

S. S. Jain Subodh Management Institute

MBA IInd Semester, (Model Paper & Suggested Answers)

Subject: Human Resource Management

Paper Code: M-201

Time: 1 Hour

Max Marks: 10

Answer any two out of the three Questions:

Q1) What do you understand by the term Human Resource? Explain the significance, scope and functions of HRM.

Q2) Discuss the concept of Training and Development in HRM. Why is it important and what are the various ways in which Training can be done.

Q3) Write a note on Recruitment & Selection.

Ans 1)

Organizations are made up of people and function through people! Human resource refers to the people in the organization. According to Leon C. Megginson “From the national point of view human resources are knowledge, skills, creative abilities, talents, and attitudes obtained in the population; whereas from the view-point of the individual enterprise, they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitude of its employees”.

Human Resource Management (HRM) is a set of policies, practices and programs designed to maximize both personal and organizational goals.

An understanding of HRM leads us to two different definitions. The first definition of HRM is that it is the process of managing people in organizations in a structured and thorough manner. This covers the fields of staffing (hiring people), retention of people, pay and perks setting and management, performance management, change management and taking care of exits from the company to round off the activities. This is the traditional definition of HRM which leads some experts to define it as a modern version of the Personnel Management function that was used earlier.

The second definition of HRM encompasses the management of people in organizations from a macro perspective i.e. managing people in the form of a collective relationship between management and employees. This approach focuses on the objectives and outcomes of the HRM function. What this means is that the HR function in contemporary organizations is concerned with the notions of people enabling, people development and a focus on making the “employment relationship” fulfilling for both the management and employees.

These definitions emphasize the difference between Personnel Management and human resource management. Thus, personnel management is essentially “workforce” centered whereas human resource management is “resource” centered. The key difference is HRM in recent times is about fulfilling management objectives of providing and deploying people and a greater emphasis on planning, monitoring and control.

Some MNC’s (Multinationals) call the HR managers as People Managers, People Enablers and the practice as people management. In the 21st century organizations, the HR manager or the people manager

is no longer seen as someone who takes care of the activities described in the traditional way. In fact, most organizations have different departments dealing with Staffing, Payroll, and Retention etc. Instead, the HR manager is responsible for managing employee expectations vis-à-vis the management objectives and reconciling both to ensure employee fulfillment and realization of management objectives. It is a fact that to thrive in the chaotic and turbulent business environment, firms need to constantly innovate and be “ahead of the curve” in terms of business practices and strategies. It is from this motivation to be at the top of the pack that HRM becomes a valuable tool for management to ensure success

Growing significance of HRM: One of the factors behind organizations giving a lot of attention to their people is the nature of the firms in the current business environment. Given the fact that there has been a steady movement towards an economy based on services, it becomes important for firms engaged in the service sector to keep their employees motivated and productive. Even in the manufacturing and the traditional sectors, the need to remain competitive has meant that firms in these sectors deploy strategies that make effective use of their resources. This changed business landscape has come about as a result of a paradigm shift in the way businesses and firms view their employees as more than just resources and instead adopt a “people first” approach.

Importance of HRM for Organizational Success: The practice of HRM must be viewed through the prism of overall strategic goals for the organization instead of a standalone tint that takes a unit based or a micro approach. The idea here is to adopt a holistic perspective towards HRM that ensures that there are no piecemeal strategies and the HRM policy enmeshes itself fully with those of the organizational goals. For instance, if the training needs of the employees are simply met with perfunctory trainings on omnibus topics, the firm stands to lose not only from the time that the employees spend in training but also a loss of direction. Hence, the organization that takes its HRM policies seriously will ensure that training is based on focused and topical methods.

HRM needs to be integrated with the overall strategy to ensure effective use of people and provide better returns to the organizations in terms of ROI (Return on Investment) for every rupee or dollar spent on them. Unless the HRM practice is designed in this way, the firms stand to lose from not utilizing people fully. Human resources are undoubtedly the key resources in an organization, the easiest and the most difficult to manage!

