# MANPOWER PLANNING, RECRUITMENT AND SELECTION

**Programme: MBA**

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**Prepared by:**

**Dr.Well Haorei**

Assistant Professor

Department of Rural Industries and Management

School of Management Studies

Gandhigram Rural Institute (Deemed to be University)

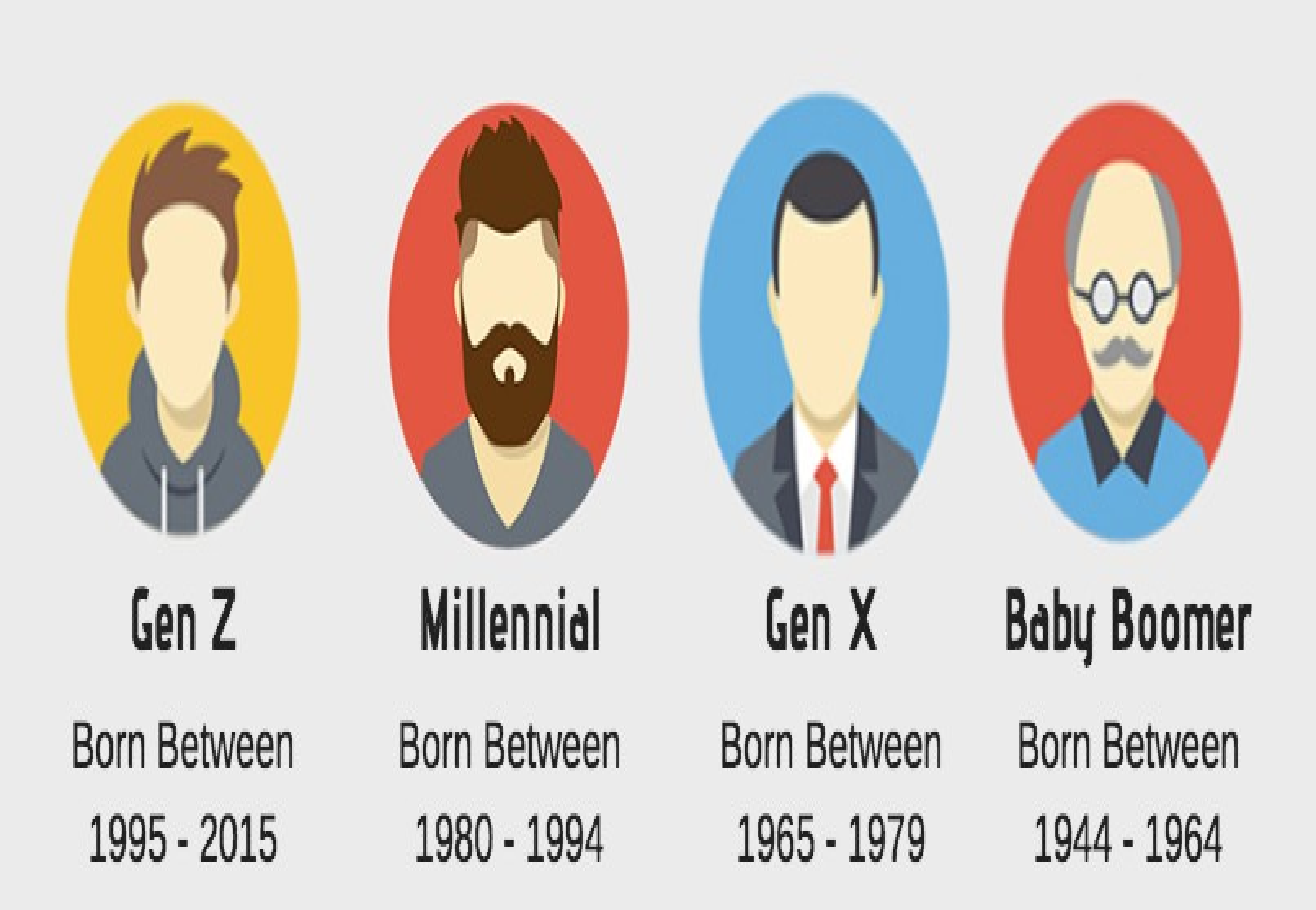
Gandhigram, Dindigul, Tamil Nadu, India

# UNIT I: BASICS OF HUMAN RESOURCE

## INTRODUCTION

- Men and resources are involved in all activities
- Human resource is the wealth of a nation and an organization.
- With modern large scale production of numerous products for a wide market, the importance of human resources and their development has come to the fore.

# BREAKING DOWN THE GENERATIONS



# Definition of HRM

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

## OBJECTIVES AND FUNCTIONS OF HRM

The objectives and functions of HRM can be tabulated as follows:

| HRM objectives | Functions |
|---|---|
| 1. Societal objectives | a) Legal compliance, b) Benefits |
| | c) Smooth union management relations |
| 2. Organizational objectives | a) Human Resource planning, b) Employee relations |
| | c) Selection, d) Training and development |
| | e) Appraisal, f) Placement and g) Assessment |
| 3. Functional objectives | a) Appraisal, b) Placement and c) Assessment |
| 4. Personnel objectives | a) Training and development |
| | b) Appraisal, c) Placement |
| | d) Compensation and e) Assessment |

**The objectives of HRD can be listed as follows:**

- To develop capabilities of all individuals working in an organization in relation to their present role.
- To develop capabilities of all such individuals in relation to their future role.
- To develop better interpersonal and employer-employee relationships in an organization.
- To develop team spirit.
- To develop coordination among different units of an organization.

## FUNCTIONS OF HRM

- The functions performed by managers are common to all organization.
- Generally the functions performed by Human Resource Management may be classified into three categories. They are:

    A) Managerial Function

    B) Operative Function

    C) Strategic and Advisory Function

## A. MANAGERIAL FUNCTION

- Planning
- Organizing
- Directing
- Controlling

## B. OPERATIVE FUNCTIONS

Procurement, Development, Compensation, Integration and Maintenance

### 1. PROCUREMENT

- Job analysis
- Recruitment
- Selection
- Placement
- Induction
- Transfer
- Promotion
- Separation

## 2. DEVELOPMENT

- Performance Analysis
- Training
- Executive development
- Career Planning & development

## 3.COMPENSATION

- Job Evaluation
- Wages and Salary Administration
- Bonus & Incentives
- Pay Roll

## 4. INTEGRATION

- Motivation
- Job-Satisfaction
- Grievance Redressal
- Conflict Management
- Participation of Employees
- Discipline

## 5. MAINTENANCE

- Health
- Safety
- Social Security
- Welfare Scheme
- Personnel Records
- Personnel Research
- Personnel Audit.

# C. STRATEGIC AND ADVISORY FUNCTION

- At Top Level
- At Department Level

## CHANGING ROLE OF HUMAN RESOURCES IN AN ORGANIZATION

Today human resources department doesn’t merely perform administrative functions, instead now it’s a strategic division which binds in the overall growth strategy of business.

Conventionally, human resources are thought to be a department where employees go to get hired or fired. In the past few years, it has changed. Now employees go to human resources with feedback, suggestions, career advice, and to learn how to become a better worker. Senior HR professionals take a seat among other C-level executives to define talent strategy that complements business strategy and aids growth.

