

HUMAN RESOURCE PLANNING AND DEVELOPMENT

**STUDY MATERIAL
VI SEMESTER**

BBA

HRM SPECIALISATION

(2011 ADMISSION)



UNIVERSITY OF CALICUT

SCHOOL OF DISTANCE EDUCATION

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UNIT-1

Human Resource Planning

Introduction

The success of an organization largely depends upon the quantity and quality of Human Resources that it is able to attract & retain. Human resources are one of the most vital assets of an organization. It is the people who make other resources moving. The placement of right kind of people in right numbers, at the right place and right time is the basic function of Human Resources management. Human Resource Planning (H RP) is a step in Human Resource Management. The process of identifying how many people to select, at what job and at what time is called Human Resource planning. Human Resource Planning is to get the right number of employees with the right skills, experience, and competencies in the right jobs at the right time and at the minimum cost. This Human Resource part of an organization ensures that the business production requirements are met in an efficient and effective manner. Having too many employees is challenging due to the risk of high labour expenses, downsizing, or layoffs. Having too few employees is also difficult due to high overtime costs, the risk of unmet production requirements.

Human Resource Planning is also called as Manpower planning. It consists of a series of activities, listed as following ways.

1. Forecasting future manpower requirements:

Forecasting future manpower requirement is the first function of Manpower planning. Future forecasting is based on future requirement of people in the organization.

2. Preparing an inventory of present manpower:

The next important task in Human Resource Management is to prepare an inventory of present Human Resources. Such inventory contains data about each employee's skills, abilities, work preferences and other items of information.

3. Anticipating manpower resources:

This can done by projecting present resources into the future and comparing the same with the forecast of manpower requirements. This helps to determine the quantitative and qualitative adequacy of manpower in future.

4. Meeting Manpower requirements:

This can be achieved through planning, Recruitment and selection, training & development, introduction and placement Promotion and transfer, motivation and compensation to ensure that future manpower requirements are correctly met. Human Resource P is the process of forecasting an organisation's future demand for and supply of the right type of people in the right number. It is only after this that the Human Resource Management department can initiate a recruitment and selection process. In simple, Human Resource Planning is a sub-system in the total Organizational planning.

Human Resource Planning (HRP)

The success of a business is directly linked to the performance of those who work for that business. Under achievement can be a result of workplace failures and in efficiency. Human Resource planning is a critical component of organizational planning that ensures that the right resources are available at the right time to achieve organizational goals, vision, and strategy. Human Resource plans affect many elements of Human Resource, including recruitment, selection, training, development, organizational structure, and compensation. In short, Human Resource Planning is the basic function of Human Resource Management.

Definitions of Human Resource Planning

The following are some of the definitions for Human Resource Planning:

According to Beach:- “Human Resource Planning is the process of determining & assuming that the organization will have an adequate number of qualified persons available at the proper lines, performing jobs which meet the needs of the enterprise & which provide satisfaction for the individuals involved.

According to Stainer:- “Human Resource Planning is the strategy for the acquisition movement & preservation of an organisation’s Human Resource.

Coleman defines Human Resource Planning as the process of determining manpower requirements and the means for meeting those requirements in order to carry out the integrated plan of the organization.

Objectives of Human Resource Planning

The following are the major objectives of Human Resource Planning in an organization are as follows:

- (i) To ensure optimum use of Human Resources currently employed;
- (ii) To avoid imbalances in the distribution and allocation of Human Resources;
- (iii) To assess or forecast future skill requirements of the organisation’s overall objectives;
- (iv) To provide control measure to ensure availability of necessary resources when required;
- (v) To control the cost aspect of Human Resources;
- (vi) To formulate transfer and promotion policies.

Therefore, we can say that the basic idea of the function of Human Resource Planning is to coordinate the requirements for & the availability of different types of employees.

Importance of Human Resource Planning

Human Resource Planning is considered as the way by which management can overcome problems relating to Human Resource by identifying the future requirements of Human Resource of an organization and the estimates of Human Resource supply. Organization can ensure the smooth functioning through placing the right individual at the right time at the right job. Human Resource Planning is important as it helps to determine future personal needs. Surplus or deficiency in manpower strength is the result of the absence of an effective planning mechanism working in an organisation. The following are the significances of Human Resource Management:

1. Forcing Top Management to involve in HRM

Systematic HRP forces top management of an organization to participate actively in total HRM functions, an area that has been neglected by most of the companies until recently. If there is active involvement of top management in the preparation of human resources plans.

2. Coping with Change

Human Resource Planning enables an enterprise to cope with changes in competitive Human Resource market place, technology and government regulations. Such Changes generate changes in job content, skill demands and number and type of personnel.

3. Providing base for developing talents

Jobs are becoming highly intellectual all over the world and individuals are getting vastly professionalized. The Human Resource manager must use his Skill to attract and retain qualified personnel within the organisation.

5. Protection of weaker section of society

In employment sector sufficient representation need to be given to SC/ST candidates, physically handicap and backward class citizen. A well conceived personnel planning Programme would protect the interests of such groups.

6. Resistance to change

There is chance of increasing resistance among employees to change. There is also a growing emphasis on self – evolution of loyalty and dedication to the Organisation. A sound Human Resource management can predict the possible resistance from employees and to develop suitable strategies for Human Resource development.

Process of Human Resource Planning

The following are the major steps involved in Human Resource Planning.

1. Analysis of Organizational Plans and Objectives

Human Resource planning is a part of overall plan of a business organisation. Plans relating to technology, production, marketing, finance, expansion and diversification give an idea about the volume of future work activity. Each plan can further be analyzed into sub-plans and detailed programmes. It is also important to decide the time horizon for which Human Resource plans are to be prepared. The future organization structure and job design should be made clear and changes in the organization structure should be examined so as to anticipate its Human Resource requirements in future.

2. Forecasting Demand for Human Resources

Human Resource planning starts with the estimation of the number and type of Human Resource required at different levels and in different departments. The main steps involved in Human Resource Planning process are

- (a) to determine and to identify present and prospective needs of Human Resource, (b) to discover and recruit the required number of persons.
- (c) to select the right number and type from the available people.
- (d) to hire and place in the positions for which they are qualified,
- (e) to provide information to the selected people about the nature of work assigned to them,
- (f) to Promote or to transfer as per the needs and the performance of employees, (g) to denote if the employees are disinterested or their performance is not up to the mark,
- (h) to terminate if they are not needed or their performance is below standard and shows no hopes of improvement. It is the most crucial area of Human Resource Development. Human Resource Development manager must give attention to place right individual to the right job Human Resources, recruitment, selection ,Training and Placement of employees. This calls for the adoption of a systematic procedure to complete recruitment and selection.

3. Forecasting Supply of Human Resources

One of the important functions of Human Resources planning is to deal with allocation of persons to different departments depending upon the work-load and requirements of the departments in future. While allocating Human Resource to different departments, care should be taken to consider appointments based on promotions and transfers. Allocation of Human Resource should be so planned that available manpower is put to full use.

4. Estimating Manpower Gaps

Net Human Resource requirements gaps can be identified by comparing demand and supply forecasts. Such a comparison will reveal either deficit or surplus of Human Resources in future. Deficits suggest the number of persons to be recruited from outside whereas surplus implies redundant to be redeployed or terminated. Similarly, gaps may occur in terms of knowledge, skills and aptitudes. Employees deficient in qualifications can be trained whereas employees with higher skills may be given more challenging jobs as a part of job enrichment.

5. Matching Demand and Supply

It is one of the objectives of Human Resource planning to assess the demand for and supply of Human Resources and match both to know shortages and surpluses on both the side in kind and in number. This will enable the Human Resource department to know overstaffing or understaffing. Once the manpower gaps are identified, plans are prepared to bridge these gaps. Plans to meet the surplus manpower may be redeployment in other departments and retrenchment in consultation, with the trade unions. People may be persuaded to quit voluntarily retirement. Deficit can be met through Human Resource planning ,recruitment, selection, transfer, promotion, and training plans. Realistic plans for the procurement and development of manpower should be made after considering the macro and micro environment which affect the manpower objectives of the organization.

Problems of Human Resource Planning

Effective human resource planning is a pre requisite for successful human resource management practices. However, there are certain factors-internal to organization and external to it-which affect the effectiveness of human resource management adversely.

1. Improper linkage between HRP and corporate strategy

In the absence of proper linkage between HRP and corporate strategy ,neither HRM nor any of its subsystem will contribute effectively.HRP Is the basis of further activities for HRM and therefore must be linked to corporate strategic management process at the initial stage.

