Human Resources Management



“

Hire character.

Train skill.

Peter Schutz

Outline

- Human Resources (HR)
- Evolution of HR
- HR Planning
- HRD
- Forecasting Demand for Labour
- Staffing
- Internal Supply of Labours
- Performance Appraisals

What is HR?

- Human Resource Management (HRM or HR) is the strategic approach to the **effective and efficient management of people in an organization,** to gain a competitive advantage

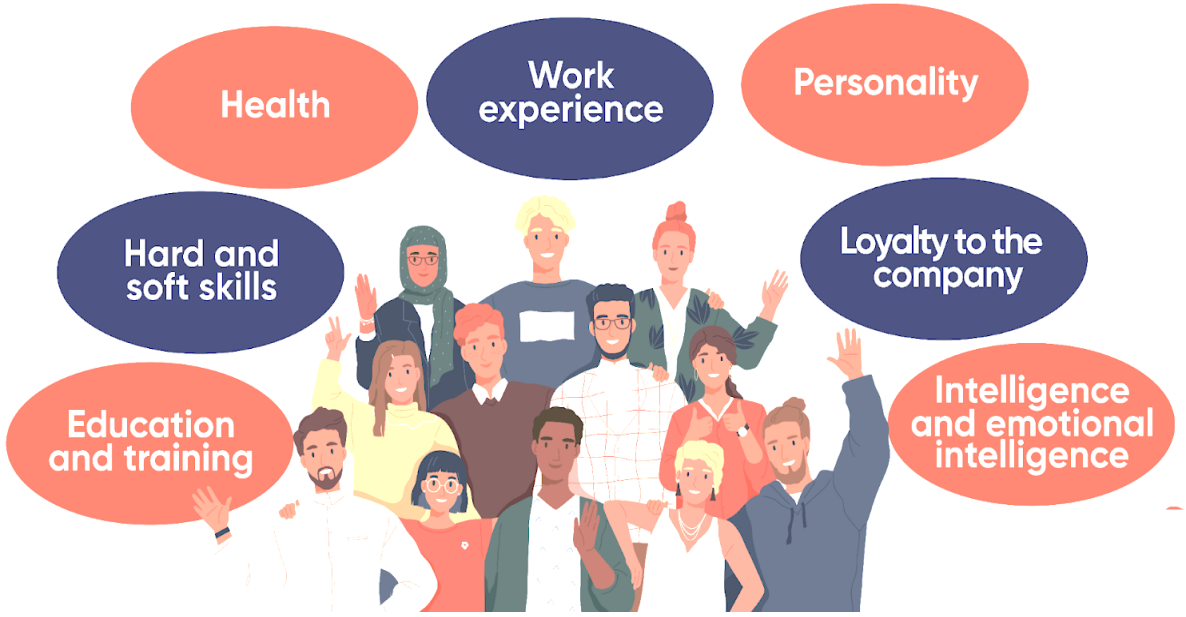
- It is designed to **maximize employee performance** in service of an employer's strategic objectives



Evolution of HRM

What is Human Capital?

- The term refers to the **economic value of a worker's experience and skills**
- Human capital includes **assets like education, training, intelligence, skills, health**
- Also, other things employers value such as **loyalty and punctuality**



