HRM meaning

Human resources may be defined as the total knowledge, skills, creative abilities, talents and aptitudes of an organization's workforce, as well as the values, attitudes, approaches and beliefs of the individuals involved in the affairs of the organization. It is the sum total or aggregate of inherent abilities, acquired knowledge and skills represented by the talents and aptitudes of the persons employed in the organization.

human resources are multi dimensional in nature. From the national point of view, human resources may be defined as the knowledge, skills, creative abilities, talents and aptitudes 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 aptitudes of its employees.

According to Flippo "Personnel management, or say, human resource management is the planning, organising, directing and controlling of the procurement development compensation integration, 4intenance, and separation of human resources to the end that individual, organisational and social objectives are accomplished".

Human Resource Management: Nature

Human Resource Management is a process of bringing people and organizations together so that the goals of each are met. The various features of HRM include:

- It is pervasive in nature as it is present in all enterprises.

- Its focus is on results rather than on rules.

- It tries to help employees develop their potential fully.

- It encourages employees to give their best to the organization.

- It is all about people at work, both as individuals and groups.

- It tries to put people on assigned jobs in order to produce good results.

- It helps an organization meet its goals in the future by providing for competent and well-motivated employees.

- It tries to build and maintain cordial relations between people working at various levels in the organization.

- It is a multi-disciplinary activity, utilizing knowledge and inputs drawn from psychology, economics, etc.
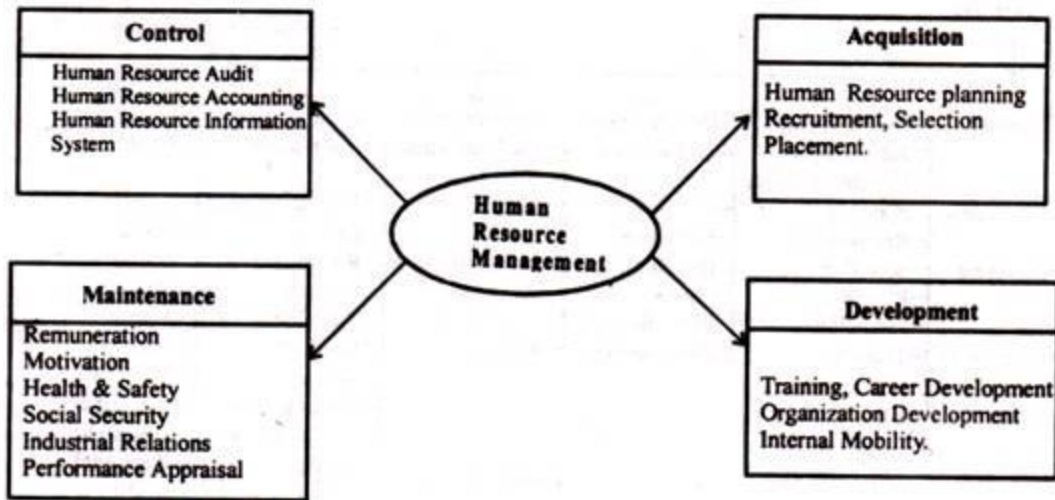
Human Resource Management: Scope

Human Resource Management: Scope

Scope:

The scope of HRM is, indeed, very vast and wide. It includes all activities starting from manpower planning till employee leaves the organisation. Accordingly, the scope of HRM consists of acquisition, development, maintenance/retention, and control of human resources in the organisation (see figure 1.1). The same forms the subject matter of HRM. As the subsequent pages unfold, all these are discussed, in detail, in seriatim.

Fig. 1.1: Scope of HRM

The scope of HRM is very wide:

1. Personnel aspect-This is concerned with manpower planning, recruitment, selection, placement, transfer, promotion, training and development, layoff and retrenchment, remuneration, incentives, productivity etc.

2. Welfare aspect-It deals with working conditions and amenities such as canteens, cr?ches, rest and lunch rooms, housing, transport, medical assistance, education, health and safety, recreation facilities, etc.

3. Industrial relations aspect-This covers union-management relations, joint consultation, collective bargaining, grievance and disciplinary procedures, settlement of disputes, etc.

Objectives of HRM – Top 10 Objectives

1. To assess manpower requirements and ensure placement of the right man on the right job.

2. To develop knowledge, skills and attitude of employees in relation to their present and future role.

3. To provide, create, utilise and motivate the employees to accomplish organisational goals.

4. To maintain excellent working relationships among all the employees in the organisation so that they feel a sense of involvement, commitment and loyalty towards the organisation. It is necessary to finalise individual job responsibilities for employees to avoid confusion and too much overlapping of work.

5. To develop better interpersonal and employer-employee relationship in the organisation.

6. To maintain high morale, encourage value system and create environment of trust among employees.

7. To create a sense of belongingness and team spirit among employees and encourage suggestions from them.

8. Continuous renewal of individual capabilities to keep pace with technological changes and to avoid manpower obsolescence.

9. To identify and satisfy the needs of the employees by offering various financial and non- financial incentives in addition to the welfare facilities.

10. To integrate employee-management interests and maintain good industrial relations to achieve individual and organisational objectives.

HRM vs. HRD

HRM is an essential branch of management that deals with making the optimum usage of organizational human resources by nurturing better work conditions for all concerned. On the other hand, HRD is a branch of HRM that focuses on the growth and development of the workforce in any organization.

Before we define HRD and HRM in detail, here is a comparative chart depicting the differences between **HRM and HRD** in tabulated format.

Basis of Differentiation	HRM	HRD
Definition and full form	The full form of HRM is Human Resource Management. It refers to how the principles of management can be applied to manage the employees working in an organization effectively.	The full form of HRD is Human Resource Development. It refers to continuous development functions that are implemented for improving the performance of those working in an organization.
Nature	HRM is a management function.	HRD is a sub-function of HRM.
Function	The functions of HRM are reactive and are usually applied to gaining holistic organizational goals.	The functions of HRD are proactive and have to be applied consistently to enhance the productivity of employees.

Basis of Differentiation	HRM	HRD
Goal	The objective of HRM is related to improving the overall performance of employees.	HRD goals are usually connected with skill development, knowledge enhancement, and increasing the competency of employees.
Process	Most HRM processes are routine and have to be carried out as and when the need arises.	HRD processes are ongoing and not occasional.
Dependency	HRM is an independent entity in itself. It comprises of different sections inclusive of recruitment and retention, HRD, compensation, performance, appraisal management, etc.	HRD is a subsystem of HRM and draws many functions, attributes, and processes from HRM.
Concerned with	HRM deals with and has concerns for people only. It handles recruitment, rewards, etc.	HRD is concerned with the development of all aspects and people within an organization and manages its skill development processes.
Levels of formality	HRM functions are generally formal and are applied via classroom/laboratory training, etc.	HRD functions may be informal as in mentorships, employees receive coaching from superiors, usually managers.

What is HRM

Human Resource Management or HRM is defined as a branch of management that deals with the management of employees in a manner that they can provide the best results to an enterprise. Various management principles are applied via HRM to make employees work efficiently and effectively in any organization. It enhances the performance and productivity of a company by assessing the best utilization of human resources. Overall, HRM can be termed as the art of putting the right human resource to the right job to enable the maximum possible usage of an organization's human resources.

- The HRM process incorporates a wide range of activities that include recruitment, selection, hiring, orientation, induction, training, skill development, feedback, performance appraisal, incentives, rewards and compensation, maintenance of workplace safety, staff motivation, health, and welfare plans, change management, etc.
- HRM also aims to maintain good relations across the entire organization and the different levels of management.

What is HRD

Human Resource Development is defined as the development of employees working in any organization. As a subset of HRM, it aims at improving the skills, competencies, knowledge, behaviour, and attitude of people working in a specific organization. The main goal of HRD activities relates to empowering and strengthening the capabilities of employees for making their performance metrics better.

- HRD deals with the provision of beneficial opportunities to employees for their overall development.

- The main activities of HRD are directed towards career development, essential employee identification, training & development, talent management, succession planning, performance management, coaching and mentoring, etc.
- The HRD department in most organizations, worldwide, work towards the development of employees right from their date of joining to termination or retirement.

Human Resource Management Challenges – Challenges of HRM

Challenges Of HRM: There are a number of human resource management challenges (HR Challenges) that need to be addressed as it is an important function of any organization. These HR challenges might be environmental challenges, organizational challenges and individual challenges, etc.

Always remember that these challenges are not related to the single dimension; rather they are directed towards multi-dimensional issues that should be tackled with immediate care. The following are the broad categories of Human Resource Management challenges in today's competitive world.

Challenges Of HRM (HR Challenges)

A. Environmental Challenges   B. Organizational Challenges   C. Individual Challenges

Environmental Challenges

The environmental challenges are related to the external forces that exist in the outside environment of an organization & can influence the performance of the management of the organization. These external forces are almost out of control of the management of the organization.

These can be regarded as threats to management & should be handled in a proactive manner. Following are the list of human resource management challenges that considered environmental challenges.

- ❖ Rapid Change
- ❖ Workforce Diversity
- ❖ Globalization
- ❖ Legislation
- ❖ Technology
- ❖ Job & Family Roles
- ❖ Lack of Skills
- ❖ Rapid Change

The world is changing at a faster rate because change is constant for several centuries. So the management of the organizations should be quickly adaptive to the changing requirement of the environment otherwise they become obsolete from the market.

The human resource management of an organization plays a basic role in response to environmental change. The HR department should adopt such policies that can avail the new opportunities of the environment & keep the organization away from the newly emerging threats.

Workforce Diversity

The changing environment provides both the opportunities & threats to the human resource management of the organization. The HR manager should adopt such policies that can make possible the diverse workforce of employees. Although on one hand diversity creates a big problem, in the long run, the survival & performance of the organization is flourished.

Globalization

One of the serious issues that today's organizations are facing is the issue of globalization. The world is converting into a global business and severe competition is started between domestic & foreign companies. Such competition results in laying off the effective workforce of the organization. The HR department can play an important role in keeping the culture of the organization as global & wider.

Legislation

It is the old environmental challenge that is faced by the organization for many decades. There are certain labor laws that are declared by the government for the benefits of the working employees. Some of these laws are disadvantageous to the interests of the organizations so it is one of the big challenges for the HRM to implement all those labor laws within the organizations. If any such law is violated, serious actions are taken by the relevant government authority that may result in serious penalties for the management of the organization.

Technology

Technology is also growing at great speed especially in the field of computer & telecommunication. New methods are emerging that quickly dominates the older ones & make them obsolete. Therefore the skills required by the employees also change with the changing technology & this would compel the worker to advance the skills three to four times throughout their working lives. So there comes a burden on the HR department to constantly update the skills & expertise of its employees.

Job & Family Roles

In recent years, dual-career families are increasing in which both the wife & husband work. This creates a serious burden on the women that they have to give time to their families also. In many organizations, the policies of HR favors the employment of more than 10 years. The working hours of the organizations are also strict and tight for the employees.

Moreover, the selection & training procedures are two tough and time consuming so most of the talented women hesitate to join any organization which would result in the wastage of talent and potential. Even working men also suffer from these employment policies because they do not properly give time to their families. So the challenges for the HRM increase with this particular issue & special favorable working policies are needed to be employed in all organizations.

Lack of Skills

The service sector development is expanding due to many reasons like change in the tastes & preferences of customers, technological change, legal change, etc. All of this affected the structure and managing style of business organizations.

The skills required in the employment of the service sector are also advancing but the graduates of the technical colleges & universities are groomed according to the latest requirements. Therefore most of the employees lack the standard required skills to perform their duties and it becomes a big challenge for HRM to properly train these new & old employees to become an efficient & effective worker.

B .Organizational Challenges

The organizational challenges for HRM are related to the factors that are located inside the organization. Although these challenges are evolved as a byproduct of the environmental challenges these can be controlled by the management of the organization to much extent.

The proactive HR managers take notice of such challenges in advance and take corrective measures before these would convert into serious issues. The human resource management challenges within the organization include competitive position & flexibility, organizational restructuring & issues of downsizing, the exercise of self-managed teams, development of suitable organizational culture etc.

When the workforce of an organization is effectively used in combination with other factors of production, the opportunities of the environment are availed & the threats are eliminated. The competitive position of the organization can be influenced by the policies of HR in the following ways.

- ❖ Controlling Costs
- ❖ Developing Distinctive Capabilities
- ❖ Restructuring
- ❖ Controlling Costs

An organization can avail of the competitive position by lowering its cost & strengthening its cash flows. For this purpose, the labor cost of the organization is minimized through an effective compensation system that adopts innovative reward strategies for good performances. In this way, the favorable behaviors of the employees are rewarded so the organization would get the ultimate advantage.

Moreover, the policies of compensation should keep the labor cost under control. Effective employees should be selected that keep with the organization for longer duration & proper training should also be provided to these employees. The HR department should also restore the work of the employees along with the improvement in the health & safety issue of the working environment. All of these efforts would limit the cost of labor.

Improving Quality

Quality improvement can lead an organization towards a competitive advantage. The total quality management programs are employed that improves all the processes within the organization which would ultimately result in the improvement of the final product or service.

Developing Distinctive Capabilities

Another method of gaining a competitive advantage is to employ the people that have distinct capabilities to develop extraordinary competence in specific areas.

Restructuring

Another technique is the restructuring of the organization in which the methods of performing different functions are altered positively. In the case of the HR department, the majority of functions are still performed within the organization.

In some organizations, the major functions of the HR department are now transferred to the other parties in the shape of outsourcing, shared service centers, etc. The sizes of the HR department in those organizations are shrinking because most of the functions are performed by outsiders. But in most organizations, the HR manager performs all the relevant functions of HRM. The HR department is now involved in mission-oriented & strategic activities.

C.Individual Challenges

The decisions related to the specific individual employees are included in the individual challenges for the HRM. The organizational issues are also affected by the fact that how employees are treated within the organizations. The problems related to the individual level are as follow.

1. Productivity
2. Empowerment
3. Brain drain
4. Ethics & social responsibility
5. Job insecurity
6. Matching people & organization

Productivity

Productivity is defined as the measure of the value that an employee can add to the final product or service of the organization. The increased output per employee is reflected as increased productivity. Ability & motivation are two important factors that affect employee productivity.

The ability of the employee can be improved by the hiring & replacement along with the proper training & career development. On the other high quality of work-life serves as an accelerator to the motivational factor of the employees.

Empowerment

In modern days, many organizations make changes in such a way that their individual employees exert more control over their work as compared to their superiors. This individual control of employees is called empowerment which helps the employees to work with enthusiasm, commitment & learn new skills because they are more make normal decisions about their work by themselves & hence enjoy their work.