2. Inadequate appreciation of human resource management

Another problem that comes in the way of effective human resource planning is the lack of adequate realization of HRP. Many organization which have not realized the importance of human assets in this competitive environment believe that people are available when they are needed because of increasing unemployment .

3. Rigidity of attitudes

The third factor responsible for ineffective HRP is the rigidity of attitudes on the part of top management as well as human resource managers. In the old culture human resources have been considered as subordinate factors.

3. Conflict between short term and long term plan

Another source from where in effectiveness in human resource planning emerges is the conflict between long term and short term plans. Long term planning offers more flexibility at the same time short term planning is more subjected to inflexibility.

6. inappropriate human resource information system

The effectiveness of human resource information depends on the timely availability of relevant information regarding contingent factors which are considered while formulating human resource planning. If the human resources information has not been well developed in an organization the projections for the future may at best be in the form of some pluses and minuses.

HUMAN RESOURCE DEMAND AND SUPPLY FORECASTING

Labour forecasting is key to an organization's ability to achieve its operational, production, and strategic goals.

Forecasting Human Resource Supply

The objective of identifying future Human Resource supply requirements is to determine the number of employees in each job and their knowledge, skills, abilities, and other characteristics . In addition, forecasting Human Resource supply is essential in determining the characteristics of hiring sources within the predetermined planning horizon in order to establish whether future Human Resource supply is sufficient to match future Human Resource demands. For this , an organization needs to evaluate both their internal and external labour force. This step is dependent on an accurate assessment of the current workforce situation. Forecasting Human Resource supply involves an understanding of internal and external potential Human Resource supplies.

Forecasting External Human Resource Supply

There are multiple levels at which external Human Resource supply can be predicted. Information that will help to develop an understanding of external Human Resource supply includes:

- Supply and demand of jobs or skills
- Educational attainment levels within a region
- Compensation patterns based on experience, education, or occupation
- Immigration and emigration patterns within an area
- Forecasts of economic growth or decline
- Competition for talent
- Industry or occupational expected growth levels.

Forecasting Internal Human Resource Supply

By reviewing the data in the Human Resource audits, projections can be made for future Human Resource supply. The internal labour force may be affected by temporary absences such as leaves, permanent absences or turnover etc.

Turnover refers to the termination of an individual's employment with an organization. **Total turnover** is the total number of employees leaving an organization divided by the total number of employees in an organization. Turnover can be classified into two sub groups—voluntary and involuntary. **Voluntary turnover** is defined as employee-initiated turnover, mainly in the form of quits or resignations. In this instance, the decision to terminate employment with the firm is made by the employee, without management enticement. **Involuntary turnover** is defined as employer-initiated turnover, mainly in the form of dismissals or layoffs.

Trend Analysis

Trend analysis is considered one of the simplest methods of forecasting future Human Resource supply. It assumes that past trends and ratios in employee movement are stable and indicative of future trends and ratios in employee movement. The information collected in the Human Resource audit is used to identify labour patterns—hiring patterns, retirement patterns, productivity patterns, and turnover patterns. By examining the trends of the past, the Human Resource department can predict the effect of the same activity on the future of the organization, because it is assumed that these patterns will remain stable.

Skills/Competency Models

Competency models focus on matching the right skills or competencies needed for each job with the skills available within the organization. The competency models focus on identifying the skills/competency supply within the organization, and helping focus future recruitment, selection, retention, and training activity in core areas of key competencies needed for the organization to succeed.

A **competency** is a set of behaviours that encompass skills, knowledge, abilities, and personal attributes, that taken together, are critical to successful work accomplishment.

The **competency model** is a future-oriented model that first reviews competencies that are aligned with an organization's mission, vision, and strategy, and then aims to identify an ideal workforce in terms of those competencies.

Replacement Charts

A **replacement chart** is used to estimate vacancies in higher level jobs and identify how potential Human Resource supply can fill these vacancies via internal movements from lower levels jobs. A comprehensive replacement chart will include information regarding possible replacements for vertical or horizontal movement. Generally, a replacement chart includes information about employees' performance, readiness to fill the position, and education.

Staffing Tables

A staffing **table** provides a clear graphical view of all organizational jobs and the current number of employees at each job. It presents a simple visual understanding of an organization's staffing level within each department and the organization as a whole, in an effort to help understand the combination of employees that make up an organization's internal workforce. This information is useful in evaluating staffing levels by department, branch, the types of staff at each level and the combination of staff in all categories.

Forecasting Human Resource Demand Analysis

Demand analysis identifies the future human resource requirements needed to maintain the organization's mission and goals. The end result of a demand analysis is the identification of the required number of employees in an organization and the necessary functions that the employee must perform to meet organizational objectives. Due to the high number of factors that influence demand, demand is often more difficult to predict than supply.

Factors that need to be considered when forecasting demand include the following:

1. Environmental scanning, including economic, legislative, and competitive pressures
2. The organization's future strategic goals and plans
3. Expected demand for products or services, including expected sales (across the organization or at the business unit level)
4. Estimated productivity measures of workforce (can be stable, increase, or decrease)
5. Organizational design or job design, including technological advancements and administrative changes
6. Projected budgets or financial resource availability
7. New products/processes/ventures that the organization will be launching in the future.

Quantitative Techniques for Forecasting Human Resource Demand

The following are the different techniques available for human resource planning.

Trend Analysis

Just like trend analysis used to forecast internal Human Resource supply, past trends and ratios can also be used to forecast Human Resource demand. **Trend analysis** predicts the demand for labour based on projections of past relationship patterns over a number of years. As one of the simpler methods of forecasting Human Resource demand, trend analysis assumes that an organization's past employment needs are indicative of future needs when linked with an operational index.

Ratio Analysis

Ratio analysis estimates future Human Resource demand based on ratios between assumed casual factors and the number of employees needed. Ratio analysis is very similar to trend analysis, but the primary difference is that there is no requirement for significant historical data collection. This allows organizations that do not have easy access to multiple years' worth of data to use current ratios to help estimate future demand

Regression Analysis

Regression analysis is a method of estimating Human Resource demand, but allows for adjustment of seasonal fluctuation, long-term trends, and random movement when forecasting. This provides statistical projections using mathematical formulas to determine the correlation between multiple measureable output factors (independent variables) and an organization's employment level (dependent variable). A regression analysis is useful in predicting the strength and direction of a linear relationship between two variables, but in situations of a non-linear relationship, estimates would not be valid. When there is one independent variable, there is one regression. When there are multiple independent variables, there are multiple regressions. A correlation depicts a value between -1 and 1 . The closer the value is to 0 , the less predictive of the relationship between the two variables. The closer the value is to either -1 or 1 , the more predictive the relationship between two variables. The positive or negative sign in front of the correlation number indicates the nature or direction of the relationship.

Qualitative Techniques for Forecasting Human Resource Demand

Delphi Method

Delphi method process involves a panel of experts using their judgements to make estimates of short-term future demands. Experts use a variety of factors to make their judgements, including economical, demographical, technological, legal, and social conditions outside of the organization, as well as production, sales, turnover, experiences, and education levels of the workforce within the organization. This method involves a number of stages . During the process, experts are not permitted to engage in direct face-to-face contact or communication. This is in an effort to prevent groupthink, influence of others, or confrontation of experts, which can influence the results. First, experts must be identified to participate in this task. Second, each expert is asked to submit Human Resource demand forecasts, including specification of sources of information and assumptions used to estimate demand. In the Next stage , each submission is gathered by the

Human Resource planning group, which then summarizes the results. The aggregated results are sent back to the experts, who are given an opportunity to adjust their forecasts based on the information provided in the summaries. These steps are repeated until the expert opinions converge. Each feedback loop provides an opportunity for experts to understand their position relative to others and the reactions of others to the summaries provided. One of the problems of the Delphi method is that it is subjective in nature, and thus may be difficult for those who prefer quantitative approaches to fully commit to. Moreover, the organization should be explicit with experts not to discuss their estimates with others, something that can happen when experts have strong working relationships or work in close proximity to others.

Nominal Group Technique

The **nominal group technique (NGT)** was first developed by Delbecq and VandeVen as an alternative to individual brainstorming of ideas. This process involves multiple experts (usually line and department managers) meeting face to face to discuss independently formulated positions of an organizational issue, with the ultimate aim of securing an accurate assessment of a given situation. It can be used to help forecast Human Resource demand for an organization or can be used to solve other organizational issues.

