

CHAPTER FIVE STAFFING

5.1 An overview of staffing

Once organizational objectives are defined & activities are carried out to accomplish the objectives determined by planning; and the overall tasks are broken down & grouped in to specific job along with the required authority to do by organizing, then the next concern is filling the organizational structure with the necessary HRs. i.e. staffing. **Staffing is the process of obtaining & maintaining capable & competent people to fill positions in organizational structure.**

Earlier staffing was considered to be a part of organization function of management. It is now recognized as a separate management function. The reason for separating the staffing from organizing is to give proper emphasis to the actual meaning of managerial roles. The enterprise has to give due importance to human resource planning. It is the tendency in modern enterprises to create a separate department. It is for this purpose medium and large organizations have separate department known as **personnel department** or **human resource department** to perform staffing function.

The organization structure spells out various positions of the organization. Filling and keeping these positions with right people is the staffing phase of the management function. Staffing involves the determination of manpower requirements of the enterprise and providing it with adequate competent people at all levels.

Organizations require people who have different knowledge, skills & experiences to fill various positions to attain organizational objectives. Hence selection of the right person & placement in the right position are the main aspects of staffing.

5.2 The Staffing Process

Staffing involves a series of steps. They are

1. HR planning (manpower planning)
2. Recruitment and selection
3. placement & Employment decision
4. Induction & orientation (socialization)
5. Training and development
6. Compensation & performance appraisal (PA)
7. Separation, Promotion, Transfer & Layoffs

1. Human Resource (HR) Planning

- ❖ HR planning is the starting point in the process of staff procurement; and refers to **the determination in advance the number & quality of people to be employed.**
- ❖ It is the process of translating the overall organizational objectives, plans & programs to achieve specific performance into workforce needs, or the systematic & continuing process of analyzing organizations HR needs under the changing conditions, and developing personnel policies appropriate to the long term effectiveness of the organization.
- ❖ It is the means for **acquiring, using, improving, and preserving organizations** HR and an integral part of corporate planning.

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- ❖ *It involves assessing current HR of the organization, future needs & ways to fill the gap i.e. HR inventory, forecasting personnel requirement & planning to procure new employees.*

HR planning involves three distinct activities.

- 1. Evaluating the existing work forces*
- 2. Forecasting the future needs of HR and*
- 3. Ensuring the availability of workers when needed.*

The main aims of HR planning are

- To obtain & retain quality of manpower that the organization needs.*
- To make the best use of the organizations manpower resource.*
- To anticipate the problems arising from potential surpluses or deficits of manpower.*

Why HR planning needed?

The main reasons for HR planning are;

- Scarcity of personnel in some specialized areas*
- High expenses involve to hire, develop & maintain employees,*
- Due to rapid technological changes knowledge & skills get obsolete.*
- To carry out the work of an organization skilled & qualified manpower is needed.*
- People leave organizations for a number of reasons such as retirement, transfer, better opportunities*
- 22Labor turnover & absenteeism among workers.*
- To meet the requirements of expansion & diversification programs of the organization.*
- To cope with the future uncertainties &*
- To identify the areas where there are surplus personnel and then to transfer it to other departments.*

Activities generally seen in HR planning are:

- Forecasting about the future manpower requirements*
- Making inventory of the existing manpower & finding out to what extent they are effectively deployed.*
- Anticipating future manpower problems comparing the forecasted requirements with that of the current assessments.*
- Planning the necessary programs & procedures to overcome the problems identified.*

HR planning helps management to strive for the right number and the right people at the right places & at the right time to do things that help or result to achieve maximum benefit for both the individual & the organization.

Points to be considered in HR planning

HR planning is accomplished through the analysis of;

- Internal factors/ environment: current*
- & expected skill needs, vacancies*
- and departmental expansions & reductions*
- External factors/ environment: Labor market, government regulations, labor unions, etc.*

As a result of this analysis plans are developed to execute other steps.

