindam and concluded that the complaint was frivolous. Arindam was transferred to the placement cell and was now assigned the duties of training the students full time which, in any case, he was doing partially while he was in the management department. He continued to perform his duties diligently. Word had spread around about his comments in the classroom and now people had started looking at him suspiciously. He was demoralised but still worked with full dedication. A field trip was planned by the students of the MBA first year and the money collection was done by Arindam. Some Students had paid up and

some did not. Moreover, the students were divided about the going for the trip itself. Some did not want to go. Some students complained that money collection which Arindam did, was not authorised by any senior authority and that there was no record of the money he had collected and that he had used some of it for his personal use.

This time, perhaps, it was too much to take and Arindam Gogoi resigned. The management had achieved what they wanted.

Q1. Identify the key issues of the case with respect to Recruitment, Induction and Placement.

UNIT 14 CAREER PLANNING, DEVELOPMENT AND SUCCESSION PLANNING

14.1 Introduction

14.2 Objectives

14.3 Career Planning

14.4 Succession Planning

14.5 Career Development

14.6 Summary

14.7 Glossary

14.8 References/Bibliography

14.9 Suggested Readings

14.10 Terminal Questions

14.11 Case Study

14.1 INTRODUCTION

Career planning is a new phenomenon. It is a new HR function. Not many organisations have a well established career planning programme. It is seen in only very big and progressive organisation. The emphasis on this function is slowly increasing. Today, employees and even fresh job seekers don't merely look for a job. They want a career. Money is not the only driver for a job, emphasis is also on opportunity to excel and have a quality life. Career to people has different connotations. To some career means a path of growth in their professional life, for some it is life itself, to others it is an opportunity towards self actualization. From the perspective of an organisation, career planning should give it an opportunity to get the best of an employee in the changing global scenario.

14.2 OBJECTIVES

After reading this unit, you will be able to;

- Understand career planning.
- Identify various steps in career planning.
- Know about Succession Planning.
- Know about Career Development.

14.3 CAREER PLANNING

14.3.1 CAREER WHAT IT MEANS?

A career development system maintains a balance between individual career needs and the needs of an organisation from its employees. It addresses both the career satisfaction of the employees as well as organisational effectiveness.

Career planning is an integral function of human resource management. It has two objectives-

- (1) To ensure that promising employees are given a sequence of experience that will equip them for whatever level of responsibility they have the ability to reach.
- (2) To provide individuals with potential with the guidance and encouragement that they may need if they are to fulfil their potential.

The term career denotes all the jobs that are held during one's working life. Edwin B. Flippo defined career as a sequence of separate but related work activities that provide continuity, order and meaning in a person's life.¹

A career is not merely a series of work related experiences, but consists of a series of properly sequenced role experiences leading to an increasing levels of responsibility, status, power, and rewards. It represents an organised path taken by an individual across time and space.²

Career planning gives a picture to an employee where he is at present and where he will be after some time say about ten years later.

Career planning activity is also limited in its scope as it may not be possible to do planning for all individuals and all jobs. It is not possible in all cases to precisely assess the potential of an individual for future roles to be carried out. It serves as both a development function as far as the organisation is concerned and a motivation tool as far as the individuals are concerned. When they see participation in the development function .

Will create an opportunity in terms of promotion to the next level they Feel more involved in the activity.

Some terms related to career planning:-

Career path: is the sequential pattern of jobs that forms a career.

Career goals: they are the future positions that one will want to occupy.

Career progression: making progress in one's career through promotions.

Career development: it involves those personal improvements that a person undertakes to achieve personal career plan.

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

14.3.2 PEOPLE'S EXPECTATION FROM THEIR CAREER

What do people want from their careers? Its not just about money and fancy job titles. People now have a lot more expectations from their employers and from their jobs. Its not just the present job that is in focus but also future jobs that one may take up. Different people have different expectations from their careers and their expectations also vary according to time. With advancement in career and age, people's preferences also change. Edgar Schien has identified five dominant motives which underlie people's career choices and their goals. He calls them career anchors. According to Schien people hold on to their career anchors and use it as a main driver of their career. It is after a deep self analysis that a person arrives at his core career anchor. It is after considering his skill, talent, abilities, motives, needs, attitudes and values that a person realises what he can be best at.

Career anchor denotes the basic drives that create an urge to take up a certain kind of career. The drives are as follows

1. **Technical competence** : wherein the individual aims at using his technical skills at its best.
2. **Managerial competence:** The individual looks for jobs that can give him managerial positions.
3. **Security and stability of career:** wherein people are more concerned with a secured job and stable work environment.
4. **Autonomy and independence of action:** The individual's main objective is to have freedom at workplace with no constrains and interference.
5. **Creativity, innovation and risk taking:** There is a high need for opportunity to show their creativity.
6. **Basic occupational identity:** The drive for service to others, power ,influence, control and variety.

When people begin their career they have a certain notion of what careers are composed of. They give more importance to certain parameters like academic qualification etc. , but as they progress in their career they realise the true expectations of them, based on feedback and their own sense of achievement and satisfaction. If there are discrepancies they tend to look for changes in their career till and they are able to get rid of the discrepancies, between their abilities and rewards.

14.3.3 SCOPE OF CAREER PLANNING

In career planning, the objective is to match individual potential for promotion and individual desires to organisational needs and opportunities. It is aimed at having the right people with the right skills for a job at the right time. It is also aimed at assessing what training is required to perform present jobs and also in case of promotions and alternate career paths. The scope of career planning envisages planning the career of employees in terms of their capacities within the context of organisation's needs. It is planning the career of employees from joining to retiring. Employees who appear promising are prepared for future jobs.

Features of career planning

- 1. Career planning is a process of developing human resources rather than event.*
- 2. It is a continuous process due to an ever changing environment.*
- 3. It is not an end in itself but means of managing people to obtain optimum results.*
- 4. It is the responsibility of an organisation to provide guidance and counselling to its employees in planning their careers and in developing and utilising their knowledge and skills.*
- 5. The basic aim of career planning is integration of individual and organisational needs.³*

Objectives of Career Planning

Career Planning seeks to achieve the following goals:

1. To attract and retain the right type of persons in the organisation
2. To map out careers of various categories of employees suitable to their ability, and their willingness to be trained and developed for higher positions.
3. To ensure better use of human resources through more satisfied and productive employees.
4. To have a stable workforce by reducing the labour turnover and absenteeism.
5. To increase the utilisation of managerial reserves within an organisation.

6. To improve motivation and morale of employees.

A good career management plan ensures that individual's interest, aptitude and expertise is kept in mind while placing him on a particular job. Organisations which are concerned about good career management programme not only emphasize on human resources development but also have a good support system for research and training and development of manpower.

14.3.4 CAREER PLANNING PROCESS

It is the process of deciding individual career objectives and planning the developmental activities needed to achieve them. It is often seen that technocrats are sent for managerial training before they are to be promoted to executive positions. Career planning is a very individual centric activity. It is the job of the individual to analyse his interest, values goals and capabilities, but not all individuals have the skill to determine a career path and growth for themselves. There are techniques that help individuals in this activity and that can be achieved through career counselling, career and life planning and self development activities.

Career planning involves four fundamental elements which, when taken together, represent the career planning process.

Direction: *This involves the career goals one sets and the organisation's ability to act favourable upon these goals, especially in the light of business objectives and realities.*

Career Time: *This relates to distance and velocity factors- how far one wants to go in an organisation or on the career path and how fast that person expects to get there.*

Transition: *This is the resistance one encounters while moving toward career goals. Transition relates to changes expected, say in knowledge, skill and attitude en route to a career goal.*

Outcomes: *This relates to the probabilities that one's investment and sacrifices for career progress will pay off.⁴*

The key factors influencing careers are the organisation and the individual. One can view career planning from both their perspectives.

14.3.5 STEPS IN CAREER PLANNING

1. Preparation of personnel inventory
2. Identifying career needs
3. Identifying career opportunities
4. Matching of employees' aspirations with career opportunities
5. Formulating and implementing strategies
6. Reviewing career plans.

14.3.6 ADVANTAGES OF CAREER PLANNING

Effective career planning has the following benefits:

- 1. Career planning helps the employees to know the various career opportunities available.*
- 2. It helps the individuals to select a career which is suitable to life style, preferences, family environment, scope for self development etc.*
- 3. It helps the organisation identify talented employees who can be trained and promoted.*
- 4. Internal promotions, up-gradation and transfers motivate the employees, boost their morale and also result in increased job satisfaction among employees.*
- 5. Each employee will await his turn of promotion rather than shift to another organisation. This would lower employee turnover.*
- 6. Increased job satisfaction enhances employees' commitment and creates a sense of belongingness and loyalty to the organisation.*
- 7. It improves employees' performance on the job by tapping their potential abilities and stimulating their personal growth.⁵*

14.3.7 REQUIREMENTS OF EFFECTIVE CAREER PLANNING

The measures that can be taken to make career planning effective are given below

1. Top management support
2. Growth and Expansion
3. Clear goals
4. Proper selection of employees
5. Motivated and hardworking staff
6. Proper age balance
7. Measurement of career stress
8. Fair promotion policy
9. Adequate publicity.

14.3.8 LIMITATIONS OF CAREER PLANNING

The drawbacks or limitations in career planning are

1. It does not suit small organisation
2. It can be done only for certain kind of jobs and not shop-floor workers.

3. One cannot do career planning for unlimited time frame. Planning is possible for maximum up-to ten years or so. This is because of changing internal and external environment factors.
4. Career planning will greatly be affected if nepotism, favouritism, politics and reservation creeps in promotion decisions.
5. In certain jobs the employees may have reached their peak and saturation may have begun, in those cases career planning may not be possible then the only option is job shift.

14.3.9 EVALUATING CAREER MANAGEMENT

Organisations that adopt career management systems need to evaluate their results.

They can do an assessment whether if:

- It is being used by employees
- Employees are giving correct and relevant information
- Career development is being provided for, to the employees
- Employee's career plans are realised
- Employees are facing lesser career problems than before
- The employees who are availing the opportunity of career management system have better careers than those who have not availed the benefits
- It is financially viable.

14.4 SUCCESSION PLANNING

Succession planning is planning for the vacancy of certain key jobs that may arise due to retirement, resignations, death or promotion and transfer of people who occupy those key positions.

The purpose is to identify people who will replace the ones who may leave key jobs. These positions are critical positions and organisation may not like to take chances by keeping such positions vacant for too long.

Although career planning and succession planning look similar they are apart.

Career planning may be done for wider job positions and more number of employees but succession planning is done for certain jobs only.

A career plan for a particular employee may turn out to be a succession plan of a certain job position. A career plan is an upward graph of employees in the organisation. A succession plan is list of available pool and the most preferred one for certain key jobs.

It is a continual supply of qualified executive talent to lead and support business growth.

Forecasting the availability of internal or external candidates is important in succession planning. It is the plan to fill the most important executive position. It has been defined as “

the process of ensuring a suitable supply of successors for current and future senior or key jobs arising from business strategy, so that the careers of individuals can be planned and managed to optimise the organisation's needs and the individual's aspirations.”

Succession planning includes these activities:

- *Analysis of the demand for managers and professionals by company level, function and skill*
- *Audit for existing executives and projection of likely future supply from internal and external sources.*
- *Planning of individual career paths based on objective estimates of future needs and drawing on reliable performance appraisals and assessment of potentials.*
- *Career counselling undertaken in the context of realistic understanding of the future needs of the firm, as well as those of the individuals.*
- *Accelerated promotions, targeted against the future needs of the business.*
- *Performance- related training and development to prepare individuals for future role as well as current responsibilities.*
- *Planned strategic recruitment not only to fill short term needs but also future needs.*
- *The actual activities by which openings are filled*⁶

To get the best benefit of succession planning companies have to pay attention to the following

- *Identify leadership competencies*
- *Develop a comprehensive database for the target group*
- *Review the strengths and weaknesses of the candidates to determine their promotability.*
- *Provide feedback to the potential candidates in order to match the company's succession plans*
- *Measure developmental progress of the candidates.*

Succession planning aims at finding out employees with high potential to occupy key job positions in the event of vacancy. It is mostly from within the organisation. It helps employees make careers not just do jobs. It is a long term HR strategy that focuses on future vacancies and new work requirements

Given the pace with which changes occur within and outside organisation there is an urgent and constant need for succession management programmes. Advances in information technology, changing management concepts and requirements have created new dimensions to succession planning. Changing values of young managers have created newer needs of organisations. To keep in tune with changing needs and expectations organisations must have a well designed and easily comprehensible system in place. The managers at every level must be oriented with the succession planning and see it in the organisational perspective.



Check Your Progress- A

Q1. How you assess scope of career planning?

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Q2. What are the Objectives of Career Planning?

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Q3. Discuss Career Planning Process.

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Q4. What do you mean by Succession Planning?

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14.5 CAREER DEVELOPMENT

Career development is essential for putting the career plans into action. It is a series of activities taken by the individual and the organisation to fulfil the career aim of the individual and requirements of the job. To get the best results of a career development exercise it is important to match the objectives of the individual with the objectives of the organisation.

Elements of career development-

1. Career need assessment-

An overall skill assessment is done to find out the potential of the individual and then the goal of the individual is understood and the need for development is arrived at by analysing the gaps.

2. Developing and publishing career development opportunities-

Periodic dissemination of information on available career opportunities help individuals to plan their own career.

3. Need-opportunity alignment-

By using techniques of Management by Objectives and career counselling, career development is attained. By MBO personal development goals of individuals are determined and by career counselling available opportunities and strengths and weaknesses of individual are identified and then concrete plan of action is made.

4. Monitoring career moves

By monitoring career moves, growth of the individuals are tracked. If there are employees who are stuck there may be a need to train them on skills and sometimes even go to the extent of suggesting them growth opportunities outside the organisation.

Problems in Career Development-

1. Dual career families.

With the rising trend in women joining the work force, dual career families are constantly on the rise. The transfer of one partner affects the career of the other. It is a problem which not only the employees have to deal with but the organisations also find difficult to handle.

2. Changing family needs

Depending upon the life stages at which the family members of the employees are the needs of the employee keeps changing. This adds to the dynamics of career of the person.

3. Low ceiling careers

Some jobs do not have opportunities for growth and advancement in the career. People join and stay at the same position and saturate at the same position.

4. Declining career opportunities.

Sometimes changing technology, automation and economic factors too affect people's career opportunities.

The way ahead in the above situation is that management must take appropriate steps to:

- a) Improving human resource planning and forecasting systems,*
- b) Improving dissemination of career option information*
- c) Initiating career counselling*

- d) *Developing effective internal and external assessment centres*
- e) *Supporting educational and training programmes and*
- f) *Introducing more flexible reward and promotional systems.*

The key players who share the responsibility of an employee's career development are the employee, the organisation and the manager. It is the employee himself who is primarily responsible for his own career. The job of the manager and the organisation is to help and assist him in his endeavour. Unlike all other functions top management support is required for creating an environment that supports career development. Supervisors need to be involved in career planning programmes. There are certain responsibilities of each of the participants in the career development of an employee.

The organisation's responsibilities include:

- *Providing resources for self-understanding and goal setting.*
- *Setting and communicating missions, policies, and goals and objectives*
- *Providing information on organisation's options and career paths*
- *Providing training, education and mobility opportunities*
- *Reinforcing and supporting the manager's role in career development and counselling*

The manager's responsibilities include:

- *Giving clear feedback about what employees should reasonably expect.*
- *Providing forums for discussions*
- *Providing support and opportunities.*
- *Identifying employee potential*
- *Providing growth opportunities consistent with employee and organisation goals*
- *Communicating the formal and informal realities of the organisation*
- *Providing exposure for employees and*
- *Linking employees to appropriate resources and people*

The Employee's responsibilities include:

- *Self assessment*
- *Setting goals and plans*
- *Expressing expectations*
- *Making use of opportunities, education and training.* ⁷

Stages in career development

Certain stages in the career of a person have been identified by observing the experiences of managers. Evans has proposed the following stages in career development.

- i) Exploration
- ii) Establishment
- iii) Mid-career
- iv) Late career
- v) Decline

Exploration stage

It is the pre- employment stage. A stage around the early 20's in our lives when we are exploring the various options and choices before us. During this phase everyone around us becomes a critical person who may influence the choices we make like family, friends, teachers, relatives, neighbours, and even television and films. We tend to narrow our options by the choices we may have made at this stage.

Establishment stage

Between the age of 25 and 35, it is the age when individuals are establishing themselves in some job. It may begin with uncertainties and anxieties and people may commit mistakes and also learn from such mistakes and slowly progress towards taking up responsibilities. This stage is marked by two important things

1. Trying to establish a place in society, and
2. Working toward advancement and improvement in the various components of the life structure. It is marked also by the person's need for independence and recognition from those who are important in his life.

In the early part of this stage employees are mostly under a senior who mentors them. It has been observed that people who have been mentored get promoted sooner and are more satisfied with their compensation.

By the end of this stage a person's career is mostly set. The person takes up a role as a senior by now. He finds his place and authority.

Mid Career Stage

This is a stage where the person borders on establishment stage and late career stage. This is the mid-life or mid-career crisis. In this stage the life structure which just found its ground undergoes serious evaluation. Evaluations are done of life, family, children and career. On the career front a person may be still advancing or just stabilized or in a decline phase. This is a phase of high level of evaluation and judgements and critical analysis. It is very stressful and difficult. Person has passed his learning phase and mistakes at this stage cost him dearly. It may either lead to growth or stagnation or maintenance. People are aware of the advancing age and so try to find meaning in life and set life goals. Those who manage this stage successfully grow higher with greater responsibilities and worthy rewards.

Late career stage

This stage of career usually between mid forties until retirement, is a rewarding phase of work life if the earlier phases were well spent. Usually seen as the wise men/women of the organisation, they have valuable inputs from their experience and learning to offer to the younger lot. There is less mobility in this phase so people tend to stay in a particular job in this phase until retirement, and look forward to a post retirement life. To do different things and to sometimes pursue hobbies which they could not due to their busy work schedules.

Decline Stage

It is the final stage of one's career and a difficult one at that. People generally are expected to take a back seat and prepare for finally quitting the job. It is emotionally difficult especially for people who have been actively engaged and were at helm of affairs. It is tough to give up on things that have almost become an identity of the person. It may be a lot of relief to people who have had a tough time in their careers and are just looking forward to a peaceful life sans the problems of the workplace. In the personal front also this is a life changing phase.

14.6 SUMMARY

Career planning involves a well thought out and a planned programme. It is an effort by the employee towards his own career wherein the organisation also contributes along with all others to help a person chalk out a career for himself/herself. There are several features for an effective career plan and some limitations too. Succession plans are made for vacancies that arise for certain key jobs. A good succession plan always identifies a potential employee and prepares him for a key job much before the eventuality arises. Career development is a shared responsibility of the employee, the organisation and the manager. It not only helps the employee in succeeding in his career but also provides good supply of workforce to the organisation. A good career development programme matches the needs of the employees and the need of the organisation suitably to create mutually beneficial scenario.



14.7 GLOSSARY

Recruitment- Recruitment is development and maintenance of adequate manpower sources. It is creating a source from where one can hire more employees when the need arises. Recruitment involves attracting applicants with certain skills, abilities, and other characteristics for vacancies arising in the organisation.

Outsourcing- Some employment agencies have started developing human resource pool by employing the candidates for themselves. These organisations do not utilise the human resources, instead they supply them to various companies based on their needs on temporary basis. In other words, the companies, rather than employing

human resources, can draw then from these organisations on commission basis. This method is called outsourcing

Tele-recruiting- This is a method of recruiting people by contacting them through telephone after obtaining their details from job portals and other sources.



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14.9 SUGGESTED READINGS

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14.10 TERMINAL QUESTIONS

- Q1. What is career planning?
- Q2. What are the objectives of career planning?
- Q3. What are the limitations of career planning?
- Q4. For what kind of jobs succession planning is done?
- Q5. What is career development?



14.11 CASE STUDY

Dr. Rajeev Rai was selected as lecturer at the Vedanta Institute of Technology and Management (VITM) at the age of 25. VITM was a new institute which had just started with two undergraduate programmes. It was aiming to become one of the premier institutes of the region by adding new programmes every year. Several teaching and non-teaching staff had been hired. Some of them were PhD Degree holders. Dr Rajeev Rai was a bright young person with great organising skills and the capacity to deliver. The management of the institute was very impressed by him and designated him as the Head of the Department bypassing some of his colleagues who were senior to him in age, experience and qualification. Although his colleagues were quite unhappy with the management's decision they did not have much choice. In the second year new programmes were started and post graduate courses were introduced. New faculty members were also appointed. Dr Rai was able to impress the new members and was able to motivate them to perform well. New Departments were introduced and Dr. Rai was the key person in co-ordinating all documentation work and managing the various inspections held by authorities and bodies. The heads of other Departments consulted him on matters regarding curriculum designing and Board of Studies meetings held by the university.

At 35 Dr. Rajiv Rai was not only the head of his own department but also was heading every activity of the institute. He was the exam controller, head of the cultural and Annual festival of the institute, the editor of the institute journal, the conference chair of the Annual conference, head of the students welfare body, the NSS co-ordinator, Head of the faculty development and Research, Co-ordinator of Placement and Training of the students, Co-ordinator for faculty appointments.

It was almost a decade. Vedanta had grown from a single institute to a group of Institutes and number of Departments. Several faculty members had joined and left Vedanta over the years. The lecturers had graduated to Professors in a decade. Vedanta had an alumni of a few thousand students who were placed in the corporate sector and Academia throughout the length and breadth of the country.

However, all was not so rosy at Vedanta. It also was a hotbed of internal strife. Department Heads were at loggerheads, faculty members were deeply engaged in petty politics and there was a very high faculty turnover. As naturally expected, good teachers found better avenues and Vedanta was left with either people who could not find better opportunities due to their own incompetency or those who could not move out as they could not relocate due to family circumstances.

There were changes happening not just within Vedanta but also outside that affected Vedanta. A private institute run by a single head now had to appoint a full- fledged Director for each of its institutes as per the new norms of the regulating body. Vedanta now began its hunt for new Directors for its various institutes. Although new appointments were made for its institute, Dr Rajiv Rai was appointed as the Director for its MBA programme. It caused heartburns and resignations. Dr Rai continued to work with motivation although he had as many opponents as followers.

On several occasions a group of faculty members made representation to the management against Dr Rai and wanted him removed as he has become very autocratic and arrogant.

Dr Rai had been working for five years as the Director and now at the age of 40 and after a fifteen years stint with Vedanta he was asked to resign.

Q1. Identify the key issues of the case with respect to Career Planning, Development and Succession Planning.

UNIT 15 MANPOWER TRAINING AND RETRAINING

- 15.1 Introduction**
- 15.2 Objectives**
- 15.3 Training and Development Defined**
- 15.4 Learning**
- 15.5 Benefits of Training**
- 15.6 Analysis of Organizational Training Need**
- 15.7 Introduction to Traditional Method of Training**
- 15.8 Modern Training System an Outline**
- 15.9 Training Objective**
- 15.10 Training Methods**
- 15.11 Training Evaluation**
- 15.12 Summary**
- 15.13 Glossary**
- 15.14 Answer to check your progress**
- 15.15 References/Bibliography**
- 15.16 Suggested Readings**
- 15.17 Terminal Questions**

15.1 INTRODUCTION

In the previous unit you learnt about career planning, development of employees and succession planning. Its importance and need for an organization for its betterment.

Human resource management (HRM) is the process of recruiting, selecting and placing an employee in the organization; inducting, orienting and compensating him; providing him training for his development and looking after his health and industrial relation concerns, so

that their satisfaction level can be increased and their individual goals can be aligned to organizational goals, resulting in higher performance for the organization.

Human resource management directs to place right person at right place at right time and upgrading their competencies, so that they can perform their duties more efficiently resulting in higher profits to the organization. In accomplishment of HRM objective Training and Development plays a vital role. For understanding training and development first we have to understand organization.

Organization is common a place where people from different social, economic and personal background meets, to satisfy their various needs while attaining the prime goal of business. Any organization is composed of workforce diversity, which means that all the employees in the organization are working to satisfy their different level of needs for example a lower level of worker is working to satisfy his basic order need such as physiological and security needs where at the same time a manger is working in the same organization to satisfy his esteem need. This means that with more workforce diversity it became important to properly align their individual goals to organizational goals so that the ultimate objective can be achieved, and for doing so it is important to orient every employee with the organization so that the satisfaction level of employees can be increased and higher performance can be delivered. Training also serves as tool for increasing the performance on the job and hence higher job satisfaction, as higher job performance is not always a result of higher satisfaction where as higher performance leads to higher job satisfaction.

Training can be understand as a tool of imparting skill in a trainee so that he can perform his regular task with more efficiency, whereas development refers to future grooming of an employee so that apart from his on-the-job performance his off-the-job performance can also be improved. Training is a technique of identifying the problematic areas, in the performance dip or planning for performance improvement, in an organization, and proposing solution to those problems through various training programs. For example: introduction of automation can cause a hindrance among the shop floor workers for their job loss, which can be handled with a proper training to them in the new automated machines.

For any organization human resource is the only asset which can appreciate with time, if provided with proper inputs and therefore it became necessary to invest in it properly so that the investment can be reaped year after year over time. After selecting employees for various positions in an organization, training them for specific tasks to which they have been assigned, assume great importance. In many organizations, before an employee is fitted into a harmonious working relationship with others, is given adequate training. Like new equipment needs a breaking in period similarly a new employee also needs a training period to adjust to the new environment. During training process, all the problems are identified within the organization and a priority list is generated where training can serve as a best solution to the problem. In the process of need identification, which is a part of training process, the most important role is played by the line manager of the identified trainee, because he is the only one who is closely monitoring his work and can appraising him unbiased. After need identification a training chart is prepared depending upon the number of trainees identified on

a particular topic. The next step is to implement the training programme and to evaluate its performance so that any anomaly can be noticed early and rectified. Later on in this unit we will study in detail about training & development and its traditional & modern approach.

To enhance our understanding about training and development in detail, knowledge of human resource management will be beneficial. Training for an individual, in longer time horizon will result in his grooming for future so that his changed and improved behaviour, which is a result of training, can become persistent. And this unit will guide the students about what are needs of an efficient training programme and enhance their knowledge about training and development.

