

# HUMAN RESOURCE PLANNING

## Unit Structure:

- 1.0 Objectives
- 1.1 Meaning
- 1.2 The planning process
- 1.3 Indicators and trends
- 1.4 Ascertaining demand and supply in human resource
- 1.5 Causes of demand, forecasting techniques and human resource requirements
- 1.6 Estimation of internal supply and external supply
- 1.7 Linking human resource planning with strategic human resource management.

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## 1.0 OBJECTIVES:

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At the end of this chapter, you will be able to:

- Understand the need for Human Resource Planning.
- Ascertain the demand and supply of labour in organisations.
- Estimate the human resources requirements using various techniques.
- Evaluate the linkage between strategic business plans and planning for human resources.

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## 1.1 MEANING

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Human resource planning is a systematic process to balance the flow of employees and ensure that the business has the right people with the appropriate skills and ability to build a strong workforce. It is a process of forecasting and strategizing to meet the organization's demand and supply of manpower needs in the present and future. Human resources planning ensures the best fit between employees and jobs while avoiding manpower shortages or surpluses. A good HRP strategy in place can contribute to productivity and profitability of a company.

Human resource planning allows companies to plan ahead so they can maintain a steady reserve of skilled employees.. The process of workforce planning is used to help companies understand their needs and to plan ahead to meet those needs. Human resource planning needs to be flexible enough to meet short-term staffing challenges while also adapting to changing conditions in the business environment over the longer term. The process starts by assessing and auditing the current capacity of human resources.

The goal of HR planning is to have the optimal number of staff to make the most money for the company. Because the goals and strategies of a company change over time, human resource planning is a regular occurrence. Additionally, as globalization increases, HR departments will face the need to implement new practices to accommodate government labour regulations that vary from country to country.

The increased use of remote workers by many corporations will also impact human resource planning and will require HR departments to use new methods and tools to recruit, train, and retain workers.

### **Why is Human Resource Planning important?**

Maintaining a company's productivity and profit levels depends on hiring the proper kind of qualified workers. Making recruiting decisions for now and the future according to the company's needs can be made easier with the help of human resource planning. Among other things, the following reasons further explain why human resource planning should be an important process for organisations to consider.

#### **Monitoring skills and capabilities of employees**

With human resource planning, the skills and capabilities of current employees can be reviewed and evaluated if they are performing their work tasks adequately or require additional training. Promotion decisions can also be taken for employees to position them with more responsibilities that can expand their professional abilities and save the time and money needed to interview and recruit new candidates.

#### **Adjusting to Industry developments**

Planning for human resources can assist organisations in adjusting to the industry's changes and advances. To manage business operations in new marketing areas, organisations can decide whether they would need to create and budget for new jobs within the organisation. A long-term expansion and prosperity of business would be made possible by such preparedness.

#### **Competitive edge in the industry**

Employing the appropriate people and giving them the correct incentives to stay on staff will help a business stay competitive in its field. Planning for human resources may guarantee that the best hiring practises are used and that current and potential employees are offered favourable work conditions and perks.

#### **Long-term growth**

It is important to think about how a business might develop and deal with upcoming changes. An organisation may choose to adjust the size of its activities, which may alter the needs and expectations it has for its employees. The demands and plans of the employees may also vary. A few of them might decide to change jobs, hunt for alternative employment, or

retire. When preparing the budget and hiring requirements for the upcoming years, several considerations must be made.

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## 1.2 THE PLANNING PROCESS

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Human resource planning enables companies to plan ahead so they can maintain a steady supply of skilled employees. That's why it is also referred to as workforce planning. The process is used to help companies evaluate their needs and to plan ahead to meet those needs in order to run the organisation efficiently.

### The Process:



### Steps to Human Resource Planning

There are various steps involved in the human resource planning process. Each step needs to be taken in a systematic manner in order to arrive at the goal, which is to develop a strategy that enables the company to successfully find and retain enough qualified employees to meet the company's requirements.

#### Study of Labour Supply

The first step of human resource planning is to identify the company's current human resources supply. The HR department needs to study the strength of the organization based on the number of employees, their skills, qualifications, positions, benefits, and performance levels.

#### Forecasting Labour Demand

In the second step, the company outlines the future of its workforce. The HR department can consider certain issues like promotions, retirements, layoffs, and transfers—anything that influences the future needs of a company. The HR department can also look at external conditions that

impact labour demand, such as new technology that might increase or decrease the need for workers.

### **Demand and Supply of Labour**

The third step in the process is forecasting the employment demand. HR creates a gap analysis which lays out specific needs to narrow the supply of the company's labour versus future demand. This analysis often generates a series of questions, such as:

- Should employees learn new skills?
- Does the company need more managers?
- Do all employees do justice to their current roles?
- Developing and Implementing the Plan

The answers to questions from the gap analysis help HR determine how to proceed and put into action the planning process. HR must take all the practical steps to integrate its plan with the rest of the organisation. The department would have further requirements like a budget, the ability to implement the plan, and a collaborative effort with all departments to execute that plan.

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## **1.3 TRENDS AND INDICATORS OF HUMAN RESOURCE PLANNING**

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As a part of a company, Human resource management must be set up to in order to manage impacts of changing dynamics of manpower.

It implies understanding the consequences of recent human resource planning and management changes and trends on the following areas:

### **Globalization**

Businesses today don't have national limits, it stretches far and wide. The success of multinational companies has encouraged new requirements on human resource managers. The HR manager needs to guarantee that the proper blend of workers regarding information, abilities and social versatility is accessible to handle worldwide assignments. Keeping in mind this objective, the companies must prepare its employees to meet the difficulties of globalization. Human resource management should likewise create systems that will help multicultural people cooperate and work together in harmony in achieving the organisations common goals.

### **Diversity at work**

In the past human resource management was less difficult and the fact that the man power was primarily homogeneous in nature. Today's manpower & HR Management includes individuals of various sex, age, social class sexual introduction, values, identity attributes, ethnicity, religion, training, dialect, physical appearance, and many other characteristics.

An HR manager must be aware of these traits that exist in today's manpower and must prepare individuals of various ages to successfully manage each other and regard the qualities of perspectives that every individual offers.

### **Changes in skills and education requirement**

Enrolling and creating talented work is essential for any organization for good outcomes, profitability, quality and dealing with a work drive successfully. Education inadequacies translate into noteworthy misfortunes for the company as far as low quality work and lower profitability is concerned. HR managers need to identify the gaps in qualifications present and desired by the job roles and fill the need accordingly.

Apart from the above, organisations can also forecast future trends and conduct analysis by various tools and techniques available to them. They can go back to their historical data or do a trend analysis. Trend analysis is the method of collecting and evaluating data to identify patterns of information that might impact the future. Various methods including a method that takes into consideration past trends and ratios in employee movements and whether they are stable and indicative of future trends and ratio in employee movement.

For example: an organisation reviewing historical data may realise that every year approximately five of their staff retire 7 percent resign and 3 percent are dismissed.

This information can be used to develop and implement strategies to improve their processes relating to their attrition rates thus improving their staffing activities of the organisation. When an organisation takes effort in this context of human resource planning, it goes a long way in benefiting the overall success of the organisation

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## **1.4 ASCERTAINING DEMAND AND SUPPLY OF HUMAN RESOURCES.**

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### **HR Demand Forecasting**

Demand Forecasting for human resources is the process of estimating the future human resource requirement for an organisation of the right quality and right number. Potential human resource requirement is estimated by keeping in view the organisation's plans over a given period of time. Analysis of employment trends; replacement needs of employees due to death, resignations, retirement or termination; productivity of employees; growth and expansion of organisation; absenteeism and labour turnover are the relevant factors for human resource forecasting. Demand forecasting is affected by a number of external and internal factors.

### **Factors affecting the demand forecasting**

Human Resource Demand Forecasting depends on several factors.

### **Internal factors affecting human resource demand forecasting**

- Culture and values of the organisation
- Business operations and its processes
- Management structure within the organisation
- Budgets allocated towards human resource planning
- New business/joint ventures/mergers and acquisitions
- New technology or processes
- Changing roles and responsibilities of employees
- Employment trends existing in the market
- Replacement needs of the organisation
- Productivity measure of the current employees
- Absenteeism within the organisation
- Expansion and growth strategy of the organisation

### **External factors affecting human resource demand forecasting**

- Political, environment, social, technology:
- Political agencies
- Technological advancement
- Social trends
- Environmental awareness
- Education
- Legislation
- Globalization

### **Human Resource Supply Forecasting**

It is the process of identifying future HR supply requirements by determining the number of employees required for each job and their knowledge, skills, abilities and other characteristics. HR supply forecasting is essential in determining the characteristics of hiring sources with pre-determined planning in order to establish whether future HR supply is sufficient to match future HR demand.

### **Internal factors affecting HR supply forecasting**

- Gender diversity and age distribution
- Job level/salary structure
- Geography
- Employment mode (full time/ contract/ part time)
- Length of service
- Performance review of employees
- Capabilities

- External workforce data
- Demographic figures
- Industry statistics
- Skills and capability information
- Competitor's employment offers

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## **1.5 FORECASTING TECHNIQUES AND HUMAN RESOURCE REQUIREMENTS**

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Determining the human resources required by an organization involves identifying the jobs, skills and knowledge required by those jobs and the performance level of the current workforce. Using this data, you can forecast hiring or reorganizing needs for both the short and long term. Predicting for the future can be a task for HR managers. However there are various techniques to enable managers to estimate the demand and supply of manpower

**Following are some forecasting techniques.**

### **1. Managerial Judgement**

Under this method, experienced managers estimate the manpower requirements for their respective departments. This is done on the basis of their knowledge of expected future workload and employee efficiency. At the end of this exercise, the top management then aggregates and approves the departmental estimates. This is a very easy and time-saving method. But it is quite subjective and therefore suitable only for small firms. The assistance of work study and human resource experts can refine the estimates based on their experience. This method helps in judging the informal group norms on Human Resource Forecasting.

### **2. Work-study Method**

This method uses time and motion study to analyze and measure work. Such studies help the managers to decide the standard time for per unit work.

The following example explains this method:

Planned Output for next years	50,000 units
Standard hours per unit	2 hours
Planned hours required	$50,000 \times 2 = 1,00,000$ hours
Productive hours per workers in the year	2,000 hours
Number of workers required	$1,00,000/2,000 = 50$ workers

Looking at the above example, If the span of control of a supervisor is ten, hence  $(50/10 = 5)$  five supervisor will supervise the work. When it is possible to measure work and set standards, the work-study method is more suitable for repetitive and manual jobs. For such a calculation, Job method should not change frequently.

### **3. Ratio- Trends Analysis**

This method helps to calculate the ratios on the basis of past data. It calculates the future ratios on the basis of the time series analysis and extrapolation, after making allowances for the changes in the organization, method, and jobs, if any.

Extrapolation is mathematical extensions of past data into the future time period. Moving averages and exponential smoothing can help to project the numbers for future requirements. The company then estimates the demand for human resources on the basis of such ratios.

### **4. Mathematical Models**

A mathematical model shows the relationship between independent variables and the dependent variables. These models express various factors influencing manpower needs in the form of a mathematical formula.

There are several types of models, e.g., regression, optimization models, probability models, etc. These are complex and suitable only for large organizations.

Future demand for human resources depends on various factors, few of which are given below:

#### **(a) Employment Trends**

By comparing and analysing the staff during the past five years, with the help of historical data, the company can judge its trends in the manpower area for the future.

#### **(b) Replacement Needs**

These depend on retirement, and subsequently on death, resignation, and termination of employees. Its assessment and analysis is on the basis of past experience along with the retirement situation that may arise in the future.

#### **(c) Productivity**

Improvements in productivity effects manpower needs. Better utilization of existing manpower is one method of securing gains in productivity in the business. Comfortable working conditions, automation and computerization is another method of productivity improvement. It will affect both the quantity and quality of manpower. Matching employee skills with job



requirements is another technique. Hence, Job analysis techniques are helpful in such instances.

## 5. Delphi Technique:

Delphi technique is also a very useful tool used for estimating demand of human resources. This technique takes into consideration human resources requirements given by a group of experts, both from internal and external sources along with managers. The human resource experts collect the manpower needs, summarizes the various responses and prepare a report. This process is continued until all experts agree on estimated human resources requirement.

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## 1.6 ESTIMATION OF INTERNAL SUPPLY AND EXTERNAL SUPPLY

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HR supply forecasting is essential in determining the features of hiring sources within the predetermined planning horizon in order to establish whether future HR supply is sufficient to match future HR demands.

We can estimate the supply of human resources with the help of the following tools.

### Supply Forecasting Methods

- Trend analysis
- Competency model
- Replacement Charts
- Staffing table
- Succession Planning
- Markov Analysis

**Trend analysis:** Trend analysis involves collecting and evaluating data to identify patterns of information that might impact the future. By examining the trends of the past along with the HR department can predict the effect of the same activity on the future of the organization, because it is assumed that these patterns will remain steady. It is a method of forecasting that assumes past trends and ratios in employee movement are stable and indicative of future trends and ratios as far as employee movement is concerned. It is one of the simplest methods of forecasting future HR supply. For example, an organization reviewing historical data may realize that every year, approximately five percent of their staff retire, six percent resign, and three percent are dismissed. Using the simple trend analysis, future HR supply forecasts can be established by assuming an average reduction in internal HR supply of fourteen percent per year and therefore hiring decisions can be taken accordingly.

**Competency Model:** Competencies are behaviours that encompass the knowledge, skills, and attitude, also known as KSA, required for successful performance. Competency modelling is the task of determining the specific

competencies that are characteristic of high performance and success in a given job. This is a future-oriented model that first reviews competencies that are aligned with an organization's mission, vision, and strategy, and further aims to identify an ideal workforce in terms of these competencies. This models focus on matching the right skills and competencies required for each job along with the skills available within the organization.

**Replacement chart :** In this method a chart is used to estimate vacancies in higher level jobs and identify how potential HR supply can fill these vacancies via internal movements from lower levels jobs. Replacement charts provide identification of potential replacements for vacancies within an organization. A comprehensive replacement chart will include information regarding possible replacements for vertical or horizontal movement. Generally, a replacement chart includes information about employees' performance, readiness to fill the position, education among other things.

**Staffing table:** This table provides a clear graphical view of all organizational jobs and the current number of employees at each job. Staffing tables are graphic representations of various organizational jobs, along with the numbers of employees currently occupying such jobs and future either monthly or yearly employment requirements, which can be obtained from the demand forecasts. It presents a very simple visual understanding of an organization's staffing level within each department and the organization as a whole, in an effort to help understand the combination of employees that make up an organization's internal workforce. This information is extremely useful in evaluating and assessing staffing levels by department, branch, or project and the types of staff at each level and the combination of staff in all categories of the Organisation.

**Succession Planning:** In order to determine the internal labour supply, a detailed analysis of how many people are currently in various job categories or have specific skills within the organization needs to be established. The manager responsible for the planning then modifies this analysis to reflect changes expected in the near future as a result of retirements, promotions, transfers, voluntary turnover, and terminations in the Organisation.

**Markov analysis:** This model was developed by Russian mathematician Andrey Markov. It helps to predict internal employee movement from one year to another by identifying percentages of employees who remain in their jobs, get promoted or demoted, transfer, and exit out of the organization. This can be done by tracking and predicting employment movement within an organization, the Markov analysis allows for the development of a transition matrix to forecast internal Labour supply. Markov Analysis is the statistical technique used in forecasting the future behaviour of a variable or system whose current state or behaviour does not depend on its state or behaviour at any time in the past in other words, it is random. It is a transition matrix, or Markov matrix, can be used to model the internal flow of human resources. These matrices simply show as probabilities of the average rate of historical movement from one job to another. This model is

used by many organisations to help determine the probabilities of job positions remaining in their jobs for the said forecasting period.

### **Linking human resource planning with strategic human resource management.**

All businesses, irrespective of its size, have three categories of resources available to them:

1. The technology they use to create a product or service
2. the finance they use to operate and grow the business, and
3. the people whose talents they use to accomplish the company's goals.

Strategic planning is the process of figuring out why the organization is in business and what long-term goals it wants to achieve with the resources available to them. There is a direct link between strategic planning and human resources planning as neither one can exist without the other in an organisation.

### **What Is Strategic Planning?**

The purpose of strategic planning is out figure out what a company wants to do and why it is in business. For example, an organization might decide that it wants to diversify into new markets because it has saturated its current markets. The strategic options here include: Developing new products to sell to its existing customers.

Selling the same products to a completely new group of customers, such as people in a different country.

Buying a company that operates a different business model that may or may not complement the company's business model.

The process of strategic planning would involve investigating all of the above options and deciding which one represents the company's vision of the future. Further to which, the company's leadership team would start looking into the specific strategies that would enable the company to meet its long term goals in an overall sense in line with its mission.

### **What Is the Strategic Planning Process?**

Businesses typically look long term, that is around three to five years ahead when formulating a strategic plan, and the process results in a document that represents the company's vision, mission, big-picture goals along with the broad strategies it will use to achieve those goals. This planning document is intended to guide the leadership of the organisation in its decision-making process.

An important part of strategic planning is assessing the company's resources. It's easy for any company to have huge and have elaborate ambitions, but what the company can realistically achieve is limited by the number and type of resources it has at its disposal.

For most businesses, those resources fall into three main categories:

**Technology resources:** This includes all the machinery and equipment, processes and infrastructure the business uses to create the products and services that it brings to the different market and its customers.

**Financial resources:** Finance comprises all the monetary liquid resources the company can use to carry out its business operations – namely cash in hand, short-term and long-term bank deposits, liquid financial investments like stocks and bonds, and approved bank loans, creditors etc.