The main points to be considered in HR planning are

1. Current Assessment

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Man power planning usually starts with the review of current resource status. HR inventory or skill inventory is prepared for this purpose. And making job analysis is also another important part in assessing the current human resources.

HR/ Skill inventory

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- o Allows management to assess what talents & skills are currently available.

Job analysis

- o Defines the total jobs within the organization; and the required skills & behavior necessary to perform these jobs. It has two components job description & job specification.

a. Job description

- The statement depicting what the job holder does, how he does, why he does a particular job?
- Accurately portrays the job content, working environment, the terms & conditions of employment, etc...

b. Job specification

- States the **minimum acceptable qualifications** of the incumbent employee so that he will be assigned the particular task.
- Identifies the skills, knowledge, and abilities required to perform particular jobs effectively.

2. Future assessment

HR planning also estimates the future personnel requirements i.e. HR forecasting. Forecasting depends on the nature of the organization, products it produces and the state of growth of an organization. The total revenue is the criterion to determine the future workload. Budget & financial statement also help the personnel department in estimating organization's future personnel requirements.

3. Development of future program

HR planning has to compare the current capabilities, skills of the employees with the future requirements and to design future program to fill the gap. Comparison of the inventory & the forecast enable the manager to make decision on the future HR needs of the organization, i.e. shortage of employees' calls for new employment and surplus in the contrary requires attrition (early retirement, termination, etc.)

4. Career development

Career development of employees is an essential step in HR planning. It prepares management to deal with dynamic changes that takes place overtime in organizations. To cope with these changes a manager requires to plan for employee career development.

Process of HR (personnel) planning

HR plan consists of the following steps/ phases

1. Analyzing organizational objectives & plans
 - o the main use of HR planning is to provide the organization with workforces needed to achieve organizational objectives. The base for HR planning is the corporate plan
2. Determining the overall HR needs
 - o is determining the future HR requirement. It is predicting the need for & the availability of people with required qualities to perform the current & the

future jobs, and also it is assessing or determining the overall needs, i.e. the job needs and the job volume

3. Taking inventory of existing personnel

- o inventory/ auditing HR is important to know & decide the quality & quantity of workers that might stay with the organization for the future plan. As planning is for the future, inventory has to take into account the expected changes like promotion, transfer, retirement, deaths, quits, resignation, etc. it is helpful to determine future HR requirements.

4. Determining net new personnel requirements

- o comparing overall personnel requirements with personnel inventory, then the difference is net new requirement.

5. Developing action plans

- o Once the supply & demand of HR are estimated, adjustment is needed. If internal supply exceeds the firm's demand, surplus of HR exists. And if internal supply can't fulfill the organizations needs, HR shortage exists. Therefore, recruitment, retirement, promotion, transfer, training, downsizing, etc can be the part of action plan.

2. RECRUITMENT & SELECTION

Recruitment

Recruitment is the process of identifying the sources for prospective candidates and to stimulate them to apply for the jobs. It is a linking activity that brings together those offering jobs and those seeking jobs. Recruitment refers to the attempt of getting interested applicants and providing a pool of prospective employees so that the management can select the right person for the right job from this pool. The various sources of recruitment are divided into two categories:

(1) Internal Sources

(2) External Sources

Internal Sources

Internal sources involve transfer and promotion. Transfer involves the shifting of an employee from one job to another. Many companies follow the practice of filling higher jobs by promoting employees who are considered fit for such positions. Filling higher positions by promotion motivates employees, boosts employee's morale.

