

Human Resource Management

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HUMAN RESOURCE MANAGEMENT

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PREFACE

During the past three decades, the Personnel function has witnessed dramatic changes. Widespread usage of the term 'HRM' in place of 'Personnel Function' is itself symbolic of this change. To survive in this highly competitive world, managers are being pressurised to improve quality, increase productivity, cut down waste and eliminate inefficiency. The Human Resource function has enriched itself by including within it 'development' dimension. The collective efforts of the employer and employee assume relevance in this context and here the concept human resource management can play a crucial role.

The present book is all about the subject Human Resource Management. The various topics and subject matter have been presented in a simple and articulate manner, keeping the unique requirements of students in mind. This book provides contemporary knowledge, basic concepts, evolving theories, latest techniques, ever-changing procedures and practices in the field of HRM. Every attempt has been made to maintain easy readability and quick comprehension.

Each chapter of the book is independent and contains contemporary examples extensively used to convey the dynamics of the subject. Study aids such as exercises, figures, exhibits, charts and tables have been used to present the content in a lucid manner. The book also contains several cases highlighting the challenges by HR managers at various levels in the corporate world. These have been used to help the student understand the theoretical concepts in a better way. Each chapter is also supported by Multiple Choice Questions which will help the students to get the deeper insight of the contents.

The authors are confident that this book will be useful to all the management students not only to gain perspective of a key management discipline, but also able to adopt and implement the various practices to improve the vital function of Human Resources in their organisations.

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SYLLABUS

Human Resource Management

Introduction to HRM and Framework: Nature of HRM, Scope of HRM, HRM: Functions and Objectives, HRM: Policies and Practices, SHRM, Nature of SHRM, Global Competitiveness and Strategic HR, Linkage of Organizational and HR Strategies, SHRM Model – The Integrated System Model, Devanna *et al.* – Strategic Human Resource Management “Matching Model”.

HR Procurement: Human Resource Planning – Job Analysis, Job Design: Writing Job Description, Introduction, Factors Affecting Job Design, Job Characteristics Model (Hackman and Oldham, 1976) of Effective Job and Job Satisfaction, The Need of Manpower Planning, What is Human Resource Planning, Definition, Objectives, Importance, Benefits, The Process of Human Resource Planning, Preparing Manpower Inventory (Supply Forecasting) .

2.2 Recruitment and Selection: Strategic Approach to Recruitment, Labour Markets and Recruitment, Recruiting and Diversity Considerations, Employment Advertising, Recruiting Diverse Workers, Recruiting Source Choices: Internal vs. External, Introduction to Selection Process, Selection Procedure.

2.3 Career Planning: Succession Planning.

Training and Development: Employee Training and Development, Nature of Training, Training Process, Training Needs Assessment, Training Evaluation, Training Design, Implementing Training Programs (Training Methods), Implementing Management Development Programmes.

Employee Performance Appraisal and Compensation: Performance – Definition, Why to Measure Performance, Use of Performance Data, Measurement Process, Performance Feedback, Performance Appraisal Methods, Compensation Concept, Traditional Approach, Current Trends in Compensation, Linking Compensation with Performance – Advantages and Problems, Team-based Incentives.

Managing Employee Relations: Concept, Importance, Organizational Entry, Employee Status, Flexible Work Arrangement, Employee Surveys, Handbooks, Violations of Policy/Discipline, Industrial Relations and Disputes, Grievance Procedure, Termination, Resignation, Downsizing, Layoff, Retirement, Organizational Exit.

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1

INTRODUCTION TO HRM AND FRAMEWORK

Learning Objectives

- To learn about objectives and nature of HRM
- To study policies, practices, and functions of HRM
- To understand strategic human resources management function
- To comprehend linkage of SHRM and organisation excellence

Chapter Content

1. Introduction
2. Functions of HRM
3. Objectives of HRM
4. Nature of HRM
5. Scope of HRM
6. Role of HRM
7. HR Functions
8. HRM: Policies and Practices
9. Qualifications and Qualities of HR Manager
10. Role of HR Manager
11. Challenges for HRM
12. Strategic Management Process
13. Strategic Human Resource Management
14. Nature of SHRM
15. Global Competitiveness and Strategic HR

16. Linkage of Organisational and HR Strategies
17. Strategic Integration Model
18. The Matching Model
19. The Soft Variant of HRM
20. Outcomes of Strategic HR

1. INTRODUCTION

Human Resources Management is concerned with allocating and managing the most valuable resources – people in the organisation. Human resource is the wealth of a nation and an organisation. Human Resources Management practice involves careful strategizing, good leadership, and other solid business practicess.

Leon. C Megginson defined human resource in his *Personnel and Human Resource Administration* as

“From the national point of view, human resources are knowledge, skills, creative abilities, talents, and attitudes obtained in the population; whereas from the viewpoint of the individual enterprise they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employers”

Human Resource Management is the process of attracting, developing and maintaining a talented and energetic workforce to support organisational mission, objectives and strategies.

Human resource management is concerned with the human beings in an organisation. It views an organisation’s manpower as its resources and assets, and not as liabilities or mere hands. HRM is the process of managing the people of an organisation with human approach.

HRM can be defined as a process of procuring, developing, and maintaining competent resources in the organisation so that goals of an organisation are achieved in an effective and efficient manner. HRM is an art of managing people at work in such a manner that they give their best to the organisation.

In K. Aswathappa’s words “HRM refers to the management of people in organisations. It comprises of the activities, policies, and practices involved in obtaining, developing, utilizing, evaluating, maintaining, and retaining the appropriate number and skill mix of employees to accomplish the organisation’s objectives. The goal of HRM is to maximize employees’ contributions in order to achieve optimal productivity and effectiveness, while simultaneously attaining individual objectives (such as having a challenging job and obtaining recognition), and societal objectives (such as legal compliance and demonstrating social responsibility)”.

Why Human Resources?

Human resources are valuable — being one of the resources essential to run a business, human resources are very valuable. High quality employees provide necessary service as they perform many critical functions.

Human resources are rare — being one of the resources, the availability of employees with high performing abilities, needed skills and knowledge is not common. Organisation has to spend a lot of time for talented and experienced workforce.

Human resources cannot be imitated – Every human being is unique and different. The way of doing work by one individual cannot be imitated by any other as everybody's skills, abilities are different.

Human resources have no good substitutes – When people are well trained and highly motivated, they learn, develop their abilities, and care about customers. It is difficult to imagine another resource that can match committed and talented employees.

2. FUNCTIONS OF HRM

“HRM is management function concerned with hiring, motivating and maintaining people in an organisation. It focuses on people in organisation” (Aswathappa, 2008)

Human resource management helps to achieve the organisation's goals by engaging them in variety of activities and functions. The basic and major HRM functions are acquisition, development, compensation, and maintenance.

Acquisition of Human Resource

Acquisition function consist of human resource planning for employees including activities related to analyzing employment needs, determining the necessary skills for positions, identifying job and industry trends, and forecasting future employment levels and skill requirements.

Acquisition function consists two steps:

- (a) **Recruitment:** Recruitment is a process by which organisations locate and attract individuals to fill job vacancies.
- (b) **Selection:** Selection is a process of measurements, decision making and evaluation.

Four specific goals of effective human resource planning are:

- Sustaining stable workforce levels during difficulties in output by reducing unnecessary employment costs and liabilities and increase employee morale.
- Preventing a high turnover rate among younger recruits.
- Reducing problems associated with replacing key decision makers in the event of an unexpected absence.
- Making it possible for financial resource managers to efficiently plan departmental budgets.

Development of Human Resources

The next important HRM function is development of human resources. It is concerned with imparting knowledge and skill to perform the task and jobs properly. Moreover, it is an attempt to improve employee performance by imparting knowledge, changing attitudes and improving skills. It can be done through teaching, coaching, classroom courses, assignments, professional programmes and so on. Development function helps in enhancing the future performance of the organisation by the efficient employees and achievement of the organisation goal. Development function not only limited to newly appointed employees but also for existing employees to develop them according to the continuous changes in internal and external environment

Training and development activities include the determination, design, execution, and analysis of educational programmes. Training initiatives may include apprenticeship, internship, job rotation, mentoring, and new skills programmes.

Motivation of Human Resource

The motivation function is one of the most important functions. HRM duties related to paying employees and providing incentives for them. In this course, HRM professionals are responsible for developing wage and salary systems that accomplish specific organisational objectives, such as employee retention, quality, satisfaction, and motivation. Of course, the aim of motivation in terms of compensation is to establish wage and salary levels that maximize the company's investment in relation to its goals. Besides financial compensation and fringe benefits, effective HRM managers also design programmes that reward employees by meeting their emotional needs, such as recognition for good work.

Maintenance of Human Resource

The last phase of the HRM function is called the maintenance function. This contributes towards keeping the employees who can do extremely better for the organisation. It creates such a homely and friendly environment for those high performers, and make them to remain in the same organisation for a longer period of time. This requires that the organisation should provide additional facilities, safe working conditions, friendly work environment, and satisfactory labor relations.

Maintenance tasks also related to worker-management relations primarily entail: working with labor unions, handling grievances related to misconduct such as theft or sexual harassment, and devising systems to foster cooperation. Activities in this arena include contract negotiation, developing policies to accept and handle worker grievances, and administering programmes to enhance communication and cooperation.