**Human resources:** This resource comprises the people whose talents, skills and personal characteristics the business can use to accomplish its strategic goals. While technology and money are important assets, human resources are the most important, because technology and money need people to manage them.

As it is commonly said, human resources are an integral part of any strategic plan. If the business does not have the right skills and talent in place to achieve its goals, then the strategic plan will fail due to a lack of knowledge, human expertise and manpower. Similarly, if talent is acquired and deployed without reference to the company's strategic goals, then the organisation is going to end up with a lot of people doing jobs that don't add value to the business, and which don't move the company closer to where it wants to be in terms of its future goals.

### **What Is Human Resource Strategic Planning?**

One of the purposes of human resource planning is to see into the future and analyse what skills, knowledge and employee competencies the business is going to need in one, three or five years of time in order to meet its strategic goals.

For example, if the company is currently outsourcing its marketing function but intends to bring this function into the organisation, then an obvious early strategy is to recruit a full marketing team, from a senior manager all the way to a junior marketing associate or an intern.

One of the major objectives of human resource planning is to dive into the talent pipeline and understand the following questions:

- How can the business attract the right type of people in the right numbers?
- What kind of training and development can an organisation offer to its current employees, to close knowledge gaps if any.

- How can organisations balance projected labour demand with supply so there is no labour surplus or understaffing of labour?
- Who are the key people of the organisation, and how can it motivate them to stay?

Answering these questions ensures that the business has the right people in the right numbers and in the right job roles in order to ensure the company's profitability.

### **Relationship Between Human Resource Planning and Business Strategy**

Strategic planning and human resources planning have an interdependent relationship. Each function is dependent on the other.

Following are the various areas in which the same can be explained.

#### **Impact of new business strategy on HR**

When managers start developing a strategic plan, they will intercommunicate with different department managers and heads to see how the proposed business strategies might affect them. The human resources planning team need to figure out the financial impact of the initiative based on the recruiting, training and retention strategies that may be necessary in order to support the plan. For example If the initiative involves downsizing, then the human resources managers must look at the various options for decreasing the labour supply through dismissals, retirements, transfers out of the department, sabbaticals and voluntary quitting.

In the future, there will be a time cost associated with a new initiative. It's up to the HR department to give feedback on how long it will take to hire or upskill permanent staff members and whether the company can work with a system where they hire employees on contract basis. This helps senior leaders develop a timescale for the new business initiative.

#### **Executing the new business plan**

As soon as a strategic initiative receives the go ahead, the human resources team must acquaint the company's employees with the changes that are about to occur. This might include changing people's job descriptions, moving people between job units, policy making, motivation strategies, developing training programs, and identifying and eliminating labour shortages through recruitment and outsourcing.

#### **Feedback and monitoring**

Once the strategic initiative or plan is implemented, the HR department will monitor the changes that are being made to the workforce in order to establish whether the policies are sufficient, affordable and relevant in the long term. Because the strategic plan is a long-term plan, it is important for the business to keep monitoring its talent resources, and keep updating its

demand forecast accordingly in order to ensure that the business always has the right people in the right places to meet its objectives.

### Self-Assessment Questions

- Q1. Human resource planning is
- budgetary planning
  - tax planning
  - manpower planning
  - financial planning
- Q2. In the Delphi technique of forecasting,
- expert comments are taken into consideration.
  - Historical trends are analysed.
  - Mathematical formula is used.
  - Estimation forecasting is utilised.
- Q3. External factors affecting human resource demand forecasting are
- Organisation's culture and value
  - Business operations
  - Budget allocations
  - Political environment
- Q4. What are some supply forecasting methods?
- Q5. What are the 3 resources an organisation has at its disposal?
- Q6. What will be the impact if an organisation doesn't perform the strategic planning activity keeping in mind the human resource planning?
- Q7. What is the importance of human resource planning?

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# **JOB ANALYSIS HR PLANNING AND SELECTION IN THE MODERN BUSINESS ENVIRONMENT**

## **Unit Structure:**

- 2.0 Objectives
- 2.1. Job Analysis, HR Planning and Selection in the Modern Business Environment
- 2.2. Job analysis and design, collection and application of job analysis information, alignment of job analysis to selection.
- 2.3. Changing perspectives in the field of recruitment and selection in the information age: e- recruitment and selection.
- 2.4. Employment Tests: Concepts of Testing, Types of tests, Executive Talent Search
- 2.5 Summary

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## **2.0 OBJECTIVES**

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- Overview on Job Analysis, Selection and Recruitment;
- Understand different techniques used for collecting job-related data;
- Explain the concepts of recruitment and selection
- Outline its changing perspective of job analysis to the changing environment.
- Understand employee test and its types;

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## **2.1 JOB ANALYSIS**

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### **Introduction**

Human resource management aims at optimizing the potentials of the available human capital. Hence, it has become even more essential to make an employee aware of his duties and the expectations assigned to each task. This helps the employee get a deeper insight into the behaviors that one must exhibit appropriately.

Job analysis, describes the process of analyzing a job into its various components, such as, organizational structure, work activities, and informational content in a relevant and timely manner. It helps to take a number of important decisions relating to human resources management.

Job design involves in organizing tasks, duties and responsibilities into a unit of work. It also integrates the work content with the qualifications required for each job to meet the needs of employee and their organization.

Job Analysis is designed based on the details mentioned in the job description and job specification.

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## 2.2. JOB ANALYSIS AND DESIGN

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According to Michael L. Jucius, “Job analysis refers to the process of studying the operations, duties and organizational aspects of jobs in order to derive specifications or as they called by some, job descriptions.”

According to Decenzo and P. Robbins, “A job analysis is a systematic exploration of the activities within the job. It is a basic procedure, one that is used to define duties, responsibilities and accountabilities of the job.

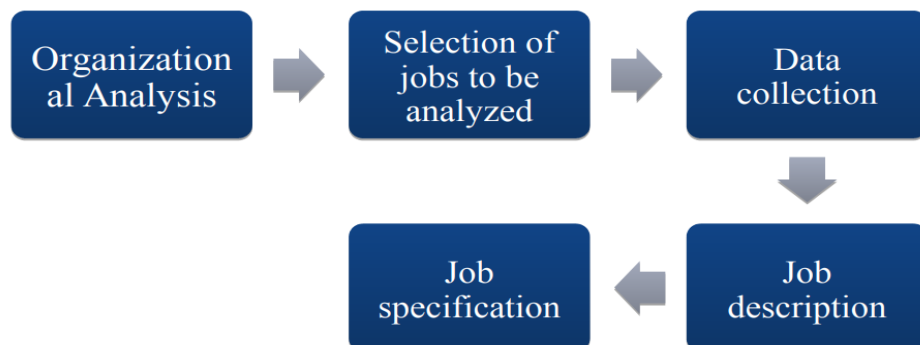
According to Herbert G Herman “A job is a collection of tasks that can be performed by a single employee to contribute to the production of some product or service provided by the organization. Each job has certain ability requirements (as well as certain rewards) associated with it. Job analysis process used to identify these requirements.”

Flippo has offered a more comprehensive definition of job analysis as, “Job analysis is the process of studying and collecting information relating to the operations and responsibilities of a specific job. The immediate products of the analysis are job descriptions and job specifications”

“Job analysis involves gathering data about observable job behaviors, and delineating the knowledge, skills, abilities, and other characteristics needed to perform the job.” — R. J. Harvey

“Job analysis is the process of collecting, analyzing, and setting out information about the content of jobs in order to provide the basis for a job description and data for the recruitment, training, job evaluation and performance management.” — Michael Armstrong

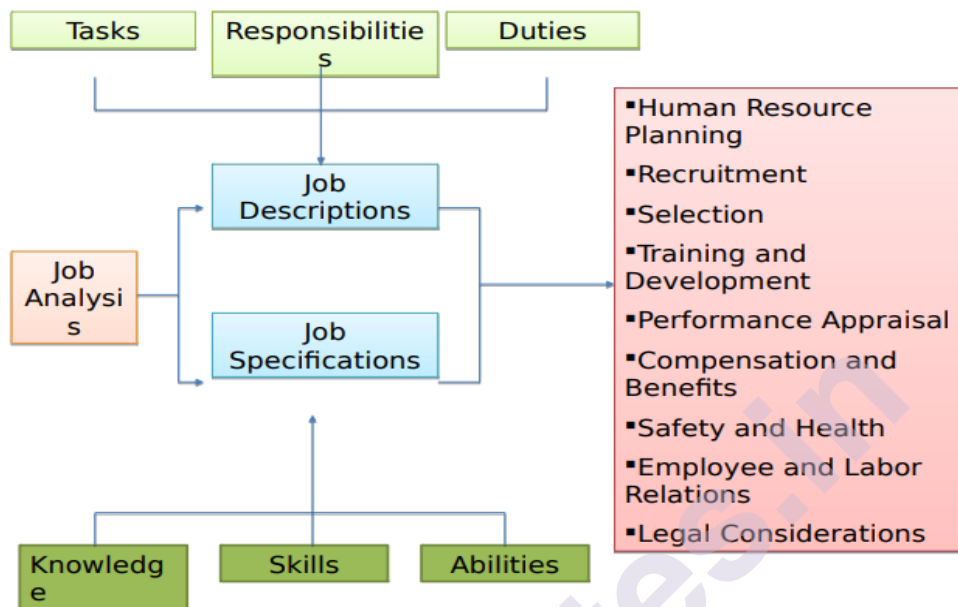
Job Analysis supports all management activities right from recruitment and selection, training and development need analysis, performance analysis and appraisal to regulations of entry and exit of human capital in an organization. These processes, hence requires thorough preparations at the basic level.





A strong organization foundation wholly depends on the job analysis properly performed. It is to ensure that their employees are working efficiently in the face of stiff competition from local as well as global competition. It also provides information that can help employers locate and identify these employees

### 2.2.1. Data Collection



The data is collected based on the analysis done of the required job. Based on the analysis need the Knowledge, Skill and Abilities (KSA) of the job is determined along with the framework designed for the role, duties and responsibilities to be assigned for the respective job. This helps in all the management functions of the HRM in the organization. Job analysis is done based on the Job Description and Job Specification of the human capital.

### 2.2.2 Job Description

A job description basically describes the job. It keeps an account of the duties and activities associated with a respective job. A job description helps in identifying a job, define the possible established range and describe its content. It is usually note more than a two-page summary describing the basic tasks to be performed and constitutes the responsibility expectations relative to that job.

### 2.2.3. Job Specification

A job specification describes the attributes needed to perform the job activities designed in the job description. The focus is mainly on the performer performing the job rather than the work itself. Job specifications are the means by which HRM specialists identify persons based on the information they seek such as knowledge, skills and abilities required to perform the job along with other important characteristics like the education, experience and physical attributes needed for successful

accomplishment of job tasks. This helps them to focus on efforts while hiring the talent.

A job specification may also include, job classification and job evaluation. Grouping job positions into similar job classes and grouping job classes into job families is called Classification. Grouping positions into job classifications allows HRM specialists to deal with personnel functions at a more general level. While, job evaluation is the process of assigning a value to a given job classification. There are two approaches to job evaluation: market pricing method and factor comparison or point factor method. The former involves comparing an organization's pay practices to those of other organization while the latter involves rating jobs on the basis of factors that indicate the relative worth of different jobs within the organization.

#### **2.2.4. Job Design**

From the organization's viewpoint, jobs as performed must lead to efficient operations, quality products and well-maintained equipment. From the workers' viewpoint, jobs must be meaningful and challenging, provide feedback on performance, and call on their decision-making skills (Davis & Wacker, 1988). The aim of HRM specialists is to design jobs that attempt to meet the needs of both employers and employees. Efficient job design allows organizations to adapt to technological breakthroughs and does not have to alienate the workers affected by change. Restructuring jobs also allows the companies to retain skilled workers with maximum output.

#### **2.2.5. Benefits of Job Analysis**

The benefits of job analysis towards management (especially towards line management and individuals are:

- The individual job holder obtains a clear idea of his/her main responsibilities.
- It provides the individual with a basis to argue for changes or improvements in his/her job (for example, job re-design).
- It provides the individual with relevant information in respect of an appraisal he/she may have.
- It may provide the individual with an opportunity to participate in setting his/her own short-term targets or objectives.

#### **2.2.6 Steps in Job Analysis:**

Step1: Identify the use to which the information will be put, since this will determine the data you collect and how you collect them. Some data collection techniques like interviewing the employee and asking what the job entails are good for writing job descriptions and selecting employees for the job. Other job analysis techniques (like the position analysis questionnaire described later) do not provide qualitative job descriptions. Instead, they provide numerical ratings for each job; these can be used to compare jobs to one another for compensation purposes.

Step2: Review relevant background information such as organization charts, process charts, and job descriptions. The chart should identify the title of each position and, by means of interconnecting lines, who reports to whom and with whom the job incumbent is expected to communicate.

Step3: Select representative positions to be analyzed. This is done when many similar jobs are to be analyzed, and it is too time consuming, for instance, to analyze the jobs of all assembly workers.

Step4: Analyze the job, by collecting data on job activities, required employee behaviors, working conditions, and human traits and abilities needed to perform the job.

Step5: Review the information with job incumbents. The job analysis information should be verified with the worker performing the job and with his or her immediate supervisor. This review step can also help gain the employee's acceptance of the job analysis data and conclusions, by giving that person a chance to review and modify your description of his or her job activities.

Step6: Develop a job description and job specification. The job description is a written statement that describes the activities and responsibilities of the job, as well as important features of the job, such as working conditions and safety and hazards.

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## 2.3 COLLECTION AND APPLICATION OF JOB ANALYSIS INFORMATION

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Job analysis is based on job data. Hence the question: how to collect job related data? A variety of methods are available for collecting job data. The method that was historically linked to the concept of job analysis was observation supplemented by the interview.

In recent years, questionnaires, check lists, critical incidents, diaries, personnel records and technical conference method have also been experimented for collecting job-related data. A brief description of each method is in order. Job performance: Performing the job may be the best way to collect data especially when the job involves physical operations or psychomotor skills. For instance, jobs involving equipment operation that demands hand-eye coordination may actually require performing the task for an analyst to fully understand the nature of the job. In practice, this may require a lot of time to train the analyst to perform the job.

Following are some of the data techniques used:

**a. Site observations:** Visiting job sites will help the analyst to observe the specifics of task performance. Site observations will help the analyst further to familiarize him/herself with materials and equipment used for the performance of a job and the conditions under which the job has to be performed. However, an analyst should be careful so as not to be obtrusive and should explain the purpose of his/her visit to the job performer. You

would appreciate that this method is not appropriate for jobs involving mental tasks such as jobs of upper level managers.

**b. Individual interviews:** Interviewing job incumbents is often done in combination with observation. Interviews are probably the technique used most widely in collecting data for job analysis. They permit the job analyst to talk face-to-face with job incumbents. The job incumbent too can ask questions of the job analyst and this interview serves as an opportunity for the analyst to explain how the knowledge and information gained from the job analysis will be used. Such interviews can be structured or unstructured. Interviews may be conducted concurrently with the site visit.

**c. Group interviews:** In this technique, subject matter experts are convened to discuss the job in question. Typically, job incumbents and supervisors act as experts as they understand the finer points of the jobs. As with individual interviews, the group interviews could also be structured or unstructured. Job analysts should take precautions to ensure that the sessions produce the necessary information.

**d. Questionnaires:** This is the least costly method for collecting information. It is an effective way to collect a large amount of information in a short time. A questionnaire presents a list of items that are assumed to be job-related and asks subject matter specialists to rate each item on its relevance to the job under study. It generally includes specific questions about the job, job requirements, working conditions and equipment.

**e. Checklists:** The checklist method of job data collection differs from the questionnaire method in the sense that it contains a few subjective questions in the form of yes or no. The job holder is asked to tick the questions that are related to his/her job. Checklist can be prepared on the basis of job information obtained from various sources such as supervisors, industrial engineers, and other people who are familiar with the particular job. Once the checklist is prepared, it is then sent, to the job holder to check all the tasks listed in the list he/she performs. He/she is also asked to mention the amount of time spent on each task by him/her and the type of training and experience required to do each task. Information contained in checklist is, then, tabulated to obtain the job-related data.

Like questionnaire method, the checklist method is suitable in the large organizations wherein a large number of workers are assigned one particular job. Since the method is costly and, therefore, is not suitable for small organizations.

**f. Critical Incidents:** This method is based on the job holder's past experiences on the job. They are asked to recapitulate and describe the past incidents related to their jobs. The incidents so reported by the job holders are, then, classified into various categories and analyzed in detail. This method is also time-consuming one.

**g. Diaries or Log Records:** In this method, the job holder is asked to maintain a detailed diary recording of the job-related activities each day. This method provides accurate and comprehensive information about the

job, if maintained regularly. It helps in overcoming the memory lapses of the job holder. As recording of activities may spread over several days, the method, thus, becomes time-consuming one. One shortfall associated with this method is that it remains incomplete because it does not give desirable data on supervisor relationship, the equipment used and working conditions prevalent at the work place.

**h. Technical Conference Method:** This method helps in organizing, a conference for the supervisors who possess extensive knowledge about job. The job analyst seeks job information from the discussion held among various experts. The method consumes less amount of time. But, the main disadvantage of this method is that it lacks accuracy and authenticity as the actual job holders are not involved in collecting job information.

It is apparently clear that no single method is complete and superior. None of the method is mutually exclusive. The best data related to a job can be only obtained by a combination of all methods described above.