Brain Drain

One of the challenges for HRM is the detachment of the key potential employees from the organization which links with the competitors for higher remunerations etc. In such cases, the organization loses its intellectual property & in many situations the leaving employees at the higher levels also take with them the potential lower-level employees. This brain drainage is becoming a serious issue in high-Tec companies.

Ethics & Social Responsibility

Under this challenge, the organizations make an effort to benefit some portion of society. This is now considered to the social responsibility of the organization to show favorable behavior towards society. Ethics serves as the basic principle for the social behavior of the organizations.

Within organizations, the HR departments develop a code of conduct & principles of the code of ethics that serve as guidance for the personal behavior of the employees of the organizations. The employees also expect management to show favorable decisions.

Job Insecurity

In recent years, restructuring & downsizing develops a sense of insecurity of job within the employees of the organizations. Now many employees only desire to get a steady job rather than a job with a promotional future.

Even most successful organizations lay off their employees in the period of cut-throat competition. The stock market also shows favorable results when layoffs have been made. All these things create fear among employees about the insecurity of their jobs which would hinder their effective performance.

ROLE AND RESPONSIBILITIES OF HR MANAGERS

A company thrives because of its employees. Various departments across the organization, such as the development team, customer support, marketing, and sales, just to name a few, makes it possible for you to run the business successfully.

At the same time, the roles and responsibilities of HR managers cannot be ignored. They help manage various departments across the organization, improve their productivity, and

retain employees. However, given the evolving landscape of the working environment, legal obligations, and strategic management of businesses, the roles and responsibilities of HR managers are widening.

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Top 10 Key Roles and Responsibilities of HR Manager

1. Human Resource Planning

HR managers are responsible for planning and achieving organizational objectives. They usually engage in identifying, preparing, and executing business goals with top-level executives.

This proactive participation in planning enables HR managers to gain a thorough understanding of the activities required to support the sustainable growth of the company. This, in turn, empowers HRs to assign the right resources to the right project and ensures timely delivery.

The roles of HR managers include analyzing and acknowledging team leaders (TL) about their expected vs. actual results. They also help TLs better understand their target and create strategies to achieve them.

As mentioned above, human resource planning requires assigning the right resources to the right project. And if the right person is not in the organization, HR managers are responsible for designing the job analysis to hire them.

A job analysis includes:

- Job description
- Employee's position in the organization
- Who the employee should report to
- Resources the employee will need to perform the job efficiently
- Individual data related to the post, such as technical skills, work experience, etc.
- Work schedule
- Salary and incentives
- Personal attributes, such as personality, values, and interests

In addition to this, The responsibilities of the HR manager includes:

- **Job rotation:** Transferring employees from one task to another depending on the requirement and their skills
- **Job enlargement:** Merging previously distributed (similar) tasks into one job
- **Job enrichment:** Adding more responsibility to an employee's job
- **Creating high-performance working groups:** Building teams to complete tasks that require high levels of performance

3.Hiring Candidates

Finding and hiring the right talent is a very complex process. Modern HR managers do more than just posting job requirements in portals to fill open positions. They develop strategic solutions to attract the right candidates to fulfill the demands of the business.

From screening potential candidates on job portals and social platforms like LinkedIn to interviewing them, HR managers have to follow an organized approach for hiring the best suitable employee for the organization.

Once an applicant is selected, HR managers design offer letters and onboarding procedures. In case, a candidate backs out at the last moment, HR managers are bound to convince them to join the organization. If they still insist not to, HR managers need to repeat the hiring process to fill open positions.

4. Training and Development

Hiring the best candidates is just half the job. HR managers need to train and upskill them to maximize their return on investment.

The type of training and development new employees require depends on their experience. For example, if they are freshers, managers might need to arrange for skill-development training programs to ensure their work meets the industry standards.

However, if the recruits already have a few years of experience, managers might only need to train them about company policies.

HR managers are also answerable for the quality of training. If most of the recruits are unable to pass the assessments, it indicates that either the trainer or the training program is not compliant with the industry standard, for which the HR manager will be held accountable.

5. Design Workplace Policies

It is essential for HR managers to design workplace policies to reduce conflicts, legal issues, and improve employee productivity. These policies are designed in a way that protects the interests of both the employees and employers alike.

Though workplace policies differ from organization to organization, the things it includes remain the same in every company, such as:

- Standard operating procedures
- Anti-harassment and non-discrimination
- Paid leaves, sick leaves, and time-off benefits
- Meal and break periods
- Time tracking
- Employee attendance and punctuality

HR managers also need to comply with federal, state, and local laws while designing workplace policies. Some laws require managers to communicate the workplace policies in writing. If you are an HR manager (or aspiring to be), make sure to stay on top of the local laws to avoid issues later.

6. Monitor Performance

Closely related to training, HR managers' responsibilities include examining employee performance records to identify the scopes of improvement and arranging training workshops to upskill them.

93% of employees say professional growth is a priority. By providing employees with a chance to learn something new and grow professionally, you can create a positive environment and boost employee loyalty.

Besides, improving your employees' skills brings additional benefits to the organization.

- First, they feel they are a vital part of the company
- Second, due to increased job satisfaction, they will give their best in each task

The way you help employees improve their performance depends on the available resources. For instance, if you have a high budget, you can arrange trainers to personally analyze and train them to achieve better results. If not, you can enroll them to attend conferences, webinars, online courses, etc.

7. Maintaining Work Culture

As an HR manager, it is your responsibility to shape and maintain organizational culture. It is essential to create a positive impression of the company from day one, so the new employees know what to expect.

Besides, a person's performance depends largely on the environment he is working in. Therefore, you need to instill a certain level of comfort to eliminate any stressful atmosphere that might affect employees' performance.

It is also vital to have an open-door policy so that employees can communicate their problems freely. This helps improve employee job satisfaction and retain talent.

Additionally, consider planning company events where employees can showcase their non-work-related talents like singing, dancing, mimicry, etc. It enhances the overall brand image and spreads positivity throughout the organization.

8. Resolve Conflict

In every organization, employees come from diverse backgrounds. And when people with opposite opinions meet, the chances of having a conflict rise significantly.

Whether the issue is between two employees or an employee and the management, it's the HR manager who has to intervene and resolve it.

Besides, the HR manager must listen to both parties without being biased or judgemental. They also need to go to the root of the matter, which includes questioning other employees.

Depending on the type of conflict, HR managers also hold the right to fire an employee. However, this situation usually arises in cases of harassment in the office.

9. Ensure Health and Safety of Employee

Employees are the asset of the organization. Unless they are safe and healthy, they won't be able to give their best to the company. Thus, HR managers need to ensure the health and safety of employees.

The way you plan for your employees' health, and safety varies from company to company. For instance, for organizations that provide cab services to their staff, HR managers need to make sure that they are coming/reaching safely. It usually requires them to track the GPS of company cabs, call the employee/driver, keep a tab on the expected vs. actual arrival time.

Other roles of HR managers, in terms of health and safety of employees, include:

- Arranging an on-premise doctor for emergencies
- Arranging an on-premise ambulance
- Setting employee health benefits
- Setting up a sick room in the office for employees to rest, in case they are unwell
- Organizing fire safety training workshops
- Ensuring the food in the canteen (if you have) is hygienic

10. Rewards and Incentives

Lastly, HR managers need to reward employees based on their performance and other factors like punctuality. The biggest benefit of rewarding workers is that it creates a desire for other employees to excel at their job in the hope of getting incentives.

The type of rewards and incentives could be anything, such as holiday packages, a word of appreciation and recognition, promotions, or bonuses.

Additionally, you can consider giving the power to employees to choose the type of reward they want. Let them decide whether they want a bonus, flexible work times, leave, etc. It will make them feel valued, increase job satisfaction, and boost productivity.

Conclusion

HR managers are responsible for creating and managing a strong team. Whether it is human resource planning, job analysis, hiring the right talent, or resolving conflicts within the organization, it's the HR manager who handles these tasks.

UNIT-II

Human Resources Planning.

E.W Vetter viewed human resources planning as —a process by which an organization should move from its current manpower position to its desired manpower position. Through planning management strives to have the right number and right kind of people at the right places at the right time, doing things which result in both the organization and the individual receiving maximum long-run benefit‖.

 According to Leon C Megginson human resources planning is an integrated approach to performing the planning aspects of the personnel function in order to have a sufficient supply of adequately developed and motivated people to perform the duties and tasks required to meet organizational objectives and satisfy the individual needs and goals of organizational members.

Objectives of Human Resources Planning

Ans. The important objectives of manpower planning in an organization are-

1. To recruit and retain the human resources of required quantity and   quality.

2. To foresee the employee turnover and make the arrangements for   minimizing turnover and filling up of consequent vacancies.

3. To meet the needs of the program of expansion, diversification etc.

4. To foresee the impact of technology on work, existing employees and future human resources requirements

5. To improve the standards skill .knowledge,, ability, discipline etc.,   6. To assess the surplus or shortage of human resources and take measures accordingly.,

7. To maintain congenial industrial relations by maintaining optimum level and structure of human resources;

8. To minimize imbalances caused due to non-availability of human resources of right kind, right number in right time and right place;

9. To make the best use of its human resources; and

10. To estimate the cost of human resources.

What are the Advantages of using HRP

Ans Human resource planning can be defined as the process of identifying the number of people required by an organization in terms of quantity and quality. All human resource management activities start with human resource planning. So we can say that human resource planning is the principle/primary activity of human resource management. The process of HRP plays a very important role in the organization. The importance of HRP can be explained as follows. 1. Anticipating future requirements:-

Thru this process of HRP, the company is able to find out how   many people will be required in future. Based on this requirement the company could take further actions. This method also helps the company to identify the number of jobs which will become vacant in the near future.

2. Recruitment and selection process:-

The recruitment and selection process is a very costly affair for a company. Many companies spend lakhs of rupees on this process. Therefore recruitment and selection must be carried out only if it is extremely necessary. HRP process helps to identify whether recruitment and selection are necessary or not.

3.Placement of personnel:-

Since the HRP process is conducted for the entire organization, we can identify the requirements for each and every department. Based on the requirement, we can identify existing employees and place them on those jobs which are vacant.

4.Performance appraisal:-

HRP make performance appraisal more meaningful. Since feedback is provided in performance appraisal and employee is informed about his future chances in same company, the employee is motivated to work better. Information for all this is collected   from HRP process.

5.Promotion opportunity:-

 HRP identifies vacancies in the entire organization including all the branches of all the company. Therefore when the company implements promotion policy it can undertake its activities in a very smooth manner.

Limitations of human resource planning

 Ans. 1. The future is uncertain:-

 The future in any country is uncertain i.e. there are political, cultural, technological changes taking place every day. This effects the employment situation. Accordingly the company may have to appoint or remove people. Therefore HRP can only be a guiding factor. We cannot rely too much on it and do every action according to it.

 2. Conservative attitude of top management:-

 Much top management adopts a conservative attitude and is not ready to make changes.

3.Problem of surplus staff:-

 HRP gives a clear out solution for excess staff i.e. Termination, layoff, VRS. However when certain employees are removed from company it mostly affects the psyche of the existing employee, and they start feeling insecure, stressed out and do not believe in the company. This is a limitation of HRP i.e. it does not provide alternative solution like re-training so that employee need not be removed from the company.

4.Time consuming activity:-

 HRP collects information from all departments, regarding demand and supply of personnel. This information is collected in detail and each and every job is considered. Therefore the activity takes up a lot of time.

5.Expensive process:-

 The solution provided by process of HRP incurs expense. E.g. VRS, overtime, etc. company has to spend a lot of money in   carrying out the activity. Hence we can say the process is expensive.

 Factors affecting HRP in the organization

Ans. 1. Employment:- HRP is affected by the employment situation in the country   i.e. in countries where there is greater unemployment; there may be more pressure on the company, from government to appoint more   people. Similarly some company may force shortage of skilled labor and they may have to appoint people from other countries.

 2. Technical changes in the society:- Technology changes at a very fast speed and new people having the required knowledge are required for the company. In some cases, company may retain existing employees and teach them the new technology and in some cases, the companies have to remove existing people and appoint new.

 3. Organizational changes:- Changes take place within the organization from time to time i.e. the company diversify into new products or close down business in some areas etc. in such cases the HRP process i.e. appointing or removing people will change according to situation.

 4. Demographic changes:- Demographic changes refer to things referring to age, population, composition of work force etc. A number of people retire every year. A new batch of graduates with specialization turns out every year. This can change the appointment or the removal in the company.

 5. Shortage of skill due to labor turnover:- Industries having high labor turnover rate, the HRP will change constantly i.e. many new appointments will take place. This also affects the way HRP is implemented.

6. Multicultural workforce:- Workers from different countries travel to other countries in search of job. When a company plans it's HRP it needs to take into account this factor also.

7. Pressure groups:- Company has to keep in mind certain pleasure. Groups like human rights activist, woman activist, media etc. as they are very capable for creating problems for the company, when issues concerning these groups arise, appointment or retrenchment becomes difficult.

process of Human Resource Planning.

Ans.   1. Analyzing the Corporate Level Strategies: – Human Resource Planning should start with analyzing corporate level strategies which include expansion, diversification, mergers, acquisitions, reduction in operations, technology to be

used, method of production etc. Therefore Human Resource Planning should begin with analyzing the corporate plans of the organization before setting out on fulfilling its tasks.

2. Demand forecasting: – Forecasting the overall human resource requirement in accordance with the organizational plans is one of the key aspects of demand forecasting. Forecasting of quality of human resources like skills, knowledge, values and capabilities needed in addition to quantity of human resources is done through the following methods: -

a. Executive or Managerial Judgment: – Here the managers decide the number of employees in the future. They adopt one of the three approaches mentioned below:

-   Bottom-Up approach: – Here the concerned supervisors send their proposals to the top officials who compare these with the organizational plans, make necessary adjustments and finalize them.

Top-Down approach: – Here the management prepares the requirements and sends the information downwards to the supervisory –level who finalizes the draft and approves it.

Participative Approach: – Here the supervisors and the management sit together and projections are made after joint consultations.

Drawbacks

The chief drawback of these methods is that estimation of manpower is made using guesswork.

b. Statistical Techniques: – These methods use statistical methods and mathematical techniques to forecast and predict the supply and demand of Human Resources in the future.

