



ACADEMIC YEAR 2025-2026, SEMESTER – VI
STUDY MATERIAL FOR B.COM.,
HUMAN RESOURCE MANAGEMENT



STUDY MATERIAL FOR B.COM BANKING & FINANCE

HUMAN RESOURCE MANAGEMENT

SEMESTER – VI



ACADEMIC YEAR 2025-26

PREPARED BY

COMMERCE DEPARTMENT



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KAMARAJ WOMENS COLLEGE



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HUMAN RESOURCE MANAGEMENT

Unit-I: Introduction to HRM

Definition of HRM, Objectives- Importance-Nature-Scope, role and Qualities of a HR Manager- Human Resource Planning-Meaning, Definition, Importance, Factors Affecting HRP, Process Involved in Human Resource Planning, Human Resource Information System (HRIS)- Job Analysis, Need for job Analysis, Steps in Job Analysis, Job Description And Specification.

Unit-II: Recruitment and Selection

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Unit-III: Training and Development

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Unit-IV: Industrial Relations

Industrial Disputes and Settlements (Law Excluded)- settling Industrial Disputes in India-Arbitration-Adjudication-Settlement Labor Relation -Functions of Trade Unions-Forms of collective bargaining-Workers participation in management-Types and effectiveness.

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UNIT - I

INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

Meaning of Human Resource Management

Human Resource Management (HRM) is a systematic, planned, and strategic approach to managing people working in an organization. It aims to ensure that both organizational goals and individual goals are achieved efficiently and effectively.

Definition by Michael J. Jucius

Michael J. Jucius defines HRM as the field of management concerned with planning, organizing, and controlling the functions of procuring, developing, maintaining, and utilizing a labor force.

This definition highlights HRM as a continuous process.

It focuses on the effective utilization of manpower.

Objectives of HRM

The primary objective of HRM is to ensure the availability of competent and willing workforce to an organization. The specific objectives include the following:

- Human capital: assisting the organization in obtaining the right number and types of employees to fulfill its strategic and operational goals
- Developing organizational climate: helping to create a climate in which employees are encouraged to develop and utilize their skills to the fullest and to employ the skills and abilities of the workforce efficiently
- Helping to maintain performance standards and increase productivity through effective job design; providing adequate orientation, training and development; providing performance-related feedback; and ensuring effective two-way communication.
- Helping to establish and maintain a harmonious employer/employee relationship
- Helping to create and maintain a safe and healthy work environment
- Developing programs to meet the economic, psychological, and social needs of the employees and helping the organization to retain the productive employees
- Ensuring that the organization is in compliance with provincial/territorial and federal laws affecting the workplace (such as human rights, employment equity, occupational health and safety, employment standards, and labour relations legislation). To help the organization to reach its goals
- To provide organization with well-trained and well-motivated employees
- To increase the employees satisfaction and self-actualization



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- To develop and maintain the quality of work life
 - To communicate HR policies to all employees.
 - To help maintain ethical policies and behavior.

Importance of HRM:

- **Talent Acquisition & Retention:** HRM builds effective recruitment processes to hire the right people and implements retention strategies (development, compensation) to keep them, reducing costly turnover.
- **Strategic Alignment:** Ensures workforce planning, training, and performance management connect individual efforts directly to company goals, improving overall business outcomes
- **Employee Development:** Provides training, feedback, and career paths, enhancing skills, motivation, and competence, which boosts productivity and innovation.
- **Positive Work Culture:** Fosters engagement, diversity, inclusion, and healthy work environments, leading to higher job satisfaction and stronger employer branding.
- **Legal Compliance & Risk Management:** Keeps organizations updated on labor laws and regulations, preventing legal issues and managing risks related to hiring and employment.
- **Performance Optimization:** Links employee goals to organizational objectives through performance management, increasing accountability and efficiency.
- **Cost & Efficiency:** Streamlines processes, reduces administrative burden (using HR systems), and optimizes compensation/benefits to control costs.

Nature of HRM

- HRM is a management function that helps manager's to recruit, select, train and develop members for an organization. HRM is concerned with people's dimension in organizations.
- The following constitute the core of HRM
- HRM Involves the Application of Management Functions and Principles. The functions and principles are applied to acquiring, developing, maintaining and providing remuneration to employees in organization.
- Decision Relating to Employees must be Integrated. Decisions on different aspects of employees must be consistent with other human resource (HR) decisions.
- Decisions Made Influence the Effectiveness of an Organization. Effectiveness of an organization will result in betterment of services to customers in the form of high quality products supplied at reasonable costs.



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Scope of HRM

The scope of HRM is really vast. All major activities in the working life of a worker – from the time of his or her entry into an organization until he or she leaves it comes under the purview of HRM. American Society for Training and Development (ASTD) conducted fairly an exhaustive study in this field and identified nine broad areas of activities of HRM.

These are given below:

- Human Resource Planning
- Design of the Organization and Job
- Selection and Staffing
- Training and Development
- Organizational Development
- Compensation and Benefits
- Employee Assistance
- Union/Labour Relations
- Personnel Research and Information System

Human Resource Planning: The objective of HR Planning is to ensure that the organization has the right types of persons at the right time at the right place. It prepares 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 man-power requirement.

Design of Organization and Job: This is the task of laying down organization structure, authority, relationship and responsibilities. This will also mean definition of work contents for each position in the organization. This is done by “job description”. Another important step is “Job specification”. Job specification identifies the attributes of persons who will be most suitable for each job which is defined by job description.

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 organization.

Training and Development: This involves an organized 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 fulfil the future needs of the organization.



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Organizational Development: This is an important aspect whereby “Synergetic effect” is generated in an organization i.e. healthy interpersonal and inter-group relationship within the organization.

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. In addition labour welfare measures are involved which include benefits and services.

Employee Assistance: Each employee is unique in character, personality, expectation and temperament. By and large each one of them faces problems everyday. Some are personal some are official. In their case he or she remains worried. Such worries must be removed to make him or her more productive and happy.

Union-Labour Relations: Healthy Industrial and Labour relations are very important for enhancing peace and productivity in an organization. This is one of the areas of HRM.

Personnel Research and Information System: Knowledge on behavioral science and industrial psychology throws better insight into the workers expectations, aspirations and behaviour. Advancement of technology of product and production methods have created working environment which are much different from the past. Globalization of economy has increased competition many fold. Science of ergonomics gives better ideas of doing a work more conveniently by an employee. Thus, continuous research in HR areas is an unavoidable requirement. It must also take special care for improving exchange of information through effective communication systems on a continuous basis especially on moral and motivation.

Role of HRM

The role of HRM is to plan, develop and administer policies and programs designed to make optimum use of an organizations human resources. It is that part of management which is concerned with the people at work and with their relationship within enterprises.

Its objectives are:

- (a) effective utilization of human resources,
- (b) desirable working relationships among all members of the organizations, and
- (c) maximum individual development. Human resources function as primarily administrative and professional. HR staff focused on administering benefits and other payroll and operational functions and didn't think of themselves as playing a part in the firm's overall strategy.

HR professionals have an all encompassing role. They are required to have a thorough knowledge of the organization and its intricacies and complexities. The ultimate goal of every HR person should be to develop a linkage between the employee and organization because employee's commitment to the organization is crucial.



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The first and foremost role of HR personnel is to impart continuous education to the employees about the changes and challenges facing the country in general and their organization in particular. The employees should know about the balance sheet of the company, sales progress, and diversification of plans, share price movements, turnover and other details about the company. The HR professionals should impart such knowledge to all employees through small booklets, video films and lectures.

The primary responsibilities of Human Resource managers are:

- To develop a thorough knowledge of corporate culture, plans and policies.
- To act as an internal change agent and consultant
- To initiate change and act as an expert and facilitator
- To actively involve in company's strategy formulation
- To keep communication line open between the HRD function and individuals and groups both within and outside the organization\
- To identify and evolve HRD strategies in consonance with overall business strategy.
- To facilitate the development of various organizational teams and their working relationship with other teams and individuals.
- To try and relate people and work so that the organization objectives are achieved efficiently and effectively.
- To diagnose problems and determine appropriate solution particularly in the human resource areas.
- To provide co-ordination and support services for the delivery of HRD programmes and services
- To evaluate the impact of an HRD intervention or to conduct research so as to identify, develop or test how HRD In general has improved individual and organizational performance.

According to Dave Ulrich HR play's four key roles.

- Strategic Partner Role-turning strategy into results by building organizations that create value;
- Change Agent Role- making change happen, and in particular, help it happen fast
- Employees Champion Role—managing the talent or the intellectual capital within a firm
- Administrative Role—trying to get things to happen better, faster and cheaper.



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The role HR in organizations has undergone an extensive change and many organizations have gradually oriented themselves from the traditional personnel management to a human resources management approach. The basic approach of HRM is to perceive the organization as a whole. Its emphasis is not only on production and productivity but also on the quality of life. It seeks to achieve the paramount development of human resources and the utmost possible socio-economic development.