15.2 OBJECTIVES

After reading this unit you will be able to;

- Understand and define Training and Development.
- Benefits of training.
- Introduction to methods by which learning takes place.
- Introduction to traditional and modern approach for training.
- Understand different types of training objectives.
- Know what is analysis of organizational training need and why is it important?
- Methods of Training.
- Evaluation of Training.

15.3 TRAINING AND DEVELOPMENT DEFINED

Training can be defined as, '*instructor-lead content-based intervention to develop a desired change in the behaviour of an individual so that (s)he can perform the same task, repeatedly with more efficiency and accuracy*'. Training is specifically meant for improving working abilities of an individual with reference to a particular task, that (s)he is performing in an organization, or about to perform in future. But before developing an acumen about training, we must need to understand, that why there is a need for training in an organization.

Need of Training in an organization:

Governance in every organization is affected by what is happening in its internal and external environment. These are the changes taking place inside and outside of an organization, which are inter-woven with each other in such an effective manner that, fluctuation in any one of them propagates to another and thus effects entire organization. Reasons for these changes may be many such as any change in Global, Legal, Political, Technological, Ecological or Internal Environment, *etc.* Due to these changes the nature or work and expectations from workforce is also changing. It is not that, the workforce is not able to perform well, however,

the situation is the skill-sets that workforce are possessing is getting obsolete with time, because of the changes taking place in external and internal environment. Training, has been evolved as an effective tool to cope-up with the problems of skill obsolescence among employees and allow them to enhance their skill-sets to meet the changing job-requirements.

Understanding Training:

Understanding of training can be developed from its definition by elaborating the words italicized in it, as:

'Intervention', this might being the third italicized word, but requires elaboration in priority to define the prime nature of a training programme. Training, as mentioned above, is related to a specific skill required in organization for performing a task more accurately. Therefore, it is important to prioritize all the problematic areas (in advance) where training could be the best solution to which it is useless. Upon identification of all the training needs of an organization, training programmes are organized to attain those training objectives, and therefore, it is termed as *intervention*, because the outcomes might not be obtained by an individual on their own.

'Instructor-lead', this is the first italicized word of the definition, which indicates that, for conducting a training programme there is a need of an instructor, who has a mastery over the required training outcome, so that upon completion of that training programme trainees must also be able to perform in improved manner.

'Content-based', this is a witness that, before starting a training programme, the organizer must have a clearly stated objective in their mind regarding that training programme, based on which they have developed the entire content of that training activity. Here, content means a combination of six prerequisites of a training session *i.e.*, content, sequence, place, trainer, time, method and media. For a training session to be effective, all these six elements must be identified very precisely, understating the nature and requirements of the training objective and the behaviour of trainees.

'Desired-change', like others, this defines that any training programme is organized while keeping in mind the training outcome of that particular event. Which means that the organizer design and conduct a training programme considering the desired output they requires from the trainees.

'Behaviour', behaviour is a combination of knowledge, skill and attitude pattern of an individual, which may also be interpreted as skill-set of an individual, that s(he) may requires in an organization to perform a specific task. Training interventions are the tools to update these skill-sets on manpower of an organization. Updates of skill-set may be categorised as, either removal of existing skill or addition of a new skill or upgrading an existing skill.

'Same-task, repeatedly with more efficiency and accuracy', as mentioned earlier the motive of training is to be skill oriented and coping-up the changing job requirements, this means that upon completion of a training programme, trainees have to perform the same task (not necessarily) but with more accuracy and efficiency. After successful completion of training

interventions, the trainees are placed on their previous job-position for performing the same tasks but the difference can be observed in their working accuracy and efficiency. They might reduce losses, increase productivity, enhance quality or *etc.* And these results are interpreted as success of any training programme.

This may be understood with an example of *Computerization of Banking System in India*. In India, when the changing need of banking system was identified and computerization has evolved as a solution to fulfil that need, then the biggest challenge at that time was to literate bank employees with computer skills. And then, they identified training interventions as a potential solution to this problem. They have organized series of computer training programmes for their employees to develop their understanding about operating and using computers for banking transactions. According to definition of training, in this example, computer training programmes are an *external interventions*, which are *instructor-lead* and for which *contents are identified* and complied accordingly. *Desired-change or training outcome* of these training programmes are well aware to all the employees and organization *i.e.*, ability to develop skill for operating computers, which will *enhance the behaviour of employees* by increase competency domain or skill-sets of the employees with computer skills. Upon completion of these training sessions, they will *perform the same banking operations* which they were performing earlier, but this time they use computers for them and show an enhanced performance in their *accuracy and efficiency* in performing those tasks.

Training can be defined as a systematic development of the attitude and skill behaviour pattern required by an individual in order to perform adequately a given job. The primary focus on training is to develop a desired change in the behavior of the trainee so that his present on-the-job performance can be improved. Apart from this, development is longer time horizon concept, primarily focusing on improving the trainee in his personal decision making, also by grooming him for future requirements. Development under traditional view falls in the middle, between training and education. Development can cover the present role or some grooming for future greatness. Apart from training and development education plays a very important role as a building block, upon which the process of learning takes place throughout our life.

Where education is an approach for broadening the horizon of an individual to increase his thinking and reasoning ability; training is defined as an instructor-led, content-based intervention that leads to desired change in the behavior of an individual to perform a repetitive task more efficiently. It has been realized that the primary reasons for failure in attaining the required level of job performance are regularly changing nature of jobs and non-acceptance of change by employees due to fear of skill-obsolescence. This skill-obsolescence can be safely taken care-off by imparting suitable training to the concerned employees. Importance of competence has progressively increased in this modern era, where organizations have realized that despite continuous increase in technical and other inputs, returns have reached a plateau. To take their returns beyond this plateau, organizations are progressively involved in improving their employee's competencies. This has made organizations realize that investing in various Human Resource initiatives, such as Career

Advancement Opportunities pays itself back with a dividend by way of increasing employee's productivity and job satisfaction. As a complementary tool to Career Advancement Opportunities, Training has become a capable means of keeping employees updated with the required competence level for performing a specified job and also helps in change management.

A systematic method for training ensures that randomness is reduced and that learning or behavioral change, occur in a structured format. Clear objectives, with a programme related to them and some mechanism of evaluating them, follow from this systematic process.

A training programme can be designed based on following training outcome as:

- a) **Simple motor skills**, which demands little knowledge or the application of knowledge for example stamping documents.
- b) **More complex skills**, which requires some knowledge base, for example starting-up procedure of a particular machine.
- c) **Even more complex skills**, which requires a non-procedural application of knowledge, for example supervising the work of a team of workers.
- d) The ability to merge skills and knowledge in highly **abstract or conceptual context**, for example designing a new bridge.
- e) The fusion of skills, knowledge and attitude to give enhanced **social and interpersonal skills** as well as greater self-awareness.

Sometimes training and development is understood as separate concepts instead of complementary to each other. It was assumed that training is concerned for lower of employees whereas development is related with top level management. In actual practice they both are complementary to each other and the difference exists in the time frame in which they serve the purpose of imparting change in the behaviour of the trainee. Training is concerned to impart non-managerial, technical or specific job related skills whereas development is concerned to make these changes, which are the outcome of a training programme, persistent in behaviour of the trainees so that his off-the-job performance and his behaviour toward his colleagues can be improved. This persistence change in the behaviour results in higher job-satisfaction hence higher output of the organization

15.4 LEARNING

Learning is the process of acquiring knowledge for strengthening our reasoning ability, which is continuous throughout our life. It can be in a form of (i) acquiring new knowledge (ii) upgrading/modifying present knowledge and/or (iii) getting rid of any unwanted habit. Learning also varies with different age groups, as there are different approaches for learning of a child and of an adult. Method for learning of a child is called pedagogy; where as adult learning is called andragogy. Child learning is more subject centered and directed towards instructions by trainer/teacher; however, adult learning is based upon internal motivation and

active participation, where they learn best when they are free to determine what, how and when they should learn. Under pedagogy, learning is controlled by facilitator, while andragogy advocates for loosely structured approach where adult learners are allowed to select and control their learning. Under pedagogy adult learners are taught as if they were child learners using a controlled learning by facilitator, resulting into high dropout and attrition rate among the adult learners. Malcolm Knowles advocates, andragogy is process based rather than content based (pedagogy) and anchored upon five main assumptions about the characteristics of adult learners, which makes them different from child learners.

It is apparent that no adult learning can take place unless there are certain preconditions of learning which are fulfilled. It is also obvious that for adult learning to begin, a certain process of unlearning is inevitable. In other words there has to be a predisposition and preparation to receive the learning input. Learning itself can be programmed only upto a point. Beyond that point, it becomes a personalized experience and the input have to become fairly specific, rooted in the background of the person who is to receive that input. Four ways people learn:-

15.4.1. TRIAL AND ERROR

Trial and Error is the basic way of learning inherent in us with the birth of a child. For example- an infant touches a hot iron, because of ignorance about its attributes, to play with it and got his hand burnt, he has found that he has committed an error and from next time he avoid touching iron even if it is not hot. In this example the desire of an infant to play with iron is trial and get his hand burnt is error. In trail and error method we try to do something and if we succeeded then we do it the same way again and if we fail we try another way out, which our previous learning supports might be the right way for success. We always keep trying until we succeed or give up with frustration or other reason. It is the most powerful way of learning when there is no prescriptive way of performing. Apart form this it also has some weakness that it relies upon the learner's perception or recognition that an error has occurred.

15.4.2.BEING TOLD

Being told is the process of directing or guiding the trainer or learner about the relevant topic by an experienced person so that he can acquire the knowledge regarding that topic. In this method the learning outcome is already known, and learning takes place in accordance with the desired outcome. It is a very efficient tool of learning when it is concerned with only knowledge aspect, but when some practical to be learned is the desired learning outcome then Being Told must be accompanied with trail and error technique so that the learning can be made persistent.

15.4.3. IMITATION

This is the most efficient way of learning. Mostly the decision taken by an adult is the reflection of this kind of learning process. By imitation we mean that a person's response to a situation, in a manner, in which he has seen someone else to respond. The behavior of any teenager or adult is very much influenced by the behavior of his elders like parents, teachers

etc. as they behave in a manner in which they saw their elders behaving. During infancy children used to observe the behaviour of their elders that how they talk, walk, address one another etc. and later in his adulthood he starts behaving in the same manner.

15.4.4.THINKING

Thinking is the approach which covers all other in it. Thinking is the process in which the learner, aware of his desired learning objective, can himself direct his behavior for its achievement. Thinking can be a part of trial and error as it is obvious to think after every trial and error in support of the action taken. Being told method is dependent on thinking as expecting that what is being told must integrate the new knowledge with present knowledge. Whereas during imitation the responder has to think, to relate the cues which he has observed with the situation in which he has to response.

15.5 BENEFITS OF TRAINING

Training Benefits of training and development activities are categorizes as:

1. Benefits to the organization:-

- a) Trained employees can deliver products and services of a higher quality and enhance organizational productivity.
- b) Training develops necessary skills with consequent productivity improvement. This means optimum use of equipment, time and raw material.
- c) Up-graded skills of employees ensure better upkeep of tools, fewer accidents and lesser supervision with consequent saving to the organization.
- d) Better trained employees are asset to the organization as they can be used at different places and on different assignments as per organizational needs.
- e) Proper training enables the employees to be promoted to take care of higher level jobs which lead to employee motivation.
- f) Overall climate and culture of the organization improves. For example using induction and orientation training programmes.
- g) Employees turnover is reduced thereby reducing the cost to the company.

2. Benefits to employees/department:-

- a) On the personal front the trained employees stand to gain tremendously as his profile and market value improves.
- b) Employee productivity improves with consequent increase in their incentive, perks etc.
- c) Chances for promotion improve as the HR department can develop appropriate career charts.
- d) The employee confidence level and smartness improves.

- e) Employee morale and on-the-jobs satisfaction improves.
- f) Lesser on-the-job mistakes and fewer accidents occur.



Check Your Progress- A

Q1. Answer True or False:

- a) Investment in human resource is just an expenditure and at times mass retrenchment as a tool of cost cutting, is always an efficient way for profit maximization of any organization.
- b) Learning can takes place only during early phase of our life.
- c) Being told is a complete and efficient way of learning and it does not require any support of other kind of learning process.
- d) Training and development can be used for both bottom level and top level management.

15.6 ANALYSIS OF ORGANIZATIONAL TRAINING NEEDS (AOTN)

Analysis of organizational training need (AOTN) is the process of analyzing the status of any organization. AOTN helps in identifying the problematic areas which are the cause of performance dip of organization and to prioritize them accordingly, where training can be the best solution. It helps by answering some simple questions regarding the present and future performance of the organization as:

- What?
- When?
- Where?
- How?
- Why?
- Who?

Answer to the following question indicates the current status of the organization and helps in identification of the problems encountered by the organization. From all the problems identified, it is very necessary to separate the one for which training can be the best solution from the one for which it is not. AOTN serves the purpose of:

- i. Strengthening training proposal from top management and
- ii. Prioritizing training needs.

The need for AOTN arises because of the competency gap between present competency and the competency required for the performance on job. Competency of an individual can be defined as his acquired knowledge, skill and attitude set through the process of continuous learning. Sometime competency gap (Fig: 1.1) is also known as training gap. AOTN is the process primarily dependent on the information collected on individual level as well as organizational level.

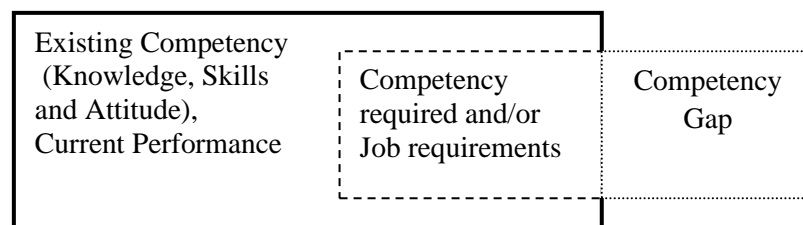


Fig 15.1: Identifying the competency gap

In the present scenario of Liberalization, Privatization and Globalization, where every firm is competing globally it has become very important for it to keep itself synchronized with the changes/developments taking place internal and/or external. During all these changes, for any firm to attain its goal, it became very necessary to optimize its investment in its human resource so that the firm can maximize its profit or the wealth of the shareholders. The changing scenario globally is resulting in changing nature of jobs with time, which means that the competency required for performing a job in any organization is changing with time as a result of which it became necessary for us to keep our self updated to meet the required competency of jobs. This will results into formation of a gap between required competency and existing competency known as competency gap or training gap. It is not necessary that training is always the best solution for the organizational problems which has been identified; it might be possible that the problems are because of some other reasons. AOTN here supports us in deciding whether training can be the best solution to any problem and offers the best returns to meet the present and future needs.

The main benefit of AOTN is that it provides a perspective on individual training needs. An effective AOTN prevent the wastage of resources as it prioritizes the training need and offers the training solution accordingly. It also avoids investment in areas where training cannot be an appropriate solution.

15.6.1 DEFINING TRAINING NEED

Training need is the difference between actual and desired human performance at work. Training need can be recognized on the basis of analysis of environmental demands processes of internal change, analysis of work problem and analysis of manpower competencies of an organization. Training need occur whenever an identifiable change takes place in the environment; as procedure, process and method of work in an organization are changed. These changes will lead to various problems to be faced by the organization. This results in change management so that change can be introduced in a planned manner. For effective change management, following Kurt Lewin approach, desired change in behavior requires an external planned intervention so that previous learning can be modified in accordance of change. For doing this, proper orientation training is required in the respective area where technique, attitude or skills are to be modified.

In order to meet these environmental changes, organization has to adjust itself to new techniques, new sequences and new knowledge. Training needs are originated by following changes:

15.6.1.1. Technological Changes

Technological change is caused by any innovation, modification or up-gradation of technology which takes places in the business surrounding related to any equipment, energy source or any other area where technologies makes their prime contribution in business working. Through training the required new knowledge; new skills and new attitude have to be developed so that old rules and regulation which undergo transmutation become acceptable.

15.6.1.2. Environmental Changes

It is very difficult to clearly identify the taste and uses habit of the consumers, as they have a very unpredictable nature. Be it the manufacturing industry or the service industry, the enterprise providing goods or service has to change its behavior accordingly. Enterprises not only have to change the quality and the quantities of the components that make up their goods and services but very many times the replacement have to be done. The change in the user's habit is therefore to be handled with care, with the proper need identification for its employees and training them accordingly so that the needs of the consumers can be satisfied.

15.6.1.3. Legislative Change

The legislature at centre and/or state level is the back bone for governing of any business activity, and serves as a legal framework to their concept of social growth and social requirements and organization are duty bound to respond to them. Training packages have to be designed to respond to them.

15.6.1.4. Manpower Composition Change

Workforce diversity is the nature of any business organization in present scenario. All the employees from various backgrounds are connected with an organization for the satisfaction of their different level of needs. As a result of which it became very necessary for any

organization to orient its employees at the time of their entrance in organization. This can be achieved through a proper induction and orientation training programme organized by the human resource department for the introduction of the new entrants with the present culture of the organization. Training need also arises at the time of promotion of an employee, when because of promotion he has to update his skill-set to satisfactorily perform his duties.

15.6.2 CLASSIFICATION OF TRAINING NEED

Training needs can be classified under following heads:

15.6.2.1 Organizational Training Need

Training needs can only be defined in relation to the overall direction in which the organization as a corporate is headed. It requires the identification of the key areas where training serves as a best solution to the problem facing by the organization. Organizational training needs are the areas identified in an organization by the process of AOTN which are causing the performance dip. The organizational training need covers all other types of training needs, as the ultimate objective of any training need identified is to improve the level of performance of the organization.

15.6.2.2 Professional Training Need

Professional training needs can be defined as what is needed in terms of skills, knowledge and attitude to carry out the job responsibilities to a particular job.

15.6.2.3 Individual Training Need

Individual need is said to be concerned with identifying the persons who requires training to improve their off-the-performance apart from on-the-job-performance. Individual training needs are concerned with the problem areas identified in an individual, to work upon which, trainees can improve their off-the-job performance and decision making.

15.7 INTRODUCTION TO TRADITIONAL METHOD OF TRAINING

Traditional method of training covers four phases and identifies them as separate steps to be followed for make training a success. Four stages of a traditional training programme are:

15.7.1 TRAINING NEED IDENTIFICATION

It is the process on identification of training need based on the information collected, which will serve as a basis for the formulation of training need.

15.7.2 DESIGN/DEVELOPMENT PHASE

During this phase, after identification of training need and prioritizing them, the necessary training system is designed. While designing training it is very important to keep in mind that who are our trainees and what are the tools and techniques to be used to impart training in them. While designing a training programme, content, sequence, method, media, trainer, place and time must be identified in advanced to conduct it.

15.7.3 IMPLEMENTATION PHASE

The training programme which is designed as above must be implemented in proper predefined manner so that it can achieve its objective. For making it a success it is important to pre plan all the activities and schedules, to be held, so that errors can be minimized.

15.7.4 EVALUATION PHASE

It is the last phase for measuring effectiveness of training programme by comparing its outcome with the training need identified. This phase includes the process of measuring the benefits accrued by the training programme conducted and preparing a report for presentation and record keeping.

15.8 MODERN TRAINING SYSTEM- AN OUTLINE

In contrast to the traditional approach for training, modern approach say that all the four phases of training process are not feasible in isolation, where as they all are overlapping to each other. It also provides a useful demarcation zone between the responsibilities of line and staff manager. Modern training system (Fig 1.2) identifies the importance of evaluation process at every phase instead of treating it as the last stage of training process, focusing on evaluation to be carried out at every step to rectify any deviation, as early as possible, minimizing any loss of time and money. It also serves as a feedback for learners, enhancing their learning by controlling the pace of learning-event or by sequencing one event into several, for the ease of understanding.

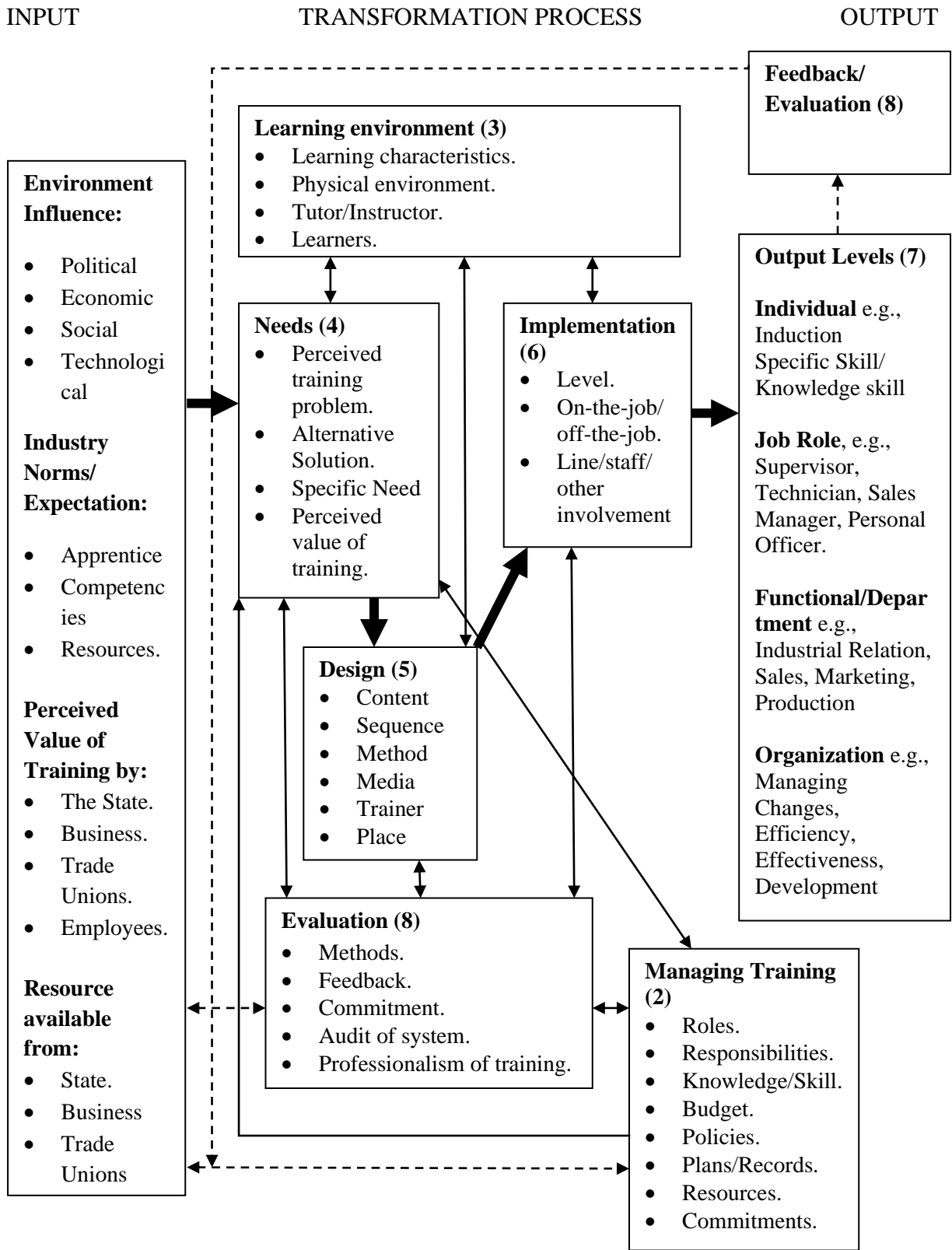


Fig: 15.2: Modern Training System: an outline

Source: *Training in Practice- Successful Implementation of Plans*, by A.H. Anderson, Infinity Books.

15.9 TRAINING OBJECTIVES

Framing of appropriate training objective for the training function in-line with the business strategy is very important for the success of any training programme. Formation of training objective is necessary because objective provides goal. They serve as a benchmark against which performance can be measured. They are the starting point for training design, giving a rationale for selecting method and content. Formulation of training objective is also necessary from the learner's point of view, because clearly defined objectives leads to a greater ownership and hence results in increased learning.

For formulation of appropriate training objectives it is necessary to conduct its internal validation and external validation. Where internal validation is defined as 'a series of test and measurement designed to ascertain whether a training programme has met the specified behavioral objective', external validation is defined as 'the process of deciding whether the behavioral objectives of a training programme are realistically based on an accurate initial identification of training needs'. This means that internal validation is the process of deciding what you are getting and external validation is establishing whether it is what you want.

Objectives of training programmes can be categorized as:

- a) **For New Recruits:** Introducing new entrants with existing organizational culture, imparting job knowledge and basic minimum skills to handle current job and inculcating basic etiquettes & attitude to handle the job well up to the satisfaction of all the people concerned.
- b) **For Existing Employees:** To equip employees, to handle satisfactorily changing requirement of their current jobs, expectations of their department and organization.
- c) **Technological Up-gradation:** For imparting new inputs in case of any technological up-gradation, due to introduction of new technology in organization. This should be incorporated by way of teaching new techniques along with other methods.
- d) **Succession Planning:** To impart managerial/ technical training to senior level incumbent to prepare them to shoulder higher responsibility/ higher level jobs.

15.9.1 DECIDING TRAINING OBJECTIVE

Training in an organization can be planned on the basis of the type of training objective it is designed to meet. There are five types of training objective:

- 15.9.1.1 **Ongoing Training:** - These types of training are conducted on an ongoing basis in an organization for the matter which is of regular concerned for example induction and orientation programme, refresher training programme for operative skills etc.

15.9.1.2 Pro-Active Training: - These are the anticipated training required to meet futuristic organizational needs. For example: computer training, supervisory development training, training managers to anticipate problems before they occur etc.

15.9.1.3 Problem Solving Training: - These are the training conducted to avert certain problems which may develop over a period of time. For example: training clerks to reduce complaints, TQM training, Quality circle training etc.

15.9.1.4 Specialized Training: - These types of training are provided to meet critical skill requirement of an organization. For example: Training of engineers or workers to work on CNC machine, Computer Aided Designing and Computer Aided Manufacturing etc.

15.9.1.5 Vendor Arranged Training: - These are the training programme provided by the vendor against the purchase of any equipment or technological up-gradation. For example: licensing of designing software is mostly accompanied by training from the licensing company to the engineer who has to operate it.



Check Your Progress- B

Q1. Answer True or False:

- Training has its benefits only to the organization; it has nothing to do with the betterment of employees.
- Training leads to development of employees in a longer time horizon.
- Modern method of training has a demarcation between all the phases involved in training.
- Training evaluation is not a very necessary step and can be excluded if necessary.

