

## Chapter 2

### HR Planning

#### 2.1. HUMAN RESOURCE PLANNING (HRP)

##### 2.1.1. Meaning and Definition of Human Resource Planning

“Human Resource Planning” (HRP) can be defined as a process of balancing the people’s supply, including the present and prospective employees with the potential job openings in the organisation in a given period of time. It is the system of the organisation to ensure the availability of right number of people, right kind of people, at right time and right place to attain the organisational objectives. HRP is also known as **manpower planning**, **personnel planning** or **workforce planning**. It comes under the purview of organisational planning and is a future-oriented activity. Inappropriate planning may result in the excess recruitment of the staff, rise in expenses related to direct costs and training cost and other amenities for employees besides the production cost. Inappropriate recruitment also results in adverse impact upon the production, self-esteem and the efficiency of the employees. All these factors highlight the importance of HRP in an organisation.

According to Bulla and Scott, “Human resource planning is the process for ensuring that the human resource requirements of an organisation are identified and plans are made for satisfying those requirements”.

According to James Walker, “Human resource planning is the process of analysing an organisation’s human resource needs under changing conditions and developing activities necessary to satisfy those needs”.

According to Geister, “Human resource planning is the process including forecasting, developing, and controlling by which a firm ensures that it has right number of people and the right kind of people at the right places at the right time, doing work for which they are economically most useful”.

According to Dale S. Beach, “Human resource planning is the process of determination and assuming that the organisation will have an adequate number of qualified persons available at the proper times, performing jobs which meet the needs of the enterprise and which provide satisfaction for the individuals’ involved”.

##### 2.1.2. Nature of Human Resource Planning

The nature of human resource planning is as follows:

- 1) **Continuous Activity:** It is an ongoing activity, as the need for assessing the supply and demand of the manpower resources within the organisation never comes to an end.
- 2) **Clearly Specified Objectives:** HRP objectives may be guided by the strategic and operational planning of the organisation. Basically, the needs of the human resources within the organisation are based on the firm’s objectives. HRP also aims at developing human resources, sharpening the technical skills of resources, assisting them to plan their career map, retaining them, etc.
- 3) **Assessing the Staff Requirements:** HRP focuses on pre-planning of the needs and estimates regarding the human resources within the organisation. All the proceedings related to the recruitment, selection and training procedures are planned in advance.
- 4) **Maintaining Inventory of Existing Human Resources:** It consists of the record of present human resources. The manager must be aware about available manpower supply for fulfilling the higher positions in the future.
- 5) **Balancing Supply and Demand Equation:** It is difficult to find the right candidates for the vacant job positions instantly. The future perspective of the supply and demand of human resources must be prior checked.
- 6) **Developing Positive Work Environment:** The scope of HRP is not merely restricted to the procurement of human resources but it also includes maintaining proper and effective working conditions within the organisation.



- 7) **Formulation of Policies:** HRP helps in formulating the programmes, procedures and policies in order to obtain, expand, safeguard and utilise the human resources of the organisation.

### 2.1.3. Scope of Human Resource Planning

The scope of human resource planning not only includes identifying the manpower requirement, but it also includes:

- 1) **Projecting Future Human Resource Requirements:** Projecting the demand of manpower in the organisation requires a lot of mathematical calculations, analysing the environment from different perspectives and formulating specific plans for future.
- 2) **Maintaining Current Manpower Inventory:** This may require maintaining data about the employees relating to the different variables like skills, potential, work preferences, etc.
- 3) **Predicting Human Resources Issues:** HRP basically tries to maintain a balance between the existing resources and the expected future positions in the organisation. It helps in identifying whether the manpower is adequate or not, both in terms of quantity and quality.
- 4) **Fulfilling Manpower Need:** HRP can only satisfy the need of the human resources in the organisation when it carries-out its functions of planning, recruiting and selecting, induction and placement, training and development, transfer and promotion, compensation and motivation effectively.

### 2.1.4. Importance/Benefits of HR Planning

Importance of human resource planning can be described in following points:

- 1) **Serves as Talent Pool:** All organisations need individuals with required set of skills, experience, and education. This requirement can be fulfilled by the appropriate human resource planning as defining the number and type of individuals is necessary to fulfil the needs of the organisation.
- 2) **Allows Easy Expansion and Diversification:** Organisation's upcoming plans concerning diversification, modernisation, and growth can be successfully executed by human resource planning. It ensures proper and efficient completion of task by arranging right quantity of people with the right skills at the right time to tackle the challenging needs.

- 3) **Helps in Budget Formulation:** It allows checking and assessing the cost of various processes and actions regarding human resources in the organisation. **For example**, salary or other benefits are counter-checked and planning is made for the budget preparation of various departments of the organisations.

- 4) **Reduces Uncertainties and Change:** For the proper working of an organisation, both the components (human resource and non-human resource) should be effectively utilised. If it is not done, there would be an anxiety in the organisation. If the organisation has sufficient non-human resources like money, machines and raw materials, but lacks efficient human resources, then the manufacturing or production process cannot be initiated. Such uncertainties and changes can be reduced by proper human resource planning as it helps in proper selection and placement of efficient people, at the required place, and time.

- 5) **Controls Labour Imbalance:** HRP facilitates to maintain proper balance of human resources. Human resource should not be less than required nor should it be in excess. Too less human resource causes under-utilisation of other organisational resources. While excess of human resource causes under-utilisation of human resource. Human resource planning helps in controlling this imbalance before it can become uncontrollable and expensive.

- 6) **Helps in Training and Development of Employees:** Due to consistent competition, there is a regular requirement to train and develop employees to make them capable enough for the organisation. HRP helps to identify the employees who need to be trained. Therefore, it aids in fulfilling the organisation's future requirements regarding highly skilled staff.

### 2.1.5. Manpower Planning to HR Planning

There are two terms manpower planning and human resource planning in the management literature. In the current pursuit of human resource management, many organisations appear to be practicing 'Human Resource Planning' as opposed to "Manpower Planning".

A shift from manpower planning to human resources planning is a shift of the concept of planning philosophy. In case of manpower planning, it is made based on the "power" or "strengths" man processes. "Manpower" is the concern of manpower planning. Manpower planning takes care of the "power" of people to make positive contribution. Human resources



planning, thus, refer to the resourcefulness and human aspect of the whole enterprise. Human ability to contribute to productivity is the hallmark of human resource planning. Therefore, it assigns greater importance to develop human potentiality and helps individual employee overcome his weaknesses, if any, so as to strengthen his/her positive contribution to the organisation. In sum and substance, while manpower planning is concerned with the "power" of people to make positive contributions, human resource planning is primarily interested in the "people" them-selves and not merely on peoples "power". In other words, human and humane aspects are more emphasised in human resources planning.

### Difference between Manpower Planning and Human Resource Planning

Basis	Manpower Planning	Human Resource Planning
1) Concept	It is a planning/projection concerning 'strength'/'power' of people	It is a planning/projection concerning core components of people (viz. skill, knowledge, ability, attitude, value, beliefs etc.)
2) Process	Manager is concerned with numerical aspect of forecasting, supply demand matching and control	Manager is concerned with motivating people-a process in which costs, numbers, control and systems interact
3) Coverage	It has a limited coverage. It looks into the quantitative aspect of employment.	It has a wider coverage (both quantitative and qualitative aspects in the employment of people are considered)
4) Emphasis	(i) Emphasis is given on the technical aspect of matching of supply and demand of manpower. (ii) Main focus is on the numerical elements of forecasting	(i) Emphasis is given on culture management and individual growth and development (ii) Main focus is on the human and human aspects of people.
5) Assumptions about People	(i) People are considered costs. (ii) People are constraints, hurdles to the achievement of organisational goals.	(i) People are considered assets, resource People make the organisation grow. (ii) Organisational goals are achieved through people

6) Approach	It is a traditional approach of manpower requirement.	It is a new approach of concerned with broader issues
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### 2.1.6. Factors Affecting HR Planning

Various factors influence human resource planning. These factors can be classified as follows:

- 1) **External Factors:** External factors are those factors which externally influence the human resource planning. They include:
  - i) **Legislative Provisions:** Various provisions relating to the labour laws, reservations in recruitment, and policies initiated by the government, etc. affects HRP.
  - ii) **Level of Economic Development:** Level of human resource development in the country is determined by the level of economic development. This helps to determine the future supply of human resources.
  - iii) **Business Environment:** The environment in which the business operates comprises of the external and internal factors which influence the business. These kinds of environmental factors have an impact on the total volume of production mix and accordingly the supply of human resources in the future is also influenced.
  - iv) **Technological Advancements:** Technology can be defined as the phenomenon of applying knowledge practically which may give rise to new inventions. The type of human resources required is also influenced by the level of technology.
  - v) **Global Influences:** Factors which have worldwide impact on the aspects like the supply and demand of manpower in various regions of the world also influence human resource planning.
- 2) **Internal Factors:** These are the factors which influence the human resource planning internally. These factors are summarised as follows:
  - i) **Firm's Plans and Guidelines:** The Company's strategy for the growth, expansion or diversification dictates the need for human resources in terms of quantity and quality within the organisation.
  - ii) **Rules and Regulations for Human Resources:** The specified rules and regulations for the human resources within the organisation regarding the skills required, the amount of compensation, provisions for the workforce, etc., affect HRP.



- iii) **Job Analysis:** It is a comprehensive study of a particular job with reference to the skills required to accomplish a particular task. The comprehensive study of job helps to determine the type of skills required in the persons to be recruited within the firm.
- iv) **Perspective of Timeframe:** HRP of the organisation varies from company to company according to the environment in which it is operating. If the environment is relatively stable, the company can go for long-term planning but if the environment in which the company operates is highly dynamic, it is recommended for the company to opt short-term planning.
- v) **Reliability and Credibility of Information:** The effective planning is based on the accurate data about related factors. In every organisation, HRP is based on the data relating to the factors like capital budget, organisational structure, level of technology, functional area objectives, job analysis, sources of recruitment, retirement plans, etc.

- vi) **Policies regarding the Operational and Production System of Firm:** HRP of a firm is also based on the company's decisions regarding the quantity of goods to be produced or to be purchased from the market. It decides the number of persons required for the production of the goods within the system.
- vii) **Trade Unions:** Various measures taken by trade unions to safeguard the employee's interest will have an impact on the HRP. The decisions regarding working hours, sources of recruitment, etc., have an impact on the HRP.
- viii) **Phases of Organisational Lifecycle:** Different phases of the organisation's lifecycle will have due impact on the HRP of the firm. In growth stage of the firm, additional recruitment of employees will be required to cope up with growing demand, whereas at the same time in declining stage, employees will be retrenched to cut the costs. In both the cases, human resource planning is very important.