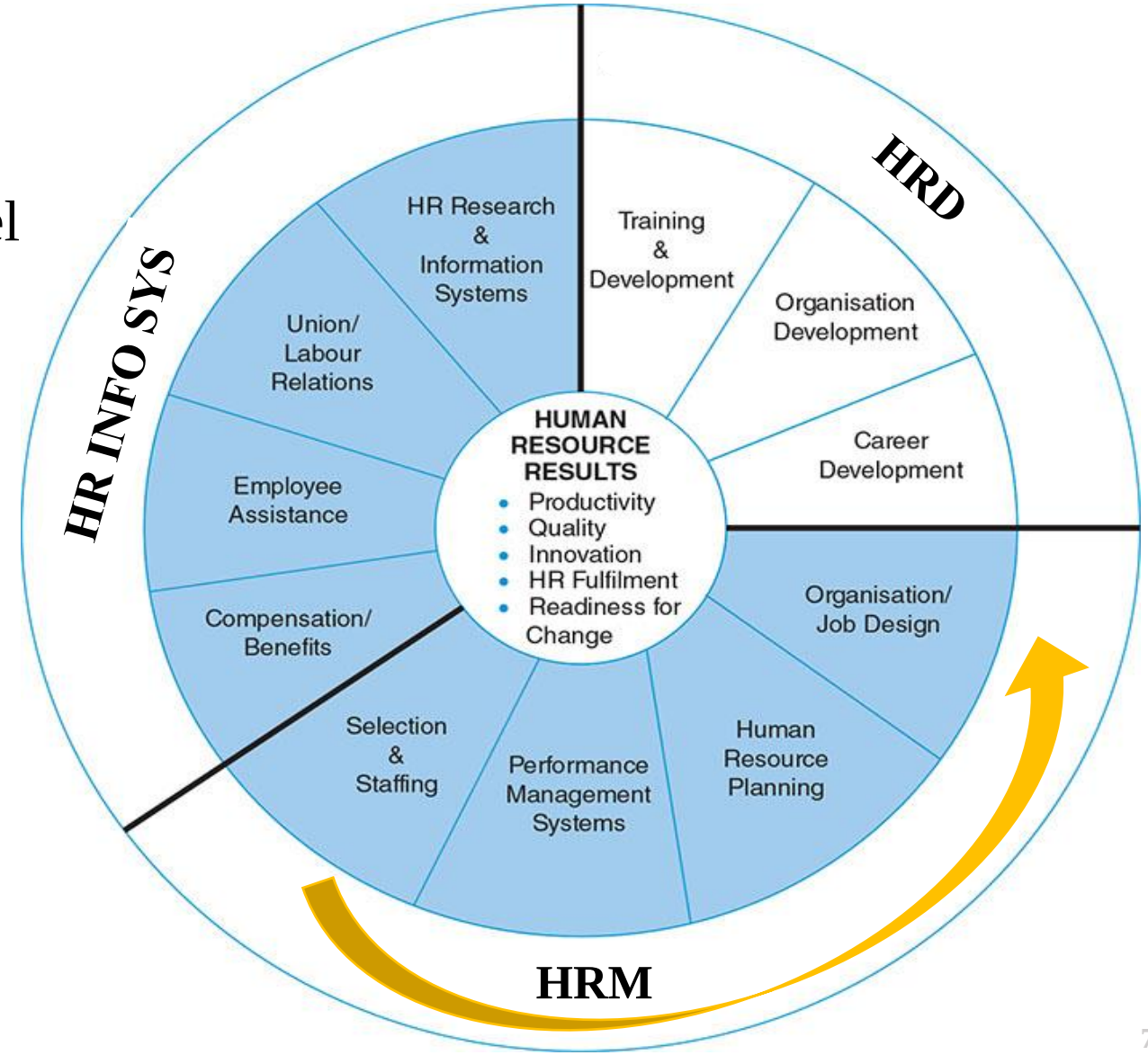
What makes up Human Capital

Evolution of HRM

The McLagan's HR Wheel…

Patricia A. McLegan came up with the model showing various dimensions of HR in 1990s