3. OBJECTIVES OF HRM

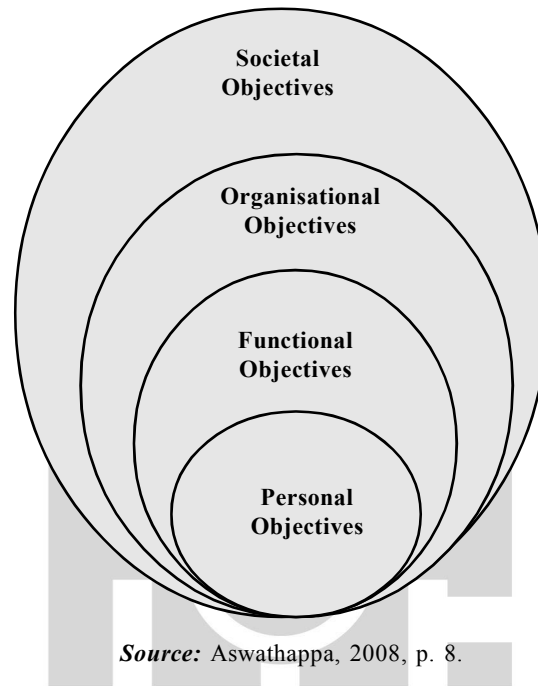
Organisational objectives, individual objectives, and societal objectives influence the objectives of human resource management. The objectives of HRM are drawn from and to contribute to the accomplishment of the organisational objectives.

P. Subbarao, in his *Essentials of Human Resource Management and Industrial Relations*, discussed about HRM objectives as —

- To create and utilize an able and motivated workforce, to accomplish the organisational goals
- To maintain sound organisational structure and desirable working relationships among all the members.
- To coordinate individual and group goals with organisational goals.
- To attain an effective utilization of human resources in the achievement of organisational goals.
- To identify and satisfy individual and group needs
- To maintain high employee morale and sound human relations
- To provide an opportunity for expression and voice in management
- To provide fair, acceptable and efficient leadership.
- To provide facilities and conditions of work and creation of favorable atmosphere.

K. Aswathappa in his *Human Resource Management* described the objectives of HRM in societal, organisational, functional, and personal point of view.

HRM FUNCTIONS AND OBJECTIVES



Societal Objectives — seek to ensure that the organisation becomes socially responsible to the needs and challenges of the society while minimizing the negative impact of such demands upon the organisation. The failure of the organisations to use their resources for the society's benefit in ethical ways may lead to restriction.

Organisational Objectives — recognizes the role of HRM in bringing about organisational effectiveness. It makes sure that HRM is not a stand-alone department, but rather a means to assist the organisation with its primary objectives. The HR department exists to serve the rest of the organisation.

Functional Objectives — maintain the department's contribution at a level appropriate to the organisation's needs. Human resources are to be adjusted to suit the organisation's demands. The department's value should not become too expensive at the cost of the organisation it serves.

Personnel Objectives — it is to assist employees in achieving their personal goals, at least as far as these goals enhance the individual's contribution to the organisation. Personal objectives of employees must be met if they are to be maintained, retained and motivated. Otherwise employee performance and satisfaction may decline giving rise to employee turnover.

4. NATURE OF HRM

The nature of the human resource management has been highlighted in its following features:

HRM is inherent part of management: This function is performed by all the managers throughout the organisation rather than by the personnel department only. If a manager is to get the best of his people, he must undertake the basic responsibility of selecting people who will work under him.

It is pervasive function: It is performed by all managers at various levels in the organisation. It is not a responsibility that a manager can leave completely to someone else. However, he may secure advice and help in managing people from experts who have special competence in personnel management and industrial relations.

Basic to all functional areas: Human Resource Management infuses all the functional area of management such as production management, financial management, and marketing management etc. That is every manager from top to bottom, working in any department has to perform the personnel functions.

People-centered: Human Resource Management is people-centered and is relevant in all types of organisations. It is concerned with all categories of personnel from top to the bottom of the organisation.

It looks after personal activities or functions: Human Resource Management involves several functions concerned with the management of people at work. It includes manpower planning, employment, placement, training, appraisal and compensation of employees.

It is continuous process: Human Resource Management is not a one shot function. It must be performed continuously if the organisational objectives are to be achieved smoothly.

HRM is based on human relations: Human Resource Management is concerned with the motivation of human resources in the organisation. The human beings can't be dealt with like physical factors of production. Every person has different needs, perceptions and expectations. The managers should give due attention to these factors. They require human relations skills to deal with the people at work. Human relations skills are also required in training performance appraisal, transfer and promotion of subordinates.

5. SCOPE OF HUMAN RESOURCE MANAGEMENT

The scope of Human Resource Management extends to:

- All the decisions, strategies, factors, principles, operations, practices, functions, activities and methods related to the management of people as employees in any type of organisation.
- All the dimensions related to people in their employment relationships, and all the dynamics that flow from it.

The major HRM activities include HR planning, job analysis, job design, employee hiring, employee and executive remuneration, employee motivation, employee maintenance, industrial relations and prospects of HRM.

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

These are given below:

1. **Human Resource Planning:** To ensure organisation selects and gets right people at right positions, human resource planning is necessary. It helps to prepare human resources inventory with a view to assess present and future needs, availability and possible shortages in human resource. Thereupon, HR Planning forecast demand and supplies and identify sources of selection. HR Planning develops strategies both long-term and short-term, to meet the manpower requirement.
2. **Design of the Organisation and Job:** Human Resource Management helps to define and decide organisation structure, authority, relationship, and responsibilities. It can be possible by understanding and framing work contents for each position in the organisation which is called as “job description”. Another important step is “Job specification” which identifies the attributes of persons who will be most suitable for each job which is defined by job description.
3. **Selection and Staffing:** This is the process of recruitment and selection of staff. This involves matching people and their expectations with which the job specifications and career path available within the organisation.
4. **Training and Development:** This involves an organised attempt to find out training needs of the individuals to meet the knowledge and skill which is needed not only to perform current job but also to fulfill the future needs of the organisation as market is always volatile.
5. **Organisational Development:** This is an important aspect whereby “Synergetic effect” is generated in an organisation. OD is increasing organisation effectiveness and health through planned interventions in the organisation’s “processes,” using behavioural science knowledge.
6. **Compensation and Benefits:** This is the area of wages and salaries administration where wages and compensations are fixed scientifically to meet fairness and equity criteria. It includes labour welfare measures too.
7. **Employee Assistance:** Each employee is unique in character, personality, possessing altogether different expectations and temperaments. By and large each one of them faces either work-related or personal problems everyday. These worries obviously hamper work and work environment. Such worries must be removed to make him or her more productive and happy.
8. **Union/Labour Relations:** Healthy Industrial and Labour relations are very important for enhancing peace and productivity in an organisation. This is one of the areas of HRM.
9. **Personnel Research and Information System:** Knowledge on behavioral science and industrial psychology throws better insight into the workers’ expectations, aspirations and behaviour. Dynamic changes in technology of product and production methods have created working environment which are much different from the past. Companies face severe competition due to globalisation and liberalisation. Emergence of ergonomics strives to coming with better ideas of doing a work more conveniently by an employee. Information Technology completely changed the way of doing work and business. To meet all these changes, there should be continuous research in HR areas which can be unavoidable requirement for success.

6. ROLE OF HRM

HR managers, who were once confined to handling basic data work and routine record keeping amongst employees, are now exposed to an evolving nature of diverse workforce complexities, legal obligations, and strategic management of organisational goals. Globalisation is on the rise and companies are spreading out all around the world, no longer restricted by geographical barriers. In this background, HR Manager is juggling to play many new and responsible roles.

According to Dave Ulrich, HR plays four key roles. These are:

1. Strategic Partner: “Being a strategic partner” is understood as a long-term relationship to achieve defined objectives common to all partners. Some people refer to HR as business partner. Being business partners, HR professionals work closely with an organisation’s senior leaders in order to develop an HR agenda that closely supports the overall aims of the organisation. HR business partnering is becoming more popular as organisations become people-focused and see the value in aligning agendas toward a common goal.

2. Change Agent Role: Creating a culture of change is a responsibility of an HR Manager. When it comes to being a change agent, an HR manager would look to alter human capability or organisational systems to achieve a higher degree of output. Role of an HR manager as a successful change agent in an organisation is to foster business leaders who can anticipate change, analyze the environment, act decisively and collaboratively, and affirm the value of positive change.

3. Employees Champion: As the voice for employee concerns and employee issues, HR professionals must be the advocate for employees, recognizing that they have other lives besides work, and ensuring that organisational policies and practices consider these pressures. Otherwise, in many cases, the organisation loses valuable human resources who do not want to continue working in a “family-unfriendly” environment.

4. Administrative: The administrative role of HR management is heavily oriented to processing and record keeping. Maintaining employee files and HR-related databases, processing employee benefits claims, answering questions about sick leave policies, and compiling and submitting required State and government reports. These activities must be performed efficiently and promptly.

In addition to these roles the Human Resources Department also covers five key roles.

Executive role: In this role the HR department are viewed as the specialists in the areas that encompass Human Resources or people management.

Audit role: In this capacity the HR department will check other departments and the organisation as a whole to ensure all HR policies such as Health and Safety, Training, and Staff Appraisal, etc., are being carried out in accordance with the company’s HR policy.

Facilitator role: In this role, the HR department help or facilitate other departments to achieve the goals or standards as laid out in the HR policies of the organisation. This will involve training being delivered for issues that arise in the areas relating to people management.

Consultancy role: The HR department will advise managers on how to tackle specific managing people issues professionally.

Service role: In this capacity, the HR department is an information provider to raise awareness and inform departments and functional areas on changes in policy.

7. HR FUNCTIONS

The functions of HRM can be understood as (1) Managerial functions, and (2) Operative functions

Managerial Functions

Planning: Planning is necessary to determine the goals of the organisation and lay-down policies and procedures to reach the goals. For a human resource manager, planning involves planning of human resource requirements, recruitment, selection, and training. It also includes anticipating vacancies, planning job requirements, job descriptions and determination of the sources of recruitment.