15.10 TRAINING METHODS

A. On-the-job training Methods:

Under these methods new or inexperienced employees learn through observing peers or managers performing the job and trying to imitate their behaviour. These methods do not cost much and are less disruptive as employees are always on the job, training is given on the same machines and experience would be on already approved standards, and above all the trainee is learning while earning. Some of the commonly used methods are:

1. Coaching:

Coaching is a one-to-one training. It helps in quickly identifying the weak areas and tries to focus on them. It also offers the benefit of transferring theory learning to practice. The biggest problem is that it perpetrates the existing practices and styles. In India most of the scooter mechanics are trained only through this method.

2. Mentoring:

The focus in this training is on the development of attitude. It is used for managerial employees. Mentoring is always done by a senior inside person. It is also one-to-one interaction, like coaching.

3. Job Rotation:

It is the process of training employees by rotating them through a series of related jobs. Rotation not only makes a person well acquainted with different jobs, but it also alleviates boredom and allows to develop rapport with a number of people. Rotation must be logical.

4. Job Instructional Technique (JIT):

It is a Step by step (structured) on the job training method in which a suitable trainer (a) prepares a trainee with an overview of the job, its purpose, and the results desired, (b) demonstrates the task or the skill to the trainee, (c) allows the trainee to show the demonstration on his or her own, and (d) follows up to provide feedback and help. The trainees are presented the learning material in written or by learning machines through a series called 'frames'. This method is a valuable tool for all educators (teachers and trainers). It helps us:

- a. To deliver step-by-step instruction
- b. To know when the learner has learned
- c. To be due diligent (in many work-place environments)

5. Apprenticeship:

Apprenticeship is a system of training a new generation of practitioners of a skill. This method of training is in vogue in those trades, crafts and technical fields in which a long period is required for gaining proficiency. The trainees serve as apprentices to experts for long periods. They have to work in direct association with and also under the direct supervision of their masters.

The object of such training is to make the trainees all-round craftsmen. It is an expensive method of training. Also, there is no guarantee that the trained worker will continue to work in the same organisation after securing training. The apprentices are paid remuneration according to the apprenticeship agreements.

6. Understudy:

In this method, a superior gives training to a subordinate as his understudy like an assistant to a manager or director (in a firm). The subordinate learns through experience and observation

by participating in handling day to day problems. Basic purpose is to prepare subordinate for assuming the full responsibilities and duties.

B. Off-the-job Training Methods:

Off-the-job training methods are conducted in separate from the job environment, study material is supplied, there is full concentration on learning rather than performing, and there is freedom of expression. Important methods include:

1. Lectures and Conferences:

Lectures and conferences are the traditional and direct method of instruction. Every training programme starts with lecture and conference. It's a verbal presentation for a large audience. However, the lectures have to be motivating and creating interest among trainees. The speaker must have considerable depth in the subject. In the colleges and universities, lectures and seminars are the most common methods used for training.

2. Vestibule Training:

Vestibule Training is a term for near-the-job training, as it offers access to something new (learning). In vestibule training, the workers are trained in a prototype environment on specific jobs in a special part of the plant.

An attempt is made to create working condition similar to the actual workshop conditions. After training workers in such condition, the trained workers may be put on similar jobs in the actual workshop.

This enables the workers to secure training in the best methods to work and to get rid of initial nervousness. During the Second World War II, this method was used to train a large number of workers in a short period of time. It may also be used as a preliminary to on-the-job training. Duration ranges from few days to few weeks. It prevents trainees to commit costly mistakes on the actual machines.

3. Simulation Exercises:

Simulation is any artificial environment exactly similar to the actual situation. There are four basic simulation techniques used for imparting training: management games, case study, role playing, and in-basket training.

(a) Management Games:

Properly designed games help to ingrain thinking habits, analytical, logical and reasoning capabilities, importance of team work, time management, to make decisions lacking complete information, communication and leadership capabilities. Use of management games can encourage novel, innovative mechanisms for coping with stress.

Management games orient a candidate with practical applicability of the subject. These games help to appreciate management concepts in a practical way. Different games are used for training general managers and the middle management and functional heads – executive Games and functional heads.

(b) Case Study:

Case studies are complex examples which give an insight into the context of a problem as well as illustrating the main point. Case Studies are trainee centred activities based on topics that demonstrate theoretical concepts in an applied setting.

A case study allows the application of theoretical concepts to be demonstrated, thus bridging the gap between theory and practice, encourage active learning, provides an opportunity for the development of key skills such as communication, group working and problem solving, and increases the trainees' enjoyment of the topic and hence their desire to learn.

(c) Role Playing:

Each trainee takes the role of a person affected by an issue and studies the impacts of the issues on human life and/or the effects of human activities on the world around us from the perspective of that person.

It emphasizes the "real- world" side of science and challenges students to deal with complex problems with no single "right" answer and to use a variety of skills beyond those employed in a typical research project.

In particular, role-playing presents the student a valuable opportunity to learn not just the course content, but other perspectives on it. The steps involved in role playing include defining objectives, choose context & roles, introducing the exercise, trainee preparation/research, the role-play, concluding discussion, and assessment. Types of role play may be multiple role play, single role play, role rotation, and spontaneous role play.

(d) In-basket training:

In-basket exercise, also known as in-tray training, consists of a set of business papers which may include e-mail SMSs, reports, memos, and other items. Now the trainer is asked to prioritise the decisions to be made immediately and the ones that can be delayed.

4. Sensitivity Training:

Sensitivity training is also known as laboratory or T-group training. This training is about making people understand about themselves and others reasonably, which is done by developing in them social sensitivity and behavioural flexibility. It is ability of an individual to sense what others feel and think from their own point of view.

It reveals information about his or her own personal qualities, concerns, emotional issues, and things that he or she has in common with other members of the group. It is the ability to behave suitably in light of understanding.

A group's trainer refrains from acting as a group leader or lecturer, attempting instead to clarify the group processes using incidents as examples to clarify general points or provide feedback. The group action, overall, is the goal as well as the process.

15.11 TRAINING EVALUATION

For understanding the effectiveness of any training programme, it is important to conduct training evaluation at every steps. Evaluation of a training programme can be conducted by using either Kirkpatrick (1976) model or CIRO model by Warr, Bird and Rackham (1970).

Kirkpatrick (1976) puts forward a conceptual framework for four level criteria for evaluation which are as:

- i. Reaction: in which the participants' opinion of the material, facilities, methods, content, trainers, duration and relevance of the programme is recorded.
- ii. Learning: observes the change in skills, knowledge and attitude (KSAs) learned during programme.
- iii. Behaviour: change in the on-the-job performance which can attributed to programme.
- iv. Results: the effect on organizational performance, such as cost saving, quality improvement, increase in output.

Another approach, put forward by Warr, Bird and Rackham (1970), abbreviated as CIRO, is divided into phases of evaluation:

- i. Context Evaluation: is about obtaining and using information on the operational situation in order to decide training needs and objectives. They are set at three levels *i.e.*, *immediate*, which concerns the KSAs desired at the end of a training programme, *intermediate*, relating to the changes in job performance, and *ultimate*, which are the desired improvements in organization.
- ii. Input Evaluation: concerns making judgments about the alternative inputs to training.
- v. Reaction Evaluation: in which the participants' opinion of the material, facilities, methods, content, trainers, duration and relevance of the programme is recorded.
- iii. Outcome Evaluation:
 - a. Immediate Outcome Evaluation: Here we are concerned with the changes in KSAs that are the results of training programme.
 - b. Intermediate Outcome Evaluation: This is a representation of changes in job performance of an individual which has resulted from undertaking a training programme.
 - c. Ultimate Outcome Evaluation: It is concerned with the effect of training on the organization. The focus will be on costing and predicting the effects of training. There is huge cost involved in organizing a training programmes, therefore, we need to be able to calculate the estimated and actual costs of an investment in training, the estimated and actual benefits and the time it will take to recoup the investment.

15.12 SUMMARY

- For every organization its human resource is the only asset which can appreciate with time if provided with proper inputs. In order to maintain their competencies with the changing external environment it is required to update them, so that they overcome fear of unknown i.e. change and skill obsolescence. Learning, in an individual, takes place continuously throughout his life only changing its role from pedagogy to andragogy. However, depending upon various situations, learning can be based upon trial & error, being told, imitating and/or thinking.
- Training being a tool for task related up-gradation and development, targeting skill-enhancement, resulting into improved job performance and higher job satisfaction. Upon identifying the nature of change and the level of competency gap, we can respectively forecast the training need (organizational, professional and/or individual).
- Training, overcoming the four step traditional model has shown its importance through an overlapped modern process where evaluation is necessary at its every step. AOTN proves to be the base of entire training programme as it has the capability of strengthening the training proposal from top management by prioritizing all the problematic areas and finding out their relevant solutions.



15.13 GLOSSARY

Education is an approach for broadening the horizon of an individual to increase his thinking and reasoning ability.

Training is defined as an instructor-led, content-based intervention that leads to desired change in the behaviour of an individual to perform a repetitive task more efficiently.

Development is the process of targeting present role and/or some grooming for future greatness.

AOTN is the process of identifying the problematic areas, in an organization, which are the cause of performance dip of organization and to prioritize them accordingly, where training can be the best solution to the problem identified or not.

Competency Gap is the gap between the existing knowledge, skill & attitude of a job performer and the required/forecasted knowledge, skill & attitude.

Job Performer is the person who is performing a job in the organization.

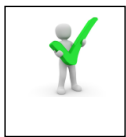
Workforce Diversity can be defined as people from different backgrounds (age, technical, social etc.), in any organization.

Internal validation is defined as a series of test and measurement designed to ascertain whether a training programme has met the specified behavioural objective.

External validation is defined as the process of deciding whether the behavioural objectives of a training programme are realistically based on an accurate initial identification of training needs.

Pedagogy is the technique of child learning, which is more subject centre and directed towards instructions by trainer/teacher.

Andragogy is the technique of adult learning; based upon internal motivation and active participation, where they learn best when they are free to determine what, how and when they should learn.



15.14 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

1. Answer true or false:
 - a. False.
 - b. False.
 - c. False.
 - d. True.

Check Your Progress –B

1. Answer true or false:
 - a. False.
 - b. True.
 - c. False.
 - d. False.



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15.16 SUGGESTED READINGS

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2. Training for Development- A Handbook, by S. Truelove, Cambridge Press, New Delhi.
3. Training For Development, by Rolf P Lynton, Udai Pareek, Sage Publications India Pvt Ltd.



15.17 TERMINAL QUESTIONS

- Q1. Training in present leads to future development. Discuss?
- Q2. Being told as a method of learning is incomplete in itself; it has to be accompanied with trial and error method also. Support the statement in the context of training and development.
- Q3. How does the design of a training programme is dependent on training outcome?
- Q4. What are the different objectives for any training programme? Why do we need to formulate objective?
- Q5. Draw an outline for a modern training system?
- Q6. Why an organization does require conducting an Analysis of Organizational Training Need (AOTN)?
- Q7. Explain various methods of training?
- Q8. Elaborate the process of evaluation of a training programme.

UNIT 16 TRANSFER, PROMOTION AND JOB ROTATION

16.1 Introduction

16.2 Objectives

16.3 Transfer: Meaning and Definition

16.4. Promotion: Meaning and Definition

16.5 Job Rotation: Meaning and Definition

16.6 Summary

16.7 Glossary

16.8 Answer to Check Your Progress

16.9 Reference/ Bibliography

16.10 Suggested Readings

16.11 Terminal & Model Questions

16.1 INTRODUCTION

Introduction of new products, services, process and method of work leads to changeability and relocation in the workforce. As stated by Beach, there may be so many factors which are responsible for frequent adjustments and shifting of workforce. It may happen due to change in organisational structure i.e. regrouping of job, changes or expansion of the departments and relocation of individuals, jobs and departments. Transfer and Job Rotation is the lateral movement of employees from one position, division, department or unit to another. Generally transfer does not involve any significant change in compensation, duties responsibilities or even status. In nutshell introduction of new products, services, process and method of work leads to workforce mobility. Promotion, Transfer and Job Rotation provide the workforce flexibility and mobility as per the requirement of normal 'Life Cycle' as well as changing needs of functioning of the organisation.

In this unit, you will study about Transfer, Promotion and Job Rotation in detail.

16.2 OBJECTIVES

After reading this unit you will be able to:

- Highlights the meaning ,definition ,purpose and types of Transfer
- Understand the reason for Transfer
- Identify benefits & problems of Transfer
- Explain the Transfer Policy.
- Describe the nature, significance and types of Promotion.
- Elucidate the key issues of Promotion
- Understand the Basis of Promotion and Explain a Promotion Policy
- Illustrate meaning, definition and rationale of Job Rotation
- Explain advantages and disadvantages of Job Rotation

16.3 TRANSFER: MEANING AND DEFINITION

The process of employee shifting from one post or job to another or from one department to another department in an organization is called Transfer. This process or movement from one job to another considerably equal in terms of duties, pay, status and responsibilities. It is very common in various sector such as Banks, Manufacturing, Government sector and so on. Simply we can say a Transfer is the permanent movement of an ongoing employee from one position to another position similar to the previous pay, status, duties and responsibilities.

Yoder et al defined transfer as 'a later shift of employee's from one position to another generally without making changes in their duties, responsibilities, skills required or compensation.'

According to Mirza Saiyadain, transfer “is a change in assignment in which the employee moves to one job to other job without any alteration or change in their responsibility, skill and pay.”

Dwivedi described Transfer 'as a lateral movement from one job to another without promotion or demotion or any change in status. It also does not involve any change in responsibility or compensation.'

Based on the above definitions, we can summarize Transfer 'as a horizontal or lateral movement of an employee from one job to another, depending upon the need may be at the same place or from departments or divisions, or between plants or so on , either in temporary or permanent in nature, where the salary, status or responsibilities remains same.'

16.3.1 PURPOSE OF TRANSFER

Transfer serves many purpose. some of the following are as below:

- i. Technological advancements, Higher productivity, changes in production schedule, product line etc, are requires job shift with a view to put the right person in the right job. To meet such need, organisation may have transfer their employee to fulfil these need.
- ii. Sometimes employee himself may need to transfer in a department where the growth for advancement are more, or where the work itself is challenging or wish to work under friendly environment or superior, or near their native place or place of interest etc.
- iii. Management may transferred employee for the better utilization of their skills, experience and job knowledge to some other job.
- iv. Transfer for a time balance or adjust the workforce from an unit or department or plant from where there is less work to where there is more work.
- v. Transfer may provide some relief to the overburdened employees or the employee who are doing hazardous work for long period of time.
- vi. When employee are unable to perform along with their colleagues due to conflict or lack of support in a particular department or section, they could be shifted to another branch or department to reduce conflicts.
- vii. Sometimes transfer has taken as a disciplinary measures. Employees who indulge in undesirable activities shifted to remote or faraway areas.

16.3.2 TYPES OF TRANSFER

The types of transfer depends on the purpose of transfer. Following are the different types of transfers.

1. Production Transfer:

When transfers happens because of change in production, it comes under Production Transfer. It avoids employee's layoff and retain efficient and trained employees by providing them alternative position in the same organisation.

2. Replacement Transfer:

Replacement transfer happens because of resignations, retirements, dismissal or death. It refers the replacement of a long standing employee in the same job.

3. Shift Transfer:

Shift transfer help the worker to reduce their fatigue. Under this transfers workers are transferred from one shift to another to perform same type of work.

4. Remedial Transfer:

Remedial transfers are transfers where wrong placement can be corrected by a management procedure. It initiates to correct the wrong posting in the organisation.

5. Penal Transfer:

Panel transfer initiate as a punishment for in-disciplinary action of employee. Normally the employees are transferred from one place be another so that they are made to work in a situation of risks and hazards.

16.3.3 REASONS FOR TRANSFER

The Transfer within the organisation is driven by employee, public and organisation itself. Let's discuss each reasons below:

1. Employee-driven Transfer

It is also known as personal transfer. Many a times transfer was initiated by employee for several reasons. It may be family problem, health Problem, change location to join friends or relatives and many more. In other words, it primarily take place according to employee's convenience and need. the objective of this transfer is to save the interest of the employee.

2. Public Driven Transfer

Public driven transfer refers the transfer which is generally initiated by the politician or government. Sometimes transfer initiate as a punishment for employee as their behaviour in the society is against public interest of they may indulge in any social evils. In these circumstances this transfer takes place as a disciplinary action of employee. The major disadvantage of this transfer is the involvement of politician.

Sometime it take place as of political discrimination or political favouritism. Government department and public sector units are separate from this.

3. Organisation Driven Transfer

Organisation Driven Transfer takes place to improve usefulness of employee. It helps to improve the employee's job satisfaction. It may commence because of temporary absenteeism of employee or fluctuation in production quality and so on. In short, an organization driven transfer place employees in that position where they are expected to be more effective or are competent to accomplish the organization goals.

16.3.4 BENEFITS AND PROBLEMS OF TRANSFER

16.3.4.1 Benefits of Transfer

Transfer not only helps in minimise employee's monotony but also increase their job satisfaction and build their moral. Besides it help in developing employee's skills, their knowledge and abilities and prepare them to meet organizational requirements. It also enhances employee contribution towards organizational effectiveness. So, we can say that transfer do well to both employee and the organisation.

16.3.4.2 Problem of Transfer

As discussed above that Transfer means moving one place to another. Therefore, it cause lot of adjustment and inconvenience problems to the employee, to the new job, place, environment, superiors and colleagues. It also increase cost to the employee and his family members relating to Housing, education of children and many more. Sometimes unfair transfer happens, it minimise employee morale, job satisfaction, commitment and contribution.

16.3.5 TRANSFER POLICY

It is required for an organisation to clearly state the transfer related policies to avoid many problems like favouritism or discrimination, otherwise it caused frustration and dissatisfaction among employees. Sometimes employee request for transfer even to avoid risk or some minor issues. They are looking for easy jobs. In that case it is difficult for organisation to manage this. A sound and systematic Transfer Policy helps organisation in many ways.

- i. A sound transfer policy should clearly mention the types and the circumstances under which an employee will be transferred to another job or department etc.
- ii. A transfer policy must give permission or authorization to the superior who are responsible to take initiative and implement the same.

- iii. It is essential to examine transfer objectives in terms of job needs as well as individuals needs. These assessment can be based on job description, job specification and employee background profile and training.
- iv. A transfer policy should clearly mention the basis like seniority, skill or competence as indicators of transfer.
- v. A transfer policy should be in written form and communicated to all concerned and also requires time to time clearly communication to the transferee about transfer decision.

A sound and systematic transfer policy will help not only an effective employee deployment but also protect them from arbitrary transfers. It may vary organisation to organisation according to their nature. Therefore it is required that every organisation has to formulate their own policy and rules related to transfer.



Check Your Progress- A

Q1. Explain the reasons for Transfer?

Q2. Write a short note on 'Transfer Policy'.

Q3. Name the type of Transfer:

- i. Which transfer helps to meet the organizational requirements -----
- ii. Name the transfer which improve employee's profile by placing him/her in different jobs of various departments, units etc. -----
- iii. Transfer to facilitate the employees whose working hours or place of work is inconvenient to them -----
- iv. Transfer that give support to the employees who are overburdened or doing complex or risky task for a long period -----

- v. Transfer that punish the employees who violate the disciplinary rules or indulge in disciplinary actions -----

16.4 PROMOTION: MEANING AND DEFINITION

Promotion refers duty assigned to an individual to a position of higher responsibility in organisational settings. It can also defined as a reassignment or advancement or upward movement of an employee to a job with higher rank with additional benefits i.e. increase in responsibility increase status and rank, better pay and better working environment. Promotion is basically reward for efficiency of an employee. It has intrinsic motivational value, because it give an opportunity to avail status and power within the organisation.

Dwivedi defined 'Promotion as a permanent movement of an existing employee from one position or rank to another position or rank with high salary, other perks and responsibilities and status. In other words, it refers change for superior responsibilities and usually involves high pay and better working condition and higher status.'

Scott and Clothier stated 'Promotion as movement of an employee from a job to other which bring status and high pay.'

Paul pig ours and Charles A. Myers mention Promotion as "an advancement of ongoing employee towards better assignment with superior responsibility, stature, better skill and increased pay."

As per Rao "Promotion is an internal reassignment towards higher level job with managing more responsibility and given authority that is required to perform assigned higher level job and usually with high pay"

According to Saiyadain 'Promotion known as an upward reassignment of an employee in an organizational hierarchy, along with higher responsibilities, increased prestige, and normally with increased income, though not at all times so.'

From the above definitions, we can summarise that promotion usually involves a number of things to the employee concerned i.e. higher status, both at work and outside community, higher pay and fringe benefits, greater job security and a more senior position from which a person delivers better service to his organization.

16.4.1 TYPES OF PROMOTION

The different types of promotions are:

a) Dry Promotion

When promotion is made without increase in salary, it is called 'dry promotion' promotion is given in lieu of increase in salary. It is usually made decorative by

giving a new and longer title to the employee. For example, when an university professor is made Head of the Department, there is no increase in salary.

b) Up and Out Promotion

Up and Out Promotion often leads to termination of services. In this type of promotion, a person must either earn a promotion or seek employment elsewhere. In other words, Promotion usually leads to termination of employee and joining some other organization in a better position.

c) Paper Promotion:

The main objective of a promotion is to protect the right, seniority of an employee and reserve his/her promotion seat in the parent department when an employee reverts to his/her parent department on request of employee or due to exigency of work.

16.4.2PURPOSE AND ADVANTAGES OF PROMOTION

Promotion has powerful motivational value. It forces an employee to use his knowledge, skills and abilities fully and become eligible for growth. In nutshell promotion builds employee's self-development, create their interest towards the job and simultaneously support them to remain remarkable and dedicated towards their jobs in the organisation. As per Yoder's view, 'Promotion minimizes discontent and conflict by offers incentives to initiator. It attract capable and competent employees and involves consistent and logical training for development. It also help in formation of an effective reward for loyalty and cooperation.'

The purposes and advantages of promotions are to:

- Recognize employee's performance and commitment and motivate him/her towards better performance.
- Develop competitive spirit among employees for acquiring knowledge and skills for higher level jobs and promote interest in training and development program.
- It reduce labour turnover and help to retain skilled and talented employees.
- It helps to build loyalty and boost morale that reduces discontent and unrest.
- To fill up job's vacant position that is created due to retirement, resignation or demise of an employee. Employee will be promoted to the vacant job.
- To utilize more effectively the knowledge and skills of employees at the appropriate level in the organization hierarchy that result in organizational effectiveness and employee satisfaction.
- Attract suitable and competent employees.
- To develop competent internal source of employee ready to tack up jobs at higher level in the changing environment.

16.4.3 BASES OF PROMOTION

Organisations adopt different bases of promotion depending upon their nature, size, management, etc. Generally it is given on the basis of seniority or merit or a combination of both. Let us discuss each one as a basis of promotion.

(i) Seniority-based Promotions:

Seniority based promotion are based on the length of service of an employee in the same organization. Seniority systems put a premium on length of service and job experience. In the case of promotion based on seniority, the employees are promoted to higher positions purely based on their length of service irrespective of their qualifications, experience, performance and track record.

The advantages of this system are:

- It is easy to explain, understand and operate. Therefore, it reduces charge of favouritism and discrimination.
- It gives assurance to the all employees about their promotion that will come automatically when it is due.
- Seniority as a criterion for promotion makes its impact on reduction in employee turnover and provides sense of satisfaction to senior employees.
- Promotion by seniority satisfies the personal aspirations of the employees. This results in better morale of the employees.

It has also certain disadvantages:

- If the seniority principle is adopted it impacts retention of capable young employees, they become impatient and will look for better prospects elsewhere.
- Beyond a certain age a person may not learn, it may be inadequate to meet the growing requirements of the organizations.
- If the performance and potential of an employee is not recognized, it results in frustration and low morale of the employees and kills ambition and zeal to improve performance.
- There is a requirement of infuse new blood for the growth of organisation, it denied when the policy of promotion is by seniority.

(ii) Merit – based Promotions:

Merit based promotions happens when an employee is promoted to higher positions purely on their superior performance and work record in the current job. Merit denotes the knowledge, skills, abilities and performance record of an employee.

Advantages of this system are:

- Employees motivate to work hard, improve their knowledge, acquire new skills & abilities and contribute to organisational efficiency.
- It enhances organizational efficiency and maximizes utilization of talent, recognise and reward their meritorious work in an appropriate way.
- It acts as a motivator that inspires other employees to improve their standards of performance through active participation in all developmental initiatives. This leads to increased productivity.

Disadvantages of this system are:

- It is difficult in measuring merit. Favouritism, Personal prejudices, biases and union pressures may come in the way of promoting the best performer.
- When young employees get ahead of other senior employees in an organisation (based on superior performance), frustration and discontentment may spread among the ranks. They may feel insecure and may even quit the organisation.
- Efficiency in the present job does not necessarily predict ability to do well in a job with greater responsibility. Also, past performance may not guarantee future success of an employee.

(iii) Seniority-cum-Merit based Promotion:

As both seniority and merit as basis, would have a blend of the advantages discussed above. Both the service seniority and work efficiency will be taken into account in promoting an employee. These two possibly conflicting factors - seniority and merit - frequently pose problems in considering employees for promotion. They suffer from certain limitations. Therefore, A sound management will pursue a promotion policy should be based on a combination of both seniority and merit with properly balancing. A proper balance between the two can be maintained by different ways: minimum length of service may be prescribed, relative weight age may be assigned to seniority and merit and employees with a minimum performance record and qualifications are treated eligible for promotion, seniority is used to choose from the eligible candidates.

16.4.4 PROMOTION POLICY

As discussed above both the bases of Promotion i.e. Seniority and merit have certain limitations, so, it is important to the organization to establishment a promotion policy with due weight age to both seniority and merit. It means organization supposes to maintain a balance between the internal sources of personnel promotion and external sources by ways of recruitment. Whatever the type of promotion followed by the management, there should be a definite promotion policy that must be consistent, fair and clear cut, which should be effective and protect the interests of the employees due for promotion.