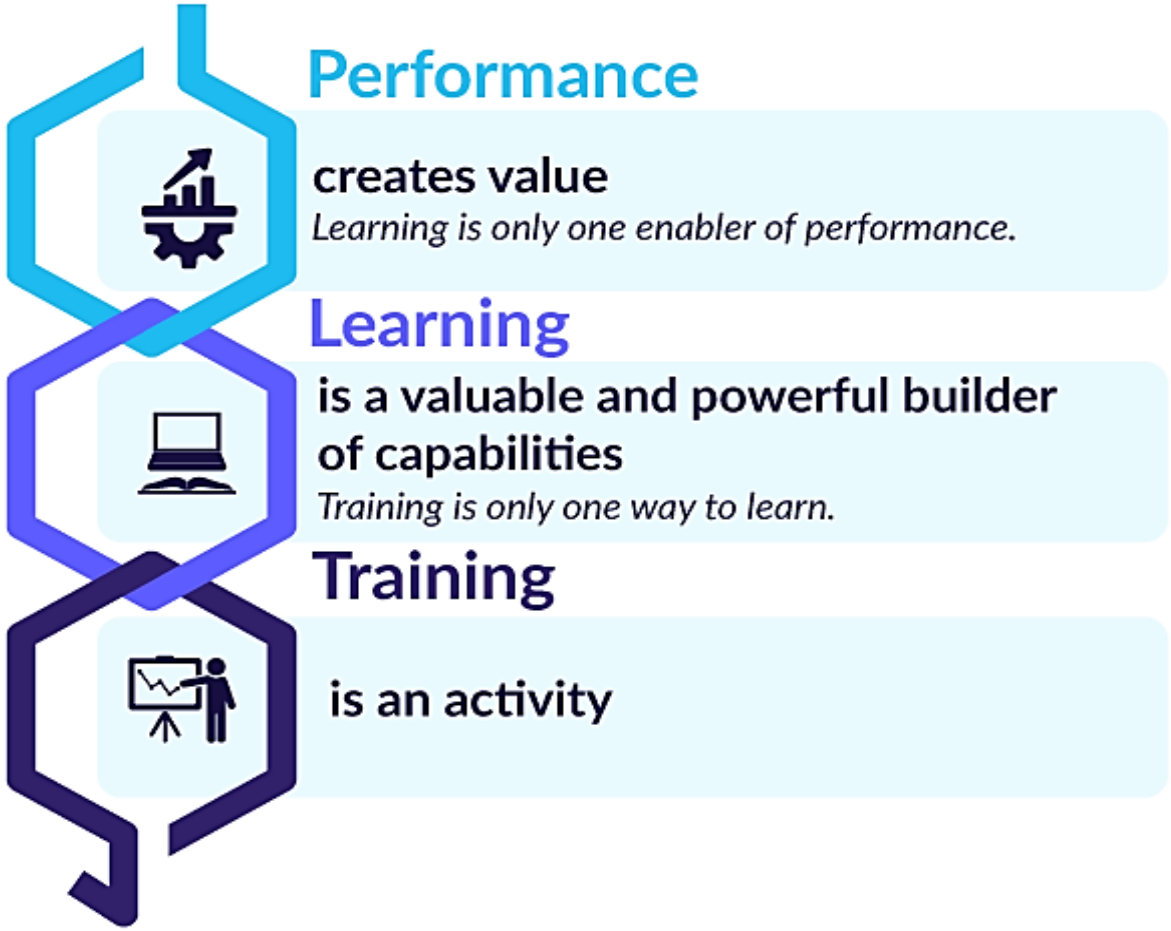


HRM Vs. HRD

HRM	HRD
Entire management process	Subset of HRM
Wider scope	Narrower focus
Emphasises on employee as a whole	Training and Development (T&D) of employees
Process	Activities

Evolution of HRM

Training, Learning and Performance…





HR Process

