**UNIT-2**

**Implementation of Strategic HR**

**Staffing: Concept, Nature and Importance of Staffing**

**Staffing**

The managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal and development of the personnel’s to fill the roles assigned to the employers/workforce.

According to Theo Haimann, “Staffing pertains to recruitment, selection, development and compensation of subordinates.”

**CONCEPTS:**

1. **Staffing is an important managerial function-** Staffing function is the most important managerial act along with planning, organizing, directing and controlling. The operations of these four functions depend upon the manpower which is available through staffing function.
2. **Staffing is a pervasive activity-**As staffing function is carried out by all mangers and in all types of concerns where business activities are carried out.
3. **Staffing is a continuous activity-** This is because staffing function continues throughout the life of an organization due to the transfers and promotions that take place.
4. **The basis of staffing function is efficient management of personnel’s-**Human resources can be efficiently managed by a system or proper procedure, that is, recruitment, selection, placement, training and development, providing remuneration, etc.
5. **Staffing helps in placing right men at the right job-**It can be done effectively through proper recruitment procedures and then finally selecting the most suitable candidate as per the job requirements.
6. **Staffing is performed by all managers** depending upon the nature of business, size of the company, qualifications and skills of managers, etc. In small companies, the top management generally performs this function. In medium and small scale enterprise, it is performed especially by the personnel department of that concern.

**Nature of Staffing**

Staffing is an integral part of human resource management. It facilitates procurement and placement of right people on the right jobs.

The nature of staffing function is discussed below:

**(i)  People Centred**

Staffing is people centred and is relevant in all types of organizations. It is concerned with all categories of personnel from top to bottom of the organization.

**(ii) Responsibility of Every Manager**

Staffing is a basic function of management. Every manager is continuously engaged in performing the staffing function. He is actively associated with recruitment, selection, training and appraisal of his subordinates. These activities are performed by the chief executive, departmental managers and foremen in relation to their subordinates. Thus, staffing is a pervasive function of management and is performed by the managers at all levels.

It is the duty of every manager to perform the staffing activities such as selection, training, performance appraisal and counseling of employees. In many enterprises. Personnel Department is created to perform these activities.

But it does not mean that the managers at different levels are relieved of the responsibility concerned with staffing. The Personnel Department is established to provide assistance to the managers in performing their staffing function. Thus, every manager has to share the responsibility of staffing.

**(iii) Human Skills**

Staffing function is concerned with training and development of human resources. Every manager should use human relations skill in providing guidance and training to the subordinates. Human relations skills are also required in performance appraisal, transfer and promotion of subordinates. If the staffing function is performed properly, the human relations in the organization will be cordial.

**(iv) Continuous Function**

Staffing function is to be performed continuously. It is equally important in the established organizations and the new organizations. In a new organization, there has to be recruitment, selection and training of personnel. In a running organization, every manager is engaged in various staffing activities. He is to guide and train the workers and also evaluate their performance on a continuous basis.

**Importance of Staffing**

It is most importance for the organization that right kinds of people are employed. They should be given adequate training so that wastage is minimum. They must also be induced to show higher productivity and quality by offering them incentives.

In fact, effective performance of the staff function is necessary to realize the following benefits:

1. **Efficient Performance of Other Functions**

Staffing is the key to the efficient performance of other functions of management. If an organization does not have competent personnel, it can’t perform planning, organization and control functions properly.

1. **Effective Use of Technology and Other Resources**

It is the human factor that is instrumental in the effective utilization of latest technology, capital, material, etc. the management can ensure right kinds of personnel by performing the staffing function.

1. **Optimum Utilization of Human Resources**

The wage bill of big concerns is quite high. They also spend money on recruitment, selection, training and development of employees. In order to get the optimum output from the personnel, the staffing function should be performed in an efficient manner.

1. **Development of Human Capital**

The management is required to determine the manpower requirements well in advance. It has also to train and develop the existing personnel for career advancement. This will meet the requirements of the company in future.