Organising: After planning, HR manager must design and develop organisation structure to carry out the various operations. For this —

- (i) Grouping of personnel activity logically into functions or positions;
- (ii) Assignment of different functions to different individuals;
- (iii) Delegation of authority according to the tasks assigned and responsibilities involved;
- (iv) Coordination of activities of different individuals.

Organising helps the organisation in establishing relationships among the employees so that they can collectively contribute to the attainment of company goals.

Directing: After planning and organising, proper direction should be provided for proper execution of the plan. Direction function of the HR manager involves encouraging people to work willingly and effectively for the goals of the enterprise. Direction is an important managerial function in building sound industrial and human relations besides securing employee contributions.

Controlling: Controlling is concerned with the regulation of activities in accordance with the plans, which in turn have been formulated on the basis of the objectives of the organisation. The performance is to be verified in order to know that the personnel functions are performed in conformity with the plans and directions. Controlling also involves checking, verifying, and comparing of the actuals with the plans, identification of deviations if any, and correcting of identified deviations. It also involves performance appraisal, critical examination of personnel records and statistics and personnel audit.

Operative Functions

The operative functions are those tasks or duties which are specifically entrusted to the human resource department. These are concerned with employment, development, compensation, integration, and maintenance of personnel of the organisation.

Employment

Employment of proper kind and number of persons necessary to achieve the objectives of the organisation. To achieve this objective, the right amalgamation of certain functions is most important. These are:

- (i) **Job Analysis:** It is the process of study and collection of information relating to the operations and responsibilities of a specific job. It includes job description and job specification.

- (ii) **Human Resource Planning:** The basic goal of human resource planning is to predict the future and based on these predictions, implement programmes to avoid anticipated problems. Human resource planning is the process of examining an organisation's future human resource needs.
- (iii) **Recruitment:** It is the process of searching for prospective employees and stimulating them to apply for jobs in an organisation. Alternatively, recruiting is the discovering of potential candidates for actual or anticipated organisational vacancies.
- (iv) **Selection:** The process of ascertaining the qualifications, experience, skill, knowledge, etc., of an applicant with a view to appraising the candidate's suitability to a job.
- (v) **Placement and Orientation:** After the new employee enters the organisation or workplace, he/she should be provided with basic background information about the employer, working conditions and the information necessary to perform his/her job satisfactorily. The new employee's initial orientation helps him perform better by providing him information of the company rules, and practices.

Human Resource Development

Human Resource Development is the process of improving, moulding, and changing skills, knowledge, creative abilities, attitudes, and values etc., based on present and future job and organisational requirements. These include:

- (i) **Performance Appraisal:** It is the systematic assessment of an individual with respect to his or her performance on the job and his or her potential for development in that job. performance appraisal is a systematic and objective way of evaluating the relative worth or ability of an employee in performing his job.
- (ii) **Training:** Training is a planned activity for increasing the knowledge and skills of people for a definite purpose. It involves systematic procedures for transferring technical know-how to the employees so as to increase their knowledge and skills for doing specific jobs with proficiency.
- (iii) **Management Development:** It is the process of designing and conducting suitable executive development programmes so as to develop the managerial and human relation skills of employees.
- (iv) **Career Planning and Development:** It is planning of one's career and implementation of career plans by means of education, training, job search and acquisition of work experience. Career development is viewed today as a kind of partnership with employees. It is also a key component of a company's attraction and retention strategy. Many candidates will not consider employment with an organisation unless it offers career development as a basic component of its culture.
- (v) **Organisation Development:** It is a planned process designed to improve organisational effectiveness and health through modifications in individual and group behavior, culture and systems of the organisation, using knowledge and technology of applied behavioural science.

Compensation

This function is concerned with the determination of adequate and equitable remuneration of the employees in the organisation of their contribution to the organisational goals. Factors which

must be borne in mind while fixing the remuneration of personnel are their basic needs, requirements of jobs, legal provisions regarding minimum wages, capacity of the organisation to pay, wage level afforded by competitors, etc. This include:

- (i) **Job Evaluation:** It is the process of determining the relative worth of job in monetary terms.
- (ii) **Wage and Salary Administration:** The process of developing, practicing and maintaining a suitable wage structure for employees.
- (iii) **Incentives:** Also called “payment by results” incentives paid by in addition to salary and wages based on performance.
- (iv) **Bonus:** Bonuses are compensation for employees for work performed; they are paid in addition to salary or wages. It includes payment of statutory bonus according to the Payment of Bonus Act, 1965 and its latest amendments.
- (v) **Fringe Benefits:** These are various benefits at the fringe to wages. Common examples of fringe benefits include medical insurance, use of a company car, housing allowance, educational assistance, vacation pay, sick pay, meals and employee discounts. Total compensation includes regular income and all of these paid benefits.
- (vi) **Social Security Measures:** Social Security is defined by the International Labour Organisation (ILO) as “The protection which society provides for its members through a series of public measures against the economic and social distress that otherwise would be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment injury, invalidity and death; the provision of medical care; and the provision of subsidies for families with children” (1984).

Human Relations

Human Relations is the process of interaction among human beings. It is an area of management in integrating people into work situation in a way that motivates them to work together productively, cooperatively and with economic, psychological, and social satisfaction.

8. HRM: POLICIES AND PRACTICES

A human resource strategy includes looking at policies and practices related to staffing, performance, learning, rewards and organisation.

HR policies must be linked to and support the mission, vision, values, strategy, or goals of an organisation. For example, if the knowledge sharing and organisational learning aspects of a mission statement are to succeed then they should be evident in criteria used to select staff, in performance evaluation and the practices associated with providing incentives and rewards. Such HR policies and practices become an integral part of organisational culture.

HRM Policies

A **policy** is a plan of action. A policy is a formal statement of a principle or rule that members of an organisation must follow. Each policy addresses an issue important to the organisation's mission or operations.

Human resource policies are the formal rules and guidelines that businesses put in place to hire, train, assess, and reward the members of their workforce.

These policies, when organised and disseminated in an easily used form, can serve to prevent many misunderstandings between employees and employers about their rights and obligations in the business place.

Why policies are important?

Policies serve several important functions:

- Communicate values and expectations for how things are done at your organisation
- Keep the organisation in compliance with legislation and provide protection against employment claims
- Document and implement best practices appropriate to the organisation
- Support consistent treatment of staff, fairness and transparency
- Help management to make decisions that are consistent, uniform and predictable
- Protect individuals and the organisation from the pressures of expediency

Areas where policies are commonly established:

Organisations commonly have written policies in the following areas:

- Code of Conduct
- Confidentiality
- Conflict of Interest
- Working Conditions
- Attendance
- Hours of Operations
- Termination (Voluntary and Involuntary)
- Recruitment
- Compensation
- Performance Management
- Learning and Development
- Benefits and Eligibility
- Overtime
- Privacy
- Employee Information
- Bereavement Leave
- Compassionate Leave
- Vacation
- Sick Leave, Short-term Disability, Long-term Disability
- Maternity, Parental, and Adoption Leave
- Unpaid Leave
- Jury Duty
- Family Leave

- Grievance/Conflict Resolution
- Formal Complaint Process
- Disciplinary
- Discrimination and Harassment/Respectful Workplace
- Health and Safety
- Accident Reporting
- Workplace Violence
- Alcohol and Drug Use Policy
- Use of Company Equipment
- General policy on the Review and Update of Organisation Policies

HR policies may be defined as guidelines, procedures, codes and regulations adopted by management to guide workplace activities within acceptable limits, which are communicated through a summarised statement called policy statement and implemented through instructions referred to as policy directives.

UNIQUE HR PRACTICES REGARDING RECRUITMENT AT TATA STEEL GROUP

A Fortune 500 company, the Tata Steel Group is the world's second most geographically diversified steel producer, employing around 80,000 people across five continents in nearly 50 countries. The Group's vision is to be the world's steel industry benchmark in 'Value Creation' and 'Corporate Citizenship' through the excellence of its people, its innovative approach and overall conduct.

Unique HR practices regarding recruitment

Tata Steel has always endeavoured to offer some of the best HR practices, and the recruitment process is no exception. The recruitment process is unique as it entails identifying talent from the pool through various practices. Some of them can be enlisted as follows:

- Opportunities for employee wards — domain wise written test, assessment centre, personal interview.
- Tata Steel also select talent through Lateral Recruitment process which involves interview by HR, subject matter expert and personal interviews.
- Group Migration Policy for the employees, which enables the group employees to explore opportunities to work at Tata Steel from other group companies.
- Tata Steel provide career opportunities for down the line people and internal job postings ensuring that the best talent pool deserves the right opportunity in bringing the best practices in the company.
- Campus Selection — B-schools, T-Schools — written test, psychometric test, personal interview.
- Shadow recruitment for niche senior talent

Source: <http://www.tata.com/article/inside>

According to (Yeung and Berman, 1997) HR practices can play three major roles, these roles are:

- (i) Building critical organisational capabilities
- (ii) Enhancing employee satisfaction
- (iii) Improving customer and shareholder satisfaction

Good HR practices do make a difference in the working efficiency of the organisation. They enhance internal capabilities of an organisation to deal with current or future challenges to be

faced by an organisation. Good Human Resource practices also promote the well-being of the employees of the organisation. The commitment and motivation built through good Human Resource practices can lead to hard work and can have a very good influence on the organisation. This system, comprising of good HR practices can create a sustainable and lasting capability of the organisation to manage itself internally and face external challenges.