### 2.1.7. HRP Process

HRP was traditionally restricted to respond to only business needs. However, with the growth in business, upgradation in technology and innovation in the management system, HRP has become proactive and important in the current scenario of business. HRP is the method of forecasting human resource requirements and availability as well as bridging the gap between their supply and demand. Human resource planning process is shown in figure 2.1:

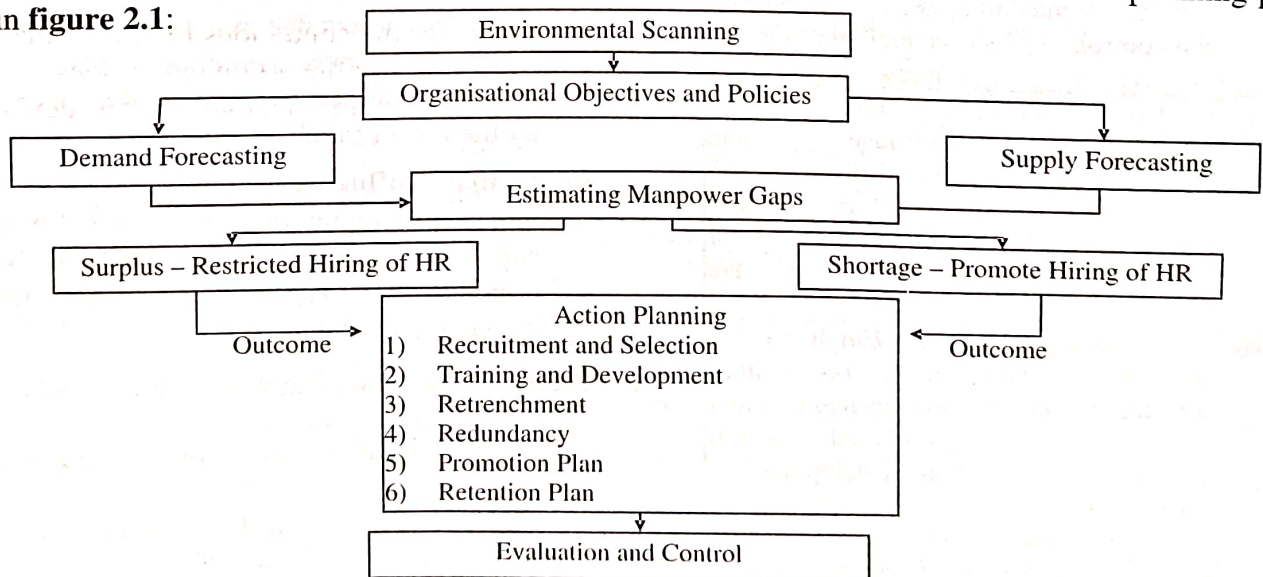


Figure 2.1: Process of Human Resource Planning

- 1) **Environmental Scanning:** Human resource planning process is based on analysing various aspects of the business environment in which it is operating. It provides a clear picture of the expected problems, threats, and opportunities of the organisation and therefore is the basic step for HRP. HRP requires scanning of all the factors

existing in the internal (technology, culture, strategy, etc.) as well as external environment (competitors, regulations, etc.) of the firm. The analysis of the internal factors helps in identifying the strengths and weaknesses of the firm and on the other hand external factors highlight the threats and opportunities for the firm.



2) **Organisational Objectives and Policies:** After analysis of the environment, plans and policies regarding different aspects (which may include marketing, production, finance, technology, diversification and expansion) are examined, to forecast the labour movement in near future. The time bound schedule for the human resource planning is to be prepared accordingly. Exact manpower requirements can only be assessed after considering the changes in the organisational structure and job design. A comprehensive study of the plans of a business is essential as all the human resource plans

4) **Estimating Manpower Gaps:** Gap analysis is a type of technique which is helpful in making a comparison between the estimated workforce supply and the estimated workforce demand. Various factors regarding the geographic location, demographic characteristics, size, and level of employee competency are considered for the same. The organisation makes action plans based on the outcomes of gap analysis. The gap analysis can be easily understood with the help of figure 2.2:

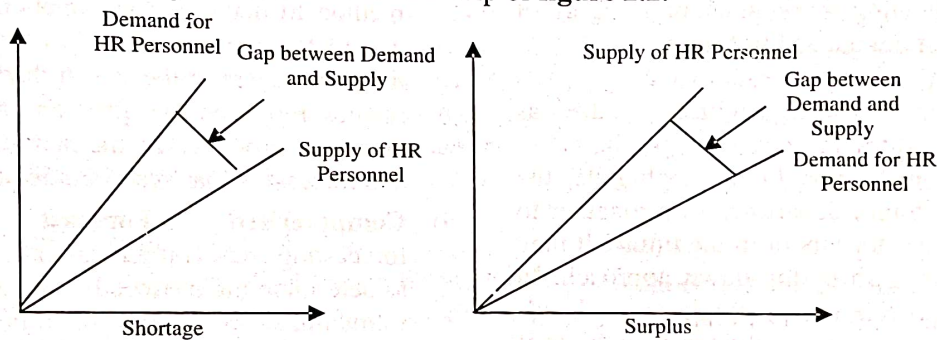


Figure 2.2: Estimating Manpower Gaps

5) **Action Planning:** The organisation is required to take an immediate step to cover-up the gap, if any, identified between the two estimates, i.e., HR demand and HR supply. In this particular phase, the immediate action is taken to maintain a balance between the exact requirement and valuable resources. When there is surplus labour, a number of large firms adopt downsizing, rightsizing, restructuring, re-engineering, and outsourcing, to cut costs, increase efficiency, improve productivity and at the same time remain competitive. On the other hand, to deal with the scarcity of the employees various measures must be taken by the organisation to ensure that ample resources are available to fulfil the needs of the manpower in the future such as recruitment, selection, training, development, incentives, etc.

6) **Evaluation and Control:** The process of evaluating and controlling the performance of the employees is very vital within the organisation as it leads to the effective performance of the organisation. If the organisation does not continuously evaluate the workforce efforts, it may be unable to foresee the expected changes in the future. It must have a systematic and planned

originate from business plans which are associated with the nature, level and organisational activities.

3) **Forecasting Demand and Supply of Human Resource:** The human resources required at different positions according to their job profile are to be estimated. The available internal and external sources to fulfil those requirements are also measured. There should be proper matching of job description and job specification of one particular work, and the profile of the person should be suitable to it.

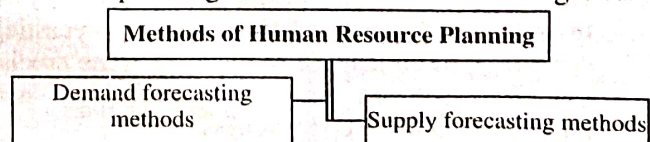
process for the continuous review of the same. It is important for the following reasons:

- 1) Take remedial actions for the deviations, if any.
- 2) Upgrade the manpower resources according to the changing requirements in environment.
- 3) Assess the achievement of HR objectives.
- 4) Review the progress of long-term plans.
- 5) To cope-up and manage the individual or organisation grievances.

**For example,** the evaluation process of the organisation can help in determining some very important aspects, such as, turnover cost, productivity data, workforce reduction, etc.

### 2.1.8. Methods of Human Resource Planning

Human resource planning uses various methods within recruiting, development and employee retention to achieve organisational goals. Methods of human resource planning can be divided into two categories:





### 2.1.8.1. Tools for Demand Forecasting Methods

HR demand forecasting is a procedure of defining the expected manpower requirements in terms of a specified quantity and quality within the organisation. It is required to meet the expected manpower needs of the organisation so that desired level of performance can be achieved. The expected requirement of human resources is assessed on the basis of the current human resources and the analysis of the organisational plans and procedures. It is true to a large extent that in particular time duration, demand forecasting is dependent on the scale of operations in the company. However, human resource requirements are not directly proportional to the size of company's operations. While conducting HR requirements forecast, those components should be considered that influence the relationship between size of operation and the number of employees. Human resource planning gives an accurate figure of the number of personnel needed in future.

Various demand forecasting techniques are as follows:

- 1) **Managerial Judgement:** In this technique, the managers of different departments sit together to assess the demand for labour in the future. It may follow the bottom-up or top-down approach. In bottom-up approach, the departmental heads submit their requirements to the top management and estimates are prepared by them only. Whereas, in top-down approach, top managers determine the manpower requirement. After that, forecasts are analysed with departmental heads for a joint approval. However, none of these approaches are perfect – only the combination of these two approaches produces effective results.
- 2) **Ratio Analysis:** It is the procedure of computing the ratio between a particular business factor and the number of required employees. **For example,** the requirement of faculty in an educational institute will depend upon the number of students. Suppose, a university has 20,000 students and 1000 lecturers; the student-lecturer ratio is 20,000:1000 or 20:1. This ratio shows that the university needs 1 lecturer for every 20 students. If it is expected that 500 additional students will be enrolled in the next year, then the university would require to recruit 25 (500/20) additional lecturers (assuming that all the 1000 current lecturers will not leave prior to next year). It gives a clearer picture than trend analysis. In spite of being a good technique of forecasting demand, it has a demerit of avoiding some crucial elements such as up-graded technology and improved employee effectiveness.

- 3) **Trend Analysis:** The requirement of the manpower resources is based on the trends of the organisation in the past. The past relationship between a business factor and manpower requirement is analysed. The proper business factor that relates considerably to employment levels varies across industries. **For example,** for an educational institution, the suitable factor can be total number of students enrolled; for a marketing company, it can be sales volume; and for a manufacturing company, it can be total units produced. Trend analysis method is best for preliminary assessment of human resource demand. The reason for this is that human resource forecasting is affected by a number of factors and past trend is one of them.
- 4) **Scatter Plot:** It is a method which uses graphs to find out the relationship between the two variables. The human resource planner can make use of this method to determine the relationship between the two factors, i.e., the degree of business actions and the requirement of the staff to handle it. If there is a relationship, then the question arises, whether HR planner can predict the measure of business activity and forecast human resources requirement.
- 5) **Computerised Forecast:** Computerised forecasting uses computers and software packages to determine the prospective manpower needed, by estimating sales of the firm, production volume and the human resources required in keeping up the estimated quantity of output.
- 6) **Work-Study Techniques:** This technique analyses the relationship between the volume of the work and the efficiency of the employees. The data regarding the volume of the work are derived from the organisational documents and increase/decrease in operations can be determined. Efficiency level measured by time and motion study which ensures standard output per unit of time or per hour. Thus the number of operatives required to complete specified volume of operations is:
 

Planned Output
Standard Output per Hour × Standard Hours per Person

Therefore, standard output per hour is not at a times a stable factor, but it increases with time due to learning, which may be through examination observing others and communication.
- 7) **Delphi Technique:** It is the technique which focuses on the qualitative aspect and also tries to reduce the subjectivity by involving the people from the group already chosen for it and defining the judgements for the same. Therefore, a collective decision-making procedure is necessary which in turn, requires a commitment towards growth.



increase co-operation and co-ordination for reasonable forecasts. This technique is best in the situations where the environment is subjected to various changes on account of the technological upgradations. Here, there is a minimum scope for the subjectivity in the decision-making because experts do not meet face-to-face. This would be more cost-effective if they are assigned to diverse locations. It can recover the decision-making class by reducing personality conflicts and restricting the dominating group members from controlling the decision process.