1. **Motivation of Human Resources**

The behaviour of individuals is shaped by many factors such as education level, needs, socio-cultural factors, etc. that is why, the human aspect of organization has become very important. The workers can be motivated through financial and non-financial incentives.

1. **Building Higher Morale**

Right type of climate should be created for the workers to contribute to the achievement of the organizational objectives. By performing the staffing function effectively, management can show the significance it attaches to the personnel working in the enterprise. This will increase the morale of the employees.

**Training and Development**

At the enterprise level, employee **training and development** are main areas of human resource development. The efficiency of an organisation depends directly on the capability and talent of its personnel, and how motivated they are. Capability of a person depends on his ability to work and the  type of training  he receives. While his personal capability is evaluated through proper selection procedure, his training is taken care of by the organisation after he has been employed by the organisation. After employee have been selected for various positions in an   organisation, training them   for those specific tasks to which they have been assigned assumes great importance.  It is true in many organisations that before an employee is fitted into a harmonious  working relationship  with other  employees, he is given adequate training. Training is the act of increasing the     knowledge and skills of an  employee for performing a particular job. The major outcome of training  is learning.  A trainee  learn  new habits, refined skills and useful knowledge during  the  training  that  helps him improve performance.  Training  enables an  employee to do his present job more efficiently and prepare himself for a higher level job.

**Training, Education, Learning and Development**

**Training**

Training is  an  act  of  increasing knowledge, skill and  attitude of  an employee for improving his performance on the job.

Training   is concerned with imparting specific skill for doing particular job. For example, a clerk on typing. It is task-oriented activity. It is for job­ related purpose and short-term.

**Education**

Education is   concerned  with   increasing  general   knowledge  and understanding  of  an  employee’s total  environment. Education is directed more towards the future of an individual .It prepares him for future challenges of life,shapes his career and grooms him for social responsibilities.

**Learning**

Learning is the process of accumulation of knowledge,skills and attitudes by whatever means. Learning   is a broad one which includes both training and education. Learning is observable modification of behaviour as a result of some experience. Learning may be through experience, reading, observation, discussions, electronic media including internet,  experimentation,  facing the new challenges, travel and exploration, etc.

**Development**

Development  has a broader  meaning.  Its aim is to grow  or improve  the overall  personality  of an  individual.   It is continuous   process  and  is on  the initiative  from  individual.   Development  is  to  meet  an   individual’s   future needs.  Efforts  tow ards  development   often  depend   on  personal   drive  and ambition.   It   helps   individual’s    in   the   progress    towards    maturity    and actualisation  of  their  potential  capacities.  Development    is   whole   process   by   which   employee   learns, grows, improves  his  abilities   to  perform   variety   of  roles  within   and  outside   the organisation.  He  acquires  socially  desirable  attitudes and values.

**Difference between Training and Development**

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| --- | --- |
| **Training** | **Development** |
| Short term process. | Long term process. |
| Knowledge and skills for a specific purpose. | For overall development. |
| Primary related to technical skills learning. | Related to managerial, behavioral and attitude development. |
| Training is a reactive process to meet current need. | Development is a reactive to meet future needs. |
| From management management-external motivation. | From individual himself-internal motivation. |
| Develops specific job related skills. | Develops total personality. |
| Training is for non-managerial personnel. | Development is for managerial personnel. |

**Need for Training**

* Employees selected for a job  might  lack  the qualifications  required to  perform    the  job  In  some cases,   the past experience , attitudes   and   behaviour   patterns     of  experienced   personnel   might        not be appropriate to  the  new  organisation.   Remedial  training    should   be  given  to  such people  to match,  the  needs   of the  organisation.   New  employees  need   to  provided orientation training to make   them  familiar   with the job  and  the  organisation.
* Rapid technological innovations impacting the workplace have made it necessary for people to constantly update their knowledge and skills.
* Training is necessary to preparing employees for higher-level jobs (promotion).
* Existing employees require refresh training so as to keep abreast of the latest development in job operations.  In the phase of rapid technological changes , this is an absolute necessity.
* Training is necessary when a person moves from one job to another (transfer).
* Training is necessary to make employees mobile and versatile. They can be placed on various jobs depending on organizational needs.
* Training is needed for employees to gain acceptance from peers.
* Training is needed to make employees more productive and useful in the long run.