Functions of HRM : Of all the support functions, the HRM (Human Resource Management) function is a critical component of any organization. Apart from finance, which serves as the lifeblood of the organizational support functions, the HRM function more than any other support function, has the task of ensuring that the organizational policies and procedures are implemented and any grievances of the employees are taken care of. For instance, it is common for the HRM function in many organizations to combine hiring, training, providing assistance during appraisals, mentoring employees, and deciding on pay structures and grades. This means that the HRM function has its task cut out wherein it has to take care of the “people” side of the organizational processes. Considering the fact that the ascent of the services sector (IT, Financial Services, BPO) has meant that people are the key assets for organizations, the importance of the HRM function has grown by leaps and bounds.



Scope of HRM: The scope of HRM is extensive and far-reaching. Therefore, it is very difficult to define it concisely. However, we may classify the same under following heads:

- **HRM in Personnel Management:** This is typically direct manpower management that involves manpower planning, hiring (recruitment and selection), training and development, induction and orientation, transfer, promotion, compensation, layoff and retrenchment, employee productivity. It also includes performance appraisal, developing new skills, disbursement of wages, incentives, allowances, traveling policies and procedures and other related courses of actions.
- **HRM in Employee Welfare:** This particular aspect of HRM deals with working conditions and amenities at workplace. This includes a wide array of responsibilities and services such as safety services, health services, welfare funds, social security and medical services. It also covers appointment of safety officers, making the environment worth working, eliminating workplace hazards, support by top management, job safety, safeguarding machinery, cleanliness, proper ventilation and lighting, sanitation, medical care, sickness benefits, employment injury benefits, personal injury benefits, maternity benefits, unemployment benefits and family benefits. It also relates to supervision, employee counseling, establishing harmonious relationships with employees, education and training. Employee welfare is about determining employees' real needs and fulfilling them with active participation of both management and employees. In addition to this, it also takes care of canteen facilities, crèches, rest and lunch rooms, housing, transport, medical assistance, education, health and safety, recreation facilities, etc.
- **HRM in Industrial Relations:** Since it is a highly sensitive area, it needs careful interactions with labor or employee unions, addressing their grievances and settling the disputes effectively in order to maintain peace and harmony in the organization. It is the art and science of understanding the employment (union-management) relations, joint consultation, disciplinary procedures, solving problems with mutual efforts, understanding human behavior and maintaining work relations, collective bargaining and settlement of disputes. The main aim is to safeguarding the interest of employees by securing the highest level of understanding to the extent that does not leave a negative impact on organization. It is about establishing, growing and promoting industrial democracy to safeguard the interests of both employees and management.



The importance of HRM cannot be overemphasized. Through its functioning, HRM is able to transform its people into human resource. This results in HR excellence, a positive and far reaching Business impact and a high rate of people growth. This is depicted in the figure that follows:

Human Resource Transformation



Answer 2)

“Training & Development may be defined as any attempt to improve current or future employee performance by increasing an employee’s ability to perform through learning, usually by changing the employee’s attitude or increasing his or her skills and knowledge.”

The need for Training and Development is determined by the employee’s performance deficiency, computed as follows.

Training & Development Need = Standard Performance – Actual Performance

We must however make a distinction among Training, Development and Education.

Distinction between Training and Education

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Training	Education
Application oriented, Job experience Specific Task in mind	Theoretical Orientation, Classroom learning Covers general concepts
Narrow Perspective	Has Broad Perspective
Training is Job Specific	Education is no bar

Training: Training refers to the process of imparting specific skills. An employee undergoing training is presumed to have had some formal education. No training program is complete without an element of education. Hence we can say that Training is offered to operatives.

Education: It is a theoretical learning in classrooms. The purpose of education is to teach theoretical concepts and develop a sense of reasoning and judgment. That any training and development program must contain an element of education is well understood by HR Specialists. Any such program has university professors as resource persons to enlighten participants about theoretical knowledge of the topics proposed to discuss. In fact organizations depute or encourage employees to do courses on part time basis. CEOs are known to attend refresher courses conducted by business schools. The education is more important for managers and executives rather than low cadre workers. Education is common to all employees, their grades notwithstanding.