Today, human resource is more technology-reliant than it ever was and will continue to be so. Jacob Morgan, says, “Internal data is available on just about everything, from how employees are performing to how often they visit certain areas of the office.” HR representatives can use this data to make strategic decisions.

The role of HR has evolved from a compliance checking body to a strategic partner to the organization. Their role is not limited to meet the changing the market demands, attract high performing talent, evaluating performance, retaining top talent and ensuring that employees are motivated and engaged.

## The changing role of human resources in an organization:

### Recruitment and Hiring

Earlier talent sourcing and selection solely relied on face-to-face interviews. But with various job portals, applicant tracking system with in-built candidate scoring and skill assessment tests, recruitment and hiring have taken a completely new turn. In turn, increasing the efficiency of HR teams, allowing time for other activities.

## Employee Engagement

In the name of employee engagement, there were a few activities and routine one-to-one feedback sessions. Now the role of HR are transparent mediums for feedback, grievance redressal, employee happiness programs, and employee development programs to keep employees at their best and perform better.

## Training and Development

Most employers lacked training and development programs. Now it is a special focus among employers to provide opportunities for employees to learn. And further, grow them in their skills.

## Performance Management and Evaluations

Managers were earlier solely responsible for employee performance management. However, it turns out personal biases come in their way of judging performance. It is now HR responsibility to liaison with managers to conduct performance management and evaluations. In newer ways, technology has taken away that pain.

## Adapt Yourself to Changing Human Resources Scenery

As human resources are changing, employers want to hire professional who understand the reason behind these changes. So, for HR professionals to keep up with the changing time and grow in their career, it is important that they adapt themselves and align their thought process with industry demands. So, HR has to:

**Think strategically** – HR professionals need to build the practice of thinking in terms of how various activities can lead to growth of business.

**Think analytically**— For HR practitioners, days of making decisions based on emotions are long gone. They need to start incorporating analytical substitutes in place of emotion-driven decision-making frameworks.

## CASE STUDY

Select any company and carry out a case study on the practices of human resource management/development.

# UNIT II: HUMAN RESOURCE PLANNING

## MICRO AND MACRO LEVEL SCENARIO OF HUMAN RESOURCE PLANNING

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

Following are some of the similarities and differences of micro and macro level planning.

- Macro-level planning is the process, where requirement of manpower at the industry, sector or national level are estimated. Whereas, it’s mainly an organization, where planning is concentrated in case of micro-level planning.
- At the macro-level planning, factors such as future economic trends, social priorities etc. are taken into consideration and accordingly skill mapping is done. Based on such prediction of future trend, the supply and demand related aspects are considered. Whereas, at micro-level planning, forecasting is concentrated in an industry.

- However, in micro-planning, factors like internal availability, supervisory skills etc. are taken into consideration.
- Both macro and micro-level planning needs accuracy in outcomes. However, the chances of accuracy in forecasting of manpower at the micro-level planning has always remained high.
- Macro-level planning is a more decentralized process than micro-level planning, though an element of central coordination is required for both type of planning.

## FACTORS AFFECTING HUMAN RESOURCE PLANNING

- Before an organization undertakes Human Resource Planning, there are many factors that have to be considered by the managers.
- These factors can be classified as external factors and internal factors.
- The external factors are those factors that are beyond the control of the organization and the internal factors are those factors that are company-specific.

## 1. External Factors

- i) Government Policies
- The Government policies regarding labor welfare, industrial policy, wages and remuneration, the reservation policy for different communities, and other measures affect the human resource policy of the organization.
- In case the Government policy regarding any aspect changes, the organization has to alter its strategies and plans so as to follow the amended laws. As a result, the human resource planning procedure is also gets affected.

## ii) Technological Advancements

- The technology and production procedures that are used in an organization would determine the kind of human resources requirement in the organization.
- When the technology which is used in the organization for production improves, the skills of the employees who are working in the organization also have to be updated.
- In order to upgrade the skills of their employees, necessary training programs have to be designed. As a result, the human resource planning which is undertaken also gets affected.

## iii) Environment of Business

- The factors such as competition, the situation in the labor market, the taste and preference of the customers, and the current trends in the domestic and international markets shape the way in which the company undertakes its activities.
- These also affect the way in which the procedures are undertaken in the organization which influences the way in which the activity of human resource planning is undertaken.
- As these factors change, the management may have to alter the way in which the procedures are undertaken and also may have to train the existing employees or appoint new ones.
- This would significantly influence the manpower planning undertaken by the management

- **2. Internal Factors**

**i) Company Policies and Strategies**

- Company policies and strategies influences on which way the human resources would be utilized by the company.
- It is very essential that the policies, strategies and human resources policies of the company should work hand-in-hand with each other.
- The human resource manager should keep in mind the objectives of the organization while designing the policies of recruitment, selection, and training strategies as these are critical for performing various activities in the organization.

## ii) Culture of the Organization

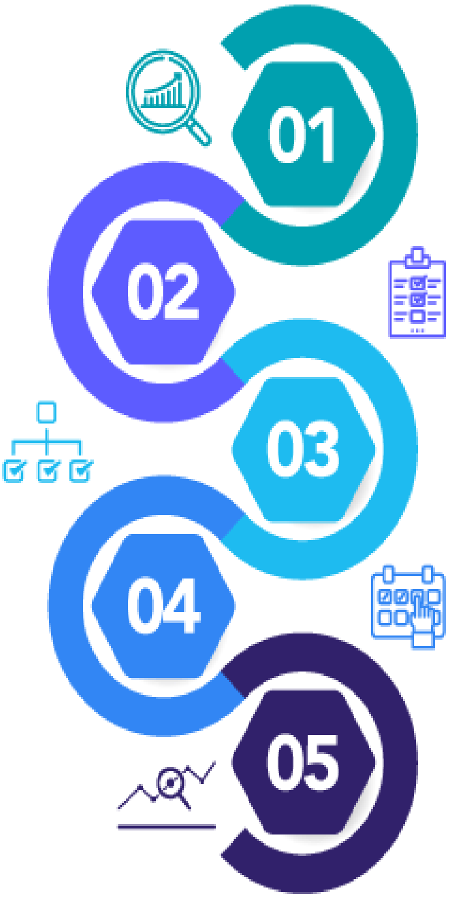
- The culture of the organization includes the set of beliefs, values, thoughts, assumptions, and practices shared by the people of the organization.
- The culture of the organization shapes the personality of the members of the organization as they influence the thoughts, emotions, motives, attitudes, and behavior of the people.
- When the culture of the organization alters in any manner due to any reason such as induction of new employees, promotion of certain employees, creation of trade unions, etc. it influences the human resources policies.

## iii) Quality and Skills required in the Human Resources

- While formulating the human resource plans, it is very important that the manager considers the number of employees and the nature of skills required in the employees.
- Factors such as the number of personnel required, skills required, location of jobs, and the structure of the organization influence the human resources policies and plan formulated.