Schuler and Jackson (1987) defined HRM practices as a system that attracts, develops, motivates, and retains employees to ensure the effective implementation and the survival of the organisation and its members. Besides, HRM practices are also conceptualised as a set of internally consistent policies and practices designed and implemented to ensure that a firm's human capital contribute to the achievement of its business objectives (Delery & Doty, 1996).

Likewise, Minbaeva (2005) viewed HRM practices as a set of practices used by organisation to manage human resource through facilitating the development of competencies that are firm-specific, produce complex social relation and generate organisation knowledge to sustain competitive advantage. Against this backdrop, we concluded that HRM practices relate to specific practices, formal policies, and philosophies that are designed to attract, develop, motivate, and retain employees who ensure the effective functioning and survival of the organisation.

HR Practices include:

- HR Planning
- Recruitment and Selection
- Induction
- Training and Development
- Performance Appraisal
- Career Planning
- Fringe Benefits
- Reward and Recognition
- Welfare Activities as per Statutory Requirement
- Safety, Health and Environment Policy
- Suggestions Scheme
- Promotion and Transfers
- Exit Policy

HR Practices have a continuing and significant influence on the working output of the employee. The best practices in the industry should cope with challenges such as an increasing number of employees, encountering new working environments, cultures, restructuring and the pervasive and often deleterious effects of technology. The changing Practices in Human Resources will be useful to the organisation, as it will reduce the expenditure on the employee while increase his productivity. Therefore, it is expected of the HR managers to implement these changes effectively for the betterment of the organisation. By implementing some of the innovative HR practices, the quality of internal organisational processes improves dramatically. (Rao, 1999)

WIPRO PRACTICES AS DESCRIBED BY THEM

Wipro firmly believes that we can't build a great business without nurturing talent from within. We are committed to partnering with employees and providing them with opportunities to realize their full potential.

GROW is our vision, an all-encompassing approach defining the way we engage with our people and instill a culture committed to success for our clients, and societies at large. While the canvas is broad we have identified 4 vehicles of Growth for employees of Wipro — Careers, Capability, Leaders and Pride. These vehicles of growth align an individual's growth journey, aspirations and needs with the organisation's vision

Grow Careers: Over the past 2 years, we have given special focus on initiatives which support career growth of our employees through awareness, enablement, rewards and global exposure.

Grow Capability: We aim to make our clients succeed by using the power of technology in their business processes. This objective drives our investment in technical, domain skills, execution excellence and thought leadership programmes to enhance people capability to understand client needs and offer cutting-edge solutions.

Grow Leaders: Wipro is passionate about building leaders, At Wipro, leadership capability is built through training, coaching, on-job mentoring and through customized developmental plans developed through bottom-up and 360-degree feedback mechanisms.

Grow Pride: We encourage employees to view results and success holistically, i.e., looking beyond financial performance on how we impact our ecology and our society. Our pride lies in our oneness - developing and fostering a sense of teamwork and a unified culture.

We are committed to building a culture in which employees, and those seeking employment in Wipro, can compete in a fair, open and transparent environment. Principles of equal opportunity and meritocracy are embedded in our core values and aligned to globally accepted standards and principles of the U.N. Global Compact, U.N. Universal Declaration of Human Rights and International Labour Organisation. Our company wide Code of Business Conduct (COBC) provides guidelines and direction for responsible business conduct and imbibes our commitment for human rights and zero tolerance for discrimination at all stages of employee life style. Our hiring, training, compensation, promotion, role movements and other key people processes are based on principles of merit and performance alone.

Regular external and internal audits are conducted and this facilitates continuous improvement in people related practices within the organisation. We also believe that an empowered workforce is the best way to receive feedback and identify improvement areas. Through mailers, posters and other modes of communication, we encourage employees to highlight concerns, grievances and policy/integrity breaches. The Ombuds Process and Prevention of Sexual Harassment Committees provide all employees, vendors, suppliers and customers a secure and 24 × 7 access to raise grievances.

<http://www.wipro.com/microsite/annualreport/2014-15/human-capital-people-engagement-at-wipro.html>

9. QUALIFICATIONS AND QUALITIES OF HR MANAGER

Being an important management function in running an organisation smoothly, HR department needs leadership of competent people having people skills.

Qualities of HR Manager

1. Knowledge of changing business strategy
2. Knowledge of role makers rather than role takers
3. Knowledge of global competition
4. Knowledge of innovation and creativity
5. Knowledge of decision making skills
6. Knowledge of policymaking skills

7. Knowledge of versatile people in HRD
8. Knowledge of good human relations
9. Knowledge of behavioural science
10. Knowledge of various related disciplines of management.

Functions of HR Manager

1. Line Function

A Line manager is one who is authorised to direct the work of subordinates and responsible for accomplishing the organisational goals. A HR manager exerts the line authority in his own department. HR managers, generally, cannot exercise any line authority outside their own department; however, they exert implied authority throughout the organisation.

Everybody in the organisation knows that HR department has access to the top management in areas like promotion tests, and other affirmative actions. As a result HR manager's suggestions are often seen as orders from the top side. This carries more weight with supervisors who are troubled by staffing problems.

2. A Coordinative Function

HR managers also should coordinate the personnel activities of the organisation. This duty is often referred to as functional control. In this job, the HR managers have to ensure that the line managers are implementing the organisation's HR objectives, policies and procedures.

3. Staff Functions

A staff manager is one who assists and advises the line managers. Assisting and advising the line managers is the basic job of every HR manager.

10. ROLE OF HR MANAGER

Historically, many critics of the HR function (formerly known as personnel) have pointed out that HR is more of an administrative unit than a strategic player. Recently, more and more articles and books have claimed that HR has changed and become much more of a player when it comes to organisational effectiveness and business strategy.

1. Advice and counsel

The HR manager often serves as in-house consultant to supervisors, managers, and executives. Given their knowledge of internal employment information and productivity metrics, as well as their awareness of external trends such as economical and unemployment data, and new legal and administrative issues, HR managers can be invaluable resources for making decisions. Generally, in some larger companies, chief compliance or ethics officers help employees wade through grey areas, when it comes to right or wrong and ensure personnel comply with laws and regulations that affect their industry. The firm's top HR manager is in good position for this job. HR managers are also being relied on more heavily to advise compensation committees, which are more closely scrutinizing executive's pay than they have in years past.

2. Service

The HR department generally provides services in the following areas on an ongoing basis: maintenance of HR records; recruitment, selection, orientation, training and development; compensation and benefits administration; employee counselling; and labour relations. Technical expertise in these areas is essential for HR managers as they design and implement talent management programmes.

3. Policy formulation and implementation

HR managers generally propose and draft new policies or policy revisions to cover recurring problems to prevent anticipated problems. Ordinarily, the policies are proposed to the senior executives of the organisation who actually issues them. HR managers also monitors the firm's managers and employees to ensure they follow established HR policies, procedures and practices. Perhaps more important, they are resource to whom managers can turn for policy interpretation.

The head of the HR department usually plays a leadership role in initiating and formulating HR policies and procedures that are consistent with overall organisational objectives. These must also be compatible with current economic conditions, collective bargaining trends, and applicable employment legislation.

4. Employee advocacy

One of the enduring roles of HR managers is to serve as an employee advocate - listening to employee concerns, and representing their needs to managers — to make certain that the interests of the employees and the interests of the organisation are aligned with one another.

The HR manager plays an integral role in organisational success via his knowledge about and advocacy of people. This advocacy includes expertise in how to create a work environment in which people will choose to be motivated, contributing, and happy.

In this role, the HR manager provides overall talent management strategies, employee development opportunities, employee assistance programmes, gain sharing and profit-sharing strategies, organisation development interventions, due process approaches, employee complaints and problem solving, and regularly scheduled communication opportunities.

EMPLOYEE ADVOCACY GROUP (EAG) AT WIPRO

The Employee Advocacy Group (EAG) is a 120 member representative group managed by Wiproites to voice employee suggestions. EAG Members aim to pool employee ideas and provide recommendations to improve company policies and processes. EAG was formed in Sept. 2011 and has received about 6148 suggestions since inception. During 2014-15, 1053 inputs were received, of which 706 did not fall under the purview of new suggestions and were closed via clarification to employees. The balance 347 inputs received were screened by the EAG team and then by functional representatives. Shortlisted suggestions were further discussed with functional heads for implementation. Of these, ~43% are under consideration by EAG, ~50% are work-in-progress and ~6% have been implemented as process/policy improvements.

<http://www.wipro.com/microsite/annualreport/2014-15/human-capital-people-engagement-at-wipro.html>

11. CHALLENGES FOR HRM

Constant environmental changes faced by business making HR managers to face constant challenges to respond to these changes. As the business world changes, so does the role of HR professionals. According to Snell/Bohlander, the challenges faced by HRM in this process are:

- Going global
- Embracing new technology
- Managing change
- Managing human talent or human capital
- Responding to the market
- Containing costs

Going global

In order to grow and prosper, many companies are seeking business opportunities in global markets. Competition and cooperation with foreign companies has become an important focal point for business.

India has emerged as one of the strongest performers in terms of deals related to mergers and acquisitions (M&A). According to data from Thomson-Reuters, total M&A deals involving Indian companies grew by 82 per cent to US\$ 27 billion during January to June 2016, which is the highest in the first six months in any year since 2011, led by a four and a half time increase of Indian acquisitions abroad at US\$ 4.5 billion.

The Government of India and the Government of the United States of America have signed a memorandum of understanding (MoU) to enhance cooperation on energy security, clean energy and climate change through increased bilateral engagement and further joint initiatives for promoting sustainable growth.