The HR processes involves followings:

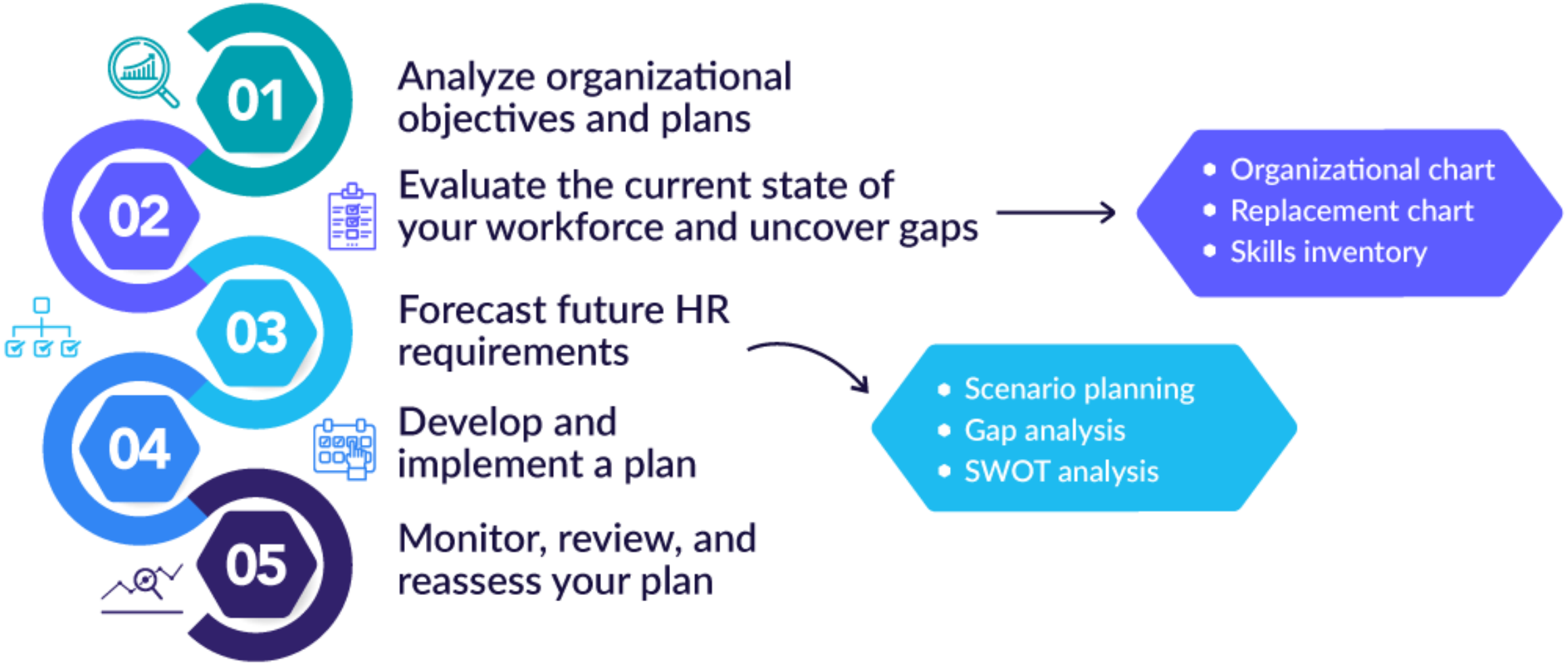
- **HR planning**: *Recruitment, Selecting, Hiring, Training, Induction, Orientation, Evaluation, Promotion and Layoff etc.*
- **Employee Remuneration and Benefits Administration**
- **Performance Management**
- **Employee Relations**

