

COURSE TITLE
ORGANIZATION AND MANAGEMENT

Chapter 8
HUMAN RESOURCE MANAGEMENT
(HRM)

Lecture 8 (week 8)

**Meaning and concept of HRM, Challenges of HRM,
Job Analysis, Recruitment, Selection, Training and
Performance appraisal**

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Learning Objective

The main objective of this lecture is to understand about:

- 8.1 Meaning and concept of HRM.
- 8.2 Challenges of HRM.
- 8.3 Job Analysis.
- 8.4 Recruitment.
- 8.5 Selection.
- 8.6 Training.
- 8.7 Performance Appraisal.

7.1 INTRODUCTION TO HRM

Human resource management (HRM) is concerned with the ‘people’ dimension in organization. As we know management is the art of getting things done through other people. Managers perform the function of planning, organizing, staffing, coordinating, directing etc. The staffing functions is concerned with human resource management. The management function that deals with the recruitment, placement, training, development of organization members. HRM is a process for staffing the organization and sustaining high employee performance. HRM is the art of procuring, developing and maintaining competent workforce to achieve organisational goals effectively.

Human resource management is a process consisting of four functions acquisition, development, motivation and maintenance. [1] HRM can be defined as all the practices, system, and procedures implemented to attract, acquire, develop, and manage human resources to achieve the goal of an organization. Human resources add to the value while other resources add to the costs of an organization. Thus human resources creates organization and make them survive and prosper. Management of human resources is very challenging task for managers running an organization in effective manner.



SOURCE: [2]

Fig: FUNCTIONS OF HRM

IMPORTANCE OF HRM

1. Importance for the Organisation:

Good human resource practices help in attracting & retaining the best people in the organisation. In order to make use of latest technology the appointment of right type of persons is essential. The right people can be fitted into new jobs properly only if the management performs its HR function satisfactorily. The performance of the company depends upon the qualities of the people employed. HR planning alerts the organisation to the types of people it will need in the short, medium & long run. The importance of HRM has increased because of the shortage of really managerial talent in the country.

2. Importance for the employees:

HRM stress on the motivation of employees by providing them various financial & non-financial incentives. Right organisational climate is also stressed upon so that the employees can contribute their maximum to the achievement of the organisational objectives. It also encourages people to work with diligence & commitment. Effective management of HR promotes team work & team spirit among employees. It offers excellent growth opportunities to people who have the potential to rise.

3. Importance for the society:

Good HR efforts lead to productivity gains (ratio of output to input) to the society. Since it enables the managers to reduce costs, save scarce resources, enhance profits & offer better pay, benefits & working conditions to employees.

OBJECTIVES OF HRM

1. Societal Objectives :

To manage human resources in an ethical & socially responsible manner. To ensure compliance with legal & ethical standards. To minimise the negative impact of societal demands upon the organisation.

2. Organisational Objective:

HR department, like any other department in an organisation, should focus on achieving the goals of the organisation first. If it does not meet this purpose, the HR department cannot exist in the long run. HR department should recognise its role in bringing about organisational effectiveness. HRM is not an end in itself. It is only a means to assist the organisation with its primary objectives.

3. Functional Objectives:

To maintain the HRM department's contribution at a level appropriate to the organisation's needs. Resources are wasted when HRM is either more or less sophisticated to suit the organisation's demands. HRM should employ the skills & abilities of the workforce efficiently. It should aim at making the people's strength more productive & beneficial to the organisation. HRM should aim at providing the organisation with well trained & well motivated employees.

4. Personnel Objectives

HRM should increase employee's job satisfaction to the fullest extent. HRM should also meet the self-actualisation needs of the employees. It should stimulate every employee to achieve his potential. HRM should develop & maintain a quality of work life. It makes employment in the organisation a desirable, personal & social situation. The HRM should also communicate HR policies to all employees. It will help the HRM in tapping the ideas, opinions, feelings, & the views of the employees.

7.2 CHALLENGES OF HRM

1. Outsourcing HR activities

Outsourcing is the process by which organizations transfer work to another organization that specializes in that work and can perform more efficiently. Human resource outsourcing is when a company hires another company to handle some or all of its HR tasks. It is assumed that outsourcing offers reduced costs, improved flexibility, and allows the hiring of specialized expertise. The HR activities which are commonly outsourced include hiring, training and development, payroll preparation, and so on.

2. Balancing work life and family life

A growing concern in HR management is the issue of balancing work life quality and family life quality. This issue is more when both husband and wife are employed. It has resulted into the need to introduce flexi-work hour, job sharing, childcare at work places, flexible work policies etc.

3. Change in employee expectations

With the change in various aspects of time, expectations of the employees are also changing every day. It has given birth to the motivation problems and several other behavioural issues. The challenge in front of HR managers is to identify and define the expectations of the employees.

4. Corporate reorganization

With the change in environment, reorganization of big organizations have become common. Mergers, acquisitions, takeovers, and divestitures have posed challenges for HRM these days.