Ratio-Trend analysis: – In this method depending on the past data regarding number of employees in each department, like production department, sales department, marketing department and workload level, etc ratios for manpower are estimated. Past values are plotted and extrapolated to get fairly accurate future projections.

c. Work Study method: – This technique is suitable to study the correlation between volume of work and labor i.e. demand for human resources is estimated based on the workload. Work study method is more appropriate for repetitive and manual jobs when it is possible to measure work and set standards.

d. Delphi Technique: – ‗Delphi' Technique is named after the Greek Oracle at the city of Delphi. In this method, the views of different experts related to the industry are taken into consideration and then a consensus about the Human Resource requirement is arrived at. Delphi technique is used primarily to assess long-term needs of human resource.

3. Analyzing Human Resource Supply: – Every organization has two sources of supply of Human Resources: Internal & External. Internally, human resources can be obtained for certain posts through promotions and transfers. In order to judge the internal supply of human resources in future human resource inventory or human resource audit is necessary. Human resource inventory helps in determining and evaluating the quantity of internal human resources available. Once the future internal supply is estimated, supply of external human resources is analyzed.

4. Estimating manpower gaps: – Manpower gaps can be identified by comparing demand and supply forecasts. Such comparison will reveal either deficit or surplus of Human Resources in the future. Deficit suggests the number of persons to be recruited from outside, whereas surplus implies redundant employees to be re-deployed or terminated. Employees estimated to be deficient can be trained while employees with higher, better skills may be given more enriched jobs.

5. Action Planning: – Once the manpower gaps are identified, plans are prepared to bridge these gaps. Plans to meet the surplus manpower may be redeployment in other departments and retrenchment. People may be persuaded to quit voluntarily through a golden handshake. Deficit can be met through recruitment, selection, transfer and promotion. In view of shortage of certain skilled employees, the organization has to take care not only of recruitment but also retention of existing employees. Hence, the organization has to plan for retaining of existing employees.

6. Modify the Organizational plans: – If future supply of human resources form all the external sources is estimated to be inadequate or less than the requirement, the manpower planner has to suggest to the management regarding the alterations or modifications in the organizational plans.

7. Controlling and Review: – After the action plans are implemented, human resource structure and the processes should be controlled and reviewed with a view to keep them in accordance with action plans.

RECRUITMENT

Recruitment is the process of searching the candidates for employment and stimulating them to apply for jobs in the organization. It is the process of bringing together those who are offering jobs and those who are seeking jobs. Recruitment is a positive process where a pool of prospective employees is created and management select the right person for the right job from this pool. It provides a base for the selection process.

- According to Yoder " Recruitment is a process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force."
- According to Edwin Flippo, "Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization."

The objectives of recruitment are as follows:

- Attract and empower an ever increasing number of applicants to apply in the organization.
- Build positive impression of the recruitment process.
- Create a talent pool of candidates to enable the selection of best candidates for the organization.
- To attract and engage people it needs to achieve its overall organizational objectives
- Increase the pool of job candidates at minimum cost.
- Recruit right people who will fit in to organizations culture and contribute to the organizations goals.
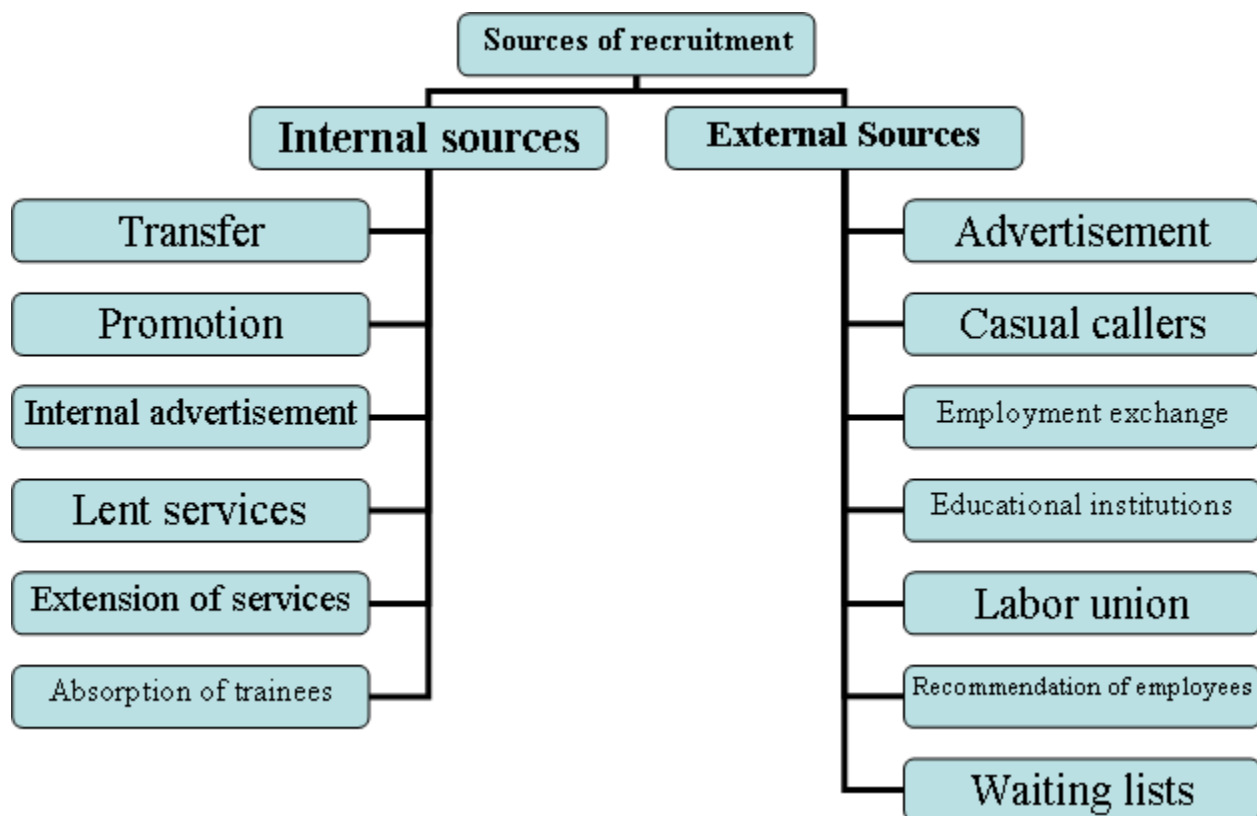
- Determine Current and future requirements of the organization in conjunction with its personnel planning and job analysis activities.
- It Help upwards the achievement rate of choice process by diminishing number of unmistakably under-qualified or overqualified work candidates.
- It Help decrease in the likelihood that activity candidates once enlisted and chose will leave the organization after a brief time frame.
- Meet the organizations lawful and social commitments with respect to the sythesis of its workforce.
- Begin identifying and preparing potential job applicants who will be appropriate candidates.
- Increment organization and individual effectiveness of different selecting systems temporarily and long haul.
- Evaluate the effectiveness of various recruiting technique and sources for all types of job applicants.

Sources of recruitment:

Broadly, there are two main sources of recruitment

1) Internal sources of recruitment which means recruitment from within the organization.

2) External sources of recruitment means recruitment from outside the organization.

1) Internal sources of recruitment which means recruitment from within the organization:

i) Transfer: it means shifting of employees from one job to another. There is no drastic change in the pay or status of the employees it generally remains the same.

ii) Promotion: it means shifting the employee to higher position with the change in the pay or status.

iii) Internal advertisement: it means appointing the employees from within the organization through advertisement.

iv) Lent services: it means employing the person for newly started plant in the organization.

v) Extension of services: it is extending the service of employees by recruiting them again.

vi) Absorption of trainees: those who come in the organization for training employing them.

2) External sources of recruitment mean recruitment from outside the organization:

i) Advertisement: it is a way to attract number of employees by giving advertisement in the newspaper.

ii) Casual callers: the good organizations have a list of casual callers also who apply them and the organization instead of giving new advertisement give a call to these casual callers.

iii) Employment exchange: it is a good source of recruitment where the candidates are called with the help of employment exchange.

iv) Educational institutions: here the company's go to the educational institutions from where they select the suitable employees for the job.

v) Labor union: the organization may select the candidate from the labor union of the company to satisfy the labors also

.**vi) Recommendation of employees:** sometimes the employees working in the organization also suggest the name of suitable candidate for the appointment.

vii) Waiting lists: generally the organization s prepares the waiting lists of the employees Sometimes the selected candidates failed to join in that case the waiting list employees are called.

Thus the above said are the main sources of recruitment of the employees within the organization and outside the organization which are used by the organization to employ the employees.

Selection: Meaning and Steps Involved in Selection Procedure

Finding the interested candidates who have submitted their profiles for a particular job is the process of recruitment, and choosing the best and most suitable candidates among them is the process of selection. It results in elimination of unsuitable candidates. It follows scientific techniques for the appropriate choice of a person for the job.

The recruitment process has a wide coverage as it collects the applications of interested candidates, whereas the selection process narrows down the scope and becomes specific when it selects the suitable candidates.

Stone defines, 'Selection is the process of differentiating between applicants in order to identify (and hire) those with a greater likelihood of success in a job'.

Steps Involved in Selection Procedure:

A scientific and logical selection procedure leads to scientific selection of candidates. The criterion finalized for selecting a candidate for a particular job varies from company to company.

Therefore, the selection procedure followed by different organizations, many times, becomes lengthy as it is a question of getting the most suitable candidates for which various tests are to be done and interviews to be taken. The procedure for selection should be systematic so that it does not leave any scope for confusions and doubts about the choice of the selected candidate (Figure 5.6).

Brief details of the various steps in selection procedure are given as follows:

1. Inviting applications:

The prospective candidates from within the organization or outside the organization are called for applying for the post. Detailed job description and job specification are provided in the advertisement for the job. It attracts a large number of candidates from vari-ous areas.

2. Receiving applications:

Detailed applications are collected from the candidates which provide the necessary information about personal and professional details of a person. These applications facilitate analysis and comparison of the candidates.

3. Scrutiny of applications:

As the limit of the period within which the company is supposed to receive applications ends, the applications are sorted out. Incomplete applications get rejected; applicants with un-matching job specifications are also rejected.

4. Written tests:

As the final list of candidates becomes ready after the scrutiny of applications, the written test is conducted. This test is conducted for understanding the technical knowledge, atti-tude and interest of the candidates. This process is useful when the number of applicants is large.

Many times, a second chance is given to candidates to prove themselves by conducting another written test.

5. Psychological tests:

These tests are conducted individually and they help for finding out the indi-vidual quality and skill of a person. The types of psychological tests are aptitude test, intelligence test, synthetic test and personality test

6. Personal interview:

Candidates proving themselves successful through tests are interviewed per-sonally. The interviewers may be individual or a panel. It generally involves officers from the top management.

The candidates are asked several questions about their experience on another job, their family background, their interests, etc. They are supposed to describe their expectations from the said job. Their strengths and weaknesses are identified and noted by the interviewers which help them to take the final decision of selection.

7. Reference check:

Generally, at least two references are asked for by the company from the can-didate. Reference check is a type of crosscheck for the information provided by the candidate through their application form and during the interviews.

8. Medical examination:

Physical strength and fitness of a candidate is must before they takes up the job. In-spite of good performance in tests and interviews, candidates can be rejected on the basis of their ill health.

9. Final selection:

At this step, the candidate is given the appointment letter to join the organization on a particular date. The appointment letter specifies the post, title, salary and terms of employment. Generally, initial appointment is on probation and after specific time period it becomes permanent.

10. Placement:

This is a final step. A suitable job is allocated to the appointed candidate so that they can get the whole idea about the nature of the job. They can get adjusted to the job and perform well in future with all capacities and strengths.

Objectives of Selection

The main objective of selection is fairly obvious: to hire the most-qualified candidate to fill an available position. Additional objectives include:

- Creating a large talent pool of candidates to ensure the organization can hire the best employee.
- Finding people who will fit in with the company culture and contribute to the organization's goals.
- Reducing the likelihood that a candidate will leave after a brief time by finding the right employee for the position the first time around.
- Meeting the organization's diversity and social commitments by selecting candidates based solely on their merits and the way they fit in with the company values, goals and culture.
- Improving the company's reputation through fair, unbiased and effective hiring practices.
  Expediting the future recruitment and selection process and reducing costs by gathering a large pool of talented candidates who may be interested in future vacancies.
- Improving and streamlining the recruitment and selection process, including expediting future job analyses for similar positions.
- Evaluating the effectiveness of different recruiting and sourcing techniques and sources for job applicants.

BASIS FOR COMPARISON	RECRUITMENT	SELECTION
Meaning	Recruitment is an activity of searching candidates and encouraging them apply for it.	Selection refers to the process of selecting the best candidates and offering them job.
Approach	Positive	Negative
Objective	Inviting more and more candidates to apply for the vacant post.	Picking up the most suitable candidate and rejecting the rest.
Key Factor	Advertising the job	Appointment of the candidate
Sequence	First	Second
Process	Vacancies are notified by the firm through various sources and application form is made available to the candidate.	The firm makes applicant pass through various levels like submitting form, written test, interview, medical test and so on.
Contractual Relation	As recruitment only implies the communication of vacancies, no contractual relation is established.	Selection involves the creation of contractual relation between the employer and employee.
Method	Economical	Expensive

"Interview" means "deliberate, active listing with a purpose to draw the other person out, to discover what he really wants to say, and to give a chance to express himself/herself freely."

An interview is an attempt to secure maximum amount of information from the candidate concerning his suitability for the job under consideration."

"An interview is a purposeful exchange of ideas, the answering of questions and communication between two or more persons."

It assists to reveal, examine and assess the capabilities, qualities and traits of an individual to be selected for the job in an organisation. Interview technique is quite complex in substance and difficult to use property. Its scope includes measuring all the relevant characteristics and integrating and classifying all other information about the applicant.

Though interview is primarily meant for soliciting maximum possible information about the candidate, it may be used for other purposes too during the interview process.

The following are the objectives of a well-designed and an effective interview:

1. To seek more information about the candidate, which is not mentioned in "Application Blank."

2. To judge an applicant's qualities and characteristics as a basis for sound selection and placement.

3. To verify the information given in the application form and in the Application Blank.

4. To give essential and accurate facts about the job and the organisation such as nature of the job, hours of work, opportunities for advancement, employee welfare facilities, benefits and services available, organisation's policies, plans, future prospects etc. to the candidate. So that the candidate will be in a position to decide, whether to accept or not the employment in that organisation.

5. To establish rapport to create a feeling of mutual understanding, confidence and trust between the organisation (personnel department) and the applicant who is to be employed.

6. To create a good image and to promote goodwill towards the organisation, whether the interview culminates in employment or not.

7. To give an idea of disciplinary action, grievance handling and relations with unions to the candidate, because interview is a valuable tool for all these.