HR Planning

It is the process of people forecasting. It also involves the processes of **Evaluation, Promotion and Layoff**

- **Recruitment**: It aims at attracting applicants that match a certain job criteria
- **Selection**: Aims at short listing candidates who are the nearest match in terms qualifications, expertise and potential for a certain job
- **Hiring**: Deciding upon the final candidate who gets the job
- **Training and Development (T&D)**: Those processes that work on an employee onboard for his skills and abilities upgradation

HR Planning Process



Forecasting Demand for Labour

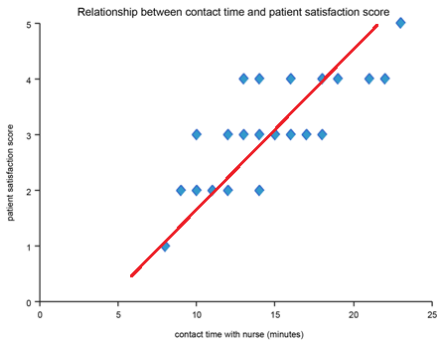


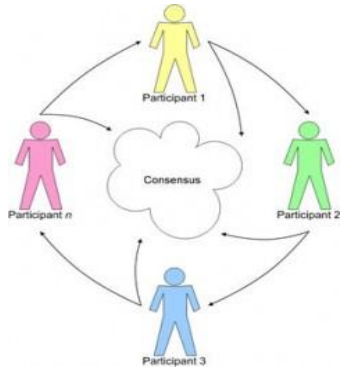
What is Forecasting Demand for Labour?



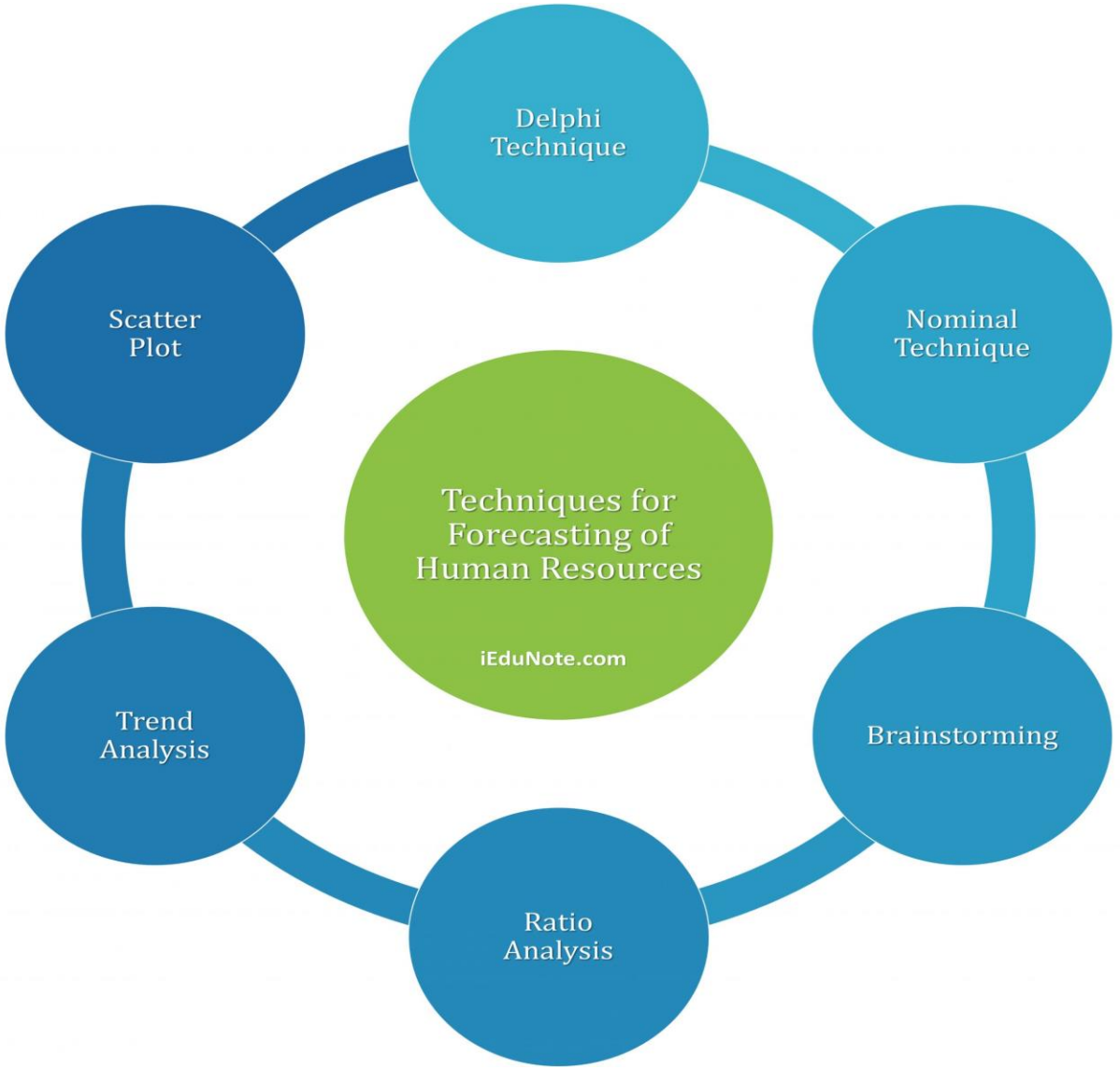
- It is about **predicting how busy your organization is likely to become** in the future
- Most forecasting methods of this nature revolve around **estimating future demand based on historical sales data and market conditions**
- *Forecasting help to:*
  - Make labour cost alignment more efficient and more practical
  - Prepare for staff unavailability and unpredictable events
  - Ensure skilled workers attend to specific areas of demand where they are effective
  - Cut down on unnecessary workforces and over-staffing