- 8) **Econometric Models:** In this model, the statistical data related to the history of the organisation is analysed. It is expected to figure out the relationship between the different variables in statistical or mathematical terms. Variables like measures of profits, investments, complexity, quality, and sales of the product are correlated with the manpower requirements to draw a single equation, which describes the exact relationship between the manpower requirement and other variables (measurable by econometric models) within the organisation.

#### 2.1.8.2. Supply Forecasting Methods

Supply forecasting is another aspect of human resource assessment. After determining the number and quality of employees that will be required in the future, the next step is to estimate the supply of manpower and sources for procuring such human resources in the organisation. This information is collected through supply forecasting. To determine the exact availability of employees in the future is not an easy task, but there are few techniques, which can be used to determine internal HR supply are as follows:

- i) **Staffing Tables/Manning Charts:** It is basically a pictorial representation of the jobs within the organisation which depicts that how many employees are presently working on those jobs and how many will be required in the future. It categorises the employees on the basis of factors such as sex, age, category, position, skills, qualifications, and experience. This table/chart shows if the existing employees are used appropriately.
- ii) **Markov Analysis:** It displays the percentage of the number of employees within the organisation in a particular job (from one year to the next) alongwith the details of the employees who are being promoted or being transferred. This is based on the historical data of the organisation related to employee movements. In this analysis, past records are analysed to project future movements.

- iii) **Skill Inventories:** This is a traditional method in which a database is maintained consisting of record of knowledge, abilities, experience, and skills of employees within the organisation. It is non-technical in nature but still it is much useful for the situation when there is a shortage of skilled employees in the organisation to fill up the estimated vacancies. This method facilitates management to formulate plans to fill the vacant job positions by using external recruitment methods.

- iv) **Replacement and Succession Planning:** These methods require a bit of technical knowledge. Replacement planning is applicable for the short-term basis where the chart is prepared to display the current occupants of the vacancies within the organisation alongwith the ones who are likely to occupy it in near future. It helps to determine the number of employees who can be promoted to predefined posts. On the other hand, succession planning is done on the long-term basis for the development of future leaders or managers. By using the data related to the existing workforce, succession planning forecasts future trends to decide in advance that who will fill up the vacant position in the organisation and starts preparing the employees accordingly for such roles. This method is broadly used, particularly in big organisations like TATA Groups and Deloitte.

- v) **Cohort Analysis:** A group of employees hired in the same time period is known as cohort. This is a technique which considers the service period of the employees and focuses on the cohort/homogenous groups of employees. It involves plotting a 'survival curve' indicating the employees who have left the job and the employees who are still working in the organisation. When the cost of procuring the labour from internal sources is more and also the present staff cannot be spared for the future assignment, the company can look for it in the external labour market.

#### 2.1.9. Limitation/Barriers of HRP

Human resource planning is not always successful; there are some limitations of HRP which are as follows:

- 1) **Inaccuracy of Forecasts:** HRP is dependent on the future prediction of supply and demand of human resources. Hence, the efficiency of HR planning is based on the correctness of forecasts. In case, the forecast is inaccurate, then the HR planning will also not be completely accurate.
- 2) **Identity Crisis:** Sometimes, managers and the human resource experts in the organisation are unable to clearly understand the entire process of



HRP. Due to this, there exists a problem of identity crisis. HR planning cannot be effective until the experts have a clear understanding of objectives.

- 3) **Requires Active Involvement of Top Management:** Top management should be an integral part for the manpower planning. If the top management does not play an active role, the essential resources and assistance required for the effective human resource planning cannot be gained in the organisation.
- 4) **Employee Resistance:** Usually trade unions oppose the manpower planning as they think that it will increase the burden of work on the employees and govern them by the means of productivity bargaining. Moreover, according to unions, it will increase unemployment of the unskilled labours.
- 5) **Technical Issues:** Effective HRP is not an instantaneous task. It takes time to be gradually accepted. Newer technologies have to be adapted, so as to be in the competition. Occasionally, difficult technologies are vigorously introduced, because competitors are also using them. This cannot be fruitful unless HR personnel identify training needs, and it is the HRP which identifies the employees who are in need of training.
- 6) **Weak Information System:** Development of successful human resource planning is based on the credibility of information system. In Indian industries, the information system is still not well developed. Hence, precise and reliable data cannot be collected for effective human resource planning.
- 7) **Uncertainties:** HRP is not wise to depend entirely on the generalised data collected about the manpower. Seasonal jobs, absent employees, technological issues are the factors which hamper the manpower planning.
- 8) **Costly and Lengthy Activity:** HRP is a costly and time-taking activity. There are chances that organisations may not adopt the system as it will increase the cost burden on the organisation.
- 9) **Improper Coordination with Other Executive Functions:** Usually manpower planner does not interact with manager and is confined to his own area of concern. This hampers the HR planning. For its effectiveness, HRP should be incorporated with other managerial functions.
- 10) **Loss of Balanced Focus:** Usually focus is given on the quantifiable facet of HR planning, i.e., number of individuals leaving or joining the organisation. Qualitative part is neglected which includes development of career, self-esteem, and planning skill levels, etc. Such uneven focus impacts the efficiency of HRP.

### 2.1.10. The Challenges for HR

HR challenges in today's fluctuating global economies affect every aspect of business, and this includes meeting strategic organisational business imperative that HR departments never faced in past decades. The following top HR challenges are as follows:

- 1) **Retaining Top Talent:** Most companies view recruitment as the most important of their HR challenges, but retaining the talented people whom you already have certainly ranks higher than organic recruiting. Employee retention not only reduces the need to find new talent but also provides the raw materials for promoting people in-house to leadership positions.
- 2) **Attracting Top Talent:** Attracting talent is certainly one of the most visible of HR challenges, and today's mobile, digital culture often fails to generate the kind of corporate loyalty that helped companies retain staff in past generations. Millennials are especially susceptible to job turnover – often for reasons that don't involve money – reasons like company culture, and business reputation.
- 3) **Building Leaders From Within the Company:** Top HR challenges include attracting and retaining top talent, and the easiest way to do this is to develop leaders from within the company. Leadership has been globally identified as one of HR departments' most critical strategic initiatives and company managers, senior executives and HR managers are in prime positions to instil leadership characteristics in existing workers.
- 4) **Creating a Healthy, Value-Driven Company Culture:** Company culture takes an increasingly important role in every aspect of business. Today's competitive recruiting often focuses more on company culture than on salaries and benefits because millennials consider culture as a prime influence when changing jobs. One particularly powerful example of this trend is Google's corporate operations, which dominate the search industry. The company fosters a unique culture where staff members enjoy benefits such as free meals, dog-friendly offices, on-site gyms and employee trips and parties.
- 5) **Measuring HR Effectiveness:** Measuring HR effectiveness might seem straightforward, so it's not obvious that it ranks among the greatest HR challenges. However, it's astonishing how many companies don't measure their results objectively, and even fewer measure their results based on how HR policies affect people. CIPD research shows identifiable links between HR policies and people management.



- 6) **Encouraging Effective Learning:** Effective learning increases employee skills, makes workers more versatile, fosters staff loyalty and provides transparent opportunities to earn skill-based promotions and salary increases. Performance management assessments should focus on recommending opportunities for skills training, earning industry certifications, participating in mentoring and coaching sessions and accessing educational opportunities.

## 2.2. JOB ANALYSIS (JA)

### 2.2.1. Meaning and Definition of Job Analysis

Job Analysis (JA) refers to a complete and organised study of jobs to understand the characteristics of people to be hired for vacant positions in an organisation. It is a process of gathering essential job-related information and its analysis. It gives the basis to determine the kind of information to be extracted from the applicant, past employers, and from various other sources. It is the main element of whole human resource practices; so it is very crucial in every organisation. It helps the organisation in transforming the functional goals being developed into some specific human activity.

**According to Edwin B. Flippo,** "Job analysis is the process of studying and collecting information relating to the operations and responsibilities of specific job".

**According to Donald,** "Job analysis is a method of scientifically dissecting a job in order to determine the component elements and their influence upon the length of learning period of the worker, production and labour turnover".

**According to Dale Yoder,** "Job analysis is the procedure by which the facts with respect to each job are systematically, discovered and noted. It is sometimes called 'job study' suggesting the care with which tasks, processes, responsibilities and personnel requirements are investigated".

### 2.2.2. Features of Job Analysis

Job analysis has the following features:

- 1) **Organised Way of Collecting and Analysing Information about a Job:** The fundamental element of human resource management is job analysis, which is an organised manner of collecting and analysing the information relating to job content, context, etc.
- 2) **Job Creation:** Job analysis aims to create jobs that are aligned to the organisation's work flow that is required to be completed. Job analysis is

focused on using a proper system to collect information about the performance of the people in their jobs. This information is used for creating job descriptions and job specifications.

- 3) **Linked to HR Activities:** There are a variety of methods and sources of data that can be utilised in executing job analysis. The actual assessment of job analysis begins from gathering of information and converting it into the job description and job specifications for the use of HR activities. Proper information regarding the job requirement is necessary to validate HR actions to the job. In order to be effective, HR planning, recruitment and selection must be aligned to the job requirements and the ability of every individual. Other aspects of HR like compensation, training, and employee performance appraisals must be based on the requirements of the job. Job analysis can be used to identify various job factors and duties which contribute to health and safety issues at work. Therefore, job analysis is a critical factor which affects labour-management relations.

- 4) **Re-Designs Jobs:** Job analysis gathers information on those specific features of job that makes it unique. Re-designing of jobs is another function that can be performed with the help of the information gathered through job analysis. However, the basic objective of job analysis is to know the tasks that are needed to be performed on the job and the individual capabilities that are required for it.

### 2.2.3. Purposes and Uses of Job Analysis

Purposes and uses of job analysis are as follows:

- 1) **Human Resource Planning:** Job analysis is used for determining knowledgeable and skilful human resource requirement in an organisation. It helps in making systematic promotion and transfer policy by displaying lateral and vertical links between different jobs.
- 2) **Recruitment:** Job analysis helps in identifying the right method and the right time to recruit people for the future vacancies in the organisation. It is necessary to recognise the skills and positions required for future vacancies to allow managers to plan for recruiting manpower in an organised way. **For example,** with the help of job analysis, an organisation which recruits MBA students for equity research realises that these vacant positions can be filled by graduates who have an aptitude for analysis. This information can be used by organisations in recruiting graduates who are available in large numbers as equity analysts, and offer them comparatively lower salary.