Advantages/ merits

- Enhances employees' moral: It has significant and positive effect on employee's motivation & moral if it creates promotion & opportunities.
- Easy to evaluate existing employee than the new one: It will be easy for the employer to evaluate the
- employees who are currently working.
- Minimum time be spent on training: employees need little training as they know the major operations & functions of the organization.
- Less costly (costliness) : The expenditure is relatively less when compared to outside source of recruitment.
- ensures job security & opportunity for advancement that enhances employees loyalty towards the organization

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- employees are more reliable
- much cheaper getting familiar employees

Disadvantages/ limitations

- Internal sources restrict the nourishment of new ideas: When recruiting is only from internal sources,
- Precautions must be taken to ensure that new ideas & innovations are not suppressed.
- Results organizational in-breeding: prevent new ideas from coming in & discourages people with fresh ideas, more qualification, and more creativity from entering the organization.
- The existing employees become outdated and ultimately this sources may dry up: The internal source is never sufficient so excessive reliance on internal source may be dangerous.
- narrow down selection options
- Promotions are limited to seniority, ignoring merit. This leads to ill-feeling and conflict in the organization.

External Sources

(1) **Direct recruitment:** An important source of recruitment is direct recruitment by placing a notice on the notice board of the enterprise by specifying the details of the jobs available. This is also known as recruitment at factory

(2) gate.

(2) **Unsolicited applications:** Many qualified persons apply for employment to reputed companies on their own initiative. Such applications are known as unsolicited applications.

(3) **Advertising:** Large enterprises particularly when the vacancy is for higher post or there are large number of applications use this source where advertisements are made in local and national level newspapers. This helps in informing the candidates spread over different parts of the country. The advertisement contains information about the company, job description, and job specialization etc.

(4) **Employment agencies:** This is the good source of recruitment for unskilled and semiskilled jobs. In some cases, compulsory notification of vacancies of employment exchange is required by the law. The employment exchanges bring job givers in contact with job seekers.

(5) **Educational institutions:** Many jobs in business and industries have become increasingly varied and complex which need a degree in that particular area. That is why many big organizations maintain a close liaison with the colleges, vocational institutes and management institutions for recruitment of various jobs.

(6) **Labour contractor:** Often unskilled and semiskilled workers are recruited through labour contractors.

(7) **Recommendations:** Applicants introduced by friends, relatives and employees of the organization may prove to be a good source of recruitment. Many employers prefer to take such persons because something about their background is known.

Advantages

- ☞ Helps to get best professionals available in the market with required experience, skills, education, etc.

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- Recruitment is done including all sections of the society
- Provides new/ fresh blood to be pumped into the organizations personnel who are creative
- Helps to attract specialists

Disadvantages

- more expensive - needs adequate time & money on training and induction
- chance of brain drain or to be recruited by other organization

During recruitment, potential candidates pooled together through **advertising vacancies**. Vacancies can be filled

- by internal recruitment - the existing workers through **transfer, promotion, demotion and recall from layoff**
- From external sources - labor market through vacancy announcements, and unsolicited applicants, educational institutions, employment agencies, labor unions, etc.

The vacancy to be announced should incorporate at least two statements

- 1. Job description:** It is the written record of duties, responsibilities & requirements of a particular job. It gives information about the title, location, duties, working conditions, etc. as well as it is the description of job quality characteristics.
- 3. Job specification statement:** It is the statement giving the requirements of personnel who should be made responsible for a given job. And also it gives information regarding the characteristics, qualities (physical & mental/ psychological), qualifications, experiences, etc of the worker who is most suitable to carry out the activities mentioned in the job description. It specifies the characteristics of the worker occupying the position.

Methods of Recruitment

- 1. Direct method of recruitment:** Recruiters directly contact the prospective employees and attract them. i.e.
 - contact graduating students & select the best among them
 - hold conferences/ seminars for prospective employees and encourage them to apply for vacancies
 - participate in job exhibitions or job fairs to attract prospective employees
- 2. Indirect method:** Organizations encourage prospective employees to apply for vacancies through advertisements in newspapers, magazines, journals, etc..
- 3. Third party method:** Private employment agencies, those carry out recruitment process of an organization for a fee.

Selection

Selection is the process of **identifying and choosing those applicants who can successfully perform a job** from the available candidates. i.e.