Qualities of a HR Manager

Communicate Effectively

Communications are at the core of successful HR management. HR Manager needs to be able to easily communicate with business's employees, its management team and everyone else that's involved in the business's operations. These communications skills are not restricted to verbal or written – a great HR manager needs to be able to communicate across any platform and medium to ensure their message is received and is perfectly understood.

Honest Ethics

Having a strong ethical attribute for effective HR management is indispensable for any good HR manager. From dealing with private, personal information to ensuring the company's needs are met, HR requires professionals to act ethically. This extends both in the direction of the management and of the employees. HR managers need to ensure that the company follows regulations and laws effectively and that its employees are treated fairly by the business's management.

Great Negotiation Skills

HR professionals often have to act between employees and management, ensuring that disputes and negotiations are handled fairly and that both parties are as close to satisfied as possible by the outcome. From compensation to work responsibilities, being an effective HR manager means being able to effectively negotiate and ensure situations provide a mutual benefit to members of the business or organization.

Organization Skills

HR requires a rather orderly approach. HR effectiveness depends on the proper organization of files, strong time management as well as personal efficiency. As in any job, as an HR professional, you have a list of daily tasks to get through. But, when it is Human Resources you are working in, more often than not, you are faced with a number of impromptu "issues" that creep up on you suddenly and almost always "require your immediate attention". When that happens, the daily tasks suddenly take a backseat and you find yourself in a vortex of delayed and pending tasks. A good HR professional will manage their time in an orderly manner, keeping aside a set amount of time for the most important tasks, and managing the rest of the time around that.



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Leadership

In many situations, employees look to HR professionals for answers and leadership. The nature of many HR positions is that you'll be seen as an expert on a wide variety of company-related topics, so you'll need to have the confidence to lead. This can mean anything from finding the answers to employee concerns to putting the team together. The best HR professionals can balance being a friendly presence in the office with taking control and helping things run smoothly.

Human Resource Planning (HRP)

Human resource planning is important for helping both organizations and employees to prepare for the future. The basic goal of human resource planning is to predict the future and based on these predictions, implement programmes to avoid anticipated problems. Very briefly human resource planning is the process of examining an organization's or individual's future human resource needs for instance, what types of skills will be needed for jobs of the future compared to future human resource capabilities (such as the types of skilled employees you already have) and developing human resource policies and practices to address potential problems for example, implementing training programmes to avoid skill deficiencies

Definition of Human Resource Planning

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

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

HRP is a Four-Phased Process.

The first phase involves the gathering and analysis of data through manpower inventories and forecasts,

The second phase consists of establishing manpower objectives and policies and gaining top management approval of these.

The third phase involves designing and implementing plans and promotions to enable the organization to achieve its manpower objectives.

The fourth phase is concerned with control and evaluation of manpower plans to facilitate progress in order to benefit both the organization and the individual. The long run view means that gains may be sacrificed in the short run for the future grounds. The planning process enables the organization to identify what its manpower needs is and what potential manpower problems required current action. This leads to more effective and efficient performance.



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The objectives of human resource planning may be summarized as below:

- **Forecasting Human Resources Requirements:** HRP is essential to determine the future needs of HR in an organization. In the absence of this plan it is very difficult to provide the right kind of people at the right time.
- **Effective Management of Change:** Proper planning is required to cope with changes in the different aspects which affect the organization. These changes need continuation of allocation/ reallocation and effective utilization of HR in organization.
- **Realizing the Organizational Goals:** In order to meet the expansion and other organizational activities the organizational HR planning is essential.
- **Promoting Employees:** HRP gives the feedback in the form of employee data which can be used in decision-making in promotional opportunities to be made available for the organization.
- **Effective Utilization of HR:** The data base will provide the useful information in identifying surplus and deficiency in human resources. The objective of HRP is to maintain and improve the organizational capacity to reach its goals by developing appropriate strategies that will result in the maximum contribution of HR.

Importance of HRP

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

- **Future Personnel Needs:** Human resource planning is significant because it helps to determine the future personnel needs of the organization. If an organization is facing the problem of either surplus or deficiency in staff strength, then it is the result of the absence of effecting HR planning. All public sector enterprises find themselves overstaffed now as they never had any planning for personnel requirement and went of recruitment spree till late 1980's. The problem of excess staff has become such a prominent problem that many private sector units are resorting to VRS 'voluntary retirement scheme'. The excess of labor problem would have been there if the organization had good HRP system. Effective HRP system will also enable the organization to have good succession planning.
- **Part of Strategic Planning:** HRP has become an integral part of strategic planning of strategic planning. HRP provides inputs in strategy formulation process in terms of deciding whether the organization has got the right kind of human resources to carry out the given strategy. HRP is also necessary during the implementation stage in the form of deciding to make resource allocation decisions related to organization structure, process



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and human resources. In some organizations HRP play as significant role as strategic planning and HR issues are perceived as inherent in business management.

- **Creating Highly Talented Personnel:** Even though India has a great pool of educated unemployed, it is the discretion of HR manager that will enable the company to recruit the right person with right skills to the organization. Even the existing staff hope the job so frequently that organization face frequent shortage of manpower. Manpower planning in the form of skill development is required to help the organization in dealing with this problem of skilled manpower shortage
- **International Strategies:** An international expansion strategy of an organization is facilitated to a great extent by HR planning. The HR department's ability to fill key jobs with foreign nationals and reassignment of employees from within or across national borders is a major challenge that is being faced by international business. With the growing trend towards global operation, the need for HRP will as well will be the need to integrate HRP more closely with the organizations strategic plans. Without effective HRP and subsequent attention to employee recruitment, selection, placement, development, and career planning, the growing competition for foreign executives may lead to expensive and strategically descriptive turnover among key decision makers.
- **Foundation for Personnel Functions:** HRP provides essential information for designing and implementing personnel functions, such as recruitment, selection, training and development, personnel movement like transfers, promotions and layoffs.
- **Increasing Investments in Human Resources:** Organizations are making increasing investments in human resource development compelling the increased need for HRP. Organizations are realizing that human assets can increase in value more than the physical assets. An employee who gradually develops his/ her skills and abilities become a valuable asset for the organization. Organizations can make investments in its personnel either through direct training or job assignment and the rupee value of such a trained, flexible, motivated productive workforce is difficult to determine. Top officials have started acknowledging that quality of work force is responsible for both short term and long term performance of the organization.
- **Resistance to Change:** Employees are always reluctant whenever they hear about change and even about job rotation. Organizations cannot shift one employee from one department to another without any specific planning. Even for carrying out job rotation (shifting one employee from one department to another) there is a need to plan well ahead and match the skills required and existing skills of the employees.
- **Uniting the Viewpoint of Line and Staff Managers:** HRP helps to unite the viewpoints of line and staff managers. Though HRP is initiated and executed by the corporate staff, it requires the input and cooperation of all managers within an organization. Each department manager knows about the issues faced by his department more than anyone



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else. So communication between HR staff and line managers is essential for the success of HR Planning and development.

- **Succession Planning:** Human Resource Planning prepares people for future challenges. The 'stars' are picked up, trained, assessed and assisted continuously so that when the time comes such trained employees can quickly take the responsibilities and position of their boss or seniors as and when situation arrives.
- **Other Benefits:** (a) HRP helps in judging the effectiveness of manpower policies and programmes of management. (b) It develops awareness on effective utilization of human resources for the overall development of organization. (c) It facilitates selection and training of employees with adequate knowledge, experience and aptitudes so as to carry on and achieve the organizational objectives (d) HRP encourages the company to review and modify its human resource policies and practices and to examine the way of utilizing the human resources for better utilization.

Factors Affecting HRP

HRP is influenced by several factors. The most important of the factors that affect HRP are (1) type and strategy of organization (2) organizational growth cycles and planning (3) environmental uncertainties (4) time horizons (5) type and quality of forecasting information (6) nature of jobs being filled and (7) off loading the work.

Type and Strategy of the Organization: Type of the organization determines the production processes involve, number and type of staff needed and the supervisory and managerial personnel required. HR need is also defined by the strategic plan of organization. If the organization has a plan for organic growth then organization need to hire additional employees. On the other hand If the organization is going for mergers and acquisition, then organization need to plan for layoffs, as mergers can create, duplicate or overlap positions that can be handled more efficiently with fewer employees.

Organizational Growth Cycles and Planning: All organizations pass through different stages of growth from the day of its inception. The stage of growth in which an organization is determines the nature and extends of HRP. Small organizations in the earlier stages of growth may not have well defined personnel planning. But as the organization enters the growth stage they feel the need to plan its human resource. At this stage organization gives emphasis upon employee development. But as the organization reaches the mature stage it experience less flexibility and variability resulting in low growth rate. HR planning becomes more formalized and less flexible and less innovative and problem like retirement and possible retrenchment dominate planning.