8. Interview is the only technique which seeks correct and factual information about the candidate.

Interview offers the following importance:

(i) Helps in Selection of a suitable candidate – Candidates who have claimed different qualities in their application can be tested directly through face to face conversation and those who are suitable can be selected.
(ii) Exchange of information – Face to lace conversation helps to exchange views and opinions between interviewer and interviewee and any doubt regarding the terms and conditions of the job can be cleared then and there only.

(iii) Helps to know the facilities – Interview helps to know the facilities offered and opportunities available to the employees and also the terms and conditions of employment. This helps the candidates to decide whether to offer their service or not to the organization.

(iv) Helps to tell about company – Interview helps to tell about company's policy, rules, regulations, discipline and conditions of appointment. If the conditions are acceptable, candidates may accept the job and vice-versa.

(v) Widely accepted tool – Interview is the oldest and most commonly used device in selecting the employees. Though test and group discussion are conducted to select the employees, they do not provide complete information about the candidates. Under such circumstances interview acts as a great help to the organization.

Interviewing is a universal tool utilises in any selection procedure.

The primary object of interview is to determine the suitability of applicant for the job. Interviewing is an art. Successful interviews follow established principles in matching man and his qualifications to the job requirements.

Bingham and Moore have mentioned the following principles of interview:

Principle # 1. Expert, Skilled, Experienced and Trained Interviewers:

The interviewers must possess the ability and skills required for interviewing the candidates. They should be expert, skilled, experienced and trained for interview. They should be well-versed in Behavioral Science, which helps them to Judge the different personality traits of the candidates. They have to get them prepared for interviewing by making a list of questions based upon the job specifications.

Principle # 2. Provide Privacy and Ample Time:

Full privacy should be provided for conducting the employment interview. There should be no disturbances, obstacles, phone calls, noise, visitors. Specific and healthy atmosphere should be deliberately created for interview purpose. Ample time should also be given for interview to the candidate during the interview.

Principle # 3. Proper Reception of the Interviewees:

All the interviewees should be warmly welcomed and be treated nicely. A warm reception of the interviewees helps to create a favourable impression in the mind of the candidate appearing for the interview.

Principle # 4. Comfort and Ease:

These help the interviewee feel at-ease and willing to give you the facts about himself. The interviewers must be straight forward and frank rather than clever.

Principle # 5. Skillful and Tactful Questions:

The interviewers should ask the questions in a simple language, understandable to the applicant. Never argue or interrupt or change the subject abruptly.

They should not ask leading (which gives clues or hints to the answer) or tricky questions, because one of the objectives of interview is to seek more and accurate information about the candidate. The interviewers must respect the interest of the candidate. Direct and personal questions should be asked tactfully. The interviewer should try to get the relevant information and also answer candidate's questions also.

Principle # 6. Do not "Oversell" the Job Opportunities:

This means indirect disclosure that the organisation is in need of the services of the candidate Even if the candidate is the right person for the job, the organisation should not beg to him. On the other hand the interviewer should use his skill to impress the candidate in such a way that he himself accepts the job. The feeling that the candidate is obliging the organisation by accepting the job should never be created in the mind of candidate.

Principle # 7. Be Courteous Towards the Candidate:

The interviewers should adopt a courteous approach towards the candidate and let him feel at home, so that she/he can say everything about her/ himself with an open and free mind.

Principle # 8. Encourage the Candidate to Talk:

Give full opportunity to the candidate to talk more and there should not be much talking by the interviewers. The interviewer must avoid the temptation of too much talking and should give ample opportunity and encouragement to the candidate to talk more and in details about himself. The best interview is usually one in which the interviewers talk the least.

Principle # 9. Attentive and Patient Listening:

The interviewer must listen attentively and patiently to the interviewee during the interview. He should not divert his mind elsewhere during the interview, though the candidate may or may not be to their satisfaction. The interviewer should not impose upon the candidate, his own opinion, viewpoints and beliefs. The information from the applicant can be elicited only when the interviewer give him a patient, prolonged and skilful hearing.

Principle # 10. Objectivity in Decision Making:

The interviewer should understand the interviewee's point of view and has to keep himself away from the bias, prejudice, personal judgment and whims. He must rely on the principle of objectivity rather than subjectivity. There should be a scientific process and methodology of testing and interviewing the candidates.

Principle # 11. Closing the Interview:

The interview should be concluded at the point of time when the interviewer becomes sure collecting adequate information about the candidate and that he has judged the personality traits as required. At this point the interviewer should stop the interview extending his thanks to the candidate for the interest he exhibited towards the organisation.

Principle # 12. Rational Selection:

After the interview is over, the chairman and members of the interview committee have to arrive at a specific decision with regard to the final selection of the candidates for the jobs to be filled-in. The interview board should be very rational in this. Their decision should base on the performance of the candidates and the information the board has collected during the course of interview.

Such decision should be conveyed to the concerned candidates in a clear-cut and simple language along with the terms of employment by timely sending them the appointment letters. Every interview should be result oriented. The interview programme should be scientifically implemented for this which ultimately helps in the final selection of the most suitable, competent and right employees for the jobs in the organisation.

Interview in HRM – Top 10 Advantages: On the Spot Correction, Development of Relationship, Selection of Suitable Candidate and a Few Others

Following are some advantage of interview which are stated below:

1. On the spot correction – Any misunderstanding and mistake can be rectified easily in an interview as the interviewer and interviewee physically present before the interview board.

2. Development of relationship – Relation between the interviewer and the interviewee can be developed through an interview. It increases mutual understanding and co-operation between the parties.

3. Selection of suitable candidate – Suitable candidates can be selected through interview because the interview can know a lot about the candidate by this process.

4. Collection of primary information – Interview can help to collect the fresh, new and primary information as needed.

5. Sufficient information – Sufficient information can be collected through the interview process. Because the interviewer can ask any question to the interviewee.

6. Time saving – Interview can help to save time to select the best suitable candidate. Within a very short time communication can be accomplished with the interview.

7. Economical – It is less costly than other process of communication. It is very simple, prompt and low cost method of communication.

8. Knowledge increases – Any interview increases the knowledge of both the interviewer and the interviewee. They can interchange their views and ideas.

9. In depth analysis – Through planed interviews detailed information can be collected which enables proper analysis of a problem. Abstract factors like attitudes, feelings, opinion etc. Can be successfully evaluated or analysed through interviews.

10. Solving labour problems – Labour unrest and other disputes are very common in the industries. Sometimes human resource managers use the interview as a means of revelling actual causes behind the labour deputes.

11. Flexible – One of the major advantages of interview is that it is flexible and based on a particular situation, it can be framed differently.

There are some limitations of the interview process. It is not free from defects. Interview is a widely used method of employee selection.

But it suffers from several pitfalls, some of which are given below:

1. Personal bias – interview like other people have personal biases. Their likes & dislikes about hairstyle, dress, fluency of speech, etc., affect their judgment.

2. Halo effect – under this type of error, a single prominent characteristics of the candidate affects the judgment of interviewer on all other traits. For example, an interviewer may conclude that a poorly groomed candidate is stupid or alternatively, he may overrate the candidate's qualifications just because of his pleasing personality.

3. Constant error – such error arises because the interview of previous candidate unduly influence the interviewer in favor or against the candidate. For example, a qualified candidate may be underrated just because the previous candidate was very brilliant.

4. Projection error – this error arises when an interviewer expects his own knowledge, skills and values in a candidate. Therefore, he is likely to select candidates who resemble him in terms of manners, background, voice, etc.

5. Leniency – it implies the tendency to assign high scores. It's normally associated with lack of confidence and interest in rating. The opposite of leniency is toughness, i.e., the tendency to constantly give low scores.

6. Incomplete process – Suitable candidate cannot be selected by interview only. The written test is more important than the interview.

7. Lack of attention – Much attention is required for a good interview. But sometimes it is observed that both the interviewer and the interviewee are less attentive. That is why real information cannot be collected.

8. Disappointment – Interviewee may be disappointed while she or he faces the interviewer's questions which are not related to the field. That is why suitable candidate may be neglected.

9. Time consuming – Time constrain is one of the major limitations of the interview process. Preparation for the interview, taking interviews and interpretation of the responses required much time, which makes the interview method time consuming.

10. Costly – Generally interview method is expensive and requires substantial expenses.

11. Inefficiency of the interviewer – Interview is a systematic process of data collection. The success of an interview depends on the efficiency of the interviewer. This inefficiency of an interviewer can lead to misleading results.

Types of Interview

Informal Interview: This is may take place anywhere. The employer or a manager in the personnal department, may ask a few questions, like name, place of birth, previous experience, etc. It is not planned and is used widely when the labour market is tight and you need workers very badly. A friend or a relative of the employer may take a candidate to the house of the employer or manager where this type of interview may be conducted.

Formal Interview: This held in a more formal atmosphere in the employment office by the employment officer with the help of well-structured questions. The time and place of the interview are stipulated by the employment office.

Planned Interview: This is a formal interview carefully planned. The interviewer has a plan of action worked out in relation to time to be devoted to each candidate, type of information to be sought, information to be given, the modality of interview and so on. He may use the plan with some amount of flexibility.

Patterned Interview: This is also a planned interview but planned to a higher degree of accuracy, precision and exactitude. A list of questions and areas are carefully prepared. The interviewer goes down the list of questions, asking them one after another.

Non-directive Interview: This is designed to let the interviewee speak his mind freely. The interviewer is a careful and patient listener, prodding whenever the candidate is silent. The idea is to give the candidate complete freedom to 'sell' himself without encumbrances of the interviewer's questions.

Depth Interview: This is designed to intensively examine the candidate's background and thinking and to go into considerable detail on a particular subject to special interest to the candidate. The theory behind it is that if the candidate is found good in his area of special interest, the chances are high that if given a job he would take serious interest in it.

Stress Interview: This is designed to test the candidate and his conduct and behavior by putting him under conditions of stress and strain. This is very useful to test the behavior of individuals under disagreeable and trying situations.

Group Interview: This is designed to see how the candidates react to and against each other. All the candidates may be brought together in the office and they may be interviewed. The candidates may, alternatively, be given a topic for discussion and be observed as to who will lead the discussion, how they will participate in the discussion, how each will make his presentation and how they will react to each other's views and presentation.

Panel Interview: This is done by members of the interview board or a selection committee. This is done usually for supervisory and managerial positions. It pools the collective judgement and wisdom of members of the panel. The candidate may be asked to meet the panel individually for a fairly lengthy interview.

Selection Tests – Meaning and Definitions

The selection tests aim at measuring such skills and abilities in a worker that are decided by job analysis to be essential for successful job performance. A test is an instrument designed to measure selected psychological factors.

The basic assumption underlies the use of tests in personnel selection is that the individuals are different in their job-related abilities and skills and that these skills can be adequately and accurately measured for comparison. A great number of human abilities are complex and interrelated. Hence, these have to be understood in association with each other.

Selection tests are defined as under:

Cronbach defines it as, "A test is a systematic procedure for comparing the behaviour of two or more persons."

Milton M. Blum opines, "A test is a sample of an aspect of an individual's behaviour, performance and attitude."

Selection Tests – 5 Important Categories of Selection Test

Tests used in selection can be classified into five categories, namely:

1. Achievement,

2. Aptitude,

3. Interest,

4. Personality and

5. Intelligence tests.

1. Achievement Tests:

Achievement tests measure the job knowledge of the applicants in the areas such as marketing, HR and economics. When an applicant claims to know something, an achievement test is given to measure how well he/she knows it. It is for this reason that achievement tests are also known as proficiency tests or performance tests.

Achievement tests are a refinement of the work sample technique and are used to measure what the applicant actually can do and what tasks he/she can perform right now. Adaptability tests, abstract reasoning tests, Stanford-Binet Scales, Miller Analogies Test and Purdue test for machinists and machine operators are some of the examples of such tests.

2. Aptitude Tests:

Aptitude tests are also known as potential ability tests and specific cognitive tests and are used to measure the latent ability of a candidate to learn a given job if he/she is given the required training. Aptitude tests have special significance where the new recruit has little or very less experience along the lines of the job opening.

Specific aptitude tests have to be designed for jobs that require mechanical, clerical, musical, academic, linguistic, motor capacities and abilities. Bennett Test of Mechanical Comprehension and the Stenquist Mechanical Aptitude Test are some of the examples of popular mechanical aptitude tests.

Aptitude tests for clerical jobs lay emphasis mainly on arithmetic, handwriting, spellings, vocabulary, checking and so on. Aptitude tests help in detecting peculiarities or defects in the applicant's sensory or intellectual capacity.

3. Interest Tests:

Interest in a job or task contributes to success on the job. A person interested in his/her job is likely to do better than one who is indifferent or uninterested. Interest tests have been designed to discover a person's field of interest and to identify the kind of work that will satisfy him/her. They are in a sense inventories of the likes and dislikes of the people of some occupations.

Although the interest tests have been mostly standardised, some organisations have developed tests to suit their own requirements, especially when there is a continuing demand for a large number of new personnel for a single job. Such developed tests are also known as 'Tailor- made Tests'.

Most widely used interest scales are 'Kuder Preference Record', 'Strong Vocational Interest Blank', mechanical reasoning tests and so on.

4. Personality Tests:

These tests aim at measuring the basic make-up or characteristics of an individual. They assess his/her introversion motivation, emotional reactions, emotional maturity, stability, mood, value system, ability to adjust, interpersonal relations, self-image, self- confidence, ambition, tact, optimism, decisiveness, sociability, objectivity, patience, fear, distrust, suspicion, judgement, dominance, impulsiveness, integrity, stability and so on. Industrial psychologists usually emphasise the 'big five' personality dimensions as they apply to personnel testing.

5. Intelligence Tests:

These tests aim at measuring the general level of intelligence of the applicant. This is done by measuring the IQ of the applicant. In addition to this, they also measure a range of abilities such as numerical ability, vocabulary, memory and verbal fluency.

<mark>Selection Tests – 3 Main Advantages</mark>
Various steps of selection process including selection tests are meant to solicit information about the candidates so as to arrive at a decision to select the most desirable candidates out of the several available. Since only some information is available from other sources like application forms, references, etc. selection tests are used to solicit more information about the candidates.

The use of selection tests has the following advantages:

1. Selection tests are standardized and unbiased methods of soliciting information about the prospective employees. Thus, a person who does not get selected on the basis of selection tests cannot argue for the partiality in selection process. It is to be noted that in many organizations, impartiality in selection process is of prime importance like public sector organizations.

2. Selection tests can be used to weed out the large number of candidates who may not be considered for employment in the organization. Normally, organizations receive applications from large number of candidates seeking jobs in the organizations. They all meet the basic requirements of the jobs, but all cannot be called for interview because it is a very time-consuming process.