- Choosing from the pool of applicants the person(s) best meeting/ fitting job specification.
- Securing & extracting relevant information about an applicant.
- Ascertaining whether or not the candidates possess qualifications for the specified job.

It is crucial process & requires constant attainment, interest and concerns of management. The ultimate of objective of selection is to match the requirement of the job and the qualification, knowledge, skill & experience of the individual applicant.

Selection processes

To select the best worker who best fit to the position from the potential candidates, there are various stages/ steps

that one should follow. The commonly used procedures are:

1. Filling/ Completion of the formal application form or Application blank

- the applicants are made to fill up a pre-designed application form which helps to extract detailed information about the applicants personal information/ identification, physical characteristics, educational background, qualification, training program undergone, work experience, salary expected, future career plans, self assessment of previous work, reasons for leaving the current or previous employer, etc
- The applicant is asked to submit his bio-data /CV/ instead of filling up the form.
- The information is used for the interviewer during the final interview and to fill the employee record if the applicant is selected.
- Helps to screen out unqualified & to check expectations & interests

2. Preliminary Screening/ interview

- Its primary purpose is to screen out applicants who are obviously unqualified or overqualified to the job.

3. Employment interview/ Final interview

- a selection technique that enables an employer to view & assess the whole “personality” of prospective employees. It enables/ helps interviewers to gain additional information which is not included in the application form as well as the interviewer to have good overview of the candidate’s motivation, personality & overall attitude. It is mainly done by HR department.
- used as a single screening mechanism and provides an opportunity to have face-to-face contact.
- enables the employer to investigate the candidates’ ability in work related areas

4. Employment tests/ Selection tests

- Practical examination of candidates abilities and knowledge in the area of the future job assignments
- Offers opportunity to gather additional information about a person outside of the limitation of application forms & preliminary interview.

Common selection tests are:

- **Intelligence test:** designed to assess a person’s general mental capacity in respect to memory, verbal comprehension & quantitative skills.

- **Aptitude test:** designed to assess a person's specific job skill & abilities, and the potential for acquiring such competencies.
- **Personality test:** designed to assess a variety of personal traits & characteristics including attitudes, values & beliefs.
- **Interest test:** designed to assess person's occupational interests in terms of likes & dislikes for different job opportunities.

5. Physical Examination

- Checking the physical fitness of the candidates.
- Medical examination of the candidate before employment is a necessary step in the selection process.
 - to prevent the existing employees from the communicable diseases & unwarranted claims in the form of medical & insurance expenses
- Also needed to identify the disabilities/ handicaps the candidates have so as to help the management in allocation of the jobs.
- This step is necessary for 3 vital reasons:
 1. to assure that the applicant is fit to work in the organization.
 2. to assure that the candidate is physically fit for placement in a particular job.
 3. to provide base against which later physical examination may be compared. (- is important in the disability claims that may occur during the job assignments).

6. Reference letters/ Reference check & Background Investigation

- Verification of information obtained from the candidates application form & selection interview.
- After a candidate has passed successfully all the above stages in the process of selection, a reference check is made where in the HR manager gets in touch with the current or previous employer of the candidate and find out relevant details.
- This is done to see whether the candidate has furnished correct details & also to cross check the suitability of the candidate for the given position.
- Include: letter of recommendation; references; testimonials, etc... from the former employers so that it is possible to know the competence of the candidates.

7. Final selection & communication (Job offering)

- After getting a positive reference, a final list of selected candidates is made & this information is passed on to the candidates, the concerned line managers & other people.

Interview

Interview is the most widely used selection tool. It is a complex process in which the interviewer tries to form an opinion about the interviewee's personality, intelligence, technical competence, interests, attitudes, etc.... through face to face interaction. And it is an attempt to secure maximum amount of information from the candidate concerning his/her suitability for the job under consideration. Interview is also used for other purposes such as in performance appraisal, in grievance handling, in disciplinary actions, for consulting and other general problem solving.