Scenario Analysis

Scenario analysis provides multiple estimates of future Human Resource demand, contingent on a unique set of assumptions and circumstances for each scenario. This method involves recognizing uncertainties about the future. An organization can create Human resource 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 activities help to develop agreement on long-range factors and the impact of changes on the Human Resource forecasts. These can include internal changes (e.g., adoption of new technology, productivity or workforce changes) or external changes (economic position, legal requirements, competitive changes) that cannot be predicted with confidence to have a single effect. The possible result of these changes will create a forecast for each possible scenario that the organization can expect.

Benefits

1. Human Resource Planning ensures a smooth supply of right type & right number of employees with adequate knowledge, experience and aptitudes at all levels and at all time.
2. It identifies Human Resource gaps, if any, & helps in the implementation of corrective action plans to avoid any loss of work or money to the organisation.
3. Human Resource Planning helps in the optimum utilization of the available Human Resource & helps reduce any wastage.
4. HRP anticipates any future manpower gaps & motivates the employees by chalking out plans like a career planning & succession planning.
5. Human Resource Planning also facilitate the provisions the provision of infrastructure in the organization by giving an estimate of the future head count.

Human Resource Forecasting

Human Resource Forecasting refers to the interaction between the decision maker's perceptual and cognitive processes and the objective characteristics of their environment. There are a number of important elements to consider in order to successfully forecasting labour demand and supply: identifying stakeholders who will be involved, determining the appropriate planning horizon, and defining the internal and external labour force.

The Human Resources Planning Team

The Human Resource Planning team should include all relevant stakeholders across multiple functional areas and organizational levels. Explicitly developing a team for the Human Resource Planning process helps to ensure success of the strategies within the plan and holds those who are not meeting the goals accountable. It is critical not only to align the Human Resource plan to the organization's strategic plan, but to also communicate how the plan will affect future operations, financial goals, and market position of the company. Doing so will build the confidence of the leaders and convince them that the change is required.

Determining the Appropriate Planning Horizon

The appropriate planning horizon is a judgement about how far into the future predictions can be made, taking into consideration acceptable levels of operational, organizational, and environmental uncertainties. This is very subjective as it is based on the decision maker's cognitive processes and perceptions of the organization's position in the market.

Human Resource Skill Inventory

A **skills inventory** is a system designed to take stock of information about current employees' experience, education, compensation history, and/or unique abilities. A skills inventory can be useful in revealing what skills are immediately available in an organization by providing a snapshot view of the existing talent in an organization. Identifying current workforce dynamics is a critical step in the development of a Human Resource plan.

Human Resource audit

Human Resource audit is a systematic examination and analysis of an organizational workforce to develop an understanding of the current staffing situation. The Human Resource audit compares the past with the present labour specifications to identify trends and patterns in multiple aspects, including turnover, training, absence, and diversity. It helps to identify key information about Human Resource operations, including how well they work, and where improvement may be needed. It is a useful tool in Human Resource planning. The information provided in an audit or skills inventory can be useful in identifying a number of workforce trends.

The Management Inventory

It is not common for enterprises to keep an inventory of available Human Resources, particularly managers, despite the fact that the required number of competent managers is a vital requirement for success. Keeping abreast of the management potential within a firm can be done by the use of an inventory chart which is simply an organization chart of a unit with managerial

positions indicated and keyed as to the promotability of each incumbent. At a glance, the controller can see where he or she stands with respect to the staffing function. The controller's successor is probably the manager of general accounting, and this person in turn has a successor ready for promotion. Supporting that person, in turn, is a subordinate who will be ready for promotion in a year, but below that position are one person who does not have potential and two newly hired employees.

The need for managers is determined by enterprise and organization plans and, more specifically, by an analysis of the number of managers required and the number available as identified Human Resource through the management inventory. But there are other factors, internal and external, that influences the demand for and supply of managers. The external forces include economic, technological, social, political, and legal factors. The economic growth may result in increased demand for a product, which in turn requires an expansion of the work force, thus increasing the demand for managers. At the same time, competing companies may also expand and recruit from a common labor pool, thus reducing the supply of managers. One should also consider the trends in the labor market conditions, the demographics, and the composition of the community with respect to knowledge and skills of the labor pool and the attitude toward the company. Information about the long-term trends in the labor market may be obtained from several sources.

External Labour Force

The **external labour force** refers to potential sources of Human Resources outside of an organization that can affect the future supply of employees. Evaluation of the external labour force relies on labour market estimates based on regional and global economic, environmental, and demographic changes. Economic and environment factors include interest rates, unionization, economic growth, unemployment rates, and political climate. Demographic factors include population-based information such as retirement rates, birth/mortality rates, educational attainment, primary language, labour shifts (location), etc. Since the external labour force provides designated group members from which the employer can reasonably be expected to recruit.

Succession planning

Succession planning is a conscious decision by an organization to foster and promote the continual development of employees, and ensure that key positions maintain some measure of stability, thus enabling an organization to achieve business objectives. Succession planning has sometimes taken a replacement approach, often focusing on executive-level positions. One or two successors might be identified and selected, probably based on the exclusive input of their immediate supervisor, and then placed on the fast-track into a senior position. However, succession planning has evolved into a process that can be used to:

1. Replenish an organization's Human Resource at a broad or specific level;
2. Identify, assess and develop employee knowledge, skills and abilities to meet the current and future staffing needs of the organization; and
3. Ensure a continuous supply of talent by helping employees develop their potential.

Succession Planning Process

succession planning will vary slightly between organizations. Different resources, different organizational designs and different attitudes all mean that succession planning should be flexible and adaptable in order to accommodate varying needs and achieve business continuity. However, there is a general framework that departments can use as the basis and guide for their succession planning activities. This framework involves:

Step 1 – Identifying Key Positions or Key Groups

A key position can be defined in many different ways, but two important criteria that should be considered are criticality and retention risk. A critical position is one that, if it were vacant, would have a significant impact on the organization's ability to conduct normal business. The significance of the impact could be considered in terms of safety, operation of equipment, financial operation, efficiency, public opinion, and so on. Retention risk refers to positions where the departure of an employee is expected (e.g. retirement) or likely (e.g. history of turnover). By examining these criteria on a low-to-high scale, an organization can determine what positions require short- or long-term planning.

Step 2 – Identifying Competencies

All positions demand set of knowledge, skills and abilities that are expected of employees who are filling that function. Thus, knowing the competencies of a job is a mandatory component of recruitment. However, succession planning provides an opportunity to review the competencies traditionally associated with jobs, particularly with respect to current goals and objectives. Several ways to determine and develop required competencies include:

1. Reviewing job descriptions, advertisements, and relevant merit criteria
2. Interviewing current and former job incumbents
3. Interviewing supervisors, clients, and other stakeholders
4. Conducting focus groups or surveys
5. Reviewing any existing development programs (i.e. leadership competencies)
6. Reviewing organizational values

Step 3 – Identifying and Assessing Potential Candidates

The objective of identifying and assessing employees against core job competencies is to help focus their learning and development opportunities in order to prepare them for future roles in the organization. Given the potential sensitivity around the decision-making process in these situations, an employee might be

advised about their prospective opportunity for advancement in private. This process is not transparent and can negatively impact the morale of other employees and their relationship with the organization. Modern approaches to succession planning suggest that transparency and accountability are the best practices for an organization. Recruitment in the public service is based on merit, fairness and respect, and these concepts are maintained and supported by the succession planning process. Therefore, succession planning must be:

1. Objective and independent of personal bias;
2. Merit-based;
3. Communicated to and understood by all employees; and
4. Transparent at all stages of the process

Step 4 – Learning and Development Plans

Once the relevant candidates have been identified, the organization must ensure that these employees have access to focused learning and development opportunities.

Some key points to remember when developing learning and development plans are:

1. Plans should focus on decreasing or removing the gap between expected competencies and the current knowledge, skills and abilities of candidates.
2. modern succession planning is based on learning and development to fulfill employee potential, rather than merely filling a vacancy.
3. There are a wide range of learning and development opportunities to consider, which can include:
 1. Job assignments that develop candidate's competencies;
 2. Job rotations; and
 3. Formal training.
4. Ensure appropriate strategies are in place to support the transfer of corporate knowledge to candidates for key jobs, which can include:
 - a. Mentoring, coaching or job-shadowing;
 - b. Documenting critical knowledge;

Step 5 – Implementation and Evaluation

Evaluating succession planning efforts will help to ensure the effectiveness of the process by providing information regarding:

1. How the process operates – the relationship between inputs, activities, outputs, and outcomes
2. Impact of the process relative to stated goals and objectives
3. Functional strengths and weaknesses
4. Potential gaps in planning and assumptions
5. Cost-effectiveness and cost-benefit

Macro and Micro level issues of human resource planning

Human Resource Planning has both macro and micro level issues. Macro level includes demographic changes, legal central, policies and markets technology etc. Micro level includes organizational restructuring, skill, strategic objective, trade unions etc. Macro is uncontrollable factor and Micro level is controllable factor.