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## 2.4 HR PLANNING

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Human resource planning is the business process for ensuring that an organization has suitable access to talent to ensure future business success. Human Resource planning is the process by which a management determines how an organization should move from its current manpower position to its desired manpower position. Through planning a management strives to have the right number and the right kinds of people at the right places, at the right time and to do things which will result in receiving the long range benefit for both the organization and the individual. All other activities of HR like hiring, training, remuneration and labor relations are derived from Human resource planning (HRP). Human resource planning is also called manpower planning. Human Resource Planning Process Environment scanning this helps HR planners identify and anticipate sources of problems, threats and opportunities that should drive the organization's strategic planning. Both external (competitors, labour markets, legal environment) and internal (strategy, technology, culture) environmental scanning is necessary for effective HR planning. For example: Amazon closed a large and costly customer service center in Seattle despite good growth projections as their study and research said that they could meet their growth projections with a far less costly customer center in India.

### 2.4.1. Labor demand forecast

It projects how business needs will affect HR needs using qualitative methods (e.g. Delphi, nominal) and quantitative methods (trend analysis, simple and multiple regression analysis). The labor shortages are preventing entrepreneurs from expanding their businesses and such shortages makes the planning more difficult.

### **2.4.1.1. Qualitative Methods**

In these methods, the Delphi technique is very popular. The experts go through various rounds of forecast estimates but no face to face meeting of the experts takes place as an intermediary is involved. Experts take turns at presenting a forecast statement and assumptions. The intermediary passes on the forecasts and assumptions to others. Revisions are then made independently and anonymously by the experts. The intermediary then pools and summarizes the judgments and gives them to the experts. This process continues till a final conclusion on the forecast is reached. Another technique of the same type is the nominal group technique in which experts discuss and share their ideas and list them in writing. The experts then share their ideas with the group in turn. As the ideas are presented, a master list of the ideas is compiled so that everyone can refer back to them. The ideas are discussed and ranked by member votes. In this method, no intermediary is involved so a face to face discussion is held amongst the experts. Both these techniques are of subjective type and time consuming.

### **2.4.1.1. Quantitative Methods**

These techniques are based on the assumptions that the future is an extrapolation from the past. Trend analysis is one the techniques which incorporates certain business factors (units produced, revenues) and a productivity ratio (employees per unit produced). Following six steps are important to trend analysis. Find the appropriate business factor that relates to the size of the workforce. Plot the historical record of that factor in relation to the size of the workforce. Compute the productivity ratio (average output per worker per year). Determine the trend. Make necessary adjustments in the trend past and future. Project to the target year. The use of appropriate business factor is critical to the success of trend analysis.

### **2.4.1.2. Labor supply forecast**

Whereas the labor demand forecast projects HR needs, the labor supply forecast projects resource availability. Through this forecast one can come to know the firms current and projected competencies. Supply forecasts are typically broken down into two categories: external supply and internal supply. 3.3.1. Internal supply internal labor supply consists of those individuals and jobs currently available within the firm. Information on personnel is maintained in Human Resource Information System (HRIS). Data from this system are used to make projections into the future based on the current trends. 3.3.2. External supply External supply consists of those individuals in the labor force who is potential recruits of the firm. The whole country or even the world may be the relevant labor market for highly skilled jobs whereas for unskilled jobs the labor market is the local community.

### **2.4.1.3. Gap analysis**

Gap analysis is used to merge the forecasts of labour demand and supply. This process identifies the potential shortages or surplus of skills, employees and competencies. In addition to this, the HR planners can



analyse the environmental forecasts with supply and demand forecasts for evaluating the firm's preparation in pursuing the different business scenarios in the context of business objectives. 3.5. Action Programming It is the final step of HR Planning. It takes the adopted solution and lays down the sequence of events that need to be executed to realize the plan. The purpose of this step is to make certain that the decisions taken in the previous four steps are brought into action. 3.6. Control and evaluation monitor the effectiveness of human resource plans over times. Deviations from the plans are identified and actions are taken. The extent to which human resource objectives have been attained is measured by the feedback from various outcomes. Factors affecting Human Resource Planning

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## **2.5. CHANGING PERSPECTIVES IN THE FIELD OF RECRUITMENT AND SELECTION IN THE INFORMATION AGE:**

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With a shortage of key talent, the Great Resignation and more than a million vacancies in the UK, it's a job seeker's market. Organizations are facing tough challenges to stand out in the crowd and attract new talent. As the first point of contact with potential employees, the interview format and approach to recruitment play a key role in setting expectations and attracting candidates. Recruitment can be time-intensive, but technology and automation can create greater efficiencies.

It also ensures to remove unconscious bias, which could restrict the appointment of cognitively and demographically diverse candidates.

### **2.5.1. Recruitment process**

Instead of depending on the market based technology blindly such as purchasing the latest Applicant Tracking System, video interviewing application, AI-based candidate screening tool or other recruitment technology, it is essential to initially get the basics right. It begins with reviewing gaps in the current process, expectations about the future and also specific recruitment technology needs. The information can be sought from internal stakeholders, candidate feedback, HR analytics based statistical data such a time-to-hire stats, cost-per-hire, retention rates, internal progression rates, performance of new hires, and DEI (diversity, equity, and inclusion) data. Once the strategy for achieving the desired future state and the sourcing criteria are achieved, only then can recruitment and retention be improved.

Factors to be considered for recruitment are:

- Educational qualification
- Learning ability, social and emotional skills, and perseverance.
- Skill assessments
- Experiences especially when using the latest technologies
- Leverage the power of data analytics

Rapid advancements of sophisticated analytics tools and platforms enable organizations to track and analyses the success of their recruitment and retention strategies across key metrics. This will help ensure that recruitment and retention strategies are meeting the current and future needs of the business.

Recruitment is essentially a human process involving both people's hearts as well as their minds. Hence the candidates should be treated with the utmost respect, dignity, and fairness at all times. It is called a positive process, since it accumulates applications as a part of its process. Emerging technologies such as machine learning, video screening, gamification, predictive assessments, and data analytics can all enable and improve your strategy and processes, although, they need to be sourced, implemented and evaluated in a robust manner that emphasizes more on the candidate experience.

### **2.5.2. Impact of Technological advancement on recruitment process**

HR department today has moved away from its traditional role of managing people, to a high-performance culture where technology begun getting included; tools were developed and implemented that could help HR support its strategic efforts.

Today, companies are using information technology to increase the effectiveness of HR management in the form of Human Resource Information System (HRIS) has made it easier and faster to collect, collate and pass on information to employees and speed up the recruitment process.

### **Importance of Information Technology in Recruitment**

Cloud and data analysis now play a crucial role in any organization. There are several ways to improve the technology effectively and efficiently in the recruitment and selection process. It helps in:

1. Cost savings
2. Reduced human error
3. Improves efficiency and quality
4. Workforce Diversity
5. Employee Equity

The pre-requisite during the globalization of the economy and the labor market is the need of best talent and information technology has aided recruiters to look for candidates across geographical boundaries. Most organizations, are currently seeking the use of technology tools such as career websites and Attendance Tracking Systems to reduce costs while expanding the pool of candidates. With the right tools, the HR department will not only have access to a larger pool of talent, but will also be able to recruit the right candidates. Better candidate retention has a direct impact on cost savings.



Increased usage of technological tools in selection and sorting of prospective candidate profile also helps in reduction of human dependency and also encourages workforce diversity with minimal human error. Migration to clouds and automation aids in enhancing the recruitment quality and reducing the costs incurred during recruitment

### **2.5.3. E- Recruitment**

E-recruitment, commonly known as online recruitment, refers to the use of web-based technology for the process of attracting, assessing, selecting, recruiting and on boarding prospective candidates. Through e-recruitment employers are able to reach larger number of potential candidates. Companies may either in-house e-recruitment HR software or employ recruitment agencies that utilize e-recruitment software.

E-recruitment elements such as Applicant tracking, Employer's website, Job boards carrying job advertisements from employers and agencies, Online testing and Social media are used to quickly reach out to potential candidates

### **2.5.4. E- Selection**

E- Selection begins where e-recruitment ends. Selection is considered to be a negative process as it uses the deductive technique to eliminate the candidates from the application pool. It acts as a funnel to filter and extract the list of best candidates Gueutal and Stone (2005) define e- selection as a process of web-based testing, face-to-face interviews, and job offers. Organizations use e-selection to attain specific purposes, like cost reduction, optimum utilization of HR, and sustainability.

Organizations must consider procedural requirements to operate selection properly, that includes design upfront, vendor selection, and project steps, assessment steps, a test event protocol, and candidates' feedback.

#### **Advantages of E-HRM (E-Recruitment and E-Selection)**

1. Cost effective
2. Caters to larger audience reach
3. User friendly
4. Enables dynamic content making
5. Shortens hiring process
6. Instant posts and replies, as it appear in real time

#### **Disadvantages of E-HRM (E-Recruitment and E-Selection)**

1. Difficult to attract for senior positions
2. Large databases of responses including both suitable and unsuitable candidates
3. Technology framework issues that come from standardizing the application process
4. Too impersonal

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## 2.4. EMPLOYMENT TESTS: CONCEPTS OF TESTING, TYPES OF TESTS, EXECUTIVE TALENT SEARCH

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Employment tests are widely used in the selection process. The real value of the tests lies in eliminating the applicants having very little chance of job success instead of focusing on selecting applicants who will definitely be successful on the jobs.

A test is a systematic procedure for a sampling human behavior. Most organizations routinely conduct employ tests while trying to match candidates' profiles with the requirements of vacant positions.

Following criteria's are essential while conducting the test:

1. The test must be validated.
2. It must be reliable.
3. It must be job specific and relevant to the job.

Employment test is considered an effective screening tools only when it helps in measuring the knowledge, skills and abilities that are needed for the specific job, so as to measure job related competencies and abilities.

Individuals differ with respect to physical and personality traits, capacity, and level of mental ability. These tests can provide important information about the candidate as regards his cognitive, aptitude, interest, personality, etc. Tests are classified into the following categories:

- a. **Intelligence Tests:** Candidates mental capacity is tested using this test. It can be either verbal or non-verbal and can be used in the selection of personnel for both the unskilled as well as the skilled candidate. It measures the individual learning abilities, i.e., ability to catch or understand instructions and also ability to make decision and judgments.
- b. **Aptitude Tests:** It measures the potential an individual has for learning the skills required to do a job efficiently through an applicant's capacity and his potential for development. There are two types of aptitude tests:
  - (a) Cognitive Test - to measures mental and intellectual aptitudes
  - (b) Motor Test - to measures physical dimensions such as hand-eye coordination.
- c. **Proficiency Tests:** It is designed to measure the skills already acquired by the individuals. Also known as performance, occupational or trade tests, they are used to test the level of knowledge and proficiency acquired by the applicants.

- d. **Interest Tests:** This test helps in identifying patterns of interests, i.e., areas in which the individual shows special concern and involvement. It indicates the types of jobs that may be more satisfying to the employees. Usually used for vocational guidance, it helps the individuals in selecting occupations of their interest.
- e. **Personality Tests:** This test probes the qualities of an individual's personality as a whole, using the combination of aptitude, interest and usual mood and temperament.

The purpose of using Employment Test is:

1. To guide and counsel the prospective candidates seeking help in their careers
3. To research into human behavior and personality
4. To selection right candidates for an organization

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## 2.5 SUMMARY

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Human Resource Management aims at optimizing the potentials of the available human capital. Human Resource Planning is the process of getting the right number of qualified people into the right job at the right time so that and strategy for the acquisition. Recruitment is the process of searching for prospective employees, and stimulating them to apply for jobs in the organization. It is linkage activity bringing together these with jobs and those seeking jobs. Recruitment process begins when the personnel department receives requisitions for recruitment from any department of the company. Selection is the process in which candidates for employment are divided into two classes-those who are to be offered employment and those who are not. Selection means to choose. It is the process of picking up individuals with requisite qualification and competence to fill jobs in the organization. The importance of selection can be judged from the following factors, (i) Procurement of skilled worker (ii) Reduction in the cost of training (iii) Solution to personnel problems. The perspectives of recruitment and selection have changed gradually from the offline mode to the digital form. E-recruitment uses web-based technology for the process of attracting, to on boarding the prospective candidates while E-selection is used to attain specific purposes, like cost reduction, optimum utilization of HR, and sustainability. Employee testing is also a part of the hiring process in various ways which enables the organization to effectively recruit the right kind of employee to the right job. Executive Talent search on the other hand helps in recruiting the senior managers and above through several agencies.

### **Self-Assessment**

1. What is Job Analysis? What is job description & job specification?
2. What is Recruitment and Selection procedure? State its objectives.
3. Explain the data collection techniques in brief.
4. Explain the information alignment process of job analysis?
5. Changing perspectives in the field of recruitment and selection in the information age: e- recruitment and selection.
6. What are the different types of tests conducted?
7. Short note on - Executive Talent Search

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## WORKFORCE DIVERSITY

### Unit Structure:

- 3.0 Objectives
- 3.1 Diversity Planning
- 3.2 Dimensions of Diversity
- 3.3 Policies
- 3.4 Valuing Diversity in Organizations
- 3.5 Gender Diversity Legislation
- 3.6 Corporate initiatives on Gender Diversity
- 3.7 Organizational Strategies for Promoting Diversity
- 3.8 Diversity Awareness Training and Programs
- 3.9 Systemic and Individual Diversity Change Initiatives
- 3.10 The Future of Diversity – A Global Perspective.

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### 3.0 LEARNING OBJECTIVES

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At the end of this chapter, you would be able to:

- Interpret the meaning and elements of diversity.
- Infer the process of diversity planning
- Highlight the corporate initiatives and organisational strategies for promoting diversity
- Summarise the future of diversity

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### 3.1 DIVERSITY PLANNING

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Creating a diversity plan is one of the most important actions an organisation can take in order to ensure that diversity and inclusion, that is employees are welcomed and equally treated, become integral to the way the organisations function, both internally and externally.

Creating a diversity plan involves several steps to ensure that the organisation is prepared to create such a plan in the first place, recognizes its role within a diverse community, and addresses diversity in a meaningful and relevant way.

The steps to creating a diversity plan is explained below.

#### 1. Setting goals

All the plans, including the diversity and inclusion plan, must align with the company's values. Having the ultimate mission statement

shows the commitment of the organisation towards their employees, enabling them to look at the path that everyone is heading to and the goals they are trying to achieve together.

For example, “Integrity” is one of our six core values here. Our Founder and CEO states: “We are direct, honest and transparent and aim to do the right things. We say what we do, and we do what we say.”

One way to accomplish this mission is to encourage diversity and inclusion in the workplace with a well-established diversity and inclusion plan. “We strive to respect and embrace individuals from different age groups, classes, ethnicities, genders, abilities, races, sexual orientations and religions.” This statement acts as a primary goal for the company and a guide for all objectives and activities of the plan.

## **2. Data Collection**

After building a core statement, employers need to know who their employees are to tailor their plans appropriately. Organisations need to track their data over time and introduce changes when needed. Demographic data may include the following:

- ☐ Age
- ☐ Disability
- ☐ Ethnicity/national origin
- ☐ Family status
- ☐ Gender
- ☐ Generation
- ☐ Language
- ☐ Life experiences
- ☐ Personality type
- ☐ Physical characteristics
- ☐ Race
- ☐ Religion, belief and spirituality
- ☐ Sexual orientation
- ☐ Thinking/learning styles

Information gathered is valuable for both the practices of diversity, inclusion and human resources planning, which then enables employers to understand their employees better and to address any needs and concerns on time and more effectively.

There are many sources that can be used to collect the data from employees, but most organisations might need to conduct some

additional surveys to acquire self-identification data, such as religion marital status or sexual orientation.

The organisation is required to be transparent about how all of these information could be used. Otherwise, it leads to confusion and mistrust. This step is crucial to make the employees feel more comfortable with being exposed as it shows how much the organisation is committed to developing diversity, equity and inclusion initiative in the workplace.

### **3. Need identification**

Analysing data is the next crucial step to impose appropriate solutions. For example, depending on the demographics information and proportions in each category, one might find there is no diversity in sexual orientation. It could be due to a trust-related issue in the organisation. This is, however, another big problem since the organisation needs to make every employee feels comfortable with who they are instead of trying to be “fit”.

Establishing a sense of belonging is not only a psychological need but also essential to improving engagement and productivity in the workplace.

### **4. Plan Development**

This would not be a one-size-fits-all situation with regards to the diversity issue. Therefore, a flexible and individualised strategy for each organisation would be a better idea. Objectives in the strategic plan should relate to the employees including all the stakeholders of the organisation.

First, an employee-related goal could be to expand the recruitment to a more demographically diverse talent pool. The diversity could not happen in one day, the organisation would need to give it an environment to gradually develop. However, the sense of connection is a long-term process, and not just one-day training.

### **5. Implementation**

In this step the organisation needs to go over the diversity and inclusion plan, answer questions, and acquire buy-in and support from all the employees. It is important to listen to their perspectives and embrace all differences. Organisations can ask them to join in various parts of the company’s objectives to achieve the common goals.

It would be highly recommended to have a diverse committee to ensure the diversity and inclusion plan runs smoothly within the organisation, and everyone’s voice is heard by the company. This committee could conduct regular training and carry on conversations with employees.

## **6. Monitoring the results**

After implementation of the plan, it is important to monitor the results. Organisations need to set an expected outcome for the team so that it can be easily tracked along the way. It is necessary to have a regular report from the employees about their activities as well as their satisfaction with the initiatives the organisation has taken.

Outcomes such as the increase in minor group proportions or positive social reaction should be carefully captured. Comparing the results to the expected outcome and making any intervention at the right time is an important action for companies to take. For example the team in charge needs to check : did the training and/or change in recruitment policy work out? This will help the team identify what slows down the plan.