Selection tests will provide the cut-off point above which candidates can be called for interview. Thus, the tests will save lot of time and money.

3. The tests are able to uncover the qualities and potentials of prospective employees which cannot be known by other methods including personal interview. Since the people are taken in the organization not only for the present jobs but they are promoted over the period of time, tests provide good opportunities to test their potentials for such promotions also.

Selection Tests – Limitations

Selection tests may provide some useful information but they suffer from some limitations also. Two such limitations are quite important which suggest that use of tests should be supplemented by other means of soliciting information about the candidates-

1. Selection tests cannot make a hundred per cent prediction of an individual's on-the-job success. At best, they just reveal that those who have scored above the cut-off point (other things being equal) will be more successful than those who have scored below the cut-off point. Therefore, it is desirable to use tests only as supplementary method of selection.

2. These are suitable when there is large number of candidates for limited number of jobs or positions. If the number of candidates is small, the use of tests is not economical. In such a case, it is desirable to select persons on the basis of interview only.

Besides these two limitations, many people criticize tests on the basis that these discriminate against the deprived classes because affluent classes can know better how to defeat the tests. However, this limitation can be overcome by suitable design and administration of tests.

A further criticism is put against the tests that these invade privacy of people because these tests put many questions on the personal life of the candidates.

Content: Induction Vs Orientation

1. Comparison Chart
2. Definition
3. Key Differences
4. Conclusion

Comparison Chart

BASIS FOR COMPARISON	INDUCTION	ORIENTATION
Meaning	Induction is a process takes place to welcome newcomer to the organization, to make them ready for their job.	A process which involves assimilation of new joinee into the organization to rehabilitate him at the new workplace and provided with basic information about the company.
Process	One way	Two way

BASIS FOR COMPARISON	INDUCTION	ORIENTATION
Involves	Introduction of the employee with the organization.	Integration of the employee in the organization.
Time horizon	Short term	Long term
Sequence	First	Second
Form	Detailed presentation or brochure of the company's rules, policies and employee benefits is provided.	Practical overview of the organization.

Definition of Induction

Welcoming new hire to the company is induction. It is a well-planned program to socialise the new joinee with the co-workers and the workplace. The term induction is derived from a Latin term 'inducere' which refers 'to bring or introduce'. In this process, a person is formally admitted to the company as an employee, to take charge of a particular post.

In short, it is a process of introducing an employee that takes place on the day when he joins the organisation and provided with basic information needed to adjust as soon as possible in the new organisation to gain maximum efficiency in the minimum time. The process helps in making a positive first impression on the new recruits that they belong to the company.

Under this process, the employee is made aware of the organisational hierarchy and a review is given in the firm's history. The overview is related to the company's mission, vision, values, policies, norms, history of the employer, clients and partners, dress code and so on.

Definition of Orientation

Orientation is a process of helping the new entrant, to gel up in the organisation, easily and quickly. In this process, a practical overview of the organisation is given, in which the new joinee is introduced to different people working in the organisation, to make him feel 'at home' in the new environment. Companies spend a few weeks or even months on the orientation of the new recruits.

The objective of the program is to remove the anxiety and fear from the minds of the new hires. It is quite a known fact that employees feel anxious when the first join an organisation, they worry about how they will be able to perform the new job. Many employees feel inadequate because they compare themselves with more experienced employees. The orientation program aims at reducing the anxiety of new employees by giving them the necessary information regarding job environment, by introducing them to other employees.

Some common topics included in the employee orientation program are:

- Organizational Issues: Probationary period, Disciplinary regulation, Layout of physical facilities, Company policies and rules, etc.

- Employee Benefits: Pay scale and pay days, Retirement program, Counseling, Vacations and holidays, etc.
- Introduction To: Supervisor, co-workers, team leader, manager, etc.
- Job Duties: Job location, job objectives, job safety requirements, an overview of the job, etc.

Key Differences Between Induction and Orientation

The difference between induction and orientation can be drawn clearly on the following grounds:

1. Induction is a process takes place to welcome newcomer to the organisation, to make them ready for their job. A process which involves the assimilation of new joinee into the organisation to rehabilitate him at the new workplace and provided with basic information about the company.
2. Induction is a one way process, wherein the speaker i.e. manager, tell the new joinees about the organization. As against, orientation is a two way process wherein both manager and new joinees interact with each other and participate in the process.
3. Induction involves the planned introduction of the employee with the organisation. Conversely, Orientation is the integration of the employee in the organisation.
4. Induction is a short term process, whereas orientation lasts for a longer period.
5. Induction is done at the introductory stage, which is then followed by the orientation.
6. Induction is in the form detailed presentation or brochure of the company's rules, policies and employee benefits are provided. On the other hand, orientation includes the interaction of employee to different people of the organisation.

Conclusion

The induction and orientation program may differ from organisation to organisation, but their whole-sole aim is just to facilitate smooth rehabilitation of the employee into the new organisation. The program helps to build up trust, confidence, morale and a sense of belongingness in employees towards the organisation. So that, he will give his best to the organisation.

MODULE-II

SUBJECT-HRM

Career Planning is an organisational system of career movement and growth opportunities from the point of entry of an individual in employment to the point of his or her retirement. Career planning is not an event or an end in itself, but a process of development of human resources. It is the process of setting individual career objectives and devising developmental activities necessary to achieve them.

Definitions:

1. A career may be defined as ' a sequence of jobs that constitute what a person does for a living'.

2. According to Schermerborn, Hunt, and Osborn, 'Career planning is a process of systematically matching career goals and individual capabilities with opportunities for their fulfillment'.

Need of Career Planning?

The need to plan for an employee's career is caused by both economic and social forces.

- Increasing utilisation of managerial reserves within the organisation.
- Ensuring performance of employees at satisfactory levels by meeting their needs and aspirations for growth
- Reducing employed turnover for lack of promotional avenues
- Maintaining and improving motivation and morale of employees

Objectives of Career Planning

Some of the objectives of career planning are:

- Attraction and retention of the right type of persons in the organisation.
- Mapping of careers of employees in the organisation suitable to their ability and skill, and their willingness to be trained and developed for higher positions.
- Better use of human resources, more satisfied and productive employees, and more fulfilling careers.
- Reducing employee turnover and absenteeism, and thus having a more stable and satisfied workforce.
- Increasing utilisation of managerial reserves available at all levels within the organisation.
- Improvement of morale and motivation of employees by matching their individual abilities and needs to the demand and reward of the job ensuring them adequate opportunities for promotion and growth in the organisation.
- Overall achievement of organisational development, higher productivity and fulfillment of corporate objectives.
- Ensure that men and women of promise are given a sequence of experiences that will equip them for whatever responsibility they have the ability to reach.
- Provide individuals with the guidance and encouragement they may need if they are to fulfil their potentials and remain with the organization

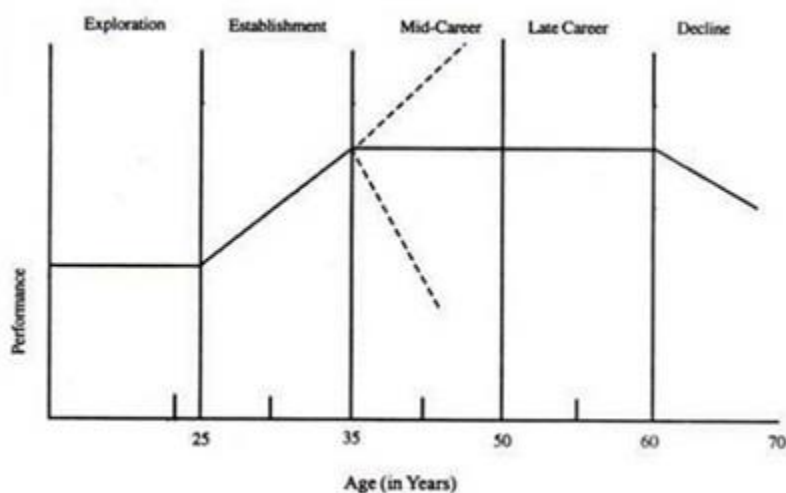Benefits of Career Planning:

1. Career planning ensures a constant supply of promotable employees

2. It helps in improving the loyalty of employees.

3. Career planning encourages an employee's growth and development

4. It discourages the negative attitude of superiors who are interested in suppressing thegrowth of the subordinates.

5. It ensures that senior management knows about the calibre and capacity of the employees who can move upwards.

6. It can always create a team of employees prepared enough to meet any contingency.

7. Career planning reduces labour turnover.

8. Every organization prepares succession planning towards which career planning is the first step.

Career Stages

Career stages are the various phases which an employee or a business professional goes through. These career stages highlight the beginning of the job, growth in the organization, middle stages of the career and the last & decline stages of the career.

STAGES OF CAREER DEVELOPMENT MODEL

1. Exploration   2. Establishment   3. Mid-career   4. Late career   5. Decline

• **EXPLORATION :** A career stage that generally ends in the mid-twenties when one makes transition from formal education to job .We start exploring about different career opportunities. Our decision for career gets influenced by parents, peers and the financial resources. It is a time when a number of expectations about one's career are developed, many of which are unrealistic.

- **ESTABLISHMENT** : this period begins when we start the search of work and also includes accepting the first job, acceptance by peers, learning about the job and gaining the first taste of success or failure in the real world.

Problems in exploration period

1. Finding a niche

2. Making your mark

3. Characterized by making mistakes.

- **MID-CAREER** : A stage marked by:-

 Continuous improvement in the performance

 Levelling off in the performance

 Beginning of deterioration process

Possible outcomes of mid- career

1. Some employees reach their early goals and go on to even greater heights.

2. Other may suffer from plateaued mid -career

- **Late career stage** : A career stage in which neither the person is learning about their jobs nor they are expected to outdo their level of performance from previous years. It also has two affects on:

 Individuals who have grown in mid career stage

 Individuals who have stagnated or deteriorated

- **Decline (Late Stage) :** This the final stage in one's career which is usually marked by retirement. This is the difficult stage for everyone but hardest for those who have had continued successes in the earlier stages and then comes the time has come for retirement.

8 Steps to an Effective Career Plan

1. **Identify Your Career Options.** Develop a refined list of career options by examining your interests, skills, and values through self-assessment. Narrow your career options by reviewing career information, researching companies, and talking to professionals in the field. You can further narrow your list when you take part in experiences such as shadowing, volunteering, and internships. MIT students can log in to access MyPlan, an online self-assessment tool offered through our office, can be a useful starting point.

2. **Prioritize.** It's not enough to list options. You have to prioritize. What are your top skills? What interests you the most? What's most important to you? Whether it's intellectually challenging work, family-friendly benefits, the right location or a big paycheck, it helps to know what matters to you -- and what's a deal-breaker. We provide skills and values assessments -- set up an appointment with a Career Advisor to take advantage of this

service.

3. **Make Comparisons.** Compare your most promising career options against your list of prioritized skills, interests and values.

4. **Consider Other Factors.** You should consider factors beyond personal preferences. What is the current demand for this field? If the demand is low or entry is difficult, are you comfortable with risk? What qualifications are required to enter the field? Will it require additional education or training? How will selecting this option affect you and others in your life? Gather advice from friends, colleagues, and family members. Consider potential outcomes and barriers for each of your final options.

5. **Make a Choice.** Choose the career paths that are best for you. How many paths you choose depends upon your situation and comfort level. If you're early in your planning, then identifying multiple options may be best. You may want several paths to increase the number of potential opportunities. Conversely, narrowing to one or two options may better focus your job search or graduate school applications.

6. **Set "SMART" Goals.** Now that you've identified your career options, develop an action plan to implement this decision. Identify specific, time-bound goals and steps to accomplish your plan. Set short-term goals (to be achieved in one year or less) and long-term goals (to be achieved in one to five years).
- **S**pecific -- Identify your goal clearly and specifically.
- **M**easureable -- Include clear criteria to determine progress and accomplishment.
- **A**ttainable -- The goal should have a 50 percent or greater chance of success.
- **R**elevant -- The goal is important and relevant to you.
- **T**ime bound -- Commit to a specific timeframe.

7. **Create Your Career Action Plan.** It's important to be realistic about expectations and timelines. Write down specific action steps to take to achieve your goals and help yourself stay organized. Check them off as you complete them, but feel free to amend your career action plan as needed. Your goals and priorities may change, and that's perfectly okay.

8. **Meet with a Career Advisor.** Our advisors are here to help you make effective career decisions. Make an appointment on Handshake to talk about your career options and concerns.

Promotion may be classified into the following types:

1. Horizontal Promotion:

When an employee is shifted in the same category with increase in pay, responsibilities and change in designation, it is called horizontal promotion. For example Second Division Assistant is promoted as First Division Assistant. This type of promotion may take place within the same department or from one department to another or from one plant to another plant.

2. Vertical Promotion:

When an employee is shifted from a lower category to higher category with increase in pay, status and responsibility it is called vertical promotion. For example a sales Manager is promoted as General Manager in the company.

3. Dry Promotion:

When promotion is made without increase in salary or remuneration, it is called "dry promotion". For example a college professor promoted as Head of the Department without increase in salary. In dry promotion there will be a change in designation and responsibility without corresponding change in remuneration.

Promotion – 2 Important Bases: Promotion by Seniority and Promotion by Merit

There are two bases of promotion, i.e.:

1. Promotion based on Seniority and

2. Promotion based on Merit/Performance.

Of course, there is also the third method, a blend of seniority and merit used in a balanced manner.

1. Promotion by Seniority:

Promotion by seniority is one of the popular methods followed for giving promotion to the employee. Seniority is based on the total length of service and is counted from the date of his appointment in the organisation. This method is followed in Government service. However, merits such as qualifications, knowledge, skills, performance, etc., are not given weightage as promotion is based on seniority.

Advantages/Merits of Promotion by Seniority:

a. In business and industrial undertakings, this method is followed for patronising employees and has wide acceptance by trade unions and among employees.

b. It is very simple and objective method of identifying employees for promotion.

c. Creates a sense of security among employees since they can predict in advance when they will get promoted.

d. Leads to congenial industrial relations as decisions on promotions are based on seniority alone.

e. Avoids bias, favouritism and nepotism in identifying employees for promotion.

f. Employees will remain loyal to the organisation even when there are better opportunities elsewhere.

Disadvantages:

a. Seniority very often ignores merit and good performance in the job. The person with long service need not be competent in the job.

b. Overemphasis on seniority and no incentive for high/improved performance the job.

c. Ambitious people who are highly career oriented, may not stick to the job and leave the organisation.

d. It is difficult to attract talented people unless they are placed in special category for promotion.

e. No differentiation between efficient and inefficient employees and promotes mediocrity in the organisation.

f. Management is not generally favourable to promote employees based on seniority. They prefer to combine merits and seniority.