Macro Level plays an important level in India. Development of Human Resources is one of the important objectives of any country for long term economic growth. For a developing economy like India such important is for more. This is more visible from our economic planning as governments over the years have been giving increasing priority to population planning and control, education, health, housing etc.

1) Population Planning and control:

To enforce control over population explosion, population planning and control measures have been initiated by the Government. Unless such control is enforced in a planned manner, no amount of institutional support can sustain and resulting in generation of unproductive population which will remain a drain on our national resource.

2) Literacy and Education:

The National Policy on Education in 1986 provides a broad framework for complete eradication of illiteracy in the country by declaring basic primary level education free and compulsory to strengthen institutional infrastructure for education, the policy emphasizes on increased government and non-government expenditure.

3) Health and Medical-care:

The health sector reforms are another required initiative for Human Resources development at the macro level. In this respect, India has recorded disparity and regional balances.

4) Housing:

In housing sector, Government has renewed its efforts by adopting the National Housing policy in 1998. The basic objective of this policy is to achieve sustainable development of housing infrastructure through public-private partnership.

Mapping

Mapping means linkage between two sets of Data. It can be “One to One”, one to many or many too many.

Age Group Preference:- In many organizations, a particular age group is preferred to other age groups for staffing vacancies. The idea of preference for a particular age group is based on following considerations:-

- (i) Expected number of year of services.
- (ii) Professional source of supply of required manpower in future.
- (iii) Personally, dynamism, initiative, challenging attitude etc.

Age is used as an index of stamina and flexibility and for determining the possible length of service before retirement. Although no empirical support, as such is available to relate promotion to preference for age group, many organizations as a matter of policy, follow some norms regarding age group vis-à-vis staffing of certain vacancies from within. In some cases where the existing employees also contest with the outsiders for a particular vacancy, some relaxation in age is given to them. Thus for the reasons stated earlier, preference for age group also influence for age group also influence promotional decisions.

Competency Mapping:-

Competency Mapping is a map to display a set of competencies. It helps to describe an ideal workforce. It is always done in the defined job context. Following is a set of approaches like:-

- a.) **Workforce Skills Analysis:-** Skill analysis helps to describe skills required to carry out a function. However, this is a dynamic approach, as it also considers nature of work changes in an organisation.
- b.) **Job Analysis:-** It focuses on tasks, responsibilities, knowledge and skill requirements, which are required for successful job performance.
- c.) **Supply and Demand Analysis:-** Supply analysis is done considering work force demographic occupations, grades, structure, experience, race, origin, gender, age and present work force competence. Demand analysis helps to identify work force of the future in line with the vision, mission, objectives, goals & strategies of an organisation.

d.) **Gap Analysis:-**

It is done through solution analysis, taking into account both ongoing and planned changes in the work force.

- e.) **Situation analysis:-** also weighs different options to get the work done, either considering institutional or Conceptual employment.

Human Resource Information System (HRIS)

Human Resource Information System is an important element in Human Resource development. It is a system to maintain, collect, and analyze data relating to Human Resources of the organization. It helps managers in decision-making in respect of promotion, wage fixing, recruitment, training and development. Human Resource Information System acts as a decision support system. The inputs of Human Resource Information System include the information relating to employees, their abilities, qualifications, potentialities, creative instincts, age, pay scales, various jobs in the organization, their required skills and qualifications to do them, the number of employees and executives manning various positions, organizational objectives, policies and procedures etc.

Major reasons for the present emphasis on manpower planning include the following:

1. Employment-Unemployment Situation :

Though in general the number of educated unemployed is on the rise, there is an acute shortage of a variety of skills. This emphasizes the need for more effective recruitment and retaining people.

2. Technological Change :

The changes in production technologies, marketing methods and management techniques have been extensive and rapid. Their effect has been profound on job contents and contexts. These changes can cause problems relating to redundancies, retraining and redeployment. All these contribute to the need to plan Human Resource needs intensively and systematically.

3. Organizational Change :

In a turbulent environment marked by cyclical fluctuations and discontinuities, the nature and pace of changes in organizational environment, activities and structures affect Human Resource requirements and require strategic consideration.

4. Demographic Changes :

The changing profile of the work force in terms of age, sex, literacy, technical inputs and social background have implications for Human Resource planning.

5. Legislative Controls :

It is easy to increase but difficult to reduce the numbers employed because of recent changes in labour law relating to lay-offs and closures. Those responsible for managing Human Resources must look far ahead and attempt to foresee Human Resource position. Now legislation makes it difficult to reduce the size of an organization quickly and cheaply.

6. Impact of Pressure Groups :

Pressure groups such as unions, politicians have been raising contradictory pressures on enterprise management in areas such as internal recruitment and promotions, preference to employees' children, displaced persons, sons of soil, etc.

Unit 11

Job Analysis

Job Analysis is a method by which pertinent information is obtained about a job. It is a detailed and systematic study of information relating to the operation and responsibilities of a specific job. Job analysis can be defined as the process of determining, by observation and study, and reporting pertinent information relating to the nature of a specific job. It is the determination of the tasks which comprise the job and of the skills, knowledge, abilities and responsibilities required of the worker for a successful performance and which differentiate one job from all others.

Job analysis provides the following information:

1. Job Identification:

Its title, including its code number;

2. Significant Characteristics of a Job: Its location, physical setting, supervision, union jurisdiction, hazards and discomforts;

3. What the Typical Worker Does:

Specific operation and tasks that make up an assignment, their relative timing and importance, their simplicity, routine or complexity, the responsibility or safety of others for property, funds, confidence and trust;

3. Which Materials and Equipment a Worker Uses :

Metals, plastics, grains, yarns, milling machines, punch presses and micrometers; **5. How a Job is Performed:**

Nature of operation - lifting, handling, cleaning, washing, feeding, removing, drilling, driving, setting-up and many others;

6. Required Personal Attributes:

Experience, training, apprenticeship, physical strength, co-ordination or dexterity, physical demands, mental capabilities, aptitudes, social skills;

Methods of Job Analysis

Four methods or approaches are utilized in analyzing jobs. These are

1. Personal Observation :

The materials and equipment used, the working conditions and probable hazards, and an understanding of what the work involves are the facts which should be known by an analyst.

2. Sending out of Questionnaires :

This method is usually employed by engineering consultants. Properly drafted questionnaires are sent out to job-holders for completion and are returned to supervisors. However, the information received is often unorganized and incoherent. The idea in issuing questionnaire is to elicit the necessary information from job-holders so that any error may first be discussed with the employee and, after due corrections, may be submitted to the job analyst.

3. Maintenance of Long Records :

The employee maintains a daily record of duties he performs, marking the time at which each task is started and finished. But this system is incomplete, for it does not give us any desirable data on supervisor relationship, the equipment used, and working conditions. Moreover, it is time-consuming.

4. Personal Interviews may be held by the analyst with the employees, and answers to relevant questions may be recorded. But the method is time-consuming and costly.

Purposes and Uses

A comprehensive job analysis programme is an essential ingredient of sound personnel management. It is fundamental to manpower management programmes because the results of job analysis are widely used throughout the programmes. The information provided by job analysis is useful, if not essential, in almost every phase of employee relations.

1. Organization and Manpower Planning :

It is helpful in organizational planning for it defines labour needs in concrete terms and coordinates the activities of the work force, and clearly divides duties and responsibilities.

2. Recruitment and Selection :

By indicating the specific requirements of each job (i.e., the skills and knowledge), it provides a realistic basis for hiring, training, placement, transfer and promotion of personnel.

3. Wage and Salary Administration :

By indicating the qualifications required for doing specified jobs and the risks and hazards involved in its performance, it helps in salary and wage administration. Job analysis is used as a foundation for job.

JOB DESCRIPTION

Job description is a written record of the duties, responsibilities and requirements of a particular job. It is concerned with the job itself and not with the work. It is a statement describing the job in such terms as its title, location, duties, working conditions and hazards. In other words, it tells us what is to be done and how it is to be done and why. It is a standard of function, in that it defines the appropriate and authorised contents of a job.

A job description enables us to frame suitable questions to be asked during an interview. It is particularly helpful when the application form is used as a tool for eliminating the unfit personnel. A job description helps us in :

1. Job grading and classification;
- (ii) Transfers and promotions;
- (iii) Adjustments of grievances;
- (iv) Defining and outlining promotional steps;

- (v) Establishing a common understanding of a job between employers and employees;
- (vi) Investigating accidents;
- (vii) Indicating faulty work procedures or duplication of papers;
- (viii) Maintaining, operating and adjusting machinery;
- (ix) Time and motion studies;
- (x) Defining the limits of authority.