**Types of Training**

Training is required for several purposes. Accordingly, training programmes may be of the following types:

**1. Orientation Training**

In orientation training, new hires get a first hand view of what the company stands for, how the work is carried out and how to get along with colleagues. In short, they learn the specific ways of doing things in proper manner. When a new employee is from different country and culture, this initial training is important in helping new employees adjust in the company.

1. **Job Training**

It refers to the training provided with a view to increase the knowledge and skills of an employee for improving performance on-the-Job. Employees may be taught the correct methods of handling equipment and machines used in a job. Such training helps to reduce accidents, waste and inefficiency in the performance of the job.

**3. Safety Training**

Training provided to minimize accidents and damage to machinery is known as safety training, It involves giving instructions in the use of safety devices and in safety consciousness.

1. **Promotional Training**

It Involves training of existing employees to enable them to perform higher level jobs .Employees with potential are selected and they are given training before their promotion, so that they do not find it difficult to shoulder the higher responsibilities of the new positions to which they are promoted.

**5. Refresher Training**

Rapid changes in technology may force companies to go in for this kind of training. When existing techniques become obsolete due to the development of better techniques, employees have to be trained in the use of new methods and techniques. By organizing short-term courses which incorporate the latest developments in a particular field, the company may keep its employees up-to-date and ready to take on emerging challenges. It is conducted at regular intervals by taking the help of outside consultants who specialize in a particular descriptive.

1. **Remedial Training**

Such training is arranged to overcome the shortcomings in the behavior and performance of old employees. Some of the experienced employees might have picked up appropriate methods and styles of working. Such employees are identified and correct work methods and procedures are taught to them. Remedial training should be conducted by psychological experts.

**Steps to Identify Training Needs**

All training activities must be related to the specific needs of the organization and the individual employees. A training programme should be launched only after the training needs are assessed clearly and specifically. The effectiveness of a training programme can be judged only with the help of training needs identified in advance. In order to identify training needs, the gap between the existing and required levels of knowledge, skills performance and aptitudes should be specified. The problem areas that can be resolved through training should also be identified.  
Training need can be identified through the following types of analysis :

**i.Analysis of objectives**

This is the study of short term and long term objectives and the strategies followed at various levels to meet these objectives.

**ii.Resource utilization**  
How the various organizational resources (human,physical and financial) are put to use is the main focus of this study. The contributions of various departments are also examined by establishing efficiency indices for each unit. This is done to find out comparative labour costs, whether a unit is undermanned or over-manned.

**iii.Environmental scanning**  
Here the economic, political, socio cultural and technological environment of the organization is examined.

**iv.Organisational climate analysis**  
The climate of an organization speaks about the attitudes of members towards work, company policies, supervisors, etc. Absenteeism, turnover ratios generally reflect the prevailing employee attitudes. These can be used to find out whether training efforts have improved the overall climte within the company or not.

1. **Task or role analysis**

It is a systemic and detailed analysts of jobs to identify job contents, the knowledge skills and aptitudes required and the work behaviour. On the part of the job holder, particular attention should be paid to the tasks to be performed, the methods to be used, the way employees have learnt these methods and the performance standards required of employees. Also called operations analysis, the purpose is to decide what should be taught. Questionnaire, interviews human resource records, reports, tests, observation and other methods can be used to collect information about jobs in the organisation.

1. **Manpower Analysis**

Here the focus is on the individual in a given job. There are three issues to be resolved :  
i.It is necessary to decide whether performance of individual is sub-standard and training is required.  
ii.Whether the employees is capable of being trained .  
iii.Whether poor performers on the job need to be replaced by those who can do the job.