The diversity and inclusion plan is not static but rather an on-going process that aims at meeting the workforce's needs. Company culture and environment need to be nurtured over time with the right amount of contribution from all staff, leaders, managers and even the newest recruits, and not by just one or two actions solely from the top management level.

### **What is Diversity at an Organization?**

Diversity refers to the existence of different variations of characteristics or features in a group of people. These qualities could be anything that makes us unique, such as our thinking skills and personality traits, along with other features that shape our identity (e.g. race, age, gender, religion, sexual orientation, cultural background). It could also include political beliefs, religion, class, and/or gender identity differences.

In the workplace, diversity basically means that the employees consist of individuals who bring new aspects and backgrounds to the organisation they work for.

Organizations that commit to recruiting a diverse workforce have a larger pool of applicants to choose from, which has a good chance to finding more qualified candidates and reducing the time it takes to fill vacant positions. Businesses that do not recruit from diverse talent pools run the risk of missing out on qualified candidates and may have a more difficult time filling key roles, which increases recruitment costs.

In a Glassdoor survey, 67% of job searchers stated that a diverse staff is crucial when evaluating job offers, and 57% of employees believed their employers should be more diverse. A diverse workforce not only helps an organization's employer brand, which is important when trying to attract the best people, but it also helps it fill vacancies with competent individuals more rapidly.

Having a diverse workforce with multi-lingual employees and employees from different ethnic backgrounds can also be helpful for organizations who



want to expand or improve operations in international, national, regional and local markets.

A workplace study from Deloitte found that employee engagement was higher at organizations embracing diversity and inclusion. When employees feel included, they are more engaged, produce greater quality work, and stay longer with that company.

Hiring people from diverse backgrounds brings a variety of new perspectives to the organisation. Different personal experiences help decision-making and problem solving, leading to more creative and productive teams.

Some researchers observed that diverse workforces perform better financially. Numerous studies have shown companies with diverse leadership teams have more than 19% higher revenue and capturing larger market shares.

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## 3.2 DIMENSIONS OF DIVERSITY

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The dimensions of diversity include gender, religious beliefs, race, marital status, ethnicity, parental status, age, education, physical and mental ability, income, sexual orientation, occupation, language, geographic location, and many more factors.

Understanding the dimensions of diversity and world cultures will help ensure the development of instructional competencies that will connect with groups and individuals interacted with.

Explained below in detail are some of the features of diversity.

### 1. Age Diversity

- ☐ Age diversity is amongst the most crucial factors that strengthen the company's foundation. A company can prosper only if their senior and young employee balance is well-maintained and their capabilities are fairly utilized.
- ☐ The younger employees can provide boost to technology and contribute to the latest trends and techniques. Whereas the older employees can offer a broader perspective and knowledge in decision-making through their experience.
- ☐ Different approaches to problem-solving, viewpoints will give an organisation a holistic approach to decision-making.

### 2. Ethnicity & Race

Both race & ethnicity seem similar but aren't. While you can only belong to a single race, you can still identify with multiple ethnicities and links to your culture.

- ☐ Some research shows that businesses with an inclusive environment with their workforce from different ethnicities and races can contribute more to the organisation with respect to skills and perspectives
- ☐ In various countries all over the world, ethnicity and race highly influence a person's life expectancy, access to healthcare, housing, and criminal justice.
- ☐ A survey conducted by the University of Texas found that diversity does not impact an organization negatively, if not positively.
- ☐ Even ethnic groups and minorities' representation in various branches of organisations nearly boosted profits by 30 percent in companies worldwide.

### 3. Gender Diversity

- ☐ Gender diversity presents equal opportunities, pay scale, and representation of all genders. However, in the U.S., out of 40% females, only **around 5%** are in upper management while the rest are limited to lower levels.
- ☐ Moreover, gender pay disparity is a big issue as for every \$1 to male, **only 80 cents** go to females as the salary.
- ☐ Companies need to start realizing that skills and talents have no boundaries. Different genders can have different skills and experiences.

### 4. Sexual Orientation

- ☐ Employees can grow in an environment wherein they feel accepted, heard, and secure and protected.
- ☐ Hostile work culture will not allow employees to express themselves, eventually harming their progress especially in the organisation.
- ☐ Keeping up secrets about their identity in fear of alienation is stressful and may lead to their walking out of the company.

### 5. Religion

- ☐ An organization is diverse when it celebrates and recognises its employee's characteristics.
- ☐ It allows them to have higher job satisfaction and excitement to work.
- ☐ There are many religions across the world and an organisations is expected to recognise and respect all religions. It should not be a criteria for employee selection or performance.

## 6. Disability

- ☐ Skills are an employee's assets that make them valuable for an organisation and disability whether physical or otherwise should not be a barrier to it.
- ☐ It is important as a respectable organization to facilitate disabled employees with the required tools and aid in order to equip him to perform his tasks and roles in a smooth manner.

## 7. Personality

- ☐ Everyone has a different personality with unique strengths. Some may seem efficient with the market trend and shifts, while some have a creative approach to designing solid business strategies. Each personality should be considered unique and be given equal treatment at the workplace.
- ☐ Despite being prone to conflicts, an array of different personalities give rise to new insights and ideas.

## 8. Socioeconomic Status

- ☐ Employees belong to different socioeconomic backgrounds and thus, have different takes on money.
- ☐ However, the organization must convey its view on money and values it keeps on priority rather than directly focusing on profits.

## 9. Educational Qualification

- ☐ Today, corporate culture makes educational qualification its crucial foundation rather than the skill set. Though most times it is a necessary factor to take into consideration, in creative fields, such considerations may not be the most important factor while selecting an employee. His skills may matter more than his formal education history.
- ☐ Unnecessary qualifications can sometimes prevent you from hiring the ideal candidates with skills but no formal educational background.

The various dimensions of diversity are categorised below

<u>Primary</u>	<u>Secondary</u>	<u>Organisational</u>
Age	Education	Occupational
Physical abilities	Income	Department
Ethnicity and Race	Language	Job Location
Gender	Marital status	Skills
Sexual Orientation	Nationality	Job level

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## 3.3 POLICIES

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There are various policies designed keeping in mind the diversity factor in an organisation. These policies are aimed to protect the welfare of the employees while also protecting their rights as an employee in the organisation.

A Diversity & Inclusion Policy is a policy which is important for employee engagement. The policy states the organisation's commitment to ensure an equitable, diverse and inclusive workplace. The policy includes the process for making complaints of discrimination in the workplace, and how the company will monitor and assess the effectiveness of the policy and working best practices.

This policy also covers the support and provisions made available for disabled and differently abled individuals.

Diversity and equality are indicators of a good workplace culture and skilled personnel management. Equal chances must be provided to all employees and workers, regardless of their sexual orientation, age, ethnicity, or gender. Implementing equality and diversity policies in the workplace is crucial to ensuring that members of minority groups are treated fairly.

An equality and diversity policy protects workers from potential discrimination or harassment. It shows how much a company places on each individual. An equality and diversity policy will also make sure that there is no bias present in the company when it comes to hiring, career advancement, and employee development.

### **Creating a Diversity and Inclusion Policy**

In order to create a policy that would promote a welcoming, diverse, discrimination- and harassment-free workplace, an organisation should include the following elements as stated below.

#### **Commitment**

To establish that the company is committed to maintaining a diverse and inclusive work environment that promotes fairness and values each employee's unique contribution to the workplace. This commitment can help the company recruit and retain employees and attract clients and customers. Employees working in an environment where inclusion is valued may work in a more cooperative and effective manner.

#### **Recognising Differences**

All employees have unique experiences and backgrounds, so a policy should be created that celebrates their differences with respect to characteristics such as: race; color; religion or creed; age; sex; gender; sexual preference or identity; physical or mental disability; genetic history; national origin or ancestry; ethnicity; citizenship status; military or veteran status; economic background; family status; and political beliefs.

Include a specific list of the company's initiatives for diversity and inclusion to illustrate steps taken to promote a diverse and inclusive workforce. Some activities might include training and mentorship programs to support career development of all employees, workplace inclusivity groups, flexible work schedules, community programs and analysing compensation practices to ensure equity in employee pay.

### Policy for Equal Employment Opportunity

To state clearly that it is the company's policy to provide equal employment opportunities to all employees, job applicants and other individuals without regard to unlawful considerations of all classifications such as race, colour, religion or creed, gender, etc. which are protected by applicable governing laws. Include a concise list of all these corporate policies related to equal employment opportunities for all employees to review and understand in detail.

### Conflicts and Complaints

To include a provision explaining that employees can report any conduct that conflicts with the company's commitment to diversity and inclusion, to their supervisor, any member of the corporate management team or the human resources department. Employees should be able to raise allegations of improper conduct through a defined company complaint procedure. Employees should also have a resource and information centre where they can access for more information on filing complaints.

Example: Given below is an extract of the diversity policy of Vendanta Group.

### Objectives and scope of the diversity policy

We are committed to recruiting, retaining and promoting highly talented individuals to further the Group's strategic goals. This includes:

- ☐ Employing best practices in regards to D&I initiatives, benchmarked with globally reputed companies and institutes;
- ☐ Providing an environment of equality and respect for all employees and contractors;
- ☐ Not discriminating against any individuals on the basis of their gender, age, disability, ethnicity, sexual orientation, family status, religious beliefs and abilities;
- ☐ Operating in accordance with all relevant legislation in the jurisdictions we operate in, including the Equality Act 2010;
- ☐ Ensuring fairness and avoiding unlawful discrimination in matters including remuneration, employment terms and conditions, promotions, training and development opportunities;

- ☐ Promptly and fairly dealing with complaints of harassment, bullying, or unlawful discrimination by employees, customers, suppliers and other stakeholders in the course of the Group's activities;
- ☐ Reviewing the Group's employment policies and practices to promote fairness and address gender bias and underlying barriers to achieving gender balance;
- ☐ Building leadership capability by providing equal opportunities for training and development of staff, as required, to harness their full potential; and
- ☐ Providing equal opportunities for all employees in respect of career progression

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### 3.4 VALUING DIVERSITY IN ORGANIZATIONS

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Most people think of a diversified workplace as a working environment that includes employees of different genders, ethnicities, and racial backgrounds however the meaning of diversity has become more complex. A diversified workforce includes people with variety across a number of different categories, such as:

- Religion
- Culture
- Sexual orientation
- Language
- Educational backgrounds
- Skills and abilities

Embracing the changes related to diversity in the workplace will take businesses to great heights.

When we put a variety of individuals together in the same room, we get different perspectives and opinions that can benefit organisations in many ways. Some of which is explained further.

#### **Greater Creativity and Innovation**

Whenever a group of like-minded people are put together, they will generate similar ideas but if we mix diverse individuals together, we'll have a workforce that's more prone to creativity and innovation which are crucial ingredients for success.

#### **Increased Productivity**

Diversity and productivity go hand in hand. Research has found that diversifying a team can boost productivity by 35%. A diverse workforce is more likely to understand customers' needs and come up with great ideas to fulfil them. Diversity in the workplace will also increase employee morale and work more efficiently.

## **Reduced Employee Turnover**

A workplace that encourages diversity and inclusion will make employees feel valued and accepted. This will ensure loyalty among the workforce. Happy workers tend to stay with the company longer.

## **Connect to a Wider Range of Consumers**

In order to target a wide range of consumers a diverse workforce would be ideal. By hiring individuals of varying backgrounds, languages, etc. an organisation has the potential to appeal to a wider target market. Because employees come from different backgrounds, they'll be able to connect with consumers from all walks of life.

## **Increased Revenue**

Increasing revenue is default business priority. By reaping all the benefits of a diverse workforce, a business can come closer to the ultimate goal of increasing profits. A recent study by the Boston Consulting Group found that companies with a diverse workforce and increased innovation generated 19% more revenue than companies with lower diversity scores.

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## **3.5 GENDER DIVERSITY LEGISLATION,**

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Gender diversity in a work place means that men and women are hired at a similar and consistent rate. They are paid equally and are given the same working as well as promotional opportunities

Across the world, some progress has been made for laws regulating the workplace. An economy would be considered fully reformed as an indicator if it has all the relevant good practice legislation; partially reformed if it has some but not all the good practice legislation; and not reformed if it has no good practice legislation.

In 1970 no economy had implemented the full set of legislative reforms in the Workplace. By 2019, 113 of 190 economies had done so. Globally, average female labour force participation is 52% and has changed little since 1990. But there are disparities across countries. Differences in economic conditions, human capital investment, and laws and norms facilitate or impede women's employment.

In some countries women face legal barriers and gender discrimination when seeking a job and are not protected from sexual harassment in the workplace. Recent research indicates that laws can be associated with women's decisions to enter and remain in the labour force. Economies that receive a score of 100 in the workplace on average have higher female labour force participation. Laws other than those related to the workplace may also influence a woman's decision to participate in the labour force.

Pay includes laws that require equal remuneration for work of equal value and allow access to the same types of jobs and same hours of work for



women and men. These laws ensure that women can earn as much as men along with paid work hours and jobs that pay well.

This equality in laws reflects the many legal barriers women face in accessing economic opportunities. Because these constraints are present across regions, complementary reforms in different sectors are need of the hour.

With Covid-19, labour force participation seemingly suffered disproportionately more among women than among men. Early evidence from Ethiopia, the United Kingdom, the United States among other countries, suggested that higher shares of women than of men have lost their jobs. A recent study by Oxford University suggested that the gender gap in the change in unemployment rate can be attributed to an increase in women's burden of childcare among other responsibilities. The implementation of more equitable laws and regulations have the potential to reduce the gap.

Simply by improving regulations, is a good method to create some level of equality, it however cannot mend social norms that slow down women's participation in the workforce. Behaviour campaigns in order to influence attitudes are also critical to ensure that women can enjoy their legal rights. These efforts will drive societal change so that these laws are not only in place but also adopted in practice at the workplace

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### **3.6 CORPORATE INITIATIVES ON GENDER DIVERSITY.**

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Diversity is important at all workplaces. People with different backgrounds and experiences, who come together as a team, can develop innovative ideas that will keep your company alive and thriving. Despite this, companies in many industries and roles are not benefiting from this because they are dominated by a single gender.

For example, tech industry roles are typically filled by men, while nursing roles are typically filled by women. In both cases, the customers are more diverse than the people serving them, which really help for understanding their needs.

To better serve your customers, it's important to cultivate gender diversity in the workplace. This goes beyond equal representation of males and females, as it should also include those with a non-binary gender identity.

#### **Building an inclusive workplace.**

Before attempting to hire for gender diversity, organisations need to look within and evaluate the company's culture while answering a few questions such as

- Is your company a good place to work, regardless of gender?
- Do you treat people across the gender equally?



Organisations need to consult their employees to learn how they can build a more inclusive workplace, and to continually improve the company culture. An inclusive culture will help build the brand of the organisation, in order to attract and retain a diverse workforce.

### **Preparing quality job descriptions.**

It is crucial to improve gender diversity in the workplace by removing gender biases from the job descriptions prepared by the company before the HR can even speak with a candidate. Rather than writing job descriptions with a list of qualifications, a performance-based impact job description should be drafted which focus on what the person hired would be responsible for accomplishing.

For instance, using the word champion is masculine-coded, while polite is feminine-coded. Rethinking the job descriptions keeping this in mind can get a step closer to gender diversity.

### **Sourcing a diverse talent pool.**

Instead of waiting around for talent, an organisation must proactively source a gender-diverse talent pool. Various sourcing platforms have options to source candidates from under represented communities.

For instance, a search string can be built to source qualified candidates who list college communities or LGBTQ organizations on their profiles. Doing so will allow organisations to build a diverse base of good talent.

### **Providing the team with un-bias training.**

Recognizing unintentional bias and prejudice is the first step toward overcoming them in the recruiting and hiring process. The bias does go both ways, for example men are often questioned about their interest in jobs dominated by women, such as those in nursing, teaching, or human resources.

To overcome these hiring biases, interview teams should learn to recognize them, as well as how to evaluate candidates on a predetermined set of un biased criteria.

### **Setting a diverse group of interviewers.**

Many candidates getting interviewed said that a diverse workforce is an important factor when evaluating companies and job offers. With a diverse interview panel, candidates from under represented groups will feel more comfortable.

### **Fair compensation practices.**

In order to attract, hire, and retain top-tier talent, an organisation needs to compensate fairly regardless of gender. A formal employee compensation strategy can help. Data can be used to set compensation bands for each position, along with considering each employee's experience, skills,

education, and performance to determine where they should fall within that band.

Compensation offers along with developmental opportunities should be provided so each employee knows how they can earn salary increases and promotions. Doing so will make compensation much more strategic, transparent, and fair.

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### **3.7 ORGANIZATIONAL STRATEGIES FOR PROMOTING DIVERSITY,**

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#### ***Why Is Workplace Diversity Important?***

Having a diverse workforce goes beyond an HR Seminar or workshop. When done properly, there are actual benefits of diversity in the workplace. For example, more diverse workforces have proven to be more creative, faster problem solvers, more innovative, and better at decision making.

A diverse and multicultural workplace brings several advantages. Today's world is increasingly more globalised and interconnected therefore workplaces should take advantage of the diverse range of skills of individuals from different backgrounds and languages.

A diverse workplace gives room for more ideas and processes. This diversity of talent means a broader range of employee skills, as well as a diversity of experiences and perspectives which increases the potential for increased productivity. As various cultures and backgrounds work together, there is an opportunity for increased creativity. This is because there are more people with different perspectives and solutions to problems, allowing for a greater chance of a workable solution to a workplace problem.

A diverse range of cultures within the workplace allows companies to deal with the different variations within a global platform. If a company does business with China, having an employee who can speak Mandarin is an asset and can lead to improved workplace relations. Companies that have a diverse workplace often enjoy the image as better employers. Potential employees want an employer who accepts and is tolerant of all backgrounds and who treats their employees fairly.