JOB SPECIFICATION

Job Specification is a standard of personnel and designates the qualities required for an acceptable performance. It is a written record of the requirements sought in an individual worker for a given job. In other words, it refers to a summary of the personal characteristics required for a job. It is a statement of the minimum acceptable human qualities necessary for the proper performance of a job.

JOB DESIGN

Job analysis helps in developing appropriate design of job to improve efficiency and satisfaction. Job design is the process of deciding on the contents of a job in terms of its duties and responsibilities, on the methods to be used in carrying out the job, in terms of techniques, systems and procedures and on the relationships that should exist between the jobholder and his superiors, subordinates and colleagues. It is a deliberate and systematic attempt to structure the technical and social aspects of work so as to improve technical efficiency and job satisfaction. Job design is an attempt to create a match between job requirements and human attributes. It involves both organizing the components of the job and the interaction patterns among the members of a work group. The main objective of job design is to integrate the needs of the individual and the requirements of the organization. Needs of employees include job satisfaction in terms of interest, challenge and achievement? Organizational requirements refer to high productivity, technical efficiency and quality of work. Today, educated and creative employees demand well-designed jobs. Therefore, increasing attempts are being made to redesign jobs so as to improve the quality of working life. A systematic body of knowledge on the designing of jobs has been developed after the Industrial Revolution and the large scale enterprises.

Limitations: The main problems involved in performance appraisal are as follows:

1. Errors in Rating : Performance appraisal may not be valid indicator of performance and potential of employees due to the following types of errors :

- (a) **Halo Effect:** It is the tendency to rate an employee consistently high or low on the basis of overall impression. One trait of the employee influences the rater's appraisal on all other traits. For example, an employee may be rated high on performance just because he sits on the job late in the evening.
- (b) **Stereotyping :** This implies forming a mental picture of a person on the basis of his age, sex, caste or religion. It results in an over-simplified view and blurs the assessment of job performance.

- (c) **Central Tendency** : It means assigning average ratings to all the employees in order to avoid commitment or involvement. This is adopted because the rater has not to justify or clarify the average ratings. As a result, the ratings are clustered around the midpoint.
- (d) **Constant Error** : Some evaluators tend to be lenient while others are strict in assessing performance. In the first case, performance is overrated (leniency error) while in the second type it is underrated (strictness error). This tendency may be avoided by holding meetings so that the raters understand what is required of them.
- (e) **Personal Bias** : Performance appraisal may become invalid because the rater dislikes an employee. Such bias or prejudice may arise on the basis of regional or religious beliefs and habits or interpersonal conflicts. Bias may also be the result of time. Recent experience or first impression of the rater may affect the evaluation.

2.Lack of Reliability : Reliability implies stability and consistency in the measurement. Lack of consistency over time and among different raters may reduce the reliability of performance appraisal. inconsistent use of measuring standards and lack of training in appraisal techniques may also reduce reliability. Different qualities may not be given proper weight age. Factors like initiative are highly subjective and cannot be quantified.

4. **Incompetence** :

Raters may fail to evaluate performance accurately due to lack of knowledge and experience. Post appraisal interview is often handled ineffectively.

5. **Negative Approach** :

Performance appraisal loses most of its value when the focus of management is on punishment rather than on development of employees.

Unit-III

Performance Management

Performance evaluation is a method of evaluating the behaviour of employees in a work place, normally including both the quantitative and qualitative aspect of job performance. Performance here refers to the degree of accomplishment of the tasks that makeup an individual's job. It indicates how well an individual fulfilling the job demands. Performance is measured in terms of results. Thus, Performance appraisal is the process of assessing the performance or progress of an employee, or a group of employees on a given job, as well as his potential for future development. Thus, performance appraisal comprises all formal procedures used in organization to evaluate contributions, personality, and potential of individual employees. In other words, performance appraisal includes the comparison of performance scales of different individuals holding similar areas of work responsibilities and relate to determination of worth of the scales for the achievement of organisaton objective.

Definitions

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

2. According to Cummings, The overall objective of performance appraisal is to improve the efficiency of an enterprise by attempting to mobilise the best possible efforts from individuals employed in it. Such appraisals achieve four objectives including the salary reviews the development and training of individuals, planning job rotation and assistance promotions.

Performance appraisal is the systematic evaluation of the individual with respect to his performance on the job and his potential for development. Performance appraised is concerned with determining the differences among the employees working in the organisation. Generally, the evaluation is done by the individual's immediate superior in the organisation and whose performance is reviewed in turn by his superior.

Characteristics of Performance Appraisal :

The following are the characteristics of Performance Appraisal

1. A Process : Performance appraisal is not a one-act play. It is rather a process that involves several acts or steps.

2. Systematic Assessment : Performance appraisal is a systematic assessment of an employee's strengths and weakness in the context of the given job.

3. Main Objective : The main objective of it is to know how well an employee is going for the organization and what needs to be improved in him.

4. Scientific Evaluation : It is an objective, unbiased and scientific evaluation through similar measure and procedures for all employees in a formal manner.

5. **Periodic Evaluation :** Although informal appraisals tend to take place in an unscheduled manner (on continuous) basis with the enterprises a supervisors evaluate their subordinates work and as subordinates appraise each other and supervisors on a daily basis, yet the systematic (i.e., formal) appraisal of an individual employee is likely to occur at certain intervals throughout that person's history of employment (say quarterly, six monthly, annually, etc.)

6. **Continuous Process :** In addition to being periodic performance usually is an ongoing process. It means that appraisals are regularly scheduled and are not dumped on the employee on whimsical dates without relevance. The process has not been broken in person's history of employment however, the periodicity of appraisal may be changed as per needs of the situation.

PURPOSE OF PERFORMANCE APPRAISAL

The following are the main purposes of performance appraisal.

1. **Appraisal Procedure:** It provides a common and unified measure of performance appraisal, so that all employee are evaluated in the same manner. It gives an in discriminatory rating of all the employees.
2. **Decision Making :** Performance appraisal of the employees is extremely useful in the decision making process of the organization. In selection, training, promotion, pay increment and in transfer, performance appraisal is very useful tool.
3. **Work Performance Records :** Performance appraisal gives us a complete information in the form of records regarding every employee. In the case of industrial disputes even arbitrator accepts these records in the course of grievance handling procedure.
4. **Employees Development:** Performance appraisal guides the employees in removing their defects and improving their working. The weaknesses of the employee recorded in the performance appraisal provide the basis for an individual development programme. If properly recorded and used, the performance appraisal gives the fair opportunities to employees to correct and rectify their mistakes.
5. **Enables Supervisors to be More Alert and Competent :** Performance appraisal enables supervisor to be more alert and competent and to improve the quality of supervision by giving him a complete record of employee's performance. He can guide an employee, where he is prone to commit mistakes.
6. **Merit Rating :** Merit rating is another name of performance appraisal, it gives supervisors a more effective tool for rating their personnel. It enables them to make more careful analysis of employee's performance and make them more productive and useful.

USES OF PERFORMANCE APPRAISAL

1. **Help in Deciding Promotion :** It is in the best interest of the management to promote the employees to the positions where they can most effectively use their abilities. A well-organised, development and administered performance appraisal programme may help the management in determining whether an individual should be considered for promotion because the system not only appraises the worth of the employee on the present job but also evaluates his potentialities for higher job.

2. **Help in Personnel Actions** : Personnel actions such as lay-offs, demotions, transfers and discharges etc. may be justified only if they are based on performance appraisal. While in some cases, actions are taken because of unsatisfactory performance of the employee, in some other cases it may be called for due to some economic conditions beyond control such as changes in production process. In former case, the action can only be justified on the basis of the result of performance appraisal.
3. **Help in Wage and Salary Administration** : The wage increase given to some employees on the basis of their performance may be justified by the performance appraisal results. In some cases appraisal, i.e., merit and seniority are combined for higher salaries on better positions.
4. **Help in Training and Development** : An appropriate system of performance appraisal helps the management in devising training and development programmes and in identifying the areas of skill or knowledge in which several employees are not at par with the job requirements. Thus the appraisal system points out the general training deficiencies which may be corrected by additional training, interviews, discussions or counselling. It helps in spotting the potential to train and develop them to create an inventory of executives.