2. Promotion by Merit:

Promotion by merit is generally followed in private organisations. Promotions are based on merits of the employees, i.e., qualifications, knowledge, skills, honesty, initiative, interpersonal relationship, effective communication and of course performance in the job. Seniority is not given weightage. However, unions demand promotions based on seniority, i.e., length of service of the employee.

The HR department has to keep updated records about each employee and such records should include details, performance in the job, increments, performance awards etc. Performance appraisal records would also provide information on the past performance and strengths and weaknesses of the employee.

Advantages of Promotion by Merit:

a. It appreciates and recognises the knowledge, skills and performance of the employee. Even employees with less experience can expect promotions.

b. It motivates the employees to perform better as promotions are based on merits.

c. The management is able to retain competent employees as they are eligible for promotions based on merits.

d. Leads to increased productivity in the organisation.

e. Management support promotions based on merit.

f. It is a scientific and objective method of promoting employees.

Limitations of Promotion by Merit:

a. Scope for favouritism and bias.

b. The method is not accepted by trade unions.

c. Defining merit is difficult and complicated in the absence of updated and accurate records.

d. No guaranteed promotion even if the person has put in several years' service in the organisation.

Employee Transfer

Definition: Employee Transfer is a process of **horizontal movement of an employee**, wherein there is a change in the job, without any revision in the remuneration and modification of responsibilities. It is a form of internal mobility, in which the employee is shifted from one job to another usually at a different location, department, or unit.

Transfer can be **temporary or permanent one**, and it is initiated by any of the two, i.e. employer or employee. Sometimes, it also includes promotion, demotion or even no change in the status and responsibility.
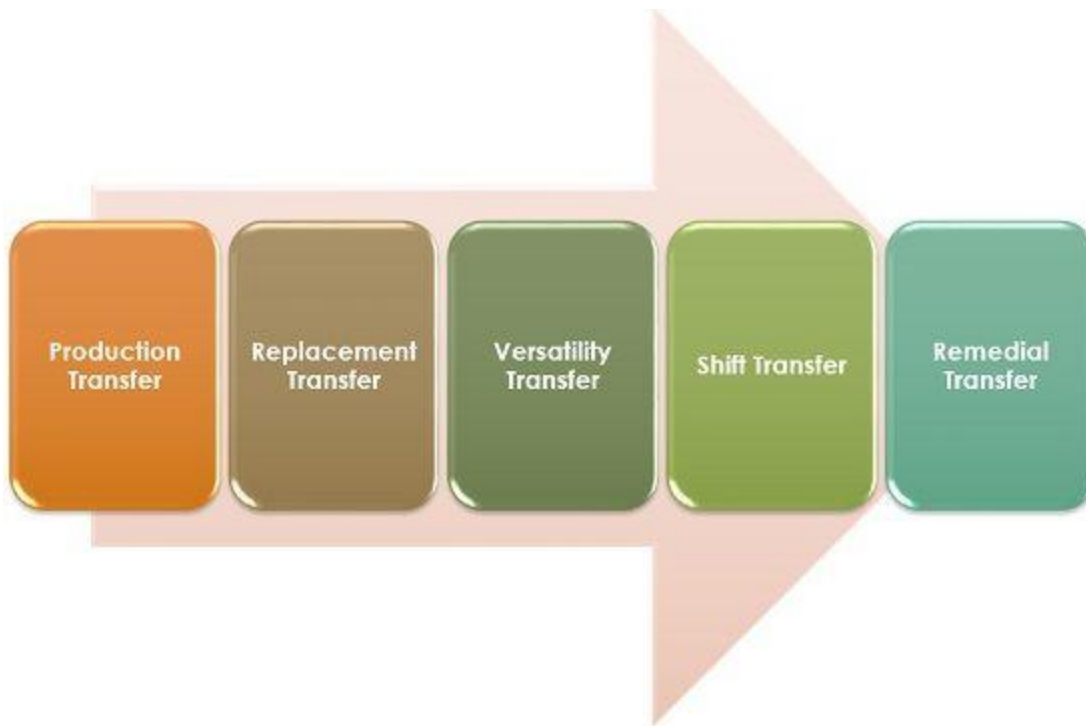
Reasons for Employee Transfer

Every organization has a defined criteria for the transfer of the employees, and it also varies from individual to individual. The primary reasons for employee transfer are mentioned hereunder:

1. Some positions require **distinctive skills, competency and expertise** of the transferred employees.
2. The transfer is also affected when there is a **shortage of employees in one department** of the organisation due to high demand, and there are surplus employees in another department. So, the workers are shifted from one department to another.
3. It is also initiated when there are some **clashes between the superior and subordinate or between two workers**.
4. To **break the monotony of the work**, employees are transferred, as the productivity of an employee decreases by doing the same job again and again.
5. An employee may request to the human resource department, to transfer him to another location, due to **health issues** because of the climate is not suitable for his/her health.

    The transfer may be requested by the employee himself or by his immediate boss (superior) or by the manager of another department.

Types of Employee Transfer

- **Production Transfer**: To prevent lay-off production transfer takes place, i.e. when there is a surplus of the workforce in the factory. Excess workers are laid off, except if they are transferred to another factory or plant, where there is a shortage of labour.

- **Replacement Transfer**: This form of transfer also helps in preventing lay-off of senior employees by replacing a junior employee. The organization opts this transfer when there is a continuous decrease in the operations, and the organization wants to retain long service employee.

- **Versatility Transfer**: To make the employees competent and versatile, these transfers are initiated. It is also called as job rotation which can be commonly seen in banks where employees working at clerical levels has to work at different profiles.

- **Shift Transfer**: In general, industrial establishments operates on rotational shifts, and the workers usually request a transfer to the shift of their choice.

- **Remedial Transfer**: When the initial placement of an employee is faulty, or the worker is not comfortable with the superior or with the coworkers, or there are some health issues, then these transfers are affected as a remedy to the situation.As the transfer is requested by the employee himself, it is also called as a personal transfer.

  There are several benefits of transfers which includes **improvement in skills, employee satisfaction, better employer-employee relations, the remedy to faulty placement** etc.

Rules Relating to Employee Transfer

1. The transfer must be clearly, stated as temporary or permanent.
2. Transfer criteria should be laid down clearly and strictly complied with.
3. The interest of the organisation should be kept in mind while framing the transfer policies.
4. The effect of transfer on the salary and other things of the transferred employee must be specified clearly.
5. The frequency of transfer must be known to all the employees along with the minimum period of transfer.
6. The performance of the employee must be evaluated before making the transfer, to a different job or department.

Definition of Layoff

To layoff is to temporarily or permanently terminate or get rid of the staff / employee. This is usually done by a company / firm on account of a business slowdown as a result of which there is insufficient work to be allotted to an employee who is registered with the establishment and who has not yet been retrenched.

It is Suspension or termination of employment (with or without notice) by an employer or management. A company layoff involves the cessation of employee benefits such as salary or wages. The laid-off employees are paid laid-off compensation. All of the laid-off employees should be taken back in their usual posts, as soon as the layoff lifted out. It may be due to, one of the given reasons:

- Shortage of raw materials
- Economic recession
- Breakdown of machinery
- Accumulation of stocks

Definition of Retrenchment

Retrenchment is to reduce the amount of corporate expenses. When a company/firm implements retrenchment, it cuts off or minimises all the unnecessary expenditures, usually by cutting back on the diversity of products or services it offers and often reducing the size of its company by closing down some of its offices that don't necessarily mean a reduction in a company's workforce.

It simply means termination of employee's services, because of replacement of the worker by machines or closure of the unit due to the lack of product's demand, produced by the unit. In retrenchment, the termination of services of several employees takes place where they are sent to the home and their connection with the organisation are completely and immediately severed.

Comparison Chart

BASIS FOR COMPARISON	LAYOFF	RETRENCHMENT
Meaning	Lay-off refers to the provisional termination of the employee, at the instance of the employer.	Retrenchment means involuntary separation of an employee due to the replacement of labor by machines or the close of the department.
What is it?	Action step	Business strategy
Defined in	Section 2 (kkk) of Industrial Dispute Act, 1947	Section 2 (oo) of Industrial Dispute Act, 1947
Nature	Temporary	Permanent
Operation of company	Stops after the declaration.	Continues even after the declaration.
Re-appointment	As soon as the lay-off period ends.	Employee's connection with the organization are severed immediately.

Performance Management

Performance management frameworks are designed with the objective of improving both individual and organizational performance by identifying performance requirements, providing regular feedback and assisting the employees in their career development.

Performance management aims at building a high performance culture for both the individuals and the teams so that they jointly take the responsibility of improving the business processes on a continuous basis and at the same time raise the competence bar by upgrading their own skills within a leadership framework. Its focus is on enabling goal clarity for making people do the right things in the right time. It may be said that the main objective of a performance management system is to achieve the capacity of the employees to the full potential in favor of both the employee and the organization, by defining the expectations in terms of roles, responsibilities and accountabilities, required competencies and the expected behaviors.

The major **objectives of performance management** are discussed below:

- To enable the employees towards achievement of superior standards of work performance.
- To help the employees in identifying the knowledge and skills required for performing the job efficiently as this would drive their focus towards performing the right task in the right way.
- Boosting the performance of the employees by encouraging employee empowerment, motivation and implementation of an effective reward mechanism.

- Promoting a two way system of communication between the supervisors and the employees for clarifying expectations about the roles and accountabilities, communicating the functional and organizational goals, providing a regular and a transparent feedback for improving employee performance and continuous coaching.
- Identifying the barriers to effective performance and resolving those barriers through constant monitoring, coaching and development interventions.
- Creating a basis for several administrative decisions strategic planning, succession planning, promotions and performance based payment.
- Promoting personal growth and advancement in the career of the employees by helping them in acquiring the desired knowledge and skills.

MOUDLE-III

Concept of Performance Appraisal:

Appraisal is the evaluation of worth, quality or merit. In the organization context, performance appraisal is a systematic evaluation of personnel by superiors or others familiar with their performance. Performance appraisal is also described as merit rating in which one individual is ranked as better or worse in comparison to others. The basic purpose in this merit rating is to ascertain an employee's eligibility for promotion.

However, performance appraisal is more comprehensive term for such activities because its use extends beyond ascertaining eligibility for promotion. Such activities may be training and development, salary increase, transfer, discharge etc. besides promotion**.**

Beach has defined performance appraisal as follows:

"Performance Appraisal is the systematic evaluation of the individual with regard to his or her performance on the job and his potential for development."

According to Dale Yolder:

"Performance Appraisal includes all formal procedures used to evaluate personalities and contributions and potentials of group members in a working organization. It is a continuous process to secure information necessary for making correct and objective decisions on employees."

Objectives of Performance Appraisal – Top 12 Objectives

Performance appraisal is a systematic evaluation of the individual with respect to his performance on the job and his potential for development. It relates to the assessing the individuals performance and his abilities at work. In fact people differ in their abilities and aptitudes, so there are differences in the quality and quantity of work done by different employees on the same job.

Therefore it is necessary for the management to know these differences so that the employees having better potentials may be rewarded by additional payments. Moreover employees will get an opportunity to improve themselves.

The following are objectives/purposes performance appraisal. Basically the objectives are classified into two categories, that is-

Objective # 1. To Ensure a Right Man is Placed on Right Job:

The data collected through merit rating facilitate that a right man is placed on a right job.

Objective # 2. To Make an Employee Permanent on the Job:

After the selection and placement of the employee on a job and after completion of the probation period, merit rating facilitates to judge the ability and competence of the employee on the job, so the management may be in position to take the decision of confirmation of the employee on the job.

Objective # 3. To Give Promotion to the Employees:

A well developed and administered performance appraisal system consists in determining whether individuals should be considered for promotions, where they can most effectively utilize their abilities and can judge his potentialities for higher jobs.

Objective # 4. To Inform the Employee about his Capabilities:

Merit rating technique gives the full information to the employee about his abilities, capabilities on the present job and as well as for the higher level jobs. It is necessary to inform the employee about his performance on the present job and the deficiencies and lapses on his part, if any, while performing on the job so that he may improve himself in that direction.

Objective # 5. To Weeds out Training Needs:

Due to implementation of merit rating technique it is possible to measure. The employees performance on the job. The employees whose performance is very poor or not satisfactory will indicate that such employees should be trained. It means merit rating technique assists in finding out which employees require the training for their performance improvement on the present jobs.

Objective # 6. To Ensure Maximum Utilization Human Resources:

Merit rating technique aims at improving the abilities, capabilities, competence of the employees and overcoming their deficiencies, lapses, weaknesses therefore management may be in position to organize human resource development programme and thereby able to utilize their human resources at the optimum level.

Objective # 7. To Assist in Supervision:

The employees performance is good, requires less amount of supervision but the employees whose performance is not satisfactory will require more close supervision and supervisor can concentrate on such employees, this can be done only through the merit rating technique.

Objective # 8. To Determine Wage and Salary of the Employee:

On the basis of the information provided by merit rating the management will be in position to determine the wage or salary to be given to their employees based on their performance on the job.

Objective # 9. To Establish Good Industrial Relations:

On the basis of information revealed by the merit rating helps in knowing the problems of employees and employer and efforts can be initiated by the management to improve the industrial relations. It ensures cordial healthy relations between the employer and employees. Moreover industrial peace and stability, work culture, environment, can be achieved.

Objective # 10. To Assist in Personnel Research:

Performance appraisal helps in the research specially in the field of human resource management and human relations. The research activities in the human resource area helps in resolving personnel problems, issues such as recruitment, selection, promotion, demotion, transfer, training and development, safety measures, employee grievances, absenteeism, layoff, labour turnover, wage and salary administration so on. Moreover to improve the productivity and efficiency of the employees the existing systems, procedures and practices should be amended and redesigned.

Objective # 11. To Facilitate Performance Record of the Employees:

The merit rating technique aims at maintaining the update records of performance of the employees. The service books of the employees are kept updated. These records assists in determining the promotion, rewards, discipline, performance, behaviour, attitude, honesty loyalty of the employees towards their job and the organization as a whole.

Objective # 12. To Assist in Correcting the Employees:

The data revealed from merit rating technique helps in guiding and correcting employees whose performance is not to the satisfaction of the management. This technique will stimulate the employees for their better performance.

Advantages of Performance Appraisal

1. A systematic appraisal system helps the managers to properly identify the performance of employees in

   a systematic manner and their areas of talent and areas where they are lacking.

2. It helps the management to place the right employees for the perfect jobs depending on their skills in particular areas.