If potential employees or customers see that a company represents a diverse workplace, it makes them feel like they can relate to the company more. Using advertising that depicts mature-aged, differently-abled, or ethnically diverse people encourages applicants to apply, promotes a positive reputation, increases marketplace awareness, and generates a more diverse client-base.

Achieving workplace diversity means you are bringing out the very best of your employees and allowing them to reach their full potential. In this way, your workplace benefits as it encourages a more varied and innovative talent pool.

Below are some strategies that organisations can implement in order to promote diversity.

**Treat all individuals equally irrespective of their designation, background, community and religion.**

An organization is not concerned whether its employee is a Christian, Muslim, Hindu or a Sikh. His willingness to learn and passion to perform is looked at. Rules and regulations at the workplace should be same for everyone. If the organization has decided to give ten leaves to its employees over a period of one year, then the same should be granted to the office staff, pantry boy and even to the entry level executive. There are organizations where only the top level people enjoy the company benefits, however such a practice is unacceptable and leads to dissatisfaction among employees.

**Encourage employees to interact among themselves**

Employees should discuss work, share experiences and also gain from each other's experience. This way individuals not only come closer to each other but also get to know a lot about each other's strengths, culture, working style and also learn many new things from them.

Employees should be encouraged to share their knowledge with fellow workers and utilize their talent in the best possible way. Employers should motivate them to sit with their fellow workers once every day to discuss team's strategies and even decide on the plan of action as to how to achieve the organization's goals efficiently.

**Employee acknowledgement**

Individuals need to be given credit wherever due. Usually whenever a team performs well, the team leader gets all the recognition and appreciation whereas the team members are left out. This needs to be addressed effectively in order to promote organizational diversity.

**Educate Managers on the Benefits of Diversity in the Workplace**

The relationship between managers and employees is a critical one. Most people quit their jobs specifically because of a disconnect with their managers or bosses.

Sometimes managers may not understand the importance of workplace diversity, or that they know how to hire and manage a diverse group of employees. They should be empowered with the skills necessary to grow and nurture a diverse team. Scheduling cultural and other sensitivity training is a great initiative.

**Inclusive Workplace Policies**

Promoting workplace diversity may mean creating new policies or updating current ones system-wide, from recruitment to performance evaluations and promotions.

For example, when posting job openings, position descriptions should reach broader audiences.

Other inclusive strategies that support diversity and inclusion in the workplace include:

- ☐ Allowing employees to take off work for religious holidays that may not be officially observed by the company
- ☐ Offering on-site daycare and creche facilities.
- ☐ Ensuring an inclusive facility, such as the availability of non-gendered restrooms.
- ☐ Extending the option for flexible work hours
- ☐ Using a mobile workforce app with a translation feature so every employee can communicate in his or her preferred language.

### **Clear communication along with Employee-Led Task Forces**

Clear communication and follow-through is necessary to ensure initiatives are effective. The policies designed should reflect the unique needs of all the employees in the organization.

Employees should feel comfortable coming to their managers with any concerns, especially about their treatment in the company due to their gender, ethnicity, sexuality, age, or any other factors.

Managers should feel confident in their internal communication with employees by avoiding making any assumptions and using inclusive language. This is a great way for managers to set up open and respectful internal communication channels.

Regularly ask for feedback from your diverse workforce and create dedicated diversity task forces with team members from every department for candidate recruitment and training. This ensures transparency as well as ownership and buy-in from the whole team.

Recognizing that not everyone feels comfortable speaking up through traditional internal communication channels, these task forces can assist with ongoing efforts in strengthening workplace culture and employee engagement for everyone.

### **Employee engagement opportunities**

If the company has multiple locations, employees can be allowed to visit other locations in another city, state, or country.

Employees are also able to see how other locations deal with similar problems and situations in a completely different way. This may encourage the employees to learn to think outside the box and integrate the same thinking back to their own teams and departments.

Some companies, like Sales force, have their employees volunteer together in their communities to give back as well as to develop deeper connections

with one another. This kind of exposure is a great way to let employees experience and participate in other environments and creates opportunities for diverse workforce to understand each other better.

### Mentorship Programs

Mentorship programs are a key component of workplace diversity programs to ensure that everyone has the opportunity to advance.

Employees with high potential should be offered mentors regardless of their age, race, sex, or other factors. Apart from a company-sponsored mentorship program, there are other ways of providing similar opportunities, including:

- ☐ Support professional development opportunities by contributing to employees' continuing education.
- ☐ Connect employees to outside resource groups, like those dedicated to young professionals and women's leadership.
- ☐ Leadership team should reflect diversity by hiring and promoting diverse candidates into those roles.

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## 3.8 DIVERSITY AWARENESS TRAINING AND PROGRAMS,

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A diversity training program's objective is to boost participants' awareness about the various elements of diversity, acknowledging differences among co-workers, and providing knowledge and strategies to enhance employees' interpersonal and communication skills across diversity to help build a positive work environment.

Essential elements of successful diversity training

The following steps should be considered:

- ☐ **The training's design and the delivery format.** Two effective methods can be implemented a) Diversity analysis with context to perspective which is based on developing empathy with minority/diverse groups to improve pro-diversity attitudes and behavioural intentions toward these groups. b) Diversity training along with goal setting is a flexible and adapted training to participants' specific, measurable, and challenging goals related to diversity in the workplace.
- ☐ **Allow learners to be out of their comfort zone** while at the same time maintaining an atmosphere of psychological safety. Diversity training needs to allow people to discuss sensitive topics, but at the same time, they need to feel that environment is supportive and appreciative of the disclosure of such kind.
- ☐ **Discussing the journey.** Through guided activities and experiences, diversity training helps to adopt different perspectives about others.

Training participants can compare their understanding of diversity issues at the beginning and the later stage of the training.

- ☐ **The trainer's experience, skills, and attitudes.** The trainer is important because he/she is the person who needs to manage and guide the participants' journey and provide opportunities to grow in a safe space.

#### **How can we initiate the training program?**

- ☐ Analyse the need for a more inclusive work climate.
- ☐ Reflect on the diversity issues that exist in the organization.
- ☐ Groups to involve in diversity training, with regards to race, religious groups, culture, generation, gender, or another diverse group.
- ☐ Discuss the current diversity issue, and appropriate diversity training to address it.
- ☐ Explain the benefits of diversity training for all the people at the organization, including the team members and other leaders in the organization.
- ☐ Make a list of the topics to develop and include in diversity training.

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### **3.9 SYSTEMIC AND INDIVIDUAL DIVERSITY CHANGE INITIATIVES,**

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Diversity change in organizations is described as a systemic, multilevel, and off and on process. Its systemic nature underlines the role of the environment and suggests a holistic approach to diversity change including demographic and diversity-related cultural and political change.

**In order to implement any change initiatives, the following pointers can be kept in mind.**

**Listen to employee perspectives.** Employees, managers and leaders familiar with the effects of inequity have stories to tell from their own lived experiences. Employees should be encouraged to speak out and talk about their stories and life experiences.

**Collect all kinds of relevant data.** There are various kinds of data that provide great insight into the current status of diversity and inclusion within an organization. For instance, an analysis of the talent pool can reveal where good majority of talent exists within the organization, or a review of exit survey data can help understand leading indicators like retention loyalty and related information.

**Evaluate the organization's talent systems, processes, and HR policies** to ensure fairness and equality. Diversity, equity and inclusion must be built into every talent process, enabling HR and the leaders to make unbiased and fair decisions around whom to hire, promote and develop.

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### 3.10 THE FUTURE OF DIVERSITY – A GLOBAL PERSPECTIVE.

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Leading personalities suggest challenging the term ‘available anytime’ performance models to remove barriers for women and to start advocating a gender-inclusive culture in families, communities and schools, that goes beyond the workplace. They also call for policies that address the sexual division of responsibilities in the household, if one wants to arrive at fair outcomes for both women and men.

The ILO’s Quantum Leap Report of 2019 identifies four mutually reinforcing paths on the way to gender equality: the path of rights; the path of access to infrastructure, social protection and public care services; the path of engaging and supporting women through work transitions; and the path to women’s voice and representation.

The legal system is also considerably influencing how diversity is managed and how discrimination is perceived. Legal complexities can stand in the way of cultural change and prevent the recognition of systemic discrimination

Many have presented an optimistic view for the future where millennials will transform the concept of “diversity”, linking it much more to inclusion than is currently the case – especially once this generation integrates into leadership positions.

According to surveys, for millennials diversity is about working and collaborating with people from varied backgrounds, and they see diversity as essential for an inclusive culture that supports engagement, empowerment and authenticity. They also conceive of diversity as thought associated diversity, which provides protection against “groupthink”, a frequent phenomenon in diverse groups, whereby viewpoints and decisions are based on group conformity

They see numerous ways to instil positive images of under-represented groups in the workplace such as information about peers’ positive practices and actions, creating opportunities, informative training on the benefits of diversity, celebrating the accomplishments of minority role models, and promoting neutral language in all documentation and policies. They further highlight that focusing the brain on exclusively relevant facts can help encourage the recruitment of under represented staff, as when the names and other information that may point to a candidate’s gender, race, age, and other bias-triggering factors are removed for resume assessment. Research has shown that this can reduce unconscious bias significantly.

#### **Self-Assessment Questions:**

Q1. A diversity and Inclusion plan means

- a. To include and treat all employees fairly
- b. To treat all employees in a differentiated manner



- c. To categorise employees based on their religion
- d. To group employees on the basis of their gender

Q2. Which of the following is an element of diversity?

- a. Type of clothes
- b. Food preference
- c. Choice of colour
- d. Gender

Q3. Which of the following is an organisational strategy for promoting diversity

- a. Encouragement of employee interaction
- b. Strong rules and regulations
- c. Allocation of responsibilities
- d. Ease in doing business

Q4. Explain some corporate initiatives on gender diversity.

Q5. What would you include as a part of diversity awareness training program?

Q6. Summarise the future of diversity in your opinion

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## TECHNOLOGY IN HUMAN RESOURCE

### Unit Structure:

- 4.1. Administration and Human Resource Information Systems
- 4.2. Talent Management
- 4.3. Job Analysis and Human Resource Planning
- 4.4. Recruitment and Selection in an Internet Context
- 4.5. Training and Development
- 4.6. Performance Management, Compensation, Benefits, Payroll
- 4.7. Human Resource Information Systems
- 4.8. International Human Resource Management
- 4.9 Summary

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### 4.1. INTRODUCTION

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The need of technology for HR professionals is crucial in modern times since it has the ability to apply knowledge and transform HR service delivery using web-based technology. HR is no longer about an individual but it is now seen more like a portal. The practices of HR management have drastically changed from the HR services through traditional methods to technology & web based applications. This helps the organization to focus and improve the services and reduce the cost incurred thus providing them a competitive advantage in the market.

Organizations are now expecting the HR to be more technology based professionals as it helps in reducing the administrative burdens and streamlining the HR processes. It also aids to spot the ongoing trends; that would allow the decision makers and the workforce based on real time metrics that play a crucial role in making strategies.

#### **Administration and Human Resource Information Systems**

The HR management department manages the most valued asset of the organization effectively by managing the employee lifecycle that can provide organizational structure and the ability to meet business needs. The Human Resource manages 5 main duties: talent management, compensation and employee benefits, training and development, compliance, and workplace safety.

Several disciplines make up the HR department, & human resources managers working at smaller companies might perform more than one of the five main duties: talent management, compensation and benefits for employees, training and development, compliance, and workplace safety.

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## **4.2. TALENT MANAGEMENT**

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The talent management team is responsible for recruiting, hiring, developing, and retaining employees. Recruiters are the heavy lifters in building any company's workforce. They're responsible for the total hiring process including posting positions on job boards, sourcing candidates through job fairs and social media, serving as the first-line contacts for running background checks to screen candidates conducting interviews and coordinating with the hiring manager responsible for making the final selection. A recruiter's success is determined by the different key metrics: the number of positions they fill each year, where candidates are coming from (e.g., job postings, social media, career fairs, etc.), the time it takes to fill positions, and reasons why an applicant wasn't hired. Employee relations or support is the area of the talent management team that is concerned with strengthening the employer-employee relationship. Human resources managers in this role study job satisfaction, employee engagement, organizational culture, and resolving workplace conflict. If the company has a joint workforce, this team will also work on labor relations, including negotiating collective bargaining agreements, creating managerial responses to union organizing campaigns, and interpreting labor union contract questions.

The talent management group is also home to HR practitioners who focus on workforce planning and management. This area includes succession planning and retention efforts across the business, from the C-suite downwards. When an employee resigns, retires, is fired or laid off, gets sick, or dies, the workforce planning team gets into action.

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## **4.3. JOB ANALYSIS AND HUMAN RESOURCE PLANNING**

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Structure development of an organization, results in jobs that needs to be staffed. Job analysis determines the duties and nature of the jobs and the kinds of people who should be hired for them. The data provided is used for developing job descriptions and job.

Thus, job analysis involves the process of identifying the nature of a job (job description) and the qualities of the likely job holder (job specification).

1. Steps in Job Analysis
2. Determination of the use of the Job Analysis Information
3. Use of background information
4. Information processing
5. Selection for job analysis
6. Collection of job analysis data
7. Job Description
8. Job Specification
9. Job Description

## **Methods of Collecting Job Analysis Information**

Job information is collected through the following methods:

1. Participant Diary/Logs
2. Interview
3. Critical Incidents
4. Technical Conference Method
5. Job Performance
6. Functional Job Analysis
7. Observation Method
8. Questionnaires

## **Importance of Job Analysis**

A job analysis is an efficient way to gather useful information about a job, and its cost-effectiveness makes it affordable for any organization. An effective training program for a particular job cannot be developed unless information about what the job entails is clearly mentioned.

## **Potential Problems with Job Analysis**

Any process cannot be completely accurate and serve all the purpose. The process involves a variety of methods, tools, plans and a lot of human effort. The limitation is the intervention of manual entry by people that may lead sometimes to human error.

## **Problems that needs to be addressed with Job Analysis**

1. The biggest problem arises when there is a lack of management support to a job analyst. Top management must effectively communicate the right message to their incumbents.
2. The employees need to be transparently communicated about data to avoid lack of cooperation from employees.
3. Need to properly identify the needs and objectives of job analysts to carry out the research and investigation of the process successfully.
4. To have a balanced and unbiased approach in the processes carried out by the job analysts.
5. Needs to collect information from multiple sources for the job analyst to provide accurate data.

## **Meaning and Definition of Human Resource Planning**

According to Vetter, “HRP is the process by which management determines how the organization should move from its current man power position to desired manpower position. Through planning, management strives to have

the right time, doing things which result in both the organization and individual receiving maximum long run benefits”.

According to Gordon Mc Beath, “HRP is concerned with two things: Planning of manpower requirements and Planning of Manpower supplies”.

According to Beach, “HRP is a process of determining and assuming that the organization will have an adequate number of qualified persons, available at proper times, performing jobs which meet the needs of the enterprise and which provides satisfaction for the individuals involved”

Simply HRP can be understood as the process of forecasting an organization’s future demands and supply of the right type of people in the right number. In other words, HRP is the process of determining manpower needs and formulating plans to meet these needs.

#### **HRP is a Four-Phased Process.**

- o The first phase involves the gathering and analysis of data through manpower inventories and forecasts,
- o The second phase consists of establishing manpower objectives and policies and gaining top management approval of these.
- o The third phase involves designing and implementing plans and promotions to enable the organization to achieve its manpower objectives.
- o The fourth phase is concerned with control and evaluation of manpower plans to facilitate progress in order to benefit both the organization and the individual. The long run view means that gains may be sacrificed in the short run for the future grounds. The planning process enables the organization to identify what its manpower needs is and what potential manpower problems required current action. This leads to more effective and efficient performance.

#### **Importance of Human Resource Planning**

HRP is the subsystem in the total organizational planning. Organizational planning includes managerial activities that set the company’s objective for the future and determines the appropriate means for achieving those objectives. The importance of HRP is elaborated on the basis of the key roles that it is playing in the organization.

1. Aids in determining the future personnel needs of whether the organization is facing surplus or deficiency in staff strength.
2. HRP provides inputs in strategy formulation process, allocating decisions related to organization structure, process and human resources. In some organizations, HRP plays a very significant role as strategic planner and the HR issues are perceived as inherent in business management.

3. Manpower planning in the form of skill development is required to help the organization in dealing with this problem of skilled manpower shortage
4. The HR department's ability to fill key jobs with foreign nationals and reassignment of employees from within or across national borders is a major challenge that is being faced by international business.
5. HRP provides essential information for designing and implementing personnel functions, such as recruitment, selection, training and development, personnel movement like transfers, promotions and layoffs.
6. Organizations can make investments in its personnel either through direct training or job assignment and top officials have started acknowledging that quality of work force is responsible for both short term and long term performance of the organization.
7. Employees are always reluctant whenever they hear about change and even about job rotation. Hence, organizations cannot shift one employee from one department to another without any specific planning.

### Steps in Human Resource Planning

HRP effectively involves forecasting personnel needs, assessing personnel supply and matching demand -supply factors through personnel related programs. The HR planning process is influenced by overall organizational objectives and environment of business.

1. **Environmental Scanning:** It refers to the systematic monitoring of the external forces influencing the organization. The following forces are essential for pertinent HRP.
  - o Economic factors, including general and regional conditions
  - o Technological changes
  - o Demographic changes including age, composition and literacy,
  - o Political and legislative issues, including laws and administrative rulings Social concerns, including child care, educational facilities and priorities.