Steps in Appraising Performance :

Various steps in appraising performance of employees are as follows :

1. **Establishing Performance Standard** : The process of evaluation begins with the establishment of Performance Standards. While designing a job and formulating a job description, performance standards are usually developed for the position. These standard should be very clear and not vague, and objective enough to be understood and measured.
2. **Communicating Performance Expectations to Employees** : The next important step is to communicate the aforesaid standards to the concerned employees. Their jobs and jobs-related behaviour should be clearly explained to them. It should be noted that job related behaviours are those critical behaviour that constitute job success. The employee should not be presumed to guess what is expected of him. It should be noted that here communication means that the standards have been transmitted to the employee and he has received and understood them a two-way communication, i.e., transference of information from the manager to the subordinate regarding expectations, and feedback from the subordinate to the manager that this information has been received and understood in same context and contents.
3. **Measuring Actual Performance** : The third step is the measurement of actual performance. To determine what actual performance is, it is necessary to acquire information about it we should be concerned with how we measure and what we measure. Four sources of information are frequently used to measure actual performance : personal observation, statistical reports, oral reports and written reports.
4. **Comparing Actual Performance with Standards** : The next step is comparison of actual performance with the standards. By doing so the potentiality for growth and advancement of an employee can be appraised and judged. Efforts are made to find out deviations between standard performance and actual performance.

5. **Discussing the Appraisal with the Employee :** After comparing actual performance with standards, the next step is to discuss periodically the appraisal with the employee. Under this discussion good points, weak points, and difficulties are indicated and discussed so that performance is improved. The information that the subordinate receives about his performance assessment has a great impact of his self-esteem and on his subsequent performance. Conveying good news is considerably less difficult for both the manager and the subordinate than when performance has been below expectations.
6. **Initiating Corrective Action :** The final step is the initiation of corrective action whenever necessary. Immediate corrective action can be of two types. One is immediate and deals predominantly with symptoms.

METHODS OF PERFORMANCE APPRAISAL

Several methods and techniques are used for evaluating employee performance. They may be classified into two broad categories as shown.

| Traditional Methods | Modern Methods |
|--------------------------------|---|
| 1. Ranking Method | 1. Management by Objective (MBO) |
| 2. Grading Method | 2. Assessment Centre Method |
| 3. Comparison Method | 3. Man-to-Man |
| 4. Graphic Rating Scale Method | 4. Behaviourally Anchored Rating Scales |
| 5. 360° Appraisal | |

Traditional Methods of Performance Appraisal :

There are different techniques/methods which are used for performance appraisal of employees. Some of the methods of performance appraisal are:

1. **Ranking Method :** Ranking method is the oldest and simplest method of rating. Here, each employee is compared with all others performing the same job and then he is given a particular rank i.e. First Rank, Second Rank etc. It states that A is superior to B. B is superior to C and so on. This method ranks all employees but it does not tell us the degree or extent of superiority i.e. by how much one employee is superior to another. Secondly, this ranking is based on only mental assessment so it is not possible to give any objective proof about why the rater has ranked one employee as superior to another. In this method, the performance of individual employee is not compared with the standard performance.

7. **Grading Method :** Under this method of performance appraisal, different grades are developed for evaluating the ability of different employees and then the employees are placed in these grades. These grades may be as follows : (i) Excellent; (ii) very good; (iii) Good; (iv) Average; (v) Bad; (vi) Worst.

8. **Man-to-Man Comparison Method :** This method was first used in USA army during the 1st World War. Under this method, few factors are selected for analysis purposes. These factors are : leadership, dependability and initiative. After that a scale is designed by the rate for

each factor. A scale of person is also developed for each selected factor. Each person to be rated is compared with the person in the scale, and certain scores for each factor are awarded to him/her. In other words, instead of comparing a whole man to a whole man personnel are compared to the key man in respect of one factor at a time. We can use this method in job evaluation. This method is also known as the Factor Comparison Method. In performance appraisal, it is not of much use because the designing of scale is a very difficult task.

9. **Graphic Rating Scale Method of Performance Appraisal:** This is the very popular, traditional method of performance appraisal. Under this method, scales are established for a number of fairly specific factors. A printed form is supplied to the rater. The form contains a number of factors to be rated. Employee characteristics and contributions include qualities like quality of work, dependability, creative ability and so on. These traits are then evaluated on a continuous scale,

MODERN METHOD OF APPRAISAL AND CAREER DEVELOPMENT

Most of the traditional methods emphasize either on the task or the worker's personality, while making an appraisal. For bringing about a balance between these two, modern methods have been developed.

The details of these methods are as follows :

1. Management by Objective (MBO) :

It was Peter F. Drucker who first gave the concept of MBO to the world in 1954 when his book *The Practice of Management* was first published. Management by objective can be described as, a process whereby the superior and subordinate managers of an organisation jointly identify its common goals, define each individual's major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contribution of each of its members.

2. Assessment Centre Method

This concept was first applied to military situations by Simoniet in the Geran Army in the 1930s and the War office Selection Board of the British Army in the year 1960. The main objective of this method was and is to test candidates in a social situation, using a number of assessors and variety of procedures. The most important characteristic of the assessment centre is job-related simulations. These simulations involve characteristics that managers feel are important to the job success. The evaluators observe and evaluate participants as they perform activities commonly found in these higher level jobs. In this method many evaluators join together to assess the performance of employee in several situations with the use of variety of criteria. It is used mostly to help select employees for the first level (the lowest) supervisory positions. The assessments are made to find employee potential for the purpose of promotions. The assessment is generally done with the help of a couple of employees and involves a paper-and pencil test, interviews, and situational exercises.

Objectives of Assessment Centres :

The centres are used for the following purposes : 1. For implementing affirmative goals. 2. For making an early determination of potential. 3. For providing accurate information relating with human resource planning. 4. For determining individual training needs of employees. 5. for selecting recent college students for entry level position. 6. for measuring potential for first level supervision, sales and upper management positions and also for higher levels of management for development purposes. The characteristics assessed in a typical assessment centre include assertiveness, persuasive ability, communicating ability, planning and organizational ability, self confidence, resistance to stress, energy level, decision-making, sensitivity to the feeling others, administrative ability, creativity, and mental alertness etc.

1. **Procedure :** The Assessment centre programme commonly used as follows : 1.A leadership group is made each member supporting a predefined position, but the group must arrive at consensus.
2. A task force is used with an appointed leader, who decides on a course of action.
3. Simulation games and in-basket exercises are used to test organisational and planning abilities. 64
4. Oral report is made by the candidate, which tests his communication skills and straight into his present position.
5. Personal interviews, and projective tests are used to assess work motivation, career orientation, and dependence on other. Paper and pencil tests measure intellectual ability. The duration of Assessment centre programme varies with the persons. For instance, centre designed to select first line supervisors, sales personnel, and management trainee generally last for a day or less; while those used for higher-level managers may run for two or three days or longer if used for developmental and not for selection purposes.

3. Human Asset Accounting Method :

This technique refers to money estimates to the value of a firm's internal human organisation and its external customer goodwill. If well trained employees leave a firm, the human organisation is worthless; if they join it, its human assets are increased. if distrust and conflict prevail, the human enterprise is devalued. If team work and high morale prevail, the human organisation is a very valuable asset. The current value of a firm's human organisation can be evaluated by developed procedures by undertaking periodic measurements of key casual and intervening enterprise variables. The key casual variables include the structure of an organisation's management policies, decisions, business leadership, skills, strategies, and behaviour. The intervening variables indicate the internal state and health of an organisation. They include loyalties, attitudes, motivations, and collective capacity for effective interaction, communication and decision-making. These two types of variable measurements must be made over several years to provide the needed date for the computation of the human asset accounting.

5. Behaviourally Anchored Rating Scales (BARS) :

This method is also called behavioural expectation scales. These are the rating scales whose scale points are determined by statements of effective and ineffective behaviour. They are said to be behaviourally anchored in that the scales represent a range of descriptive statements of behaviour

varying from the least to the most effective. A rater must indicate which behaviour on each scale best described an employee's performance. dimensions.

Limitations of Performance Appraisal The main limitations of Performance Appraisal are explained below :

1. Time Consuming : Performance appraisal is a time taking affair. It is a very lengthy process under which different forms are to be filled in and various observations are required to be noted in a careful manner.

2. Lack of Reliability : Reliability implies stability and consistency in the measurement. Lack of consistency over time and among different raters may reduce the reliability of performance appraisal.

3. Incompetence : Raters may fail to evaluate performance accurately due to lack of knowledge and experience. Post appraisal interview is often handled ineffectively.

4. No Uniform Standards : The standards used for appraisal purpose are not uniform within the same organization. This makes the rating unscientific. Similarly, the rating is done on the basis of an overall impression, which is not proper.