Other options to training such as modifications in the job or processes should be looked into. Personal observation, performance reviews, supervisory reports, diagnostic tests help in collecting the required information and select particular training options that try to improve the performance of individual workers.

# Strategic Options of Human Resource Development

Developing your small business’s human resources strategies and tactics can seem an especially daunting task. In many smaller organizations, the HR function is handled by the business owner or by a senior manager without the support of a large team of professionals. There are a number of tried and trued human resource development strategies that can enable your business to manage its most valuable resource its people without overwhelming your time or energy.

**Recruitment and Hiring**

The recruitment and hiring of employees is often seen as one of the necessary evils of running a business. The hiring process can take valuable time away from other important tasks, and training new employees is an intense process. Nonetheless, the recruitment tactic an organization adopts can be of utmost importance in setting its long-term growth and productivity strategy. This is because hiring the right employees for the right jobs makes the business’s operations run more smoothly and effectively over time. The key to recruitment is in determining exactly where your business has needs. Do you need a specialist IT person? If so, don’t hire someone with expertise in marketing to fill this position. Do you need a generalist who can take on a number of different tasks? Then look for someone who’s managed projects or has experience working in a fast-paced environment.

**Training**

Once you’ve hired employees, training them to do the work as your business requires it to be done is an important tactic in human resource development. While all organizations ideally want to hire skilled people to fill open positions, almost all employees need some level of on-the-job training. Your business might have particular ways of processing invoices, or it might have its own systems for information technology. These particular policies and procedures have to be communicated to new employees, and current employees have to be periodically retrained on key areas. This is important for any company’s long-term strategy of efficiency and growth. Employees who work smartly and on the same page eliminate waste and save the organization money.

**Benefits and Compensation**

Providing benefits and compensation goes without saying for the HR function. However, there are novel tactics and strategies that your organization can think about initiating to help it attract the very best employees. Offering work-life balance programs such as flexible working hours, paternity leave, work-at-home options and extended holiday time for good performance are all ways to reward your employees above and beyond the traditional model of pay-for-service HR. These innovative strategies help keep your employees engaged and it helps them feel like they are valued by the business.

**Evaluation and Professional Development**

Evaluating employee performance is a final key strategy for human resource development. Some organizations institute annual evaluation procedures while other businesses only evaluate employees when something seems to be going wrong. However, regular evaluation of your workforce can help to spot areas where additional training is needed or where rewards and benefits can be levied. It also gives the business owner or manager an opportunity to offer professional development programs to its employees. Professional development includes any training or further education plan that isn’t normally available to employees as part of their on-site training. Sending employees to conferences or networking events, staff retreats and tuition reimbursement are forms of professional development. They train your employees to sharpen their skills, which they will ultimately use to contribute back into your organization.

**SHRM: Definition, Need and Importance**

**Strategic human resource management or SHRM** is a branch of HRM. It emerged from the discipline of human resource management and is a fairly new field. Strategic HRM is defined as “the linking of human resources with strategic goals and objectives in order to improve business performance and develop organizational culture that foster innovation and competitive advantage.” SHRM in an organization means “to accept and involve the functions of HR as a strategic partner in formulating and implementing the company’s strategies through human resource activities which may involve recruiting, selecting, rewarding and training company personnel. In spite of the similarity in names, HRM and SHRM are two different practices; SHRM is basically a part of the complete HRM process. Besides that SHRM focuses more on long-term objectives rather than the in-house objectives with employees dealt by HRM. In the late 1980’s writers started stating strong opinions for a much more strategic approach to managing people than was the standard practice of that time. They clamored for the change of traditional management practices of industrial relations and people to the modern more improved ones.