## ---------Human Resource Planning Process-----

# Human Resource Planning Process




01 Analyze organizational objectives and plans

02 Evaluate the current state of your workforce and uncover gaps

- Organizational chart
- Replacement chart
- Skills inventory

03 Forecast future HR requirements

- Scenario planning
- Gap analysis
- SWOT analysis

04 Develop and implement a plan

05 Monitor, review, and reassess your plan

## 1. Analyze organizational objectives and plans

- Success in HR planning relies on its connection to business goals, so we must start with a final purpose in mind.
- By determine what the organization wants to achieve in the future, how it intends to accomplish this, and how HR efforts will contribute to it.

- For which each department will have unique objectives that HR will need to be involved in.
- Preferably, HR works very closely with management and has a clear grasp of what every area of the company is aiming for.
- Once we know that, we can ascertain how HR will meet those needs.
- For example, some departments may need us to focus on recruiting, while others may need to be downsized and reassign some current employees.

**2. Evaluate the current state of your workforce and uncover gaps**

- Before we go forward with plans for the future, we need to assess where the organization’s workforce currently stands by assessing its strengths and weaknesses.
- Do we have the right number of experienced employees?
- Which skills at what levels do we already have on board with your existing staff?
- To do this, we should consider the following:
  - What is your total number of employees?

- How many employees are in each department?
- How many employees hold each position?
- What are the education, skills, competencies, and qualifications of your employees?
- How do employees rank in the performance evaluation data?
- What are the ages of your employees? (How many are approaching retirement?)

## 3. Forecast future HR requirements

- Forecasting demand is the critical stage of the HR planning process.
- Bearing in mind the organization's future goals, estimate the coming demand and supply of qualified employees.
- Demand forecasting involves determining the number of people needed and the level of talent required.

- Supply forecasting estimates future internal (promotion, transfers, position expansion) and external sources and their ability to meet our needs.
- We will accomplish this forecasting using internal data and market and industry trends. Important to include factors such as these:
  - New products or services on the horizon
  - Prospective mergers or acquisitions
  - Labor costs
  - Projected employee retirements/vacancies and turnover rates
  - Technological advances and automation

**4. Develop and implement a plan**

- Now it's time to formulate a human resource action plan that aligns with our organization's overall strategy.
- It should take into account all the analyses we've completed and include talent strategies to match the supply and demand to get our organization ready for the future.

- Our plan can start with the theoretical concept of transforming the company from X to Y and then name the step-by-step approach that HR will facilitate.
- This will include developing methods to enhance specific strategies to take you to the ideal stage.
- Typical areas of focus include recruiting, on boarding, training, benefits, performance management, remote/flexible work options, and company culture.

# Process of Human Resources Forecasting

## TECHNIQUES OF ESTIMATING/FORECASTING HUMAN RESOURCES DEMAND:

### (a)Managerial Judgment:

- This technique involves two types of approaches i.e. 'bottom-up approach' and 'top-down approach'.
- Under the 'bottom-up approach', line mangers send their departmental requirement of human resources to top management. Top management ultimately forecasts the human resource requirement for the overall organisation on the basis of proposals of departmental heads.
- Under the Top-down approach', top management forecasts the human resource requirement for the entire organisation and various departments. This information is supplied to various departmental heads for their review and approval.

**(b) Work-Study Technique:**

- This technique is also known as 'work-load analysis'.
- This technique is suitable where the estimated work-load is easily measurable.
- Under this method, estimated total production and activities for a specific future period are predicted.
- This information is translated into number of man-hours required to produce per units taking into consideration the capability of the workforce.
- Past-experience of the management can help in translating the work-loads into number of man-hours required.
- Thus, demand of human resources is forecasted on the basis of estimated total production and contribution of each employee in producing each unit items.

**The following example gives clear idea about this technique.**

Let us assume that the estimated production of an organisation is 3.00.000 units. The standard man-hours required to produce each unit are 2 hours. The past experiences show that the work ability of each employee in man-hours is 1500 hours per annum. The work-load and demand of human resources can be calculated as under:

i). Estimated total annual production = 300000 units

ii). Standard man-hours needed to produce each unit = 2 hrs

iii). Estimated man-hours needed to meet estimated annual production (i x ii) = 600000 hrs

iv). Work ability/contribution per employee in terms of man-hour = 1500 units

v). Estimated no. of workers needed (iii / iv) = 600000/1500 = 400

The above example clearly shows that 400 workers are needed for the year. Further, absenteeism rate, rate of labour turnover, resignations, deaths, machine break-down, strikes, power-failure etc. should also be taken into consideration while estimating future demand of human resources/ manpower.

**(c) Ratio-Trend Analysis:**

Demand for manpower/human resources is also estimated on the basis of ratio of production level and number of workers available. This ratio will be used to estimate demand of human resources.

The following example will help in clearly understanding this technique.

Estimated production for next year = 1,40,000 units

Estimated no. of workers needed

(on the basis of ratio-trend of 1: 200) will be = 700

**(d) Econometrics Models:**

These models are based on mathematical and statistical techniques for estimating future demand. Under these models relationship is established between the dependent variable to be forecasted (e.g. manpower/human resources) and the independent variables (e.g., sales, total production, work-load, etc.). Using these models, estimated demand of human resources can be predicted.

### (e) Delphi Technique:

Delphi technique is also very important technique used for estimating demand of human resources. This technique takes into consideration human resources requirements given by a group of experts i.e. mangers. The human resource experts collect the manpower needs, summarizes the various responses and prepare a report. This process is continued until all experts agree on estimated human resources requirement.

# HR SUPPLY FORECASTING INTRODUCTION

- Human Resource supply forecasting is the process of estimating availability of human resource followed after demand for testing of human resource.
- Supply forecasting means to make an estimation of supply of human resources taking into consideration the analysis of current human resources inventory and future availability.
- For forecasting supply of human resource we need to consider internal and external supply.
  - ✔ Internal supply of human resource available by way of transfers, promotions, retired employees & recall of laid-off employees, etc.
  - ✔ Source of external supply of human resource is availability of Laboure force in the market and new recruitment.