5. Loss of joy and pleasure

HR managers are not as fortunate as they were in the past. They are facing strikes, sabotage, vandalism, and other forms of disturbances. HR as the part of the organization with the responsibility of managing employee relations is always in state of tension resulting into loss of joy and pleasure.

6. Changing qualities of HR professions

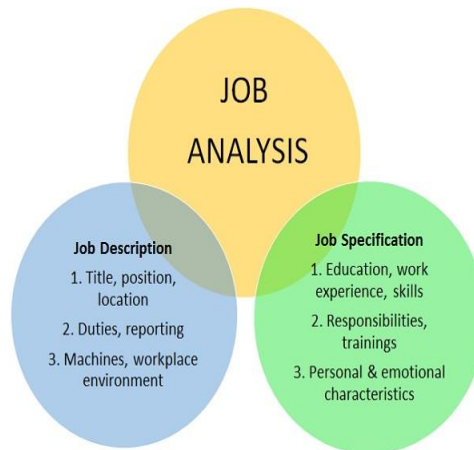
HR executives these days are in the cross roads. They are caught between the conflicting interests of (a) management and labor, (b) political and bureaucratic hassles. HR managers is required to have skills and knowledge of the areas other than HR practices.

7.3 HRM ‘Planning’

Human resource planning is the process by which a firm ensures that it has the right number of people and right kind of people at the right place at the right time doing work for which they are economically most useful. [3] Human resource planning ensures that future personnel needs will be constantly and appropriately met. It is used to forecast personnel requirements, cope with changes, use existing manpower productively and promote employees in a systematic manner. It includes: Job Design, Recruitment, Selection, Training & Developing employees, Performance and Retaining.

7.3.1 JOB DESIGN/ ANALYSIS

Job is “collection or aggregation of tasks, duties, and responsibilities, regarded as a regular assignment to individual employee.” Job design is related to deliberately structuring technical, social and human aspect of a job. It is related to organizing (assembling) the components of job to enable participation by all group members to accomplish the same. [4] Jobs can be highly complex or very simple in terms of use of employee skills. Once a job is designed, it must give satisfaction to the worker and he should be able to experience ‘Worth’ in doing the same.



SOURCE: [5]

Uses of Job Analysis

- Provide complete knowledge of the job.
- Job analysis provides a realistic basis for recruitment and selection of employees.
- Helps to rearrange the work flow and to revise existing procedure.
- Provides the necessary information for employee development.
- Helps in establishing clear cut standards. This helps the employees as they can know what is expected of them.
- Make known the required skills and knowledge for doing a job.

7.3.2 RECRUITMENT

Recruitment is a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organization. Development of a pool of job candidate in accordance with a human resource plan. Its purpose is to provide management with enough candidates from which they can select qualified employees. The process begins when new recruits are sought and ends when their application are submitted.

Recruitment policy [3]

- It indicates the organization code of conduct in this area of activity.
- It may involve a commitment to broad principles such as filling vacancies with the best qualified individuals.
- Fair and objective recruitment policy and standard would add to the image of the organization in the long run.

- Such a policy declares the objectives of the recruitment and provides a frame work of implementation of the recruitment program in the form of procedure.

Internal Source of Recruitment

1. Promotion

Job vacancies can be filled through promotion of the current employees. Employees also feel more secured and can identify their long- term interests in the organization. It can motivate the employees. If there arises vacancies requiring special skills and knowledge, this source may not be sufficient.

2. Transfer

This is the method of recruiting employees internally without promoting.

3. Job rotation

It is a process of moving employees from one job to another for a short period. From recruitment perspective it is a kind of temporary assignment.

4. Rehires and recall

Former employees who were laid off for some reasons may be called back. This source is also cost effective.

5. Job posting

This is an open invitation to all employees in an organization to apply for their job vacancies. It provides equal opportunities for employees' growth and advancement.

External Source of Recruitment

1. Employee referral program

It is work-of-mouth advertisement in which current employees refer applicants from outside the organization. This method is effective to find critically skilled employees.

2. Walk-ins

When job applicants come to apply for jobs by walking into the organization's employment office, this is known as walk-ins. This method is relatively informal and less expensive.

3. Employment agencies

These agencies are likely to have a list of suitable applicants in their records and charge some reasonable amount for rendering employment service. There are some private and public agencies rendering these services.

4. Trade unions

In some organizations, unions such as trade unions and professional associations collect applicants for the future selection. These associations publish notices in their newsletters offering employment opportunities especially for skilled personnel.

5. Newspaper and trade journals

These are the most commonly used recruitment methods. Recruitment adds in daily and weekly newspapers are effective for all types of positions

7.3.3 SELECTION

Selection is essentially a process of choosing right applicants best suited for the organization's requirement. The most common approach to the selection objective is to choose individuals who possess the necessary skills, abilities, and personalities to successfully fill specific jobs in the organization. The mutual process whereby the organization decides to make a job offer and the candidate decides whether or not to accept it. Candidates are screened by the employer and the shortlisted applicants go on to the next hurdle, while the unqualified once are eliminated.

