

Chapter 2

Personnel Management

PA is that phase of management which deals with the effective control and use of man power as distinguished from other sources power.

PA is a method of developing the potentialities of employees so that they get maximum satisfaction out of their work and give their best efforts to the organization.

- Discipline of hiring and developing employees so that they become more valuable to the organization
- Effective control and use of manpower
- Obtaining, using and maintaining a satisfied workforce
- Also referred as human resource management
- When someone or a team is concerned with the welfare and performance of individuals within the organization, they are involved in the process of Personnel Management
- Company policies, staffing, hiring and firing, orientation, wage determination, leave and vacation approval, healthcare programs, training and appraisals

3 Aspects of Personnel Management

- The welfare aspect
 - Concerned with working conditions and amenities such as canteens, housing, personal problems of workers, therapy
- The Labor/Personnel aspect
 - Concerned with recruitment, placement of employees, remuneration, promotions, incentives
- The industrial relation aspect
 - Concerned with trade union negotiations, settlement of industrial disputes, collective bargaining

2.2 Functions of Personnel Management

- **Managerial Functions:**
 - Planning Organizing Directing Coordinating Controlling
- **Operative Functions:**
 - **Procurement/Employment**
 - Hiring of the proper kind and right number of persons necessary to achieve the organizational goals
 - Process includes determining the manpower requirement in the organization, and recruitment, selection and placement of the newly hired
 - **Development**
 - After placement of the individuals, proper education, training and development is an important function of a personnel Management to develop employees efficiency
 - Creates appropriate seminars, training programs and team building projects
 - **Compensation**
 - Determining adequate and fair remuneration of the employees for their contribution
 - Factors involved in determining wage/salary are the requirement of the jobs, basic needs of the employees, minimum wages, ability of an organization to pay, competitors pay, qualifications, experiences
 - **Integration**
 - Maintaining communication and coordination between the individuals in the organization
 - Develop a effective communication system, program for better integration
 - Harmony between employees and employers, trade unions
 - **Maintenance**
 - Providing training and education is not sufficient, employees must be provided with good and favorable working conditions

- Personnel Managers should take measure for the health, safety and comfort of the work force
- Provision of a healthy cafeteria, clean rest rooms, counseling, insurances, recreational facilities, coffee/tea, benefits for employee's family
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- **Motivation**
 - Personnel Managers should work with other departments to develop a system that helps to motivate employees to contribute as much as they can
 - Various monetary as well as non monetary benefits and incentives can be introduced

2.3 Development Personnel Policy

- Also called as Employee Handbooks
- A statement/document that explains what the employer expects from its employees, and what an employee may expect from the employer
- Policies must be distributed to each employee at the hiring and placement, and should be reviewed and discussed during employee orientation and training sessions by the Personnel Manager
- Personnel Policies often begin with a welcome statements, a brief history of the organization, company's values, morale and objectives, and a description of it organization structure
- Policies should also include comprehensive information about workplace rules and regulations that includes hours of work, attendance, pay, benefits, supervision, disciplines, attire
- Should also discuss sensitive legal issues like employee safety regulations, workforce harassment

Different policies/terms included in a Personnel Policy/Employee Handbook

- Welcome speech/and general address by the top level manager
- Brief introduction of an organization, its values, morals and goals and objectives
- Organization Structure
- Organizational rules and regulations, Hiring policy, Dismissal policy, layoffs, disciplines, proper attires, probationary periods
- Hours of work, rest periods, attendance, leaves, sick leaves, holidays, paid leaves, vacations and allowances
- Pay structures, benefits, incentives and bonuses, insurance plans, dental plans, family benefits, educational assistance programs, pensions, disability acts, health plan
- Employee assistance programs, counseling, therapy, relocation assistance, Unions
- Legal policies involving, harassments policy, work related accidents, disabilities, security, disciplinary policy, conflicts, administrative dismissals

2.4 Manpower Planning

- The term manpower relates to the actual people working in an organization and can be defines as the sum total of the skills, talents, knowledge, qualifications, creativity, ability and the values of the workforce of an organization
- Manpower planning/human resource planning is a function of a Personnel Management that puts right number of individuals, right kind of individuals, at right place, right time, doing the right job they are suitable for
- Manpower planning procedure:
 - Analyzing the current manpower inventory
 - How many individuals are already working in an organization, in different departments
 - Making future manpower forecasts

- Analyzing the need of the manpower in future, depending upon the work loads in the current employees, future prospects of the organization, budget and planning analysis, needs of the experts
- Developing employment programmed
 - Once the forecasts are complete, the employment programs can be framed and developed accordingly, includes recruitment, hiring and selections, and placements
- Design training programmed
 - Training and development plans for the new hires , improvement in technology
 - To improve skills, capabilities and knowledge