Environmental Uncertainties: Political, social and economic changes affect all organizations and the fluctuations that are happening in these environments affect organizations drastically. Personnel planners deal with such environmental uncertainties by carefully formulating recruitment, selection, training and development policies and programmes. The balance in the



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organization is achieved through careful succession planning, promotion channels, layoffs, flexi time, job sharing, retirement, VRS and other personnel related arrangements.

Time Horizons: HR plans can be short term or long term. Short term plans spans from six months to one year, while long term plans spread over three to twenty years. The extent of time period depends upon the degree of uncertainty that is prevailing in an organizations environment. Greater the uncertainty, shorter the plan time horizon and vice versa.

Type and Quality of information: The information used to forecast personnel needs originates from a multitude of sources. The forecast depends to a large extent upon the type of information and the quality of data that is available to personnel planners. The quality and accuracy of information depend upon the clarity with which the organizational decision makers have defined their strategy, structure, budgets, production schedule and so on.

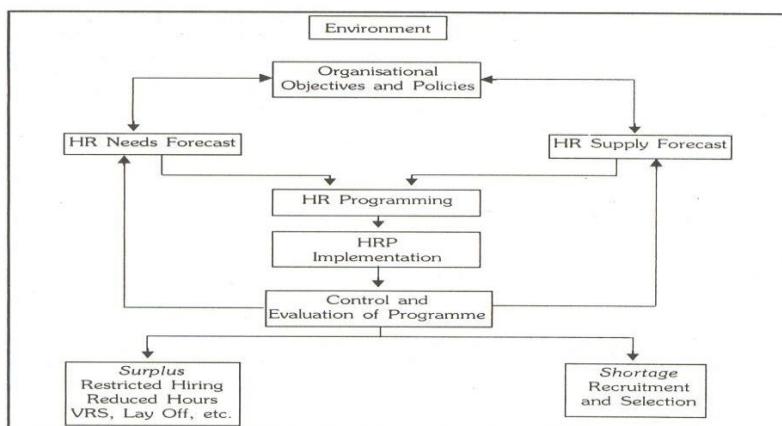
Nature of Jobs Being Filled: Personnel planners need to be really careful with respect to the nature of the jobs being filled in the organization. Employees belonging to lower level who need very limited skills can be recruited hastily but, while hiring employees for higher posts, selection and recruitment need to be carried out with high discretion. Organization need to anticipate vacancies far in advance as possible, to provide sufficient time to recruit suitable candidate.

Outsourcing: Several organizations outsource part of their work to outside parties in the form of subcontract. Outsourcing is a regular feature both in the public sector as well as in the private sector companies. Many of the organizations have surplus labour and hence instead of hiring more people they go for outsourcing. Outsourcing is usually done for noncritical activities. Outsourcing of non- critical activities through subcontracting determines HRP.

HRP Process

HRP effectively involves forecasting personnel needs, assessing personnel supply and matching demand– supply factors through personnel related programmes. The HR planning process is influenced by over a I organizational objectives and environment of business.

The HRP Process





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Environmental Scanning:

It refers to the systematic monitoring of the external forces influencing the organization. The following forces are essential for pertinent HRP.

Economic factors, including general and regional conditions.

Technological changes

Demographic changes including age, composition and literacy,

Political and legislative issues, including laws and administrative rulings

Social concerns, including child care, educational facilities and priorities.

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

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

Once the organizational objectives are specified, communicated and understood by all concerned, the HR department must specify its objective with regard to HR utilization in the organization.

Demand Forecast:

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

For eg: in the case of a manufacturing company, the sales budget will form the basis for production plan giving the number and type of products to be produced in each period. This will form the basis upon which the organization will decide the number of hours to be worked by each skilled category of workers. Once the number hours required is available organization can determine the quality and quantity of personnel required for the task.

Demand forecasting is influenced by both internal factors and external factors: external factors include- competition, economic climate, laws and regulatory bodies, changes in technology and social factors whereas internal factors are budget constraints, production level, new products and services, organizational structure and employee separations.

Demand forecasting is essential because it helps the organization to

1. Quantify the jobs, necessary for producing a given number of goods,
2. To determine the nature of staff mix required in the future,
3. To assess appropriate levels in different parts of organization so as to avoid unnecessary costs to the organization,



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4. To prevent shortages of personnel where and when, they are needed by the organization.
5. To monitor compliances with legal requirements with regard to reservation of jobs.

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

HR Supply Forecast:

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

Supply forecast is required because it is needed as it

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

Supply analysis covers the existing human resources, internal sources of supply and external sources of supply.

HR Programming:

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

HR Plan Implementation:

HR implementation requires converting an HR plan into action. A series of action are initiated as a part of HR plan implementation. Programmes such as recruitment, selection and placement, training and development, retraining and redeployment, retention plan, succession plan etc when clubbed together form the implementation part of the HR plan.

Control and Evaluation:

Control and evaluation represent the final phase of the HRP process. All HR plan include budgets, targets and standards. The achievement of the organization will be evaluated and monitored against the plan. During this final phase organization will be evaluating on the number of people employed against the established (both those who are in the post and those who are in pipe line)



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and on the number recruited against the recruitment targets. Evaluation is also done with respect to employment cost against the budget and wastage accrued so that corrective action can be taken in future.

HRIS - Human resources information system

HRIS stands for human resources information system. Companies use an HRIS to manage and automate core HR processes, such as payroll, time tracking, and the administration of employee benefits.

Human resources information system (HRIS) definition

HRIS stands for human resources information system, a software solution that helps companies manage and automate core HR processes and support benefits administration, time and attendance, payroll, and other workflows, as well as the storage of employee data, such as personal, demographic, and compensation information.

Human resources information system overview

HRIS systems – or human resources information systems – were one of the first commercial software solutions to be developed in the 1980s. Why? HR was then – and remains today – one of the most admin-heavy departments in any organisation. Human resource staff are burdened not only with enormous amounts of paperwork and record-keeping, but they are also the stewards of some of the most precious and vulnerable information about their workforce and applicants.

Technology has certainly evolved a lot since then. Modern HRIS solutions can automate workflows, integrate feedback, and adjust reporting structures – in real time – based on changes in business rules or regulatory compliance. And by delivering consumer-grade user experiences and flexible functionality, modern HRIS systems are as efficient and user friendly as they are powerful and agile.

The best HRIS software is delivered in cloud, which provides an even wider range of benefits including more data storage, stronger security, and smoother integration with complementary applications such as payroll, applicant tracking, and other HR systems.

Job Analysis

Developing an organizational structure, results in jobs which have to be staffed. Job analysis is the procedure through which you determine the duties and nature of the jobs and the kinds of people (in terms of skills and experience) who should be hired for them.' It provides you with data on job requirements, which are then used for developing job descriptions (what the job entails) and job specifications (what kind of people to hire for the job). Some of the definitions of job analysis are given as follows, to understand the meaning of the term more clearly:

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



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

Needs for Job Analysis

Achievement of Goals: Weather and Davis have stated, “Jobs are at the core of every organization’s productivity, if they are designed well and done right, the organization makes progress towards its objectives. Otherwise, productivity suffers, profits fall, and the organization is less able to meet the demands of society, customer, employees, and other with a stake in its success.”

Organizational Design: Job analysis will be useful in classifying the jobs and the interrelationships among the jobs. On the basis of information obtained through job analysis, sound decisions regarding hierarchical positions and functional differentiation can be taken and this will improve operational efficiency.

Organization and Manpower Planning: It is helpful in organization planning, for it defines labour in concrete terms and co-ordinates the activities of the work force, and clearly divides duties and responsibilities.

Recruitment and Selection: Job analysis provides you with information on what the job entails and what human requirements are required to carry out these activities. This information is the basis on which you decide what sort of people to recruit and hire.

Placement and Orientation: Job analysis helps in matching the job requirements with the abilities, interests and aptitudes of people. Jobs will be assigned to persons on the basis of suitability for the job. The orientation programme will help the employee in learning the activities and understanding duties that are required to perform a given job more effectively.

Employee Training and Management Development: Job analysis provides the necessary information to the management of training and development programmes. It helps in to determine the content and subject matter of in training courses. It also helps in checking application information, interviewing test results and in checking references.

Job Evaluation and Compensation: Job evaluation is the process of determining the relative worth of different jobs in an organization with a view to link compensation, both basic and supplementary, with the worth of the jobs. The worth of a job is determined on the basis of job characteristics and job holder characteristics. Job analysis provides both in the forms of job description and job specification.

Performance Appraisal: Performance appraisal involves comparing each employee’s actual performance with his or her desired performance. Through job analysis industrial engineers and other experts determine standards to be achieved and specific activities to be performed.



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Health and Safety: It provides an opportunity for identifying hazardous conditions and unhealthy environmental factors so that corrective measures may be taken to minimize and avoid the possibility of accidents.

Employee Counselling: Job analysis provides information about career choices and personal limitation. Such information is helpful in vocational guidance and rehabilitation counselling. Employees who are unable to cope with the hazards and demands of given jobs may be advised to opt for subsidiary jobs or to seek premature retirement.