## SUPPLY FORECASTING METHODS:

### 1. TREND ANALYSIS

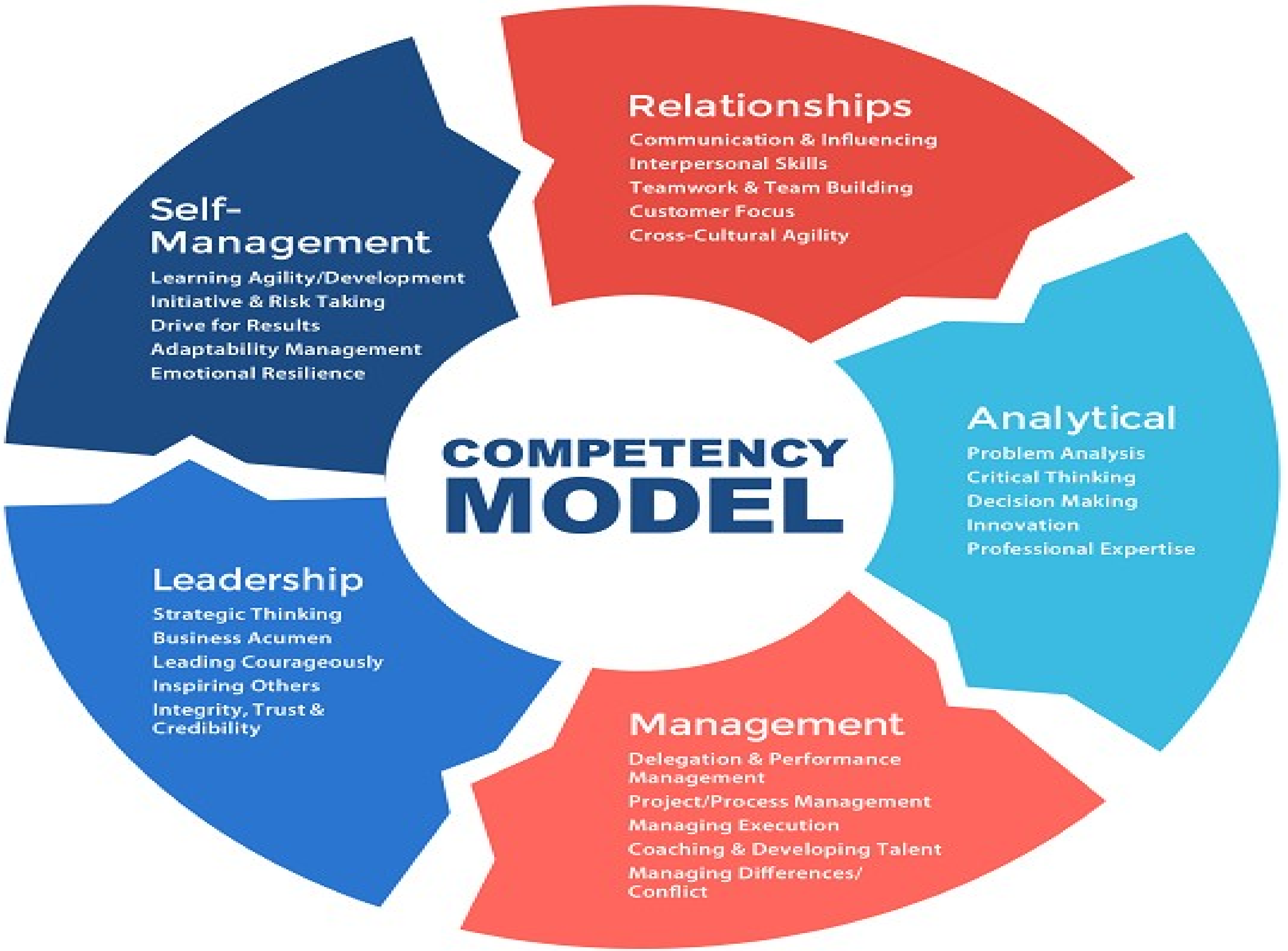
- Trend analysis involves collecting and evaluating data to identify patterns of information that might impact the future.
- By examining the trends of the past, the HR department can predict the effect of the same activity on the future of the organization, because it is assumed that these patterns will remain stable.
- A method of forecasting that assumes past trends and ratios in employee movement are stable and indicative of future trends and ratios in employee movement.
- One of the simplest methods of forecasting future HR supply.

**For example,** an organization reviewing historical data may realize that every year, approximately five percent of their **staff retires**, six percent **resign,** and three percent are **dismissed**.

Using a simple trend analysis, future HR supply forecasts can be established by assuming an average reduction in internal HR supply of 14 percent per year.

## 2. COMPETENCY MODEL

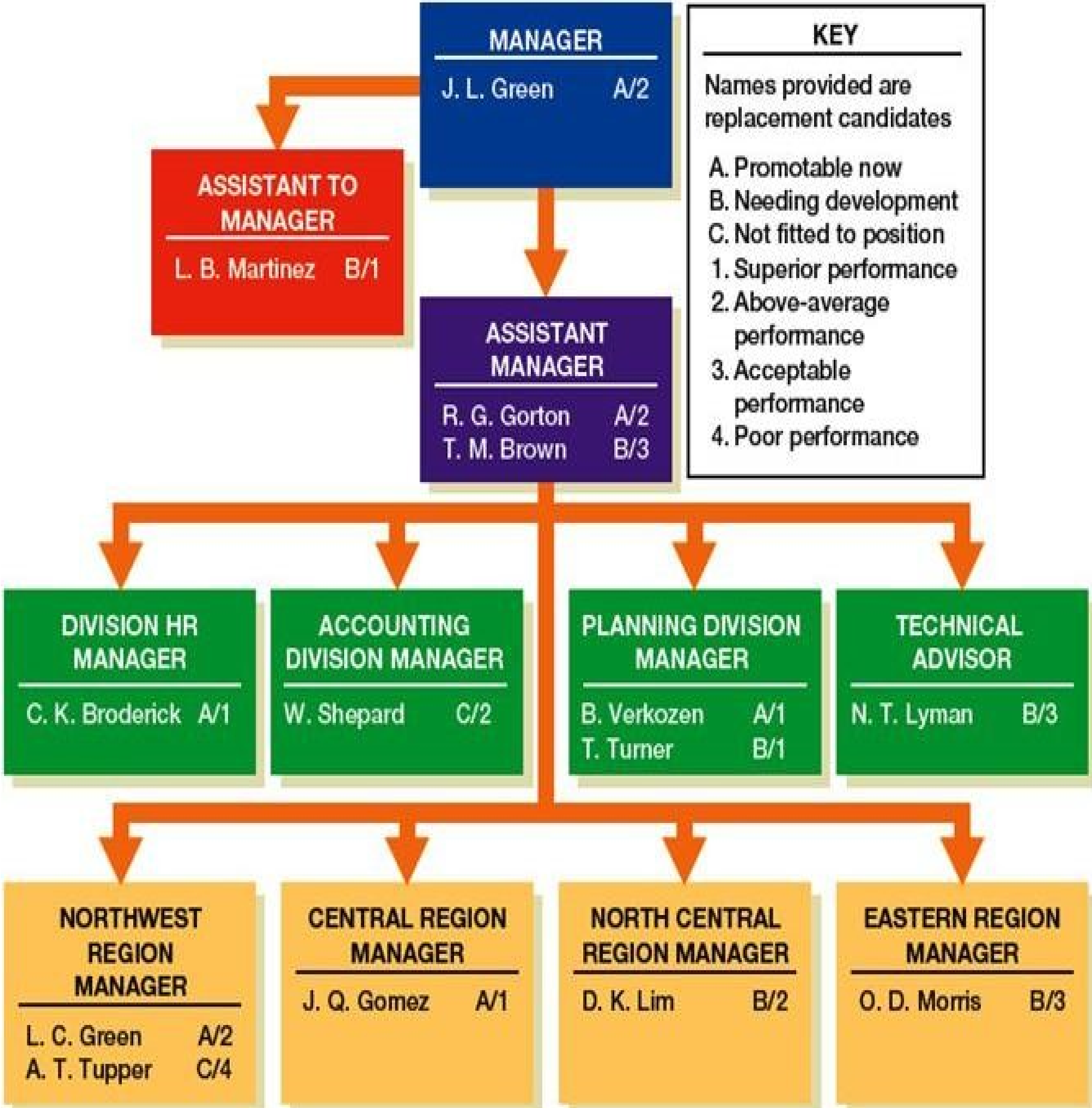
- Competencies are behaviors that encompass the knowledge, skills, and attitudes (ksa) required for successful performance.
- Competency modeling is the activity of determining the specific competencies that are characteristic of high performance and success in a given job.
- A future-oriented model 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 these competencies.
- Skills/competency models focus on matching the right skills or competencies needed for each job with the skills available within the organization.