The center point of SHRM is to address and solve problems that effect management programs centering on people in the long run and more than often globally. We can say that the main goal or objective of SHRM is to increase productivity not only in the employees but in the business overall, it achieves this by focusing on business problems and obstacles outside of the human resources range. SHRM identifies important human resource areas where strategies can be implied for the improvement of productivity and employee motivation. To achieve good results communication between human resource and top management of the organization is of utmost importance as cooperation is not possible without active participation.

**KEY FEATURES OF SHRM**

The key features of strategic human resource management are given below:

* Some organizing strategies or schemes link individual human resource interventions so that they are ‘mutually supportive’
* A great amount of responsibility is transferred down the line for the management of HR
* There is a precise link between overall organization strategy, organization environment, HR policies and practices.

**DEVELOPMENT IN SHRM**

In recent times HRM professionals have been facing challenges with employee participation, performance management, employee reward systems, high commitment work systems and human resource flow because of globalization. Traditional models and techniques have no place in today’s business world; also local companies which go global cannot use the same tactics in the global business world. Top managements and HR professionals that are involved in strategic human resource management face a wide range of issues which include some of the following:

* Rapid change in technology
* Introduction of new concepts of general management
* Globalization of market integration
* Increased competition, which may not necessarily be local
* Resultant corporate climates
* Constantly changing ownership

# Process of Strategic Management

The strategic management process means defining the organization’s strategy. It is also defined as the process by which managers make a choice of a set of strategies for the organization that will enable it to achieve better performance.

Strategic management is a continuous process that appraises the business and industries in which the organization is involved; appraises it’s competitors; and fixes goals to meet all the present and future competitor’s and then reassesses each strategy.

**Strategic management process has following four steps:**

1. **Environmental Scanning:**

Environmental scanning refers to a process of collecting, scrutinizing and providing information for strategic purposes. It helps in analyzing the internal and external factors influencing an organization. After executing the environmental analysis process, management should evaluate it on a continuous basis and strive to improve it.

1. **Strategy Formulation:**

Strategy formulation is the process of deciding best course of action for accomplishing organizational objectives and hence achieving organizational purpose. After conducting environment scanning, managers formulate corporate, business and functional strategies.

1. **Strategy Implementation:**

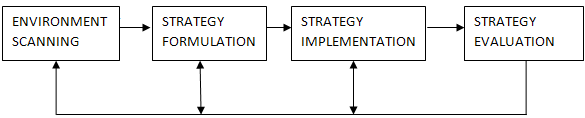
Strategy implementation implies making the strategy work as intended or putting the organization’s chosen strategy into action. Strategy implementation includes designing the organization’s structure, distributing resources, developing decision making process, and managing human resources.

1. **Strategy Evaluation:**

Strategy evaluation is the final step of strategy management process. The key strategy evaluation activities are: appraising internal and external factors that are the root of present strategies, measuring performance, and taking remedial / corrective actions. Evaluation makes sure that the organizational strategy as well as it’s implementation meets the organizational objectives.

These components are steps that are carried, in chronological order, when creating a new strategic management plan. Present businesses that have already created a strategic management plan will revert to these steps as per the situation’s requirement, so as to make essential changes.

**Components of Strategic Management Process**



Strategic management is an ongoing process. Therefore, it must be realized that each component interacts with the other components and that this interaction often happens in chorus.

# Compensation

**Compensation** is a systematic approach to providing monetary value to employees in exchange for work performed. Compensation may achieve several purposes assisting in recruitment, job performance, and job satisfaction.

Compensation is a tool used by management for a variety of purposes to further the existance of the company. Compensation may be adjusted according the the business needs, goals, and available resources.

Compensation may be used to:

* Recruit and retain qualified employees.
* Increase or maintain morale/satisfaction.
* Reward and encourage peak performance.
* Achieve internal and external equity.
* Reduce turnover and encourage company loyalty.
* Modify (through negotiations) practices of unions.

Recruitment and retention of qualified employees is a common goal shared by many employers. To some extent, the availability and cost of qualified applicants for open positions is determined by market factors beyond the control of the employer. While an employer may set compensation levels for new hires and advertize those salary ranges, it does so in the context of other employers seeking to hire from the same applicant pool.