By scanning the environment for changes that will affect an organization, managers can anticipate their impact and make adjustments early.

**Organizational Objectives and Policies:** HR plan is usually derived from the organizational objectives. Specific requirements in terms of number and characteristics of employees should be derived from organizational objectives

2. **HR Demand Forecast:** Demand forecasting is the process of estimating the future quantity and quality of people required to meet the future needs of the organization. Annual budget and long-term corporate plan when translated into activity into activity form the basis for HR forecast.

Demand forecasting is essential because it helps the organization to:

- o Quantify the jobs, necessary for producing a given number of goods,
- o To determine the nature of staff mix required in the future,
- o To assess appropriate levels in different parts of organization so as to avoid unnecessary costs to the organization,
- o To prevent shortages of personnel where and when, they are needed by the organization.
- o To monitor compliances with legal requirements with regard to reservation of jobs.

Techniques like managerial judgment, ratio trend analysis, regression analysis, work study techniques, Delphi techniques are some of the major methods used by the organization for demand forecasting.

3. **HR Supply Forecast:** Supply forecast determines whether the HR department will be able to procure the required number of workers. Supply forecast measures the number of people likely to be available from within and outside an organization, after making allowance for absenteeism, internal movements and promotions, wastage and changes in hours, and other conditions of work.

**Supply forecast is required because it is needed as it**

- o Helps to quantify the number of people and positions expected to be available in future to help the organization realize its plans and meet its objectives
- o Helps to clarify the staff mixes that will arise in future
- o It assesses existing staffing in different parts of the organization.
- o It will enable the organization to prevent shortage of people where and when they are most needed.
- o It also helps to monitor future compliance with legal requirements of job reservations.

1. **HR Programming:** Once an organization's personnel demand and supply are forecasted the demand and supply need to be balanced in order that the vacancies can be filled by the right employees at the right time.



2. **HR Plan Implementation:** HR implementation requires converting an HR plan into action. A series of action are initiated as a part of HR plan implementation. Programs such as recruitment, selection and placement, training and development, retraining and redeployment, retention plan, succession plan etc when clubbed together form the implementation part of the HR plan.
3. **Control and Evaluation:** Control and evaluation represent the final phase of the HRP process. All HR plan include budgets, targets and standards. The achievement of the organization will be evaluated and monitored against the plan. During this final phase organization will be evaluating on the number of people employed against the established (both those who are in the post and those who are in pipe line) and on the number recruited against the recruitment targets. Evaluation is also done with respect to employment cost against the budget and wastage accrued so that corrective action can be taken in future.

### Factors Affecting Human Resource Planning

HRP is influenced by several factors. The most important of the factors that affect HRP are:

1. Type of the organization determines the production processes involve, number and type of staff needed and the supervisory and managerial personnel required. HR need is also defined by the strategic plan of organization. If the organization has a plan for organic growth then organization need to hire additional employees. On the other hand if the organization is going for mergers and acquisition, then organization need to plan for layoffs, as mergers can create, duplicate or overlap positions that can be handled more efficiently with fewer employees.
2. HR planning becomes more formalized and less flexible and less innovative and problem like retirement and possible retrenchment dominate planning. During the declining stage of the organization HRP takes a different focus like planning to do the layoff, retrenchment and retirement. In declining situation planning always becomes reactive in nature towards the financial and sales distress faced by the company.
3. Political, social and economic changes affect all organizations and the fluctuations that are happening in these environments affect organizations drastically. Personnel planners deal with such environmental uncertainties by carefully formulating recruitment, selection, training and development policies and programs. The balance in the organization is achieved through careful succession planning, promotion channels, layoffs, flexi time, job sharing, retirement and other personnel related arrangements.
4. HR plans can be short term or long term. Short term plans spans from six months to one year, while long term plans spread over three to

twenty years. The extent of time period depends upon the degree of uncertainty that is prevailing in an organizations environment. Greater the uncertainty, shorter the plan time horizon and vice versa.

5. The forecast depends to a large extent upon the type of information and the quality of data that is available to personnel planners. The quality and accuracy of information depend upon the clarity with which the organizational decision makers have defined their strategy, structure, budgets, production schedule and so on.
6. Personnel planners need to be really careful with respect to the nature of the jobs being filled in the organization. Employees belonging to lower level who need very limited skills can be recruited hastily but, while hiring employees for higher posts, selection and recruitment need to be carried out with high discretion. Organization need to anticipate vacancies far in advance as possible, to provide sufficient time to recruit suitable candidate.
7. Outsourcing is a regular feature both in the public sector as well as in the private sector companies. Many of the organizations have surplus labor and hence instead of hiring more people they go for outsourcing. Outsourcing is usually done for non-critical activities. Outsourcing of non critical activities through subcontracting determines HRP.

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## **4.5. TRAINING AND DEVELOPMENT**

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Training improves the ability and knowledge of operative employees and development, improves the ability and knowledge of managerial personnel. While training prepares the individual to meet the requirements of the job by upgrading their skills, development involves improving a manager's general knowledge to perform managerial responsibilities. Managers learn skills to make good decisions during class lectures and when get back to work, they apply such skills.

Some of the commonly used training programs in the subsidiaries of international companies are:

- a. Job instruction using models or prototypes
- b. Apprenticeship training or understudy
- c. Job rotation
- d. Lectures to provide theoretical aspects of job
- e. Coaching, especially low performers

Very systematically and objectively, the training needs are determined in the subsidiaries using the techniques learnt from the parent company. Through questionnaires, psychological assessments, and the feedback from performance assessment, the training needs are determined. Once the needs are determined, appropriate training and development methods are chosen and the trainees are selected. For managerial personnel, the feedback from

performance assessment system comes as input for selecting the developmental methods.

Once these factors are assessed, the developmental programs can be designed and program sessions can be planned. At times, managers are sent to the headquarters of the parent organization for gaining insights and education. The Japanese companies are very aggressive in this aspect. Executives get exposed to things as practiced in the corporate headquarters, especially the world's best run companies either in Japan, America or Europe. Visiting such places gives the managers firsthand knowledge and exposure. They are also indoctrinated into the philosophies and culture of the parent company.

Some of the commonly used developmental programs for executive level in subsidiaries are:

- a. Interviewing Skills
- b. Negotiation Skills
- c. Motivational methods
- d. Leadership styles
- e. Grievance handling skills
- f. Middle management development programs
- g. Executive development programs
- h. MBA level courses on a part-time basis.
- i. Use of local educational institutions

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## **4.6. PERFORMANCE ASSESSMENT**

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Performance assessment is an essential part of the Human resource Management in many of the international companies. They may range from simple to complex assessment systems, such as Competency based systems. The employee's performance is evaluated periodically with a formalized assessment system.

Whatever approaches are chosen, the following seem to be the common objectives of a performance appraisal used in international companies:

1. To help the employees improve their current job performance.
2. To stimulate their interest in self-development
3. To provide an adequate supply of well-prepared employees for promotional exercises
4. To provide a tool for comparing employee's performance with salary for sound salary administration.
5. To provide opportunity to express his feelings about job related matters.

6. To foster good personal relations.
7. To encourage high standards of performance
8. To let each employee know where he or she stands.

In recent years, quite a number of international companies have imported Management by Objectives approach to the assessment system in their subsidiaries. With proper training, the system has become routine and accepted by the employees.

**Such a system includes the following steps:**

1. Agreement on duties and responsibilities of the subordinate's job between the boss and the subordinate.
2. Setting objectives in all areas of major responsibility
3. After setting the objectives, the subordinate submits them to his or her boss.
4. Reporting of progress to the boss.
5. At the end of the given period, the subordinate prepares an accomplishment report comparing performance to the set objectives.
6. The next important step is the appraisal interview where reasons for not accomplishing objectives are explored and corrective actions are suggested.

MBO is accepted as a way of life in many international companies and the human resource department gets the responsibility to make sure the system is in place and carried out effectively. In many international organizations, performance assessment occupies an important place due its impact on providing feedback on the performance to the corporate headquarters or to the subsidiary heads. Due to its importance, this process is also known as Performance Improvement Management. The department heads and their subordinates are trained into conducting the appraisals and providing feedback to their subordinates.

The employee potentials are assessed for upgrading them and grooming them for higher level positions. Employee career strategies are linked to the feedback obtained from the performance appraisal outcomes. Setting up of career plans and strategies are not that common in many international companies.

This may be because of the availability of all types of employees when and where needed. Of course this attitude is changing and more and more subsidiaries are instituting career plans in their organizations. Although there are different approaches to career plans and career development, it is considered as a process of developing a personal strategy that is conceptually similar to a corporate strategy.

## Employee Compensation

Compensation is a complex subject when it comes to International area of management. Conditions, systems, and legal aspects vary from country to country. If two or more countries are involved in determining salaries and benefits to their employees in world-wide locations, the complexity is further increased.

The parent organization may have to work out several policies, procedures, and methods acceptable to the employees in various subsidiaries. This particular area of business also involves governmental rules and regulations, economic conditions, pressures from the unions and things alike. The currency exchange rate will further complicate the issue. When people are moved from one country to another, the internationally accepted standards and norms have to be followed. The expatriate managers may have to be compensated at a much higher level than the local managers. Their housing, travel, maintaining cars, special clothing allowances, maintenance expenses have to be added to their salaries. Their compensation package will take varying income tax rates in different countries. The tax reporting system to their respective governments is also too complex.

Generally, there are two common approaches to the determination of compensation in International companies. These are balance sheet approach and the Going rate approach. In this approach, the amount paid for income tax, expenses met for house rents and related expenses, goods and services payments, and discretionary expenses.

The differences between home country and the country of residence are figured out and if there is a difference, that difference will be compensated. Going rate approach refers to the market rate. In this approach, the salary structure of the host country is connected to the base salary. Some supplements are given consideration.

Besides salaries, the benefits offered by the company vary depending on the nationality of the company. While some are generous, others take a stringent approach. Some countries are generous in offering maternity benefits for their female employees. The mothers can get nearly ten month's salary for their pregnancy related expenses and given a few months of paid leave. Some countries go to the extent of granting four weeks of paternity leave.

There is a great deal of rigidity to traditional compensation systems based on collective bargaining agreements. Generally these agreements are for two or three years. The increments are predetermined at the time of collective negotiations and the employers are bound to go by the agreements irrespective of the prevailing economic conditions. Traditional wage systems also favor seniority rather than individual performance. Granting across the board increases without any consideration for individual performance leads to inequity.

A flexible wage system is one that gives discretionary power to the employer in determining compensation. Such power is essential when deteriorating and unfavorable economic conditions prevail. Without such

power or flexibility, the employer may not be able to adjust to changing business conditions.

The power to manipulate wages and salaries does not mean that the employer can do anything at the will. In fact, such power places a greater degree of responsibility on the employer. This responsibility includes coming out with an equitable compensation system for a given economic situation.

The flexible wage system has certain principles in common. The basic wage and salary component of the system reflects the worth of the job. Usually, a job evaluation exercise is used to assess the relative worth of jobs in a company. Thus inequities in the existing compensation system must be removed, if the flexible wage system is going to be successful. The company's performance and productivity measures are considered in setting aside funds for the distribution of wages and salaries to increase, payments. Individual's performance is assessed through performance appraisal as a criterion for distributing payments to individual employees.

In smaller companies the compensation and benefits roles can often be overseen by one or two human resources professionals, but companies with a larger workforce will typically split up the duties. HR functions in compensation include evaluating the pay practices of competitors and establishing the compensation structure. The compensation department is also responsible for creating job descriptions in accordance with department managers, as well as working with talent management on succession planning.

On the benefits side, HR practitioners are typically responsible for functions such as negotiating group health coverage rates with insurance carriers or coordinating with the administrator. Payroll plays a crucial role in the compensation and benefits area of HR, but many companies choose to outsource this function to a bookkeeper or payroll service provider. Those that don't generally put payroll practitioners in a separate team that works on the tactical process of generating payroll, with the compensation team focusing mainly on planning and strategy.

### **HR Compliance**

Legal and regulatory compliance is a critical component of any HR department. Employment and labor laws are highly complex, and having a team devoted to monitoring this ever-changing landscape is essential to keeping companies out of trouble with federal, state, and local governments' laws. When a business is out of compliance, it can result in applicants or employees filing claims based on discriminatory hiring and employment practices or hazardous working conditions.

### **Workplace Safety**

Every company wants to provide a safe place to work for its employees, and the Occupational Safety and Health Act of 1970 (OSHA) actually mandates that employers provide a safe working environment for their workers. A large focus area for HR is developing and supporting safety training and

maintaining federally mandated logs in the event injuries or fatalities happen at work. In addition, this department often works hand-in-hand with benefits specialists to manage the company's Workers' compensation filings.

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## 4.7. HRIS

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Human Resource Management Information System, or in the short form HRIS is generally a software program, or an online solution that can help in everyday tasks of Human resource employees, including tracking of data, data entry, and data management. Companies, driven by the tremendous force of the new-age technologies that are moving rapidly to hire new and innovative talent. Hence the advancement of HR-related systems that are extremely important in these fields is the primary goal the companies are trying to solve. The availability of technology around them, including data storage and a technology-driven approach to modern-day problems, can be beneficial. Human Resource Management Information software is used to collect and store employees' data for end-to-end Human Resource Management (HRM). It can exclusively be used for various domains such as performance management of employees, learning and development, recruitment, and much more. It can be used to store a variety of Human Resource information to be used in future activities, such as appraisal calculation, hiring new employees, work management, and much more. Sometimes HRIS is also called Human Resource Management Service (HRMS) because it helps carry out effective human resources management. There are many useful human resources applications, such as payroll calculation and processing, application tracking, work schedules, time management, employees' self-regulation and service, performance management, database management, and use of mobile phones only to manage huge workplaces.

### *HRIS Models*

The systems and working components are critical to run the wheels of an effective and efficient approach to human resources and their advancement. Let's explore these models in the following list:

#### **a. Input and output model:**

This model is actually based on the basic input and output functioning of an HRIS. So to understand this model, we will follow a modular approach. The first and foremost thing to take care of is the Input Subsystems, including Internal and Environmental Sources that provide data for the system to operate on. This data is fed into sub-processes that include Data Processing subsystems, Human resources research subsystems, and Human resources intelligent subsystems. The processed data is then fed into the HRIS Database, which is then pushed into the other module known as output subsystems, including subsystems such as the Workforce planning subsystem, Recruiting subsystem, workforce management subsystem, Compensation subsystem, and benefits subsystem. The last part of this



module is the users who can use all these systems in parallel to make the most out of them.

### **b. HRIS adoption model:**

With the evolving market, the number of HRIS models in the market is extremely high, and choosing the one that ensures the organization of the perfect architecture is utterly important, and hence, taking the right decision is extremely important.

So what should be your strategy to find the perfect pair? Let's discuss the model.

There are many dimensions that an organization should consider before they make any stance on HRIS Adoption. These include:

- Human Dimension: The level of the innovation of the employees and the senior management, along with the capabilities of the IT staff, defines this dimension. This helps in defining the scope of the implementation of the HRIS system.
- Technological Dimension: This dimension caters to the new innovations and technologies, such as a robust IT Infrastructure, true compatibility, and complexity of domains should be minimal, to be able to pursue the adoption effectively.
- Organizational Dimension: This dimension deals with the concept of relative advantage, Top management support, Centralization of resources, formalization, and cost management. These factors play an important role in HRIS selection and adoption.
- Environmental Dimension: This type of dimension is fueled by competitive pressure from other organizations, Technology vendor support, Government regulations, and support from like-minded personalities.

### **c. The HRIS success model:**

The user expects something extraordinary from the organization regarding user response, quality of the systems processes and services. Many factors are responsible for user satisfaction, including System Quality, Information Quality, Ease of Use, and Usefulness.

### ***HRIS Processes and Working Components***

With the inflow of all the data, this has been created by the inflow of new-age technologies and rapid digitization of basic data collection techniques, along with the rapid increase in employee count in companies. Thus, the use of human resources information systems plays an important role in formalizing the data effectively and economically. This would increase the effective workflow and improve efficiency. Various components should be taken care of while adopting an HRIS model.

- ❑ Management of Database: The storage and management of all information should be done in an effective environment and should be managed with the best resources available. This should be done so that the HR team can easily store and manage the data in the system to be accessed from any part of the globe anytime. The data stored can be of various types such as payroll calculation and processing, application tracking, work schedules, and time management, employees' self-regulation and service, performance management, and database management.
- ❑ Time and resource management: Nowadays, we can't monitor the work of individual employees every day and hence the need for a self-monitoring system which can detect the pattern of work done by employees and the time needed and dedicated for a specific project. The introduction of biometrics and agile framework, the effective management of resources can be easily calculated and examined.
- ❑ Payroll and benefits management: Management and the distribution of payroll are among the most important functions of HR. The use of the HRIS helps remove human error along with seamless benefits management of employees such as medical and retirement benefits.
- ❑ Employee Interface: The important thing for an organization is to solve the employees' problems, and a dedicated interface for employees can sort this problem.
- ❑ Talent acquisition and retention: The acquisition and retention of employees depend on the availability of extensive support and available features.

### ***Advantages***

Following are the advantages of the Human Resource Management Information System

- ❑ More transparency leading to a more honest and engaging employee experience.
- ❑ Data storage can be done in a secure in-house environment to avoid cyber-attacks and identity theft.
- ❑ Retrieving and analyzing data can be a lot easier using a dedicated HRIS System.
- ❑ Duplication of resources and capital can be avoided.
- ❑ This provides an improved quality assurance of reports.
- ❑ The adaptability of the organization increases manifold, because of the access to the right information, and the increased awareness of both the internal and external environment.
- ❑ On-demand availability of the data anytime and anywhere in the world.