3. It helps employees identify the areas in which they need to improve. The managers can also use this information to provide constructive criticism of the way employees perform their work.

4. Potential employees are often given promotions on the basis of or the results of performance appraisals. People who have high ratings get promotions. They can also transfer or demote employees if they not performing up to the expectations of the managers.

5. An appraisal is also useful in determining the effectiveness and results of training programmes. It can show managers how much employees have improved after taking the training programmes. This will give managers data on how to change and evolve the training programmes.

6. It creates healthy competition among employees as they will try to improve their performance and score better than their colleagues.

7. Managers use appraisal programmes to identify the grievances of employees and act upon them.

8. Keeping extensive records of performance appraisal will give managers a very good idea of which employees have the highest growth rate and are which ones have a declining rate of performance.

Disadvantages of Performance Appraisal

1. If the factors being used in the performance appraisal are incorrect or not relevant, the appraisal will fail to provide any useful or effective data.

2. Sometimes, equal weightage is not given to important factors when performing an appraisal.

3. Some objective factors are very vague and difficult to gauge like attitude and initiative. There is no scientific method to measure these factors.

4. Managers are sometimes not qualified enough to correctly assess the employees and their abilities. Thus, these mistakes can be very detrimental to the growth of the company.

Performance Appraisal Methods: Traditional and Modern Methods!

Each method of performance appraisal has its strengths and weaknesses may be suitable for one organisation and non-suitable for another one. As such, there is no single appraisal method accepted and used by all organisations to measure their employees' performance.

All the methods of appraisal devised so far have been classified differently by different authors. While DeCenzo and Robbins'^ have classified appraisal methods into three categories: absolute methods, relative methods and objective methods; Aswathappa has classified these into two categories past-oriented and future-oriented.

Michael R Carrell et. al. have classified all appraisal methods into as many as six categories: rating scales, comparative methods, critical incidents, 6ssay, MBO and combination methods. Rock and Levis" have classified the methods into two broad categories: narrow interpretation and broad interpretation. Beatty and Schneier have categorised various methods of appraisal into four groups: comparative methods, absolute methods, goal setting, and direct indices.

A more widely used classification of appraisal methods into two categories, viz., traditional methods and modem methods, is given by Strauss and Sayles". While traditional methods lay emphasis on the rating of the individual's personality traits, such as initiative, dependability, drive creativity, integrity, intelligence, leadership potential, etc.; the modem methods, on the other hand, place more emphasis on the evaluation of work results, i.e., job achievements than the personal traits! Modem methods tend to be more objective and worthwhile. The various methods included in each of the two categories are listed in Table 28.4.

In the discussion that follows, each method under both categories will be described briefly.

Traditional Methods:
Ranking Method:

It is the oldest and simplest formal systematic method of performance appraisal in which employee is compared with all others for the purpose of placing order of worth. The employees are ranked from the highest to the lowest or from the best to the worst.

In doing this the employee who is the highest on the characteristic being measured and also the one who is L lowest, are indicated. Then, the next highest and the next lowest between next highest and lowest until all the employees to be rated have been ranked. Thus, if there are ten employees to be appraised, there will be ten ranks from 1 to 10.

However, the greatest limitations of this appraisal method are that:

(i) It does not tell that how much better or worse one is than another,

(ii) The task of ranking individuals is difficult when a large number of employees are rated, and

(iii) It is very difficult to compare one individual with others having varying behavioural traits. To remedy these defects, the paired comparison method of performance appraisal has been evolved.

Paired Comparison:

In this method, each employee is compared with other employees on one- on one basis, usually based on one trait only. The rater is provided with a bunch of slips each coining pair of names, the rater puts a tick mark against the employee whom he insiders the better of the two. The number of times this employee is compared as better with others determines his or her final ranking.

Thus, the pairs so ascertained give the maximum possible permutations and combinations. The number of times a worker is considered better makes his/her score. Such scores are determined for each worker and he/she is

ranked according to his/her score. One obvious disadvantage of this method is that the method can become unwieldy when large numbers of employees are being compared.

Grading Method:

In this method, certain categories of worth are established in advance and carefully defined. There can be three categories established for employees: outstanding, satisfactory and unsatisfactory. There can be more than three grades. Employee performance is compared with grade definitions. The employee is, then, allocated to the grade that best describes his or her performance.

Such type of grading is done is Semester pattern of examinations and in the selection of a candidate in the public service sector. One of the major drawbacks of this method is that the rater may rate most of the employees on the higher side of their performance.

Forced Distribution Method:

This method was evolved by Tiffen to eliminate the central tendency of rating most of the employees at a higher end of the scale. The method assumes that employees' performance level confirms to a normal statistical distribution i.e., 10,20,40,20 and 10 per cent. This is useful for rating a large number of employees' job performance and promo ability. It tends to eliminate or reduce bias.

It is also highly simple to understand and easy to apply in appraising the performance of employees in organisations. It suffer from the drawback that improve similarly, no single grade would rise in a ratings.

Forced-Choice Method:

The forced-choice method is developed by J. P. Guilford. It contains a series of groups of statements, and rater rates how effectively a statement describes each individual being evaluated. Common method of forced-choice method contains two statements, both positive and negative.

Each statement carries a score or weight, which is not made known to the rater. The human resource section does rating for all sets of statements— both positive and negative. The final rating is done on the basis of all sets of statements. Thus, employee rating in this manner makes the method more objective. The only problem associated with this method is that the actual constructing of several evaluative statements also called 'forced-choice scales', takes a lot of time and effort.

Check-List Method:

The basic purpose of utilizing check-list method is to ease the evaluation burden upon the rater. In this method, a series of statements, i.e., questions with their answers in 'yes' or 'no' are prepared by the HR department (see Figure 28-2). The check-list is, then, presented to the rater to tick appropriate answers relevant to the appraisee. Each question carries a weight-age in relationship to their importance.

When the check-list is completed, it is sent to the HR department to prepare the final scores for all appraises based on all questions. While preparing questions an attempt is made to determine the degree of consistency of the rater by asking the same question twice but in a different manner (see, numbers 3 and 6 in Figure 28-2).

However, one of the disadvantages of the check-list method is that it is difficult to assemble, analyse and weigh a number of statements about employee characteristics and contributions From a cost stand point also, this method may be inefficient particularly if there are a number of job categories in the organisation, because a check-list of questions must be prepared for each category of job. It will involve a lot of money, time and efforts.

Critical Incidents Method:

In this method, the rater focuses his or her attention on those key or critical behaviours that make the difference between performing a job in a noteworthy manner (effectively or ineffectively). There are three steps involved in appraising employees using this method.

First, a list of noteworthy (good or bad) on-the-job behaviour of specific incidents is prepared. Second, a group of experts then assigns weightage or score to these incidents, depending upon their degree of desirability to perform a job. Third, finally a check-list indicating incidents that describe workers as "good" or "bad" is constructed. Then, the check-list is given to the rater for evaluating the workers.

The basic idea behind this rating is to apprise the workers who can perform their jobs effectively in critical situations. This is so because most people work alike in normal situation. The strength of critical incident method is that it focuses on behaviours and, thus, judge's performance rather than personalities.

Its drawbacks are to regularly write down the critical incidents which become time-consuming and burdensome for evaluators, i.e., managers. Generally, negative incidents are positive ones. It is rater's inference that determines which incidents are critical to job performance. Hence, the method is subject to all the limitations relating to subjective judgments.

Graphic Rating Scale Method:

The graphic rating scale is one of the most popular and simplest techniques for appraising performance. It is also known as linear rating scale. In this method, the printed appraisal form is used to appraise each employee.

The form lists traits (such as quality and reliability) and a range of job performance characteristics (from unsatisfactory to outstanding) for each trait. The rating is done on the basis of points on the continuum. The common practice is to follow five points scale.

The rater rates each appraisee by checking the score that best describes his or her performance for each trait all assigned values for the traits are then totaled. Figure 28-3 shows a typical graphic rating scale.

This method is good for measuring various job behaviours of an employee. However, it is also subjected to rater's bias while rating employee's behaviour at job. Occurrence of ambiguity in design- mg the graphic scale results in bias in appraising employee's performance.

Essay Method:

Essay method is the simplest one among various appraisal methods available. In this method, the rater writes a narrative description on an employee's strengths, weaknesses, past performance, potential and suggestions for improvement. Its positive point is that it is simple in use. It does not require complex formats and extensive/specific training to complete it.

However, essay method, like other methods, is not free from drawbacks. In the absence of any prescribed structure, the essays are likely to vary widely in terms of length and content. And, of course, the quality of appraisal depends more upon rater's writing skill than the appraiser's actual level of performance.

Moreover, because the essays are descriptive, the method provides only qualitative information about the employee. In the absence of quantitative data, the evaluation suffers from subjectivity problem. Nonetheless, the essay method is a good start and is beneficial also if used in conjunction with other appraisal methods.

Field Review Method:

When there is a reason to suspect rater's biasedness or his or her rating appears to be quite higher than others, these are neutralised with the help of a review process. The review process is usually conducted by the personnel officer in the HR department.

The review process involves the following activities:

(a) Identify areas of inter-rater disagreement.

(b) Help the group arrive at a consensus.

(c) Ensure that each rater conceives of the standard similarity.

However, the process is a time-consuming one. The supervisors generally resent what they consider the staff interference. Hence, the method is not widely used.

Confidential Report:

It is the traditional way of appraising employees mainly in the Government Departments. Evaluation is made by the immediate boss or supervisor for giving effect to promotion and transfer. Usually a structured format is devised to collect information on employee's strength weakness, intelligence, attitude, character, attendance, discipline, etc. report.

Modern Methods:
Management by Objectives (MBO):

Most of the traditional methods of performance appraisal are subject to the antagonistic judgments of the raters. It was to overcome this problem; Peter F. Drucker propounded a new concept, namely, management by objectives (MBO) way back in 1954 in his book.

The Practice of management. The concept of MBO as was conceived by Drucker, can be described as a "process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual's major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contribution of each its members".

In other words, stripped to its essentials, MBO requires the manager to goals with each employee and then periodically discuss his or her progress toward these goals.

In fact, MBO is not only a method of performance evaluation. It is viewed by the Practicing managers and pedagogues as a philosophy of managerial practice because .t .s a method by wh.ch managers and subordinates plan, organise, communicate, control and debate.

An MBO programme consists of four main steps: goal setting, performance standard, comparison, and periodic review. In goal-setting, goals are set which each individual, s to attain. The superior and subordinate jointly establish these goals. The goals refer to the desired outcome to be achieved by each individual employee.

In performance standards, the standards are set for the employees as per the previously arranged time period. When the employees start performing their jobs, they come to know what is to be done, what has been done, and what remains to be done.

In the third step the actual level of goals attained are compared with the goals agreed upon. This enables the evaluator to find out the reasons variation between the actual and standard performance of the employees. Such a comparison helps devise training needs for increasing employees' performance it can also explore the conditions having their bearings on employees' performance but over which the employees have no control.

Finally, in the periodic review step, corrective measure is initiated when actual performance deviates from the slandered established in the first step-goal-setting stage. Consistent with the MBO philosophy periodic progress reviews are conducted in a constructive rather than punitive manner.

The purpose of conducting reviews is not to degrade the performer but to aid in his/her future performance. From a motivational point of view, this would be representative of McGregor's theories.

Figure 28.4 present the MBO method of performance appraisal presently used by an engineering giant i.e., Larsen and Turbro Limited.

Limitation of MBO:

MBO is not a panacea, cure for all organisational problems.

As with other methods, it also suffers from some limitations as catalogued below:

(i) Setting Un-measurable Objectives:

One of the problems MBO suffers from is unclear and un-measurable objectives set for attainment. An objective such as "will do a better job of training" is useless as it is un-measurable. Instead, "well have four subordinates promoted during the year" is a clear and measurable objective.

(ii) Time-consuming:

The activities involved in an MBO programme such as setting goals, measuring progress, and providing feedback can take a great deal of time.

(iii) Tug of War:

Setting objectives with the subordinates sometimes turns into a tug of war in the sense that the manager pushes for higher quotas and the subordinates push for lower ones. As such, goals so set are likely to be unrealistic.

(iv) Lack of Trust:

MBO is likely to be ineffective in an environment where management has little trust in its employees. Or say, management makes decisions autocratically and relies heavily on external controls.

Behaviourally Anchored Rating Scales (BARS):

The problem of judgmental performance evaluation inherent in the traditional methods of performance evaluation led to some organisations to go for objective evaluation by developing a technique known as "Behaviourally Anchored Rating Scales (BARS)" around 1960s. BARS are descriptions of various degrees of behaviour with regard to a specific performance dimension.

It combines the benefits of narratives, critical incidents, and quantified ratings by anchoring a quantified scale with specific behavioural examples of good or poor performance. The proponents of BARS claim that it offers better and more equitable appraisals than do the other techniques of performance appraisal we discussed so far.

Developing BARS typically involves five steps:

1. Generating Critical Incidents:

Critical incidents (or say, behaviours) are those which are essential for the performance of the job effectively Persons who are knowledgeable of the job in question (jobholders and/or supervisors) are asked to describe specific critical incidents of effective and ineffective performance. These critical incidents may be described in a few short sentences or phrases using the terminology.

2. Developing Performance Dimensions:

The critical incidents are then clustered into a smaller set of performance dimensions, usually five to ten. Each cluster, or say, dimension is then defined.

3. Reallocating Incidents:

Various critical incidents are reallocated dimensions by another group of people who also know the job in question. Various critical incidents so reallocated to original dimensions are clustered into various categories, with each cluster showing similar critical incidents. Those critical incidents are retained which meet 50 to 80% of agreement with the cluster as classified in step 2.

4. Scaling Incidents:

The same second group as in step 3 rates the behaviour described in each incident in terms of effectiveness or ineffectiveness on the appropriate dimension by using seven to nine points scale. Then, average effectiveness ratings for each incident are determined to decide which incidents will be included in the final anchored scales.

5. Developing Final BARS Instrument:

A subset of the incidents (usually six or seven per cluster) is used as a behavioural anchor for the final performance dimensions. Finally, a BARS instrument with vertical scales is drawn to be used for performance appraisal, as in Figure 27-5.

How BARS is developed can be exemplified with an example of grocery checkout clerks working in a large grocery chain.

A number of critical incidents involved in checking out of grocery can be clustered into seven performance dimensions:

1. Knowledge and Judgment

2. Conscientiousness

3. Skill in Human Relations

4. Skill in Operation of Register

5. Skill in Bagging

6. Organisational Ability of Check stand Work

7. Skill in Monetary Transactions

8. Observational Ability

Now, a BARS for one of these performance dimensions, namely, "knowledge and judgment" can be developed, as in Figure 28-5. Notice how the typical BARS is behaviourally anchored with specific critical incidents.