Relationships
Communication & Influencing
Interpersonal Skills
Teamwork & Team Building
Customer Focus
Cross-Cultural Agility
Self-Management
Learning Agility/Development
Initiative & Risk Taking
Drive for Results
Adaptability Management
Emotional Resilience
COMPETENCY MODEL
Analytical
Problem Analysis
Critical Thinking
Decision Making
Innovation
Professional Expertise
Leadership
Strategic Thinking
Business Acumen
Leading Courageously
Inspiring Others
Integrity, Trust & Credibility
Management
Delegation & Performance Management
Project/Process Management
Managing Execution
Coaching & Developing Talent
Managing Differences/ Conflict

## 3. REPLACEMENT CHART

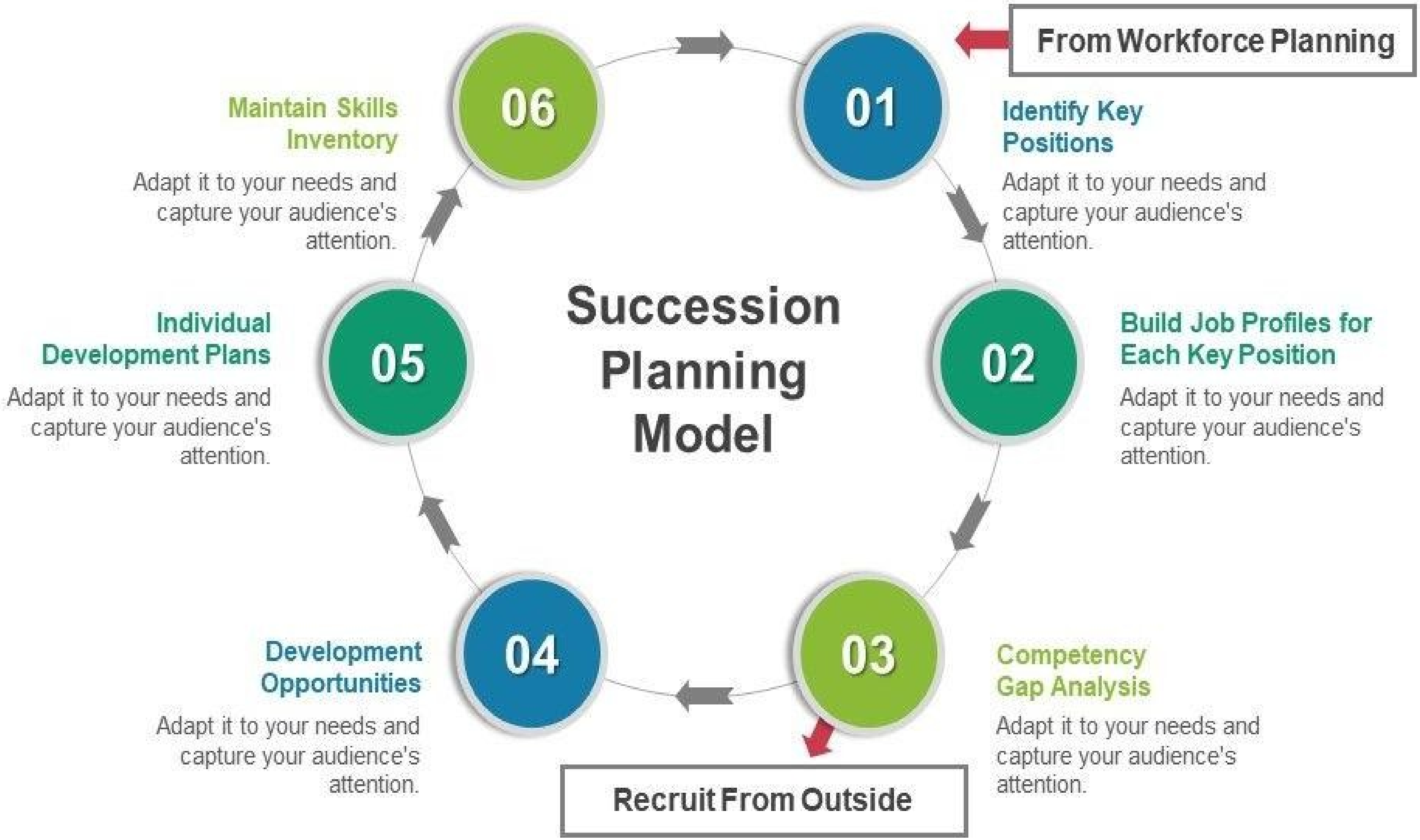
- A chart used to estimate vacancies in higher level jobs and identify how potential HR supply can fill these vacancies via internal movements from lower levels jobs.
- Replacement charts provide identification of potential replacements for vacancies within an organization.
- A comprehensive replacement 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.


MANAGER
J. L. Green A/2
ASSISTANT TO MANAGER
L. B. Martinez B/1
ASSISTANT MANAGER
R. G. Gorton A/2
T. M. Brown B/3
KEY
Names provided are replacement candidates
A. Promotable now
B. Needing development
C. Not fitted to position
1. Superior performance
2. Above-average performance
3. Acceptable performance
4. Poor performance
DIVISION HR MANAGER
C. K. Broderick A/1
ACCOUNTING DIVISION MANAGER
W. Shepard C/2
PLANNING DIVISION MANAGER
B. Verkozen A/1
T. Turner B/1
TECHNICAL ADVISOR
N. T. Lyman B/3
NORTHWEST REGION MANAGER
L. C. Green A/2
A. T. Tupper C/4
CENTRAL REGION MANAGER
J. Q. Gomez A/1
NORTH CENTRAL REGION MANAGER
D. K. Lim B/2
EASTERN REGION MANAGER
O. D. Morris B/3

## 4. SUCCESSION PLANNING

- Determining the internal Laboure supply calls for a detailed analysis of how many people are currently in various job categories or have specific skills within the organization.
- The planner then modifies this analysis to reflect changes expected in the near future as a result of retirements, promotions, transfers, voluntary turnover, and terminations.

# Succession Planning Model Template



## 5. MARKOV ANALYSIS

- Analysis that helps to predict internal employee movement from one year to another by identifying percentages of employees who remain in their jobs, get promoted or demoted, transfer, and exit out of the organization.
- To help predict internal employee movement from one year to another by identifying percentages of employees who remain in their jobs, get promoted or demoted, transfer, and exit out of the organization.
- By tracking and predicting employment movement within an organization, the Markov analysis allows for the development of a transition matrix to forecast internal Laboure supply.
- Markov Analysis is the statistical technique used in forecasting the future behavior of a variable or system whose current state or behavior does not depend on its state or behavior at any time in the past in other words, it is random.

- The technique is named after Russian mathematician Andrei Andreyevich Markov.
- A transition matrix, or Markov matrix, can be used to model the internal flow of human resources.
- These matrices simply show as probabilities the average rate of historical movement from one job to another.
- To determine the probabilities of job incumbents remaining in their jobs for the forecasting period.