Importance of Manpower Planning

- Higher Productivity
 - Productivity of an organization increases when resources are utilized in best possible manner
 - Ensures sufficient information regarding skills and qualification of all employees, increases efficiency
- Necessary to analyze if an organization has the required number of manpower needed, no overloads no deficiency
- Same way can help reduce excess labors or staffs, help reduce operating costs
- To attract prospective employees, new talents and skills
- Motivation: motivation educational and training programmers, incentive and benefit plans

2.5 Recruitment and selection of Manpower

- This process makes it possible to acquire the number and types of individuals necessary to ensure the continued operation of the organization
- Usually a human resource department goes through this process

- Once it is realized that there is a requirement, the recruitment and the hiring process can be made
- Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization
- The applicants are then selected as per their skills and qualification
- Job analysis helps an organization to find the necessary personnel that fits the job or the individuals that the organization needs
- It is necessary for an organization to understand what their requirements are and how many people are needed, so it is easy to choose the applicants
- Next step involves the preliminary interview, where the unfit candidates can be eliminated
- Other processes like, physical and mental examination, background checks, intelligence and attitude tests, and many others
- Recruitment is considered as a very important function of Personnel Management, as finding the best qualified personnel is very important for any firm

Steps of hiring or selecting Staff

- Job analysis, Job description and plan
- Job forecast
 - After the job is identified and the requirements are set, the vacancy is advertized
 - While forecasting, basic details like job title, location, period, functions, contacts should be mentioned
 - Newspaper, websites, pamphlets
- Application collection
 - All the applications from the potential candidates are collected for further review
- Reference check

- Checking on the past work experience, past work behaviors, educational backgrounds
- Tests
 - Once the applicants are short listed, different tests are performed
 - Be it aptitude tests, written knowledge tests, physical and mental tests, interview
 - Written tests are performed to find out the knowledge and skills of applicants that are related to the job requirements
 - Once qualified from the written tests, interviews are performed with the applicants
 - Preliminary interviews are performed by the HR personnel to tests the attitude, knowledge and confidence of the applicant
 - Further interview by the department heads can be performed to analyze the knowledge, experience and skills of the applicant so that there is a direct check of his credentials
 - An interview is an attempt to secure maximum amount if information from the candidate concerning his suitability for the job
 - Once selected, physical and mental tests are performed. Drugs test, disability tests, background check
- Selection and Induction
 - After the required tests are completed and everything works out fine, applicant is selected and appointed for the job
 - Once selected, the induction process starts. Induction is a technique by which a new employee is introduced to the organization, the policies, practices and purpose of the organization
 - It is a welcoming process to the new employee to make him feel comfortable in the new environment and introduce to his job and responsibilities and the working conditions
- Placement
 - The newly hired employee is assigned to his job and responsibilities

2.6 Training and Development of Manpower

- An organized activity for increasing the knowledge and skills of people for a definite purpose

- The purpose of training is to achieve a change in the behavior of those trained and enable them to do their jobs in a better way
- Increases motivation, job satisfaction and morale among employees, in return increases efficiency and productivity
- Reduces employee turnover, increases technical skills and knowledge
- Training and education helps newly recruited employees become productive in the minimum time, help them develop and grow in their respective fields and careers
- Training is not a onetime process, should be continued till the existence of the organization, training new and old employees in different fields and new skills, knowledge and attitudes
- Helps reduce learning period for new employees, no need to watch and learn from others, or learn from own mistakes
- An effective training program can help new graduates or new employees develop mentally and professionally and help them develop their capability, skills and develop their future
- Less Supervision, when employees are well trained, the degree and the responsibility of the level of supervision can be reduced
- Better management

Methods of Training

- Following are the three important methods of training employees
 - On the Job Training
 - Most effective form of training
 - The worker is given training at the workplace by his immediate supervisor who knows exactly what the trainee needs to learn for performing his job
 - Vestibule Training
 - Suitable when a large number of individuals are to be trained at the same time for the same kind of the work
 - A school or a facility created as the actual workforce with equipments and supplies as in the real workforce

- Provides same as the on the job training outside the actual workforce, helps reduce any pressure for the employees and thus can focus or concentrate fully
- Is a expensive process and might also create problem for employees to adjust in the real working conditions
- Special Courses
 - More associated with knowledge than skill
 - Special courses can be designed to fit the needs of an organization or employees can be sent to the trainings created by other specialized education or professional institutions
 - Special courses may also be devised for the development of the executives at various levels in an enterprise