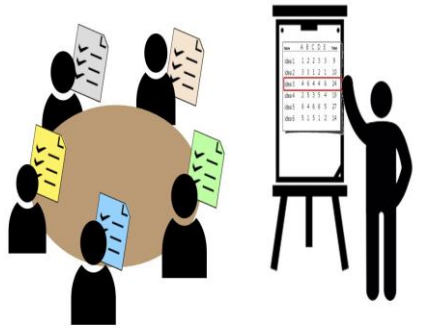
Techniques for Forecasting of Human Resources



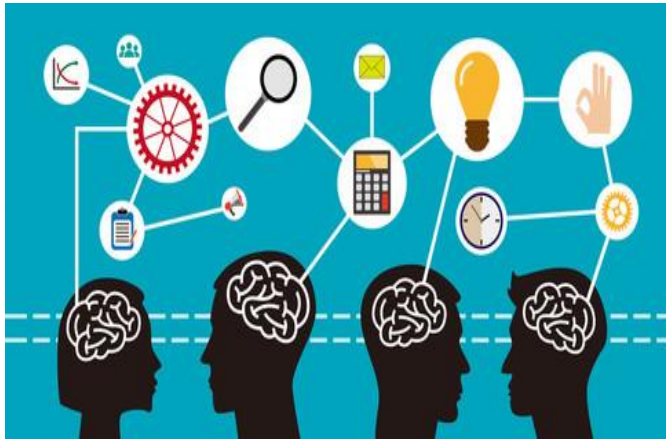










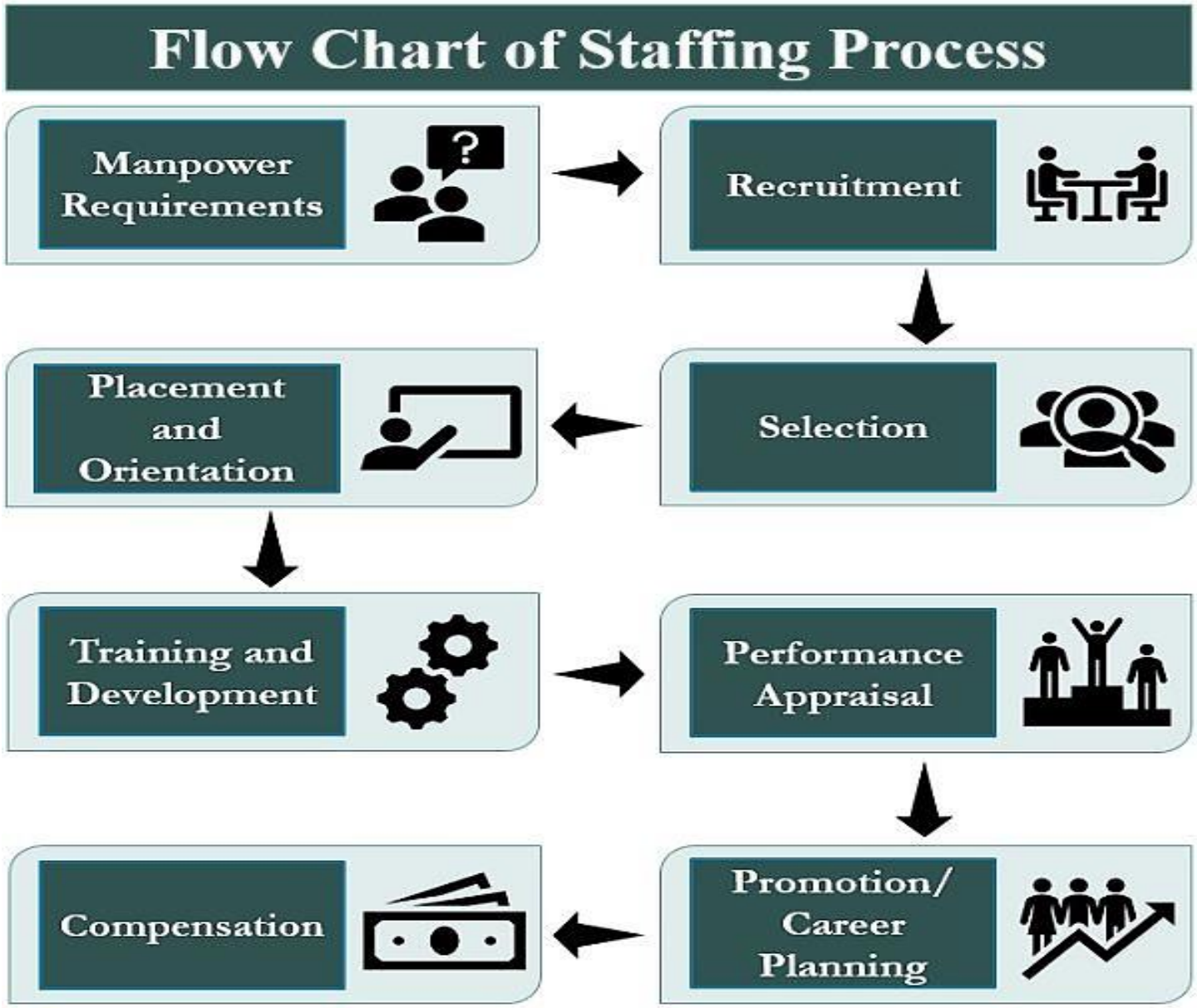


Techniques for Forecasting of Human Resources

- **Delphi Technique** – It is based on forecasts from a structured group of individuals
- **Nominal Technique** – Participants are asked to write their ideas anonymously. Then the facilitator collects the ideas, and the group votes on each idea
- **Brainstorming** – Brainstorming by creative thinking in groups of about 5-8 people
- **Ratio Analysis** – A forecasting technique for determining future staff requirements by using ratios between, sales volume and number of employees needed
- **Trend Analysis** – Studying a firm's past employment needs over the years to predict the future.
- **Scatter Plot** – A graphical method to identify the relationship between two variables. Forecast the level of business activity corresponding estimate personnel requirements

8 Steps

Staffing function



HR Planning Vs. Staffing

- HR planning **link business strategies to future manpower needs**, forecasting labour demand and supply, and laying down the HR plan to meet the labour needs

- Thereafter, staffing is carried out, which **typically involves recruitment, selection, and placement**





Internal Supply of Labours

- It refers to the process of **profiling of employees in terms of age, education, training, experience, job level, past performance and future potential to be** kept ready for use whenever required