Steps in Job Analysis

The six steps of job analysis are

Determine the Use of the Job Analysis Information: Start by identifying the use to which the information will be put, since this will determine the type of data you collect and the technique you use to collect them.

Collection of Background Information: According to Terry, "The make-up of a job, its relation to other jobs, and its requirements for competent performance are essential information needed for a job evaluation. This information can be had by reviewing available background information such as organization charts (which show how the job in question relates to other jobs and where they fit into the overall organization); class specifications (which describe the general requirements of the class of job to which the job under analysis belongs); and the existing job descriptions which provide a starting point from which to build the revised job description".

Selection of Jobs for Analysis: To do job analysis is a costly and time consuming process. It is hence, necessary to select a representative sample of jobs for purposes of analysis. Priorities of various jobs can also be determined. A job may be selected because it has undergone undocumented changes in job content. The request for analysis of a job may originate with the employee, supervisor, or a manager.

When the employee requests an analysis it is usually because new job demands have not been reflected in changes in wages. Employee's salaries are, in part, based upon the nature of the work that they perform. Some organizations establish a time cycle for the analysis of each job. For example: A job analysis may be required for all jobs every three years. New jobs must also be subjected to analysis.

Collection of Job Analysis Data: Job data on features of the job, required employee qualification and requirements, should be collected either form the employees who actually perform a job; or from other employees (such as foremen or supervisors) who watch the workers doing a job and there by acquire knowledge about it; or from the outside persons, known as the trade job analysis who are appointed to watch employees performing a job. The duties of such a trade job analyst are (i) to outline the complete scope of a job and to consider all the physical and mental activities involved in determining what the worker does.; (ii) find out why a worker does a job; and for this purpose he studies why each task is essential for the overall result; and (iii) the skill factor which



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may be needed in the worker to differentiate between jobs and establish the extent of the difficulty of any job.

Processing the Information: Once job analysis information has been collected, the next step is to place it in a form that will make it useful to those charged with the various personnel functions. Several issues arise with respect to this. First, how much detail is needed? Second, can the job analysis information be expressed in quantitative terms? These must be considered properly.

Preparing Job Descriptions and Job Classifications: Job information which has been collected must be processed to prepare the job description form. It is a statement showing full details of the activities of the job. Separate job description forms may be used for various activities in the job and may be compiled later on. The job analysis is made with the help of these description forms. These forms may be used as reference for the future.

Developing Job Specifications: Job specifications are also prepared on the basis of information collected. It is a statement of minimum acceptable qualities of the person to be placed on the job. It specifies the standard by which the qualities of the person are measured. Job analyst prepares such statement taking into consideration the skills required in performing the job properly. Such statement is used in selecting a person matching with the job.

Job Description

Job description is the immediate product of job analysis process; the data collected through job analysis provides a basis for job description and job specification.

Job Description: is a written record of the duties, responsibilities and requirements of a particular job. It is concerned with the job itself and not with the job holders. It is a statement describing the job in such terms as its title, location, duties, working conditions and hazards.

Flippo has Defined Job Description as, "A job description is an organized, factual statement of duties and responsibilities of a specific job. In brief, it should tell what is to be done. How it is done why. It is a standard of function, in that defines the appropriate and authorized content of a job.

According to Zerga, who analyzed 401 articles on job description about 30 years ago. A job description helps us in:

- Job grading and classification
- Transfers and promotions.
- Adjustments of grievances;
- Defining and outlining promotional steps:
- Establishing a common understanding of a job between employers and employees;
- Investigation accidents;



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- Indicating faulty work procedures or duplication of papers;
- Maintaining, operating and adjusting machinery;
- Time and motion studies;
- Defining the limits of authority;
- Indicating case of personal merit;
- Studies of health and fatigue;
- Scientific guidance;
- Determining jobs suitable for occupational therapy;
- Providing hiring specifications; and
- Providing performance indicators.

Job Specification

The job specification states the minimum acceptable qualifications that the incumbent must possess to perform the job successfully. Based on the information acquired through job analysis, the job specification identifies the knowledge, skills, and abilities needed to do the job effectively. Individuals possessing the personal characteristics identified in the job specification should perform the job more effectively than individuals lacking these personal characteristics. The job specification, therefore, is an important tool in the selection process, for it keeps the selector's attention on the list of qualifications necessary for an incumbent to perform the job and assists in determining whether candidates are qualified.

According to Dale Yoder, "The job specification, as such a summary properly described is thus a specialized job description, emphasizing personnel requirement and designed especially to facilitate selection and placement."

A Job Specification should include:

- **Physical characteristics**, which include health, strength, endurance, age, height, weight, vision, voice, eye, hand and foot co-ordination, motor co-ordination, and colour discrimination.
- **Psychological and social characteristics** such as emotional stability, flexibility, decision making ability, analytical view, mental ability, pleasing manners, initiative, conversational ability etc.
- **Mental Characteristics** such as general intelligence, memory, judgement, ability to concentrate, foresight etc.



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- **Personal Characteristics** such as sex, education, family background, job experience, hobbies, extracurricular activities etc.

All these characteristics must be classified into three categories:

- Essential attributes which a person must possess.
- Desirable attributes which a person ought to possess.
- Contra indicators which will become a handicap to successful job performance

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UNIT - II

RECRUITMENT AND SELECTION

Recruitment: Meaning and Definition

Recruitment forms a step in the process which continues with selection and ceases with the placement of the candidate. It is the next step in the procurement function, the first being the manpower planning. Recruiting makes it possible to acquire the number and types of people necessary to ensure the continued operation of the organisation. Recruiting is the discovering of potential applicants for actual or anticipated organisational vacancies.

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

According to Lord, "Recruitment is a form of competition. Just as corporations compete to develop, manufacture, and market the best product or service, so they must also compete to identify, attract and hire the most qualified people. Recruitment is a business, and it is a big business."

Factors Affecting Recruitment

The factors affecting recruitment can be classified as internal and external factors.

The internal factors are:

- Wage and salary policies;
- The age composition of existing working force;
- Promotion and retirement policies;
- Turnover rates;
- The nature of operations involved the kind of personnel required;
- The level and seasonality of operations in question;
- Future expansion and reduction programmes;
- Recruiting policy of the organisation;
- Human resource planning strategy of the company;
- Size of the organisation and the number of employees employed;
- Cost involved in recruiting employees, and finally;
- Growth and expansion plans of the organisation.



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The external factors are:

- Supply and demand of specific skills in the labour market;
- Company's image perception of the job seekers about the company.

External cultural factors: Obviously, the culture may exert considerable check on recruitment. For example, women may not be recruited in certain jobs in industry.

Economic factors: such as a tight or loose labour market, the reputation of the enterprise in the community as a good pay master or otherwise and such allied issues which determine the quality and quantity of manpower submitting itself for recruitment.

Political and legal factors also exert restraints in respect of nature and hours of work for women and children, and allied employment practices in the enterprise, reservation of Job for SC, ST and so on.

Sources of Recruitment

After the finalisation of recruitment plan indicating the number and type of prospective candidates, they must be attracted to offer themselves for consideration to their employment. This necessitates the identification of sources from which these candidates can be attracted. Some companies try to develop new sources, while most only try to tackle the existing sources they have. These sources, accordingly, may be termed as internal and external.

Internal Sources

It would be desirable to utilise the internal sources before going outside to attract the candidates. Yoder and others suggest two categories of internal sources including a review of the present employees and nomination of candidates by employees. Effective utilisation of internal sources necessitates an understanding of their skills and information regarding relationships of jobs. This will provide possibilities for horizontal and vertical transfers within the enterprise eliminating simultaneous attempts to lay off employees in one department and recruitment of employees with similar qualification for another department in the company. Promotion and transfers within the plant where an employee is best suitable improves the morale along with solving recruitment problems. These measures can be taken effectively if the company has established job families through job analysis programmes combining together similar jobs demanding similar employee characteristics. Again, employees can be requested to suggest promising candidates. Sometimes, employees are given prizes for recommending a candidate who has been recruited. Despite the usefulness of this system in the form of loyalty and its wide practice, it has been pointed out that it gives rise to cliques posing difficulty to management. Therefore, before utilising this system attempts should be made to determine through research whether or not employees thus recruited are effective on particular jobs. Usually, internal sources can be used effectively if the numbers of vacancies are not very large, adequate, employee records are maintained, jobs do not demand originality lacking in the internal sources, and employees have prepared themselves for promotions.