Under the new National Mineral Exploration Policy (NMEP), the Government of India plans to conduct e-auction of 62 mineral blocks of minerals such as iron ore, limestone and gold located across several states to further open up the mining sector and increase output of minerals in 2016-17.

The Department of Electronics and Information Technology (DeitY) has been entrusted with the task of developing India's first national social security platform, aimed at distributing social security benefits directly to the beneficiaries account, thus doing away with intermediaries.

According to The World Bank, India's per capita income is expected to cross ₹ 100,000 (US\$ 1,505) in FY 2017 from ₹ 93,231 (US\$ 1,403.5) in FY 2016.

India's Index of Industrial Production (IIP) grew by 2.1 per cent year-on-year in June 2016, led by expansion in electricity and mining production.

India's Consumer Price Index (CPI) inflation increased to 6.07 per cent in July 2016 as compared to 5.77 per cent in June 2016. On the other hand, the India's Wholesale Price Index (WPI) inflation increased to 3.6 per cent in July 2016, a 23-month high, as against negative 1.62 per cent in the previous month.

<http://www.ibef.org/economy/indian-economy-overview>

The Impact of Globalisation

Globalisation means the dismantling of trade barriers between nations and the integration of the nations' economies through financial flow, trade in goods and services, and corporate investments between nations. Globalisation has increased across the world in recent years due to the fast progress that has been made in the field of technology especially in communications and transport. The government of India made changes in its economic policy in 1991 by which it allowed direct foreign investments in the country. The benefits of the effects of globalisation in the Indian Industry are that many foreign companies set up industries in India, especially in the pharmaceutical, BPO, petroleum, manufacturing, and chemical sectors and this helped to provide employment to many people in the country. This helped reduce the level of unemployment and poverty in the country.

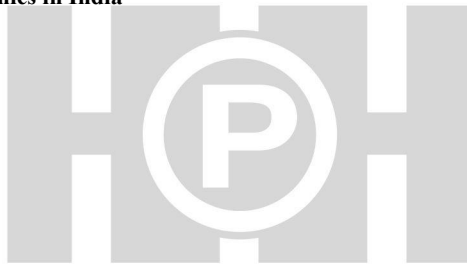
Also, the benefit of the Effects of Globalisation on Indian Industry are that the foreign companies brought in highly advanced technology with them and this helped to make the Indian Industry more technologically advanced.

The multinational companies in India represent a diversified portfolio of companies from different countries. Though the American companies - the majority of the MNCs in India, account for about 37% of the turnover of the top 20 firms operating in India, but the scenario has changed a lot off late. More enterprises from European Union like Britain, France, Netherlands, Italy, Germany, Belgium and Finland have come to India or have outsourced their works to this country. Finnish mobile giant Nokia has their second largest base in this country. There are also MNCs like British Petroleum and Vodafone that represent Britain.

India has a huge market for automobiles and hence, a number of automobile giants have stepped into this country to reap the market. One can easily find the showrooms of the multinational automobile companies like Fiat, Piaggio, and Ford Motors in India. French Heavy Engineering major Alstom and Pharma major Sanofi Aventis have also started their operations in this country. The later one is in fact one of the earliest entrants in the list of multinational companies in India, which is currently growing at a very enviable rate. There are also a number of oil companies and infrastructure builders from Middle East. Electronics giants like Samsung and LG Electronics from South Korea have already made a substantial impact on the Indian electronics market. Hyundai Motors has also done well in mid-segment car market in India.

List of Multinational Companies in India

- British Petroleum
- Vodafone
- Ford motors
- LG
- Samsung
- Hyundai
- Accenture
- Reebok
- Skoda Motors
- ABN Amro Bank



[www. http://multinationalindustry.blogspot.in/p/multinational-companies-in-india.html](http://multinationalindustry.blogspot.in/p/multinational-companies-in-india.html)

Effect of Globalisation on HRM

In the process of going global, managers have to play a crucial role. They have to balance a complicated set of issues related to different geographies, cultures, employment laws, and business practices. Human resources issues underlie each of these concerns and include such things as gauging the knowledge and skill base of foreign workforces and figuring out how best to hire and train them. Relocating managers and other workers to direct the efforts of a foreign workforce is a challenge as well. HR personnel are frequently responsible for implementing training programmes and development opportunities to enhance managers' understanding of foreign cultures and practices. In many cases, HR managers must adjust the compensation plans of employees working abroad to ensure that they receive fair and equitable pay in parts of the world where living costs differ. Perhaps the most difficult task is retaining these employees in the face of the culture shock they and their families are likely to experience. So, while managing across borders provides new and broader opportunities for organisations, it also represents a quantum leap in the complexity of human resource management.

Embracing New Technology

Advancements in information technology have enabled organisations to take advantage of the information explosion. With computer networks, unlimited amounts of data can be stored, retrieved, and used in a wide variety of ways, from simple record keeping to controlling complex equipment. The effect is so dramatic that at a broader level, organisations are changing the way they do business. Use of the Internet to transact business has become so pervasive for both large and small companies that e-commerce is rapidly becoming the organisational challenge of the new millennium.

Technology helps to reduce business costs. Business technology helps automate back office functions, such as record keeping, accounting and payroll. Technology also helps to create secure environments for maintaining sensitive business or consumer information. Many types of business technology or software programmes are user-friendly.

Also by the help of technology, virtual organisations are now a reality. The Internet has allowed businesses to create geographically apart teams to work like a single, unified organisation. Video and conference calling, cloud computing, and all instant messaging tools have simplified business processes. The result is greater productivity and efficiency in many cases.

Perhaps one of the most important change technology has allowed businesses is to connect to your customers in a new approach mostly using social media platforms like LinkedIn, Twitter and Instagram. For instance via LinkedIn, organisations can connect to different business networks and try to generate new revenue streams. Via Instagram and Twitter businesses can stay relevant in a customer's mind and help to solve their problems in their business interactions with the organisation.

In India, the information technology (IT) industry has had a phenomenal run. The industry went past the \$100 billion mark in 2012 and is expected to treble to more than \$300 billion by 2020, according to Nasscom estimates. The role of IT in business is shifting from that of an enabler to a strategic partner. The explosion of data is making it necessary for businesses to proactively adopt technology in order to differentiate themselves, and the digital wave is turning out to be a disruptor across industry verticals.

For the IT industry, digitisation is changing the way clients are thinking about their businesses and how they can increase their competitiveness for future success. They are now looking at the IT industry to partner them in driving business transformation and to advise them on leveraging new technologies to meet unique business challenges. IT has transcended business functions and is engaging with not only CIOs (chief information officers) and CTOs (chief technology officers), but also CMOs (chief marketing officers) and CFOs (chief financial officers).

<http://www.livemint.com/Opinion/nMh80RvBEUmrBFKxV25SJ/Future-of-Indian-IT-is-digitization.html>

Influence of Technology in HRM

Information Technology has changed the way of doing business and the face of HRM around the world. Because HR affects the entire workforce — everyone who works for the company must be hired, trained, and paid, usually through HR, here comes the importance of HRIS – Human Resource Information System. Companies automate all sorts of activities like payroll, records, benefits information including recruiting, screening, and pretest applications online before hiring them as well as to train and promote employees once they've been hired. HRIS can be a potent weapon for lowering administrative costs, increasing productivity, speeding up response times, and improving decision making and customer service.

Managing Change

Technology and globalisation are the driving forces behind change in organisations and HRM. In highly competitive environments, where competition is global and innovation is continuous, change has become a core competency of organisations.

Changes are both reactive and proactive. Reactive change, resulting when external forces have already affected an organisation's performance. Proactive change, initiated by managers to take advantage of targeted opportunities, particularly in fast-changing industries in which followers are not successful.

Most employees – regardless of occupation – understand that the way things were done five or ten years ago, is very different from how they are done today.

To manage change, executives, and managers, including those in HR, have to envision the future, communicate this vision to employees, set clear expectations for performance, and develop the capability to execute by reorganising people and reallocating assets

HR managers have made significant strides over past decade, in becoming business partners and demonstrating the value that they can add, not just implementing business decisions but to the actual strategy-making process.

The change process takes time and focused concentration; executives don't have the time and looking at where the change process can be best managed.

A significant number of organisations business strategies require major changes in people-related issues; the HR function and individual HR professionals develop and manage the key “people” systems needed to support organisational change.

Managing Human Talent or Human Capital

The term human capital describes the economic value of employees' knowledge, skills, and capabilities. Human resource management is involved in acquiring, cultivating, and retaining human capital. Human capital management can be the difference between a company with a winning team of employees all pulling together toward a shared goal, and a demoralized group who are providing little overall value.

To build human capital in organisations, managers must continue to develop superior knowledge, skills, experience within their workforce. Staffing programmes focus on identifying, recruiting, and hiring best and brightest talent available. Training programmes compliment these staffing practices to enhance skills. For making the talented employees to work in the company for long time, industry competent salaries should be provided.

Responding to the Market

Customer expectations are continuously changing. To sustain in dynamic and competitive market, one should meet these customer expectations ahead of competitors. For this, managers should focus and meet customer requirements of quality, innovation, variety, and responsiveness. ‘Better, faster, and cheaper’ concept can really rule the market. To meet these standards, companies should constantly align their processes with customer needs.

Management initiatives like Total Quality Management, Six Sigma, Re-engineering of HRM really helps in this process.

Total Quality Management (TQM): A set of principles and practices whose core ideas include understanding customer needs, doing things right the first time, and striving for continuous improvement.

Six Sigma: A process used to translate customer needs into a set of optimal tasks that are performed in concert with one another.

The importance of HR to Six Sigma begins with the formation of teams, and extends to training, performance management, communication, culture and even rewards.