Development: Development means those learning opportunities designed to help employees to grow. Development is not primarily skills oriented. Instead it provides the general knowledge and attitudes, which will be helpful to employers in higher positions. Efforts towards development often depend on personal drive and ambition. Development activities such as those supplied by management development programs are generally voluntary in nature. Development provides knowledge about business environment, management principles and techniques, human relations, specific industry analysis and the like is useful for better management of a company.

Difference between Training and Development

Training	Development
Training is skills focused	Development is creating learning abilities
Training is presumed to have a formal education	Development is not education dependent
Training needs depend upon lack or deficiency in skills	Development depends on personal drive and ambition
Trainings are generally need based	Development is voluntary
Training is a narrower concept focused on job related skills	Development is a broader concept focused on personality development
Training may not include development	Development includes training wherever necessary
Training is aimed at improving job related efficiency and performance	Development aims at overall personal effectiveness including job efficiencies

Importance of Training

Training is crucial for organizational development and success. It is fruitful to both employers and employees of an organization. An employee will become more efficient and productive if he is trained



well.

Training is given on four basic grounds:

1. New candidates who join an organization are given training. This training familiarize them with the organizational mission, vision, rules and regulations and the working conditions.
2. The existing employees are trained to refresh and enhance their knowledge.
3. If any updations and amendments take place in technology, training is given to cope up with those changes. For instance, purchasing a new equipment, changes in technique of production, computer implantment. The employees are trained about use of new equipments and work methods.
4. When promotion and career growth becomes important. Training is given so that employees are prepared to share the responsibilities of the higher level job.

The benefits of training can be summed up as:

1. Improves morale of employees- Training helps the employee to get job security and job satisfaction. The more satisfied the employee is and the greater is his morale, the more he will contribute to organizational success and the lesser will be employee absenteeism and turnover.
2. Less supervision- A well trained employee will be well acquainted with the job and will need less of supervision. Thus, there will be less wastage of time and efforts.
3. Fewer accidents- Errors are likely to occur if the employees lack knowledge and skills required for doing a particular job. The more trained an employee is, the less are the chances of committing accidents in job and the more proficient the employee becomes.
4. Chances of promotion- Employees acquire skills and efficiency during training. They become more eligible for promotion. They become an asset for the organization.
5. Increased productivity- Training improves efficiency and productivity of employees. Well trained employees show both quantity and quality performance. There is less wastage of time, money and resources if employees are properly trained.
6. Helps remove performance deficiencies in employees
7. Greater stability, flexibility and capacity for growth in an organization
8. Accidents, scraps and damages to machinery can be avoided
9. Serves as effective source of recruitment
10. It is an investment in HR with a promise of better returns in future
11. Reduces dissatisfaction, absenteeism, complaints and turnover of employees

Need of Training

Individual level

- Diagnosis of present problems and future challenges
- Improve individual performance or fix up performance deficiency
- Improve skills or knowledge or any other problem
- To anticipate future skill-needs and prepare employee to handle more challenging tasks
- To prepare for possible job transfers

Group level

- To face any change in organization strategy at group levels
- When new products and services are launched
- To avoid scraps and accident rates

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Identification of Training Needs (Methods)

Individual Training Needs Identification

1. Performance Appraisals
2. Interviews
3. Questionnaires
4. Attitude Surveys
5. Training Progress Feedback
6. Work Sampling

7. Rating Scales

Group Level Training Needs Identification

1. Organizational Goals and Objectives
2. Personnel / Skills Inventories
3. Organizational Climate Indices
4. Efficiency Indices
5. Exit Interviews
6. MBO / Work Planning Systems
7. Quality Circles
8. Customer Satisfaction Survey
9. Analysis of Current and Anticipated Changes