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Merits of Internal Sources: The following are the merits of internal sources of recruitment:

- It creates a sense of security among employees when they are assured that they would be preferred in filling up vacancies.
- It improves the morale of employees, for they are assured of the fact that they would be preferred over outsiders when vacancies occur.
- It promotes loyalty and commitment among employees due to sense of job security and opportunities for advancement.
- The employer is in a better position to evaluate those presently employed than outside candidates. This is because the company maintains a record of the progress, experience and service of its employees.
- Time and costs of training will be low because employees remain familiar with the organisation and its policies.
- Relations with trade unions remain good. Labour turnover is reduced. As the persons in the employment of the company are fully aware of, and well acquainted with, its policies and know its operating procedures, they require little training, and the chances are that they would stay longer in the employment of the organisation than a new outsider would.
- It encourages self-development among the employees. It encourages good individuals who are ambitious.
- It encourages stability from continuity of employment.
- It can also act as a training device for developing middle and top-level managers.

Demerits of Internal Sources:

However, this system suffers from certain defects as:

- There are possibilities that internal sources may “dry up”, and it may be difficult to find the requisite personnel from within an organisation.
- It often leads to inbreeding, and discourages new blood from entering an organisation.
- As promotion is based on seniority, the danger is that really capable hands may not be chosen. The likes and dislikes of the management may also play an important role in the selection of personnel.
- Since the learner does not know more than the lecturer, no innovations worth the name can be made. Therefore, on jobs which require original thinking (such as advertising, style, designing and basic research), this practice is not followed.
- This source is used by many organisations; but a surprisingly large number ignore this source, especially for middle management jobs.



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External Sources

DeCenzo and Robbins remark, “Occasionally, it may be necessary to bring in some ‘new blood’ to broaden the present ideas, knowledge, and enthusiasm.” Thus, all organisations have to depend on external sources of recruitment. Among these sources are included:

Employment agencies.

Educational and technical institutes. and

Casual labour or “applicants at the gate” and nail applicants.

Public and private employment agencies play a vital role in making available suitable employees for different positions in the organisations. Besides public agencies, private agencies have developed markedly in large cities in the form of consultancy services. Usually, these agencies facilitate recruitment of technical and professional personnel. Because of their specialisation, they effectively assess the needs of their clients and aptitudes and skills of the specialised personnel. They do not merely bring an employer and an employee together but computerise lists of available talents, utilising testing to classify and assess applicants and use advanced techniques of vocational guidance for effective placement purpose

Advantages of External Recruitment:

External sources of recruitment are suitable for the following reasons:

- It will help in bringing new ideas, better techniques and improved methods to the organisation.
- The cost of employees will be minimised because candidates selected in this method will be placed in the minimum pay scale.
- The existing employees will also broaden their personality.
- The entry of qualitative persons from outside will be in the interest of the organisation in the long run.
- The suitable candidates with skill, talent, knowledge are available from external sources.
- The entry of new persons with varied expansion and talent will help in human resource mix.

Disadvantages of External Sources:

- Orientation and training are required as the employees remain unfamiliar with the organisation.
- It is more expensive and time-consuming. Detailed screening is necessary as very little is known about the candidate.



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- If new entrant fails to adjust himself to the working in the enterprise, it means yet more expenditure on looking for his replacement.
- Motivation, morale and loyalty of existing staff are affected, if higher level jobs are filled from external sources. It becomes a source of heart-burning and demoralisation among existing employees.

Selection

Introduction:

Human resource selection is the process of choosing qualified individuals who are available to fill positions in an organization. In the ideal personnel situation, selection involves choosing the best applicant to fill a position. Selection is the process of choosing people by obtaining and assessing information about the applicants with a view to matching these with the job requirements. It involves a careful screening and testing of candidates who have put in their applications for any job in the enterprise. It is the process of choosing the most suitable persons out of all the applicants. The purpose of selection is to pick up the right person for every job.

According to Dale Yoder, "Selection is the process in which candidates for employment are divided into two classes-those who are to be offered employment and those who are not".

According to Thomas Stone, "Selection is the process of differentiating between applicants in order to identify (and hire) those with a greater likelihood of success in a job".

Difference between Recruitment and Selection:

Difference between recruitment and selection has been described by Flippo as, "Recruitment is a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organisation. It is often termed positive as it stimulates people to apply for jobs, selection on the other hand tends to be negative because it rejects a good number of those who apply, leaving only the best to be hired." Recruitment and selection differs in following manner:

Difference in Objective: The basic objective of recruitment is to attract maximum number of candidates so that more options are available. The basic objective of selection is to choose best out of the available candidates.

Difference in Process: Recruitment adopts the process of creating application pool as large as possible and therefore. It is known as positive process. Selection adopts the process through which more and more candidates are rejected and fewer candidates are selected or sometimes even not a single candidate is selected. Therefore, it is known as negative process or rejection process.

Technical Differences: Recruitment techniques are not very intensive, and not require high skills. As against this, in selection process, highly specialised techniques are required. Therefore, in the selection process, only personnel with specific skills like expertise in using selection tests, conducting interviews, etc., are involved.



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Difference in Outcomes: The outcome of recruitment is application pool which becomes input for selection process. The outcome of selection process is in the form of finalising candidates who will be offered jobs.

CURRICULUM VITAE

A Curriculum Vitae (CV) is a detailed document summarizing your entire academic and professional life, including education, experience, skills, research, publications, and awards, used primarily for academic, research, and medical positions, or for jobs outside North America where it serves as the standard job application document. Unlike a typical resume, a CV is exhaustive, can be several pages long, and highlights credentials relevant to specialized fields, with content tailored to the specific opportunity.

Components of a curriculum vitae

- **Contact Information:** Name, address, phone, email, professional profiles (LinkedIn, research sites).
- **Education:** Degrees, institutions, dates, theses/dissertations, honors.
- **Research Experience:** Projects, roles, methodologies, funding.
- **Publications:** Journal articles, books, book chapters, conference proceedings (often categorized).
- **Presentations:** Conference talks, posters, invited lectures.
- **Teaching Experience:** Courses taught, guest lectures, curriculum development.
- **Awards & Grants:** Scholarships, fellowships, research grants, professional honors.
- **Professional Experience:** Relevant work history, internships, volunteer roles.
- **Skills:** Languages, technical skills, software proficiency.
- **Professional Affiliations & Service:** Memberships, committee work, peer review.

TESTS:

A test is a standardized tool used in selection and development to objectively measure a candidate's or employee's abilities, knowledge, personality, or potential for a job, helping HR make informed decisions about hiring, placement, and training by assessing fit and performance likelihood. These tests cover various areas like cognitive skills (reasoning), job-specific abilities (skills tests), behavioral traits (personality tests), and potential (aptitude tests).



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TYPES OF TESTS

- **Written tests:** Written tests historically have served as significant input into the selection decisions. There has been renewed interest in written tests, since those that have been validated can aid significantly in the acquisition of efficient and effective workers.
- **Achievement tests:** To verify how he can achieve the target. Past experience can help the employees to satisfy the recruiters
- **Intelligent tests:** The employee's intelligent level is determined here.
- **Performance tests:** Whether the employees perform well or not.
- **Honesty or polygraph (lie detector) tests:** The use of lie detector for verifying information on the application form can only be used for specific jobs, such as police officer, finance managers etc.
- **Aptitude tests:** Whether the employee is interested in the job or not can be determined by this test.
- **Psychological tests:** The psychology of the employee is determined. The employees who are psychologically strong and do not get nervous do well.
- **Graphology (Handwriting analysis) tests:** It has been said that an individual's handwriting can suggest the degree of energy, inhibitions, and spontaneity to be found in the writer, disclosing idiosyncrasies and elements of balance and control from which many personality- characteristics can be inferred.
- **Physical tests:** To examine whether the candidate is physically fit for the job.
- **Personality tests:** Through these tests a mental and behavioral quality i.e. personality level is measures.
- **Trainability Tests:** For jobs in which training is necessary due to the skill level of the job applicants or the changing nature of the job, trainability tests are useful. Essentially, the goal is to determine the trainability of the candidate.
- **Work Sample:** Work Sample tests measure the ability to do something rather than the ability to know something. These tests may measure motor skills or verbal skills, Motor skills include physically manipulating various job related equipment and verbal skills include problem solving and language skills.

Interview:

An interview is a procedure designed to get information from a person and to assess his potential for the job he is being considered on the basis of oral responses by the applicant to oral inquiries by the interviewer. Interviewer does a formal in-depth conversation with the applicant, to



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evaluate his suitability. It is one of the most important tools in the selection process. This tool is used when interviewing skilled, technical, professional and even managerial employees. It involves two-way exchange of information. The interviewer learns about the applicant and the candidate learns about the employer.

Objectives of Interviews:

Interview helps:

- To obtain additional information from the candidate.
- Facilitates giving to the candidate information about the job, company, its policies, products etc.
- To assess the basic suitability of the candidate.
- The selection interview can be:
 - One to one between the candidate and the interviewer:
 - Two or more interviewers by employers representatives-sequential;
 - By a panel of selections, i.e., by more than representative of the employer.
- The sequential interview involves a series of interviews; each interviewer meeting the candidate separately. The panel interview consists of two or more interviews meeting the candidate together.

Kinds of employee Interview:

An interview undertaken for employee selection can be of different types with the same purpose of choosing the right fit. Let us dive deep into the different types of interviews in HRM.