- 3) **Selection:** It is very difficult to choose a suitable person without having a definite idea about what is supposed to be done in a job. **For example,** if a Mega bazaar manager has not identified distinctly the job responsibilities of a clerk, then it is not easy to find whether the person who has been selected has the ability to place store items, maintain a cash register, or keep up-to-date accounts.
- 4) **Placement and Orientation:** When selection is complete, the fresh recruits have to be placed in a job that best suits their interest, behaviour and actions. When we are not assured about the job duties, it is impossible to analyse the most suitable candidate for the job. In addition, without appropriate understanding of job requirements, effective job orientation is not easy to achieve. Fresh recruits should be given a clear training about the job tasks and duties.
- 5) **Training:** Appropriate training cannot be imparted until we do not clearly state what the job is and what is required to do on the job. A current recruit or potential candidate may not require extra training, but he can be sure about the job when he is aware of the job requirements identified by job analysis.
- 6) **Counselling:** Managers offer good career guidance to the employees when they have a better understanding of the types of jobs existing in the company. Similarly, by identifying job requirements, employees become easily aware of their career options. Job analysis also helps employees know the areas which they need to develop in order to move forward in their career.
- 7) **Employee Safety:** Job analysis helps the managers in analysing hazardous conditions after studying various operations to be performed in a job. It helps in creating a healthy and safe working environment by easily improving work situations.
- 8) **Performance Appraisal:** Job analysis information is essential for the establishment of performance standards. Value of employees can be evaluated by a thorough understanding of what the employee is meant to do and what is his actual performance. Therefore, on the basis of an employee's performance, the organisations should pay him a fair remuneration.
- 9) **Job Design and Re-Design:** The process of integrating different tasks together to make a complete job is called job design. Once the jobs are thoroughly studied, it is easier to take corrective measures by analysing their weak points. Thorough and continuous monitoring can be done to remove unnecessary movements,

simplifying some steps and improving existing ones. Thus, jobs can be re-designed in order to test the intellectual standard of employees.

- 10) **Job Evaluation:** Job analysis helps in identifying the value of a job on the basis of level of difficulty, type of work done, knowledge, skill and abilities required. Thus, it helps in effective designing of an equitable level of wage and salary structure of the jobs.
- 11) **Discipline:** Job analysis identifies the reason behind inability of the workers in meeting necessary performance standards. Remedial actions may be taken in due time to averse the difficult situations. In this manner, it helps in maintaining discipline in the organisation.
- 12) **Industrial Relations:** Industrial relations among managers, employees and unions can be improvised by proper job analysis and thus disputes and grievances associated with tasks and responsibilities can be settled easily.
- 13) **Compensation and Benefits:** In compensation, it is profitable to determine the relative worth of a job to the organisation before valuing the job in terms of salary. According to internal context, worth of a job increases as the task and responsibilities become important. Job with higher KSA (Knowledge, Skills, and Abilities) adds higher worth to the company.
- 14) **Support Legality of Employment Practices:** In order to support the legality of employment practices, a well arranged job analysis is necessary. In fact, the importance of job analysis is noted in employee selection method guidelines. Several times decisions of demotions, transfer and promotion are safeguarded by job analysis information. **For example,** job analysis forms a base for combining together the functional areas and infrastructure in developing a good human resource programme.

## 2.2.4. Process of Job Analysis

The steps followed in the procedure of job analysis are shown in figure 2.3:

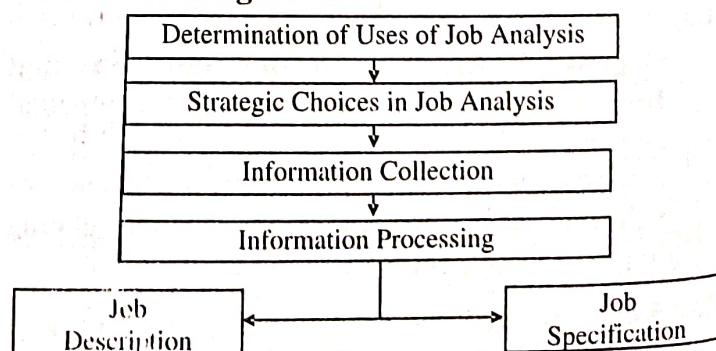


Figure 2.3: Process of Job Analysis



- 1) **Determination of Uses of Job Analysis:** In earlier times, the job analysis process was used mainly for the recruitment and selection of the employees. Later on, it also became important for other areas in order to manage the various difficulties related to human resources. Thus, it is the responsibility of the organisation to clearly define the purpose of job analysis before starting the job analysis process.
- 2) **Strategic Choices in Job Analysis:** While conducting the process of job analysis, following five aspects should be covered by the organisation:
  - i) **Employee Involvement:** Employees are the best source of providing information. The relevant data regarding the functions to be performed, skills required, and responsibilities to be carried-out for the job can be easily collected by the analyst from the employees because they are used to it.
  - ii) **Level of Details:** Analysis is directly related to the details received. The level of details collected affects the level of analysis, i.e., higher the details collected, more effective the analysis will be and *vice-versa*. The nature and type of data collected depends on the level of analysis.
  - iii) **When and How Often:** Analyst should be clear when they have to conduct the analysis and how frequently they can perform it.
  - iv) **Past-Oriented versus Future-Oriented:** Many organisations follow traditional job analysis methods which are focussed on how the jobs were performed in the past and how they are performed in the current situation. But with the change in time, organisations need to adopt future-oriented job analysis methods. The focus of these methods is on preparing employees for the future jobs. They can even decide the methods to be used to perform the functions in advance. This helps the organisations to recruit and train for future jobs before the actual transformation.
  - v) **Source of Job Data:** Employees working in the organisation are the major source of information. Though there are various other sources also which may include both human and non-human means.
- 3) **Information Collection:** This step includes certain aspects that should be covered while collecting data:
  - i) **Types of Job Analysis Information:** The information to be collected should be relevant and must recognise the functions to be performed, duties to be carried-out, the equipment to be used and other job related issues so that the process of job analysis can be made successful.
  - ii) **Persons Involved in Information Collection:** The person who is given the responsibility of collecting data can either collect the data from a senior employee or an experienced job analyst or an employee who has good experience in that particular job.
  - iii) **Methods for Data Collection:** The techniques used for data collection in job analysis are interviews, observation, questionnaire, etc.
- 4) **Information Processing:** After data collection, the information is processed in order to make it useful for HR functions. 'Job descriptions' and 'job specifications' are the most common outputs received after the job analysis.

### 2.2.5. Methods/Techniques of Job Analysis

Job analysis can be conducted using various techniques. Diverse methods of gathering data for job analysis are as follows:

- 1) **Questionnaire:** Though this method of collecting data is very time-consuming and difficult, but still clerical workers use this method on a large scale. Under this method, the job holders are asked to provide the entire significant data regarding their jobs in written form in their own words. It is a method of gathering information about any job through mail surveys.
- 2) **Checklist:** In this method, the employee is given a list of task statements and he has to simply check the tasks performed by him. Unlike questionnaire method, this method is much convenient as the employee is not accountable to anyone. However, a lot of work is done to gather suitable task statements, but it is easy to govern and can be tabulated.
- 3) **Interview:** In this method, the interview is usually conducted outside the organisation in which interviewees are either called one-by-one or in a group. The information given by all the interviewees is combined together to have a clear picture about the job. Although this method is also time-taking and expensive, but it proves to be beneficial for the company.
- 4) **Observation:** Observation method provides a clear job description as the analyst personally observes the performance of the employees and the working environment in which he is working.



Usually this method is adopted by those organisations where major functions are performed by manpower and the working period is short. This method is expensive, slow and normal work functioning may also get interrupted.

- 5) **Technical Conference:** In this method, the main sources of obtaining information about the job are the supervisors and not the employees. But sometimes, the data given by them is not accurate as they provide data on the basis of their previous experiences. Some of the supervisors do not have sufficient knowledge about the jobs which are not performed by them and thus they may give wrong answers.
- 6) **Self-Recording of Diary:** It is a systematic way of collecting data regarding the job responsibilities and the time taken to perform these duties. This method is more useful at the top management level as compared to the middle and lower level employees, because it wastes a lot of time and affects the normal working of the employees. Since in this method, employees are asked to write about the activities performed by them on a daily basis in a diary; it becomes really difficult for the employees to carry-out both the things in a limited period of time.
- 7) **Critical Incident:** Under this method, information regarding incidents of both positive and negative behaviour of the employees is collected as it may prove out to be beneficial in the job analysis process. This duty of collecting the information related to such instances is given to the supervisor. These instances can be unlimited and give information regarding critical features of the job.
- 8) **Occupational Information Network (O-NET):** The O-NET is a complete database system that provides accurate and reliable information about any job. It is a substitute to the conventional job analysis system. O-NET makes use of various indicators that can provide information about any job all over the world and thus has become an important source of gaining data even by the Central Government.
- 9) **Repertory Grid:** This technique was developed by **George Kelly** and generally takes place in the form of interviews. The main focus of this method is to understand the perception of the individuals about the job they are performing. For this, a grid is created on the basis of thoughts of job holders about the job. This method can also be used to identify the view which differentiates high quality performers from low

quality performers. The behavioural signs responsible for these constructs can be easily determined by the process of laddering. It is mainly useful for interviewing subordinates.

- 10) **Task Inventory Analysis:** This method was introduced by U.S. Air Force to assess jobs of the Air Force's employees. This method is the best way of identifying KSAs (Knowledge, Skills, and Abilities) required for a job. The questionnaire prepared is tailor-made and is not pre-prepared. This method is used for developing appraisal forms, writing job descriptions, identifying suitable test of selection.

## 2.3. JOB DESCRIPTION (JD)

### 2.3.1. Meaning and Definition of Job Description

Job description is a written statement which answers the questions such as what the job holder does, how the job is done, under which circumstances it is done, and the most important one, why it is done? It gives information about the job like job content and working conditions. It is descriptive in nature and explains the functions and responsibilities necessary to do a certain job specific alongwith its objectives and areas of work.

**According to Robert Kreitner**, "Job description is a concise document that outlines the role expectations and skill requirements for a specific job".

**According to Swansburg**, "A job description is a contract that should include the job's functions and obligations and tell the incumbent to whom he or she is responsible".

### 2.3.2. Contents of Job Description

Contents of job description are as follows:

- 1) **Job Identification:** Job identification, also known as **organisational position**, includes the job title, alternative title, departments, divisions, plant and code number of the job. The job title recognises and designates the job appropriately. The department, division, etc. indicate the name of the department and its location. The location shows the name of the place.
- 2) **Job Summary:** It delivers two significant objectives. **Firstly**, it gives a brief definition which is helpful as additional identification information. **Secondly**, it is used as a summary to direct the readers for understanding the detailed information about the job. It provides the reader a 'fast and short explanation' of the job content, generally in a few sentences.



- 3) **Job Duties and Responsibilities:** It clearly describes the duties and responsibilities to be carried-out during job with an appropriate understanding of primary, secondary and other duties. It is also considered vital for any job. It also notifies about the time limit of the job and sub-jobs.
- 4) **Relation to Other Jobs:** It helps in identifying the job in the organisation by putting the job below or above in the job hierarchy. It also shows an idea of the vertical relationship of work and process.
- 5) **Supervision:** The extent and the nature of supervision needed in each job are also indicated in the job description. Under this, the number of persons to be monitored are given alongwith their job titles and the level of supervision involved in the form of general, intermediate, or close supervision.
- 6) **Machines, Tools and Materials:** Job description also comprises of the machines, tools and materials required for performing the job. It shows the nature and difficulty of the job and aids in the execution of the training programmes.
- 7) **Working Conditions:** It gives the knowledge about the working environment such as heat, cold, dust, wetness, moisture, fume, odour, oily condition, etc. in which the job holders have to perform their work.
- 8) **Hazards:** It gives an idea about the kinds of risks to life and limbs and their chances of happening, etc.