The basic objectives of interviews

- to properly judge an applicant's qualification & characteristics.
- to give the applicant important & relevant information about the job & the organization.

- to establish good rapport with all the candidates attending the interview.
- to promote the goodwill of an applicant towards the organization, immaterial of the outcome of the selection process.
- to help the management in grievance handling, in conditions of disciplinary action, in interactions with
- the workers union.
- to observe the applicants appearances, personality, confidence level, etc.
- to solve the problems arising out of the various interactions seen inside the organization.

Formal interviews allow job candidates & key persons within the organization to learn more about one another than the application form.

Types of interviews

1. Patterned or structured interview

- is a very common type of interview in which the focus is on asking structured predetermined questions in a strict sequence. There is little or no deviation of the sequence of the questions & most of them are job/ skill oriented.

2. Non-directive or free interview

- are unstructured & unplanned. General & unstructured questions are asked and the candidate is given adequate time to answer in detail. The discussion in the interview may be regarding various subjects unrelated to the job under consideration. The basic aim of this type of interview is to judge the real nature of the applicant.

3. Depth or action interview.

- is semi-structured, where structured questions are asked in intervals of unstructured questions or conversations. It is a combination of patterned & free interview styles. Its aim is to obtain detailed information about both the personal as well as the professional life of the interview.

4. Group or discussion interview

- is the interview held for more than one candidate. The group of candidates is given a topic or a problem for discussion and observers identify the persons who are having good leadership skills, who influence the discussion, who are good analyzers who have good communication skills, etc, and select the one most suitable for the given job.

5. Panel or board interview

- is an interview in which the number of interviewer would be many and the interviewee will be one. The panel (board) consists of expertise of different areas.

6. Stress interview

- is in which the interviewer pretends to be hostile & provokes the candidate by asking questions rapidly by criticism & trying to annoy him. It is conducted to find out the reaction of the candidate under pressures & also to observe the presence of the mind of the candidate when he is angry or confused.

The main objective of selection process

- is to help the organization in determining whether the applicant has the required qualification for a specific job position and is hiring the best candidate among all the applicants.

3. DECISION MAKING AND PLACEMENT

The candidates who have been selected should be given placement letters that state their employment and specific positions, and other employment related matters.

4. INDUCTION & ORIENTATION (SOCIALIZATION)

When the candidate is selected and offered a job, it is necessary to introduce the new employee to the organizations philosophy, rules, policies, etc.....then the new employee begins his work. He should be assimilated to the job & organizational environment. Induction & orientation have to do with familiarizing the new employee with the organization. They can be done by oral communication and physical observation, written media like manuals, guidelines and others. The employee will be given information on the organizations history, products, operations, policies & rules, services available, opportunities & other issues. Induction & orientation are the two important tasks to be accomplished to ensure smooth organizational membership of a new employee. They are assimilation & socialization of a new employee.

Induction

- Refers to the process of familiarizing a new employee with the overall **organizational** environment through the provision of adequate information to bring about change in new employee's expectation, behavior, and attitude in order to assure the best match with organizational interest.
- Providing information about the organization's history, purpose, operations, products/services and his contribution to the organization and needs & benefits for the new entry. It is done through the interaction of the employee, the immediate supervisors & personnel.

Orientation

- Designed to enable new employee to familiarize with **working** environment through the provision of adequate information. It involves discussion between a manager & employee regarding the job assignment including specific location, rules and procedures of the work as well as the materials, equipments needed to do the job.

The purposes of induction & orientation

- **Reduce the start-up cost:** Enable a new employee to meet performance standards sooner.
- **Reduce anxiety:** Employee fear of failure on the job can be avoided, and he develops self confidence.
- **Decrease turn over:** Provision of all kinds of information during the entry time make new employee stable in the organization.
- **Save time to supervision:** Reduce the time of a supervisor to supervise and observe the performance of an employee.