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## 4.8. INTERNATIONAL HRM

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IHRM is set of organizational activities aimed at effectively managing and directing human resources/ capital towards achieving organizational goals. Typical functions performed by HRM staff would be recruitment, selection, training and development, performance appraisal, dismissal, managing promotions and so on.

The main objective is to meet organizational missions and achieve competitive advantage over competitors at national and international level. The 3 basic approaches for IHRM are International Recruitment Methods - Ethnocentric approach- Polycentric approach- Regiocentric approach- Geocentric approach. While recruiting people for international operations, the international HR managers must identify the global competitiveness of the potential applicants at the time of the recruiting process.

Following are certain features of IHRM:

- ☐ Understand the global business.
- ☐ Learn and use cross cultures skills.
- ☐ Work with diversified people.
- ☐ Create and adapt to cultural synergy.
- ☐ Employee equity.
- ☐ Use foreign assignments towards career development.

International human resource management deals with at least three types of employees based on their country of origin:

1. Parent-Country Nationals (PCNs) – Employees belonging to the country where a company's headquarters are located are called as parent-country nationals or home country nationals.
2. Host-Country Nationals (HCNs) – Employees belonging to country where the company has set up a subsidiary or a manufacturing facility are called host- country nationals.
3. Third-Country Nationals (TCNs) – Employees who work in the home or host country facility of the company but are not nationals of either are called third- country nationals.

International HRM also means dealing with issues related to different countries, expatriation, repatriation, cross-cultural issues etc.

Dowling (1999) attributed to six factors that differentiate international from domestic HRM:

1. Wide range of HR activities.
2. Need for a broader perspective.
3. More Involvement in personal life of the employee.

4. Responsiveness to changes in staffing requirements as international strategy changes.
5. Higher risk exposure.
6. More external influences.

### **International Human Resource Management – Need**

HRM activities are performed in a particular context. It implies that either different HRM activities may be required in a global firm as compared to the domestic firm or even if the HRM activities remain the same, there may be difference in the way of performing these activities.

There are four major contextual variables because of which HRM activities in a global firm differ from a domestic firm, hence the need for international HRM. These are cultural diversity, workforce diversity, language diversity, and economic diversity. Let us go through these variables and see how they affect HRM practices.

#### **I. Cultural Diversity**

Culture of a country is one of the key factors which affect people-oriented processes, and HRM is a people-oriented process. Therefore, culture of a country has very significant impact on HRM practices. When we consider global perspective of HRM, we find cultural diversity along the globe, that is, cultures of two countries are not alike.

Cultural diversity exists on five dimensions- individualism versus collectivism, power orientation, uncertainty avoidance, masculinity versus femininity, and time orientation. Let us see how these dimensions affect human behaviour and, consequently, work practices.

1. **Individualism versus Collectivism:** Individualism is the extent to which people place value on themselves giving more importance to tasks than relationships e.g. USA, Great Britain while Collectivism is the extent to which people emphasize the good of the group or society and base their identity on the group or organization to which they belong e.g. India.
2. **Power Orientation:** Also known as orientation to authority, where less powerful people accept the unequal distribution of power; where the authority is clearly understood and lines of authority are never bypassed. On the other hand, in a culture with less orientation to power, authority is not as highly respected and employees are quite comfortable surpass their lines of authority to accomplish jobs.
3. **Uncertainty Avoidance:** Also known as preference for stability, in which people feel threatened by unknown situations and prefer to be in clear and unambiguous situations.
4. **Masculinity versus Femininity:** Also known as degree of assertiveness or materialism, in which, instead of showing concern for

people and overall quality of life the dominant values that a society emphasizes is on aggressiveness and the acquisition of money and material goods.

Societies having masculinity characteristics, gives more emphasis on ego goals such as career, money, etc., while societies having femininity characteristics, gives more emphasis on social goals such as relationships, helping others, etc.

5. **Time Orientation:** Time orientation dimension divides people into two categories- long- term orientation and short-term orientation. People having long-term orientation focus on future, prefer to work on projects having a distant payoff, and have persistence and thrift. People having short-term orientation are more oriented towards past and present and have respect for traditions and social obligations.

## II. Workforce Diversity

Workforce diversity is increasingly becoming common for bigger organizations even for domestic ones. However, in a global firm, additional workforce diversity emerges because of hiring personnel from different countries.

A typical global firm may draw its employees from three types of countries — home country (PCNs), host country (HCNs), and third country (TCNs). In a global firm, workforce diversity can also be seen in the context of employee mobility from one country to another country for performing jobs.

On this basis, an employee can be put in one of the following categories:

1. Expatriate — a parent country national sent on a long-term assignment to the host country operations.
2. Inpatriate — a host country national or third country national assigned to the home country of the company where it is headquartered.
3. Repatriate — an expatriate coming back to the home country at the end of a foreign assignment.

Workforce diversity implies that various categories of employees not only bring their skills and expertise but also their attitudes, motivation to work or not to work, feelings, and other personal characteristics. Managing such employees with pre-determined HRM practices may not be effective but contingency approach has to be adopted so that HRM practices become tailor-made.

## III. Language Diversity

Language is a medium of expression but employees coming from different countries have different languages. Though English is a very common language, it does not serve the purpose adequately as it does not cover the entire world. While employees coming from different countries may be

encouraged to learn the language of the host country for better dissemination of the information, it does not become feasible in many cases.

An alternative to this is to send multilingual communications. It implies that anything transmitted to employees should appear in more than one language to help the message get through. While there are no hard- and-fast rules in sending such messages, it appears safe to say that such a message should be transmitted in the languages the employees understand to ensure adequate coverage.

#### **IV. Economic Diversity**

Economic diversity is expressed in terms of per capita income of different countries where a global company operates. Economic diversity is directly related to compensation management, that is, paying wages/salaries and other financial compensation to employees located in different countries.

One of the basic principles of paying to employees is that “there should be equity in paying to employees.” However, putting this principle in practice is difficult for a global company because its operations are located in different countries having different economic status. In such a situation, some kind of parity should be established based on the cost of living of host countries.

Various international human resource management roles suggested by various researchers are:

##### **1. Champions of Processes**

This role encompasses:

- a. Building commitment of the senior leadership.
- b. Training managers.
- c. Monitoring HR processes.

##### **2. Guardian of Culture**

This includes:

- a. Supervision and management of implementation of global values and systems.
- b. Ensuring future leaders are sensitive and equipped to deal with global challenges.

##### **3. Effective Political Influencer**

It means:

- a. Understanding internal labour market where a subsidiary is located.
- b. Managing the internal labour market for the global managers.

#### **4. Network Leadership**

It includes:

- a. Building strong internal and external networks.
- b. Keeping abreast with latest trends and developments.
- c. Mobilizing resources to staff project teams effectively.

#### **5. Builder**

This includes:

- a. Articulating various International HR management basics.
- b. Developing basic internal HR management practices at the beginning of internalization.

#### **6. Change Partner**

This means:

- a. Continuously celebrating human resource management practices as the external environment changes.
- b. To enable the MNC to be agile in terms of its HR practices to meet the challenges of the environment and cash-on the business opportunities.

#### **7. Navigator**

It encompasses:

- a. Competency development of the people & developing a competent organization.
- b. Balancing between long-term & short-term plans and goals.
- c. Balancing between global integration and local responsiveness.
- d. Balancing between change and status quo in an global environment

#### **International Human Resource Management – Activities**

Although the major activities of human resource management as practiced in international organizations, their scope, responsibilities, and authority may vary according to the size of the subsidiary. The policy making section may study the local situation and generate a report which will then submitted to the top management for approval. They themselves may not have the authority to formulate such policies.

##### **1. Establishing or Reviewing Employment Policies:**

Check their relevancy and applicability to International operations. For instance, Equal Employment Opportunity Policies relevant to the United States may not be applicable to the subsidiaries in overseas operations. Some countries allow only certain percentage of expatriates to be appointed in their subsidiaries. Decisions regarding policies also must be made



whether to fill all key positions with parent country nationals; appointment of home country nationals; appoint the best qualified irrespective of their nationality and so on. The employment policies must be approved by the headquarters before they are being circulated to respective HR managers in various subsidiaries. Such policies also must be reviewed periodically to check for their workability and validity and proper changes must be incorporated.

The following steps are used in finding the right people for jobs and placing them on the jobs after taking them through various steps of the selection process:

- a. Preliminary Screening at campus or company locations
- b. Issuing Application Forms to be completed
- c. Testing—Psychological or job-related
- d. Structured job interviews
- e. Reference checks
- f. Meeting with Department heads
- g. Physical examination

#### International Human Resource Management – Challenges

According to P. V. Morgan, International HRM is the result of an interplay among the three dimensions — human resource activities, types of employees and countries of operation. The complexities of operating in various countries and employing different national categories of workers is an important variable that differentiates domestic and international HRM, rather than any major differences between HRM activities performed.

Broadly stated, IHRM is “the process of procuring, allocating and effectively utilising human resources in a multinational corporation “. When compared to domestic human resources management, the scope of IHRM is very wide. For e.g. while compensating people in India, the American MNC must keep in mind the expectations of locals, the competitor’s compensation structure, taxation problems of repatriates, TCN’s aspirations and a host of other issues that have a bearing on the psyche of employees possessing different skills and having different cultural backgrounds (both within and outside the country).

IHRM, thus, requires a much broader perspective, encompasses a greater scope of activities and is subject to much greater challenges than is domestic HRM.

International HRM can be a challenging exercise because of fairly obvious reasons:

#### **I. Integration Issues:**

It is difficult to push the right button at the right time, especially when managers operate from headquarters separated by distance. Controlling

operations of subsidiary companies in different parts of the globe through remote control can be really taxing — especially in coordinating effort and put the same on track in sync with the established policies of a company.

## **II. Heterogeneous Functions:**

International HRM can be very challenging when one takes a look at what international HR managers are supposed to handle in terms of variety and complexity — including issues relating to international hiring, placement, culture-specific training, compensation relating problems, administrative services to expatriates, carrying out appraisals from time to time, offering growth opportunities to the talented ones, putting out fires with labour, resolving conflicts and maintaining health labour-management relations, etc.

The employees sent abroad on an assignment need to be taken care of in a special way. Their families too need to be taken care of including medical, educational, insurance, transportation benefits, etc. HR issues relating to the above are going to be impacted by a variety of factors which demand a closer examination.

### **International Human Resource Management – Issues**

Some of the more basic issues involved in pertinent areas of global human resource management are explained below:

#### **1. Staffing, Recruitment and Selection:**

There are basically three ways to meet the requirements of manpower in foreign ventures. First, a foreign company may send persons of its home country to manage its affairs in the host country. Second, it can hire people of the host countries to meet its human resource requirements there. Third, it can also utilize the services of third country nationals. International HRM is now accepted as the key source of competitive advantage for international business.

In all cases, there have emerged certain norms regarding basic characteristics in international staffing. These are as follows – (i) cultural adaptability, (ii) strong communication skills, (iii) technical competence, (iv) professional expertise, (v) global experience, (vi) inter-personal skills, (vii) family flexibility and (viii) country or region specific considerations. Most of the multinational companies work with each other to recruit candidates for technical and managerial positions from highly reputed technical and management institutes offering them lucrative compensation packages and try to retain the services of the most talented ones.

Some of the advantages of staffing from the home country nationals are as follows – (i) greater control over activities of the organization, (ii) acquisition of experience in local markets; (iii) greater efficiency in implementing business strategy and (iv) adequate understanding of culture of the host country. The disadvantages include the following

– (i) difficulty in adoption to the foreign environment, (ii) problems of family adjustability and (iii) friction resulting from language barriers.

The major advantages of staffing from amongst the host country nationals are as follows – (i) elimination or reduction of language barriers; (ii) better understanding of host country's laws and regulations; (iii) reduction of hiring cost and (iv) reduced compensation package. The disadvantages include- (i) poor understanding of business objectives of host-country organization and (ii) possibility of biases and favoritism in appointments.

The advantages of third country nationals in staffing are as follows – (i) better equipped with the use of international perspectives and (ii) possibility of low cost of hiring. Disadvantages are as follows – (i) poor understanding of political situations and national hostilities and (ii) resistance from the government and local people and functionaries in the organization.

The use of information technology, Internet and the services of specialized and professional organizations have considerably made the task of hiring easy and convenient. Only in the case of top positions, the foreign companies generally prefer to fill them by personnel of their home countries.

There are, however, legal constraints on dismissing, discharging, retrenching or otherwise separating specified categories of employees under the Industrial Disputes Act, 1947. Besides, most of these countries do not have to face problems of language and skill and expertise of personnel needed for manning positions at various levels. These companies also have the advantage of outsourcing of specific operations, the facilities of which are in abundance in the country.

The Indian companies having their businesses abroad do not have to face many problems in recruitment and selection of suitable candidates for their enterprises as a sufficient number of qualified and competent people with managerial and technical skills and specialization are available in the country for foreign assignments.

They can conveniently be sent to countries having English as the major language. Many of the Indian students acquire efficiency in different foreign languages, which do not only enhance their career prospects, but also contribute to the success of the enterprises in the host countries.

Only in a few cases, both the Indian and foreign companies avail of the services of third-country nationals.

## **2. Training and Development (T&D):**

Training and Development is an important area which calls for special attention in international human resource management. Although a

sufficient number of qualified people with requisite academic background is available in India, they need suitable training to develop skills and capabilities commensurate with requirements of jobs assigned to them.

Different foreign and Indian companies have their own specific areas of operations, and their needs for equipping employees with essential capabilities vary. In the situation of fierce competition among firms, it becomes imperative for them to keep their employees at the level of maximum efficiency.

It is the task of training and development programs to ensure that employees at all levels of organizational hierarchy are effectively trained and developed keeping organization's objective at the forefront. Some more notable areas of T&D programs in international businesses comprise the following – (i) language efficiency, (ii) understanding of the social and political environment of the host countries; (iii) awareness of the cultural and social environment; (iv) adaptability to changing situations; (v) efficiency in the use of the computers, Internet and other electronic devices and (vi) the needs of employees' career development.

As the extent and dimension of competition, technology job requirements, market conditions and government policies change, so also it is necessary to arrange for suitable training programs on a continuing basis. Some of the methods used for training of managers and executives in international perspective comprise job rotation training, simulation, conferences, case study and Internet-based training.

Many reputed companies have started laying increasing emphasis on professional development in order to enable employees to achieve their carrier-related goals. T&D programs must also cover proper understanding of legal framework of the host countries including labor and social security laws and those related to compensation and personnel matters.

### **3. Compensation:**

In international human resource management, compensation issues are of vital importance. Companies engaged in foreign businesses must offer lucrative compensation packages to all categories of employees in order to attract and retain talented and competent personnel.

It must also be emphasized that labor cost has increasingly become an important component of the total cost of business operations. Although the use of improved technology in various areas of business activities has tended to replace manpower by electronic and other devices, the total expenditure on wages and salaries has continued to rise.

While formulating compensation policies and determining compensation packages, it is necessary to give due consideration to the standard of living, prevailing rates of remuneration, statutory regulation of wages and fringes benefits, cost of medical care and income tax laws of the host countries. People of various countries prefer to work in gulf countries as their emoluments are income-tax free.

Labor laws of many countries also lay down minimum standards related to paid holidays, vacation time pay, maximum daily and weekly hours, minimum rates of wages statutorily fixed, liability of the employers in regard to social security benefits and payment of gratuity and bonus. As there are wide variations in practices in different countries of the world, international human resource management must take into account the implications of these variations.

Other pertinent aspects that deserve particular attention in international compensation management, especially in regard to higher positions, include the following – remuneration paid by competing firms; consistency with international standards; need for career development of employees; simplicity in administration; and stability in the retention of talents with a view to maintain the services of talented and indispensable executives. Many MNCs have started offering stock ownership and equity-based compensation, long-term incentives, profit-sharing and team-based remuneration to them.

#### **4. Performance Appraisal:**

Regular performance appraisal of various categories of functionaries in foreign business is also important in international human resource management. It is rather very difficult for the home country management to evaluate performance of employees working abroad. The task of performance appraisal of such employees may be entrusted to competent appraisers of the host country.

However, the home-country management may formulate guidelines and lay down the standards for key jobs. Certain guidelines for appraisal may be related to objectives of assignment, emphasis on quantifiable measurement for the assignment, converting qualitative behavior into quantifiable measurements, evaluating employees' performance on these measurements and making calculations of return on investment (ROI).

It is always desirable to provide feedback which can be helpful in making appraisal objective and transparent. Foreign companies sometimes have to face the problem of biases and prejudices by host-country appraisers, impact of unforeseen situations and also group-pressures. Many foreign companies have started increasing adoption of 360° appraisal. Email has generally been helpful in making both the appraiser and appraisee aware of the relevant issues in performance appraisal.

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## 4.9 SUMMARY

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The need of technology for HR professionals is crucial in modern times since it has the ability to apply knowledge and transform HR service delivery using web-based technology. The HR management department manages the most valued asset of the organization effectively by managing the employee lifecycle that can provide organizational structure and the ability to meet business needs. The talent management team is responsible for recruiting, hiring, developing, and retaining employees. Job analysis determines the duties and nature of the jobs and the kinds of people who should be hired for them. The data provided is used for developing job descriptions and job. An effective training program for a particular job cannot be developed unless information about what the job entails is clearly mentioned. Job analysis determines the duties and nature of the jobs and the kinds of people who should be hired for them. . The process involves a variety of methods, tools, plans and a lot of human effort. HRP effectively involves forecasting personnel needs, assessing personnel supply and matching demand -supply factors through personnel related programs. The HR planning process is influenced by overall organizational objectives and environment of business. Organizational planning includes managerial activities that set the company's objective for the future and determines the appropriate means for achieving those objectives. Training improves the ability and knowledge of operative employees and development, improves the ability and knowledge of managerial personnel. Performance assessment is an essential part of the Human resource Management in many of the international companies. They may range from simple to complex assessment systems, such as Competency based systems. IHRM is set of organizational activities aimed at effectively managing and directing human resources/ capital towards achieving organizational goals. Typical functions performed by HRM staff would be recruitment, selection, training and development, performance appraisal, dismissal, managing promotions and so on.

