

MANAGEMENT PRINCIPLES AND TECHNIQUES HSST COMMERCE (M3)

Topic 5 : **Human Resources Management -Selection – Training – Development –Reward and Compensation Performance Appraisal**

- HRM is the study of activities regarding people working in an organization. It is a managerial function that tries to match an organization's needs to the skills and abilities of its employees.
- **Definitions of HRM Human resources management (HRM)**
- -is a management function concerned with hiring, motivating and maintaining people in an organization. It focuses on people in organizations. Human resource management is designing management systems to ensure that human talent is used effectively and efficiently to accomplish organizational goals.
- HRM is the personnel function which is concerned with procurement, development, compensation, integration and maintenance of the personnel of an organization for the purpose of contributing towards the accomplishments of the organization's objectives. Therefore, personnel management is

the planning, organizing, directing, and controlling of the performance of those operative functions

The following constitute the core of HRM

- 1. HRM Involves the Application of Management Functions and Principles. The functions and principles are applied to acquiring, developing, maintaining and providing remuneration to employees in organization.
- 2. Decision Relating to Employees must be Integrated. Decisions on different aspects of employees must be consistent with other human resource (HR) decisions.
- 3. Decisions Made Influence the Effectiveness of an Organization. Effectiveness of an organization will result in betterment of services to customers in the form of high quality products supplied at reasonable costs.
- 4. HRM Functions are not Confined to Business Establishments Only but applicable to nonbusiness organizations such as education, health care, recreation and like.

Scope of HRM

- The scope of Human Resources Management extends to:
- All the decisions, strategies, factors, principles, operations, practices, functions, activities and methods related to the management of people as employees in any type of organization.
- All the dimensions related to people in their employment relationships, and all the dynamics that flow from it
- The scope of HRM is really vast. All major activities in the working life of a worker - from the time of his or her entry into an organization until he or she leaves it comes under the purview of

HRM. American Society for Training and Development (ASTD) conducted fairly an exhaustive study in this field and identified nine broad areas of activities of HRM.

These are given below:

- Human Resource Planning
- Design of the Organization and Job
- Selection and Staffing
- Training and Development
- Organizational Development
- Compensation and Benefits
- Employee Assistance
- Union/Labour Relations
- Personnel Research and Information System
- The primary objective of HRM is to ensure the availability of competent and willing workforce to an organization. The specific objectives include the following:
 - 1) Human capital: assisting the organization in obtaining the right number and types of employees to fulfill its strategic and operational goals
 - 2) Developing organizational climate: helping to create a climate in which employees are encouraged to develop and utilize their skills to the fullest and to employ the skills and abilities of the workforce efficiently
 - 3) Helping to maintain performance standard: and increase productivity through effective job design; providing adequate

orientation, training and development; providing performance-related feedback; and ensuring effective two-way communication.

- 4) Helping to establish and maintain a harmonious employer/employee relationship
- 5) Helping to create and maintain a safe and healthy work environment
- 6) Developing programs to meet the economic, psychological, and social needs of the employees and helping the organization to retain the productive employees
- 7) Ensuring that the organization is in compliance with provincial/territorial and federal laws affecting the workplace (such as human rights, employment equity, occupational health and safety, employment standards, and labour relations legislation). To help the organization to reach its goals
- 8) To provide organization with well-trained and well-motivated employees

Functions of HRM

- Strategic HR Management: As a part of maintaining organizational competitiveness, strategic planning for HR effectiveness can be increased through the use of HR metrics and HR technology. Human resource planning (HRP) function determine the number and type of employees needed to accomplish organizational goals
- Equal Employment Opportunity: Compliance with equal employment opportunity (EEO) laws and regulations affects all other HR activities.