The following characteristics make a concrete, broad and realistic promotion policy as sound and good policy

a) Promotion Policy Statement

A promotion policy statement formally stated the organization's broad objectives and helps to make both the organization's manpower and individual career plans.

b) Combination of Internal Promotion Vs External Recruitment

A promotion policy statement must state the good blending of internal promotions to external recruitment at each level. Such a statement will help manpower planners to project numbers of internally available candidates for vacancies. Appropriate authority must be entrusted with the task of making final decision.

c) Basis for Promotion

The basis of promotion must be clearly specified and made known to the employees. A promotion policy statement must establish a fair and equitable basis for promotion i.e., merit or seniority or both.

d) Promotion Channels

Identifying promotion channels helps in succession planning and also help employee to acquire the necessary formal qualifications. It also encourages them to attend suitable external development programmes etc. Subsequently the organization should communicate final promotion policy to its concerned employees.

e) Equal Opportunities for Promotion

A promotion policy should provide equal opportunities for promotion in all categories of jobs, departments and regions of an organisation. It must be applied uniformly to all employees irrespective of their background.

16.4.4.1 Benefits of a Promotion Policy

A good promotional policy-

- Provides an increase work effectiveness as it recognises an employee who comes out with better work.
- Develop employee loyalty by rewarding him, and placing him in a higher position in the organization for his/her efficiency.
- Facilitates and increases job satisfaction, employee feel interested to participate in training and self-development program.
- Help in employee retention, as employees believe that their turn too will come and so they remain with the company. This reduces labour turnover.



Check Your Progress- B

Q1. Elucidate the different types of Promotion?

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.....
.....

Q2. Explain the advantages of Promotion.

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.....

Q3. MCQs

- i. Below of the following which is not usually a characteristic of employee promotion?
 - a. upward movement
 - b. decrease in authority and responsibility
 - c. permanency
 - d. merit or seniority as the basis

- ii. refers an employee upward movement from current job to another that is higher in pay, responsibility and organizational level.
 - a. Transfer
 - b. Promotion
 - c. Job rotation
 - d. Job Enrichment

16.5 JOB ROTATION: MEANING & DEFINITATION

Job rotation implies a routine transfer of different jobs to a person i.e. the job remains same but the person working upon it changes time to time. It is planned approach to check the skills and areas of a person in order to place him/her in the right place.

Job rotation gives the employees an exposure to every area in order to gain versatility. With the help of this employees enhance their skills, experience and their ability to perform different jobs.

According to Edward (2005, p. 74) Job rotation is the process of moving an employee from one job to another job that increases an employee's capability or efficiency and value to an organisation. The term job rotation Job rotation also can be defined as the performance by an employee of a new assignment on a short-term basis. Job rotation is position-oriented, with management determining the need for a specific job to be done. The new assignment gives employee a wide exposure to the entire operation.

Job rotation is an alternative to job specialization. It is a way to break employee monotony and facilitates them more of an understanding about the organisation. Job rotation comes in many forms and is useful in many situations. According to Malinski (2002) Job rotation is the systematic movement of employee from one job to another and also adds that an employee does not have to leave a job to get a more satisfying job. This can be achieved in the same job by using job rotation, job enrichment and job restructuring.

According to Bennett (2003) there are two forms of job rotation: They are-

(1) Within-function Rotation

Within-function rotation means rotation between jobs with the same or similar levels of responsibility and within the same operational or functional area.

(2) Cross-functional Rotation

Cross-functional rotation means movement between jobs in different parts of the organization over a period of time. However, before rotating between a number of jobs that are in the same group and closely related to each other, the employee would rotate through a number of jobs in different departments. This method is useful for the both- organisation and employee. In one hand, through this process employee gets different developmental opportunities and the other hand the organisation collect data about employee's skills, interest and potential to indicate their final placement.

16.5.1 RATIONALE FOR IMPLEMENTING JOB ROTATION

The rationale for implementing a job rotation design system consist of the potential for better product quality, create an opportunity for the employees to explore alternative career paths, and the most important, prevent employee from job monotony or stagnation. There is a big challenge for employer to retain their employee by providing diversity within a career path and maintain their interest in the job. And here, job rotation steps in and provide job enrichment from an employee's perspective. In nutshell, employees who are gone through job rotation programs develop a wide range of skills, are more adaptable to changes in jobs and career, and are generally more engaged and satisfied with their jobs with comparison to other employee who specialize in a single skill set or domain. Practicing Job Rotation in top management allow qualified employees to gain more insights into the processes of a

company and to increase job satisfaction through job variation. Practicing Job Rotation in Lower levels serves one of two purposes either promotion or skill enhancement. This approach allows the manager to operate in diverse roles and understand the different issues.

16.5.2 TIPS FOR SUCCESSFUL JOB ROTATION PROGRAM IN AN ORGANISATION

As we discussed above that employees who participate in job rotation programs develop a wide range of skills, and generally more adaptable to changes in jobs and career and also more engaged and satisfied with their jobs in comparison with other employees who specialize in a single skill set or domain. Though, it may increase the workload of the employee which may decrease productivity. So, to avoid these pitfalls, it is important to implement job rotation effectively.

Tips for successful Job Rotation Program in an organisation

- i. A clear policy is required consisting eligibility of employee for job rotation and also required to mention that employees who will be restricted to certain jobs or opportunities, will be allow to in all job classifications.
- ii. It is necessary to determine whether the impact of assigned programme (if it is mandatory for employee) on their performance appraisal adversely.
- iii. To increase mutual understanding and expectations from each other involve both employees and managers in planning of job rotation.
- iv. It is important to find out after placing employee in the job rotation process what skills will be enhanced.

Using job rotation by carefully analyzing its practicability, foreseeing execution issues, ensuring support from senior and line managers and setting up practical agenda for each position, can derive value for both in large and small organizations.

16.5.3 JOB ROTATION: ADVANTAGES AND DISADVANTAGES

16.5.3.1 Advantages of Job Rotation

- Increases Employee's versatility: Job rotation gives and exposure and the taste of every field. It increases the employee's ability to work and at the same time let him introspect his hidden talent.
- Fruitful for the organization: Job rotation is benefited for organisation as employees become competent in many jobs rather than single job. The organization comes to know the talents of its employees in order to place them correctly.
- Motivates employees: It is suggested as a motivation-building strategy. It fills the workers with Enthusiasm, and energy.

- Reduces boredom: The systematic shifting of jobs reduces boredom and lack of interest in employee.
- Develop Inter-departmental Teamwork: Job rotation also improves inter-departmental support. Employees put themselves in job rotation such a way that can help them to understand each other's problems correctly and extend mutual co-operation with each other.

16.5.3.2 Disadvantages of Job Rotation

Job rotation enables a worker to work in other domains and expertise in them. But, like every other field it has also got some disadvantages. Let's go through some of its disadvantages:

- A very time taking process: It takes a lot of time in motivating and persuading workers for job rotation. We have to sit with each and every individual and explain the benefits of job rotation to him and then motivate him/her to contribute in other domains as well.
- It takes time to understand and accept a new job: We can't expect that the new employees will soon become friends with the workers already in the department. It also takes some time to understand the functioning of the department and the technologies used by them and to adjust in it.
- It is taken as an order instead of an opportunity: It is difficult for the employees to come out of their comfort zone and take a different job which leads to deficiency in the final results. They take it as another formality or process imposed on them. It takes time for the employee to express himself and share his ideas freely which often turns him negative.



Check Your Progress- C

Q1. State the different forms of Job Rotation.

.....

.....

.....

Q2. How to implement Job Rotation effectively in an organization?

.....

.....

Q3. Multiple Choice Questions

- i. _____ involves an employee's periodic assignment to completely different sets of job activities.
 - a. Job rotation
 - b. Vestibule training
 - c. Coaching
 - d. None of these
- ii. _____ is gives an opportunity to an employee to showcase their talent and build their reach to other department also
 - a. Job rotation
 - b. Vestibule training
 - c. Coaching
 - d. None of these
- iii. -----is the Systematic movement of workers of one job to another.
 - a. Job rotation
 - b. Job design
 - c. Incentives
 - d. All of these

16.6 SUMMARY

In any organization, the process of shifting employee from one position to the other position , or from one department/ unit/ branch or plant to the other is called transfer of employees. Transfer is done with different purposes The types of transfer depends on the purpose of transfer. These are: Production Transfer, Replacement Transfer, Shift Transfer, Remedial Transfer, and Penal Transfer. It helps in minimise employee's monotony and increase employee's job satisfaction and build their moral. It helps in minimise employee's monotony and increase employee's job satisfaction and build their moral. There may be some problem in some cases to employees due to transfer.

Promotion refers to the assignment of an individual to a position of higher responsibility. It may be of different types as: Dry Promotion, Up and Out Promotion, and Paper Promotion. Promotion also serves many purposes. Seniority- based Promotion, Merit- based Promotion, and Seniority-cum-Merit based Promotion are the bases of promotion.

Job rotation implies a routine transfer of different jobs to a person. It gives the employees an exposure to every area in order to gain versatility. This enriches their skills, experience and the ability to perform different jobs. Within-function Rotation and Cross-functional Rotation are the kinds of Job Rotation. The rationale for implementing a job rotation design system

consist of the potential for better product quality, create an opportunity for the employees to explore alternative career paths. There are several advantages of job rotation, but some disadvantages also may be count.



16.7 GLOSSARY

Transfer: is a horizontal or lateral movement of an employee from one job to another, depending upon the need may be at the same place or from departments or divisions, or between plants or so on , either in temporary or permanent in nature, where the salary, status or responsibilities remains same.'

Remedial Transfer: are transfers where wrong placement can be corrected by a management procedure. It initiates to correct the wrong posting in the organisation.

Penal Transfer: begins as a punishment for in-disciplinary activity of employee.

Promotion: is a reassignment or advancement or upward movement of an employee to a job with higher rank with additional benefits i.e. increase in responsibility increase status and rank, better pay and better working environment.

Seniority-based Promotions: Seniority based promotion are based on the length of service of an employee in the same organization

Merit: represents one's knowledge, skills, abilities and performance record.

Job Rotation: is the process of moving an employee from one job to another job” that increases an employee’s capability or efficiency and value to an organisation.

Within-Function Rotation: refers rotation between jobs with the same or similar levels of responsibility and within the same operational or functional area.

Cross-functional Rotation: is a movement between jobs in different parts of the organization over a period of time.



16.8 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

Q3. Name the type of Transfer:

- i. Production Transfer

- ii. Remedial Transfer
- iii. Shift Transfer
- iv. Replacement Transfer
- v. Penal Transfer

Check Your Progress –B

Q3. MCQs

- i. b decrease in authority and responsibility
- ii. b Promotion

Check Your Progress –C

Q3. MCQs

- i. a Job rotation
- ii. a Job rotation
- iii. a Job rotation



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16.10 SUGGESTED READINGS

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16.11 TERMINAL QUESTIONS

- Q1. Why transfer policy is needed ? What conditions should be followed in a systematic transfer policy? Explain
- Q2. Describe the nature and significance of promotion. Why do organisations promote their employees?
- Q3. What is a promotion policy? Explain the advantages of promotion policy.
- Q4. Define Job Rotation. Explain its advantages and limitations.
- Q5. Write short notes on the following:
 - i. Types of Transfers
 - ii. Bases of Promotion
 - iii. Rationale for implementation of Job rotation

Block IV
**Trends and Issues in Human Resource
Planning**

UNIT 17 HUMAN RESOURCE INFORMATION SYSTEM

- 17.1 Introduction**
- 17.2 Objectives**
- 17.3 Meaning of HRIS**
- 17.4 Functions of HRIS**
- 17.5 Advantages of HRIS**
- 17.6 Features of HRIS**
- 17.7 Function of HR**
- 17.8 Range of technologies in Human Resources**
- 17.9 Data Management for HRIS**
- 17.10 Data & Information needs for HR Managers**
- 17.11 Sources of Data**
- 17.12 Structure and Mechanics of HRIS**
- 17.13 Evaluation of HRIS**
- 17.14 Implementation of HRIS**
- 17.15 Software's for the success of HRIS**
- 17.16 Summary**
- 17.17 Glossary**
- 17.18 References/Bibliography**
- 17.19 Suggested Readings**
- 17.20 Terminal Questions**

17.1 INTRODUCTION

Many well-known examples of the use of information technology for competitive advantage involve systems that link an organization to suppliers, distribution channels, or customers. In general, these systems use information or processing capabilities in one organization to improve the performance of another or to improve relationships among organizations.

Declining costs of capturing and using information have joined with increasing competitive pressures to spur numerous innovations in use of information to create value. The ideas do not constitute a procedure leading inexorably to competitive advantage. However, they have been of value when combined with an appreciation of the competitive dynamics of specific industries and a grasp of the power of information.

17.2 OBJECTIVES

After reading this unit, you should be able to:

- Understand various approaches to human resource information system and important technologies software's that will affect organisations, employees and job applicants;
- realise the importance of human resource information system in current organisational scenario.
- understand the HRIS process.
- Appreciate the dynamics of various techniques of Information system.

17.3 MEANING OF HRIS

Human Resources Information System is a system which lets you to keep track of all your employees' information properly. It is usually done in a database or, more often, in a series of inter-related databases.

These systems generally include the employee name and contact information and all or some of the following details like : department, job title, grade, salary, salary history, position history, supervisor, training completed, special qualifications, ethnicity, date of birth, disabilities, veteran status, visa status, benefits selected etc.. HRIS may also include reporting capabilities. Some systems track applicants before they become employees and some are interfaced to payroll or other financial systems. HRIS is a management system designed specifically to provide managers with information to make HR decisions.

Therefore, HRIS can be defined in simple words as given below.

Human Resource Management Systems (HRMS, EHRMS), Human Resource Information Systems (HRIS), HR Technology or also called HR modules, shape an intersection in between human resource management (HRM) and information technology. It merges HRM as a discipline and in particular its basic HR activities and processes with the information technology field, whereas the planning and programming of data processing systems evolved into standardised routines and packages of enterprise resource planning (ERP) software. On the whole, these ERP systems have their origin on software that integrates information from different applications into one universal database. The linkage of its financial and human

resource modules through one database is the most important distinction to the individually and proprietary developed predecessors, which makes this software application both rigid and flexible.



Fig 17.1 Aspects of HRIS

Human Resource Information System contains the following points:-

- Personal history - name, date of birth, sex
- Work history - salary, first day worked, employment status, positions in the organization, appraisal data and hopefully, pre-organizational information
- Training and development completed, both internally and externally
- Career plans including mobility
- Skills inventory - skills, education, competencies...look for transferable skills.

17.4 FUNCTIONS OF HRIS

Employee Information Management- Data like name, title, address, and salaries are a Basic Start, Salary and position history, reporting structures, performance appraisal histories, and other critical employee information.

Documents related to company such as employee handbooks, emergency evacuation procedures, and safety guidelines.

Administration benefits include enrolment, status changes, and personal information updating. In an ideal system, you can allow employees to look up and review their own information, including vacation tracking.

Complete integration with payroll and other company financial software and accounting systems. When these are connected, you can ensure that pay checks are correct. There is never a disconnect between what the official pay rate is and the information that payroll has. If the systems don't integrate, it's easy to update a salary in one system and not in the other.

Tracking of employees and their Resume management : In this system the recruiter can click a hired button on the tracking device and all of the information from the applicant is transferred to the employee side of things. This saves so much time because data entry and paperwork practically disappear in any organisation.

If an applicant puts in his own information when applying, you can ensure accuracy. If the offer letter is generated out of the same system as the payroll system, the salary will match perfectly and there is no misunderstanding.

Performance development plans: It's not just enough to have plans, if they are recorded in a central system, then they can easily follow the employee from position to position. Senior leadership can run reports to see where people are and what their individual bosses are planning for their futures.

Disciplinary Actions: It's important to keep track of who has been suspended, demoted, or had other negative actions taken against them noted—even after the employee leaves your organization. When a company calls and asks for a former employee reference, it's easy for an admin in the HR department to look up and report back whether or not the person is eligible for rehire.

Training records: This is especially critical in a company where certifications and licenses are required. In other companies, training records may not have that level of importance, but you may still find that having the information is useful.

HRIS also tracks the companies following information :-

- attendance and PTO use
- pay raises and history,
- pay grades and positions held,
- performance development plans,
- training received,
- disciplinary action received,
- personal employee information, and occasionally,
- management and key employee succession plans,
- high potential employee identification, and
- applicant tracking, interviewing, and selection.

17.5 ADVANTAGES OF HRIS

An effective HRIS provides information on just about anything the company needs to track and analyze about employees, former employees, and applicants. Your company will need to select a Human Resources Information System and customize it to meet your needs. If your company is on a growth path, choose a system that can grow with you. It's fairly inexpensive to implement a basic HRIS, but make sure whatever you implement meets your company's actual needs. With an appropriate HRIS, Human Resources staff enables employees to do their own benefits updates and address changes, thus freeing HR staff for more strategic functions. Additionally, data necessary for employee management, knowledge development, career growth and development, and equal treatment is facilitated. Finally, managers can access the information they need to legally, ethically, and effectively support the success of their reporting employees. They can run their own reports and enter plans into the system to help with succession. The Human Resource Information System (HRIS) is a software or online solution for the data entry, data tracking, and data information needs of the Human Resources, payroll, management, and accounting functions within a business.

Normally packaged as a database, hundreds of companies sell some form of HRIS and every HRIS has different capabilities.

The pressure is on for proactive HR innovations that contribute directly to the bottom-line or improve employee morale and efficiency. The involvement of HR has no purpose except to validate the process in some way and acts as an interruption to the flow of work. In other words, the HR function is a 'gatekeeper for information that's been deemed too highly classified for the data owner.' So HR is not actually making a measurable contribution - in fact, the opposite. HR involvement creates a queue or delay in the process. So HR is not actually making a measurable contribution - in fact, the opposite. HR involvement creates a queue or delay in the process. We should ask if the HR involvement is really necessary. Once upon a time the HR database had an 'all-or-nothing' quality - probably because it was paper-based. But now technology allows controlled access to various portions of the database. So an employee can safely amend his or her own address or bank account details, while the ability to change certain appraisal details might be confined to the line manager. In either case, there is no reason for HR to be involved. HR should move on from the role of intermediary.

17.6 FEATURES OF HRIS

HRIS allows employees to fill out forms online, make changes based on life events, and get information on their benefits at any time. Rather than "pulling an employee's file," HR management may refer any information about an employee through this system, including personal details, benefits for them, number of dependents, emergency contacts, and job history.

It includes both the reports i.e. standardized and customized. Standard reports feature for various administrative purposes including employee reviews, record keeping, workers' compensation, employment history, and absence tracking. Customized reports feature for the

incorporate categories and information to business. Most HRIS applications have a comprehensive tracking system. HRIS tracking capabilities maintain grievances filed by or against the employee stemming from discipline, disputes, and complaints.

Quick reference guides can be available relating to all areas of the Human Resources Information System, including staff benefits, benefit contribution rates, calendars, personnel change reason codes, and the payroll process flowchart. Detailed instructions regarding establishing and changing employee benefit and deduction information, including retirement, pension, health care, flexible spending accounts and employee selected deductions. Documentation on the human resource accounting structure can be possible; including staff benefit calculations and charges, review and correction of human resource accounts. Documentation is helpful for payroll issues, including time reporting requirements, check and auto deposit distribution, taxable benefits, terminations, review and correction of employee pay and leave, and tax forms. Instructions and forms for employees to establish or change their employee information related to the Human Resources system, including name, address, retirement, pension, and health care.



Fig 17.2 Features of HRIS

Source: <https://www.slideshare.net/Anasnasir/hris-human-resource-in-information-technology>

Visualization refers to presenting the data in a variety of forms to aid analysis and the dissemination of results.

17.7 FUNCTION OF HR

The business process should be re-engineering the HR function first, then E-engineering the HR work. He suggests the formation of re-engineering teams of providers, customers and users to examine the whole range of HR activities - including those which are not being done at present. The end product is a set of processes organized into broad groupings such as

resourcing, compensation or training and development. These processes should then be examined by the re-engineering team and redesigned to:

- Be better aligned with organizational goals.
- Streamlined so as to be cost-effective in comparison with the 'best in class'.
- Have a better integration with other processes.

From this redesign comes the picture of a new HR function. What next? The organization could be restructured and the tasks handed out existing or new staff. But Walker argues that the most effective approach is to introduce new technology to deal with the redesigned processes.

For HR to survive in this brave new world it needs to "possess a technology acumen like never before." A tall order, one suspects, for many die-hard personnel traditionalists. But if they do not demonstrate the ability to recommend appropriate technology and control automated HR processes, organizations will use other people for these tasks some replacements for 'traditional' HR executives may have no direct experience of human resource management at all. Instead, they may have "led a line of business and have had

P&L responsibility, understand what it means to be accountable for delivering business results."

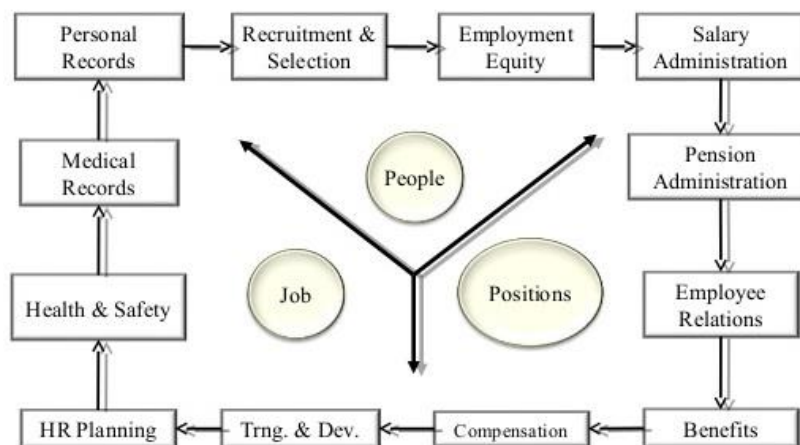


Fig 17.3 HRIS Track

Source: <https://www.slideshare.net/preeti52/hris-human-resource-information-system-82153386>

17.8 RANGE OF TECHNOLOGIES IN HUMAN RESOURCES

Walker discusses a range of technologies available for re-engineered HR processes, contending that they are all capable of dealing with HR activities in a secure and confidential manner:-

1. **Workflow-** Walker describes this as being like e-mail with a database and built-in intelligence.' Essentially, a user accesses a range of employee records (perhaps their own) through computer terminal, keys in data such as a change of address and submits the data electronically to the next person in the chain. The system is configured so that only certain individuals are authorized for a specific range of access or actions. The workflow chain is organized to ensure that the most suitable person approves an action. For example, a bonus payment would be authorized by a line manager's own manager. Also, the system can be structured so that bonuses over a certain level can be monitored by a HR specialist. The paths and actions are all specified in accordance with company rules.

2. **Manager self-service-** Managers can have access to 'front-end' applications on their desk tops in the form of HR portals. Typically, they are able to view a range of personal details and aggregate information. They are also allowed to change and input certain details and model the consequences on their budgets of salary increases or bonus payments. More generally, policy manuals, plans and strategies can be made available. Walker highlight the facility to 'push'information requiring attention to managers - including those dreaded employee performance appraisals.

3. **Employee self-service-** Similarly, employees can view company information, change selected personal details, make benefit enquiries (pension plans, sick pay entitlement), book leave and apply for training programmes. Walker makes the point that 'portal technology will personalize this data further and "push" relevant data to them as well.'

4. **Interactive voice response (IVR)-** A low-tech method, using the push-button control facility found in most modern telephones. Most of us are familiar with automatic responses such as: "If your call is about vacancies in the accounts department - press 3 followed by #" when we dial large organizations. The system is restricted but easy to use and inexpensive in comparison to web-based methods. It is suitable for job openings and training course details where straightforward information can be recorded as simple scripts.

5. **HR Service Centres-** Walker notes that this has become one of the most widely used solutions to re-engineered HR in large organizations. Such centres centralize a number of HR processes and may deal with geographically widespread users. For example, the Raleigh, North Carolina service centre can deal with all of IBM's North American current and former staff.

The enquiries are taken by the agents on phone, e-mail or online that may get filtered through interactive voice response scripts or desktop HR systems. In effect, they also deal with the relatively non-routine issues also that can't be handled by basic technology only however, they use recognisable Call Centre techniques such as scripted protocols. The Agent enters keywords or a question into a knowledge database and brings up relevant information with

which to answer the caller's query. If that query is not covered by information in the knowledge database it can be referred to a supervisor using workflow.

HR service centres work on fax, e-mail and postal facility to send information, confirmations, follow-up queries and printed brochures to users. They are also monitored in the same way as conventional Call Centres and can generate useful statistics on types and frequency of enquiries. Walker contends that most reports show that organizations find HR service centres to be highly cost-effective and provide faster and more consistent answers than traditional HR departments.

6. Human Resource Information Systems (HRIS) and databases- According to Walker (2001):

" The HRIS system is the primary transaction processor, editor, record-keeper, and functional application system which lies at the heart of all computerized HR work. It maintains employee, organizational and HR plan data sufficient to support most, if not all, of the HR functions depending on the modules installed.

It will also supply information to other systems and generate reports.

7. Stand-alone HR systems. Applications available from commercial vendors can be linked to a HRIS. They include online application forms, tests, appraisal databases, 360-degree performance assessments and so on.

8. Data-Marts and Data-Warehouses. Sources of information usually held as relational databases which can be interrogated. Data-Marts normally hold data from single sources, such as HR; Data-Warehouses amass information from multiple sources.

17.9 DATA MANAGEMENT FOR HRIS

Some organizations have different policies and procedures to collect the majority of necessary human resource data. For those not having sufficient policies and procedures in place, this deficiency limits their ability to extract, report or analyze performance in areas where information is not collected and maintained in a structured format. It is important to be aware of many issues surrounding data quality which indicates that data collection policies and procedures are not always implemented successfully in practice. The organizations, which take a planned and measured approach to the implementation and ongoing management of their HRIS, tend to make more effective use of their systems. These organizations were better positioned to generate information for a greater range of strategic and operational human resource purposes. The other organizations take a less structured, more urgent approach, as short-term human resource processing requirements drove their management of the system.

Elements of Data Management

- Capture refers to data movement from one instrument or simulation to the storage mechanism. It often involves some form of data selection or compression. It also involves the creation of Meta data.

- Storage generally refers to the place and procedure required for the storage of data by the use of automated data vaults and tape stores
- Management refers to indexing and cataloguing of the data and providing different methods to organize and move it from site to site or between programs which involves meta-data and self-defining data formats.
- Analysis refers to processing or fusion and mining the data to extract the science.
- Visualization refers to presenting the data in a variety of forms to aid analysis and the dissemination of results.