**Example:**

- There is a 20% probability of being gone in 12 months, a 0% probability of promotion to manager, a 15% probability of promotion to supervisor, and a 65% probability of being a line worker this time next year. Such transition matrices form the bases for computer simulations of the internal flow of people through a large organization over time.

# UNIT IV

## RECRUITMENT

- Recruitment is the generating of applications or applicants for specific positions to be filled up in the organization.
- It is a process of searching for and obtaining applicants for jobs so that the right people in right number can be selected.
- According to Bergmann and Taylor, "Recruitment is the process of locating, identifying, and attracting capable applicants."

**SELECTION**

- Selection starts where recruitment ends.
- Selection is hiring the best candidates from the pool of applications.
- It refers to the process of offering jobs to one or more applicants from the applications received through recruitment.
- According to Yodder, “selection is the process by which candidates for employment are divided into class - those who will be offered employment and those who will not.”

## RECRUITMENT AND SELECTION NEEDS

### 1. Suitability

- Writing an accurate position description is an important part of the recruitment process.

- A good recruitment and selection policy would require those writing job descriptions to give precedence to the competencies that would make the most positive contribution to the organisation's business requirements (i.e. flexibility, initiative, leadership etc).

## 2. Consistency

- A good recruitment and selection policy will also require that hiring managers use pre-determined criteria at all stages of the recruitment process, thereby reducing the risk of bias or discrimination.

## 3. Legality

- Privacy and equal opportunity legislation require that the recruitment process is conducted in a fair and transparent manner and a good recruitment and selection policy will always make this very clear to recruiters.

## 4. Credibility

- Not all job advertisements are genuine. Some are placed by organisations wishing to build up a ‘talent pool’ or to simply test the waters and see what’s out there.

## 5. Transparency

- By requiring transparent procedures at every step, the recruitment and selection policy ensures that all stakeholders in the recruitment process (HR, department head, line manager etc) are able to follow the process and be confident of the outcome.

## RECRUITMENT PROCESS

The recruitment process consists of the following:

a) Recruitment Planning

b) Strategy development

c) Searching

d) Screening

e) Evaluation and control:

- ✓ Salary of the recruiters
- ✓ Cost of time spent for preparing job analysis, advertisement etc.,
- ✓ Administrative expenses
- ✓ Cost of outsourcing or overtime while vacancies remain unfilled
- ✓ Cost incurred in recruiting unsuitable candidates.

## Effectiveness of Recruitment Programme

Following are the pre-requisites.

- A well defined recruitment policy.
- A proper organizational structure.
- A well-laid down procedure for locating potential job seekers.
- A suitable method and technique for tapping these candidates.
- Continuous assessment of effectiveness of recruitment programme.
- Ethical practice in recruitment policy and procedure.

## ALTERNATIVE TO RECRUITMENT

- Overtime
- Employee Leasing
- Subcontracting
- Temporary Employment
- Outsourcing

## SELECTION PROCESS

Following are the steps involved in a standard selection process:

1. Preliminary Interview
2. Application Blank
3. Selection Tests

| **Ability Tests** | **Personality tests** |
| --- | --- |
| 1. Aptitude tests | 1. Interest tests |
| 2. Achievement tests | 2. Personality inventory tests |
| 3. Intelligence tests | 3. Projective tests |
| 4. Judgment tests | 4. Attitude tests |

4. Selection Interview:

   i. Preliminary Interview

   ii. Patterned Interview

   iii. Depth Interview

   iv. Stress Interview

5. Reference checks

6. Physical Examination

7. Final selection

## MAKING THE SELECTION EFFECTIVE

- **Understand the Job**
- **Develop a Process and Use it consistently**
- **Identify Valid Tools**
- **Train HR Staff**
- **Monitor Your Process**

## BARRIERS TO EFFECTIVE SELECTION

- **Ineffective Recruitment**
- **Perception**
- **Stereotyping**

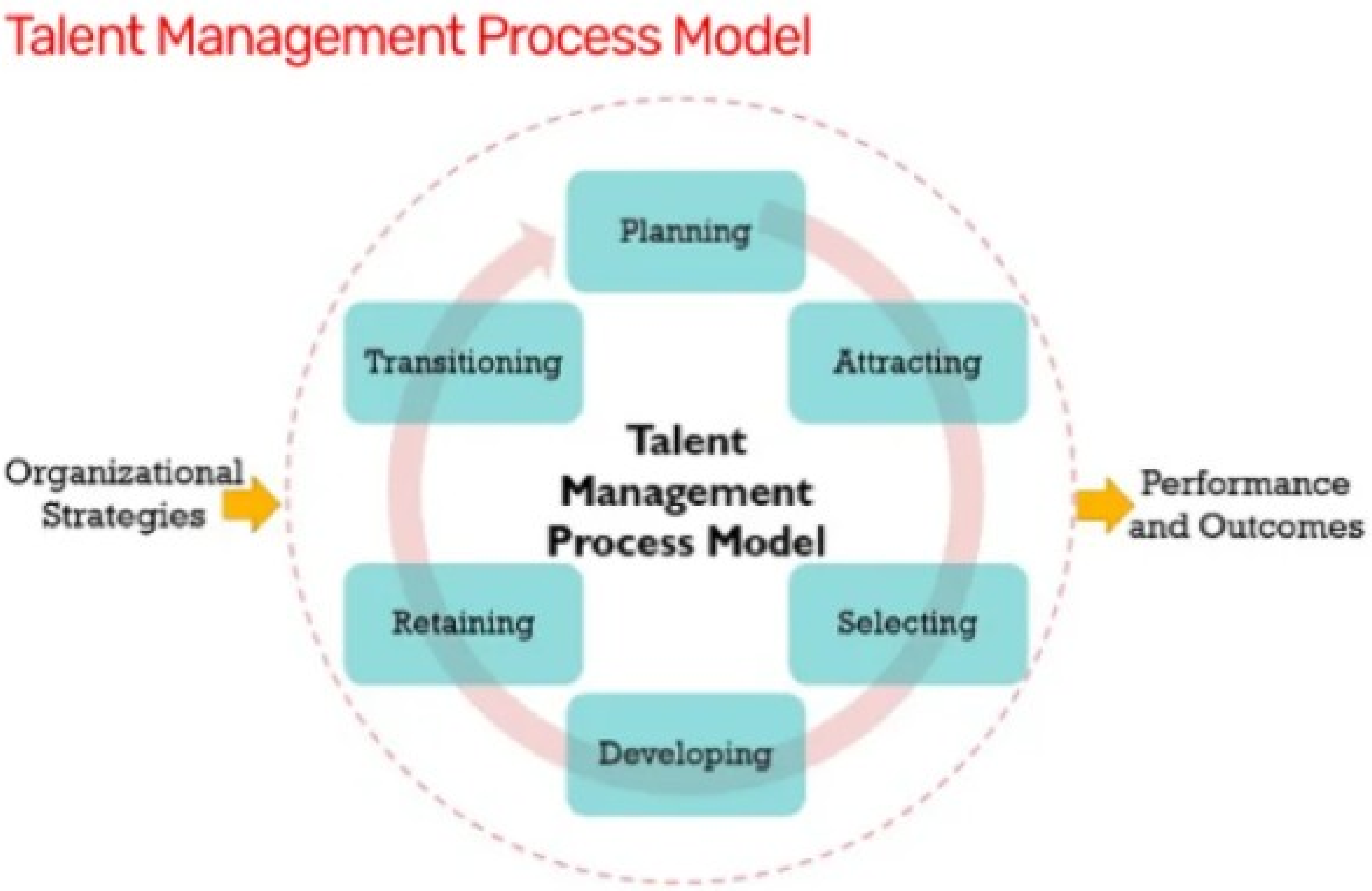
- Gender Issue
- Age/Race Issue
- Halo Effect
- Quota System
- Fairness
- Validity
- Reliability
- Pressure
- Nepotism/Favourism
- Cost and time