### Self-Assessment

Write a short note on:

1. Talent Management
2. Job Analysis and Human Resource Planning
3. Recruitment and Selection in an Internet Context
4. Training and Development
5. Performance Management, Compensation, Benefits, Payroll
6. Human Resource Information Systems
7. International Human Resource Management

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## INTRODUCTION TO ANALYTICS

### Unit Structure:

- 5.1 Introduction to Business Analytics
- 5.2 Need for Analytics
- 5.3 Use of Analytics in business
- 5.4 Introduction to HR Analytics
- 5.5 HR Analytics and people strategy
- 5.6 Becoming a persuasive HR function
- 5.7 Summary

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### 5.1 INTRODUCTION

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Analytics is the discovery, interpretation, and communication of meaningful patterns in data rich with recorded information. Analytics relies on the simultaneous application of statistics, computer programming and operations research to quantify performance. Organizations may apply analytics to business data to describe, predict, and improve business performance. Specifically, areas within analytics include predictive analytics, prescriptive analytics, enterprise decision management, retail analytics, store assortment and stock-keeping unit optimization, marketing optimization and marketing mix modeling, web analytics, sales force sizing and optimization, price and promotion modeling, predictive science, credit risk analysis, and fraud analytics.

#### 5.1.1. Analysis vs. Analytics

Analysis is used to initially organize and interpret the data, and then structures that data into presentable information useful for real-world applications. For instance, to develop a specific product, a marketing analysis interprets buying patterns, market size, demographics and other variables that make it easy for the organization to promote the product in the market.

Analytics is multidisciplinary. It basically is used to find the results of product, pricing, promotion, advertising and distribution strategies. For example, analytics might show that young customers in their 20s are 70% more likely to rapidly change their technology as compared to the middle aged customers in their 50s. Based on the findings, several actions are recommended or decisions are made for the purpose of business success. Hence, the use of analytics helps in understanding the entire methodology rather than the individual analysis.



### **Marketing optimization**

Marketing has gradually changed into a highly data-driven process from a creative process. Marketing organizations use analytics to target customers based on the results of campaigns or efforts to make better decisions for investment. Demographic studies based on the region, nationality, culture, gender, customer segmentation based on age groups, working class- non working class and other techniques allow marketers to use large amounts of consumer purchase, survey and panel data to understand and communicate marketing strategy.

Using certain operations such as sessionization, Web analytics allows marketers to collect session-level information about interactions on a website. Google Analytics is an example of a popular free analytics tool that marketers use for this purpose. The interactions provide them with information systems that assist to track the referrer, search keywords, identify IP address, and track activities of the visitor. With this information, a marketer can improve marketing campaigns, website creative content, and information architecture.

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## **5.2. NEED FOR ANALYTICS**

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Analysis techniques frequently used in marketing include marketing mix modeling, pricing and promotion analyses, sales force optimization and customer analytics e.g.: segmentation. Web analytics and optimization of web sites and online campaigns have penetrated the organization's more than traditional marketing analysis techniques. A focus and emphasis is currently only on digital media.

Strategic marketing decisions and tactical campaigns are supported based on several tools and techniques that aids in understanding how much overall to spend on marketing, how to allocate budgets across a portfolio of brands and the marketing mix as well as targets the best potential customer with the optimal message in the most cost effective medium at the ideal time.

Business analytics applications are:

### **Portfolio analytics**

In this, the lending agency has accounts collected of varying value and risk. The accounts may differ by the social status (wealthy, middle-class, poor, etc.) of the holder, the geographical location, its net value, and many other factors. keeping in mind the risk of the defaulter of each loan, the lender must balance the return on the loan.

Some balance must be struck that maximizes return and minimizes risk. The analytics solution may combine time series analysis with many other issues in order to make decisions on when to lend money to these different

borrower segments, or decisions on the interest rate charged to members of a portfolio segment to cover any losses among members in that segment.

### **Risk analytics**

Predictive models in the banking industry are developed to bring certainty across the risk scores for individual customers. Credit scores are built to predict an individual's delinquency behavior and widely used to evaluate the credit worthiness of each applicant. Furthermore, risk analyses are carried out in the scientific world and the insurance industry. It is also extensively used in financial institutions like Online Payment Gateway companies to analyze if a transaction was genuine or fraud. For this purpose they use the transaction history of the customer. This is more commonly used in Credit Card purchase, when there is a sudden spike in the customer transaction volume the customer gets a call of confirmation if the transaction was initiated by him/her. This helps in reducing loss due to such circumstances.

### **Digital analytics**

Digital analytics is a set of business and technical activities that define, create, collect, verify or transform digital data into reporting, research, analyses, recommendations, optimizations, predictions, and automations. This also includes the SEO (Search Engine Optimization) where the keyword search is tracked and that data is used for marketing purposes. Even banner ads and clicks come under digital analytics. All marketing firms rely on digital analytics for their digital marketing assignments, where MROI (Marketing Return on Investment) is important.

### **Security analytics**

Security analytics refers to information technology (IT) solutions that gather and analyze security events to bring situational awareness and enable IT staff to understand and analyze events that pose the greatest risk. Solutions in this area include security information and event management solutions and user behavior analytics solutions.

### **Software analytics**

Software analytics is the process of collecting information about the way a piece of software is used and produced.

#### **5.1.3. Challenges**

In the industry emphasis has been made on solving the challenges of analyzing massive, complex data sets, commonly referred to as big data often when such data is in a constant state of change. Whereas once the problems posed by big data were only found in the scientific community, today big data is a problem for many businesses that operate transactional systems online and, as a result, amass large volumes of data quickly.

Another challenge posed in the industry is the analysis of unstructured data types. Unstructured data cannot be stored in traditional relational databases

without significant effort at data transformation. Sources of unstructured data, such as email, the contents of word processor documents, PDFs, geospatial data, etc., are rapidly becoming an important source of business intelligence for businesses, governments and universities. For example, in certain nations the discovery that one company was illegally selling fraudulent doctor's notes in order to assist people in defrauding employers and insurance companies is an opportunity for insurance firms to increase the vigilance of their unstructured data analysis.

Such challenges generate innovation in modern analytics information systems, giving rise to relatively new machine analysis concepts such as complex event processing, full text search and analysis, and even new ideas in presentation. One such innovation is the introduction of grid-like architecture in machine analysis, allowing increases in the speed of massively parallel processing by distributing the workload to many computers all with equal access to the complete data set.

One of the emerging challenges is dynamic regulatory needs. For example, in the banking industry and future capital adequacy needs are likely to make even smaller banks adopt internal risk models. In such cases, cloud computing and open source R (programming language) can help smaller banks to adopt risk analytics and support branch level monitoring by applying predictive analytics.

### **5.1.2 Introduction to Business Analytics**

Business analytics focuses on data, statistical analysis and reporting to help investigate and analyze business performance, provide insights, and drive recommendations to improve performances using Information technology, quantitative methods, and mathematical or computer-based models. Business analytics is more about generating real-world insights from large bodies of data than about hardcore technical aptitude such as growing sales, developing marketing strategies, using predictive analytics, improving financial efficiency and increasing productivity through streamlined processes.

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## **5.3 USE OF ANALYTICS IN BUSINESS**

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Business analytics uncover insights into past, present and future business operations thus offering many advantages to companies by enabling them. Instead of relying on intuition or guesswork, companies look for more quantifiable data for decision-making in marketing, finances, sales or internal processes.

Examples of business applications are:

1. Pricing: setting prices for consumer and industrial goods, government contracts and maintenance contracts
2. Customer segmentation: identifying and targeting key customer groups in retail, insurance and credit card industries

3. Merchandising: determining brands to buy, quantities, and allocations
4. Location: finding the best location for bank branches and ATMs, or where to service industrial equipment
5. Social Media: understand trends and customer perceptions; assist marketing managers and product designers

### 5.3.1 Benefits of Business Analytics

- Helps in improving operational efficiency through their day to day activities.
- Assist in understanding the customers more accurately for the businesses.
- Usage of data visualization in business to offer projections for future outcomes.
- Provides insights to help in decision making and planning for the future.

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## 5.4 INTRODUCTION TO HR ANALYTICS: HR ANALYTICS AND PEOPLE STRATEGY

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### 5.4.1 Metric

A metric helps in quantifying outcomes of a business process. The measuring map comprises the leading indicators that measure the incremental progress towards the HR outcome measures, lagging indicators that helps to reflect and measures the delay and gaps between the action and change in the probable business outcomes mapped to the business metrics. For each metric measured following detail are essential:

1. name of the metric
2. units in which metrics are measured (e.g. dollars, pounds, hours, percentage, ratio)
3. maximum and minimum range of the metrics ( certain cases negative values are permissible)
4. dates for the data is made available (pre data and post data )
5. desired direction of change (increase or decrease)
6. expected need and impact of the investment
7. metric collection in charge and metric sample for data collection

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## 5.5 HR ANALYTICS

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HR analytics aim to provide insight into how best to manage employees and reach business goals for maximum ROI. Even though HR has a lot of information about their employees, it would still be raw data without analytics which may pose a big challenge in larger companies, to identify

problems or offer solutions. HR Analytics uses data-supported evidence and patterns that can help HR to understand the reasoning behind what is happening in the company, such as the general wellbeing, employee engagement and the amount of training each team needs and has conducted. Also, understanding why people are leaving could help HR reduce it. There are four levels of analytics:

- a. Descriptive Analytics, which is made up of observations and reports, are important as they consist of observing the workplace to gain initial insight into what is going on.
- b. Diagnostic Analytics, takes the observations to the next level to understand why and what is the cause. It may be clear that employees are unhappy, but it is important to find out why.
- c. Predictive Analytics, is used less than the others, but is where organizations can predict ways of improving the situation and attempt them.
- d. Prescriptive Analytics is the final step where it considers the cause of the issue and uses the data to prescribe what needs to be done to fix it. Prescriptive analytics relies on the other three forms of analytics to get the best outcome.

Some of the HR metric toolkit is as follows:

HR PERFORMANCE METRICS		
1	Revenue per employee	Total revenue / total number of employees
2	Revenue per FTE	Total revenue / total number of FTE
3	Profit per employee	Total profit / total number of employees
4	Profit per FTE	Total profit / total number of FTE
5	Overtime per employee	Hours of overtime / total number of hours (contractual hours + overtime) per period
6	Labor cost per employee	Total labor cost / total number of employees
7	Labor cost per FTE	Total labor cost / FTE
8	Labor cost percentage of revenue	Total labor cost / organizational revenue
9	Labor cost percentage of total expenses	Total labor cost / total organizational expenses
10	Absence rate	Number of absence days / total number of working days
11	Absence rate per manager/department	Number of absence days per unit / total number of working days per unit
12	Overtime expense per period	Overtime pay / total pay per period
13	Training expenses per employee	Training expenses / number of employees
14	Training efficiency	Training expenses per employee / training effectiveness
15	Voluntary turnover rate	# Voluntary Terminates during period / # Employees at the beginning of period ( <a href="#">more information</a> )

16	Involuntary turnover rate	# Involuntary Terminates during period / # Employees at the beginning of the period ( <a href="#">more information</a> )
17	Turnover rate of talent	# Terminates who qualified as high potentials during period / # Employees at the beginning of the period ( <a href="#">more information</a> )
18	Turnover rate	# Terminates during period / # Employees at the beginning of period ( <a href="#">more information</a> )
19	Turnover rate per manager/department	# Terminates per unit during period / # Employees in the unit at the beginning of period ( <a href="#">more information</a> )
20	Cost of absenteeism	Total cost of absenteeism = Total employee hours lost to absenteeism * hourly pay (including benefits) + Supervisor hours lost in dealing with absenteeism * hourly pay supervisor (including benefits) + other costs (including temporary staff, training, loss of productivity, quality loss, overtime, etc.)
21	Cost of turnover	Total cost of turnover, see Excel (by SHRM)
22	HR to employee ratio	FTE working in HR / total number of FTE
23	HR cost per FTE	Total HR cost / total number of FTE
24	Time until promotion	Average time (in months or years) until promotion
25	Promotion rate	Number of employees promoted / headcount

#### GENERAL WORKFORCE METRICS

26	Average age	Average age   Sum of age of all headcount / headcount
27	Average length of service	Average length of service   Length of service of all headcount / headcount
28	Retirement rate	# Employees retired in period / headcount at beginning of period
29	Average distance from home	Average distance in miles (or km) from home
30	Engagement rate	# Employees above the engagement norm in period / headcount at beginning of period
31	Satisfaction rate	Number of people who report being satisfied in their job / total number of people
32	Salary hike since last year	(Current salary - salary previous year) / salary previous year

#### RECRUITMENT METRICS | [Click here for the supporting articles](#)

33	Time to fill	Number of days between publishing a job opening and hiring the candidate
34	Time to hire	Number of days between the moment a candidate is approached and the moment the candidate accepts the job
35	Cost per hire	Total cost of hiring / the number of new hires
36	Source of hire	Sourcing channel used to attract the hire

HR PERFORMANCE METRICS		
1	Revenue per employee	Total revenue / total number of employees
2	Revenue per FTE	Total revenue / total number of FTE
3	Profit per employee	Total profit / total number of employees
4	Profit per FTE	Total profit / total number of FTE
5	Overtime per employee	Hours of overtime / total number of hours (contractual hours + overtime) per period
6	Labor cost per employee	Total labor cost / total number of employees
7	Labor cost per FTE	Total labor cost / FTE
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13	Training expenses per employee	Training expenses / number of employees
14	Training efficiency	Training expenses per employee / training effectiveness
15	Voluntary turnover rate	# Voluntary Terminates during period / # Employees at the beginning of period ( <a href="#">more information</a> )

HR analytics has the potential to improve organizational decision-making. Some of the practical applications of HR analytics that are being used today are:

Improving the company culture can increase the health, both physical and mental, of employees. It can reduce the turnover rate, increase loyalty and improve performance outcomes. With a high level of engagement, there is more productivity, efficiency and customer satisfaction. By using HR analytics, a company could identify patterns to find out if there are consistent reasons that employees are leaving. They can also gain an understanding of current employees' behavior and attitude towards work to identify if anyone else is considering leaving. High absences could have a direct impact on their engagement, wellbeing or ability to complete tasks, and can be looked into by HR to ensure that there is a valid reason. Monitoring the reasons why employees take regular absences could offer HR a chance to improve any work-related causes, such as negative work culture.

## 5.6. BECOMING A PERSUASIVE HR FUNCTION

As an HR leader, persuasion models can help an individual sharpen their ability to move a candidate to join your company or even influence the leader to allocate more budgets. Three essential qualities needed for HR persuasion are:

- Ethos: your credibility and character.
- Pathos: emotional bond with your listeners.
- Logos: logical and rational argument.



To succeed in any strategic initiatives, HR must spearhead it by initially making effective negotiation persuasion work for them. Some of the powerful and effective persuasive techniques are:

1. Setting the Frame: HR professionals need to frame an idea or proposal to create a solid persuasive beginning to any form of negotiations.
2. Principle of Consistency Persuasion: Some people are obsessed with their need to be consistent which finally leads to fulfilling commitment that increases the chances of compliance by the group or person.
3. Principle of Recognition Persuasion: Certain people feel indebted to a person who has unintentionally performed a thoughtful or helpful act without any expectations in return. This act leads to team building in the organization.
4. Principle of Social Proof Persuasion: Human Resource pros need to engage employees to create a healthy and positive environment for its employees.
5. Principle of the Authority Figure Persuasion: Authority leaders make a positive and influential impression on other people as they often respond to another's expertise. The titles and names of these leaders are very persuasive in making the proposal legitimate.
6. Principle of Liking Persuasion: People who make others feel good about them are mostly liked by all. If genuine interest is shown in another person, they respond more positively to the individual as well as to the environment.
7. Principle of Scarcity Persuasion: If an individual doesn't act immediately on certain occasions of emergency, persuade them to agree and react positively to the plan or proposal.

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## 5.7 SUMMARY

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Analytics is the discovery, interpretation, and communication of meaningful patterns in data rich with recorded information. Analysis is used to initially organize and interpret the data, and then structures that data into presentable information useful for real-world applications. Analysis techniques frequently used in marketing include marketing mix modeling, pricing and promotion analyses, sales force optimization and customer analytics. There are certain challenges such as big data, unstructured data types, dynamic regulatory compliances posed in the industry. Hence Business analytics was introduced that uncovers insights of past, present and future business operations thus offering many advantages to companies by enabling them. The measuring map comprising of both the leading indicators and the lagging indicators are used to measure the metric. This is usually used to measure the HR Analytics, that aim to provide insight into how best to manage employees and reach business goals for maximum ROI. To succeed in any strategic initiatives, HR must spearhead it by initially

making effective negotiation persuasion work for them using different persuasive techniques.

### **Self-Assessment**

1. Compare between Analysis and Analytics. Illustrate with suitable examples.
2. Why there is a need of Analytics?
3. Explain Business Analytics.
4. What are benefits of analytics in business?
5. “HR analytics provides an insight into how to manage the employees and reach business goals for maximum ROI.” Comment.
6. State the types of HR Analytics.
7. “HR leader, persuasion models can help an individual sharpen their ability.” How?

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