Morale and job satisfaction are affected by compensation. Often there is a balance (equity) that must be reached between the monetary value the employer is willing to pay and the sentiments of worth felt be the employee. In an attempt to save money, employers may opt to freeze salaries or salary levels at the expence of satisfaction and morale. Conversely, an employer wishing to reduce employee turnover may seek to increase salaries and salary levels.

Compensation may also be used as a reward for exceptional job performance. Examples of such plans include: bonuses, commissions, stock, profit sharing, gain sharing.

**Components of a compensation system**

Compensation will be perceived by employees as fair if based on systematic components. Various compensation systems have developed to determine the value of positions. These systems utilize many similar components including job descriptions, salary ranges/structures, and written procedures.

The components of a compensation system include

* **Job Descriptions** A critical component of both compensation and selection systems, job descriptions define in writing the responsibilities, requirements, functions, duties, location, environment, conditions, and other aspects of jobs. Descriptions may be developed for jobs individually or for entire job families.
* **Job Analysis** The process of analyzing jobs from which job descriptions are developed. Job analysis techniques include the use of interviews, questionnaires, and observation.
* **Job Evaluation** A system for comparing jobs for the purpose of determining appropriate compensation levels for individual jobs or job elements. There are four main techniques: Ranking, Classification, Factor Comparison, and Point Method.
* **Pay Structures** Useful for standardizing compensation practices. Most pay structures include several grades with each grade containing a minimum salary/wage and either step increments or grade range. Step increments are common with union positions where the pay for each job is pre-determined through collective bargaining.
* **Salary Surveys** Collections of salary and market data. May include average salaries, inflation indicators, cost of living indicators, salary budget averages. Companies may purchase results of surveys conducted by survey vendors or may conduct their own salary surveys. When purchasing the results of salary surveys conducted by other vendors, note that surveys may be conducted within a specific industry or across industries as well as within one geographical region or across different geographical regions. Know which industry or geographic location the salary results pertain to before comparing the results to your company.
* **Policies and Regulations**

**Types of compensation**

Different types of compensation include:

* Base Pay
* Commissions
* Overtime Pay
* Bonuses, Profit Sharing, Merit Pay
* Stock Options
* Travel/Meal/Housing Allowance
* Benefits including: dental, insurance, medical, vacation, leaves, retirement, taxes.

# Employee Separation

 The termination of employees from membership of the organization is referred as employee separation. The rate at which employees leave the organization is measured by the rate of employee separation.

**The Costs of Employee Separation**

The employee separation is always resulted in some costs. The intensity of the incurring costs varies on the basis of the decision of the management that either the empty position of separated employee is replaced by a new employee or the position may be eliminated permanently. Following are the costs that are linked with the employee separation.

* Recruitment Costs
* Selection Costs
* Training Costs
* Separation Costs

**Benefits of Employee Separation**

On one hand there are costs attached with the employee separation, but on the other hand there are some resulting benefits too. Following are some of the Employee Benefits that are associated with the employee separation.

* The labor cost is reduced
* The employees who perform poorly, are replaced
* The innovation is increased in the organization
* The diversity is enhanced in the organization

**Types of Employee Separation**

There are two main types of employee separations on the basis of the initiation of the employment relationship termination. These two types of employee separations are as follow.

1. **Voluntary Separation**

When an employee terminates the employment relationship, then this form of employee separation is known as voluntary separation. Voluntary separation is further divided into two categories.

* Quits
* Retirements

1. **Involuntary Separation**

When employer of an organization ends the employment relationship with any employee, then this employee separation is called involuntary separation. There may be a number of reasons for involuntary separations like the employee does not fit with the requirements of a particular job or due to economic necessity. Involuntary separation is further divided into the following categories.

* Discharges
* Layoffs
* Rightsizing or downsizing