# UNIT V

## TALENT MANAGEMENT

- Talent management is defined as the methodically organized, strategic process of getting the right talent onboard and helping them grow to their optimal capabilities keeping organizational objectives in mind.
- The process thus involves:
  - identifying talent gaps and vacant positions,
  - sourcing for and onboarding the suitable candidates,
  - growing them within the system and developing needed skills,
  - training for expertise with a future-focus and effectively engaging,
  - retaining and motivating them to achieve long-term business goals.

# TALENT MANAGEMENT PROCESS



## 1. Planning

- It involves the following:
  - ✓ identifying where the gaps lie – the human capital requirement,
  - ✓ formulating job descriptions for the necessary key roles to help guide sourcing and selection, and
  - ✓ developing a workforce plan for recruitment initiatives.

## 2. Attracting:

- Based on the plan, the natural next step is to decide whether the talent requirements should be filled in from within the organization or from external sources.
- Either way, the process would involve attracting a healthy flow of applicants.
- The talent pools that need to be tapped into must be identified in advance to keep the process as smooth and efficient as possible.

## 3. Selecting:

- This involves using a string of tests and checks to find the right match for the job – the ideal person-organization fit.
- Written tests, interviews, group discussions and psychometric testing along with an in-depth analysis of all available information on the candidate
- Today there are software and AI-enabled solutions that recruiters can use to skim through a vast population of CVs to focus on the most suitable options and to find the ideal match.

**4. Developing:**

- Quite a few organizations today operate on the idea of hiring for attitude and training for skills.
- This makes sense because while you would want a predisposition to certain skill-sets, it is the person that you are hiring and not the CV.
- Developing employees to help them grow with the organization and training them for the expertise needed to contribute to business success also builds loyalty and improves employee engagement.

- This begins with an effective onboarding program to help the employee settle into the new role, followed by providing ample opportunities for enhancing the skills, aptitude and proficiency while also enabling growth through counseling, coaching, mentoring and job-rotation schemes.

## 5. Retaining:

- For any organization to be truly successful, sustainably, talent needs to be retained effectively.
- Most organizations try to retain their best talent through:
  - ✓ promotions and increments,
  - ✓ offering opportunities for growth,
  - ✓ encouraging involvement in special projects and decision-making,
  - ✓ training for more evolved roles and rewards, and
  - ✓ recognition programs.

## 6. Transitioning:

- Effective talent management focuses on a collective transformation and evolution of the organization through the growth of individual employees.
- This involves making each employee feel that they are a part of a bigger whole.
- Providing retirement benefits, conducting exit interviews and effective succession planning might seem like unrelated career points but they are all transition tools that enable the shared journey.

Q. Represent with examples how will you carry out talent management for an organization.

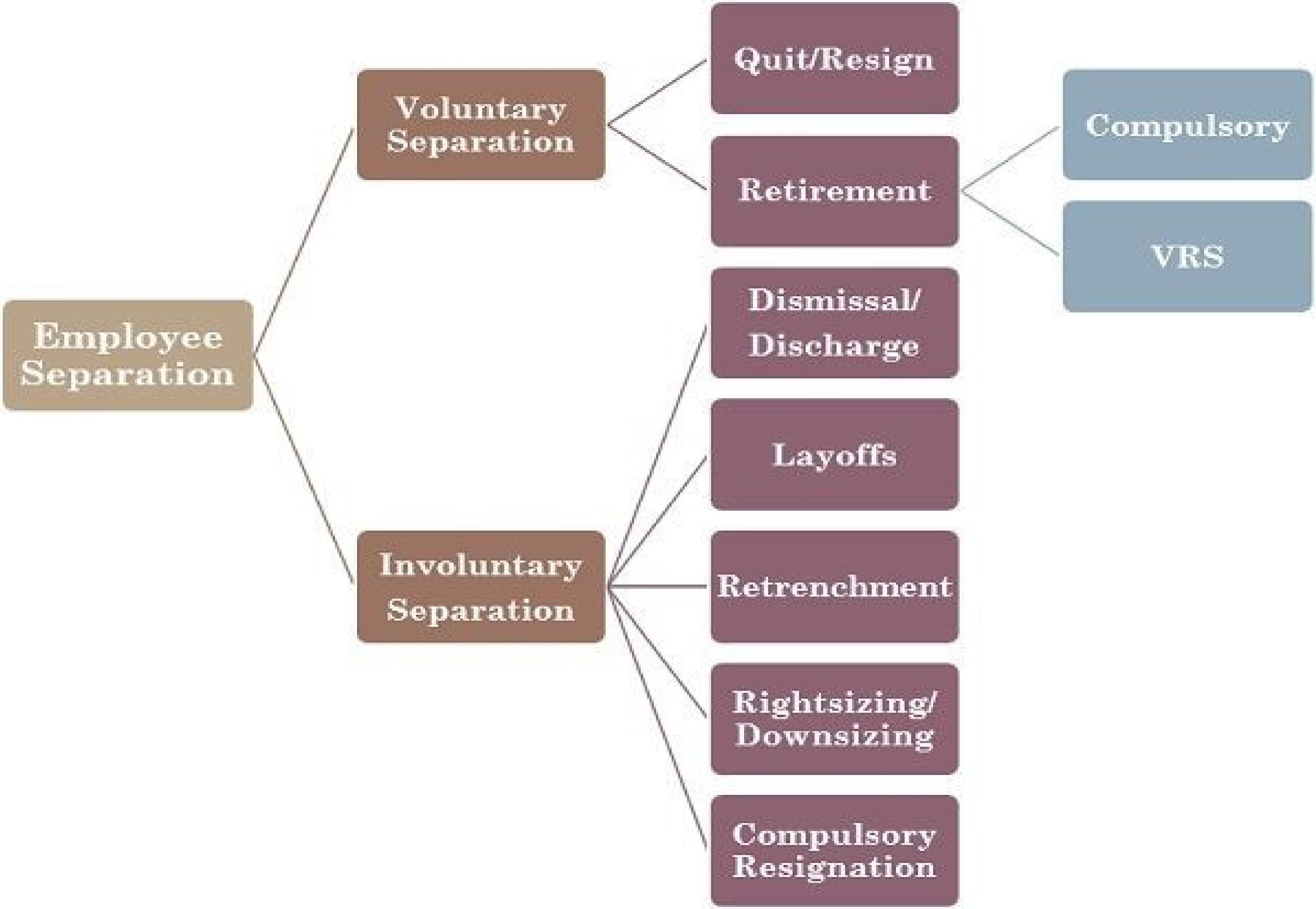

**Employee Separation**

## EMPLOYEE SEPARATION

- Employee Separation is the discontinuation of his employment contract with the company.
- The termination of employees' services can be voluntary or involuntary.
- This can take the form of Retirement, Resignation, Discharge, Layoff, etc.