Group Interview: Group interviews are arranged to conduct interviews of all candidates or a group of candidates at a time. Usually, a topic is given to discuss among all the interviewees, and the recruiters assess the creativity and behaviour of each one in the group.

Some popular types of group interviews are:

Panel Interview: In panel interviews, more than one interviewer interviews a candidate simultaneously. The panel usually comprises supervisors, team members, and HR representatives. Each interviewer specialises in a domain and assesses the candidate's skills, qualifications, and experiences.

Focus Group Interview: Companies conduct a focus group interview with candidates grouped according to their common traits or experiences, and ask specific questions and recruitment survey questions to them. The recruiter observes each candidate's response and selects them for a particular role accordingly.



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Structured Interview: Structured interview in HRM uses a particular interviewing method to assess every candidate applying for a similar position. Here, all the applicants will receive the same questions and in the same order to avoid biased questioning. The goal is to identify candidates who answer all or most of the questions best.

Unstructured Interview: An unstructured interview, also known as a non-directive interview, is entirely opposite to structured interviews and has no pre-arranged set of questions. Here, the questions vary according to company requirements and candidate competencies.

One-to-One Interview: In a one-to-one interview, a single interviewer asks questions focused on general, technical, and operational areas as per the position to a single interviewee. The tone used in such interviews is often conversational, where the interviewer begins the interview and allows the candidate to ask questions by the end.

Below are mentioned some popular one-to-one interview styles:

Semi-Structured Interview: A semi-structured interview is a combination of structured and unstructured types of interviews in HRM. Here, the interviewer has an idea of what questions to ask each candidate, but unlike a structured interview, there is no phrasing or order to these questions.

Situational Interview: A situational interview in HRM is one in which candidates are provided with a sample situation, and the HR asks how they might face it. Such interviews are highly focused on the future and involve hypothetical scenarios, evaluating the candidate's approach to solving real-life problems and abilities to handle job-related situations.

Stress Interview: A stress interview focuses on the candidate's ability to handle stressful situations. Here, the interviewer keeps asking several questions simultaneously and assesses candidates' presence of mind and response to practical challenges.

Behavioural Interview: A behavioural interview assesses the candidate's behaviour in past employment-related situations. It gives HR a clear vision of the candidate's probable efficiency in a similar role.

Technical Interview: Technical interviews can potentially assess a candidate's technical ability and knowledge to perform the job. Such interviews are primarily conducted for engineering, science, and tech roles.

Informal Interview: These interviews are conducted in an informal way where the recruiter sets an interview without conducting a written assessment of the candidate. It doesn't include a fixed procedure of asking questions and is often a friendly interview.

Formal Interview: This is just the opposite of informal interviews, often called planned interviews. Here, the candidates will be informed about the interview in advance, and the interviewer plans and prepares questions for the interview.



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Medical Screening

Medical screening in recruitment assesses a candidate's physical and mental fitness for a job, ensuring they can perform essential functions safely, often involving physical exams, blood/urine tests, vision/hearing checks, and role-specific fitness tests to meet job requirements, safety standards, and reduce workplace risks. It's a final stage to check health, prevent injuries, and ensure an employee can contribute effectively.

Common Screening Components

- **Physical Exam:** Height, weight, BMI, blood pressure, posture, and general check of vital signs and systems (heart, lungs, etc.).
- **Blood Tests:** Complete Blood Count (CBC), blood sugar (diabetes), cholesterol, liver/kidney function, and infection screening (e.g., Hepatitis, HIV).
- **Urine Tests:** Checks for infections, diabetes, and drug use.
- **Vision & Hearing:** Visual acuity (near/far), color vision, and hearing tests (audiometry) for roles needing specific sensory input.
- **Specialized Tests:** ECG for heart, Chest X-ray (TB, lung issues), Spirometry (lung function), and fitness/stress tests (stamina, strength) for demanding roles

In recruitment, appointment is the formal act of offering and confirming a job to a selected candidate, distinct from the broader recruitment process (finding candidates) and finalized through an appointment letter, a legal document outlining terms like salary, start date, and conditions, sealing the deal after an offer and negotiations. It signifies the official start of employment, whereas recruitment is the entire selection journey.

Appointment Order

In HRM, an appointment order (or letter) is the formal, legal document from an employer to a selected candidate, confirming job details like designation, salary, start date, duties, benefits, and company policies, solidifying the employment relationship and setting mutual expectations before the employee joins. It acts as a formal job offer, detailing terms and conditions, and becomes a legally binding contract once signed, clarifying roles and preventing future misunderstandings.

Components of an Appointment Order

- **Formal Letterhead:** Company name, logo, and contact details.
- **Recipient Details:** Candidate's name, address, and contact info.
- **Subject Line:** Clear, stating the job offer.
- **Job Details:** Job title, department, and reporting manager



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- **Employment Terms:** Start date, work location, hours, probation period, and contract duration.
 - **Compensation & Benefits:** Salary, payment frequency, bonuses, insurance, leave, etc..
 - **Responsibilities:** Key duties and performance expectations.
 - **Company Policies:** Reference to employee handbook or specific policies.
 - **Legal Clauses:** Confidentiality, termination conditions, and governing law.
 - **Acceptance:** Space for the candidate's signature and date, indicating agreement.

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UNIT - III

TRAINING AND DEVELOPMENT

Induction

Induction (also called orientation or on boarding) is the crucial process of formally welcoming and integrating new employees into an organization, familiarizing them with the company's culture, policies, team, and their specific job role to help them settle in quickly, feel comfortable, and become productive. It bridges the gap between hiring and full contribution, reducing anxiety and fostering long-term engagement.

Aspects of Induction:

- **Welcome & Socialization:** Making new hires feel at home, introducing them to colleagues, supervisors, and the work environment.
- **Information Sharing:** Providing essential details about the company's history, mission, values, rules, and benefits.
- **Role Clarity:** Explaining job responsibilities, expectations, and how their work contributes to organizational goals.
- **Integration:** Helping employees understand and align with the company culture and processes.

Goals of Induction:

- To reduce stress and confusion for new employees.
- To make employees feel valued and prepared.
- To speed up the process of becoming a productive team member.
- To boost engagement and improve retention by creating a positive first impression.

TRAINING:

Training is a systematic process of developing employee skills and knowledge to improve their job performance. The employer organises training for his employees to increase their job knowledge, skills and improve their attitude and knowledge.

Definition: Edwin B. Flippo, "Training is the act of increasing the knowledge and skills of an employee for doing a particular job."

Objectives/goals/purpose of training:

- **Improved quality of work:** Training focuses on specific areas and improves employee skills. It enables employees to improve their quality of work.



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- **Enhance employee growth:** Employees who undergo training become better at their job. They enable them to get promoted and grow in their career.
- **Prevents obsolescence:** Training imparts knowledge on latest skills and techniques. The employee becomes up to date with the latest technology and trends. Thus it prevents obsolescence of employee skills.
- **Assisting new comers:** Training programmes help new employees to know the methods of working, new technology, the work culture of the company etc., they become productivity in a short span and can start performing quality.
- **Bridging the gap between planning and implements:** Plan state the targets to be achieved within specific time. Through training the job knowledge and performance improve. Employers meet their technologies and enable implementations of plans.
- **Improved Safety:** Training programme inform the risk involved, involved in jobs and safety measures to be adopted. This helps to improve safety in the work space and avoid accidents.

Methods of training:

Under the methods of training they are classified into two types

ON THE JOB TRAINING METHODS:

- **Apprenticeship Training:** The trainee (apprentice) learns the job from the trainer who is a senior worker. The trainee has to spend a specific time period and observes the trainer doing the job. He gets practical training tools and equipment. The employee is paid a stipend until he completes training.
- **Job Rotation:** On employees transferred from one job to another for a fixed period of time he becomes skilled in performing a variety of jobs. The objectives of job rotation are to widen the job knowledge and skills of employees. Job rotation enables employees to become versatile and improve organisational flexibility.
- **Vestibule Training:** Training is provided in a training school run by the company. An atmosphere similar to the real job environment is created in terms of equipment, tools, noise, lightning etc., Trainees get an idea about what the real job situation will be like. This method is suitable to train semi- skilled workers.
- **Job Instruction Training:** The trainee is informed about the nature of job and its purpose. The trainer demonstrates the methods of doing the job and trainee observes it.
- **Under Study:** A junior employee (Trainee) is deputed to work under a senior employee



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- **(Trainer).** The Trainee would be taking over the role of senior employee after the training period. The trainee observes the trainer doing the job, interacting with others and solving problems and learns from it.
- **Coaching:** The trainer who is a senior employee or supervisor provides direct instruction to the trainee. He teaches the trainee the method of doing a job and solving problems. The trainee can clear his doubts then and there. The merits are direct interaction and better understanding while the demerit is that some supervisors may neglect coaching.