2.7 Job Analysis Job Evaluation and Merit Rating

- What is a job?
 - When the total work to be done in an organization is divided and grouped into packages, we call it a job
 - collection of task, duties and responsibilities performed by an individual in exchange of pay
- Process of describing aspects of job and specifying the skills and other requirements necessary to perform the job
- Process to find out why the job exists, who is qualified to do the job, how and when is the job done, what are the conditions required for the job, what tools and equipments are needed to perform the job, how much should the organization pay to get the job done
- Differentiates one job form the others
- It is the determination of the tasks which comprise the job and of the skills, knowledge, abilities and responsibilities required of the worker for a successful performance
- Job Analysis enables personnel managers to understand jobs and job structures to improve the work flow or develop the technique s to improve productivity

Terms related to Job Analysis

- Job
 - Each job has a specific title, individual employees are assigned to perform the job
- Job Description
 - A statement describing the job title, job responsibilities, location, working conditions, salary and benefits
 - It should tell what is to be done, how is it to be done and why
- Job Specification
 - It is a written record of the human qualities required for the performance of job
 - Education, skills, qualification, knowledge and experience required for the job
- Job Design
 - Process of altering the nature and structure of job for the purpose of increasing productivity
 - Subdivision of work according to its nature and complexity
- **Job Evaluation**
 - Systematic way of determining the value/worth of a job in relation to the other jobs in the organization
 - Evaluates the skills, qualification, experience and efforts required to perform the job
 - Basis for creating job hierarchy and the pay differentials
 - The purpose of job evaluation is to produce a ranking of jobs on which a rational and acceptable pay structure can be built
 - The objective of job evaluation is to determine which jobs should get more pay than others
 - Job evaluation rates the job and not the man

Job Analysis Process

- Various approaches can be utilized, most popular 3 are
- Questionnaires

- Job holders are asked to fill out a questionnaire related to the nature and complexity of job, skills required, stress related, strength required and others
- Interview
 - Method to collect a variety of information from the job holder by asking him to describe the task and duties performed
 - Allows the individual to describe duties that are not observable
 - Individual can exaggerate the duties performed
- Observation
 - Direct observation of the job holders by the job analyst enables him to obtain first hand knowledge about the job being analyzed
 - Advantage over interview and questionnaire method
 - Analysts experience the working conditions, interrelationships and knowledge of tools and equipments used in the workforce
 - Fields in which observation method are used, machine operators, construction workers, flight attendants, police and traffic works, etc
 - Has a disadvantage, individuals can differ their working behavior when known that they are being observed

Job Description

- A statement that tells what is to be done, how it is done and why
- An important document which is descriptive in nature that informs both the organization information (location, structure, authority) as well as functional information (what the position is, what the work is and what is expected)
- Important for top executives, helps find out who is responsible for what has been done in the organization, be it better things or some mistakes
- Job description describes the job and not the job holders

Points to be included in job description

- The location of the job, division, department, branch etc
- Title of the job, job identification

- Job summary, a brief description of the overall purpose of the job
- Duties performed, describing what is to be done, how it is done and purpose behind each duty
- Required skills, knowledge, qualification and experience
- Machine, tools and materials, details of the equipment or tools used, or the ability to be able to use certain equipment
- Working condition, shifts (day/night), weekend loads, heavy lifting, dangerous and hazardous working conditions

Job Evaluation and Merit Rating

- Oldest and most universal practice of management
- Used in an organization to evaluate the personalities, potentials and contribution of the employees
- Once an employee has been selected, trained and placed, he is then appraised for his performance
- It's a step when, management scrutinize on the employees they have hired to find out how effective they are
- Process of evaluating the employees, whether they meet the requirements of the organization, or position he is hired for
- Basis for promotions, placements, raise, financial rewards, bonuses

Importance of Performance Appraisal

- It seeks to provide an adequate feedback to each individual for his/her performance
- It purports to save as a basis for improving or changing behavior towards some more effective working habits
- It aims at providing data to managers with which they may judge future job assignments and compensation
- Improves the efficiency of organization by attempting to mobilize the best possible efforts from individuals employed
- Achievement of four objectives: Promotions, salary review, planning job rotation, development and training of individuals

Method of Performance Appraisal

- In general two methods are used for Performance Appraisal
- **Traditional method:** Appraisal based on individual's personality traits such as creativity, responsibility, drive, initiative, integrity, potential, intelligence, judgment, capability etc
- **Modern method:** Appraisal based on the evaluation of the work results, job achievements and then on personal traits