### 2.3.3. Uses of Job Description

Uses of job description are as follows:

- 1) **Developing Job Specifications:** Job description helps in building-up the job specifications, which are supposed to be valuable for planning, recruiting, training and hiring people with the necessary skills for the job.
- 2) **Group Discussion:** Preliminary drafts can be utilised as the base for a fruitful group discussion, especially, if the process begins from the executive level.
- 3) **Orientation of New Employees:** Job description is useful for orienting new staff members towards their basic job responsibilities and functions.
- 4) **Developing Performance Standards:** Job description is the basic document for the purpose of developing performance standards.
- 5) **Job Evaluation:** Job description helps in evaluating the job as a wage and salary administration method.

- 6) **Helps a Manager during Interview:** A job description helps the manager in framing appropriate questions to be asked while conducting an interview.
- 7) **Vehicle for Organisational Changes:** It becomes a medium of organisational change and upgradation. It helps the top management in delegating the responsibilities.

### 2.3.4. Specimen of Job Description

Specimen job description of compensation manager is given below:

Title	Compensation Manager
Job Code	HR/1234
Department	HRD
Summary	Responsible for properly designing and administrating employee compensation plans.
Duties	<ol style="list-style-type: none"> <li>1) To conduct job analysis.</li> <li>2) To make job descriptions for the present and future job positions.</li> <li>3) To evaluate job descriptions.</li> <li>4) To act as a Chairperson of Job Evaluation Committee.</li> <li>5) To make sure that the organisational rate of compensation matches with the policy of the organisation.</li> <li>6) To conduct salary surveys from time-to-time and relate the salary with employee performance.</li> <li>7) To develop and execute employee performance appraisal programmes.</li> <li>8) To develop and implement employee benefit programmes.</li> </ol>
Working Conditions	Eight hours per day. Six days a week.
Reporting	Director, HR Department.

## 2.4. JOB SPECIFICATION

### 2.4.1. Meaning and Definition of Job Specification

Job specification also known as **job requirement** is a by-product of job analysis. It covers all the human qualities to be considered such as physical, personal, psychological responsibilities to be acquired, academic qualifications, experience, etc.

It converts the job description into human qualifications so that the job can be done in a more efficient way. It aids in hiring the right person for the right position.

According to Edwin B. Flippo, "A job specification is a statement of the minimum acceptable human qualities necessary to perform a job properly".



According to Dale Yoder, "Job specification as a summary is a specialised job description, emphasising personnel requirements and designed specially to facilitate selection and placements".

### 2.4.2. Objectives of Job Specification

Objectives of job specification are as follows:

- 1) **To Findout Prospective Candidate:** Job specification helps in searching the potential candidate for a vacant position. It helps in evaluating the resume more rapidly and impartially. It also helps in making a list of relevant questions for interview.
- 2) **To Attract Candidates:** It is necessary to make the job specification professional and a good representative of the organisation's image to the candidate. For this purpose, the job specification must be active and precise to attract talented candidates.
- 3) **To Set-Up Competency of Organisation:** When an organisation has set-up its core competency, the job specification assists in executing the various competency programmes.
- 4) **To Identify Competencies:** It helps the employers in recognising the accurate duties and skills of the employee. It also makes the prospective candidates capable of ascertaining their capacity of satisfying the job requirements.
- 5) **To Eliminate Discrimination:** It helps in preventing the violation of equal employment opportunities laws. It sets a standard of basic skills needed for a job description and specifies the basic required qualifications or experience.

### 2.4.3. Contents of Job Specification

Contents of job specification relate to:

- 1) **Physical Characteristics:** It consists of age, health, strength, size of the body, body weight, poise, vision, etc.
- 2) **Psychological Characteristics or Special Aptitudes:** It covers qualities such as manual dexterity, ingenuity, mechanical aptitude, judgement, etc.
- 3) **Personal Characteristics or Fruits of Temperament:** It includes personal appearance, good and pleasing manners, emotional stability, aggressiveness or submissiveness, etc.
- 4) **Responsibilities:** It involves supervision, responsibility for process, production and equipment, safety of other people, preventing loss in monetary terms, etc.
- 5) **Other Features of Demographic Nature:** Age, sex, education, experience, language ability, etc.

### 2.4.4. Specimen of Job Specification

Specimen job specification of compensation manager is given below:

Educational Qualification	A degree or diploma in personnel management/HRM or any other related disciplines from a recognised institution.
Work Experience	Minimum experience of 2 years in a similar post in a leading industry.
KSA (Knowledge, Skills and Abilities)	<ol style="list-style-type: none"> <li>1) Knowledge and expertise in the area of compensation administration in competing industries, procedures of job analysis, techniques of compensation survey, performance appraisal issues.</li> <li>2) Possess skills in writing job descriptions, in conducting interviews for job analysis, in making group presentations, in performing statistical calculations.</li> <li>3) Ability to organise and conduct meetings.</li> </ol>
Work Orientation Factors	The post may require 10 per cent of travelling.
Age	Maximum 30 years.

### 2.4.5. Difference between Job Specification and Job Description

Basis of Difference	Job Specification	Job Description
1) <b>Meaning</b>	Job specification is a written summary of minimum qualification, appropriate skills, knowledge and a set of characteristics that are required by an individual to fit in a job.	Job description is a well written statement which defines roles, tasks, duties and responsibilities expected to be performed in a particular job. It is a primary tool to collect job-related data.
2) <b>Objective</b>	It helps the candidates to find-out whether they are eligible to apply for a particular job position or not.	It helps the organisation to gather data related to a particular job so that it can be advertised.
3) <b>Importance</b>	It facilitates employee development.	It helps in better job performance in an organisation.
4) <b>Orientation</b>	Its main orientation is towards specific human qualities which are required for a job.	Its main orientation is towards task and responsibilities to be performed on the job.



## 2.5. JOB EVALUATION

### 2.5.1. Meaning and Definition of Job Evaluation

Job evaluation can be defined as a structured and organised method of assessing jobs and classifying them according to their utility in the organisation. It also helps in designing compensation plans. It generally depends upon compensation variables (skills required for job performance, working conditions and job responsibilities) instead of employees. For example, the compensation variables for a junior-level engineer may consist of bachelor's degree in mechanical engineering, industrial experience of three years, and experience of two years in product testing to ensure the quality and consistency. Group of compensation variables which are used to determine wage rates will vary, as some variables are used for determining hourly wages, some are used for determining salaries and some for evaluating performance on a task basis.

According to Edwin B. Flippo, "The systematic and orderly process of measuring the worth of job within an organisation is called job evaluation".

According to Kimball and Kimball, "Job evaluation represents an effort to determine the relative value of every job in a plant and to determine what the fair basic wages for such a job should be".

According to Dale Yoder, "Job evaluation is a practice which seeks to provide a degree of objectivity in measuring the comparative value of jobs within an organisation and among similar organisation. It is essentially a job rating process, not unlike the rating of employers".

### 2.5.2. Purposes of Job Evaluation

Purposes of job evaluation are as follows:

- 1) To regulate the real value of jobs, depending upon a systematic evaluation of job complexity and to perform it autonomously, through a set of pre-determined compensation standards, without considering the characteristics and outcomes of the real job performers.
- 2) To correlate the jobs in relation to their real value and to decide the complications associated with job and logical job structure.
- 3) To render a logical base for equal payment of wages and salaries so that equity is maintained.
- 4) To arrange the jobs according to their significance based on job functions, liabilities and other concerned factors.
- 5) To attain and keep thorough information of each job or occupation.

- 6) To develop a system for regular review of wage rates.
- 7) To render a standard for employee's career planning.
- 8) To aid the employers in identifying the expandable jobs as well as the removable jobs, if it is required. Sometimes, jobs are removed because of technological changes. Whenever technology changes, previous jobs like typing or manual adding, becomes less important and sometimes completely not even required.

### 2.5.3. Process of Job Evaluation

The steps in a job evaluation process are shown in figure 2.4:

**Step 1: Identification of Jobs for Evaluation:** The initial step of job evaluation is the identification of the jobs to be included in this process. It is a difficult task for an organisation to assess each and every job of the organisation. Hence, it chooses some of the major jobs, which represent a combination of identical jobs for evaluation purpose.

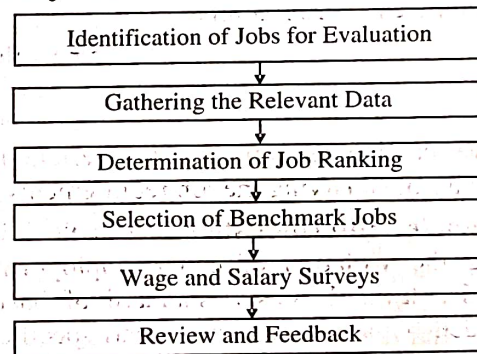


Figure 2.4: Process of Job Evaluation

After identification of jobs, the next task is to decide the factors to be examined. The evaluator is free to evaluate any number of job factors such as physical and mental efforts, attentiveness, communication and leadership skills, knowledge and experience, job difficulty and pressure, etc.

**Step 2: Gathering the Relevant Data:** In this phase, all the relevant information pertaining to the job being evaluated is collected. For this purpose, evaluators may use any of the data collection methods such as questionnaires, observations, interviews, etc.

**Step 3: Determination of Job Ranking:** Once all the relevant information about a job is examined, an evaluator analyses the extent of availability of the factors selected in the job. Based upon the outcome of this analysis, an evaluator evaluates the ratings for every job. Since many identical factors are analysed during the process of evaluation, as a result the ratings represent the relative value of the job with respect to other jobs in the organisation.



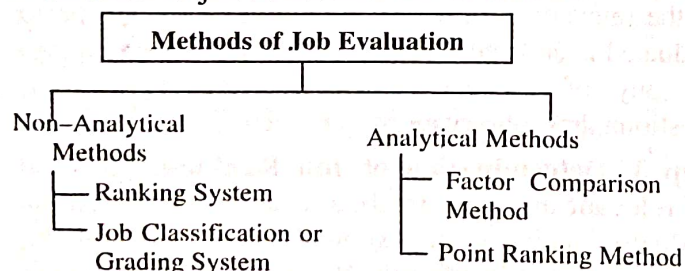
**Step 4: Selection of Benchmark Jobs:** Job evaluation has a primary purpose of establishing pay grades for every kind of job. With this view, it becomes important for an organisation to be aware of competitor's pay grades for jobs at similar levels. Therefore, it may not be practical for an organisation to guess the comparative pay grades of all the jobs within the organisation itself. For this reason, the evaluators may choose those jobs, which are prevalent in every organisation, and are comparable in nature. These jobs are commonly known as benchmark jobs and act as a tool in establishing the pay grades of different jobs in the organisation.