- The companies and employees must specify valid reasons behind separation.
- The process may be upsetting for both, company and its employees.
- Hence, the employee separations should be planned and reasonable.

# Types of Employee Separation



## A) Voluntary Separations

- Here, the employee discontinues his services on his own consent in the organization.
- The most common forms of voluntary separation are:
  - ✔ i) Resign or Quit
  - ✔ ii) Retirement

## i) Resign or Quit

- The employee may quit his job due to personal or professional reasons.
- It may affect the goodwill of the company when it occurs often.
- The employee may leave because of reasons like:
  - ✓ Better Career Opportunities
  - ✓ Company Policy
  - ✓ Health
  - ✓ Relocation
  - ✓ Job Dissatisfaction, etc.

## ii) Retirements

- Retirement is the completion of employee's occupational tenure.

***Voluntary Retirement Scheme(VRS)***

- The employees can opt for retirement before reaching retirement age.
- It is also known as the **Golden Handshake Scheme**.

***Compulsory Retirement***

- When employees reach the age of superannuation, they have to retire compulsorily.

## B) Involuntary Separations

- Here, the employer terminates the services of their employees due to organizational reasons.
- The organizations may opt for employee separation because:
  - They may face ups and downs in the business cycle
  - Difficulty in handling the workforce
  - Unprofessional behaviour of the employees

The different types of involuntary separation are:

- ✓ i) Discharges and Dismiss
- ✓ ii) Layoffs
- ✓ iii) Retrenchment
- ✓ iv) Downsizing and Rightsizing
- ✓ v) Compulsory Resignation

## i) Discharges and Dismiss

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

It may be a product of:

- ✓ Job Misfit
- ✓ Bad Organizational Behaviour
- ✓ Absenteeism

It must be a thoughtful decision and adopted in only extreme cases.

- **Dismissal** is the termination of the employee resulting from his non-performance or misconduct.
- It is the last step the management takes as a punishment to the employee.
- It may impose adverse effects on employee's career opportunities in future.

### iii) Layoffs

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

  Merger, Acquisition, Competitive Environment, Changes in Technology, Downsizing, etc.

### iii) Retrenchment

- In this, organizations need to separate employees permanently due to **economic reasons**.
- The organizations may not recall employees.
- But they can prefer retrenched workers at the time of vacancies.
- The following can be the economic reasons behind retrenchment:-
    - ✓ Surplus Staff
    - ✓ Machinery Installation
    - ✓ Rationalization
    - ✓ Department Closure
    - ✓ Decreasing Demand for Products
    - ✓ Economic Slowdown

## iv) Downsizing and Rightsizing

- Rightsizing includes cost-saving and adjusting the crew to exact fit. The organization may cut costs by part-time work, reduced wages, reduced workweeks, etc.
- Downsizing refers to making the organization lean by reducing the force.
- Layoffs are mandatory in Downsizing, whereas Rightsizing may adjust the existing workforce.

## v) Compulsory Resignation

- The employer may ask its employee to leave the organization or resign.
- The organizations opt for obligatory resignation in critical situations and avoid dismiss.
- Compulsory Resignation is a better option than Dismissal or Discharge.
- The organization’s goodwill remains unaffected.
- As well as it does not affect the employee’s career too.

Q. Enumerate the different types of employee separation citing examples for each type. (10 marks)

## SAFETY AND HEALTH AT WORK PLACE

- Organizations are obliged to provide employees with a safe and healthful environment.
- Health is a general state of physical, mental and emotional well being.
- Safety is protection of a person's physical health.
- The main purpose of health and safety policies is the safe interaction of people and the work environment.
- Poor working conditions affect employee performance badly.
- Employees may find it difficult to concentrate on work.

## STEPS TO MAINTAINING THE HEALTH AND SAFETY OF YOUR EMPLOYEES.

### Understand the risks

- Carry out regular risk assessments to identify possible hazards and dangers to your employees.
- Be realistic – how will a potential risk emerge, how likely is it and what is the possible impact.
- Create a plan from the initial assessment with clear, actionable steps to reduce and address the risks, in order of priority.

**Talk to your team**

- Make sure you speak to all your employees to hear their perspectives and issues with their work environments and processes.
- This process can provide invaluable feedback, pointing to issues you hadn't yet considered.
- An open forum to discuss concerns and solutions also helps create and promote an organisational culture of safety and health, with everyone invested in improving their workplaces.

## Provide training

- It's also vital your team is supported by the correct training programmes.
- These can take the form of short workshops, presentations or on-the-job training, etc.

## Keep written records

- Create a maintenance schedule and make sure all reports are logged and centralised correctly.
- It doesn’t have to be long but should also have a written-down health and safety policy that clearly outlines your approach.
- This should also be shared with all employees and stored along with your risk assessments and other relevant documents.

**Continuously review and improve**

- As the way we work evolves, new occupational risks can come to the fore – from new technologies and equipment to remote working practices.
- Keep reviewing your organisation's progress when it comes to health and safety. What are the current strengths and weaknesses? Are there new risks?
- Keep talking to your team, address problems as they arise and maintain written records of all your actions.

Q. As the HR manager of a large auto components unit, safety is one of your major responsibilities. You have decided to conduct a safety analysis of some jobs. Before going ahead, you need a formal approval from the CEO. He has now asked you to explain.

1. Why the exercise is undertaken in view of the low accident rate history in the past?
2. Why the analysis is limited to certain jobs?

# HUMAN RESOURCE ACCOUNTING

## Meaning and Definition

Human resource accounting is the art of valuing, recording and presenting systematically the worth of human resources in the books of account of an organization.

## Objectives

1. To furnish cost value information for making proper and effective management decisions about acquiring, allocating, developing and maintaining human resources in order to achieve cost effective organizational objectives.
2. To monitor effectively the use of human resources by the management.
3. To have an analysis of the human asset i.e., whether such assets are conserved, depleted or appreciated.
4. In all, it facilitates valuation of human resources, recording the valuation in the books of account and disclosure of the information in the financial statement

## Importance of Human Resource Accounting

1. Human Resource Accounting helps the management in the Employment, locating and utilization of human resources.

2. It helps in deciding the transfers, promotion, training and retrenchment of human resources.

3. It assists in evaluating the expenditure incurred for imparting further education and training in employees in terms of the benefits derived by the firm.

4. It helps to identify the causes of high labour turnover at various levels and taking preventive measures to contain it.

## HUMAN RESOURCE AUDIT

Human Resource Audit is a comprehensive method of objective and systematic verification of current practices, documentation, policies and procedures prevalent in the HR system of the organization.

**Features:**

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

**Need for Human Resource Audit:**

- Growth of organisation needs an HR audit. Large organisation requires continuous feedback for improvement in performance of its employees.
- Mounting pressures from trade unions of employees and their participation in formulating employment policy and questioning of managerial competence have raised the need for HR audit.
- An effective two way communication system has also facilitated the need for HR audit.
- The HR audit becomes essential because of delegation of authority and decentralization of power.