5. TRAINING AND DEVELOPMENT

Having qualified & well trained personnel to perform various jobs is a basic necessity for any organization. Training & development programs include various activities that enhance the awareness of employees in policy issues & procedures, educate them to job skills, and develop them for future advancement. Through recruitment & selection, and placement, competent employees can be brought into the organization, but they need

continuous trainings & developments so that their needs and the objectives of the organization can be met.

Employees' skills, knowledge & attitude become obsolete unless continuously polished & updated. Therefore, training and staff development should be the concern of managers & organizations. Training & development seem to indicate the same meaning but a detailed examination would reveal some differences. Training programs are primarily directed towards maintaining and improving current job performances while development programs are primarily intended to develop skills for the future jobs.

Training

Training becomes necessary because of the changing technology, up-production of skills & knowledge of workers, the need to increase the productivity of the workers, etc. Training is any process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased. It is the act of increasing the knowledge & skills of employee for doing a particular job; and a process of learning a sequence of programmed behavior which help the trainees in improving their job performance and better apply their knowledge. Training is designed to improve a person's skills to do the current job at high level from the first day they start working. To ensure improvement in person's skills & knowledge to perform the work through training, effective training system should be design

Ned.

Importance of training

It is important that the employee be indicated into training programs to improve their knowledge, skills and future performance. The need for proper training is increased by the following considerations.

1. increased productivity
2. improvement in employee moral
3. availability for the future personnel needs of the organization
4. improvement in health and safety
5. reduced supervision
6. personal growth
7. organizational stability

Steps in designing effective training

1. **Need assessment:** assess the needs for training based an organizational analysis, person analysis & task analysis.
2. **Assessment of employee readiness:** Consider whether employees are motivated to learn.
3. **Creation of learning environment:** Lay a foundation for successful training by creating the conditions under which employee will learn best.
4. **Ensuring transfer of training:** Ensure that employee will be able to apply what they have learned to their jobs.
5. **Selection of training methods:** Consider the possible training methods & select those that will be most appropriate.
6. **Evaluation of the training program:** Evaluate the outcome of the training program.

Methods of training

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Organizations can use training methods that they believe appropriate to satisfy their training needs & accomplish objectives. The commonly used training methods are classified into:

1. On-the- job training
2. off- the-job training
3. vestibule/ simulated training

On-the- job training

On the- job- training is the most commonly used method of training carried out on the job. It is putting the worker on the job under close supervision of the trained instructor. It occurs in the work setting & during the actual performance, i.e. within the actual work environment.

Its approaches are:

- Job rotation/ position rotation
- Coaching
- Apprenticeship

Off-the- job training

Off- the- job- training takes place outside the actual workplace but attempts to stimulate actual working conditions. It refers to training conducted away from the actual work setting.

- training given to the trainees away from the work floor
- is not the everyday activity of the organization.
- There can be special site in the organization itself or in non-organizational location.

The trainee imparted theoretical knowledge in a class room or training center. The approaches/ techniques or the most popular kind of off-the-job training are;

- lectures
- conferences
- group discussions
- case studies
- role play
- Programmed instruction etc....

Vestibule/ Simulated training

Vestibule/ Simulated training is a combination of off and on-the-job training methods. It is a method where the identical machines & equipments that are used on the work floor are installed in the training center and also an 'effort is made to implicate work atmosphere found on the actual floor. It tries to give the trainee a chance of getting trained in a situation that is as close as the original work situation as possible. Here the work environment is almost similar to the actual environment but not the rest environment. e.g. training given for a pilot.

Conducting training

Training can be given either by the people from the organization itself or by those outside the organization. It should be based on **the appropriate content, trainers & trainees, training methods, facilities & places, and appropriate time schedule.**

Development

Training is usually related to operational or technical employee while development is for managers &

professionals, but they are commonly used interchangeably. Development program needs to be planned for maximum utilization of human capital potential so as to ensure continuous development of the organization. The scope of development is wider than training. It covers not only performance improvement activities but also those which enhance personality, gain better attitudes, values & behavior.