Step 1: PREPARE

- **Identify existing superior performers.**
- **Create a job description for the position.**
- **Identify the competencies or skills needed to do the job.**
- **Draft interview questions.**

Step 2: REVIEW

- **Review questions for legality and fairness.**

Step 3: ORGANIZE

- **Select your interview team and your method of interviewing.**
- **Assign roles to your team and divide the questions.**

Step 4: CONDUCT

- **Gather data from the job candidate.**

Step 5: EVALUATE

- **Determine the match between the candidate and the job.**

Step 6: EXCHANGE

- **Share data in a discussion meeting.**

Step 7: DECIDE

- **Make the final decision**

The Employee Selection Process: Still's PROCEED model. [6]

STEP 1: Reception of Application

The first step in selection process is the reception of application of the candidates as a result of vacancies announcement. The application should spell out the interests and expectations of the applicants along with their resume.

STEP 2: Preliminary Interview

The second step is to conduct preliminary screening interview to have an initial assessment of the candidate's abilities and aspirations. This interview would generally establish a candidate's goals and interests and general attitude towards the organization and what the candidate can contribute to the organization.

STEP 3: Selection Tests

In recent years selection tests (which are usually constructed by industrial psychologists) have become a well-accepted part of the selection procedure for the majority of medium and large organizations. These tests are given to make judgment about certain specific aspects of the candidates. These tests may include achievement tests, aptitude tests, personality tests, intelligence tests, psychomotor tests etc.

STEP 4: Office Interview.

It is conducted to evaluate the applicant's acceptability in terms of his ability to fit into the organization's culture and his motive for joining the organization. The interview program can be designed in various patterns such as structured or unstructured interview, formal or informal interview, planned interview, non-directive interview, depth and stress interview, group interview, and panel interview.

STEP 5: Reference check

The next step is to check the candidate's reference seek opinions from his previous employers or instructors. Background checks for criminal records and citizenship/immigration status are more crucial than ever amid concerns about workplace violence and international terrorism. [7]

STEP 6: Final selection interview

A final selection interview is conducted by the line executives. At this phase, a final decision of acceptance or rejection is made.

STEP 7: Medical examination

This step is concerned with the physical health of the incumbents. It is necessary to ensure that the:

Applicants are physically fit and capable to perform the jobs given.

Unwarranted claims will be avoided.

Communicable diseases will be prevented.

STEP 8: Induction or orientation

This step involves the hiring of the candidates with the orientation of the organization's culture and norms and the responsibilities they have to discharge.

7.3.4 TRAINING AND DEVELOPMENT

Training is the process designed to maintain or improve current employee performance. It is the process of learning a sequence of programmed behavior. It gives people an awareness of
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the rules and procedures to guide their behavior. Development is a process designed to develop skills and attitudes necessary for future work. Training and developmental program improve three types of skill: Technical skill, Interpersonal skill and Problem solving skill.

Training Methods

1. On the Job Training.

This method is the most widely used method and it simply means putting the workers on the job under close supervision of trained instructor. This training continues until supervisor is satisfied that the employee can adequately perform the job without supervision. This method is appropriate for skill oriented jobs with small number of employees. This method is suitable for the employees in clerical positions, shop floor and workers in manual and repetitive jobs. It includes Apprenticeship, Job Instruction Training (JIT), and Internship etc.

2. Off the Job Training.

Such training takes place outside the actual workplace but attempts to simulate actual working conditions. Location of such training may be the organization's class room, an outside place owned by the organization, an educational institution etc. Various methods can be employed in this type of training like lectures, role playing, conference, case study, audio- visual techniques etc.

Importance of Training [3]

- Training makes employees to develop and rise within the organization and increase their earning capacity.
- Trained workers enable the enterprise to face competition from rival organization.
- Training moulds the employee's attitudes and helps them to achieve better cooperation the organization.
- Trained workers need lesser supervision.
- Trained worker make better use of materials and equipment resulting in reduction of wastage and spoilage.
- Training leads to job satisfaction and high moral.

7.3.5 EMPLOYEE PERFORMANCE MANAGEMENT

Annual performance appraisals are such a common part of modern organizational life that they qualify as a ritual. [7] Performance management is a process used within an organization to establish and evaluate and individual's job performance to achieve goals and objectives. Performance appraisal is a process of systematically evaluating performance and providing feedback upon which performance adjustment can be made. Performance Appraisal should be based on job analysis, job description and job specification.

Types of performance appraisal

1. Informal Performance Appraisal

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The process of continually feeding back to subordinates information regarding their work performance.

2. Formal Performance Appraisal

A formalized appraisal process of rating work performance, identifying deserving raises or promotions, and identifying those in need of further training.

7.3.6 RETENTION

Employee retention is defined as an organization's ability to prevent employee turnover, or the number of people who leave their job in a certain period, either voluntarily or involuntarily. [8] Compensation and Benefits plays an important role in retaining the employees in an organization. A thoughtful and comprehensive employee retention strategy reduces the high costs associated with replacing lost employees. Benefits of a fair, effective and compensation system:

- Help attract and retain high performance employees.
- Impact on strategic performance of the firm.

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