**Step 5: Wage and Salary Surveys:** During this step, a survey is organised by the organisation about pay scales of the benchmark jobs in different organisations belonging to the same industry. These surveys may be organised by an organisation either formally or informally. Likewise, an organisation may either organise a direct survey in order to collect the necessary information or utilise the reports published through several professional agencies or magazines. On the basis of these surveys, the organisation decides the financial value of each job. Several organisations, sometimes, opt for the informal sources such as telephones, newspapers and the internet for organising salary surveys.

**Step 6: Review and Feedback:** Changes in the external environment affect the organisations constantly and result in changing internal factors as well. **For example,** technological changes strongly affect the job characteristics and demands. As a result, organisations are pressurised to analyse the jobs regularly to determine their values in the changing environment. It is necessary to take feedback from various stakeholders such as supervisors, managers, job holders, and unions about the different dimensions of job evaluation to enhance the entire process regularly.

## 2.5.4. Methods of Job Evaluation

The methods of job evaluation are as follows:



### 2.5.4.1. Non-Analytical Methods

In such methods, all the jobs are contrasted against each other without splitting them further and evaluated under their various elements. Various methods are as follows:

- 1) **Ranking System:** This method tends to arrange and rank the jobs according to their values from the simplest to the toughest or *vice versa*, in a sequence. There is no need to have the job descriptions, although they are important. At times, a series of grades or zones are developed and all the jobs are organised under that job description. It is very common to organise all the jobs as per their demand by giving them rates and to classify them. Generally, one chooses to rank the jobs as per the 'whole job' instead of ranking them on the basis of quantity of compensation variables.

### Advantages of Ranking System

Advantages of ranking system are as follows:

- i) It is easy to explain this system to the employees (or a union). Hence, it is an appropriate method for small organisation with well-defined jobs.
- ii) It is comparatively cost effective and needs less administration.
- iii) Less time-consuming, includes few forms and less work, until it is carried-out to a detailed level, by the organisation.

### Disadvantages of Ranking System

Disadvantages of ranking system are as follows:

- i) The specific job demands like skills, effort and responsibility are usually not evaluated individually. More often, a rater's judgemental view seems to be heavily affected by current wage rates.
  - ii) This system only develops a job sequence but it does not denote to which extent it is more significant than others. It only provides ranks and tells us whether it is higher or more complex than another one, but does not show the gap exactly.
- 2) **Job Classification or Grading System:** In job classification method, jobs are grouped into different grades, each grade holding a specific class description and very often a pay scale is also used for making comparisons. It is a strategy of organising a job as per the current responsibility and duty related to the job. The grade descriptions are the results of the preliminary information about the job which is generally taken from the job analysis. After formulation and study of job description and job specification, jobs are categorised into classes or grades which indicate various pay scales. Certain jobs may then be categorised together into a common rank or classification. Basic grade descriptions are specifically written for each job classification, and at the end these are utilised as a benchmark for allocating a specific pay scale to every job.



### Advantages of Job Classification System

Advantages of the job classification system are as follows:

- i) As this method does not demand for extra time or any kind of technical help; it is simple to understand and operate.
- ii) As a system, job classification allows the administration to deal with different job functions at the same time.
- iii) It easily resolves the pay determination issues by grouping all the jobs into a classification. These pay grades are set for and delegated to every job classification.

### Disadvantages of Job Classification System

Disadvantages of the job classification system are as follows:

- i) Job classification influences employee efficiency or performance and their hierarchical relationships. Human resources may be re-deployed and they may face difficulty in adjusting with new atmosphere and people. It may affect the performance due to changed standards.
- ii) In the absence of a detailed job analysis, the judgement with respect to whole job range may provide a wrong categorisation.
- iii) When the number of jobs is more, the job classification system is hard to implement.
- iv) Understanding the influence of job's rank of a person on the job is a complex task.
- v) This system is inflexible and inappropriate for big organisations or for jobs with varied nature.

#### 2.5.4.2. Analytical Methods

Analytical or quantitative method includes the breaking down of jobs into elements and giving a final and overall rank order score for each element.

The various analytical methods are as follows:

- 1) **Factor Comparison Method:** In this method, jobs are analysed through benchmark values. It involves determining those jobs which include more number of compensable factors than others. In this case, the analyst or the evaluation committee opts for some 'key' or 'standard' jobs for which they have clear job descriptions within the organisation and in the competing organisations as well. They also opt for the standard jobs holding pay grades, which are agreed upon by both the management and labour. In this method, every job is given a rank, one at a time for each selected compensable factor.

### Advantages of Factor Comparison Method

Advantages of the factor comparison method are as follows:

- i) It is an organised and computable method in which explanatory guidelines are provided.
- ii) To determine a relative value, jobs are compared to other jobs.
- iii) This method can be easily understood by employees.
- iv) There is no restriction on the application of values to each factor.

### Disadvantages of Factor Comparison Method

Disadvantages of the factor comparison method are as follows:

- i) Expensive installation and a bit hard to execute for one who is not familiar with the basics of job evaluation method.
- ii) Changes take place in wage levels with time, and their minor deviations may be modified to align all the jobs.
- iii) When used as a basis of rating, money rates tend to affect the actual rate more than the abstract point.
- iv) The system is complicated, so it is not properly understood by all employees.

- 2) **Point Ranking Method:** This is the most commonly used method of job evaluation. **Firstly**, it recognises the number of compensable factors (i.e., a variety of job characteristics) and **secondly**, it determines the extent to which each of these factors is available in the job. Each factor holds a different number of points. As soon as, the degree of each factor is analysed, the equivalent number of points of each factor is combined and the total value is achieved. This method relies upon the belief that it is possible to give points to individual factors which are important for evaluating the job of an individual. Total of these points gives an idea about the relative importance of rated jobs.

### Advantages of Point Ranking Method

Advantages of point ranking method are as follows:

- i) Points are given to each factor which makes it easier to allocate values to sum of job points.
- ii) This method is easily accepted by the workers.
- iii) The system cannot be manipulated easily.
- iv) A large number of jobs can be handled by this method and it also seems to be stable as long as the factors remain relevant.



**Disadvantages of Point Ranking Method**

Disadvantages of point ranking method are as follows:

- i) Installation and creation of this system is expensive.
- ii) This method consumes a lot of time in defining job factors and it is also clumsy.
- iii) If numerous rates are used, substantial clerical work is required in recording and concluding the rating scales.
- iv) It is not easy to determine the level of factors present within the factors and finally allocating the values.

**2.5.5. Benefits of Job Evaluation**

Benefits of job evaluation are as follows:

- 1) **Helps in Wage and Salary Fixation:** It assists the top management in developing a logical and consistent structure of wage and salary by facilitating a criterion to determine the wages and salaries. Wage incentive plans are also prepared on the basis of the job evaluation process.
- 2) **Helps in Reducing Grievances:** An organisation can make use of job evaluation programmes in order to reduce the disputes and grievances of workers through a systematic procedure.
- 3) **Helps in Recruitment and Selection:** Job evaluation helps in determining the need of new employees. When demand is identified, HR department can easily match the job requirement with new employees.  
Hence, it makes recruitment and selection easier. It also helps in deciding promotion and transfer of employees.
- 4) **Enhances Labour-Management Relations:** As job evaluation helps to remove inequalities in wages in the organisation, it facilitates in maintaining cordial relations among employees and employers.
- 5) **Guarantees Equitable Rewards Distribution:** Every employee needs fair and reasonable payment of rewards and job evaluation helps in ensuring equitable distribution of rewards.

- 6) **Helps in Analysis of Company:** It acts as an important technique for organisational analysis and recognising the gaps or overlaps in the duties and responsibilities.
- 7) **Helps in Wage and Salary Negotiations:** A logical base is provided by job evaluation in order to negotiate the wage and salary with trade unions.
- 8) **Evaluates Hierarchy of Job:** Job evaluation helps in determining the exact utility and the hierarchy of the job in the organisation. For example, if there are three job profiles, job evaluation will determine their exact position depending on the type of organisation and relevance of each position.

**2.6. EXERCISE****2.6.1. Very Short Answer Type Questions**

- 1) Define HRP.
- 2) Define job analysis.
- 3) Define job description.
- 4) What is job evaluation?

**2.6.2. Short Answer Type Questions**

- 1) Explain the importance of HR planning.
- 2) Discuss the factors affecting HR planning.
- 3) Elucidate the use of job analysis.
- 4) What are the uses of job description?
- 5) Explain the purpose of job evaluation.

**2.6.3. Long Answer Type Questions**

- 1) Explain Manpower planning to HR planning. Differentiate between Manpower planning and HR planning.
- 2) Discuss HRP process. Discuss tools for demand forecasting.
- 3) What are the challenges for HR? Highlights the barriers of HRP.
- 4) Explain the process of job analysis. Discuss the methods of collecting job analysis information.
- 5) Discuss the method of job evaluation. Highlights the benefits of job evaluation.



## Chapter 3

# Recruitment and Selection

### 3.1. RECRUITMENT

#### 3.1.1. Meaning and Definition of Recruitment

Recruitment can be defined as the process of finding out prospective candidates for filling actual or projected vacancies in an organisation. Recruitment enables the organisation to obtain the number and types of individuals required for its continuous working. Normally, it is an effort to gain the interest of the candidates looking for jobs, find the candidates interested in the job and create a group of potential employees, with the help of which the management can choose the suitable person for the job.

The process of recruitment is one of the most significant aspects for operating a business successfully. The quality of the workers determines the performance of an organisation, and therefore, individuals who effectively manage all the functions of the organisation are more suitable for it. Even though, changes can be brought in some incompetent employees by training and rigorous supervision, recruitment of capable and passionate people is undoubtedly preferred. By appointing the right person on the right position, great amount of time, energy, and money can be saved. Therefore, it is necessary for a manager to recruit high-quality employees in order to fulfil the organisational needs.

According to Edwin B. Flippo, "Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation".

According to Barber, "Recruitment includes those practices and activities carried-out by the organisation with the primary purpose of identifying and attracting potential employees".

According to Dale 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".

#### 3.1.2. Nature of Recruitment

Nature of recruitment is as follows:

- 1) **Positive Function:** Recruitment is considered to be a positive function as it creates a pool of qualified candidates from which the most appropriate candidates can be chosen.
- 2) **Continuous Process:** It is a managerial and on-going process as it does not involve a single activity but a series of activities.
- 3) **Linking Activity:** It brings together the employer and the employees and hence is considered to be a linking activity.
- 4) **Pervasive Function:** Recruitment is an activity which takes place in every organisation, therefore, it is a pervasive function; however, its volume and nature differs according to the type and size of the organisation.
- 5) **Two-Way Process:** It is a two-way process which involves a recruiter and a recruitee. Both of them have their own choices, the recruiter can choose whom to select and recruitee has the choice of selecting the organisation in which he wants to work.
- 6) **Complex Job:** It is a complicated process as there are many factors which may restrict the freedom of management during the recruitment process.