Benefits of Training Needs Identification

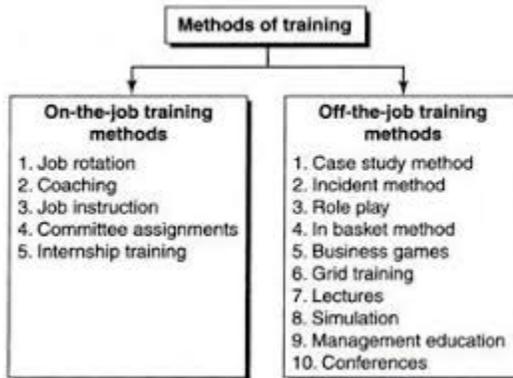
1. Trainers can be informed about the broader needs in advance
2. Trainers Perception Gaps can be reduced between employees and their supervisors Trainers can design course inputs closer to the specific needs of the participants
3. Diagnosis of causes of performance deficiencies can be done

Training of employees takes place after orientation takes place. Training is the process of enhancing the skills, capabilities and knowledge of employees for doing a particular job. Training process moulds the thinking of employees and leads to quality performance of employees. It is continuous and never ending in nature.

Methods of Training

Training is generally imparted in two ways:

1. **On the job training-** On the job training methods are those which are given to the employees within the everyday working of a concern. It is a simple and cost-effective training method. The inproficient as well as semi- proficient employees can be well trained by using such training method. The employees are trained in actual working scenario. The motto of such training is “learning by doing.” Instances of such on-job training methods are job-rotation, coaching, temporary promotions, etc.
2. **Off the job training-** Off the job training methods are those in which training is provided away from the actual working condition. It is generally used in case of new employees. Instances of off the job training methods are workshops, seminars, conferences, etc. Such method is costly and is effective if and only if large number of employees have to be trained within a short time period. Off the job training is also called as vestibule training,i.e., the employees are trained in a separate area(may be a hall, entrance, reception area,etc. known as a vestibule) where the actual working conditions are duplicated.



Methods of Training

On the Job Trainings: These methods are generally applied on the workplace while employees is actually working. Following are **On the Job Training Methods:-**

1. **Job Rotation:** In this method, usually employees are put on different jobs turn by turn where they learn all sorts of jobs of various departments. The objective is to give a comprehensive awareness about the jobs of different departments.
2. **Job Coaching:** An experienced employee can give a verbal presentation to explain the nitty-gritty's of the job.
3. **Job Instruction:** It may consist of instructions or directions to perform a particular task or a function. It may be in the form of orders or steps to perform a task.
4. **Apprenticeships:** Generally fresh graduates are put under the experienced employee to learn the functions of job.
5. **Internships and Assistantships:** An intern or an assistant is recruited to perform a specific time-bound jobs or projects during their education.

Off the Job Trainings: These are used away from work places while employees are not working like classroom trainings, seminars etc. Following are the **Off the Job Training Methods:-**

1. **Classroom Lectures:** It is a verbal lecture presentation by an instructor to a large audience.
2. **Audio-Visual:** It can be done using Films, Televisions, Video, and Presentations etc
3. **Simulation:** creating a real life situation for decision-making and understanding the actual job conditions give it.
4. **Case Studies:** It is a written description of an actual situation and trainer is supposed to analyze and give his conclusions in writing. The cases are generally based on actual organizational situations. It is an ideal method to promote decision-making abilities within the constraints of limited data.
5. **Role Plays:** Here trainees assume the part of the specific personalities in a case study and enact it in front of the audience. It is more emotional orientation and improves interpersonal relationships. Attitudinal change is another result. These are generally used in MDP.
6. **Sensitivity Trainings:** This is more from the point of view of behavioral assessment, under different circumstances how an individual will behave himself and towards others. There is no preplanned agenda and it is instant.
7. **Programmed Instructions:** Provided in the form of blocks either in book or a teaching machine using questions and Feedbacks without the intervention of trainer.
8. **Computer Aided Instructions:** It is extension of PI method, by using computers.