Traditional Method

- Ranking Method
 - Oldest and simplest technique of Performance Appraisal
 - The appraiser ranks the employees from best to poor or places them in number ranking like one, two, three on the basis of their overall performance
 - Ranks employees comparing one person to the rest of the group as per their performance
- Person to Person Comparison Method
 - Each employee is compared with the others in the group one at a time
 - After comparing in their performance, the employees are given the final rankings
- Grading Method
 - In this system, certain categories of worth are predetermined and carefully defined
 - Like in civil services, three categories of Personnel are predefined, Outstanding, Satisfactory and Unsatisfactory
 - Employee performances are then compared with these grade system and the personnel are allocated the grade that best suits their performance
- Graphic Scale Method
 - In this method, an employee's quality and quantity of work is assessed in a graphic scale

- Different factors like employees character, initiatives, leadership, dependability, creativity, ability, attitude, decision making are considered
- An employees work contribution quantity and quality, goals achieved, regularity of attendance, attitude towards superiors and associates are also evaluated
- Free Essay Method
 - Under this method, the supervisor makes a free form, which involves the description of the performance of an employee in his own words and puts down his impression about the employee
 - Takes consider the employee's character, initiative, capability, quality etc and often includes examples and evidences to support his impression

Modern Method

- Appraisal by Result or MBO
 - Method of Performance Appraisal in which Managers and Employees of an organization jointly sets its goals and objectives and define each individuals responsibility towards achieving that goals and makes assessments on their performance on a regular basis
 - Makes rewards based on the result achieved
- Assessment Center Method
 - Involves the use of methods like social/informal events, tests and exercises, assignments given to them to assess their competencies in higher responsibilities
 - Employees are given an assignment similar to the ones they would perform if they are promoted, and are observed and evaluated as they perform their job on the basis of their interpersonal skills, planning, capability etc

2.8 Wage and Salary Structures

- A wage is a remuneration paid for the service of labor

- Monetary remuneration computed on hourly, daily, weekly basis or per standard output
- If paid in a weekly or monthly basis, it is called Salary
- Wages are more common in production, maintenance and labor industry
- Salary are more common in corporate, administrative and professional workforce
- When an individual is selected for a job, he/she provides services to the organization in exchange for some monetary and other benefits as compensation and thus enters a contract
- Wages and Salary includes the basic wage, and allowances like family allowances, financial support, lunch allowances, holiday pay, overtime pay, bonuses and other benefits

Wage/Salary Structure

- Job Classes
 - When jobs are not treated separately but are grouped, then it forms job classes
 - All jobs within a class are treated in the same way monetarily
- The organization has a choice of paying flat rates for each job class or varying rates with a rate range for each class
- Varying rates enables varying compensation within the same job class, considers the experience
- Direct compensation and Indirect Compensation
 - Direct compensation includes the basic salary or wage, bonus, overtime pay, holiday pay, profit sharing etc
 - Indirect compensation includes life and health insurance, retirement allowances, pension, home allowance, family allowance, vehicle allowance, health welfare and social security benefits

Factors of Wage/Salary Structure

- Different factors have significant effect on Wage/Salary Structure, they vary with the organization
- There are certain minimum wages set by government and many organizations choose to pay the minimum pay, while some organizations pay well above the going rates in the labor market

- Different jobs have different pay structures and it is evaluated through job analysis and job evaluation and depend upon many other factors

Factors of Wage/Salary Structure adrlpt

- The organizations ability to pay
 - Wages/salary depend upon the organizations ability to afford, how much an organization pay to individuals to get their job done
- Supply and demand of labor
 - The labor market and its demand and supply will influence the wage/salary structure
 - The higher the demand, the more the pay
- Prevailing market rate
 - Comparable wage rate between different organizations
 - Necessary to evaluate what is the market rate for specific job
 - Helps attract potential skilled people to the organization by offering better wages
- The living wage
 - Wages should be adequate to enable an employee to maintain himself and his/her family at a reasonable level of existence
- Productivity
 - Measured in terms of output per man hour
 - Depend upon labor efforts, proper management and technological improvement
- Trade Union's Bargaining power
 - Trade unions affect wage rates
 - The stronger the union, the better the demand of higher wage rate

Incentives

- An incentive is something that motivates an individual to perform certain action
- The motive of incentive programs is to increase the productivity of the employees and to help them enjoy work

- Raise in pay, bonuses, rewards, help employees to be more motivated towards their work
- Incentives not necessarily means financial incentives only, employees can be motivated through other non monetary incentives as well
- Flexibility in time schedules, holidays and leaves, creating friendly environment for the employees, creating social functions and activities for employees and their families, benefits for their families, educational development programs
- Restaurant coupons, game tickets, movie tickets, gift vouchers, gifts, concert tickets, social activities, paid vacations and many more can be other incentives

THE END