- **Staffing:** The aim of staffing is to provide a sufficient supply of qualified individuals to fill jobs in an organization. Job analysis, recruitment and selection are the main functions under staffing.
- **Talent Management and Development:** Beginning with the orientation of new employees, talent management and development includes different types of training. Orientation is the first step towards helping a new employee to adjust himself to the new job and the employer.
- **Training and Development programs** provide useful means of assuring that the employees are capable of performing their jobs at acceptable levels and also more than that. All the organizations provide training for new and inexperienced employees.
- **Total Rewards:** Compensation in the form of pay, incentives and benefits are the rewards given to the employees for performing organizational work. Compensation management is the method for determining how much employees should be paid for performing certain jobs
- **Risk Management and Worker Protection:** HRM addresses various workplace risks to ensure protection of workers by meeting legal requirements and being more responsive to concerns for workplace health and safety along with disaster and recovery planning
- **Employee and Labor Relations:** The relationship between managers and their employees must be handled legally and effectively. Employer and employee rights must be addressed. It is important to develop, communicate, and update HR policies and procedures so that managers and employees alike know what is expected.

Role of HRM

The primary responsibilities of Human Resource managers are: To develop a thorough knowledge of corporate culture, plans and policies. To act as an internal change agent and consultant To initiate change and act as an expert and facilitator To actively involve in company's strategy formulation To keep communication line open between the HRD function and individuals and groups both within and outside the organization

- To identify and evolve HRD strategies in consonance with overall business strategy.
- To facilitate the development of various organizational teams and their working relationship with other teams and individuals.
- To try and relate people and work so that the organization objectives are achieved efficiently and effectively.
- To diagnose problems and determine appropriate solution particularly in the human resource areas. To provide coordination and support services for the delivery of HRD programmes and services
- To evaluate the impact of an HRD intervention or to conduct research so as to identify, develop or test how HRD In general has improved individual and organizational performance.

What is a Compensation Package?

It's easy to think "dollars per hour" when thinking about compensation. However, successful compensation packages go a lot further and can be

considered total rewards systems that contain non-monetary, direct and indirect elements.

- Non-monetary compensation is any benefit an employee receives from an employer or job that does not involve tangible value. This includes career and social rewards such as job security, flexible hours, opportunity for growth, praise and recognition, task enjoyment, and friendships.
- Security to health insurance, retirement programs, paid leave, child care or moving expenses.
- Indirect compensation is far more varied. It includes everything from legally required public protection programs such as Social
- Direct compensation is an employee's base wage, which can be an annual salary or hourly wage, plus any performance-based pay an employee receives, such as profit sharing bonuses.
- Incentive pay: A bonus paid when specified performance objectives are met Incentives may inspire employees to achieve higher performance levels and motivate them accomplish farm goals.
- Base pay: Cash wage paid to the employee Because paying a wage is a standard practice, the competitive advantage can come only by paying a higher amount.
- Stock options: A right to buy a piece of the business, which may be given to an employee to reward excellent service An employee who owns a share of the business is far more likely to go the extra mile for the farm.
- Bonuses: A gift given occasionally to reward exceptional performance or for special occasions Bonuses can show that an

employers appreciate his or her employees; they ensure that good performance is rewarded.

- The perks farm employers provide give them a competitive edge over other employers. Some kinds of indirect compensation are required by law, such as social security, unemployment and disability payments. Other indirect elements are up to the employer. For example a working mother may take a lower paying job with flexible hours so that she can be home when her children get home from school.
- A recent graduate may be looking for stable work and also an affordable place to live. Both of these individuals have different needs and, therefore, would appreciate different compensation elements.
- Determining the Cash Wage Ask ten different people what a fair wage is and you'll get ten different answers. While there are no hard and fast rules for determining a fair wage, the importance of the task is obvious. Research indicates that employees expect wages to: 1) cover basic living expenses; 2) keep up with inflation; 3) provide some funds for savings or recreation; and 4) increase over time.
- Five competency levels were developed to classify employees according to their decision making authority, skill level, and supervisory capacity. Every employee was classified as being in one of the following five competency levels:
 - Level one: Employees who are either very new to the farm or have no advanced skills.
 - Level two: Very specialized individuals who perform from one to many specific tasks that require training.

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- Level three: Employees who are very skilled in at least one specified area and have supervisory capacity and decision making authority over a very limited portion of the business.
- Level four: Employees with exceptional skill levels, who make decisions that affect entire areas of the operation.
- Level five: These are the most skilled and qualified full-time employees. They have complete supervisory authority and the most decision-making authority given to any full time employee