17.10 DATA AND INFORMATION NEEDS FOR HR MANAGERS

Collect Data

Check the strategy, and culture of the organization, from the written material present in the company (check with the department or person who handles public, customer, or shareholder relations).

Collect existing data such as:

- Hiring statistics (acceptance rate, hiring rate, hiring projections)
- Turnover
- Compensation and benefits philosophy and practice
- Exit interview summaries
- Employee complaints (discrimination, harassment, safety, other)
- Promotion and advancement practices and trends
- Human Resources budget and expenditures

If possible any where compare the data collected with market data. This information will provide you with a point of view for the next phase of the audit: the interviews. If, during the interview, discrepancies arise between the data and the interviewee's answer, ONE can explore the reasons for the discrepancy.

Conduct Interviews

Interview are done to collect input from the internal customer on their Human Resources needs and to meet those needs. Begin the interview with top management. Other step is to conduct interviews with a sample of subordinate managers including first line management. The topics to discuss during the interview include:

- Perceptions of the company and its goals
- Strengths and weaknesses of top management
- Employee perceptions of the company and top management
- Relations with subordinates
- Support of career goals for self and employees

- Major Human Resources issues
- Which Human Resources functions work well
- Which Human Resources functions need improvement

In addition they can provide indirect feedback. For example, the results may indicate that different organizations have conflicting goals. Perhaps a performance management system could correct this problem.. Some of the information collected during the interviews will be sensitive confidentiality has to be maintained properly and approval from top management on the questions that are to be asked in the next session of interview is required.

17.11 SOURCES OF DATA

Absence of sufficient qualification required for the job puts extra efforts on the HR department or the colleagues to train the new appointees. Many companies do take the pain of training new recruits by conducting induction training and other regular workshops. However, the best training one can get is on the job.

Some companies give so much importance to the 'training' part that it turns out to be the best company for new comers to learn. A good training schedule is important, but simultaneously, all other HR concerns are equally important. Companies should learn to not just appoint and train people, but retain them through smart ways.

Recruitment source:

DQ Channels asked members of the solutions provider community to rank the best sources of recruitment. The best recruitment sources according to majority of the respondents were 'Referrals'. Yes, referrals or word-of-mouth is no doubt the best source of recruitment. This also saves a lot of time energy spent in testing a new candidate's calibre. "There is an element of trust involved. When a person is sent to us by a person known to us and who knows our requirement, he or she is the best we can get," said one HR manager.

The best source for recruitment is to hire consulting agencies, job sites and print advertisements as very few respond to the 'Campus recruitment'.

17.12 STRUCTURE & MECHANICS OF HUMAN RESOURCE INFORMATION SYSTEM

Integrated HR Information Systems (HRIS) have a profound effect on firms that implement them. Most of these firms are replacing the systems, of personnel database, payroll system and benefits system. Mostly people focus on the improved reporting and processing that will be realized from the new system, and those are the reasons most firms choose to implement a new HRIS. But most of the people don't focus on the new HRIS that will most likely affect the company much more deeply as it will challenge the operating structure and principles of all the HR-related departments. An integrated HRIS results is a drastically different

environment than a cluster of related but separate systems. The core concept of a centralized data store with an HRIS demands integrated work processes for managing that store. The two attributes – centralized data storage and integrated work processes – will affect the company in ways most managers don't expect.



Fig 17.4 Sample Structure & Mechanics of Human Resource Information System

Source: <https://www.analyticsinhr.com/blog/implement-hris-human-resources-information-system/>

17.13 EVALUATION OF HRIS

Most of the companies adopt a process of comparing and evaluating several HRIS packages by using a team of analysts or managers from the various departments affected – HR, Payroll, Benefits, Employee Relations, Training and so on. This team prepares its evaluation reports and reviews HRIS features, much is learned about the goals and values of the various departments. The HR department is concerned with the improved reporting of employee data, Payroll is concerned with the system's pay check calculations and regulatory reporting. The team drives deeper into the selection criteria and the processes.

The hiring process is a good example. As a person is recruited, hired and paid each department may have its own specialized system and process for managing the employee data. The HRIS evaluation team discovers redundant processing and data storage, its members start to see ways to make the process more efficient by aligning their part of the hiring process with the requirements of the other departments. The team members are excited to find a better way to get the work done, but scared by the ramifications of closer ties to

other departments. They think to improve the efficiency of the process as many people in our department has improved. As the team evaluates an HRIS software package, it begins to get a better grasp on what the entire company's business processes are, and therefore what the company might require in an HRIS. The team will most likely find that none of the packages are an exact fit and that substantial effort is required to modify or integrate the chosen HRIS. Perhaps the most critical results of the HRIS evaluation process are that the evaluation team set correct expectations for the project and gain executive management commitment. With correct, or at least realistic expectations and an executive management team that seriously supports the team's efforts, an HRIS implementation project has a much greater chance to succeed. Most often the HRIS evaluation team members spend most of their efforts building selection criteria and choosing an HRIS, instead of setting expectations and building.



Check Your Progress- A

Q1. What is HRIS? What are the various functions on HRIS?

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Q2. What are the features of HRIS?

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Q3. What is the Structure and Mechanics of HRIS?

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Q4. How one can implement HRIS?

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17.14 IMPLEMENTATION OF HRIS

The three primary activities in an HRIS implementation are – configuring the HRIS for the firm's business processes and policies, interfacing data with other systems and converting historical data into the HRIS, and preparing the organization for the new HRIS. An HRIS comes with built-in processes for most HR activities, but firms will need to customize the system to process according to their specific needs. For example, every HRIS supports the process of benefits open enrolment, but the system does not come delivered with a firm's specific benefit providers and eligibility rules. The common activity to enter into specific data control tables for directing how the HRIS operates.

This mapping of business processes and policies into system control tables requires people who understand both the business process and the HRIS – typically the existing IT support and HR business analysts. Due to the large amount of work, the HRIS project team usually needs the analysts fully dedicated to their project, requiring the departments to fill the gaps in their absence. Having partially dedicated team members may cause tension since the team members have to maintain responsibilities at the department also after fulfilling responsibilities of the project team. Firms may find that the internal resource people assigned to the project do not have the skills or capabilities needed for the job. Sometimes training can resolve this, but other times the people lack basic analytical skills required for the implementation. One of the key requirements for a person to be successful on an HRIS implementation project is that he/she have excellent analysis skills. The most analytical people in HR and IT should be assigned to the project, or else the company should rely on external resources (i.e. contractors or consultants). The project can get done this way – but the more an implementation team relies on external resources the more difficult it will be for the company to become self-sufficient in ongoing HRIS support, maintenance, and operations. Many HRIS implementations include, to one degree or another, business process reengineering. As a firm documents, investigates, and discovers its true business processes, it's natural that the firm also take time to improve them, or at least integrate the processes across departments. The integrated nature of most HRIS packages drives this activity. When a process is reengineered or integrated, once-independent departments become much more dependent on each other. That dependency can increase tensions on the project team as representatives from those departments learn to trust others to do their part of the process. Or, once the project team members become comfortable with the new processes they have designed, they may have a hard time selling those changes back to their departments.

17.15 SOFTWARES FOR THE SUCCESS OF HRIS

1) ERP Software Services

Enterprise Resource Planning or ERP may be defined as an information system that takes into account all related applications of an enterprise and integrates all departments and functions across a company in a single computer. There are a number of departments (finance, human resource, production, etc) which form the backbone of the company. Each of these departments has their own processes running. ERP integrates all the individual processes of all individual departments into a single system. Synapse is a leading offshore software development company in India with a determined focus on ERP software. We develop customized ERP software tailor made according to the business needs of small, medium and large companies. At our state of art software development facility, we have the perfect blend of expertise and infrastructure that help us devise ERP software that are unique and confirms to the highest standards for quality. Their in-depth industry experience gives us the ability to devise our software. In other words, their ERP software include a vast range of business analysis and efficiency tools, and are user friendly. They give special importance to navigation methods in their ERP software so that users can easily find what they are looking for. However, the "Enterprise Resource Planning" is the most common term that has been used widely. Enterprise Resource Planning systems (ERPs) integrate (or attempt to integrate) all data and processes of an organization into a single unified system. A typical ERP system will use multiple components of computer software and hardware to achieve the integration. A key ingredient of most ERP systems is the use of a single, unified database to store data for the various system modules. Examples of modules in an ERP which formerly would have been stand-alone applications include: Manufacturing, Supply Chain, Financials, CRM, Human Resources, and Warehouse Management.

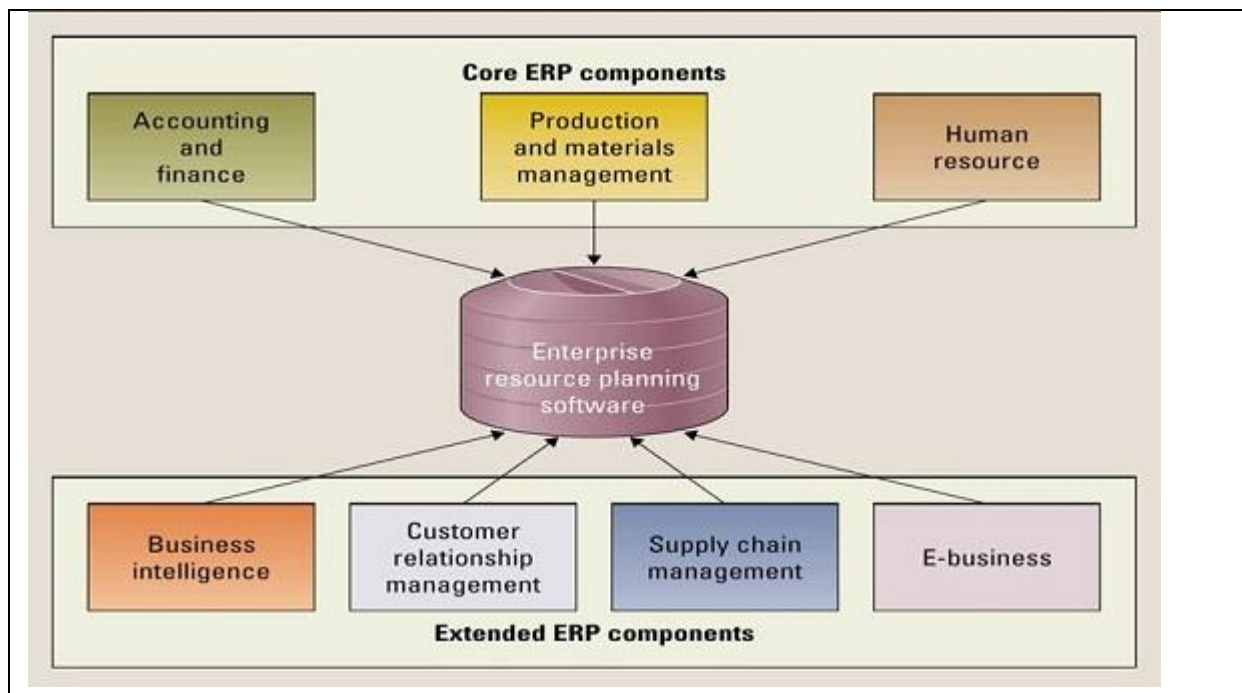


Fig 17.5 SampleERP

Source: <https://slideplayer.com/slide/6396095/>

2) SAP

SAP, started in 1972 by five former IBM employees in Mannheim, Germany, states that it is the world's largest inter-enterprise software company and the world's fourth-largest independent software supplier, overall. The original SAP idea was to provide customers with the ability to interact with a common corporate database for a comprehensive range of applications. Gradually, the applications have been assembled and today many corporations, including IBM and Microsoft, are using SAP products to run their own businesses.

SAP applications, built around their latest R/3 system, provide the capability to manage financial, asset, and cost accounting, production operations and materials, personnel, plants, and archived documents. The R/3 system runs on a number of platforms including Windows 2000 and uses the client/server model. The latest version of R/3 includes a comprehensive Internet-enabled package. SAP has recently recast its product offerings under a comprehensive Web interface, called mySAP.com, and added new e-business applications, including customer relationship management (CRM) and supply chain management (SCM).

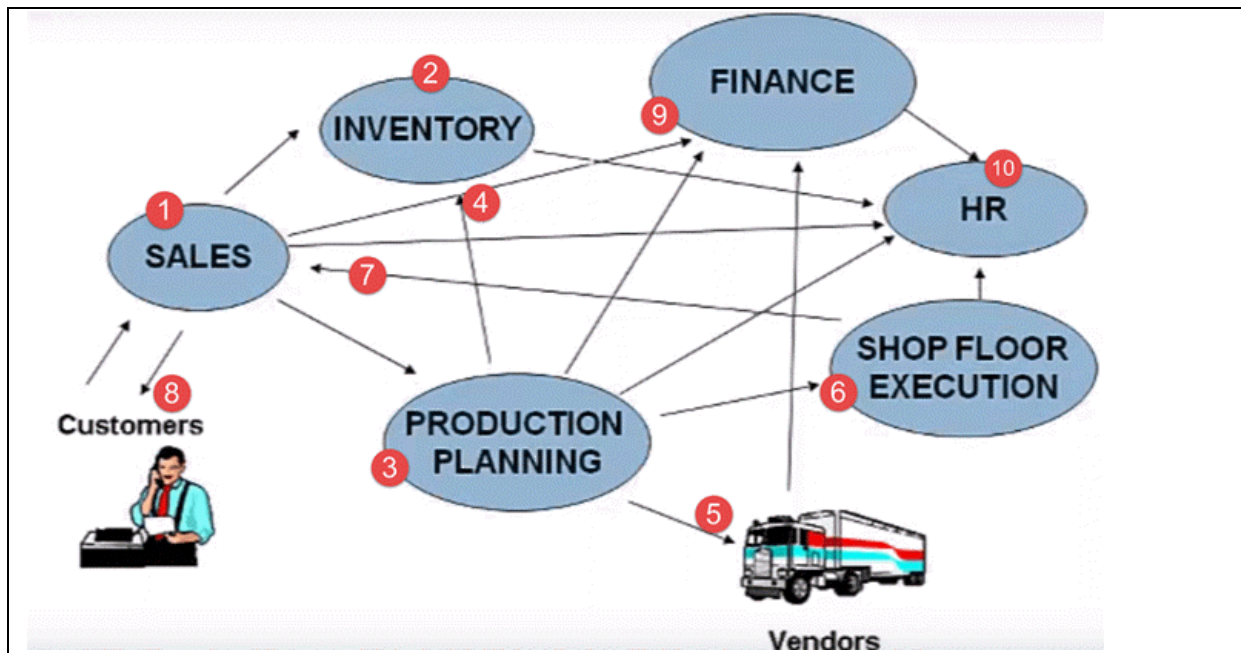


Fig 17.6 SAP

Source: https://www.symbiosistechnology.com/sym_services

3) Oracle Financials

The Oracle E-Business Suite Financials family of applications automates and streamlines all your financial business processes, for enterprise-wide daily business intelligence that lets you make more informed decisions, improve operations, and reduce costs. A unified data model provides a single accurate view of all your financial information, including a 360-degree view of your customers. And Oracle Financials, running on Oracle technology, gives you industry-leading performance and scalability.

Seamless Integration, Complete Flexibility Oracle Financials is part of the Oracle E-Business Suite, integrating with other E-Business Suite applications including Oracle marketing and Oracle Supply Chain Management. Implement one or several application families—or implement the complete Oracle E-Business Suite for the fastest way to high-quality enterprise information.

4) Oracle e-Business Suite

Oracle Applications is a collection of business ERP (Enterprise Resource Planning) applications developed by Oracle Corporation, which utilize their core RDBM database technology. Sometimes referred to as Oracles "E-Business Suite", Oracle Applications (currently in the 11i series version), contains several product lines such as Oracle Financials, Oracle Logistics, Oracle HR, Oracle Sales, and others. Within each product, there are several modules, each to be separately licensed.



Fig 17.7 Oracle System

Source: <https://www.indiamart.com/proddetail/oracle-ebs-20454758633.html>

Oracle Financials includes several dozens of "modules", each which is separately licensed within the E-Business Suite. Examples of these modules include:

- General Ledger Cash Management
- Purchasing
- Payables
- Receivables

5) EDM

EDM is a software product that resides on either a Personal Computer or Network Server and has been designed to:

- maintain employee information;
- replace paper files with a —digital file cabinet;|
- notify the user of when —Tasks| need to be performed;
- divide employee data between separate divisions/locations;
- import and export important employee information;

- retain all e-mails sent to each employee;

17.16 SUMMARY

In all, the HR function is still to a large degree administrative and common to all organisations. To varying degrees, most organisations have formalised selection, evaluation, and payroll processes. Efficient and effective management of the "Human Capital" Pool (HCP) has become an increasingly imperative and complex activity to all HR professionals. The HR function consists of tracking innumerable data points on each employee, from personal histories, data, skills, capabilities, experiences to payroll records. To reduce the manual workload of these administrative activities, organisations began to electronically automate many of these processes by introducing innovative HRMS/HCM technology. Due to complexity in programming, capabilities and limited technical resources, HR executives rely on internal or external IT professionals to develop and maintain their Human Resource Management Systems (HRMS). Before the "client-server" architecture evolved in the late 1980s, every single HR automation process came largely in form of mainframe computers that could handle large amounts of data transactions. In consequence of the high capital investment necessary to purchase or program proprietary software, these internally developed HRMS were limited to medium to large organisations being able to afford internal IT capabilities. The advent of client-server HRMS authorised HR executives for the first time to take responsibility and ownership of their systems.



17.17 GLOSSARY

Human Resources Information System is a system which lets you to keep track of all your employees' information properly. It is usually done in a database or, more often, in a series of inter-related databases.

Enterprise Resource Planning or ERP may be defined as an information system that takes into account all related applications of an enterprise and integrates all departments and functions across a company in a single computer.



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17.20 TERMINAL QUESTIONS

- Q1. What do you understand by HRIS? How HRIS can be implemented.
- Q2. Describe different Software services used in HRIS?
- Q3. What is Data Management?

UNIT 18 HUMAN RESOURCE COSTS

18.1 Introduction

18.2 Objectives

18.3 Concept of Human Resource Costs

18.4 Human Resource Costs

18.5 Objectives of HR Costs

18.6 Measuring HR Costs

18.7 Cost allocation Strategies

18.8 Types of HR costs

18.9 Controlling HR Costs

18.10 Summary

18.11 Glossary

18.12 References/Bibliography

18.13 Suggested Readings

18.14 Terminal Questions

18.1 INTRODUCTION

Human Resource Management (HRM), as the term suggests is concerned with the management of people in organizations. It represents that part of an organization's activities concerned with the recruitment, development and management of its employees. Managing human resources is an integral part of general management they are the essential constituents of an organization. Thus, human resource management is the process of acquiring, training, developing, motivating and evaluating a sufficient number of employees to perform the activities required for an organization's objectives, generation of satisfaction and optimal productivity and effectiveness of employees. The primary functions of human resource management are human resource planning, recruitment, and selection, training and management development, performance appraisal, compensation and providing employees benefits and satisfaction. Therefore, human resource management comprises the activities directed at attracting, developing and maintaining an effective workforce, which is critical for

effective organizational functioning. For the effectiveness of an organization it is necessary to follow the right path proper HR planning is required so that the organization can achieve its goals. Before the HR planning the organization has to know about the HR costs so that the required number of persons can be appointed. Lets have a further reading to understand the concept of HR Costs.

18.2 OBJECTIVES

After reading this unit, you should be able to;

- understand various approaches to human resource cost and important trends that will affect organisations, employees and job applicants
- realise the importance of human resource cost in current organisational scenario;
- understand the concept of HR costs and its impact of organization and employees

18.3 CONCEPT OF HUMAN RESOURCE COSTS

HR Cost is derived from the general concept of cost. HR costs are costs incurred to acquire or replace people, like other costs. They have expense and asset components, they may be composed of outlay & opportunity costs; and they may have both direct and indirect cost elements. In addition, it is possible to account for standard as well as actual human resource costs. Finally the conventional accounting concepts of acquisitions and replacement cost also have counterparts in human resource accounting. It is the study of behaviour of cost in relation to one or more HR criteria. Controlling manpower costs has now become important for organizations, particularly when there is a need to look for the cost savings to sustain organizational growth and profitability. To enforce control on HR costs, it becomes essential to know about the different Hr Costs.

18.4 HUMAN RESOURCE COSTS

The original cost of human resources refers to the sacrifice that was incurred to acquire and develop people. This notion is identical to the concept of original cost for other assets for e.g. - the original cost of human resource typically indicates costs of recruitment , selection, hiring, placement, orientation and on the job training. Formally defined cost is a sacrifice incurred to obtain some anticipated benefit or service. A cost may be incurred to acquire tangible objects or intangible benefits.

18.5 OBJECTIVES OF HR COSTS

The following are the objectives of HR Costs;

1) Training and Development

The human resources costs help organizations meet training and development objectives. It helps determine the training needs of the company and creates and conducts training programs for employees. HR staff members organize training manuals and determine the most appropriate method of delivering training to meet the needs of the organization.

2) Recruitment

The human resources costs helps organizations meet recruiting objectives. The department screens potential candidates and makes hiring decisions to fill open positions. It also attracts candidates through a variety of recruitment efforts such as job fairs and online job boards. Recruitment staff often visits college campuses to attract students and new graduates into the organization.

3) Employee Relations

Human resources staff members form labor policies and interpret state and federal employment and labor laws. The department ensures the company complies with regulations regarding equal opportunity employment and fair labour standards. The department's staff members help workers understand their rights while also protecting employer interests.

18.6 MEASURING HR COSTS

Several influences have increased the need to monitor HR costs accurately and thoroughly. Every manager should know how much money is spent on human resources. Some HR executives calculate this expenditure and compare it to similar expenditures at other organizations, although such comparisons are often unreliable because of the different bases for cost calculations. Monitoring Costs by program allows the staff to determine how costs are changing. If a program's cost rises, re-evaluating the program's impact and overall success may be appropriate. HR staff may also compare specific components of costs with those of other programs or organizations.

Accurate costs are necessary to predict future costs. Historical Costs for a program serve as a basis for predicting future costs of a similar program or for budgeting for a program. Sophisticated cost models make estimating or predicting costs with reasonable accuracy possible.

Communicating the costs of an HR program without presenting benefits is risky. Unfortunately, many HR managers have fallen into this for years. They present costs to management in all types of ingenious ways (for e.g.-cost of the program or cost per employee.. Organizations have developed a policy of not communicating cost data for a specific HR program unless the monetary benefits can be demonstrated or as strategy is in

place to develop the monetary benefits. guidelines specify what costs are included with an HR program and cost data are collected, analyzed and reported.

18.7 COST ALLOCATION STRATEGIES

Cost allocation can be done in a variety of ways depending on what financial software package an organization is using and what are kinds of things it needs to track.

- **Direct and Indirect Costs:** - Direct costs are clearly related to a specific program. Examples include printing and mailing an annual appeal, a toll free number used by a help line program or any insurance and supplies for a particular event. Indirect Costs are less clear they include things like HR and bookkeeping, office supplies and physical plant expenses which are necessary for the overall operation but may also be used for various programs. These can be fairly stable over time , while direct costs may vary widely depending on changes from year to year.

- **Methods for Allocating Costs :-** Every organization uses a different method for allocating things like physical plant expenses based on how the space is divided and other costs based on the number of staff hours. All costs are allocated as they are incurred for e.g.- the costs of workers compensation, unemployment insurance and employee benefits should be allocated based on staff hours or labor costs but if these hours or costs vary from payroll to payroll. If an organization has made staffing or programmatic changes, existing cost allocation methods should be reviewed.



Check Your Progress- A

Q1. What do you mean by Human Resource Costs?

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Q2. What are the major Objectives of HR Costs?

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Q3. How one can Measure HR Costs?

18.8 TYPES OF HR COSTS

1) Recruitment Costs:-

Recruitment cost is a major cost head for HR. Right from developing job specifications to describing job requirements, it includes costs of recruitment promotion, head hunting evaluation, interviewing, induction and orientation. A well defined job specification minimizes the search for the right fit and consequent costs. If recruitment plans are to meet short term requirements, it may be better to outsource than go in for direct recruitment. There are many specialized manpower agencies, which make people with required skill sets available on contractual terms. Similarly, internal Hiring also needs to be explored with external hiring.

To calculate the total profit of a company it is necessary to factor in recruitment costs, and that is why it becomes essential to calculate the total amount spent while recruiting. Recruitment cost per person is necessary to evaluate hiring effectiveness and individual profit gain for this company. By adopting a few steps it can be calculated.

Those steps include the following;

- The total amount spent on job advertisement and promotion needs to be calculated.
- If the recruitment is through referrals or recruitment agencies, the amount spent for that purpose must be calculated.
- Expenditures on logistical supports during recruitment interview or relocation expenses need to be determined and included.
- Interview panel and recruiter costs need to be calculated.
- All of these and other expenses need to be aggregated to calculate the total recruitment budget, overruns or surpluses.

The amount spent per recruitment, i.e., recruitment cost per person, can be determined by dividing the total disbursements by the number of personnel hired.

Calculation of Recruitment costs:

Step 1: Estimate your total number of hires

Get an idea of how many people you need to hire by talking to hiring managers. Organize meetings to talk to them about previous hiring budgets, projected hiring needs, upcoming objectives and team-wide skill gaps. Based on your planning and estimated turnover, you can calculate the total number of new hires. For example, imagine you employ 400 people and plan to hire 100 more. Without any turnover, you would have 500 employees by the end of the year. If you estimate that 10% of your employees are likely to leave, then you'd need to fill 50 more positions to get to 500 total employees by year's end. So, you would have to hire 150 people: 50 to replace current employees and 100 to fill new roles.