#### 3.1.3. Importance of Recruitment

Importance of recruitment is as follows:

- 1) **Determines Present and Future Requirements:** It involves identifying and preparing potential job applicants for higher job positions. It is significant for every organisation to find out the existing and future needs of the organisation as per the human resource planning and job analysis activities.
- 2) **Creates and Increases Applicants Pool:** Recruitment develops a pool of talented candidates to facilitate the selection of the most suitable candidates for the organisation. It helps to gather an appropriate number of acceptable applicants for each job position at minimum cost. It has been observed that the worth of selection to an organisation rises with the increase in the pool



of potential candidates. Infact, a larger group of qualified applicants indicates that there are more suitable applicants available for the vacant job positions. A selection programme, therefore, has an excellent possibility of recognising only well-qualified individuals. Conversely, if the recruitment programme attracts a small number of applicants in comparison to the number of available positions, then a situation of repeating the entire recruitment process may occur.

- 3) **Increases Success Rate of Selection:** By lowering the percentage of applicants who are either less qualified or who have the undesired KSAs (knowledge, skills, and abilities) for the recruiting organisation, recruitment increases the success rate of the selection process. Staff time, materials, and physical facilities are needed by this kind of processing. If the recruitment programme brings applicants who do not match the requirements of the vacant job positions, the results can be terrible. The expenses done on assessing the inappropriate candidates can go in vain. Furthermore, the extra time required for persistent human resource recruitment and selection increases the organisational expenses as well.
- 4) **Meets Organisation's Obligations:** The objective of recruitment is to meet the organisation's legal and social obligations concerning the demographic composition of its workers. An organisation's compliance with various laws and directives has frequently been judged by the demographic features of those recruited and selected. The demographic features of selected candidates are directly proportional to the features of the applicant pool. If recruitment programme fails to provide the desired pool of applicants, then, it is quite obvious that the selection programme will not be able to fulfil the required set of skilled personnel.
- 5) **Increases and Evaluates Effectiveness:** The present as well as the future effectiveness of the individual and the organisation gets increased due to recruitment. It also assesses the effectiveness of a variety of recruiting methods and sources for all types of job applicants.
- 6) **Reduces Turnover:** Once recruited and selected, the recruitment process minimises the chances that job applicants will quit the organisation in the initial phase of placement. This in turn results in retention of potential employees.

### 3.1.4. Recruitment Policies

Every organisation has certain recruitment policies that are to be followed systematically for proper recruitment of the candidate. Recruitment policies have become a

crucial part of almost all the organisations. These policies are established by the HR department, which not only guides them to recruit an appropriate candidate but also sets the preferences for the recruitment process based on organisational needs. **For example**, some organisations give priority to qualification over experience, whereas few may give preference to skills as compared to qualification. Thus, these priorities should be determined well in advance before establishing a recruitment policy.

**According to Yoder**, "A recruitment policy may involve a commitment to broad principles such as filling vacancies with the best-qualified individuals. It may also involve the organisation system to the developed for implementing recruitment programme and procedures to the employed".

### Features of Good Recruitment Policy

Following are the features of an effective recruitment policy:

- 1) The policy of recruitment should be compatible with the rules and regulations as specified by the government.
- 2) It should not disregard any rules made for other employees working in the company.
- 3) In order to increase the number of applicants and to meet the demands of the organisation, the recruitment policy needs to be very dynamic and forward-looking in its approach.
- 4) Besides providing job security in the form of long term services, recruitment policies should also facilitate employee development programmes.
- 5) A good employment policy should be unbiased and must offer equal job opportunities to different segments of the community.
- 6) An effective policy of recruitment should be flexible so that it can be changed as per the need and time of the organisation.

### Objectives of Recruitment Policy

There are certain objectives of every recruitment policy. Some of them are as follows:

- 1) Make sure that the entire process is fair, unbiased, uniform and based on merit.
- 2) Attract the attention of maximum number of candidates so that the requirements of the job can be fulfilled easily.
- 3) Select the most appropriate candidate by using most effective recruitment techniques.
- 4) Make the procedure of the employment clear to those who perform the function of selecting the candidates.
- 5) The decisions made and the method followed in recruitment policy should be in accordance with the job requirements.



- 6) Make sure that authorities carrying-out the recruitment process should be well specialised and experienced in order to meet the objectives of the procedure.
- 7) See that all the legal formalities to conduct recruitment are met fully.

### 3.1.5. Factors Affecting Recruitment

Recruitment is mainly affected by following two types of factors:

1) **External Factors:** These factors or forces are those factors which cannot be controlled by the organisation. A variety of external factors which affect recruitment are as follows:

i) **Supply and Demand:** A significant factor in the recruitment process is the manpower supply, both inside and outside the organisation. If demand of the professionals in the company is more and supply of professionals in the market is low, then the company will have to rely on internal sources by training and developing employees.

ii) **Unemployment Rate:** Growth of the economy is another factor that affects the availability of applicants. Lack of jobs in the company and surplus labour in the market can give rise to a situation of unemployment.

iii) **Labour Market:** Employment conditions in the area where the organisation is situated, affects the recruiting activities of the organisation. Ordinary attempts like displaying job vacancies on notice boards or announcement in the official meetings, etc., will attract more candidates than needed at the time of recruitment.

iv) **Image/Goodwill:** Employer's image can also act as a hindrance for recruitment. The activities of the organisation are the basis for building organisational image. It becomes easier to attract and retain employees for an organisation if it has a positive image and goodwill as an employer than for an organisation with negative image.

v) **Political-Social-Legal Environment:** Recruitment practices are directly influenced by various government regulations which keep out favouritism in hiring and employment. For example, legislation for reservation in

employment for scheduled castes, scheduled tribes, physically handicapped, etc., have been introduced by the Government of India. In addition, trade unions play significant role in recruitment. This hampers the management's freedom to choose the potential candidates. Recruitment sources can be limited by union's regulations if the candidate does not fulfil the criteria set by the union.

vi) **Competitors:** The recruitment function is also influenced by the recruitment policies of the competitors. Generally, organisations change their recruitment policies to match up with the competitors' policies, so that they can compete in the market.

2) **Internal Factors:** The factors that can be regulated by the organisation itself are called internal factors. There are various internal factors in the organisation which influence the recruitment programme:

i) **Human Resource Planning:** How many employees are to be recruited and what qualification they should have is decided with the help of effective human resource planning.

ii) **Recruitment Policy:** The aims of recruitment are stated in the recruitment policy of the organisation. It also gives an outline for the execution of recruitment programme.

iii) **Size of Firm:** Another vital factor that affects the process of recruitment is the size of the organisation. If the organisation is planning to increase its operations and expand its business, it will plan for hiring more employees to carry-out its functions.

iv) **Cost:** Recruitment expenses are borne by the employer, therefore, organisations try to make use of that source of recruitment which gives more output in less cost.

### 3.1.6. Recruitment Process

The recruitment process involves different activities through which competent potential candidates are searched as specified by human resource planning, job description and job specification. Recruitment procedure is shown in figure 3.1:

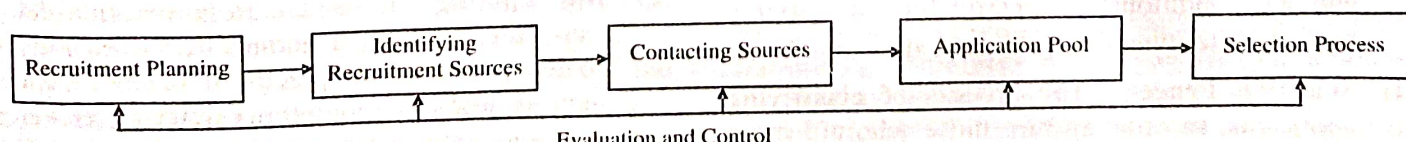


Figure 3.1: Recruitment Process



1) **Recruitment Planning:** Recruitment planning is the initial step of the recruitment process. It involves determining the following:

i) **Number of Contacts:** Organisations always intend to attract more than the required candidates as they want to make the best choice out of a larger number of candidates. It is also done because many candidates are not willing to join the organisation and a few of them may not be fulfilling the selection criteria. So, whenever a recruitment programme is thought of, the organisation has to think about the quantity of applications it should get in so as to fill all its vacancies with suitable candidates.

ii) **Type of Contacts:** It involves the type of people to be made aware about the job vacancies according to the job description and job specification.

2) **Identifying Recruitment Sources:** Once a recruitment plan is finalised representing the number and type of potential candidates; they must be attracted in such a way that they offer themselves for employment. Hence, it is essential to identify the sources from which these candidates can be attracted.

3) **Contacting Sources:** After the final decision about the sources of selecting the potential candidate, the procedure of contacting these sources is initiated. Recruitment is a two-way process and there are mainly two parties, i.e., recruiter and a recruitee.

Based on the information about the candidate, recruiter can select the candidate. Similarly, the recruitee, on the basis of the information about the organisation, takes the decision to join the organisation or apply somewhere else. Hence, the organisation must choose which information is to be shared with the candidates, especially in case of external sources.

4) **Application Pool:** The final aim is to attract more and more candidates so as to maintain flexibility in selection, no matter what method of recruitment is used. The organisation starts receiving applications from potential candidates as soon as the sources of recruitment are contacted. The type of organisation, kind of jobs, and the conditions in specific human resource markets determine the number of applications.

5) **Selection Process:** The process of classifying applicants, in order to hire those who are more competent for the job, is called selection.

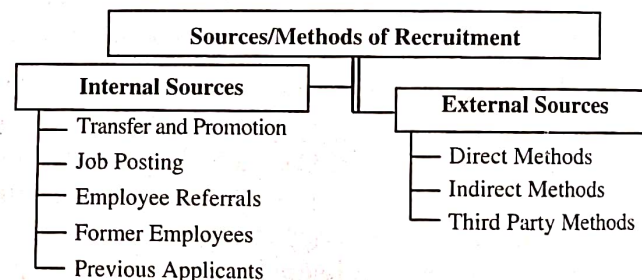
Selection process requires extremely specialised techniques. Thus, the selection process involves expert employees who are proficient in using selection tests, conducting interviews, etc.

6) **Evaluation and Control:** It is necessary to enhance the efficiency of recruitment attempts in future. It should be kept in mind that recruitment is an expensive process, involving costs such as the recruiter's salary, advertising costs, managers' salaries and various other costs. It is thus necessary to evaluate the process of recruitment.

### 3.1.7. Sources/ Methods of Recruitment

Sources of recruitment are the means of selecting the candidates for the process of recruitment. Through the sources of recruitment, one gets to know about the availability of a number of suitable candidates.