Re-engineering: Fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in cost, quality, service, and speed.

- Requires that managers create an environment for change.
- Depends on effective leadership and communication processes.
- Requires that administrative systems be reviewed and modified.

Containing Costs

There is always an increasing pressure on companies to lower the costs. Labor costs are one of the largest expenditures of any organisation. Organisations are taking many approaches to lowering labour-related costs like health insurance, etc. For this organisations are implementing many measures like:

Downsizing: The planned elimination of jobs (“head count”) and Layoffs – downsizing intended to be a permanent downscaling and a layoff intended to be a temporary downscaling in which employees may later be rehired.

Outsourcing: Contracting outside the organisation to have work done that formerly was done by internal employees. It’s the practice of sending certain job functions outside a company instead of handling them in house. More and more companies, large and small, are turning to outsourcing as a way to grow while restraining payroll and overhead costs.

Offshoring (Global Sourcing): The business practice of sending jobs to other countries – The moving of various operations of a company to another country for reasons such as lower labor costs or more favorable economic conditions in that other country.

STRATEGIC HUMAN RESOURCE MANAGEMENT

“Strategic human resource management is the process of linking the human resource function with the strategic objectives of the organisation in order to improve performance.” — *John Bratton*

To understand this concept, we should know what is strategy and how it is an advantage to Human Resource Management.

Strategy: The company’s long-term plan for how it will balance its internal strengths and weaknesses – with its external opportunities and threats to maintain a competitive advantage.

A strategy is management’s game plan for

- Strengthening the organisation’s competitive position
- Satisfying customers
- Achieving performance targets

HERO MOTOCORP'S KEY STRATEGIES

1. To build a robust product portfolio across categories,
2. Explore growth opportunities globally,
3. Continuously improve its operational efficiency,
4. Aggressively expand its reach to customers,
5. Continue to invest in brand building activities, and
6. Ensure customer and shareholder delight.

<https://www.linkedin.com/company-beta/16502?pathWildcard=16502>

Strategies used by companies to sustain and grow in this constantly dynamic business can be:

1. Corporate strategy

The term corporate strategy was originally coined to describe decisions a company should make to reach its goals and produce policies to achieve them.

Michael E. Porter, professor of business administration at the Harvard Business School, stated in his article "From Competitive Advantage to Corporate Strategy" that a corporate-level strategy is the overall plan for a diversified economy.

Corporate strategy is essentially answering the question "How should a company manage a set of businesses together?"

Corporate strategy is an ongoing process: Consistently delivering value creation that outpaces peer demands that organisations enhance their capabilities and regularly revisit their strategies.

Business strategy

According to the University at Albany, State University of New York, business-level strategies "detail actions taken to provide value to customers and gain a competitive advantage by exploiting core competencies in specific, individual product or service markets."

Porter discusses business level strategies as

- (a) Cost leadership
- (b) Differentiation
- (c) Focused cost leadership
- (d) Focused differentiation
- (e) Integrated cost leadership/differentiation

Business-level strategy helps an organisation achieve core competencies, keep its focus on satisfying the customer needs and preferences to achieve economies of scale and profit above average.

Functional strategy

Functional strategy deals with relatively restricted plan providing objectives for specific function, allocation of resources among different operations within that functional area and coordination between them for optimal contribution to the achievement of the SBU and corporate-level objectives.

Functional strategies in Human Resource, Marketing, Finance, Operations, and R&D involve the development and coordination of resources through which business-level strategies can be executed efficiently and effectively.

Human resources strategy

An effective human resources strategy is useful in a number of related areas. These areas include number of employees required, training needs, skill levels required, compensation, performance appraisal and so on. Relationship with labour unions is an important aspect of human resources strategy. Executive development programmes require strategic attention.

For example, if an organisation anticipates opening new plants in the near future, it must plan on locating and developing potential managers for these plants. Training managers for foreign assignments is a very important strategic task for international organisations.

Generic HR strategies

Identifying the need to highlight the prevalence of generic HR strategies pursued by organisations in different contexts, Budhwar and Sparrow (2002) propose four HR strategies. These are:

- 'Talent acquisition' HR strategy (emphasises attracting the best human talent from external sources);
- 'Effective resource allocation' HR strategy (maximises the use of existing human resources by always having the right person in the right place at the right time);
- 'Talent improvement' HR strategy (maximises the talents of existing employees by continuously training them and guiding them in their jobs and career); and
- 'Cost reduction' HR strategy (reduces personnel costs to the lowest possible level).

Budhwar and Khatri (2001) examined the impact of these HR strategies on recruitment, compensation, training and development and employee communication practices in matched Indian and British firms.

Model of strategic management

1. Mission and goals
2. Environmental analysis
SWOT — Strengths, Weaknesses, Opportunities, and Threats.
3. Strategic formulation
Making strategic choices that guide managers to meet the organisation's goals
4. Strategy Implementation
Focuses on the techniques used by managers to implement their strategies.
5. Strategy Evaluation.
To what extent the actual change and performance match the desired change and performance.

<p style="text-align: center;">HCL TECHNOLOGIES</p> <p>Vision “To be the technology partner of choice for forward looking customers by collaboratively transforming technology into business advantage.”</p> <p>Mission “We will be the employer of choice and the partner of choice by focusing on our stated values of Employees First, Trust, Transparency, Flexibility and Value Centricity.”</p>
<p style="text-align: center;">NESTLE</p> <p>Mission - “Good Food, Good Life” is to provide consumers with the best tasting, most nutritious choices in a wide range of food and beverage categories and eating occasions, from morning to night.</p> <p>Vision and values To be a Leading, Competitive, Nutrition, Health and Wellness Company delivering improved shareholder value by being a preferred corporate citizen, preferred employer, preferred supplier selling preferred products.</p>

12. STRATEGIC MANAGEMENT PROCESS

SHRM process involves three steps

1. Forecasting
2. Strategy Formulation
3. Implementation

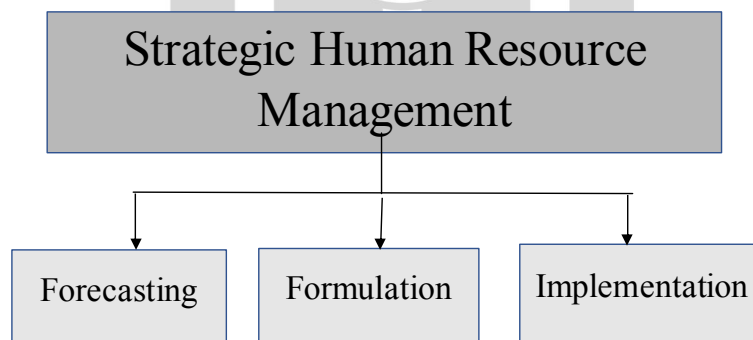


Fig. 1.1: Strategic Human Resource Process

Forecasting is the attempt to predict future events that will impact the organisation and its needs through the analyses of the organisation’s internal and external environments (*e.g.*, mission statement, goals, labor markets, opportunities, and threats). Forecasting is more effective when forecasting techniques are compatible with levels of predictability and control.

HR strategy formulation — that is, strategic human resource planning (SHRP) — involves the development of initiatives that are aligned with the organisation’s mission statement, strategic objectives, strengths and weaknesses, and opportunities and threats. The HR strategy formulation phase is a complex process that involves making decisions about HR activities based on forecasts,

organisational strategy, and the anticipated effects of HR programmes on strategic objectives. An important process in SHRP is linking HR functions to other processes in the organisation.

HR strategy implementation involves putting the HR plan into action with HR programmes that support the organisation's overall strategy. Strategy implementation involves the integration of the larger organisational strategy into the HR functions of the organisation, and it is arguably as-or more-complex than strategy formulation. Employee recruitment and selection, training and development, performance management, and labor and employee relations may all have to be altered by HR in order to integrate with the organisational strategy. Unlike the formulation process, implementation is an organisational intervention

13. STRATEGIC HUMAN RESOURCE MANAGEMENT

“Strategic HRM is about how the employment relationships for all employees can be managed in such a way as to contribute optimally to the organisation’s goal achievement.”

SHRM means formulating, executing human resource policies and practices that produce employee competencies and behaviours the company needs to achieve its strategic aims.

Strategic Human Resource Management is about systematically linking people with the organisation; more specifically, it is about the integration of HRM strategies into corporate strategies. HR strategies are essentially plans and programmes that address and solve fundamental strategic issues related to the management of human resources in an organisation (Schuler, 1992). They focus on alignment of the organisation’s HR practices, policies and programmes with corporate and strategic business unit plans (Greer, 1995).

Strategic HRM links corporate strategy and HRM, and highlights the integration of HR with the business and its environment.

The integration between HRM and business strategy contributes to effective management of human resources, improvement in organisational performance and finally the success of a particular business (see Holbeche, 1999; Schuler and Jackson, 1999). It can also help organisations achieve competitive advantage by creating unique HRM systems that cannot be imitated by others (Barney, 1991; Huselid, *et al.*, 1997). Two core aspects of SHRM are: the importance given to the integration of HRM into the business and corporate strategy, and the devolvment of HRM to line managers instead of personnel specialists.

Benefits of integration of HRM into the corporate strategy. (Budhwar and Sparrow, 1997; Truss *et al.*, 1997; Budhwar, 2000a; 2000b)

- Providing a broader range of solutions for solving complex organisational problems;
- Assuring the successful implementation of corporate strategy;
- Contributing a vital ingredient in achieving and maintaining effective organisational performance;
- Ensuring that all human, technical, and financial resources are given equal and due consideration in setting goals and assessing implementation capabilities;
- Limiting the subordination and neglect of HR issues to strategic considerations;
- Providing long-term focus to HRM; and helping a firm to achieve competitive advantage.