OFF THE JOB TRAINING METHODS:

- **Lectures:** The trainer provides information to trainees through oral interaction. Lectures can be given by experienced employees or by outside experts. Trainees can also be provided training materials in the form of printed notes or CD's. The advantages are that it enables interaction, trainees can clear their doubts immediately and large number of people can be trained.
- **Computer based training:** It is training imparted through computers. Training material and lectures are delivered through computers or smart phones. The trainee can learn at his own convenient time and pace.
- **Video based instructions:** Videos on various job related skills are prepared and exhibited to trainees. It is an interesting method when compared to lectures. It improves specific job related skill.
- **Executive Development:** Executive development is a planned programme for developing the conceptual, decision making and leadership abilities of managers. The objectives of executive development programmes are to enable managers realize and reach their full potential.

Training Techniques

Here's a list of the most common employee training methods that organizations can choose from depending on their requirements and goals.

e Learning

As the corporate world embraced hybrid work environments, eLearning became the most recognized employee training method for organizations. eLearning (also known as online learning) refers to delivering educational content through online platforms. It often involves multimedia elements like videos, quizzes, interactive modules, and downloadable resources. Learners can access the material at any time, which promotes self-paced learning.



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On-the-Job training

On-the-job training enables employees' active participation by allowing them to learn on the job or in the flow of work. The end goal of on-the-job training is faster task mastery or accelerated time-to-proficiency through learning by doing exercises and real-life scenarios.

On-the-job training embraces the 70-20-10 rule of learning, which states:

- 70% of learning comes from real experiences.
- 20% from social interaction.
- 10% from traditional learning sessions, like instructor-led or classroom-style learning.

On-the-job training is ideal for sales teams, manufacturing jobs, technical roles, call centers, and customer service positions. On-the-job training may include mentorships, job coaching or shadowing, and hands-on training exercises.

Instructor-led learning

Instructor-led training is a traditional type of training where an instructor or subject matter expert leads a group of employees through the training content in person or virtually. Instructor-led training (ILT) can be delivered in face-to-face learning experiences like classrooms or workshops, or via online experiences like webinars. It allows interaction, discussions, and immediate responses to questions. Instructor-led learning is ideal for leadership training, regulatory compliance, technical skills training, and team-building exercises.

Role-playing learning

Role-playing is a highly interactive training technique where employees act out scenarios they might encounter. It focuses on developing soft skills such as communication, conflict resolution, and decision-making by placing employees in real-world situations to practice responses. Role-playing is ideal for sales, customer service training, call center training, leadership training, conflict resolution, negotiation, and teamwork skills.

Coaching

Job coaching involves an experienced professional, like a supervisor, mentor, or experienced team member, coaching an employee on specific job tasks and responsibilities. This on-the-job learning method can be implemented in person or virtually using coaching software, making it ideal for both in-office and remote workforces. Coaching is also ideal for leadership development, employee development, performance improvement, and succession planning.

Simulation training

Simulation training is an effective training method that involves realistic, immersive replications of real-life work processes or scenarios. This hands-on, experiential technique allows individuals to learn or practice different skills and decision-making procedures in a zero-risk environment before



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applying them in real life. Simulation training is ideal for aviation, healthcare, emergency response, customer service, and technical operations.

Collaborative training

Collaborative training involves learning through teamwork and shared experiences. Employees work together to solve problems, complete tasks, or discuss ideas. The collaborative learning approach encourages knowledge sharing and mutual learning. Collaborative training is ideal for team-building exercises, innovation workshops, problem-solving, and brainstorming sessions.

Video training

Video training delivers educational content through video, either live or pre-recorded. It includes tutorials, explainer videos, or recorded webinars that employees can watch at their convenience. Creating training videos enables employees to digest information in an easy-to-understand format that is easier to retain and that employees can go back and watch at any time. Video training is ideal for product training and tutorials, compliance training, employee onboarding, and soft skills development.

Cross-training

Cross-training is a training method in which an employee learns how to perform another employee's role while performing the role they were hired for. This concept aims to help employees boost their existing skills and become more flexible resources for the organization.

Not only does this create a more skilled employee, but it also encourages your workforce to explore other opportunities throughout the organization, driving internal mobility. Cross-training is ideal for manufacturing, retail, customer service, and team-based environments.

Job shadowing

Job shadowing allows employees to follow and observe other professionals working in different job functions to gain insight into their work area. It is also implemented to allow less experienced individuals to work alongside experienced professionals to sharpen their skills from those who have already mastered them. Job shadowing is ideal for career development, leadership training, and role transitions.

Case studies

With the case study method, employees are presented with a real or fictional complex situation to analyze and use as a reference for their solutions. While cases vary in complexity and detail, trainees must be given enough data and information to analyze the situation and devise solutions. Case studies are ideal for leadership training, strategy development, and problem-solving exercises.



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Peer-to-peer learning

Peer-to-peer learning is a mutual learning strategy that involves participants of the same level engaging in collaborative learning. This type of learning allows employees to work through new concepts and share ideas with their peers working on the same project.

The opportunity to teach and be taught by one another is an effective way for organizations to grow stronger employees who work together productively. Peer-to-peer learning is ideal for knowledge transfer, team building, and improving communication.

Training Needs Identification

Here are the essential steps that businesses can use to conduct training needs identification

- **Define Organizational Goals**

First of all, identify the strategic goals and objectives of the organization. Knowing and understanding 'where to go' will lead to a more specific direction for training needs. This step ensures that training efforts become an extension of business goals, whether achieving growth, improving efficiencies, or adopting new technologies.

- **Conduct a Job Analysis**

The next step is to analyze job descriptions of specific roles in the organization. This helps understand the tasks, responsibilities, and competencies required for each role more efficiently. This step allows businesses to identify key skills necessary for employees to perform in their roles and achieve organizational goals effectively.

- **Conduct a Training Needs Assessment**

Businesses should collect data through surveys, interviews, focus groups, and performance reviews to conduct this training needs assessment. Then, analyze the data to understand the present situation of employees' capabilities profoundly. Managers' input can be added to employees' input to have a better-rounded view of areas where training is needed.

- **Identify Skills Gap**

In this step, businesses should match the employees' current skill levels with the identified talent gap in job analysis. Identify such areas where employees lack and need up-skilling or reskilling.

- **Prioritize Training Needs**

Not every identified skills gap needs to be acted upon immediately. Herein, businesses can rate training needs based on the extent of their impact on the organization, their urgency, and their effect on the scarcity of resources. And then, focus immediately on gaps that directly affect business goals.



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- **Develop a Training Plan**

Draw up a structured plan that defines the objectives, content, methods, and timetable for training. Specifics should be included, such as the type of training (online, in-person, or hybrid), targeted audience, and budget allocation. Ensure that the plan explicitly addresses the already identified gaps.

- **Measure Pre and Post-training Impact**

The last step is to establish key metrics that will help evaluate the effectiveness of the implemented training program. Businesses can use pre and post-training assessments, performance metrics, and feedback surveys to evaluate improvements.

Need and Importance of Training:

- **Improved quality:** Organisations aim to improve the quality of their products and services. Training imparts skills on efficient methods and techniques. This enables employees to produce better quality goods and services.
- **Higher productivity and profits:** Trained employees have the knowledge and skills required to perform their task. They can produce at a faster rate resulting in higher production and productivity of the firm. This result in higher sales and profits.
- **Reduced cost:** Training improves the ability of employees to use resources in the best manner. Wastages are avoided and all facilities are used in on optimum manners. This enables economy in operation and reduced cost.
- **Reduced Supervision:** Training improves the job knowledge and confidence of employees. They can perform task on their own and do not require continue guidance. Therefore the time spent on supervision and the number of supervisors required is less.
- **Skill improvement:** Training improves the skill level of employees. It enables them to identify and eliminate the weaknesses. This results in a reliable and capable workforce.
- **Improved Performance:** A trained employee is aware of his role and responsibilities. He knows the tools and techniques to be used an confident of his abilities. This results in improved performance on a consistent basis.
- **Higher employee satisfaction:** Training improves job knowledge, confidence and performance. Employees feel that the organisation in interested in their growth and welfare. This improves the job satisfaction of employees.
- **Improved Safety:** Lack of knowledge in safe handling of machines and safety measures lead to accidents. Trained employees take safety precautions and handle machines in a proper manner. Chances of accidents can be reduced and work sport made safer.



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- **Better Adaptability:** Through training, employees are equipped with latest skills, knowledge and technology they would have better capacity to adapt to modern trends and new methods of working.
- **Better Morale and Motivation:** Training develops positive attitude, job satisfaction, higher earnings, carrier growth and better job security. All this improve the morale and motivation of employees.