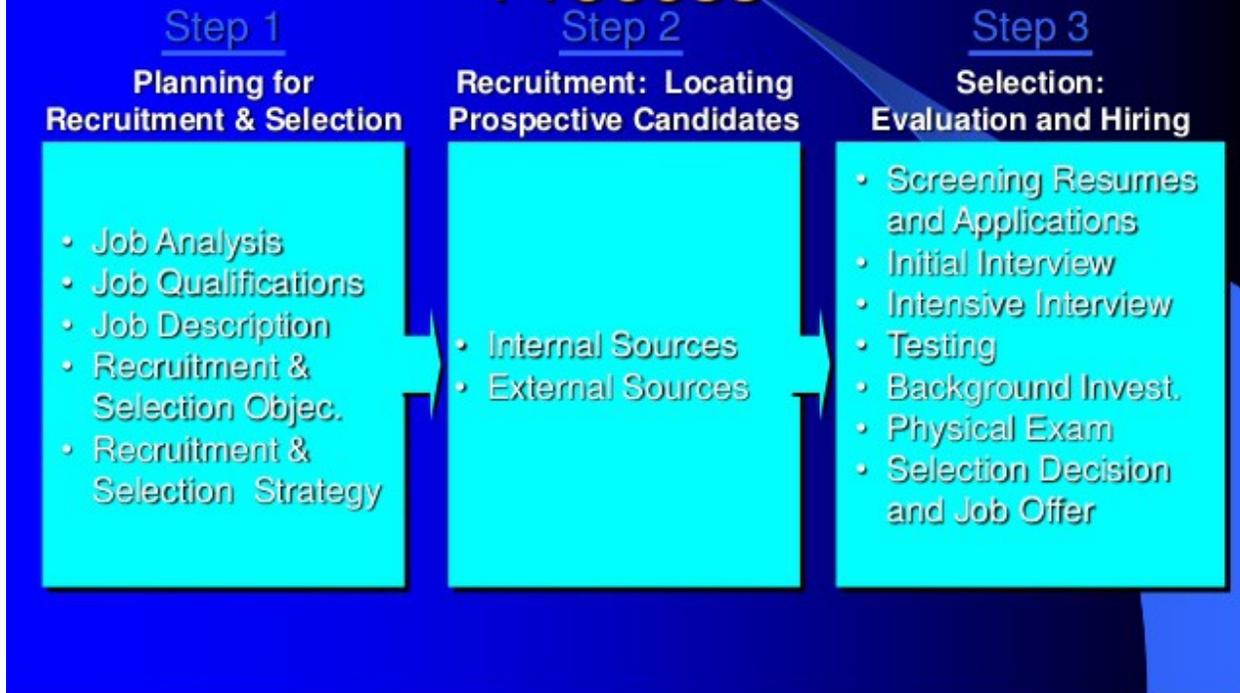
Ans 3)

The managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal and development of the personnel to fill the roles assigned to the employers/workforce.

According to Theo Haimann, “Staffing pertains to recruitment, selection, development and compensation of subordinates.” Thus the various steps included in the staffing function are:

1. Manpower requirements- The very first step in staffing is to plan the manpower inventory required by a concern in order to match them with the job requirements and demands. Therefore, it involves forecasting and determining the future manpower needs of the concern.
2. Recruitment- Once the requirements are notified, the concern invites and solicits applications according to the invitations made to the desirable candidates.
3. Selection- This is the screening step of staffing in which the solicited applications are screened out and suitable candidates are appointed as per the requirements.
4. Orientation and Placement- Once screening takes place, the appointed candidates are made familiar to the work units and work environment through the orientation programmes. Placement takes place by putting right man on the right job.
5. Training and Development- Training is a part of incentives given to the workers in order to develop and grow them within the concern. Training is generally given according to the nature of activities and scope of expansion in it. Along with it, the workers are developed by providing them extra benefits of in depth knowledge of their functional areas. Development also includes giving them key and important jobs as a test or examination in order to analyse their performances.
6. Remuneration- It is a kind of compensation provided monetarily to the employees for their work performances. This is given according to the nature of job- skilled or unskilled, physical or mental, etc. Remuneration forms an important monetary incentive for the employees.
7. Performance Evaluation- In order to keep a track or record of the behaviour, attitudes as well as opinions of the workers towards their jobs. For this regular assessment is done to evaluate and supervise different work units in a concern. It is basically concerning to know the development cycle and growth patterns of the employees in a concern.
8. Promotion and transfer- Promotion is said to be a non- monetary incentive in which the worker is shifted from a higher job demanding bigger responsibilities as well as shifting the workers and transferring them to different work units and branches of the same organization.