To be strategic, the HR function should

- Have direct, integral involvement in strategy formulation and implementation.
- Know what employee skills, behaviors, and attitudes are needed to support strategic plan.
- Develop those skills, behaviors, and attitudes among employees.

14. NATURE OF SHRM

In the past, HR is considered primarily as a support role. These days, HR has become a major strategic partner that helps in then attainment of goals of a company. When we talk about strategic approaches in HR management, it is beyond certain administrative tasks such as hiring of new employees or processing their payroll.

The SHRM principle emphasizes that in order for an effective HR management to be obtained, other key components of the company have to collaborate with. SHRM is not only about HR department and its basic functions. Executives as well as all other managers should work in collaboration with the human resource department. Simply, this principle recognizes the vital part of people to the competitive advantage of the company.

1. HR should define an organisation's architecture. In other words, it should identify the underlying model of the company's way of doing business. More specifically the architecture is a judicious mix of structure, systems, rewards, processes, people, styles, skills, and shared values.
2. HR needs to be accountable for conducting an organisational audit. Audit helps identify which components of architecture should be changed in order to facilitate strategy execution.
3. The role of HR as a strategic partner is to identify methods for renovating the parts of the organisational architecture that needs it, in other words, HR manager should be assigned to take the lead in proposing creating, and debating best practices that can help implement strategies.
4. HR must take stock of its own work and set clear priorities. At any given time, the HR staff might have several initiatives in its sights, such as pay-for-performance, global team work, and action-learning development experiences. But to be truly tied to business outcomes, HR needs to join forces with line managers to continuously assess the impact and importance of each one of these initiatives.

15. GLOBAL COMPETITIVENESS AND STRATEGIC HR

Globalisation is the buzz word of modern times and has many varying perspectives. It describes the way that world trade, culture and technologies have become rapidly integrated over the last twenty years, (Ozbilgin M 2005). Globalisation creates conditions of rapid change, all the changes way from the cyber revolution to trade liberalisation, worldwide homogenization of consumer goods and services and export-oriented growth, are all components of the phenomenon of globalisation, (Hucysnki *et al.*, 2002).

Past research suggests that an organisation's employees can be a source for sustained competitive advantage and can determine the ultimate success of their organisations, (Pfeffer, 1994; Prahalad, 1983). Given the importance of people in organisations, most strategic human resource departments

consider the management of the competencies and capabilities of these human assets the primary goal. Such forward-looking, strategic operations contrast sharply with more bureaucratic, traditional human resource departments, which tend to manage human costs as liabilities (e.g., as incurring wage bills and benefit expenses) (Hamel and Prahalad, 1994; Schuler and Jackson, 1987).

Strategic Human Resource Management (SHRM) involve a set of internally consistent policies and practices designed and implemented to ensure that a firm's human capital (employees) contribute to the achievement of its business objectives.

Strategic human resources management is largely about integration and adaptation. Its concern is to ensure that:

1. Human Resources (HR) Management is fully integrated with the strategy and the strategic needs of the firm;
2. HR policies cohere both across policy areas and across hierarchies; and
3. HR practices are adjusted, accepted, and used by line managers and employees as part of their everyday work.

There are certain human resource management issues that are specific for the global enterprise. The key issues involve staffing policies, selecting, and retaining talented employees, training and development whilst encouraging employees to be innovative and creative, culture barriers, and the legal framework. Other issues include understanding the challenges of living and working overseas, performance appraisals from a distance, training and management development, compensation packages, and labour relations and organised labour laws.

HR managers are required to develop global corporate staffing policies which can be very challenging because of cultural differences. These cultural differences are sensitive points that need to be carefully handled and incorporated into staffing policies. Being able to adapt policies to fit cultural differences is a task that takes much cultural sensitivity and flexibility.

The longer an employee stays, the greater the company's return on investment. For this reason, HR managers are challenged to decrease turnover rates. Dessler cited in Husain (2010) postulates that firms are competing in a global marketplace, and for organisations to survive and prosper in the modern world of rapid change, they need to be more flexible, faster-moving and faster-learning than before. For that firms are implementing special global training programmes, the reason for doing so is to avoid lost business due to cultural insensitivity, improving job satisfaction and retention of overseas staff and enabling a newly assigned employee to communicate with colleagues abroad.

The corporate world has found itself projected into the global arena due to the emergence of the Internet and other forms of communication, and an increase in the numbers of international mergers and acquisitions. Any business that wants to succeed in this rapidly changing, highly competitive environment must be able to adapt, evolve, and operate on a global scale (Rowden, 2002). With the fierce competition, the race is now on to place human capital at the very center of a sustainable competitive advantage. The culture of an organisation is an asset for the organisation. If the culture does not encourage the behaviours necessary for the organisation to compete successfully in its environment, the culture is a liability for the organisation.

Organisations can achieve a strategic culture by the careful planning of Human Resource practices that promote behavioural norms necessary for achieving the organisation's strategy and the deliberate selection of candidates who share the desired values that reinforce the organisation's cultural norms.

For Example, 3M's internal culture is renowned for nurturing employee innovation, by allowing employees a certain amount of time each week to work on projects in which they are interested, even if there is no immediate application. Often, these kinds of projects have led to some of 3M's most popular products, such as the Post-It note.

16. LINKAGE OF ORGANISATIONAL AND HR STRATEGIES

A key feature of SHRM is the linkage formed between management and HR to align the functions of HR with the direction of the organisation. SHRM links human resources vertically and horizontally as well as in present and future time frames. Vertical linkages entail connecting HR practices with the strategic management process of the organisation, while horizontal linkages involve the coordination of various practices within HR through a patterned or planned action. HR strategies are linked to organisational plans, anticipated HR needs, and to HR programmes that will be implemented to meet those needs. SHRM involves multiple HR processes, such as recruiting, selection, performance management, employee and career development, succession planning, retirement, and termination. Each of these can be linked to an organisation's strategic objectives. For example, a planned business expansion into Eastern Europe could be supported by strategic employee development (*e.g.*, providing language and cultural training to key employees to prepare them to meet business needs) or by strategic recruitment and selection (*e.g.*, hiring Eastern European employees prior to the expansion).

A well researched and presented organisational strategy is a valuable blueprint for how a business can run efficiently. An effective strategy sets a clear vision and ambition for the company while identifying the necessary resources required to deliver on it, including employees. Linking HR strategy to organisational strategy makes good business sense for both long-term and short-term benefits.

Strategic Alignment of HR

Empowering HR department to add value to the business strategy ensures it to undertake functional activities in a manner that supports growth and success.

Delivering the Strategy

An effective HR strategy with clear links to the business strategy enables the organisation to align its activities better with its human resources. An HR department that understands the demands of business strategy can help to have the right people in place to deliver the organisation's ambitions and support growth. HR departments integrated into the senior strategic management team can work across the organisation ensuring that human resource requirements are considered equally with other organisational investments.

Effective Training and Development

Organisations are affected by a huge range of external and internal factors that together can change the nature of individual job roles or place new demands on individual's skill sets. An HR strategy linked to the organisational strategy is better placed to anticipate any such changes and therefore, can put in place a targeted training and development plan to help the organisation more quickly adapt to new circumstances.

Improved Recruitment and Retention

Employees who feel better supported in their jobs tend to be happier and more productive. Furthermore, organisations with a positive reputation in the jobs market for taking care of its workforce face fewer barriers to effective recruitment. Taken together, these factors are important elements in illustrating why HR strategy must link to organisational strategy. With recruitment and retention being two key areas where monetary value can be assigned, a more stable and better-trained workforce means improved operating profits.

HR drives Strategy

A mature approach to HR strategy places it at the center of understanding an organisation's overall capacity and capability. Having a clear concept of employees and their different skills can help to see where the organisation has potential for development and growth and help to structure the organisation to take advantage of emerging opportunities. Organisations that have reached this point in their development see HR as a key driver of strategy and integral to their future success, rather than as a simple administrative function that ensures everyone gets paid on time.

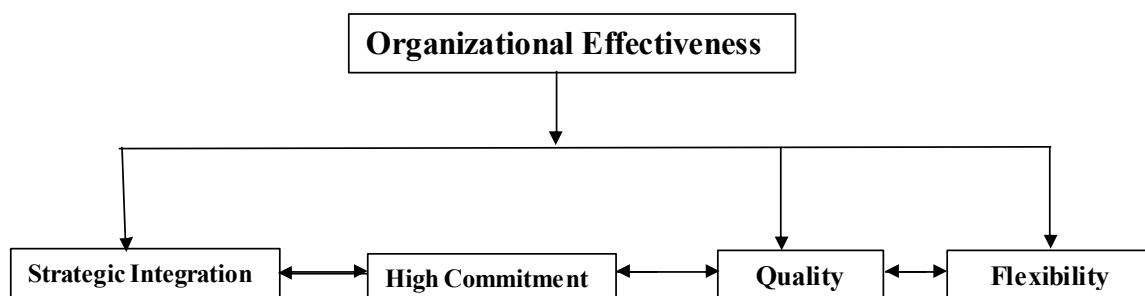
17. STRATEGIC INTEGRATION MODEL

Strategic integration, one of the key features of Guest model of HRM, propounded by David Guest in 1987 is suitable for the alignment of HRM practices with strategy in order to achieve individual and organisational performance. Guest (1989) stated that an integrated set of HRM practices with strategy is applied in a coherent way with a view to achieving the normative goals of high commitment and high quality, and then superior performance will eventually result.