When the recruitment plan demonstrating the number and type of prospective candidates is finalised, then the recruitment sources are considered. This makes it necessary to identify recruitment sources from which these candidates can be attracted. There are two main sources of recruitment, which are as follows:



#### 3.1.7.1. Internal Sources

This is the process of filling job openings by choosing from the pool of existing workforce in the organisation. Following methods or techniques can be used while recruiting internally:

1) **Transfer and Promotion:** Transfers and promotions are ways of filling organisational job vacancies internally. Internal movement within the same grade, from one job to another is called as **transfer**. Whereas, the movement of an employee from a lower level position to a higher level position alongwith the changes in work, responsibilities, status and value is termed as **promotion**.

2) **Job Posting:** It is an in-house method of recruitment in which notices of vacant jobs are posted at important places of the organisation such as employee lounges, cafeterias, elevators, etc., and employees are provided with a large amount of time to apply for the available jobs.



Nowadays, job posting is being used as one of the most creative way of recruitment in organisations. Various organisations consider job posting as an in-built part of an effective career management system. Thus, it is considered to be the easiest and most commonly used method by employers to inform employees about job openings.

- 3) **Employee Referrals:** Using of personal contacts to fill a job opportunity is known as employee referral. It is a reference from an existing employee regarding a candidate, be it a friend or a close relative. It is considered to be an "it takes one to know one" approach. A major problem with this method is that it encourages favouritism, i.e., candidates of one's community or caste is selected, who may or may not be suitable for the job.
- 4) **Former Employees:** Former employees are increasingly becoming a feasible source of recruitment as the employers mostly contact former employees. They are more trusted as an internal source because they have relation with the company. Many of the retired employees may be interested to return to work on a part-time basis or may propose someone who would like to work for the organisation. At times people who have left the company for upbringing their family or to complete college education are enthusiastic to return to work after fulfilling their individual objectives. Individuals who had left the job earlier for other jobs may be interested to return for a high salary package.

For attracting retirees or others who had worked earlier in the organisation, use of job sharing and flexitime programmes can be beneficial. Recruiting former employees is beneficial in the sense that organisation already knows about their work ethics.

- 5) **Previous Applicants:** Not only the internal sources but also those who have applied for jobs earlier can be contacted again. It is a fast and cheap way to fill unpredicted or unexpected job vacancies. Candidates who have attended "walk-in" may also be considered. Earlier walk-ins are likely to be more appropriate for filling unskilled and semi-skilled jobs.

**For example,** a firm which required two cost accountants may contact the previous qualified applicants. This particular action can fulfil the needs of the firm and in turn will also help those individuals who are dissatisfied with their present job at other organisation.

### Merits of Internal Sources

Merits of internal sources of recruitment are as follows:

- 1) **Familiarity:** The organisation and its members know each other very well. The organisation is aware of the capability and skills of the candidates as they are insiders. On the other hand, employees are also aware of the workplace environment and requirements of the vacant jobs.
- 2) **Better Utilisation of Internal Talent:** Dependence on internal recruitment makes it possible for the company to use the competencies of its employees in a better manner. **For example,** some extraordinary employees may be worthy of promotion, or some may perform better on switching to other jobs.
- 3) **Economy:** The cost of recruiting internal employees is nominal and there is no need for the company to spend huge amount of money and time on informing and reminding its employees to apply for the job.
- 4) **Motivational Value:** Employees feel motivated and encouraged through internal recruitment. The employees work efficiently in anticipation of getting promotion and transfer.

### Demerits of Internal Sources

Demerits of internal sources of recruitment are as follows:

- 1) **Restricted Choice:** Internal recruitment has a narrow base. It limits the alternatives and freedom of the firm in selecting the most appropriate candidates for the vacancies. Because of that the company may not be able to choose the best option available outside the organisation.
- 2) **Inbreeding:** Too much dependence of the company on internal recruitment signifies that the company does not want to hire fresh applicants present outside. Existing employees may lack dynamism, even if they are promoted or transferred they may continue to work and behave in the similar ways as that of the previous post.
- 3) **Absence of Competition:** Employees possibly assume an automatic promotion on the basis of seniority as there is a lack of competition from competent candidates present outside. Therefore, they may have no desire to prove them again and again.
- 4) **Conflict:** Chances of conflict and hostility among employees who aspire for promotion to the available vacancies may increase. The efficiency of those who are not promoted drop and they become dissatisfied.



### 3.1.7.2. External Sources

Organisations can fulfil the job positions from outside through the following methods or techniques:

1) **Direct Methods:** In these methods, the recruiters are sent to educational and professional institutions in order to build public contacts and exhibits. Various direct methods are:

i) **Campus Recruitment:** Campus recruitment is a method in which recruiters visit the campus and placement cells of educational institutions such as engineering and management colleges in order to get the qualified candidates. Recruiters get a large number of candidates to choose from and candidates can select the job post which suits them from the available job options.

ii) **Scouting:** Scouting is a method in which representatives are sent by the human resource department to those places where recruitment activities are going on. They get in contact with the prospective candidates who are searching for jobs. Applicants go through an initial interview. Job fairs, indoctrination seminars are some of the other ways of this particular method.

iii) **Recruitment at the Factory Gate:** It is a method of direct recruitment in which a notice is posted outside the factory gate, stating the information regarding the job vacancies.

2) **Indirect Methods:** Indirect methods include the following:

i) **Advertisements:** In modern times, this medium has become equally vibrant, energetic and creative as consumer advertising. The advertisements usually provide a brief outline of the job responsibilities, compensation package, growth opportunities in the organisation, etc. This method is suitable when the organisation wants to reach a large target group and desires a good number of qualified individuals who are cosmopolitan in distribution.

ii) **Employees Trade Associations/Clubs:** Meetings, conferences, seminars, and other social functions of employee trade associations/clubs are more ways of spotting suitable candidates.

iii) **Professional Associations:** Professional associations/bodies of major professionals like Doctors, Engineers, Auditors, Chartered Accountants, and Managers also provide abundant opportunities to discover potential candidates for technical, scientific and managerial cadre vacancies.

iv) **Other Reputed Firms:** Nowadays, it has become a trend to recruit human resources from well-known firms. Few companies and firms have established good reputation on productivity, efficiency, and industrial harmony. Many firms have made efforts to discover appropriate candidates from such firms for filling job positions.

3) **Third Party Methods:** Third party methods, which are most common, are as follows:

i) **Private Employment Agencies:** They are used extensively and charge very little fee from an applicant. They concentrate on specific occupations such as general office help, salesmen, technical workers, accountants, computer staff, engineers and executives. These private agencies work as middlemen between employees and employers.

ii) **State or Public Employment Agencies:** These are also known as **Employment or Labour Exchanges**. They provide a clearinghouse for jobs and job information alongwith a wide range of services such as counselling, jobs searching, and information about the labour market, workers and pay rates.

iii) **Schools, Colleges and Professional Institutions:** All these provide opportunities for recruiting their students. These general and technical/professional institutions provide blue collar, white-collar and managerial personnel.

iv) **Professional Organisations or Recruiting Firms or Executive Recruiters:** They keep entire information records about employees and executives. These consulting firms suggest highly competent individuals for managerial, marketing, and production engineers' posts.

v) **Trade Unions:** Trade unions offer manual and skilled workers in ample quantity. In a few organisations, formal agreements are made to give priority to the candidates recommended by the trade unions during the recruitment process.

vi) **Casual Labour or Applicant at the Gate:** Many industries are dependent on the casual labourer who daily marks his presence at the factory gate or employment office.

vii) **Unconsolidated Applications:** There are certain job posts for which small numbers of candidates apply. In such a case organisations can search the applications/forms of those candidates who have approached the organisation for the vacancies available by their own efforts.



- viii) **Voluntary Organisations:** These organisations such as private clubs and social organisations might also supply employees like who are physically handicapped, widowed or married women, aged persons, retired people, etc.
- ix) **Computer Data Banks:** When a company needs a specific type of employee, job descriptions and job specifications are uploaded into a computer, where they are matched with the resume data stored therein.

### Merits of External Sources

Merits of external sources of recruitment are as follows:

- 1) **Wide Choice:** Organisations can freely choose candidates from a huge pool of applicants.
- 2) **Injection of Fresh Talent:** People with unique skills and knowledge can be selected to energise the present employees and incorporate creative methods of working.
- 3) **Motivational Force:** Internal employees are encouraged to work hard and compete with external candidates in search of career growth. A competitive atmosphere like this would assist an employee to work to the best of his abilities and as hard as he can.
- 4) **Long-Term Benefits:** If competent individuals will join the organisation, they can discover new ideas. This can create a competitive atmosphere which would force employees to give out their best, earn benefits, get promotions, etc.

### Demerits of External Sources

Demerits of external sources of recruitment are as follows:

- 1) **Expensive:** Using various sources of recruitment is not an easy work, hiring costs could rise considerably.
- 2) **Time-Consuming:** Advertising, screening, testing and selecting the right employees is a time-consuming process. The whole procedure needs to be repeated if the right candidate is not found.
- 3) **Demotivating:** Present employees who have given a lot of time in service may oppose the process of filling up vacancies from outside the organisation. The feeling that their services have not been valued by the organisation demotivates them, and they start losing interest in performing the job.
- 4) **Uncertainty:** There is uncertainty that the organisation will be able to hire the right candidates. It may end up hiring unsuitable candidates who may not be able to adjust into the new settings.

### 3.1.8. Evaluation of Recruitment Process

In order to find out the effectiveness of different sources of recruitment, it is crucial to assess the recruitment efforts. To analyse if the efforts put in the recruitment process are productive in relation to the cost incurred, it is recommended to formally evaluate the recruitment process. Even though there are numerous factors that affect recruitment effectiveness, subsequent fields generally need consideration:

- 1) **Evaluating Quantity and Quality of Recruitment:** As a measure of evaluating recruitment efforts, organisations can compare their present recruiting efforts with their past trends and also with the recruiting trends of other organisations. There are certain factors which can indicate approximately, whether the number of applicants responded is adequate or not. The data related to the performance of the job, frequency of absenteeism, expenditure on training, and labour turnover can also prove significant for future recruiting efforts. **For example**, certain colleges or schools are believed to provide loyal and high performing employees to the organisation as compared to certain other colleges and schools whose students are more likely to quit the organisation during the initial phase of placement. The basis of evaluation of quality and quantity of recruiting comprises of the following factors:
  - i) **Quantity of Applicants:** For a recruiting programme to be successful, it needs to attract a lot of applicants. Thus, evaluation must start with a quantity of applicants. The first step to measure the quantity is to determine the number of applicants who have filled the vacant job positions. Another question associated with this is, whether or not the source of recruitment has provided a sufficient number of qualified candidates, with a suitable blend of reserved and general class.
  - ii) **Quality of Applicants:** Apart from quantity, the next vital issue is whether the applicants are qualified enough to match the job requirements. Do they meet the job specification and fulfill the organisation's expectations? What is the percentage of sustainability and failure of new recruits for the employer? The percentage can be measured using techniques like performance appraisal ratings, promotion period, output, and volume of sales, etc.
- 2) **Evaluating the Average Time Required for Filling Job Openings:** Another way of evaluating recruiting efforts is by taking into account the time consumed to fill vacancies. If the organisation is