Recruitment and Selection Process



Recruitment and Selection are thus an integral and important part of Human Resource Management. One of the significant roles of HRM is to select suitable staff and decide to hire right professionals or employees to fill recruitment needs, and provide training the best employees and, make certain that these selected candidates can give better performance, deal with performance issues and follow the rules to diverse system.

Recruitment performs the necessary function of drawing an important resource of human capital into the organization. Recruitment includes those practices and activities carried on by the organization with the primary purpose of identifying and attracting potential employees. Recruitment is "the process of attracting people who might make a contribution to the particular organization and is intended to attract individuals to an organization whereas selection is to identify the most capable from among those individuals.

Recruitment and selection process comprises of four stages:

- Defining requirements,
- Attracting candidates,
- Selecting candidates and
- Placing them on the job.

Recruitment is of 2 types

1. **Internal Recruitment** - is a recruitment which takes place within the concern or organization. Internal sources of recruitment are readily available to an organization. Internal sources are primarily three - Transfers, promotions and Re-employment of ex-employees.

Internal recruitment may lead to increase in employee's productivity as their motivation level increases. It also saves time, money and efforts. But a drawback of internal recruitment is that it refrains the organization from new blood. Also, not all the manpower requirements can be met through internal recruitment. Hiring from outside has to be done.

Internal sources are primarily 3

- a. Transfers
 - b. Promotions (through Internal Job Postings) and
 - c. Re-employment of ex-employees - Re-employment of ex-employees is one of the internal sources of recruitment in which employees can be invited and appointed to fill vacancies in the concern. There are situations when ex-employees provide unsolicited applications also.
2. **External Recruitment** - External sources of recruitment have to be solicited from outside the organization. External sources are external to a concern. But it involves lot of time and money. The external sources of recruitment include - Employment at factory gate, advertisements, employment exchanges, employment agencies, educational institutes, labour contractors, recommendations etc.
 - a. Employment at Factory Level - This a source of external recruitment in which the applications for vacancies are presented on bulletin boards outside the Factory or at the Gate. This kind of recruitment is applicable generally where factory workers are to be appointed. There are people who keep on soliciting jobs from one place to another. These applicants are called as unsolicited applicants. These types of workers apply on their own for their job. For this kind of recruitment workers have a tendency to shift from one factory to another and therefore they are called as "badli" workers.
 - b. Advertisement - It is an external source which has got an important place in recruitment procedure. The biggest advantage of advertisement is that it covers a wide area of market and scattered applicants can get information from advertisements. Medium used is Newspapers and Television.
 - c. Employment Exchanges - There are certain Employment exchanges which are run by government. Most of the government undertakings and concerns employ people through such exchanges. Now-a-days recruitment in government agencies has become compulsory through employment exchange.
 - d. Employment Agencies - There are certain professional organizations which look towards recruitment and employment of people, i.e. these private agencies run by private individuals supply required manpower to needy concerns.
 - e. Educational Institutions - There are certain professional Institutions which serves as an external source for recruiting fresh graduates from these institutes. This kind of recruitment done through such educational institutions, is called as Campus Recruitment. They have special recruitment cells which helps in providing jobs to fresh candidates.

- f. Recommendations - There are certain people who have experience in a particular area. They enjoy goodwill and a stand in the company. There are certain vacancies which are filled by recommendations of such people. The biggest drawback of this source is that the company has to rely totally on such people which can later on prove to be inefficient.
- g. Labour Contractors - These are the specialist people who supply manpower to the Factory or Manufacturing plants. Through these contractors, workers are appointed on contract basis, i.e. for a particular time period. Under conditions when these contractors leave the organization, such people who are appointed have to also leave the concern.

Employee Selection is the process of putting right men on right job. It is a procedure of matching organizational requirements with the skills and qualifications of people. Effective selection can be done only when there is effective matching. By selecting best candidate for the required job, the organization will get quality performance of employees. Moreover, organization will face less of absenteeism and employee turnover problems. By selecting right candidate for the required job, organization will also save time and money. Proper screening of candidates takes place during selection procedure. All the potential candidates who apply for the given job are tested.