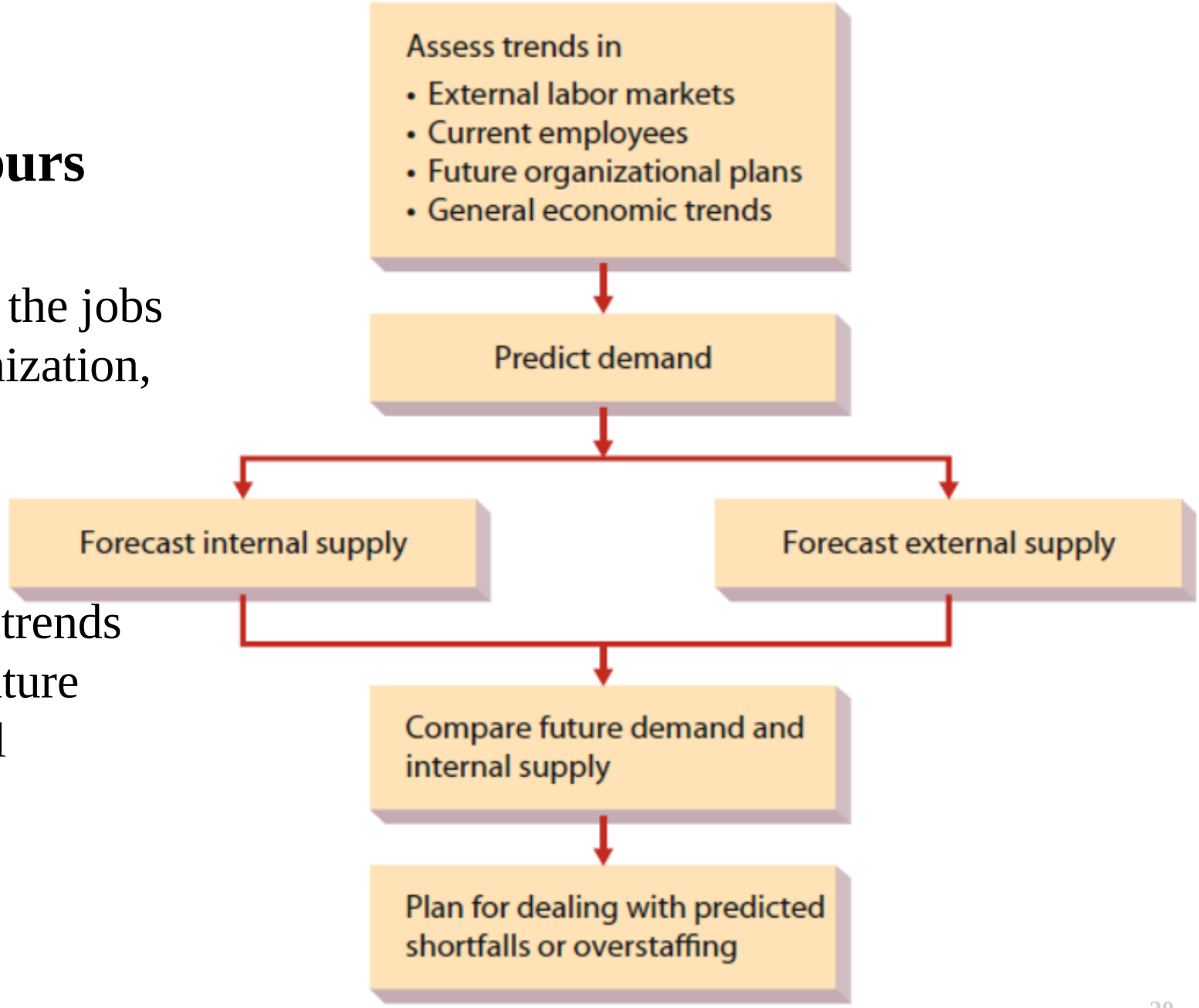
- Requirements in terms of **growth/ diversification**, internal movement of employees (Transfer, Promotions, Retirement, etc.) must also be assessed in advance



Internal Supply of Labours

- After managers fully understand the jobs to be performed within the organization, they can start planning for the organization's future needs

- The manager starts by assessing trends in past human resource usage, future organizational plans, and general economic trends



What is Performance Appraisal?

Performance appraisal is a **formal assessment of how well an employee is doing** his or her job. Employees' performance should be evaluated regularly for many reasons:

- Necessary for **validating selection devices** or assessing the impact of training
- To aid in making **decisions about pay raises, promotions, and training**.
- **Feedback to employees** to help improve their present performance and plan future
- It help **determine wages and promotions**, they must be fair and nondiscriminatory

Main Objectives of Performance Appraisal

- Promotions
- Confirmations
- Training and Development
- Compensation Reviews
- Competency Building
- Improve Communication
- Evaluation of HR Programs
- Feedback and Grievances



Methods of Performance Appraisal

Traditional Methods	Modern Methods
1) Confidential Report	1) Assessment Centre Method
2) Essay Method	2) Human Resource Accounting Method
3) Ranking Method	3) Behaviorally Anchored Rating Scale (BARS)
4) Paired Comparison Method	4) Management by Objectives (MBO)
5) Forced Distribution Method	5) Psychological Appraisal Method
6) Graphic Rating Scales	6) 360 Degree Appraisal Method
7) Checklist Method	7) 720 Degree Appraisal Method

Methods of Performance Appraisal

Assessment Centre Method

- Employees are assessed to participate in activities like in-basket exercises, role-playing, discussions, computer simulations, etc. under the trainer

- They are evaluated in terms of their persuasive ability, communication skills, confidence, sensitivity to others' feelings, mental alertness, administrative ability, etc.

Methods of Performance Appraisal

Management by Objectives (MBO)

- MBO emphasizes measurable, tangible, and achievable goals in the first step, keeping the organizational mission in mind
- The second step is to translate these objectives into the employees.
- In the third step, the employees are allowed to plan their objectives.
- In the fourth step, the progress of the employees is monitored.
- The fifth step is to evaluate and reward employees. Honest feedback is given, and also new strategies for goals not achieved are established.