Unit-IV

Human Resource Development Climate

Human Resource Development is the integrated use of training and development, organizational development, and career development to improve individual group, and organizational effectiveness. Human Resource Development helps organizations to provide learning related to the goals of the organization and to its employees. The Human Resource Development climate of an organisation plays a very important role in ensuring the competency, motivation and development of its employees. The Human Resource Development climate can be created using appropriate Human Resource Development systems and leadership styles of top management. The Human Resource Development climate is both a means to an end as well as an end in itself. Both the formal and informal structure combines to create what is called organisational climate. The term 'climate' is used to, designate the quality of the internal environment which conditions in turn the quality of cooperation, the development of the individual, the extent of member's dedication or commitment to organisational purpose, and the efficiency with which the purpose becomes translated into results. Climate is the atmosphere in which individuals help, judge, reward, constrain and find out about each other. It influences morale and the attitudes of the individual toward his work and his environment.

The following factors may be considered as contributing to Human Resource Development climate:

1) *Top Management Philosophy*: Belief in the capability of people, openness and receptivity to suggestions from the subordinates are some of the dimensions that contribute to the creation of a positive Human Resource Development climate.

2) *Personnel Policies*: Personnel policies should emphasize equity and objectivity in appraisals. A good human resource policy should be developed for ensuring conducive human resource development climate.

3) *Human Resource Development Instruments and Systems*: A number of Human Resource Development instruments have been found to generate a good Human Resource Development climate. Particularly open systems of appraisal with emphasis of counseling ,career development systems, informal training mechanisms, potential development systems etc. contribute to Human Resourced climate.

4) *Self-renewal Mechanisms*: self-renewal mechanisms are likely to generate a positive Human Resourced climate.

5) *Attitudes of Personnel and Human Resource Development staff*: A helpful and supportive attitude on the part of Human Resource Development and personnel people plays a very critical role in generating the Human Resource Development climate.

6) *Commitment of Line Managers*: The commitment of line managers to the development of their subordinates is a very important determiner of Human Resource Development climate. If line managers are willing to spend a part of their subordinates, it is likely to have a positive impact.

Quality of Work life and Management of Change

The conditions under which the workers work and live, assume the form of another important factor contributing to workers satisfaction .For an employee to be able his best, it is necessary to understand that inadequate working and living conditions produce adverse mental and physical effect on the employee, ultimately causing decline in the efficiency. The Human Resource Development system takes care of employee health and well being of their families by providing them with better working and living conditions, which generally promote a healthy atmosphere of development.

Management of Change:- Management Organisational Change is a complex process. Change in organisation does not occur instantaneously. It requires considerable planning and efforts on the part of management.

Process of Managing Change include the following steps:-

1. Identifying need for change.
2. Define the elements to be changed.
3. Planning the change.
4. Assessing change forces.
5. implementation the change.
6. Follow-up and feed back

Developing Human Resource Strategies

Human Resource Development strategy indicates the desired course of action planned by an organization to achieve Human Resource Development goals or Human Resource Development outcomes. The course of action may deal with the choice of various means to achieve the desired goal and a plan for implementing the chosen action.

Fundamental changes in the business environment have created a sudden shift in focus of Human Resource function. These changes include:

- Rapid rate of change in business.
- Raising costs, increasing competitive pressures and margins
- Rapid technological change: increasing demand for new skill through resourcing, education and retraining.
- Complex organization: product, geography, technologies, business function, customers/markets
- Flatter, leaner and more flexible organization
- Changing demographics, limited labour availability
- Responding to external forces: legislation and regulation, litigation, union relations and union avoidance, etc.

Strategic Human Resource Development practices

Strategic Human Resource Development Practice is a holistic framework encompassing developmental fundamentals and initiatives. Strategic Human Resource Development fundamentals are those components of Human Resource Development, which have to be strong enough to ensure a congenial atmosphere in an organization for implementation of Strategic Human Resource Development initiatives. There are similar to hygiene factors suggested by Herzberg.

Suman Human Resource Development fundamentals

- Compensation
- Working Condition
- Family Welfare
- Human Resource Development Department/function

Strategic Human Resource Development initiatives

- Training
- Performance Appraisal
- Job environment
- Career Planning
- Communication
- Involvement and Empowerment

Compensation

One of the important aspects is to establish equitable pay practices in an organization, because this aspect has a great impact on morale, retention and ability to attract capable employees. Compensation levels determine employee's life style, status, self-worth and attitudes towards the organization.

Working condition and family welfare

There are two factors responsible for the performance of the job.

1. Appropriate welfare provisions
2. Physical environment of work.

The changes in these two bring about a temporary improvement in morale, leading to increased productivity. A well-maintained and designed office environment can promote individual well being and productivity.

Functions of Human Resource department

The Human Resource function in organizations is continuing to grow in importance and influence. Because it has the vast potential for using Human Resource to enhance productivity, improve quality, spur innovations, contain costs and to satisfy customers.

Training

Training and development of employees is attracting more attention. The literature of recent years has stressed the importance of trying training to strategic business planning.

Performance Appraisal

Performance appraisal is the cornerstone of an effective Human Resource system. It provides the information needed to make fully informed strategic decisions by assessing the fit between current Human Resource Systems and those systems required by a change in strategic direction. Performance measurement is crucial for business.

Job Enrichment

When certain competitive task is added to job content, it is termed as “job enrichment”. Routine job and repetitive work become monotonous to workers.

Career Planning

Managing career rather than staffing job is now necessity in an organization. Changing employee attitudes, tight labour markets, increased pressure to control employee retention and productivity have stressed the time frame for considering actions affecting employee careers. The one of the ideal way to career development is to integrate the needs of the employee with the goals of job satisfaction and growth. The organization needs to tap the creative potential of all its employees to a far greater extent than ever before.

Communication

Communication as an integral part of organization has increasing attention as to communicating the various business information to various kinds to employees. The content of communication has also varied widely and covered such issues as marketing, sales results, future developments, company policy, and industrial relation.

Involvement and Empowerment

The main stress is to increase employee commitment to their work or to their organization in order to facilitate workforce suitably. By creating an environment in which employees could have greater control over their work, managers also assumed that worker would become more committed to their jobs,

Quality of Work Life

Quality of work life is focused generally on motivational factors such as flexibility in working hours, autonomy and discretion in the performance of jobs and the very nature of the work etc. QWL means “The degree to which members of a work organization are able to satisfy important personal needs through their experience in the organization”. QWL has gained deserved prominence in the Organizational Behavior as an indicator of the overall of human experience in the work place. It plays a key role in any organization and has an effect on the people, their work, performance and self development as well as organization’s development. It basically refers to relationship between the employees and the ecosystem in which he works. It focuses on creating a working environment where employees work co – operatively and achieve results collectively.

QWL is defined as the favorable conditions and environments of a workplace that support and promote employee satisfaction by providing them with rewards, job security, and growth opportunities. The continuous effort to bring increased labor-management cooperation through joint problem solving to improve organizational performance and employee satisfaction are key aspects of QWL.

Quality Circles

Quality Circle is a small group activity where in a small group of employees on voluntary basis meet periodically to discuss work-related problems. Experience with quality Circle in Japan and elsewhere is very encouraging in terms of involvement of workers in the work-related matters and psychological satisfaction.

TQM

The reason quality has gained such prominence is that organizations have gained an understanding of the high cost of poor quality. Quality affects all aspects of the organization and has dramatic cost implications. The most obvious consequence occurs when poor quality creates dissatisfied customers and eventually leads to loss of business. However, quality has many other costs, which can be divided into two categories. The first category consists of costs necessary for achieving high quality, which are called *quality control costs*. These are of two types: *prevention costs* and *appraisal costs*. The second category consists of the cost consequences of poor quality, which are called *quality failure costs*. These include *external failure costs* and *internal failure costs*. The first two costs are incurred in the hope of preventing the second two.

Prevention costs are all costs incurred in the process of preventing poor quality from occurring. They include quality planning costs, such as the costs of developing and implementing a quality plan. Also included are the costs of product and process design, from collecting customer information to designing processes that achieve conformance to specifications. Employee training in quality measurement is included as part of this cost, as well as the costs of maintaining records of information and data related to quality.

Appraisal costs are incurred in the process of uncovering defects. They include the cost of quality inspections, product testing, and performing audits to make sure that quality standards are being met. Also included in this category are the costs of worker time spent measuring quality and the cost of equipment used for quality appraisal.

Internal failure costs are associated with discovering poor product quality before the product reaches the customer site. One type of internal failure cost is *rework*, which is the cost of correcting the defective item. Sometimes the item is so defective that it cannot be corrected and must be thrown away.