But selection must be differentiated from recruitment, though these are two phases of employment process. Recruitment is considered to be a positive process as it motivates more of candidates to apply for the job. It creates a pool of applicants. It is just sourcing of data. While selection is a negative process as the inappropriate candidates are rejected here. Recruitment precedes selection in staffing process. Selection involves choosing the best candidate with best abilities, skills and knowledge for the required job.

The Employee selection Process takes place in following order-

1. **Preliminary Interviews-** It is used to eliminate those candidates who do not meet the minimum eligibility criteria laid down by the organization. The skills, academic and family background, competencies and interests of the candidate are examined during preliminary interview. Preliminary interviews are less formalized and planned than the final interviews. The candidates are given a brief up about the company and the job profile; and it is also examined how much the candidate knows about the company. Preliminary interviews are also called screening interviews.
2. **Application blanks-** The candidates who clear the preliminary interview are required to fill application blank. It contains data record of the candidates such as details about age, qualifications, reason for leaving previous job, experience, etc.
3. **Written Tests-** Various written tests conducted during selection procedure are aptitude test, intelligence test, reasoning test, personality test, etc. These tests are used to objectively assess the potential candidate. They should not be biased.
4. **Employment Interviews-** It is a one to one interaction between the interviewer and the potential candidate. It is used to find whether the candidate is best suited for the required job or not. But such interviews consume time and money both. Moreover the competencies of the candidate cannot be judged. Such interviews may be biased at times. Such interviews should be conducted properly. No distractions should be there in room. There should be an honest communication between candidate and interviewer.
5. **Medical examination-** Medical tests are conducted to ensure physical fitness of the potential employee. It will decrease chances of employee absenteeism.

6. **Appointment Letter-** A reference check is made about the candidate selected and then finally he is appointed by giving a formal appointment letter.

Differences between Recruitment and Selection

Basis	Recruitment	Selection
Meaning	It is an activity of establishing contact between employers and applicants.	It is a process of picking up more competent and suitable employees.
Objective	It encourages large number of Candidates for a job.	It attempts at rejecting unsuitable candidates.
Process	It is a simple process.	It is a complicated process.
Hurdles	The candidates have not to cross over many hurdles.	Many hurdles have to be crossed.
Approach	It is a positive approach.	It is a negative approach.
Sequence	It proceeds selection.	It follows recruitment.
Economy	It is an economical method.	It is an expensive method.
Time Consuming	Less time is required.	More time is required.

There is a great **significance of recruitment and selection as a human resource function** in organization:

- In complicated marketplace, recruitment and selection is effective tool for organizations to achieve their current strategic direction and to maintain innovation.
- Recruitment and selection is important to deliver behaviours seen as necessary to support organizational strategies.
- Good recruitment and selection practices can reduce the risks of failing to achieve the business strategy.

- Successful recruitment and selection can also provide considerable improvements in productivity and employee morale and allow organizations to build personnel of more able employees who collectively provide a superior product or service

Recruitment and selection develops the competitive strength of organisations. Recruitment and selection are the two phases of the employment process. The recruitment is the process of searching the candidates for employment and stimulating them to apply for jobs in the organisation whereas selection involves the series of steps by which the candidates are screened for choosing the most suitable persons for vacant posts. The basic principle of recruitments is to create talented candidates to enable the selection of best candidates for the organisation, by attracting more and more employees to apply in the organisation whereas the basic purpose of selection process is to choose the right candidate to fill the various positions in the organisation. The recruitment process is directly followed by the selection process, which is the final interviews and the decision making, conveying the decision and the appointment formalities. A good recruitment and selection policy ensures consistency in hiring staff and reduces the risk of bias or favouritism.



To conclude, the key objective of recruitment and selection in organization is to fill the vacancy effectively. A policy of recruitment must be coordinated with human resource strategies as a positive contribution to the overall outcome of company. Through the recruitment and selection process, an organization get the quality and quantity of employees which are required to fulfil the targeted goals. Human resource sees recruitment process is costly but it is essential part of any business.