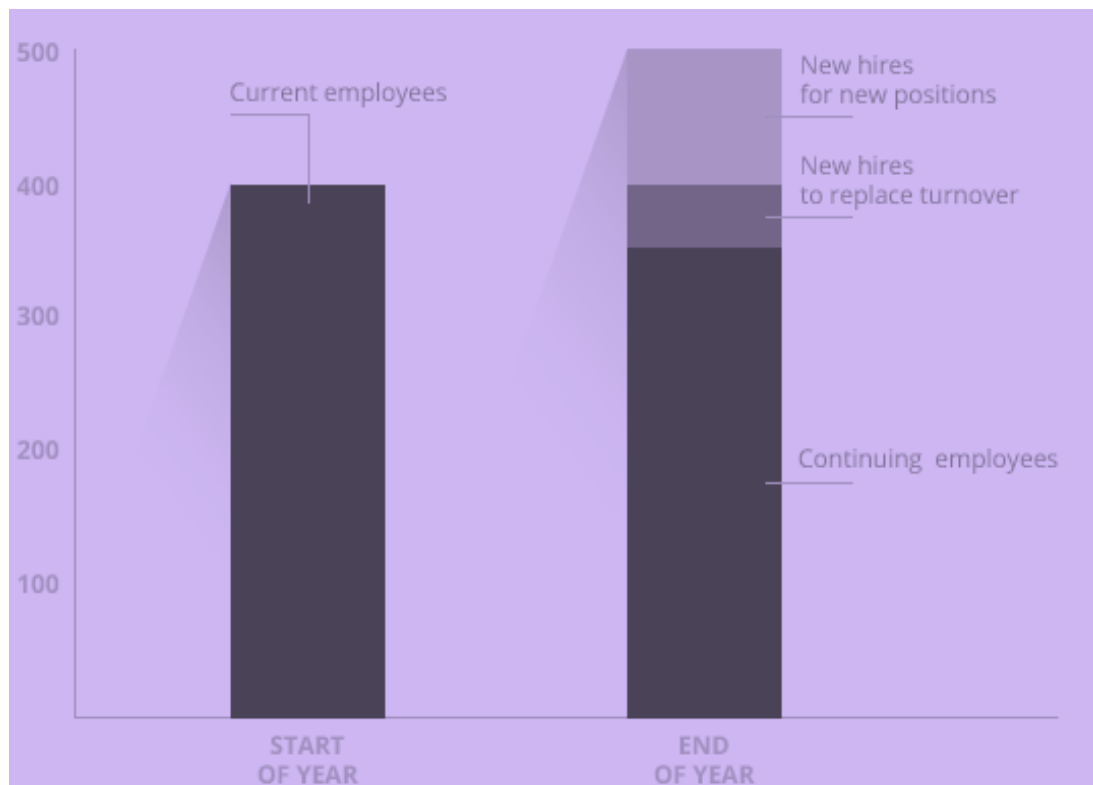


Fig 18.1 Calculation of Recruitment costs

Source: <https://resources.workable.com/tutorial/recruitment-costs-budget>

Step 2: Estimate your basic recruitment costs

Basic recruiting costs can include:

- Job boards. Analyze previous expenses on job boards to draw useful conclusions. How much did you spend on Indeed, LinkedIn or niche job boards?
- Recruiters' salaries. These costs refer to any in-house recruiters. Add the total cost of their salaries to your budget. As a rule of thumb, you need one in-house recruiter for every 50 hires planned in a year. External recruiters can be a better choice for harder-to-fill and executive positions. External recruiters usually charge about 20 percent of a base salary on a

contingency basis. Plan to use a retained search for executive hires, which can cost up to 40 percent of a hire's base salary.

- Employer branding. This includes all funds you need to establish an employer brand, from attending events (separate from recruiting events) to creating material (e.g. company videos, social media). Track how many quality candidates you meet at each recruiting event, so you can plan to attend the most effective events in the future.

Step 3: Estimate your fixed costs

This category can include:

- Partnerships with universities and institutions. Think of the candidates you sourced from graduate career fairs or campus recruitment events in previous years. How many of them were actually hired? Use this information to calculate how much to budget for partnerships with universities and institutions.
- External recruiting agencies. Many companies rely on external recruiters to do their hiring. Add agency fees to your budget, if this applies to you.
- Recruiting events. Calculate fees, tickets and accommodations for events you're interested in attending. If you're not sure, draw on previous event-spending budgets as a guide.

Step 4: Estimate your recruiting technology costs

Factor software fees for recruiting tools (monthly or annually) into your recruitment budget plan. Consider, for example:

- Video interviewing tools like HireVue and Spark Hire.
- Coding assessment tools like Codility and Hacker Rank.
- Blind hiring software like Gap Jumpers..
- Applicant Tracking Systems (ATS) like Workable.

Step 5: Estimate your recruitment costs to improve hiring

- Add steps to your recruitment and hiring processes. For example, you could use pre-employment testing to screen candidates before interviewing them. Testing fees are usually tied to how many candidates take your tests.
- Implement an employee referral program. Multiply any incentives and bonuses in your employee referral program by the number of hires you expect to come from employee referrals. Historical data will come in handy to determine this number. Also, include any costs to promote and brand your referral program.

Step 6: Estimate your miscellaneous costs

Consider how far your recruiting budget will go. Will you budget a mobile careers page redesign to attract new candidates? Are you willing to fly in candidates for interviews? Will

you cover relocation expenses for new hires? It's best to discuss this with your team early so you can budget properly.

Step 7: Calculate cost-per-hire

Cost-per-hire metrics can help you evaluate and track your budget. You can calculate your cost per hire estimate with this formula:

$$CPH = \frac{(Internal\ Recruiting\ Costs + External\ Recruiting\ Costs)}{Total\ number\ of\ hires}$$

Internal costs are funds you spend on internal recruiting efforts (e.g. referral programs and recruiters' salaries). External costs cover all external recruiting efforts (e.g. job ad postings and recruiting agency fees).

How to interpret your estimated cost-per-hire

“Cost-per-hire depends on company size and number of hires. Larger companies making a lot of hires can keep the cost lower than smaller companies.

– Lacey Brandt, Workable CFO

The more people you hire, the lower your cost-per-hire will be. This is because some fixed costs can be spread out over a larger number of hires.

Keep in mind that your cost for each hire will vary. Some roles are harder to fill, so they can be more expensive. So, it's best to use your average cost-per-hire calculation for general planning purposes, instead of as a guideline for each hire's cost.

2. Remuneration costs

Remuneration costs include basic pay, dearness allowance, city compensatory allowance, house rent allowance, conveyance allowance etc. These are called as paid remuneration costs but organizations also require to cater for deferred benefits to employees. Statutory payments to employees are also counted in this head like contribution to provident fund, pension fund, medical benefits, payment for holidays, sickness, bonus etc. For the welfare of organizations some of them give various fringe benefits to their employees. Remuneration methods

Labour costs can arise from:

- Basic wage or salary
- Overtime premiums
- Bonuses

- Holiday pay
- Sick Pay
- Payroll taxes

Many countries pay wages and salaries under a 'pay as you earn scheme' which means that the employer deducts the employees' income tax from the gross wage and pays that over directly to the tax authority. Only the net amount after tax is then paid to the employee.

There are two basic methods of labour remuneration:

a) Time Rate System; and (b) Piece Rate System

Under the time rate system, the wages to workers are paid according to the time for which they work actually. Payment may be done on hourly basis, daily basis or monthly basis. In this system, no consideration is given to the quantity or quality of work done. When payment is made on hourly basis, total wages payable are calculated as follows:

Wages = No. of hours worked x Rate per hour

Wages under this system are paid according to the quantity of work done. A rate is fixed per unit of production and wages are calculated by the following formula:

Wages = Rate per unit x No. of units produced.

Incentive Plans both time rate system and piece rate system have their merits and demerits. Incentive plans attempt to combine the good points of both the systems. The primary purpose of an incentive plan is to induce a worker to produce more to earn a higher wage. Naturally, producing more in the same period of time should result in higher pay for the worker. Because of greater number of units produced, it should also result in lower cost per unit for fixed factory cost and also for labor cost.

Various Incentive Plans Following is the list of many incentive plans being practiced by various organizations. (i) Straight Piece Rate Method (ii) Flat Time Rate Method (iii) Co-partnership (iv) Guaranteed Day Work (v) Taylor Differential Piece Rate Method (vi) Different Time Rates (vii) Rowan Premium Bonus Plan (Variable Sharing Plan) (viii) Halsey Premium Bonus Plan (Halsey Plan and Halsey-Weir Plan) (ix) Group Incentive Schemes (x) Standard Hour Plan (xi) Merrick Multiple Piece Rate (xii) Gantt Task Bonus Wage System (xiii) Bedaux Point System (xiv) Emerson Plan (xv) Barth Premium System (xvi) Accelerating Premium Bonus

We will discuss some of the above mentioned incentive plans in detail.

1) Straight Piece Rate Method : The rewards of employees based on their output. A fixed rate of wage is paid for each unit produced, or number of operations completed or job completed. The wages payable is calculated by multiplying the number of pieces produced by the wage rate. There is generally a guaranteed hourly rate for workers who are unable to attain the standard in order to pay the minimum 'day wages'.

2) Flat Time Rate Method: This method is used for paying remuneration to employees based on their attendance. A fixed rate of wage is paid hourly, or daily or weekly on the basis of time spent on the shop floor (i.e. production department) in production. The wages payable is calculated by multiplying the hours/days spent in production by the hourly/daily wage rate.

3) Halsey Premium Bonus Plan (Halsey Plan and Halsey-Weir Plan):. It is a simple combination of time and piece rate systems. A worker is paid a guaranteed base rate and is rewarded when his performance exceeds standard. A standard time is established in respect of each job or unit. Bonus is paid on the basis of 50% of time saved.

As a result of increased productivity, conversion cost per unit falls. This is because fixed overhead gets distributed over larger volume of output. Thus, the firm finds it possible to reward workers directly in proportion to production. In the case of Halsey Weir plan, the percentage used is 30 instead of 50.

4) Rowan Premium Bonus Plan (Variable Sharing plan): A standard time is established in respect of each job or process. There is a guaranteed base rate. A bonus is paid on the basis of time saved computed as a proportion of the time taken which the time saved bears to the standard time. The total wages payable is calculated as under: = (hourly rate x time taken) + (time saved x time taken) x hourly rate time allowed

5) Taylor Differential Piece Rate Method: This system was introduced by F. W. Taylor, the father of Scientific Management. The main features of this incentive plan are as follows: a. Day wages are not guaranteed, i.e. it does not assure any minimum amount of wages to workers. b. A standard time for each job is set very carefully after time and motion studies. c. Two piece rates are set for each job- the lower rate and the higher rate. The lower piece rate is payable where a worker takes a longer time than the standard time to complete the work. Higher rate is payable when a worker completes the work within the standard time. In other words, lower piece rate is payable to inefficient workers and higher piece rate is payable to efficient workers. It will be seen that there is a great difference between the wages of an efficient and an inefficient worker.

3. Training Costs

The direct costs of training may include: the fee of training provider, The cost of training materials, if they are not included in the course fee travel and accommodation costs for participants.

The direct costs of training may include:

- the training provider's fee
- the cost of training materials, if they are not included in the course fee
- travel and accommodation costs for participants
- training materials.

The indirect costs of training may include:

- participants' wages, including all on-costs (e.g. tax, superannuation and workers' compensation)
- the cost of temporarily replacing staff, or the cost of productivity loss while they are being trained
- the cost of management time spent setting up the required training
- any administrative costs and utilities related to the training activity.

The cost of training will depend on the type of training you offer. Consider the benefits of different training options, rather than choosing the least expensive. For example, external training is likely to be more expensive initially, but it may offer greater long-term rewards, such as improved productivity and staff retention.

When conducting training, it's important to know how much it is going to cost you and most organisations will have this information readily available. However, when carrying out an evaluation it's important to consider all training costs, including indirect, for example, participants' time. This will ensure you have an accurate and credible view of the potential benefits of the programme in comparison to its cost.

.When calculating it is obviously important that you use accurate, reliable, and realistic figures so that any resulting costs are seen as credible. The key costs are:

- Planning costs

This covers any work selecting the training programme, such as a training needs assessment or stakeholder analysis. This will include any staff time spent on conducting an assessment or external consultant fees.

- Programme development and design costs

This includes any time spent researching or designing the programme, the purchase of the training programme or supplies, or the use of consultants.

- Delivery costs

Any external instructor or facilitator costs would be included here. However, if an employee ran the training, make sure you calculate their time, including travel and subsistence. You also need to include the cost of training facilities and refreshments or supplies.

The time employees spend out of work completing the training and any pre- or post-coursework should also be included.

- Evaluation costs

This would cover the fees of any external evaluators or the time internal staff spent evaluating the training. Include the cost of any evaluation materials, analysis or data collection tools, and the distribution of any reports.

If staff require any training to be able to complete an evaluation, then ensure to include costs such as time and course fees.

Costs like training needs assessment, programme development and design, and acquisition should be pro-rated and divided across the expected shelf-life of the programme, not attributed fully to the ROI calculation.

Once you have calculated the cost, you need to compare this to the benefit. Looking at business impact measures will calculate the monetary benefit of the programme. Some, such as increased turnover, may be readily available in a monetary format, while others will require conversion. For example, a complaint may have an estimated cost of 5,000 to the organisation, and if there have been a reduction of 70 complaints in the year following the training (after isolation), the total benefit from the intervention = 5,000 x 70 = 350,000.

What happens if you are unsure of how much a complaint costs the company? This figure can be calculated a number of ways. Consider any direct costs, for example, gift vouchers that are sent to the person who made a complaint. Also consider staff time to deal with the complaint. Now look what the cost will be to repeat business and add all the costs together. If there is no credible data available about the cost of each unit, it's best not to convert this measure to a monetary value.

Once the total benefit has been calculated, this is then compared to the cost of the programme. This is usually done through a ROI calculation:

$$\text{ROI} = (\text{net programme benefits} / \text{total programme costs}) \times 100\%$$

The total ROI figure represents what the return is over and above the costs of the programme. For example, a return of 25 per cent means that the costs have been recovered and an additional 25 per cent of the cost gained.

Alternatively, you could consider assessing the payback period of the intervention:

$$\text{Payback period} = \text{total programme costs} / \text{annual savings.}$$

4. Relocation costs.

Many organizations have their policy on periodic relocation of employees as part of their restructuring exercise. This is more appropriate for those who have their units in multiple locations. Such decisions from organization point of view involve costs related to disturbance allowance, costs of litigation, cost of housing, cost of travel etc.

5. Separation costs.

Relocation also induces separation. There may be other reasons for separation, which may be either for organizational initiative or for individual employees' reasons. Since separation requires replacement, immediate cost effect is on loss of production, immediate liquidation of

fringe benefits, savings of the organization are also needed to be considered for computing actual costs.

6. Support Costs

Some of the employee support services are statutory while others are offered voluntarily by the organizations. For the computation of support costs it is necessary to distribute these under two heads. Medical welfare, canteens, safety, security, insurance, death benefits, parking space costs are some of the statutory costs for employee support services. House journals, club membership, music at workplace are some of the examples of voluntarily support service for employees.

7. Personnel Overhead costs

Personnel overhead costs spread over personnel record keeping; costs for maintaining Human resources information systems, cost of personnel decisions, and overall costs for maintaining personnel department.

18.9 CONTROLLING HR COSTS

Managing the HR cost associated with operating a business can be significant. From the rising cost of healthcare to basic HR administration costs, companies are facing a significant price tag to attract and retain top talent. However, strategic planning can help minimize HR costs and allow companies to reinvest in other areas of their business. While many human resource managers recognize health insurance as the primary driver of rising costs under their purview.

Invest in Hiring and Retention

HR expenses relates to talent: sourcing, recruiting, and retention. If we invest in hiring the right people, recruitment costs go down over time and having new hires that are the right long-term fit with positions can reduce recruiting costs . Focus on this area can be increased by building more diverse sourcing programs, incorporating background screens for better candidate fit, and using technology to help assess the best individual for the job. In addition, investing in employee retention initiatives and programs may ensure that once you've hired the right people, they are less likely to leave for other opportunities. As we know Recruiting and training new talent is expensive but we have to focus on getting it right and keeping your existing team happy.

Evaluate Your Benefits

Healthcare costs and other benefits are building the different benefits for HR. As the companies grow and the cost of benefits increases, it's smart to evaluate whether you're spending company funds in the best way possible.

Streamline HR Services with Technology

Investing in HR software can help manage costs. For example, applicant tracking systems can streamline the recruiting process, use automated questionnaires to screen individual applicants, and automate candidate communications. Tools such as time and attendance, employee self-service portals, and management reporting portals can eliminate unnecessary staff time spent on administrative tasks and free up your HR team to focus on high-value activities.

Outsource Strategically

Administering the complex human resources programs can become expensive. Consider the time and effort required to oversee an open enrolment period or to comply with the reporting related to managing a retirement plan. Many companies are cutting costs by outsourcing administration of their routine programs. One option many small businesses explore is joining a Professional Employer Organization (PEO). A PEO is organizations that can help companies outsource HR, provide access to and administration of benefits, and often expand the benefits offered to employees.

18.10 SUMMARY

To enforce control over HR Costs, it is necessary to develop worksheets on each cost element. This requires grouping of activities under different cost heads and then identifying the individual cost elements under each head. Decisions on cost control head need to be weighed in terms of lost opportunity for employee motivation and consequent loss of productivity. For understanding the trend of HR costs ratio analysis can be done from the data collected in the spreadsheet which facilitates the regular monitoring and operational count.



18.11 GLOSSARY

HR Cost is derived from the general concept of cost. HR costs are costs incurred to acquire or replace people, like other costs. They have expense and asset components, they may be composed of outlay & opportunity costs; and they may have both direct and indirect cost elements.

Recruitment cost is a major cost head for HR. Right from developing job specifications to describing job requirements, it includes costs of recruitment promotion, head hunting evaluation, interviewing, induction and orientation.

Remuneration costs include basic pay , dearness allowance, city compensatory allowance, house rent allowance , conveyance allowance etc. These are called as paid remuneration costs but organizations also require to cater for deferred benefits to employees.

Flat Time Rate Method: This method is used for paying remuneration to employees based on their attendance. A fixed rate of wage is paid hourly, or daily or weekly on the basis of time spent on the shop floor (i.e. production department) in production.

Professional Employer Organization (PEO)- A PEO is organizations that can help companies outsource HR, provide access to and administration of benefits, and often expand the benefits offered to employees.



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18.14 TERMINAL QUESTIONS

Q1. You are the HR manager of your company. What are the suggestions you would prefer for controlling HR costs of your company.

Q2. Since HR costs control may require curtailment of benefits, as a HR manager do you think this strategy is de motivating the employees?

UNIT 19 HUMAN RESOURCE ACCOUNTING AND COST

19.1 Introduction

19.2 Objectives

19.3 Concept of Human Resource Accounting

19.4 Meaning and definition of Human Resource Accounting

19.5 Importance of Human Resource Accounting

19.6 Objectives of HR Accounting

19.7 Methods of HR Accounting

19.8 HRA for managers and HR Professionals

19.9 Challenges to organizations and HR Professionals

19.10 Cost of Human Resources

19.11 Valuation of Human Assets

19.12 Summary

19.13 Glossary

19.14 Reference/ Bibliography

19.15 Suggested Readings

19.16 Terminal & Model Questions

19.1 INTRODUCTION

Human Resource Accounting (HRA) is a new branch of accounting. It is based on the traditional concept that all expenditure of human capital formation is treated as a charge against the revenue of the period as it does not create any physical asset. But now a day this concept has changed and the cost incurred on any asset (as human resources) should be capitalised as it yields benefits measurable in monetary terms.

19.2 OBJECTIVES

After reading this unit, you should be able to:

- Understand various approaches to human resource cost and important trends that will affect organisations, employees and job applicants;
- realise the importance of human resource cost and accounting in current organisational scenario;
- understand the concept of HR costs and accounting and its impact on organization and employees.

19.3 CONCEPT OF HUMAN RESOURCE ACCOUNTING

Human Resource Accounting means accounting for people as the organisational resources. It is the measurement of the cost and value of people to organisations. It involves measuring costs incurred by private firms and public sectors to recruit, select, hire, train and develop employees and judge their economic value to the organisation.

HRA serves the following purposes in an organisation:

- It furnishes cost/value information for making management decisions about acquiring, allocating, developing, and maintaining human resources in order to attain cost effectiveness;
- It allows management personnel to monitor effectively the use of human resources;
- It provides a sound and effective basis of human asset control that is whether the asset is appreciated, depleted or conserved;
- It helps in the development of management principles by classifying the financial consequences of various practices.

19.4 MEANING AND DEFINITION OF HUMAN RESOURCE ACCOUNTING

Human Resource Accounting is an attempt to identify and report investments made in the human resources of an organisation that are not presently accounted for under conventional accounting practice. Basically, it is an information system that tells the management what changes over time are occurring to the human resources of the business, and of the cost and value of the human factor in the organisation. The system may serve both the internal and external users, providing management with relevant data on the base of recruiting, training and other development decisions and supplying investors, lenders and other external users of financial statement with information concerning the investment in and utilisation of human resources in the organisation. Accounting is a man-made art and its principles and procedures

have been evolved over a long period to aid business in reporting for the management and public. Of the four factors of production, viz., man, money, material and land, the last three of them are amenable to conventional accounting, but the first one, i.e., the human resource has not been subject to such accounting. Over the last two decades the idea of accounting for human resources is gaining active consideration. Much of the work on accounting for human resources focused primarily on development or validation of HRA concepts. The traditional practice of treating all expenditure on human capital formation as an immediate charge against income is not consistent with the treatment accorded to comparable outlays in physical capital. The American Accounting Association strongly criticised the practice of assigning a Zero value to an asset and stated that 'Costs should be capitalised when they are incurred in order to yield future benefits and when such benefits can be measured.' Management of any concern continuously strives hard for obtaining maximum efficiency. In order to measure the effectiveness of any firm the normal method is to examine financial statements. These statements include balance sheets in which physical assets such as cash accounts receivables, inventory and plant are recorded. These statements normally do not mention the productive capacity of the workers or goodwill of the company. HRA is the art of valuing, recording and presenting systematically the work of human resources in the books of accounts of an organisation. Thus, it is primarily an information system, which informs the management about the changes that are taking place in the human resource of an organisation. Management of any concern continuously strives hard for obtaining maximum efficiency. In order to measure the effectiveness of any firm the most common method is to examine financial statements of any organisation. Thus, human resources accounting may be defined as,

“a process of accounting which identifies, quantifies and measures human resources for the use of management to cope up with the changes in its quantum and quality so that equilibrium could be achieved in between the required resources and the provided human resources”

In short, human resource accounting is the art of valuing, recording and presenting systematically the worth of human resources in the books of account of an organization which states the following points:-

1. Valuation of human resources.
2. Recording the valuation in the books of account.
3. Disclosure of the information in the financial statements of the business.

Definitions

1. The American Accounting Society Committee on Human Resource Accounting defines it as follows:

“Human Resource Accounting is the process of identifying and measuring data about human resources and communicating this information to interested parties.” In simple terms, it is an

extension of the accounting principles of matching costs and revenues and of organizing data to communicate relevant information in financial terms.

2. Mr. Woodruff Jr. Vice President of R. G. Batty Corporation defines it as follows:

“Human Resource Accounting is an attempt to identify and report investments made in human resources of an organization that are presently not accounted for in conventional accounting practice. Basically it is an information system that tells the management what changes over time are occurring to the human resources of the business.”

3. M.N. Baker defines Human Resource Accounting as follows:

"Human resource accounting is the term applied by the accountancy profession to quantify the cost and value of employees to their employing organization".

19.5 IMPORTANCE OF HUMAN RESOURCE ACCOUNTING

Human Resource Accounting provides useful information to the management, financial analysts and employees as stated below:

1. HR accounting helps the management in the Employment of HR'S, locating and utilization of HR'S.
2. It decides the transfers, promotion, training and retrenchment of human resources.
3. It provides a basis for planning of physical assets also.
4. It assists evaluation of the expenditure incurred for imparting education and training to employees in terms of the benefits derived by the firm.
5. It helps to identify the causes of high labour turnover at various levels and taking preventive measures to contain it.
6. It helps in locating the real cause for low return on investment, like improper or under-utilization of physical assets or human resource or both.
7. It helps in understanding and assessing the inner strength of an organization and helps the management to steer the company well through most adverse and unfavourable circumstances.
8. It provides valuable information for persons interested in making long term investment in the firm.
9. It helps employees in improving their performance and bargaining power. It makes each of them to understand his contribution towards the betterment of the firm vis-à-vis the expenditure incurred by the firm on him.

19.6 OBJECTIVES OF HUMAN RESOURCES ACCOUNTING

The objective of HRA is to depict the potential of HR in monetary terms, while casting the organization's financial statements. The concept can be examined from two dimensions: (i) the investment in HR and (ii) the value of HR. The expenditure incurred for recruiting, staffing and training and developing the HR quality is the investment in HR. The results of such investments are increased productivity and profit to the organization. The yield that the investment generates is considered as the basis for HR value.

The main objectives of HRA are to

- Improve management by analyzing investment in HR
- Consider people as its asset
- Attract and retain qualified people
- Profile the organisation in financial terms

The main objective of human resource accounting is to facilitate the management to get information on the cost and value of human resources. Human resources accounting focus on the quantum of human resources and indicates the right control of conservation, depletion and appreciation of it in the right perspective. It provides data to the interested persons about the cost of human resources and correspondingly comparing it with the benefit obtained out of its utilization.

The objective of HRA is not merely the recognition of the value of all resources used by the organization, but also includes the management of human resource which will enhance the quantity and quality of goods and services. The basic objective of HRA is to facilitate the efficiency of human resource. It is basically adopted to treat human resources as assets, to generate human data about human resources, to assign value to human resources and to present human assets in the balance sheet.

The main objectives of HR Accounting system are as follows:

1. To furnish cost value information for making proper and effective management decisions about acquiring, allocating, developing and maintaining human resources in order to achieve cost effective organizational objectives.
2. To monitor effectively the use of human resources by the management.
3. To have an analysis of the human asset i.e., whether such assets are conserved, depleted or appreciated.
4. To aid in the development of management principles, and proper decision making for the future by classifying financial consequences, of various practices.
5. In all, it facilitates valuation of human resources, recording the valuation in the books of account and disclosure of the information in the financial statement.

6. Further, it is to help the organization in decision making in the following areas:

- a) Direct Recruitment Vs promotion.
- b) Transfer Vs. Retention.
- c) Retrenchment vs. Retention
- d) Impact on budgetary controls of human relations and organizational behaviour.
- e) Decision on reallocation of plants, closing down existing units and developing overseas subsidiaries etc.

19.7 METHODS OF HR ACCOUNTING

There are several methods of HR valuation and accounting and these are broadly divided into two categories:

- **Cost Based Models**
 - Capitalisation of Historical Costs Model
 - Replacement Costs Model
 - Opportunity Cost Model

- **Value Based Models**
 - Present Value of Future Earnings Model/ Lev and Schwartz Model
 - Reward Valuation Model/ Flamholtz Model
 - Valuation on Group Basis.