Methods of Performance Appraisal

360 Degree Feedback

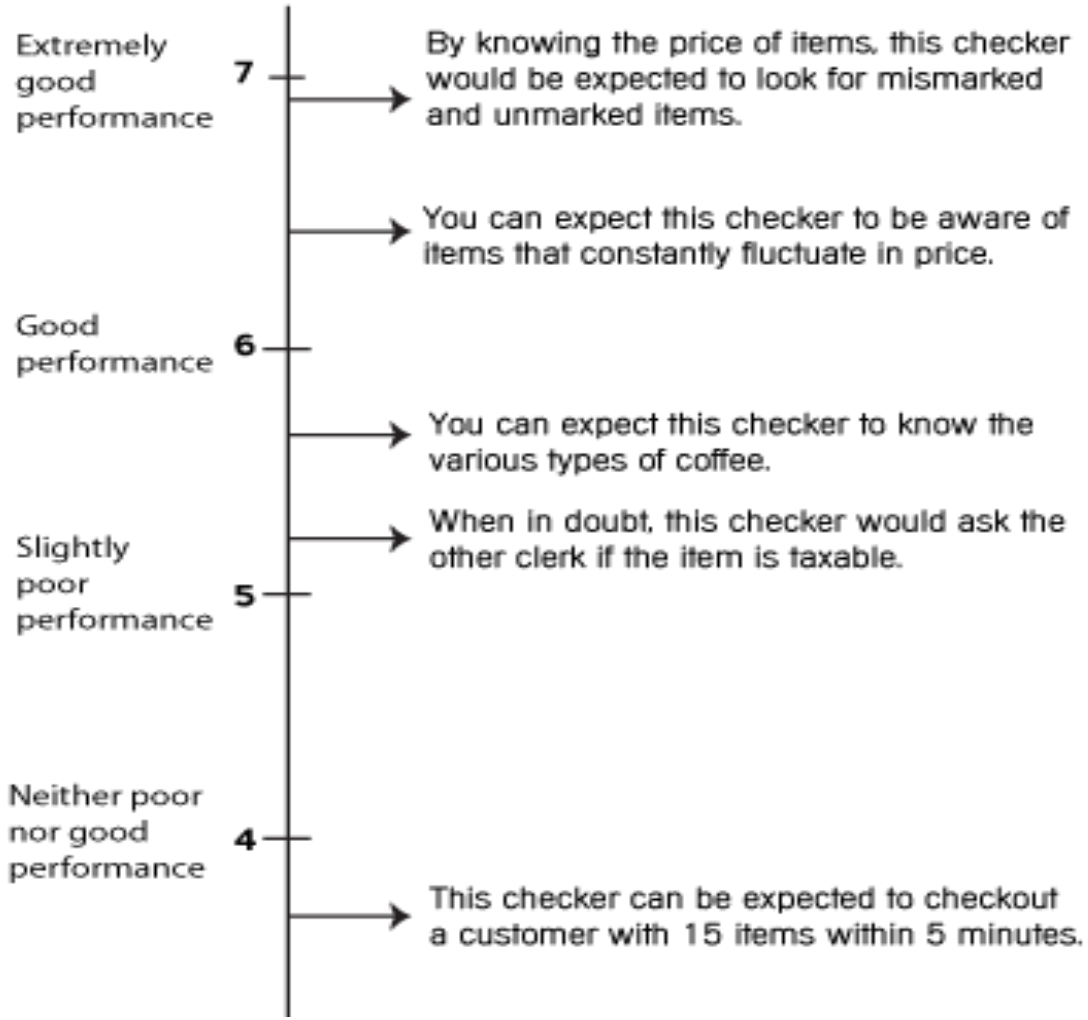
- 360-degree feedback is a systematic collection and feedback of performance data for employees collected from all his/ her peers, supervisors, and even customers.
- This is one of the most widely used appraisal methods.
- Since the participation of the managers, peers, customers are involved, this method gives an overview of the performance reviews collectively.
- It also allows organizations to form high performing teams that can effectively achieve the goals and targets.

Methods of Performance Appraisal

Behaviourally Anchored Rating Scale (BARS)

- Designed to bring the benefits of both **qualitative and quantitative** data to the employee appraisal process.
- BARS compares an individual's performance against specific examples of behavior anchored to numerical ratings
- It compares an individual's performance against specific examples of behavior tied to numerical ratings; example: 1-10 or 5 to 9
- The BARS is usually represented as a vertical rating graph

Behaviorally Anchored Rating Scales



Methods of Performance Appraisal

Psychological Appraisals

- This method assesses the employees' potential for future performance rather than their past one.
- It focuses on employees' **emotional, intellectual, and other personal characteristics** affecting their performance.
- This method suits the best for the workforce today. This method understands that aspect and allows employees to shine in the future.

Methods of Performance Appraisal

720 Degree Method

- In this method, the assessment is done not only by the stakeholders within the company but also by the groups outside the organization.
- These external groups who assess the employee's performance are customers, investors, suppliers, and other financial institutions.
- It is one of the most crucial modern performance appraisal methods because this is the only group that determines the organization’s success.

Methods of Performance Appraisal

Cost Accounting Method

- Some may find this method a little harsh, which may be a convenient appraisal method for others.
- This method evaluates the employees' performance from the economic output an organization yields from their input.
- This is ascertained by analyzing the cost involved in retaining the employees with the benefits an organization yields from their inputs.

Questions