Development is a systematic process of education, training, and growing by which a person learns & applies information, knowledge, skills, attitudes & perceptions. Training increases skills & knowledge to do a particular job

job & education concerned with increasing general knowledge & understanding.

Purposes & techniques

Development refers to the organization's efforts to help employees acquire knowledge, skills & behavior that improve their ability to meet changes in job requirements and customer needs. It addresses the broader need to be prepared to deal with change throughout one's career.

To develop employee's competency, organization can use the combination of

- formal education,
- assessment,
- job experience &
- interpersonal relationships

6. COMPENSATION & PERFORMANCE APPRAISAL

Compensation

People work in organizations for the sole purpose of earning enough money to live comfortably & satisfy all their needs. Wages & Salary administration is the establishment and implantation of sound policies & practices of employee compensation. It is just the reward for the work done by an employee and it should be balanced so as to keep the parties, the employer and the employee happy & satisfied. It also includes the money paid as reimbursement.

Factors affecting compensation policies

Factors affecting compensation policies of the organization are

- **Organizational ability to pay:** the organization should have enough funds to pay enough salary or wage to the employee
- **Supply & demand of labor:** If supply is more than the requirement, then the management can pay less wages & salaries and reverse in case of less supply.
- **Prevailing market rate:** the group wage rate or salary in the industry also influence the wage & salary /
- Wage than the average salary of the industry. An organization cannot give less salary/ wage than the average salary of the industry.
- **Cost of living:** the cost of living difference in different cities.
- **Productivity:** the productivity of workers has an impact on the kind of wage/ salaries they get. More productive workers get more salaries.
- **Bargaining power of the workers union:** Powerful worker's unions generally have a lot of influence on kinds of wages & salaries given by the organization.
- **Job requirements:** Some jobs are more hazardous & dangerous than others and employees understanding them would get more pays than other who are in relatively safer positions.

- **Managerial attitude:** The top management has a lot of influence on wage/ salary administration. They can choose whether to pay the industry average salary; above or below the average salary, the kind of working conditions to be provided to the employees, the length of work hour, etc...

Types of incentives

- **Intrinsic rewards:** rewards which a worker receives for himself and are totally dependent on the kind of work done by him. I.e. self/ individual incentives. They could be in the form of participation in decision making, job freedom, more responsibility, more interesting work assignment, opportunity for personal growth, etc ...
- **Extrinsic rewards:** are incentives given for all employees of the organization. They can be direct
- Compensation or indirect compensation.

Modes

Of payment

There are two basic methods of payment.

1. payment by time and
2. payment by output

Performance Appraisal (PA)

Performance appraisal is the process of determining & communicating to an employee how he is performing the job. It is evaluating employee's performance of the job assigned, and used to determine the extent to which an employee is performing the job effectively. Performance is a result of employee's efforts, abilities and role perception. PA involves the formal evaluation of an employee performance. As a control technique, effective PA requires standards, information & corrective actions. PA provides highly useful information for making decisions about the employee & the organization.

It helps:

- To determine who shall receive merit increases.
- To determine training needs
- To identify employee to be transferred.
- To provide adequate feedback to each individuals for his performance.
- To improve or change behavior toward some more effective working habits.
- To provide useful information & data for the manager to judge the future job assignment of employee.
- To improve the efficiency of an organization through improved work performance.
- To reduce favoritism in making managerial decision.

Methods of PA

There are different methods to carryout PA. Managers use a variety of methods to formally appraise employee performance. Some of the methods are:

1. Ranking method:
2. Person to person comparison
3. grading
4. Forced Distribution system
5. Graphic Scales.
6. Check List

7. Forced – choice description
8. Descriptive essay
9. Field review Method.
10. Selection critical incidents

Performance appraisal processes

They are steps to be followed during the evaluation of workers performance.