A. **COST BASED MODELS**

a). Capitalisation of Historical Costs

As per this Method of HR Accounting, the sum of all costs related to Human Resources

(i.e. Recruitment, Acquisition, Formal Training, Informal Training, Informal Familiarisation, experience and development) is taken together to represent the value of the human resources.

The amortised annually over the expected length of the service of individual employees and the unamortised cost is shown as Investments in the Human Assets. Thus a proper recording of the expenditure made on hiring, selecting, training and developing the employees is maintained and a proportion of it is written off to the income of the next few years during which human resources will provide service. If the human assets are liquidated prematurely the whole of the amount not written off is charged to the income of the year in which such liquidation takes place. If the useful life is recognised to be longer than originally expected, revisions are effected in the amortisation schedule. The historical cost of human resources is very similar to the book value of the other physical assets. When an employee is recruited by a firm, he is employed with the obvious expectation that the returns from him will far exceed the cost involved in selecting, developing and training in the same manner as the value of

fixed assets is increased by making additions to them that additional costs incurred in training and developing are also capitalised and are amortised over the remaining life. The unexpired value is investment in human assets. If an employee leaves the firm (i.e. Human Assets expire) before the expected service life period, then the net value to that extent is charged to the Current Revenue.

Limitations

1. As the historical costs are known as sunk costs also and are irrelevant for decision making, this model was severely criticised as it failed to provide a reasonable value to the human resources.
2. This method of HR Accounting capitalises only the Training and Development Costs incurred on the employees and ignores the future expected costs to be incurred for their maintenance.
3. Acc. to this model of HR Accounting the value of the highly skilled human resources is distorted and employees require less training and they are valued at a lesser cost.

b) Replacement Costs

The Historical Cost Method was highly criticised as it only takes into account the Sunk Costs which is irrelevant for decision making. Thus, a new model for Human Resource Accounting was conceptualised which took into the account, the costs that would be incurred to replace its existing human resources by an identical one.

1. Individual Replacement Costs – This refers to the cost in which an individual is replaced by a substitute who can provide the same set of services as that of the individual being replaced
2. Positional Replacement Costs – which refers to the cost of replacing the set of services referred by an incumbent in a defined position

Thus, the Positional Replacement Cost takes into account the position in the organisation currently held by the employee and also the future positions expected to be held by him.

Limitations

As per this method of HR Accounting, the determination of replacement cost of an employee is highly subjective and often impossible. Particularly at the management cadre, finding out an exact replacement is very difficult. The exit of a top management person may substantially change the human assets value.

c) Opportunity Cost Model

This model was advocated by Hekimian and Jones in the year 1967 and is also known as the Market Value Method.

This Model is based on the concept of opportunity cost i.e. the value of an employee in its alternative best use, as a basis of estimating the value of human resources.

The opportunity cost value may be established by competitive bidding within the firm, so that in effect, managers bid for any scarce employee. A human asset therefore, will have a value only if it is a scarce resource, that is, when its employment in one division denies it to another division.

Limitations

One of the serious limitations of this method for Human Resource Accounting is that it excludes employees of the type which can be hired readily from outside the firm. Thus, this approach seems to be concerned with only one section of a firm's human resources, having special skills within the firm or in the labour market.

B. ECONOMIC VALUE MODELS

a) Present Value of Future Earnings Model

This Model of human resource accounting was developed by Lev and Schwartz in the year 1971 and determines the value of human resources as per the present value of estimated future earnings discounted by the rate of return on Investment (Cost of Capital).

Limitations

1. It ignores the possibility and probability that a Individual may leave an organisation for reasons other than Death or Retirement.
2. It also ignores the probability that people may make role changes during their careers. For example, an Assistant Engineer will not remain in the same position throughout the expected service life in the Organisation.

Despite the above limitations, this model is the most commonly used model across the Globe for the purpose of Human Resource Accounting.

b) Reward Valuation Model/ Flamholtz Model

Flamholtz advocated that an Individual's Value to an organisation is determined by the services he is expected to render. This model of Human Resource Accounting is an improvement to the "Present Value of Future Earnings Model" as it takes into account the probability of moving from one organisational role and service states by an individual at a regular time interval. The movement of employees, from one role to another, within the organization, is stochastic process that is linked to rewards. Under this approach, the human resource value is considered equal to the total of present value of future rewards, adjusted with the probability of mobility and separation of each employee. The present value may be determined on the basis of expected services in each service level or state that the employee may occupy during the service tenure with the organization. The formula for calculation is:

$$V_r = I(t) / (I + R) t - r$$

V_r = The value of an individual r years old

$I(t)$ = The individual's annual earnings upto the retirement

t = retirement age

R = a discount rate

Limitations

1. The major drawback of this model of Human Resource Accounting is that it is difficult to estimate the probabilities of likely service states of each employee.
2. Determining the monetary equivalent of service states is also very difficult and costly affair.
3. Since the analysis is restricted to Individuals, it ignores the value added element of individuals working as groups.

c) Valuation on Group Basis

While applying the above models, the Accountants realised that proper Valuation as per Human Resources Accounting is not possible unless the contributions of the Individuals as a Group are taken into consideration.

An Individual's expected service tenure in the organisation is difficult to predict but on a group basis it is relatively easier to estimate the percentage of people in a group likely to leave the organisation in the future. This model of Human Resource Accounting attempted to calculate the present value of all existing employees. Such Present Value is ascertained with the help of the following steps:

1. Ascertain the number of employees in each rank
2. Estimate the probability that an employee will be in his rank within the organisation or will be terminated in the next period. This probability will be estimated for a specified time period.
3. Ascertain the economic value of an employee in a specified rank during each time period.
4. The present value of existing employees in each rank is obtained by multiplying the above three factors and applying an appropriate discount rate.

Limitations

Although this process simplifies the process valuation of Human Resource Accounting by considering a group of employees as a valuation base, but this method ignores the exceptional qualities of certain skilled employees. Thus, the performance of a group may be seriously affected in the event of exit of a single individual.

19.8 HRA FOR MANAGERS & HR PROFESSIONALS

HR Professionals perform a wide variety of functional roles. A functional role is a specific set of tasks and expected output for a particular job. The HR executive/manager has primary responsibility for all HR activities and must integrate the HRD programs with the goals and strategies of the organization, and normally assumes a leadership role in the executive development program. The outputs of this role include long-range plans and strategies, policies, and budget allocation schedules.

One of the important tasks of the HR executive is to promote the value of HRD as means of ensuring that organizational members have the competencies to meet current and future job demands. If senior managers do not understand the value of HRD, it will be difficult for the HRD executive to get their commitment to HRD efforts and to justify the expenditure of funds during tough times. Historically during financial difficulties, HRD programs and HRM has been a major target of cost-cutting efforts. Unless the HR executive establishes a clear relationship between HRD expenditures and organizational effectiveness (including profits), HRD programs will not receive the support they need.

The role of the HR executive has become more important and visible as organization make the necessary transition to a global economy. The immediate challenge to HR executives is to redefine a new role for HRD during this period of unprecedented change.

19.9 CHALLENGES TO ORGANIZATIONS AND HR PROFESSIONALS

Many Challenges have been seen in a revolution through internet and it has two primary factors that make for a new competitive landscape for a number of actions that organizations can take to address the uncertainty and turbulence in the external environments. These actions include developing employee's skills, effectively using new technology, developing new organizational structures and building cultures that fosters learning and innovation. These obviously have a great deal to do with human resource development. We will add to and build upon that list to present five challenges currently facing the field of HRD. These challenges include:

1. Changing workforce demographics
2. Competing in a global economy
3. Eliminating the skills gap
4. Meeting the need for lifelong individual learning
5. Facilitating organizational learning.

Each of these challenges has potential impact on HRD.

Though HRA has had its inception in the 1960s, it is an evolving concept, which is still at nascent stage. Nonetheless, its relevance to organizations is immensely gaining ground. Armed with various measures and figures, managers and firms can focus on decisions regarding investments in areas of intellectual capital that will have the greatest payoff for the firm. Internally and externally, HRA would provide information to investors and other staff, of the value of human resources, the returns on investments in training and development and also the link between HR interventions and financial results.



Check Your Progress- A

Q1. What do you mean by Human Resource Accounting?

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Q2. Give few definitions of Human Resource Accounting.

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Q3. Discuss the importance of Human Resource Accounting.

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Q4. What are the Objectives of HR Accounting?

Q5. What are the Methods of HR Accounting?

19. 10 COST OF HUMAN RESOURCES

Human resource is an asset and any expenditure incurred in the acquisition and accumulation of human resources will be treated as an investment. Cost of human resources represents sacrifice that will have to be incurred in present to acquire and develop people in future. The cost of human resource otherwise called Historical cost of human resources is the investment in human resources which has both Revenue (expense) and Capital (asset) components. This cost may be classified as follows:

1. Acquisition Cost
2. Training (Development) Cost
3. Welfare Cost and
4. Other Costs

Acquisition cost comprised the following costs:-

- (i) Recruitment Cost
- (ii) Selection Cost
- (iii) Placement Cost
- (iv) Campus Interview Cost

Training (Development) cost includes the following:-

- (i) Formal Training Cost
- (ii) On the Job Training Cost

- (iii) Special Training
- (iv) Development Programmes

Welfare Cost includes the following:-

- (i) Medical Expenditure
- (ii) Canteen Expenditure
- (iii) Specific and General Allowances
- (iv) Children Welfare Expenses
- (v) Other Welfare Expenditure

Other Costs include the following:-

- (i) Safety Expenditure
- (ii) Ex-gratia
- (iii) Multi-trade incentives
- (iv) Rewarding Suggestions

I. Acquisition Cost

The costs incurred in acquiring the right man for the right job at the right time and in right quantity. It includes the expenses incurred on recruitment, selection; entire cost is taken into consideration including those who are not selected.

- a) Recruitment cost: The cost incurred to identify sources of human resources both from within and outside the organization. For example, cost of recruiting materials, administrative expenses, advertising costs, agency fees, recruiter's salary and travel and outstation costs.
- b) Selection cost: It depends on several factors such as the type of personnel being recruited and the method of recruitment. The cost of selection depends on the position for which a person is being selected. The higher the position, the greater is the selection cost. It includes cost of application blanks, administrative cost of processing applications, conducting tests, interview, medical examination and the Salaries, materials and consulting fees of the selectors.
- c) Placement cost: In deciding upon the placement, the individual's ability, attitude, interest, temperament and aspirations are taken into consideration with reference to the job requirements. The cost of placement can be collected for the purpose of human resource accounting.

2. Training and Development Cost:

It refers to cost that is made to train a person for providing the expected level of performance and enriching the individual's skill. Training improves the productivity potential of both the individual and the organization. The training cost includes the following:

- a) Formal training cost: It refers to the cost incurred in conventional training for the orientation of an individual so that he can operate the work. The remuneration to the training staff and the fixed cost of the training schools are essentially Human Resource Investment items.
- b) On the job training cost: Once the employee is placed on the job, he must be trained to do the job efficiently and effectively and in this regard the employee learns while he is on his job.
- c) Special training cost: To achieve the performance standards sometimes specific training programmes are organised. Such training gets a distinct human resource to the organization. The costs of such training are called special training costs
- d) Development programmes cost: Employees may be allowed to participate in a variety of development programmes to enrich their faculties. These programmes may range from ordinary lectures to international conferences and seminars. The participants have an opportunity to interact with other executives on national and international level. Such association involves cost such as delegate fees, the travel cost, loss of output during the development programme etc. which are to be accounted for as a human resource investment.

3. Welfare Cost:

Management is after all creation and maintenance of an environment. Therefore, it is a vital function of an employer to provide an atmosphere to the employees to perform their work in healthy, congenial climate conducive to good health and high morale. The expenses incurred for this purpose will facilitate the employee to increase the quality of his civic life. These welfare costs can be classified as follows:

- i) Welfare and amenities within the organization: Crèches, rest shelters and canteens, latrines and urinals, washing and bathing facilities, drinking water and occupational safety etc. are the welfare facilities provided by the employer within the organization.
- ii) Welfare outside the organization: Social insurance measures, maternity benefit, medical facilities, education facilities, housing, recreational facilities, holiday homes and leave travel facilities are some of the welfare measures provided outside the establishment.

4. Other Costs

There are some other costs which include expenditure on employee safety, ex-gratia, multi-trade incentives and others. In India, Factories Act 1948 has made statutory provisions with regard to employees' health, safety and welfare.

19.11 VALUATION OF HUMAN ASSETS

Valuations of human assets are the most important aspect of human resource accounting. A recent trend in today's corporate world is to measure the value of intangible assets of the companies such as goodwill {valuation of goodwill is quite old}, brands, patents, and now human assets. Consultants in HRM emphasize the need for valuation of human assets. For

example, Brian Friedman Human capital consultant with Arthur Anderson, views that “if you treat human resources as your most valuable assets. “Before we go through the mechanism of valuation go human assets, let us see the types of various human assets.

Types of human assets

Human assets are in intangible form and are within the inside of human resources. These can be described in many ways but it has been defined in three ways:-

- **Intellectual capital.**

The first element of the human capital is intellectual capital which can be defined at individual level as well as at organizational level.

At the individual level, it refers to the knowledge, skills and expertise. It may be in the form of specialized knowledge, tacit knowledge and skills, cognitive complexity and learning capacity.

At the organizational level, intellectual capital consists of both the stock of knowledge, skills and expertise that members of the organization collectively possess, and the knowledge and expertise that may be embedded in or owned by the organization including patents. Information technology based knowledge systems, or specialized processes of work.

- **Social capital**

Social capital is derived from the network of relationships, both internally and externally. From organization’s point of view, social capital relates to structure, quality, and flexibility of the human networks which can be created through cohorts, joint departments and functions, long-term employment and internal culture.

The other aspect of social capital is external-built on the relationships with external forces like customers, suppliers, government agencies, etc.

- **Emotional capital**

Emotional capital involves self-confidence, ambition, courage, risk- taking ability and resilience. Individuals need self-confidence based on self-esteem, courage , and resilience to convert their knowledge and relationships into effective actions.

Organizations require high internal energy and an environment of pride, trust, and openness to create a bias for speed and action in rapidly changing environment. In today’s context, more companies are involved in developing emotional quotient {EQ} as the individuals in an organization depend more on their emotional capital for effectiveness than their intelligence and technical skills. Emotional capital helps in controlling such emotions as anger, hatred, frustration, confusion, sadness, etc. which affect the job performance adversely. Further, it helps in reducing stress, a major problem of the modern organizations.

- **Spiritual capital**

Spiritual capital is the recent development in the practice of human resource management. First, it was intelligent quotient (IQ) followed by emotional quotient (EQ), and now has come

spiritual quotient (SQ) “whereas with a high IQ you may get hired with a high EQ, you get promoted. But this is a short –term perspective and long-term growth is linked to SQ. “spiritual capital is assuming increasing values, ego, and approach to work match those of the organization. All these forms of human capital are not isolated rather these are interrelated. Therefore, while measuring human capital, all these must be taken together. Human resource accounting makes attempt to measure this capital.

- **Human Capital**

LPG - Liberalization, Privatization and Globalization all over the world, has created the need for quality products and quality service. It in turn has necessitated organizations to compete with one another to improve the quality and device cost reduction measures to exist in the industry. The investment in human capital cannot be easily measured as it differs from one person to another. Basically, human capital refers to the human knowledge, their inner capabilities and creativity. The development of technology cannot be fully utilized without knowledge and skill. The capabilities of the human capital in relation to the needs of the organization should be improved by creating a climate in which the human knowledge, skill, capabilities and creativity can be developed. The Human capital refers to the basic skill, capabilities, the perception, know-how and expertise. Every individual has certain skills and understanding. The education one has undergone should help him to develop knowledge in general. Till one gets basic employment he is not keen on planning his future and there is uncertainty. This is normal in most of the cases except a few. As one is placed in an organization in some position, he starts to look for elevation. The organization too would tap his basic skill and capabilities and divert them to achieve the goals of the organization and in the process it attempts to develop his basic skill through proper training, motivation and direction. The human capital is rightly put through for effective functioning, right decision making and career development. In all these it creates value to the organization and makes it more stable in the competitive environment.

19.12 SUMMARY

Human Resource Accounting is a tool that is used to generate and record quantitative information about the contribution of human resource in enhancing organizational overall performance. Human resources are considered to be an asset as they have service potential for the future. On the basis of use and nature, various methods have been developed by the theorists, to measure and record the human resources in financial statements. Original cost, replacement cost, opportunity cost and standard cost are some of the methods that are based on costs, which include; cost incurred by an organization to recruit, hire, and train and develop human resources. Schwartz’s present value of future earnings method, Flamholtz’s stochastic rewards valuation method, is some of the methods based on the economic value of human resources. Cost is sacrifice made, or something forgone, to acquire an anticipated benefit. Value of human resources can be understood as the future value of services, rendered

by them. With the growing importance of human resource in the organization, HRA has become an inevitable part of large number of organizations. y personnel managers. There were some specific uses of HRA in decision making. HRA is useful to personnel manager and to the top management in taking important decisions relating to personnel problems which traditional accounting would not help to do e.g. tradition accounting will suggests that lay off of employees in recession would help in reducing cost while HRA would suggest that there are certain costs of lay off and it is the interest of both management and employees not to lay them off. Secondly laying off employees would have adverse effect on motivation of employees. There are certain functions which a personnel manager has to perform e.g. recruitment, selection, training and development etc. HRA helps in preparing HRA budget by estimating human requirements and also by estimating standard costs of recruitment, selecting and hiring people. HRA also helps in selection decision of employees. Personnel Manager would select a candidate who possesses the greater future value to the organization. Development of employees is another function of a personnel manager. Employees can do with the help of training methods. HRA will help executives in estimating the cost of expenditure on development and also in the assessment of the value of investment in development programmes.



19.13 GLOSSARY

Human Resource Accounting means accounting for people as the organisational resources. It is the measurement of the cost and value of people to organisations. It involves measuring costs incurred by private firms and public sectors to recruit, select, hire, train and develop employees and judge their economic value to the organisation.

Social capital is derived from the network of relationships, both internally and externally. From organization's point of view, social capital relates to structure, quality, and flexibility of the human networks which can be created through cohorts, joint departments and functions, long-term employment and internal culture.

Emotional capital involves self-confidence, ambition, courage, risk-taking ability and resilience. Individuals need self-confidence based on self-esteem, courage, and resilience to convert their knowledge and relationships into effective actions.

Spiritual capital is the recent development in the practice of human resource management. First, it was intelligent quotient (IQ) followed by emotional quotient

(EQ), and now has come spiritual quotient (SQ) “whereas with a high IQ you may get hired with a high EQ, you get promoted. But this is a short –term perspective and long-term growth is linked to SQ.



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19.16 TERMINAL QUESTIONS

- Q1. Define Human capital? Is human capital the most important part of an organisation?
- Q2. How Human resource costs affect the working of an organization.
- Q3. How valuation of human assets can be managed.

UNIT 20 EMERGING TRENDS IN HUMAN RESOURCE PLANNING

20.1 Introduction

20.2 Objectives

20.3 Meaning OF HRP

20.4 Need of HRP

20.5 Objectives of HRP

20.6 HRP at different levels

20.7 The Planning Process

20.8 Determinants of HRP

20.9 Forecasting Techniques

20.10 Demand Forecasting

20.11 Supply Forecasting

20.12 Forecasting Of Internal & External Issues

20.13 Forecasting Future Organisational capabilities

20.14 Implementation of HRP

20.15 Role of HR Professionals

20.16 Strategies of HR Planners

20.17 Technological impact on HRP

20.18 HR Programming & Evaluation

20.19 Human Resource Planning: A winning Process

20.20 Barriers to HRP

20.21 Trends in HRP

20.22 Summary

20.23 Glossary

20.24 Reference/ Bibliography

20.25 Suggested Readings

20.26 Terminal & Model Questions

20.27 Activity

20.1 INTRODUCTION

Human Resource is the most important asset of an organization. Human Resources planning are the important managerial function which ensures the right type of people in the right number at the right time & place, who are trained and motivated to do the work at the right time. The enterprise will estimate its manpower requirements and then find out the right source from which the needs of the enterprise will be met.

For proper human resource requirements an enterprise will have to plan its needs and sources required for it. Human resource planning is a process by which an organization can move from its current manpower position to its desired manpower position. It is the continuous process of systematic planning to achieve optimum use of an organizations most valuable asset – human resources. HRP is a forward looking organisational tool which identifies the skill and competencies in human resources. It is an integral part of business planning which helps in decision making process combining three important activities:-

- identifying & acquiring the required number of persons with required skills.
- motivating the persons to achieve high performance,
- creating interactive links between business objectives and resource planning activities.

20.2 OBJECTIVES

After reading this unit, you should be able to:

- Understand various approaches to human resource planning and important trends that will affect organisations, employees and job applicants;
- realise the importance of human resource planning in current organisational scenario;
- understand the HRP process and the impact of external and internal issues on HRP process; and
- Appreciate the dynamics of various forecasting techniques.

20.3 MEANING OF HRP

HRP may be defined as strategy for acquisition, utilization, improvement and preservation of the human resources of an enterprise. It involves gathering of information, making objectives and decisions to enable the organization to achieve its objectives and goals. The major activities of HRP include:-

- **Forecasting (Future requirements)**
- **Inventorying (Present strength)**
- **Anticipating (Comparison of present and future requirements)**
- **Planning (Necessary programme to meet future requirements).**

Definitions:-

Human resources planning is the process by which management ensures that it has the right personnel, who are capable of completing those tasks that help the organization reach its objectives. It involves the forecasting of human resources needs and the projected matching of individuals with expected vacancies.- *International Labour Organization*.

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

According to Wickstron, "Human resource planning consists of a series of activities viz:-

Forecasting future manpower requirement either in term of mathematical projection of trends in the economic environment and development in industry or in term of judgmental estimates based upon the specific future plans of a company.

Making an inventory of present manpower resources and assessing the extent to which these resources are employed optimally.

Anticipating manpower problems by projecting present resources into the future and comparing them with the forecast of requirements to determine their adequacy, both quantitatively and qualitatively; and

Planning the necessary programs of recruitment, selection ,training, development, transfer, motivation and compensation to ensure that future manpower requirements are properly met.

20.4 NEED OF HUMAN RESOURCE PLANNING

Human resource planning is needed for foreseeing the human resource requirements of an organization and supply of human resources. Its need can be assessed from the following points:

- 1. Replacement of Persons:** A large number of persons are replaced in the organization because of different things like retirement, old age, death, etc. There will be a need to prepare persons for taking up new position in such contingencies.
- 2. Labour Turnover:** Labour Turnover follows in every organisation frequently. The degree of labour turnover may vary from concern to concern but it cannot be eliminated altogether. There will be a need to recruit new persons to take up the positions of those who have left the organization. If the concern is able to forecast turnover rate precisely, then advance efforts are made to recruit and train persons so that work does not suffer for want of workers.
- 3. Expansion Plans:** Whenever there is a plan to expand or diversify the concern then more persons will be required to take up new positions. Human resource planning is essential under these situations.

4. Technological Changes: The business is working under changing technological environment. There may be a need to give fresh training to personnel. In addition, there may also be a need to infuse fresh blood into the organization. Human resource planning will help in meeting the new demands of the organization.

5. Assessing Needs: Human resource planning is also required to determine whether there is any shortage or surplus of persons in the organization. If there are less persons than required, it will adversely affect the work. On the other hand, if more persons are employed than the requirement, then it will increase labour cost, etc. Human resource planning ensures the employment of proper workforce.

20.5 OBJECTIVES OF HUMAN RESOURCE PLANNING.

The following are the objectives of human resource planning:

1. Assessing manpower needs for future and making plans for recruitment and selection.
2. Assessing skill requirement in future for the organization.
3. Determining training and the development needs of the organization.
4. Anticipating surplus or shortage of staff and avoiding unnecessary detentions or dismissals.
5. Controlling wage and salary costs.
6. Ensuring optimum use of human resources in the organization.
7. Helping the organization to cope with the technological development and modernization.
8. Ensuring career planning of every employee of the organization and making succession programmes.

20.6 HR PLANNING AT DIFFERENT LEVELS

Human Resource Planning (HRP) may be done at different levels and for different purposes. National planners may make a HR plan at the national level whereas the strategists at a company may make a HR plan at the unit level. The HR Planning thus operates at five levels.

1. HRP at National Level: HRP at the national level helps to plan for different areas like educational facilities, health care facilities, agricultural and industrial development and employment plans, etc. The government of the country plans for human resources at the national level. National plans for HR forecasts the demand and supply of human resources at the national level. It also plans for occupational distribution, sectoral and regional allocation of human resources.

2. HRP at the Sectoral Level: HRP at the sectoral level helps to plan for a particular sector like agriculture, industry, etc. It helps the government to allocate there resources to the various sectors depending upon the priority accorded to the particular sector.

3. HRP at the Industry Level: HRP at the industry level takes into account the output/operational level of the particular industry when manpower needs are considered.

4. HRP at the Unit Level: HR Planning at the company level is based on the estimation of human resource needs of the particular company in question. It is based on the business plan of the company. A manpower plan helps to avoid the sudden disruption of the company's production since it indicates shortages of particular types of personnel, if any, in advance, thus enabling the management to adopt suitable strategies to cope with the situation.

5. HRP at the Departmental Level: HRP at the departmental level looks at the manpower needs of a particular department in an organization.

20.7 THE PLANNING PROCESS

HRP essentially involved forecasting human resource needs, assessing human resource supply and matching demand supply factors through human resource related programmes.