According to Guest (1987), the implementations of strategic business plans become more problematic if the human resources component is not an essential part of the strategic planning process "because that are the most variable, and the least easy to understand and control of all management resources, effective utilization of human resources is likely to give organisation a significant competitive advantage. The human resource dimension must therefore be fully integrated into the strategic planning process".

Key Aspects of 'The Guest model'

- This model is a fusion of aspects that resemble both a hard and a soft approach of HRM.
- Guest proposes four crucial components that underpin organisational effectiveness



1. Strategic Integration

- This is the ability of organisations to maintain a fit between the HRM strategy and the business strategy. In other words, there must be congruence between business strategy and the HR strategy for the organisation to achieve its goals.
- Strategic integration shows the harder side of the Guest Model.
- This is precisely because human resources are treated in a similar manner like any other resource with the prime goal of achieving business objectives.
- Thus, there are implications of labour exploitation.

2. Flexibility

- Flexibility is basically concerned with the ability of the organisation and its people to adapt to the changing business and work environment and to the capacity to manage innovation.
- Flexibility can be numeric, functional, pay, distancing.
- Flexibility carries both connotations of hard and soft HRM.
- Hard HRM for example can be seen through numeric flexibility where employees are employed only when their production is required and when their labour is not required they are discharged.
- This can be exemplified through seasoned work.
- Flexibility can also show the soft side of HRM through the same example given above.
- Flexibility in this case is not only concerned with the need to achieve business objectives but also the need to treat its employees as fairly as possible.

3. High Commitment

- This is concerned with the need to have both behavioural commitment, which is the ability to go an extra mile, and attitudinal commitment, which is reflected through a strong identification with the organisation.

4. Quality

Quality is based on the assumption that provision of high quality goods and services results from a quality way of managing people.

18. THE MATCHING MODEL

The Strategic Fit or the Hard Variant of HRM

Fombrun *et al.*'s (1984) 'matching model' highlights the 'resource' aspect of HRM and emphasises the efficient utilisation of human resources to meet organisational objectives. This means that, like other resources of organisation, human resources have to be obtained cheaply, used sparingly and developed and exploited as fully as possible. The matching model is mainly based on Chandler's (1962) argument that an organisation's structure is an outcome of its strategy. Fombrun *et al.*, (1984) expanded this premise in their model of strategic HRM, which emphasises a 'tight fit' between organisational strategy, organisational structure and HRM system. The organisational

strategy is pre-eminent; both organisation structure and HRM are dependent on the organisation strategy. The main aim of the matching model is, therefore, to develop an appropriate 'human resource system' that will characterise those HRM strategies that contribute to the most efficient implementation of business strategies.

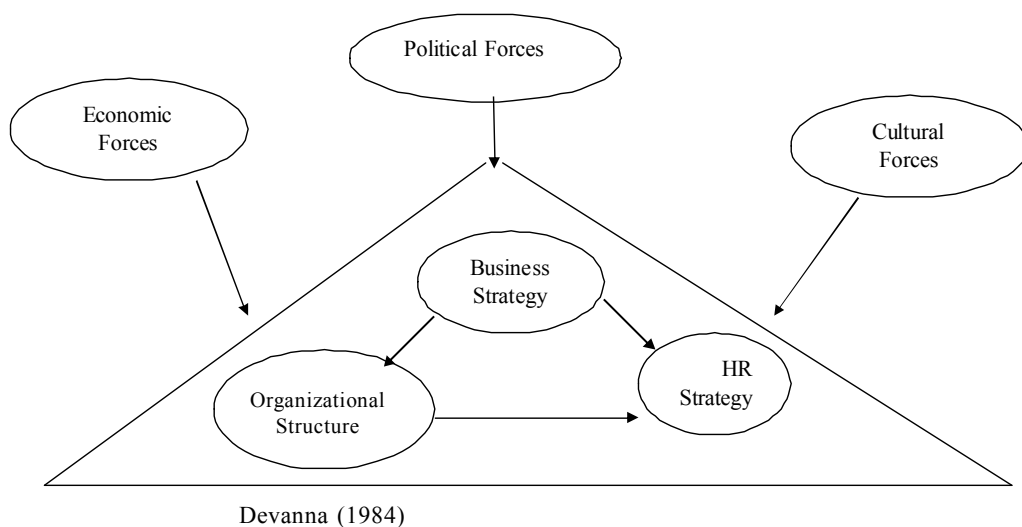
The Michigan/Matching Model

The model denotes three core elements necessary for successful implementation of SHRM: mission and strategy; organisation structure and Human Resource management. Moreover, Devanna *et al.*, (1984) agree that HR systems and organisation structure should be congruent with the organisation strategy and as Miller (1987) emphasizes HRM cannot be conceptualised as a stand-alone corporate issue. Strategically speaking, it must flow from and be dependent upon the organisation's corporate strategy (cited in Boxall, 1992, p. 66).

The Michigan model was propounded by Fombrun Tichy and Devanna (1984) at the Michigan Business School. They also named this model a matching model of HRM.

- Precisely, the matching aspect of this model demonstrates that the model is inclined towards the harder side of HRM.
- This is because the matching model emphasizes more on "tight fit" between the HR strategy and the business strategy.
- It demands that available human resources must be matched with jobs in the organisation.
- The HR strategy must be highly calculative in terms of the quantity of the human resources required to achieve the objectives enshrined in the business strategy.
- Business strategy takes the central stage in this model hence, human resources are taken like any other resource which must be fully utilised together with the other resources to achieve organisational objectives.

The Matching Model of HRM



The point of departure in the Michigan Model is the pre-eminence and predominance of a business strategy, which must strictly be achieved by the available resources regardless of whether, they are able to do so or not.

In fact the business strategy must be achieved through minimum labour costs enhanced by structural re-organisation, performance-related pay and staff reduction.

Matching Model – Criticism

The matching model of HRM has been criticised for a number of reasons.

- It is thought to be too prescriptive by nature, mainly because its assumptions are strongly unitarist (Budhwar and Debrah, 2001).
- As the model emphasises a ‘tight fit’ between organisational strategy and HR strategies, it completely ignores the interest of employees, and hence, considers HRM as a passive, reactive and implementationist function.
- It is asserted that this model fails to perceive the potential for a reciprocal relationship between HR strategy and organisational strategy (Lengnick-Hall and Lengnick-Hall, 1988).
- Indeed, for some, the very idea of ‘tight fit’ makes the organisation inflexible, incapable of adapting to required changes and hence ‘misfitted’ to today’s dynamic business environment.
- The matching model also misses the ‘human’ aspect of human resources and has been called a ‘hard’ model of HRM (Guest, 1987; Storey, 1992; Legge, 1995).
- The idea of considering and using human resources like any other resource of an organisation seems unpragmatic in the present world.

Despite the many criticisms, however, the matching model deserves credit for providing an initial framework for subsequent theory development in the field of strategic HRM. Researchers need to adopt a comprehensive methodology in order to study the dynamic concept of human resource strategy. Do elements of the matching model exist in different settings? This can be discovered by examining the presence of some of the core issues of the model. The main propositions emerging from the matching models that can be adopted by managers to evaluate scenario of strategic HRM in their organisations are:

- Do organisations show a ‘tight fit’ between their HRM and organisation strategy where the former is dependent on the latter? Do specialist people managers believe they should develop HRM systems only for the effective implementation of their organisation’s strategies?
- Do organisations consider their human resources as a cost and use them sparingly? Or do they devote resources to the training of their HRs to make the best use of them?
- Do HRM strategies vary across different levels of employees?

19. THE SOFT VARIANT OF HRM

Another analytical of strategic HRM is Harvard Model which is framed on the view that if general managers develop a viewpoint of 'how they wish to see employees involved in and developed by the enterprise' then some of the criticisms of historical personnel management can be overcome. Articulated by Beer *et al.*, this model also termed as ‘Soft’ HRM, as it highlights the interests of different stakeholders in the organisation (such as shareholders, management, employee groups,

government, community and unions) and how their interests are related to the objectives of management. This aspect of the model provides some awareness of the European context and other business systems that emphasise 'co-determination'. It also recognises the influence of situational factors (such as the labour market) on HRM policy choices.

The actual content of HRM, according to this model, is described in relation to four policy areas, namely,

1. Human resource flows,
2. Reward systems,
3. Employee influence, and
4. Works systems.

Each of the four policy areas is characterised by a series of tasks to which managers must attend. The outcomes that these four HR policies need to achieve are

1. Commitment,
2. Competence,
3. Congruence, and
4. Cost effectiveness.

The aim of these outcomes is therefore to develop and sustain mutual trust and improve individual group performance at the minimum cost so as to achieve

- Individual well-being,
- Organisational effectiveness and
- Societal well-being.

The model allows for analysis of these outcomes at both the organisational and societal level. As this model acknowledges the role of societal outcomes, it can provide a useful basis for comparative analysis of HRM. However, this model has been criticised for not explaining the complex relationship between strategic management and HRM (Guest, 1991).

The matching model and the Harvard analytical framework represent two very different emphases, the former being closer to the strategic management literature, the latter to the human relations tradition. Based on the above analysis, the main propositions emerging from this model that can be used for examining its applicability and for determining the nature of SHRM in different contexts are:

- What is the influence of different stakeholders and situational and contingent variables on HRM policies?
- To what extent is communication with employees used to maximise commitment?
- What level of emphasis is given to employee development through involvement, empowerment, and devolution?

20. OUTCOMES OF STRATEGIC HR

According to Jeffery A Mello, strategic HR can provide three critical outcomes — increased performance, customer and employee satisfaction and enhanced shareholder value. These outcomes can be accomplished through — Effective management of staffing, retention, and turnover through