1. Establishing performance Standards
2. Communicating Standards to employees
3. Measurement of the actual performance.
4. Comparison of the actual performance with that of the standards
5. Communication of the results
6. Corrective actions

Who does the appraisal?

In most cases the immediate supervisor does the appraisal. But an organization can use different appraisers.

This could be

- the immediate supervisor of the employee
- peer appraisal
- self appraisal
- customer

Problems in PA

Some of the problems PA are

- Rater's lack of knowledge, experience & skill,
- rating an employee based on an overall impression resulting from one or few incidents,
- providing a rating of average or around the midpoint for all qualities,
- rating influenced by the most recent behaviors,
- allowing past performance of appraisal rating to unjustly influence current ratings,
- rater's ineffectiveness in observing & documenting performance, and
- Vagueness of the criteria & standards of performance.

7. SEPARATION, PROMOTION, TRANSFER & LAYOFFS

Separation

Separation refers to the discontinuation of the relation between employee & the employer. It is the final HRM function. Like other functions it requires preparation & planning.

Separation can be initiated by

- the employers like mandatory retirement; dismissal; layoff
- the employees like resignation; voluntary retirement; quit
- the agreement ,when the contract ends; or they can also be caused by things outside the will of both the employer & the employee (accidents, death)

Causes for separation

Causes for separation of employee from the organization mainly are retirement, layoff, dismissal, permanent disability, resignation, quit, and outplacement.

Promotion

Promotion is the advancement of an employee to a better job. Characteristics of 'better job' to which an employee seeks promotion are greater responsibilities, more prestige or status, greater skill, and specially increased rate of pay or salary, better hours or better locations or working conditions. If the job doesn't involve greater skill or responsibilities & high pay, it should not be considered as promotion. Upgrading refers to a practice related to promotion, but it amounts to a small scale advance in status. It is the movement of an employee to a more responsible job within the same occupational unit and with a corresponding increase in pay. Both upgrading & promotion are ways of recognizing & developing the abilities of employees within the organization instead of filling skilled and responsible positions from outside. They should be distinguished from transfer.

Transfer

Transfer is the movement of an employee from one job to another on the same occupational level of wage/ salary. No appreciable increase or decrease in duties and responsibilities involved but there may be a change in their specific nature and in working conditions. Some transfers entail a decrease in job duties and especially in pay, and called downgrading or bumping. It is more frequently used to protect employment opportunities for employees displaced from higher rated jobs. It is moving to less desirable jobs.

Layoff

Layoff occurs when there is lack of business or budget curtailment/ shortage. It is forced reduction of the number of employees. It is the most frequent type of separation of employees from the employed workforce.

Layoff is unlike quits, retirements or deaths. It doesn't necessarily involve a permanent separation from the payroll. Laid-off e

Employees normally expect to be rehired by their employer when conditions improve.

Quits

Quit refers to the voluntary movement of the worker from the organization such as health problem resignation.

5.3 MAJOR PRINCIPLES OF STAFFING

The main principles or guides to staffing are

- 1. The principle of the objective of staffing:** To ensure that the organization roles are filled by those qualified employees who are able & willing to occupy them.
- 2. The principle of Staffing:** The clearer the definition of organization roles & their human requirements, and the better the techniques of manager appraisal & training employed, the higher the managerial quality.
- 3. The principle of Job definition:** The more precisely the results expected of manager are identified, the more the dimensions of their positions can be defined.
- 4. The principle of open competition:** The more an enterprise is committed to the assurance of quality management, the more it will encourage open competition among all candidates of management position.
- 5. The principle of management training & development:** The more the management training & development are integrated with management process & enterprise objectives, the more effective the development programs and activities will be.
- 6. The principle of training objectives:** The more precisely the training objectives are stated, the more

7. *Likely are the chances of achieving them.*
8. **The principle of continuing development:** *The more an enterprise is committed to managerial excellence, the more it requires that the managers practice continuing self-development.*