BARS method of performance appraisal is considered better than the traditional ones because it provides advantages like a more accurate gauge, clearer standards, better feedback, and consistency in evaluation. However, BARS is not free from limitations.

The research on BARS indicates that it too suffers from distortions inherent in most rating scales. The research study concluded that "it is clear that research on BARS to date does not support the high promise regarding scale independence In short, while BARS may outperform conventional rating techniques, it is clear that they are not a panacea for obtaining high interrater reliability"

Assessment Centres:

The introduction of the concept of assessment centres as a method of performance method is traced back in 1930s in the Germany used to appraise its army officers. The concept gradually spread to the US and the UK in 1940s and to the Britain in 1960s.

The concept, then, traversed from the army to business arena during 1960s. The concept of assessment centre is, of course, of a recent origin in India. In India, Crompton Greaves, Eicher, Hindustan Lever and Modi Xerox have adopted this technique of performance evaluation.

In business field, assessment centres are mainly used for evaluating executive or supervisory potential. By definition, an assessment centre is a central location where managers come together to participate in well-designed simulated exercises. They are assessed by senior managers supplemented by the psychologists and the HR specialists for 2-3 days.

Assessee is asked to participate in in-basket exercises, work groups, simulations, and role playing which are essential for successful performance of actual job. Having recorded the assessee's behaviour the raters meet to discuss their pooled information and observations and, based on it, they give their assessment about the assesee. At the end of the process, feedback in terms of strengths and weaknesses is also provided to the assesees.

The distinct advantages the assessment centres provide include more accurate evaluation, minimum biasedness, right selection and promotion of executives, and so on. Nonetheless, the technique of assessment centres is also plagued by certain limitations and problems. The technique is relatively costly and time consuming, causes suffocation to the solid performers, discourages to the poor performers (rejected), breeds unhealthy competition among the assessees, and bears adverse effects on those not selected for assessment.

360 – Degree Appraisal:

Yet another method used to appraise the employee's performance is 360 – degree appraisal. This method was first developed and formally used by General Electric Company of USA in 1992. Then, it travelled to other countries including India. In India, companies like Reliance Industries, Wipro Corporation, Infosys Technologies, Thermax, Thomas Cook etc., have been using this method for appraising the performance of their employees. This feedback based method is generally used for ascertaining training and development requirements, rather than for pay increases.

Under 360 – degree appraisal, performance information such as employee's skills, abilities and behaviours, is collected "all around" an employee, i.e., from his/her supervisors, subordinates, peers and even customers and clients.

In other worlds, in 360-degree feedback appraisal system, an employee is appraised by his supervisor, subordinates, peers, and customers with whom he interacts in the course of his job performance. All these appraisers provide information or feedback on an employee by completing survey questionnaires designed for this purpose.

All information so gathered is then compiled through the computerized system to prepare individualized reports. These reports are presented to me employees being rated. They then meet me appraiser—be it one's superior, subordinates or peers—and share the information they feel as pertinent and useful for developing a self-improvement plan.

In 360 – degree feedback, performance appraisal being based on feedback "all around", an employee is likely to be more correct and realistic. Nonetheless, like other traditional methods, this method is also subject to suffer from the subjectivity on the part of the appraiser. For example, while supervisor may penalise the employee by providing negative feedback, a peer, being influenced by 'give and take feeling' may give a rave review on his/her colleague.

Cost Accounting Method:

This method evaluates an employee's performance from the monetary benefits the employee yields to his/her organisation. This is ascertained by establishing a relationship between the costs involved in retaining the employee, and the benefits an organisation derives from Him/her.

While evaluating an employee's performance under this method, the following factors are also taken into consideration:

1. Unit wise average value of production or service.

2. Quality of product produced or service rendered.

3. Overhead cost incurred.

4. Accidents, damages, errors, spoilage, wastage caused through unusual wear and tear.

5. Human relationship with others.

6. Cost of the time supervisor spent in appraising the employee.

PERFORMANCE ERRORS

1. Partiality

According to the Cambridge English Dictionary, in a statistical context, bias is "the fact that information is not correct because of the method used in collecting or presenting it." This can also happen in performance appraisals when, either consciously or subconsciously, an appraiser positions themself either for or against the person being assessed.

Research performed by Daniel Kahneman, psychologist and Nobel Prize winner, revealed that the majority of human decisions are based on prejudice, beliefs of intuition. But not on facts or logic.

So, all humans have prejudices: even so, we shouldn't let them influence our feedback when supervising or evaluating another person. Bias or partiality in the review process mean it lacks objectivity, which in turn could undermine the employee and their position in the company.

2. Stereotyping

Stereotyping is a concept, idea or model attributed to people or groups, and that are created over period of time. We normally use these clichés to pigeonhole a person and we automatically assume that they share the same traits and characteristics as the other people in this group. While there are positive stereotypes, they more often than not correspond to prejudices or labels created in a generalised and negative way. They can be related to race, gender, political beliefs, etc.

Stereotypes become a problem when reviewing an employee's performance because it will be subject to a pre-conceived idea we have about the group in which we have labelled them. The choice of rating scale can be a good solution to this error.

Within a group, and particularly in an appraisal, we must abandon stereotypes and get to know each employee individually and objectively. We have to look beyond the labels and assess the worker through established performance standards and their real achievements.

3. Halo effect

The halo effect is one of the most common errors in a performance appraisal. This happens when an appraiser generalises one of the employee's traits and extends it to all the other aspects under review.

For example: one person in the team always hits their sales targets and exceeds expectations year after year. During the evaluation, their manager's judgement may be clouded by this and they rate the employee as excellent in all aspects, without carefully examining their results in other areas.

The best way to mitigate this is by using an evaluation method that is as accurate as possible and that enables you to rate observable and measurable actions, without leaving room for interpretation.

4. Distribution error

Performance reviews in many organisation suffer from distribution errors. This study mentions an experiment that involved 5,970 employees, where two assessors had to supervise the work of the same group, during the same period of time. Contradictions between the two assessors were observed in 62% of all cases. It was generally perceived that one of the evaluators was more generous than the other.

There are three types of distribution:

Severity: the appraiser evaluates all, or almost all staff, with below average ratings.

Central: this is when the appraiser evaluates everyone with generally average ratings. No-one is actually good or bad.

Leniency: the appraiser evaluates everyone with above average ratings.

These three errors can be displayed in a curve.

5. Similarity errors

There are employees who seem similar to their managers in different ways in many organisations. Some managers may even favour these employees in comparison to those that behave or think differently.

Feeling more at ease with people who are we believe to be similar to ourselves is normal; if we aren't careful, however, this feeling can interfere with the appraisal process. This is know as the similarity error.

Objectivity and a range of opinions in the performance appraisal are essential to remove this factor.

6. Proximity errors

The proximity error happens when aspects that are close together in the performance review sheet and are given similar ratings, irrespective of the real score.

As shown in this study by the International Journal of Organizational Leadership, this error illustrates how much influence the surrounding elements may have on someone's rating in a particular area.

If the employee gets a positive rating, for example, then this result could influence the appraiser to give another positive rating for the next item on list. We may also see the opposite reaction, where a lower rating is given to "compensate" for the previous one.

7. Recency error

The recency error is another of the most common errors in performance appraisal. This occurs when the appraiser only bases their feedback on the last few weeks of work.

One example would be where an employee had performed superbly for most of the review period but made a mistake before the annual appraisal. This could mean they receive a negative review if the whole year is not taken in consideration. In other words, the appraiser commits the recency error.

The opposite can also happen: an employee may have successfully completed an important project recently, which could influence the appraiser's opinion. It could lead to a positive rating when their performance has been otherwise poor for most of the year. Before meeting with employees you should be clear about the skills to be analyzed in the performance review.

8. Compare/contrast error

The compare/contrast error arises when an appraiser compares the performance of two employees instead of using absolute performance measurements for each one. One employee who rates as "excellent" could make another with a "good" rating seem mediocre.

Each employee is unique and therefore has different strengths and weaknesses that distinguish them as a professional. An appraisal will never be fair if we try to compare one person's abilities with another.

It's vital to assess each employee on their performance in relation to the individually set standards and criteria.

9. Attribution error

Attribution is a process where the individual makes assumptions about the reasons or motives for someone else's specific actions or behaviour. Attribution errors are therefore based on subjective conclusions.

In a performance review, for example, an attribution error could happen when an employee gives a negative answer to a question and the appraiser assumes that they have a negative attitude towards their work.

It's never a good idea to make assumptions about an employee's reaction or specific behaviour and letting it influence the rest of the review process.

Competency mapping

Competency mapping is a strategy based on the evaluation of competencies of employees in an organization with the aim to design "a program that is repeatable, specific, and is expected to engage team members in their own professional development." Competency mapping has a number of benefits for both the individual and the organization. First of all, it allows employees to understand what career development efforts they should be making and to what end result.

From the perspective of the employer, competency mapping increases your awareness of existing skill sets as well as skill gaps in the organization. This helps you make informed decisions when it comes to:

defining the scope of work for existing roles and new job openings

aligning the learning of your existing employees with your required skills

recruiting people with the right skill sets

As it's becoming increasingly hard to hire tech talent, recruiters are constantly trying out new ways of making the grass seem greener on their side. It's common knowledge that HR departments constantly work to outdo themselves in introducing new perks and benefits. At the same time, very few HR professionals actually think about what developers really want, need, and are attracted to: learn new technologies, take up interesting challenges, and share knowledge.

Once you get a good understanding of competency mapping meaning, you can cater to the needs and interests of developers a lot more efficiently

Process of competency mapping

Step 1: Set up a list of key competencies.

Just to make it clear: product designers have come to no universal agreement on their key competencies. Besides, the competencies change constantly, and so should your competency management. Find tools and adapt them to your needs. We did exactly that here at UX studio. Ultimate lists and expert articles about the basic UX and product design competences fill the internet. Dr. David Travis wrote a great article about the competencies of user experience that we liked. Also, the product team at Vend seemed to have used a similar method for their mapping activities. So, based on these two approaches, we created our own tool and are sharing our experience here. As a first step, we listed fourteen key competencies we use more or less during all product design projects. Based on years of experience in our team, they include:

General User Research

User Needs Evaluation

Usability Evaluation

Metrics and Measurements

Information Architecture

Prototyping

Interaction Design

Visual Design

Writing

Client Management

Professional Cooperation

Business and Strategy

Development

Workshop Facilitation

Naturally, teams all come in different forms. The above competencies include those we find most useful for our work. In teams of other types or domains, the list and hence competency management itself will likely look completely different. So, don't hesitate to rewrite all this. This aims to give a holistic understanding of what your team members must know.

Step 2: Define what those key competencies mean in practice

What do those competencies mean in practice? We identified skills and actions showing someone has it or not. We defined the following lists of knowledge and skills you should be familiar with in terms of each key competency: If you want to copy/paste this list, you can find it here.

Step 3. Set up different levels of knowledge.

Now we have finished with some basic goal-setting toward improved competency management, we now need a scale. This serves to measure each individual's knowledge level in these areas. It will also set a good framework for discussion to help people identify their strengths and weaknesses. Return to it and assess the progress over time. Six levels to measure the level of knowledge:

0 – Completely unfamiliar: Doesn't understand the competency.

1 – Novice: Understands the competency and its importance.

2 – Advanced Beginner: Demonstrates this competency under supervision or with encouragement.

3 – Competent: Demonstrates this competency independent of supervision or encouragement.

4 – Proficient: Encourages or supervises others in this competency.

5 – Expert: Develops new ways of applying this competence measured on the world stage.

You can see the empty competency map here. For our team, I created this and the colorful maps in Sketch. In case you don't use software like Sketch or Figma, or you aren't that confident in your design skills, I suggest you start with a simple spider web / radar chart using Excel or simple online tools like Vizzlo.

Our empty competency map – now it's time to make one for everybody!

Step 4. Assess each team member using a competency map

Congrats! You've finished designing your competency mapping tool! This marks major progress for improving competency management. Now try it out, use it and change it if needed.   Here, I share our experience and

method for applying it. Feel free to find your own way. We needed each team member to give their own input, but also some others to give their own assessment of the person. So, we did the following:

We created a Google form with the list of competencies and levels.

We formed groups of three and asked everyone to fill out the form for themselves and two others they worked within the past months. (Learning that novices tend to overestimate and experts tend to underestimate their competency, we realized that we get more objective results if we mix them.)

We discussed the results, similarities, and differences during one-on-one meetings with the studio leader.

We added the final conclusions to the map.

Discussed three to five possible competencies they want to improve in the following months.

The final result looked like this: Map of a senior user researcher who would like to focus more on Metrics and Measurement, Prototyping, Interaction, and Visual Design, and Workshop Facilitation.

Step 5. Competency prioritization: Synthesize the results with product life-cycle

Now every team member has their map, which skill development should you focus on first? How can you determine the most crucial areas of expertise for your team to have right now? According to the Lean Analytics book, we can define five stages (empathy, stickiness, virality, revenue and scale stages) for a product lifecycle. As you go through those stages, you'll need different competencies. Therefore, it might make sense for a team leader to change the team, or improve your team members' competencies accordingly.

Empathy

This stage identifies the real problem and real solution. It also addresses the question: Will anyone care? At this stage, you basically need "user needs and evaluation" competency, someone to learn the domain knowledge, do competitor research, field research and interview the potential users. They must also easily summarize and transfer the learnings to the team with user personas, jobs-to-be-done sentences or customer journeys.

Stickiness

Get the maximum amount of validated learning about customers with the least amount of effort. In other words, experiment with an MVP and quickly validate, or most likely invalidate your assumption. You definitely need a proficient level of information architecture, prototyping, and interaction design competencies to create prototypes, visual design and development skills to make it an MVP, and usability evaluation to learn from the feedback.

Virality

This simply involves starting user acquisition and growing the user base. "Metrics and measurements" forms one of the basic skills at this stage, so learn what to do, measure, and make conclusions. Also, bring all the other skills from the stickiness stage.

Revenue and Scale

Starting to charge people and scale the product basically requires all your team's competencies, especially the "Business and Strategy" for product feature prioritization. Don't hesitate to read our article about prioritization techniques to learn more.

OBJECTIVES OF COMPETENCY MAPPING:

Main Objective - To identify and describe the factors which are critical to the functioning of a particular job - work so that a match can be established between the skills required to perform a job and actual talent of job holder.

Other objective associated with the competency mapping is -

o To hire right kind of people for right job by establishing standards.

o To identify the training and development needs of individual or organization.

o To do job evaluation & formulation of appropriate incentive plans.