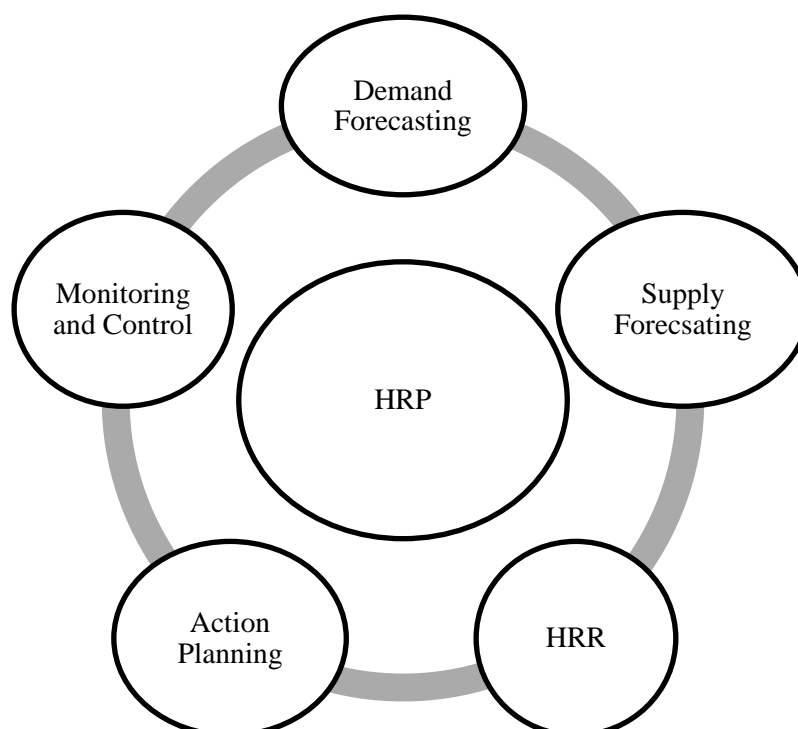


Fig 20.1 The HRP Process

20.8 DETERMINANTS OF HRP

There are several factors that affect HRP. These factors or determinants can be classified into external factors and internal factors.

External Factors

- **Government Policies:** Policies of the government like labour policy, industrial relations policy, policy towards reserving certain jobs for different communities and sons-of-the soils, etc. affect the HRP.
- **Level of Economic Development:** Level of economic development determines the need of HRD in the country and thereby the supply of human resource in future in the country.
- **Business Environment:** External business environmental factors influence the volume and mix of production and thereby the future demand for human resources.
- **Level of Technology :** Level of technology determines the kind of human resources required.
- **International Factors:** International factors like the demand for the resources and supply of human resources in various countries.

Internal Factors

- **Company Policies and Strategies:** Company's policies and strategies relating to expansion Diversification, alliances, etc. determines the human resource demand in terms of quality and quantity.
- **Human Resource Policies:** Human resources policies of the company regarding quality of human resource, compensation level, quality of work life, etc. influences human resource plan.
- **Job Analysis:** Fundamentally, human resource plan is based on job analysis. Job description and job specification determines the kind of employees required.
- **Time Horizons:** Companies with stable competitive environment can plan for the long run whereas the firms with unstable competitive environment can plan for only short-term range.

20.9 FORECASTING TECHNIQUES

Forecasting techniques are very simple and sophisticated , the organizations generally follow more than one technique for the better results in the organization like :-

- Managerial Judgements
- Ratio trend analysis
- Work study analysis

- Delphi techniques
- Flow models

20.10 DEMAND FORECASTING

The existing job design and analysis may thoroughly be reviewed keeping in view the future Capabilities, knowledge and skills of present employees. The job generally should be designed and analyzed reflecting the future human resources and based on future organizational plans.

The factors for manpower requirements on demand side can be analyzed by making demand forecasting. Demand forecasting is the process of estimating the future requirements of manpower, by function and by level of skills. It has been observed that demand assessment for operative personnel is not a problem but projections regarding supervisory and managerial levels are difficult. Two kinds of forecasting techniques are commonly used to determine the organization's projected demand for human resources.

These are: (i) Judgemental forecasts, and (ii) Statistical projections.

(i) Judgemental Forecasts: Judgemental forecasts are also known as the conventional method. The forecasts are based on the judgement of the managers and executives who have intensive and extensive knowledge of human resource requirement. Judgemental forecasts could be of two types:

(a) **Managerial Estimate :** Under this method, the managers or supervisors who are well-acquainted with the workload, efficiency and ability of employees, think about their future workload, future capabilities of employees and decide on the number and type of human resources to be required. An estimate of staffing needs is done by the lower level managers who make estimates and pass them up for further revision.

(b) **Delphi Method:** A survey approach can be adopted with the Delphi technique. The Delphi process requires a large number of experts who take turns to present their forecast statement and underlying assumptions to the others, who then make revisions in their forecasts. Face-to-face contact among the experts is avoided.

(ii) Statistical Projection: Some forecasting techniques are based on statistical methods. Some of them are given below:

(a) **Ratio-Trend Analysis:** The ratio-trend analysis is carried out by studying the past ratios and the forecasting ratios for the future. The components of internal environmental changes are considered while forecasting the future ratios. Activity level forecasts are used to determine the direct human resource requirements. This method depends on the availability of past records and the internal environmental changes likely to occur in future.

(b) **Econometric Model:** Under the econometric model, the previous data is analyzed and the relationship between different variables in a mathematical formula is developed. The

different variables affecting the human resource requirements are identified. The mathematical formula so developed is then applied to the forecasts of movements in the identified variables to produce human resource requirements.

(c) **Work-Study Techniques:** Work-study techniques are generally used to study work measurement. Under the workload analysis, the volume of workload in the coming years is analyzed. These techniques are more suitable where the volume of work is easily measurable. If the planners forecast expansion in the operations, additional operational workers may be required. If the organization decides to reduce its operations in a particular area, there may be decreased demand for the workers. If there is likely to be no change, present demand for workers will continue. The work study method also takes into account the productivity pattern for the present and future, internal mobility of the workers like promotion, transfer, external mobility of the workers like retirement, deaths, voluntary retirements, etc.

20.11 SUPPLY FORECASTING

Supply forecasting is concerned with human resources requirements from within and outside the organization. The first step of forecasting the future supply of human resource is to obtain the data and information about the present human resource inventory. The supply forecasting includes human resource audits; employee wastage; changes due to internal promotions; and changes due to working conditions.

Some of the steps are discussed below:

(i) **Human Resource Audits:** These are analysis of each employee's skills and abilities. This analysis facilitates the human resource planners with an understanding of the skills and capabilities available in the organization and helps them identify manpower supply problems arising in the near future. These inventories should be updated periodically otherwise it can lead to present employees being ignored for job openings within the organization.

(ii) **Employee Wastage :** The second step of supply forecasting is estimation of future losses of human resources of each department and of the entire organization. This is done to identify the employees who leave the organization and to forecast future losses likely to occur due to various reasons. Employees may leave the organization for reasons like retirements, layoffs, dismissals, disablement, ill health, death, etc. Reasons for high labour turnover and absenteeism should be analyzed and remedial measures taken. Management has to calculate the rate of labour turnover, conduct exit interview, etc. This helps to forecast the rate of potential loss, reasons for loss and helps in reducing the loss.

(iii) **Internal Promotions:** Analysis is undertaken regarding the vacancies likely due to retirements and transfer and the employees of particular groups and categories who are likely to be promoted. The multiple effect of promotions and transfers on the total number of moves should be analyzed and taken into consideration in forecasting changes in human resource

supply of various departments. For example, if the personnel officer is promoted as personnel manager, 2 more employees will also get promotion. The senior clerk in the personnel department will become personnel officer and the junior clerk will become senior clerk. Thus, there are 3 moves for one promotion.

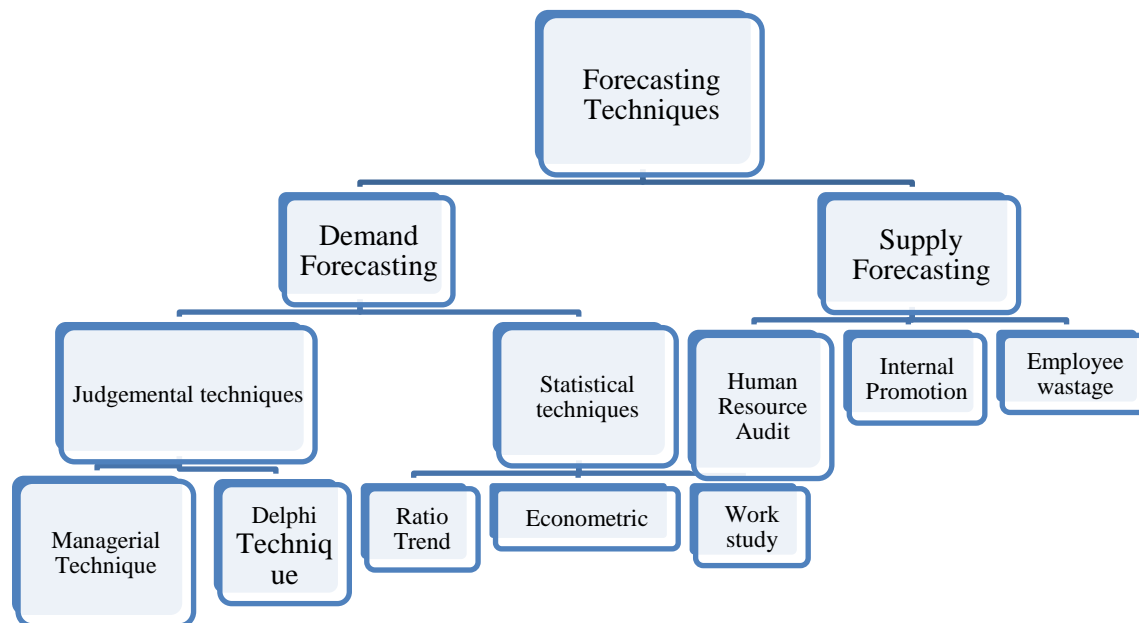


Fig 20.2 Forecasting Techniques

20.12 FORECASTING OF INTERNAL AND EXTERNAL ISSUES

Forecasting the internal and external issues in HRP is very crucial thing as these are the issues which affect the potentials of human resources outcomes such as turnover, absenteeism, motivation, the number of employees needed etc , whereas external issues are the events or issues outside the organisation such as work force demographics, technology etc.

Internal Issues include:-

- **Organizational Structure:** - The structure of organization impacts HRP as different structures like functional, divisional, matrix in a organization require different staffing at every level.

- **Budget:** - While looking at your staff planning the obvious internal factor is your budget . It determines how human resources are utilized. The total budgetary allocation determines how any people can be hired or retained or promoted.
- **Productivity:** - **Productivity** is a internal factor that can be increased by job satisfaction among the employees.

External Issues include:-

- **Work Force Demographics:** - There is likely to be change in the social gender and age of the composition of the work force. Woman is also expected to comprise a large segment of the workplace. The increased participation of women will have a pressure on organisation to provide pro-family policies such as flexi time , child care etc.
- **Technology:** - Human resource requirements have come down drastically due to technological change. There are many organisations who have announced plans to reduce its workforce due to technological change.
- **Competition:-** Competition limit an organisation's ability to recruit better talent and retain it.

20.13 FORECASTING FUTURE ORGANISATIONAL CAPABILITIES

The second step of the human resource planning process involves an analysis of future Organisational or personal capabilities. Capabilities include the skill level of Employees, productivity rates and number of employees, etc. In the past, more emphasis was on predicting the number of employees of human resource supply the company was likely to have in the future. Organisations may use varieties of procedures to estimate the supply. These procedures are generally categories as either quantitative which use mathematical or statistical procedures or qualitative which use subjective judgement approaches. The quantitative procedure generally use past information about job categories and the number of people retiring, being terminated, leaving the organisation voluntarily and being promoted. One of the most well known quantitative procedures is the Markov analysis. This technique uses historical rates of promotion, transfer and turnover to estimate future availabilities in the workforce. Based on the past abilities, one can estimate the number of employees who will be in various positions within the organisation in the future. Qualitative or judgemental approaches are much more popular in forecasting human resource supplies. Among the most frequent used methods are replacement planning, succession planning and vacancy analysis. Replacement planning evolves an assessment of potential candidates to replace existing executives and other top level managers as they retire or leave for other organisations. Succession planning is similar to replacement planning, except that it is more long term and developmentally oriented. Finally, vacancy analysis is much like the Markov analysis, except that it is based on managerial judgements of the probabilities. If knowledgeable experts provide estimates, vacancy analysis may be quite accurate. In recent years, organisations have become concerned with a broader range of issues of future capabilities. For example,

organisations have begun to estimate their future productivity levels. Towards this end, bench marking is a technique that has become popular. Bench marking involves comprising an organisation's human resource practices and programmes to other organisations.

20.14 IMPLEMENTATION OF HUMAN RESOURCE PROGRAMME

In this step the organisation must determine the gaps between future capabilities and future needs and then employ the necessary human resource programmes to avoid the problems arising from these gaps . For implementing the human resource programme following steps have to be taken:-

- **Need Of the programme:**-Every employee would like to know why the programme is being organised. Why the change is being needed in the organisation.
- **Objective of the programme:** - Management must explain precisely what is the objective of the programme is, how it will be implemented and what its effects will be on other practices and programmes.
- **Implementation of the programme:** - Management must discuss about how the programme has to be implemented what are the required changes in the behaviour and policies of the organization for implementing the programme.
- **Feedback / Result:** - No matter how carefully planned and implemented, almost any new policy or practice is likely to lead to questions and problems. It is critical, therefore, for mechanisms to be established to resolve problems and answer concerns that arise. Such mechanisms may include a telephone hotline, ongoing survey programme as well as a dispute resolution policy.



Check Your Progress- A

Q1. What are the various determinants of HRP in the present scenario?

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Q2. How one can forecast about Internal and External Issues?

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Q3. How one can forecast Future Organisational Capabilities?

20.15 ROLE OF HRP PROFESSIONALS

HRP professionals have to perform the following roles that may be divided into three categories:

- 1) Administrative role
 - Managing the organisational resources
 - Employees welfare activities.
- 2) Strategic role
 - Formulating HR strategies
 - Managing relationships with managers.
- 3) Specialized role
 - Collecting and analyzing data
 - Designing and applying forecasting systems
 - Managing career development.

The role of professionals is not found in every work of the HRP nor it is evenly distributed among the departments. Many of the combinations of work are based on the circumstances of the organisation. The first two roles of managing the relationships with the managers and evolving different strategies are weighed equally.

The activities in these areas are equally important to HRP due to implementing changes in the organisation whereas the strategic roles are very crucial to the HR professionals effectiveness, as compared to administrative roles these roles are very difficult to develop among the professionals. The remaining three roles represent the specialized functions performed. Primary attention is given to a combination of three categories of activities – collecting and analyzing data, designing and applying forecasting systems and managing career development. These activities are new to the HR function in many organisations, and are closely linked with the mission of anticipating and managing change. Accordingly, they are viewed as central roles of HRP.

20.16 STRATEGIES FOR HUMAN RESOURCE PLANNERS

The objective of manpower planning is to help the organization to achieve its goal. For this purpose, the manpower planners have to develop some strategies. Stainer has suggested nine strategies for the benefit of manpower planners:

1. Collect, maintain and interpret relevant information regarding human resources.
2. Report periodically for manpower objectives, requirements and existing employment and allied features of manpower.
3. Develop procedures and techniques to determine the requirements of different types of manpower over a period of time from the standpoint of organization's goals.
4. Develop measures of manpower utilization as component of forecasts of manpower requirement along with independent validation.
5. Employ suitable techniques leading to effective allocation of work with a view to improving manpower utilization.
6. Conduct research to determine factors hampering the contribution of individuals and groups to the organization with a view to modifying or removing these handicaps.
7. Develop and employ methods of economic assessment of human resources reflecting its features as income generator and cost and accordingly improving the quality of decisions affecting the manpower. These people are known for job hopping, thereby creating frequent shortages in the organization. Manpower planning helps prevent such shortages. Furthermore, technology changes will often upgrade some jobs and degrade others. Indian Telephone Industries (ITI) had a stronger technology to start with, which later developed into crossbar telephone system. This was later changed to electronic technology. Jobs created and people hired when old technologies were in use became extinct, obsolete and redundant. ITI being a public sector undertaking, could not retrench its workers, and were subsequently retrained and redeployed to supervise the electronic system now in use. Jobs became highly technical necessitating hiring of engineers who had majored in electronics. So, ITI had no use of engineers with civil or mechanical engineering as major. Thus, ITI is in a tight spot so far as shop-floor workers are concerned, whose number is more than the demand for them.

Even with regard to electronics engineers, the company is not in a comfortable position.

With its existing compensation scheme, ITI is not in a position to attract talented people.

This situation could have been avoided if ITI had done HRP.

Another facet of the high-talent personnel is management succession planning. Who will replace the retiring chief executive? From what pool of people will top executives be selected and how will these individuals be groomed for their increased responsibilities?

HRP is an answer to these and other related questions.

6. Identification of Gaps in Existing Manpower. Human resource planning identifies gaps in existing manpower in terms of their quantity and quality with the help of suitable training and/or any other steps, these gaps can be filled in time. Existing manpower can also be developed to fill future vacancies.

7. Career Succession Planning. Manpower planning facilitates career succession planning in the organization. It provides enough lead time for internal succession of employees to higher position through promotions. Thus, manpower planning contributes to management succession as well as development.

8. Improvement in Overall Business Planning. Manpower planning is an integral part of overall business planning. Effective manpower planning will lead to improvement in overall planning also. No management can be successful in the long run without having the right type and right number of people doing the right jobs at the right time.

9. Growth of the Organization. Manpower planning facilitates the expansion and diversification of an organization. In the absence of human resource plans, the required human resources will not be available to execute expansion and diversification plans at the right time.

10. Creates Awareness in the Organization. Manpower planning leads to a great awareness about the effectiveness of sound manpower management throughout the organization. It also helps in judging the effectiveness of human resource policies and programmes of management.

11. Beneficial to the Country. At the national level manpower planning facilitates educational reforms, geographical mobility of talent and employment generation.

20.17 TECHNOLOGICAL IMPACT ON HRP

In order to cope with the competition, organisations have to ensure on:

- a) Producing goods and services more efficiently and economically.
- b) Innovating product and processes so as to gain competitive advantages.

Different manufacturing technologies have different skills required to design, operate and maintain the machines and equipment. Also, the same technology can have a different impact on different categories of workers and industries. The actual skill implications of technology change will depend on:

- a) Management policy for deployment of manpower
- b) Attitudes bargaining strength of the union
- c) Ability of manpower to adjust and adopt to the new technology.

Introduction of new technology can affect other aspects of working like workers responsibilities, skill requirements, job-content, physical and mental work load, career prospects and communication and social relationships at workplace.

Skills and knowledge are required for operating and maintaining new technology and participating in innovative processes. The manual content of skill tends to decrease for skilled workers and office staff but requirements for mathematical skills and ability to plan and anticipate future situations tend to increase.

20.18 HR PROGRAMMING IMPLEMENTATION & EVALUATION

Demand & supply are two forecasts of organisations which have to be reconciled so that vacancies can be filled by the right employees at the right time. HR programming plays a greater importance in the implementation of the plan into action. The HR plan should include budgets, targets & standards It should also clarify responsibilities for implementation and control, and establish reporting procedures which will enable achievements to be monitored against the plan. These may simply report on the numbers employed against establishment and on the numbers recruited against the recruitment targets. They should also report employment costs against budget, and trends in wastage and employment ratios.

20.19 HUMAN RESOURCE PLANNING: A WINING PROCESS

<i>For Employees</i>	<i>For the Enterprise</i>
1. Competitive pay and benefits plans.	1. Appropriate organization structure and people to face challenges and meet corporate objectives, both short and long term.
2. Career development and opportunities for growth .	2. Development of internal resources, leading opportunities for growth.

3. Reduced fear of redundancy.	3. Improved motivation and morale of employees, leading to improved performance.
4. Training and development, leading to continued marketability	4. Productivity gains, leading to cost reduction.
5. Continuity of employment due to organization's ability to retain workforce.	5. Improved customer satisfaction, leading to organization's ability to retain improvement in business.
6. Fuller realisation of potential, leading to job satisfaction.	6. Reduction in hiring and training costs due to the improved ability to retain employees and development of internal resources to fill future vacancies.
7. Conducive work culture and management style leading to satisfaction.	

20.20 BARRIERS TO HRP

Planners face significant barriers while formulating an HRP. The major ones are following:

1) HR practitioners are perceived as experts in handling personnel matters, but are not experts in managing business.

2) People question the importance or making HR practices future oriented and the role assigned to HR practitioners in formulation of organisational strategies.

There are people when needed offer handsome packages of benefits to them to quit when you find them in surplus. When the task is so simple, where is the need for elaborate and time consuming planning for human resources.

3) HR information often is incompatible with other information used in strategy formulation. Strategic planning efforts have long been oriented towards financial forecasting, often to the exclusion of other types of information. Financial forecasting takes precedence over HRP.

4) Conflict may exist between short term and long term HR needs. For example, there arises a conflict between the pressure to get the work done on time and long term needs, such as preparing people for assuming greater responsibilities. Many managers are of the belief that HR needs can be met immediately because skills are available on the market as long as wages

and salaries are competitive. Therefore, long time plays are not required, short planning are only needed.

5) There is conflict between quantitative and qualitative approaches to HRP. Some people view HRP as a number game designed to track the flow of people across the department.

6) Non-involvement of operating managers renders HRP ineffective. HRP is not strictly an HR department function. Successful planning needs a co-ordinated effort on the part of operating managers and HR personnel.

20.21 TRENDS IN HRP

An organization's labour force comes from its external labour market - individuals who are actively seeking employment. HRM helps organizations find and keep the best possible fit between their social system and technical system. Organizations need employees with broad skills and strong motivation. Recruiting and selection decisions are especially important for organizations that rely on knowledge workers. Employees' responsibility and authority are given to make decisions regarding all aspects of product development or customer service. HR professionals can support organizational strategies for quality growth and efficiency. Organizations with international operations hire employees in foreign countries, where they operate, as they need knowledge of differences in culture and business practices. Now-a-days, information system has become a tool for more HR professionals, and often, these systems are provided through the Internet. The widespread usage of the Internet also includes HRM applications. Organizations search for talents, and screening candidates online. Employees may receive training online. The employment relationship takes the form of a psychological contract that describes what employers and employees expect from the employment relationship. The employees are looking for flexible work schedules, comfortable working conditions, and greater autonomy, opportunities for training and development, and performance-related financial incentives. For HRM, the changes require planning for flexible staffing levels. Organizations seek flexibility in staffing levels through alternatives to the employment relationship. They may use outsourcing as well as temporary and contract workers. HRM in Cross-Cultural Context-

Multi-cultural workforce congregations have become today's workplace realities. The cross-border market terrorism spared by MNCs evoked counter-insurgency and strategic warfare from domestic businesses. Partnering people in this race is vital for success in the market place. Workplaces have increasingly symbolized multi-cultural villages, resulting in a growing need for cross-cultural intelligence. The future competitiveness of corporations will depend on their ability to attract and manage diverse talents effectively. Cross-cultural training will give managers on international assignments the cultural understanding essential to accomplish their tasks. Cross-cultural differences are the cause of failed negotiations and interactions, resulting in losses to the firms. The strategic role of HRM in strengthening and sustaining corporate growth has assumed paramount significance, the world over.

Today, human resource planning is viewed as the way management comes to grasp the ill-defined and tough-to-solve human resource problems facing in an organisation. Human resource planning is a process of determining the human resources required by the organisation to achieve its goals. It also looks at the broader issues relating to the ways in which people are employed and developed in order to improve organisational effectiveness. HRP is a decision making process that combines activities such as identifying and acquiring the right number of people with the proper skills, motivating them to achieve high performance and creating interactive links between business objectives are resource planning activities. HRP sets out requirements in both quantitative and qualitative terms. Accurate manpower plan is a dream. A common error of many managers is to focus on the organisation's short term replacement needs. Any human resource plan, if it is to be effective, must be derived from the long term plans and strategies of the organisation. The various approaches to human resource planning under which a number of major issues and trends in today's work plan that will affect organisation and employees are

- (1) Examine external and internal issues
- (2) Determining future organisations capabilities
- (3) Determining future organisational needs
- (4) Implementing human resources programmes to address anticipated problems.

Although change is occurring very rapidly in the work world it is important for both organisations and employees to monitor issues and events continuously and consider their potential effects.

20.22 SUMMARY

Today, human resource planning is viewed as the way management comes to grasp the ill-defined and tough-to-solve human resource problems facing an organisation. Human resource planning as the process of determining the need human resources required in future organisation to achieve its goals. Human resource planning also looks at broader issues relating to the ways in which people are employed and developed in order to improve organisational effectiveness. HRP is a decision making process that combines activities such as identifying and acquiring the right number of people with the proper skills, motivating them to achieve high performance and creating interactive links between business objectives are resource planning activities. HRP sets out requirements in both quantitative and qualitative terms. Accurate manpower plan is a dream. A common error of many managers is to focus on the organisation's short term replacement needs. Any human resource plan, if it is to be effective, must be derived from the long term plans and strategies of the organisation. The various approaches to human resource planning under which a number of major issues and trends in today's work plan that will affect organisation and employees are

- (1) Examine external and internal issues,

- (2) Determining future organisations capabilities,
- (3) Determining future organisational needs, and
- (4) Implementing human resources programmes to address anticipated problems.

Although change is occurring very rapidly in the work world it is important for both organisations and employees to monitor issues and events continuously and consider their potential effects.



20.23 GLOSSARY

Demand forecasting is the process of estimating the future requirements of manpower, by function and by level of skills. It has been observed that demand assessment for operative personnel is not a problem but projections regarding supervisory and managerial levels are difficult.

Judgemental forecasts are also known as the conventional method. The forecasts are based on the judgement of the managers and executives who have intensive and extensive knowledge of human resource requirement.

Delphi process requires a large number of experts who take turns to present their forecast statement and underlying assumptions to the others, who then make revisions in their forecasts. Face-to-face contact among the experts is avoided.

Supply forecasting is concerned with human resources requirements from within and outside the organization. The first step of forecasting the future supply of human resource is to obtain the data and information about the present human resource inventory.



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20.26 TERMINAL QUESTIONS

- Q1.** What do you understand by human resource planning? Describe its characteristics.
- Q2.** Discuss the objectives of human resource planning. How the planning is carried at various levels in the organization?
- Q3.** Define HRP or manpower planning. Review its benefits and limitations. What steps can be taken by an organization to make manpower planning more effective?
- Q4.** What is the basis of HR planning?
- Q5.** Explain the role of HR professional in human resource planning process in organisations.
- Q6.** Describe the various forecasting techniques and how these techniques are being used in human resource planning.
- Q7.** Explain the barriers to HRP. Bring out the requisites for effective planning.

20.27 ACTIVITY

1. As a HR manager what factors would you consider for human resource planning?
2. You are an HRD Manager of an organisation you need to create an HR staffing plan. What are the factors that you would consider?

Human Resource Planning

MS 301



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