External failure costs are associated with quality problems that occur at the customer site. These costs can be particularly damaging because customer faith and loyalty can be difficult to regain. They include everything from customer complaints, product returns, and repairs, to warranty claims, recalls, and even litigation costs resulting from product liability issues. A final component of this cost is lost sales and lost customers.

Customer Focus

The first feature of TQM is the company's focus on its customers. Quality is defined as meeting or exceeding customer expectations. The goal is to first identify and then meet customer

needs. TQM recognizes that a perfectly produced product has little value if it is not what the customer wants. Therefore, we can say that quality is *customer driven*. However, it is not always easy to determine what the customer wants, because tastes and preferences change. Also, customer expectations often vary from one customer to the next. For example, in the auto industry trends change relatively quickly, from small cars to sports utility vehicles and back to small cars.

Continuous Improvement

Another concept of the TQM philosophy is the focus on **continuous improvement**. Traditional systems operated on the assumption that once a company achieved a certain level of quality, it was successful and needed no further improvements.

The Plan–Do–Study–Act Cycle The **plan–do–study–act (PDSA) cycle** describes the activities a company needs to perform in order to incorporate continuous improvement in its operation.

- **Plan** The first step in the PDSA cycle is to *plan*. Managers must evaluate the current process and make plans based on any problems they find. They need to document all current procedures, collect data, and identify problems. This information should then be studied and used to develop a plan for improvement as well as specific measures to evaluate performance.
- **Do** The next step in the cycle is implementing the plan (*do*). During the implementation process managers should document all changes made and collect data for evaluation.
- **Study** The third step is to *study* the data collected in the previous phase. The data are evaluated to see whether the plan is achieving the goals established in the *plan* phase.
- **Act** The last phase of the cycle is to *act* on the basis of the results of the first Through various phases. The best way to accomplish this is to communicate the results to other members in the company and then implement the new procedure if it has been successful.

Employee Empowerment

TQM philosophy tries to empower all employees to seek out quality problems and correct them. With the old concept of quality, employees were afraid to identify problems for fear that they would be reprimanded. Often poor quality was passed on to someone else, in order to make it “someone else’s problem.” The new concept of quality, TQM, provides incentives for employees to identify quality problems. Employees are rewarded for uncovering quality problems, not punished.

Team Approach TQM stresses that quality is an organizational effort. To facilitate the solving of quality problems, it places great emphasis on teamwork. The use of teams is based on the old adage that “two heads are better than one.” Using techniques such as brainstorming, discussion, and quality control tools, teams work regularly to correct problems. The contributions of teams are considered vital to the success of the company. For this reason, companies set aside time in the workday for team meetings.

Unit V

Human Resource Information system

The effective management of Human Resources in a firm to gain a competitive advantage in the marketplace requires timely and accurate **information** on current employees and potential employees in the labor market. With the evolution of computer technology, meeting this information requirement has been greatly enhanced through the creation of Human Resource Information System.

Human Resource Information System can be defined as a system used to acquire, store, manipulate, analyze, retrieve, and distribute information regarding an organization's Human Resources. A Human Resource Information System is not simply computer hardware and associated Human Resource-related software. Although it includes hardware and software, it also includes people, forms, policies and procedures, and data.

A company that does not have a computerized system still has an Human Resource Management system; that is, the paper systems that most companies used before the development of computer technology were still comparable with an Human Resource Information System, but the management of employee information was not done as quickly as in a computerized system. If a company did not have a paper system, the development and implementation of a computerized system would be extremely difficult.

The purpose of the HRIS is to provide service, in the form of accurate and timely information, to the "clients" of the system. As there are a variety of potential users of Human Resource information, it may be used for strategic, tactical, and operational decision making. All these uses mean that there is a mandatory requirement that data and reports be accurate and timely and that the "client" can understand how to use the information.

Advantages of HRIS

There are several advantages to firms in using Human Resource Information System. They include the following:

- This enables organizations to provide structural connectivity across units and activities and increase the speed of information transactions.
- Increasing competitiveness by improving Human Resource operations and improving management processes.
- Collecting appropriate data and converting them to information and knowledge for improved timeliness and quality of decision making
- Producing a greater number and variety of accurate and real-time Human Resource-related reports
- Streamlining and enhancing the efficiency and effectiveness of Human Resource administrative functions

- Shifting the focus of Human Resource from the processing of transactions to strategic Human Resource Management.
- Reengineering Human Resource processes and functions
- Improving employee satisfaction by delivering Human Resource services more quickly and accurately to them

The ability of firms to harness the potential of Human Resource Information System depends on a variety of factors, such as

- the size of the organization.
- the amount of top management support and commitment;
- the availability of resources .
- the Human Resource philosophy of the company as well as its vision, organizational culture, structure, and systems;
- managerial competence in cross-functional decision making, employee involvement, and coaching; and
- the ability and motivation of employees in adopting change, such as increased automation across and between function

Human Resource Valuation Accounting and Methods

Human Resource Valuation:- It divides into two categories

(I) **Non-monetary measurement:-** Such method in value the classification of Human Resource in terms of skills, performance evaluation, development, attitude survey etc. Skill is a coordinated series of actions to attain some goal. Operationally skills are defined widely as overt responses and controlled stimulation. Overt responses either verbal, perceptual.

(II) **Monetry Measurement:-** Such methods include number of techniques:

- Capitalisation of historical Cost Method.
- Replacement cost method.
- Economic value method.
- Opportunity cost method.
- Present Value method.

Human Resources Accounting:-

Human Resource Accounting is the process of identifying, measuring and communication data about Human Resources – Human Resource Accounting maintain a information – Total value of Human Resource, categories, Grades, No. of Employees, Value per employee, cost, development etc.

Human Resource Audit **Human Resource audit** is a systematic survey and analysis of different Human Resource Development functions with a summarized statements of findings and recommendations for correction of deficiencies .

Main objectives of Human Resource audit:-

- To determine the effectiveness of management programmes for HRD
- To analyze the factors involved in Human Resource Development

Culture Audit

Organizational culture includes all aspects of an organization's environment. Each employee's total life experience combines with that of all other employees to create part of the corporate culture. Culture is an amalgamation of these life experiences, combined with the enormous impact of executive influence on the corporate culture. Culture definition, then, includes:

- the leadership style that permeates our workplace;
- the values that people have from their life experiences that they embrace in our workplace;
- those workplace procedures, customary behaviors, policies, relationships, and expectations that organize our workplace

A culture audit normally requires several different methods to assess the current state of the culture in your organization. To assess your culture, we can use, in this order:

- culture walks, observation in the workplace;
- culture interviews or focus groups of employees;
- individual employee culture interviews;
- culture surveys, often developed internally based on collected information; and
- commercially available instruments

Form a cross-functional team to plan the process and the methods for assessing the culture.

In a large organization, organizations with multiple locations, and global organizations, one team alone cannot plan and carry out an audit. Large organizations may have cultural characteristics in common corporation-wide, but the local culture is the key culture for employee groups. Direction, vision, goals, recommendations, and requirements may come from senior management or a senior cross-functional corporate leadership team, but culture should be assessed and determined locally.

For example, in a large worldwide automotive company, senior executives at headquarters usually mandated corporate culture change. Local organizations learned about the desired change when a key executive jetted in to hold training sessions about the new expectations rarely having anything to do with the culture of the local organizations, the corporate-wide ventures experienced little success. Indeed, the culture audit most frequently performed as a corporation-wide survey that failed to consider local, even product and customer, differences.

While the different cultures had some commonalities, the culture differed fundamentally from location to location. So many dollars spent—so many defeats.

Participate in a Culture Walk: One way to observe the culture in our organization is to take a walk around the building—alone. You are looking for some of the physical signs of your culture, which will require a culture walk at different times of the day and on different days. Take a serious look at the obvious organizational culture that surrounds you, which you have probably never noticed; this would be normal, by the way, and is most frequently remarked upon by people who take their first culture walk

Culture Interviews: Another way to understand the culture of your organization is to interview your employees in small groups, often called focus groups. Or you can interview employees alone, but, depending on your culture, employees may be reticent to share honestly in a one-on-one meeting. It is just as important, during these interviews, to observe the behaviors and interaction patterns of people as it is to hear what they say about the culture. Since it is usually difficult for people to put into words their experience or a description of your culture, indirect questions will solicit the most information.

Culture Surveys: Written surveys completed by people in the organization can also provide information about the organizational culture. It is important to create or select the survey using the information collected during the culture walk and the culture interviews.