Process of Training or Steps involved in training:

- **Assessment of Training Needs:** It is the first step of Training needs. Training needs of the organisation is based on its objectives, resources and its environment. Training needs of employees is based on the position, function, experience and stage in the career.
- **Setting of Training Objectives:** The training objectives should be based on the objectives of the firm and its environment. They can be short term or long term. Short term training objectives relate to improving employee skills, efficiency and team spirit. Long term training objectives relate to improving competencies, creativity, innovation and learning ability.
- **Selection of Training Methods:** Training can be either on the job training or off the job training. Each training method is distinct and offer specific benefits. The training method for operative level employees and executive level employee would be different.
- **Conduct of Training:** Training can be conducted by internal experts who are the employees of the firm. If internal experts are not available, external experts can be hired. If facilities are available training can be conducted within the company. If not, it can be conducted in an external setup.
- **Evaluation of training programme:** After training is conducted, the result of the training programme has to be measured. It can be done by collection feedback from the trainees. The feedback can relate to usefulness of the programme, its practical relevance, ability of the trainer, training setup etc. Training programmes can also be evaluated based on change in the attitude and behaviour of employees.

Importance of Training and Development Programs

- **Feedback from trainees:** Interviews can be conducted or questionnaires' can be circulated among trainees to now their opinion about training programmes. Their views on the relevance and usefulness of training in terms of content, duration, practicality has to be assessed. Based on the feedback, are requiring improvement can be identified. This information can be used in designing future Training programs.
- **Learning:** An important objective of training and development is to ensure learning of new skills and knowledge. Therefore it should be assessed the extent to which trainees have gained new skills and knowledge.



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- **Changes in Attitude and Behaviour:** Training should create positive changes in the attitude and behaviour of employees it should improve the interest in the job commitment and willing ness to put in their best efforts. If the attitude and behaviour of trainees show improvement, it implies that the training has been effective.
- **Other outcomes:** The other outcomes of training and development which can be used to evaluate its effectiveness are:
 - Improvement in Production and Productivity
 - Quality Improvement
 - Reduction in Wastages
 - Decline in Absenteeism
 - Reduction in Labour Turnover
 - Improved Quality of Decisions
 - Better Analytical Skills
 - Improved Conceptual Skills
 - Capacity for Career Growth
 - Reduction in Accident Rate
 - Better Relation among members of the organisations
 - Improved Team Spirit and Employee Engagement
 - Improved Rate of Innovation
 - Better Capacity to Adopt to Implement Change.

Training and Development – Performance Appraisal

Performance appraisal is crucial for identifying employee strengths and weaknesses, directly feeding into targeted training and development by pinpointing skill gaps, shaping career paths, and aligning individual growth with organizational goals, thereby improving overall performance, motivation, and strategic capability through structured feedback and future development planning.

Performance Appraisal Drives Training & Development (T&D):

- **Needs Identification:** Appraisals reveal specific areas where employees lack skills (technical, soft skills, leadership) for their current roles or future advancement.
- **Goal Setting:** Managers and employees jointly set development objectives for the upcoming period, forming the basis for training plans.



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- **Feedback & Direction:** Open discussions during appraisal provide constructive feedback, guiding employees towards relevant learning opportunities.
- **Strategic Alignment:** Identified needs inform the design of training programs (on-the-job, off-the-job, e-learning) that enhance capabilities needed for business success.
- **Career Progression:** Appraisals help select high-potential employees for leadership development, ensuring a strong succession pipeline.

The Cycle in HRM:

Appraisal: Assess current performance against standards.

Identify Gaps: Pinpoint training/development needs.

Plan T&D: Design & implement tailored training programs.

Evaluate T&D: Assess program effectiveness.

Feedback Loop: Use results to refine future appraisals and T&D.

Promotion

Promotion may be defined as an upward movement of an employee's position in the enterprise. An employee who has been promoted moves to a higher level job that gives higher salary, greater authority and accountability as well.

Needs or Requirements of Promotion:

- Vacancies arises in any organisation due to the retirement, resignation, death or disablement of employees. Usually, when a higher post is vacant, It may be filled up from within the organisation. For ex: If the sales manager retires, the senior most sales officer may be made the sales manager.
- An employee may be given promotion in recognition of his meritorious service to the enterprise. This is done to honour the employee who has served the enterprise for a longer period.
- Opportunities for promotion also induce the employees to put in greater efforts to acquire higher qualifications and to enhance their skills. This benefits not only to the individual employee but the organisation as well.
- Promotion is also necessary to keep the level of job satisfaction and morale of the employees high. The employee, obviously, will have a higher level of job satisfaction and morale only if he is assigned a job commensurate with his qualification and experience.
- An organisation that does not provide any scope of promotion for its employees may have to face a higher rate of labour turnover, i.e, employees resigning their jobs.



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Criteria for Promotion:

- I. Seniority
- II. Merits

Seniority: The length of service of the employee in the present organisation determines his 'seniority'.

Merits: The 'merit' of the employee is determined by his performance. Weightage may also be given for his qualification and academic achievements.

Merits of seniority based –promotion

- Determining the seniority of an employee is quite simple. As the length of service decides seniority, the employer can very easily find out from the records who, among the employees of the enterprise, are the senior most.
- Such a criterion does justice to all the employees of an enterprise. Even a junior employee of today will become senior in course of time. Thus, all the employees have a fair chance of getting promotion opportunities.
- In the case of seniority based promotions, experienced employees will be in holding higher positions and youngsters will be working under them. Such an atmosphere is quite a natural one and goes well with the principle of natural justice.
- As due weightage is given for experience, it will motivate employees to stick on to their jobs. This will reduce labour turnover.
- Recognition of seniority will also motivate the employees of a concern. This is possible because they will work with an anticipation of promotion.

Demerits:

Seniority-based promotion, however, suffers from the following limitations:

- It ignores the merits of an individual.
- As the organisation does not recognise merit, it cannot attract meritorious and deserving persons.
- Performance is not actually determined by one's experience. It depends much on the merits of a person. A senior employee need not be a good performer.
- The juniors in the enterprise do not have any chance to get promoted in the near future even if they are meritorious. They may have to wait for the seniors to retire to get promoted. As a result, they may not work to their potentials.



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- Seniority-based promotion may not encourage employees to enrich their qualifications and skills, as it is not going to be of any use to them.

Advantages of Merit-Based Promotion

The enterprise can attract talented and meritorious persons.

- It will encourage employees to enrich their qualifications and skills.
- There will be maximum efficiency as only meritorious persons are promoted to higher positions.
- It also encourages healthy competition among the employees. Each one will try to prove his worth to the organisation.

Disadvantages:

- It ignores experience.
- Determining the merit of an employee is difficult.
- A situation of seniors working under juniors may sometimes arise when a junior is found to be more deserving and promoted to a higher post.
- It is also possible that an employee who is found to be very efficient in the present job may fumble when promoted to a higher post due to lack of experience.

TRANSFER

Transfer of an employee takes place when he is shifted.

- **From one section to another-** A record clerk in an office may be transferred to cash section.
- **From one department to another-** A Mathematics professor in a college may be transferred from the Maths Department to the commerce Department to teach maths for the commerce students.
- **From one branch to another-** The Clerk in a nationalised bank in, say, Anna Nagar Branch in Chennai may be transferred to the T. Nagar Branch.
- **From one town to another-** The employees in State Government service in Tamil Nadu are liable for transfer to any place within Tamilnadu.
- **From one state to another-** The employees in the Central Government service in India are liable for transfer to any State within India.



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REASONS OF TRANSFER:

- **Transfer due to vacancy:** When an employee is considered surplus in the place where he is presently working and there is a vacancy in another place where the enterprise has its office or branch, the employee may be transferred to such other place.
- **Promotion Transfer:** An employee getting promotion, say, as Branch Manager may be transferred to a branch that requires a Manager. Such a transfer is called promotion Transfer.
- **Compulsory Transfer:** If the organisation has a policy of transferring its employees at regular intervals to different places, the employees must accept such a transfer. For example, the teachers in the State Government service in Tamil Nadu will be transferred once in five years within the State.
- **Punishment Transfer:** An employee showing negligence in his duties may also be transferred as a measure of punishment. Such a transfer is called punishment.
- **Request Transfer:** Transfer may also take place when an employee, due to personal reasons, requests his/her employer to transfer is called Request Transfer.
- **Mutual Transfer:** Sometimes, they may be two persons working for the same organisation in two different places and each of them may be willing to get transferred to place of the other.

TERMINATION

Termination of services in HRM involves legally ending an employment relationship, covering voluntary (resignation) and involuntary (firing, layoff) exits for reasons like poor performance, misconduct, operational needs, or contract expiry, requiring fair processes, documentation, and adherence to labour laws for notice, severance, and due process to minimize legal risks, with common procedures including separation letters, final pay, and asset retrieval. Many PDF resources outline these procedures, policies, and legal considerations.

Types of Termination:

- i. **Voluntary:** Employee resignation or retirement.
- ii. **Involuntary:** Employer-initiated dismissal for cause (misconduct, poor performance) or without cause (redundancy, contract end).

Common Grounds for Involuntary Termination:

- Poor Performance/Incapacity.
- Misconduct (requiring due process/inquiry).
- Operational Requirements/Redundancy.



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- Contract Expiry or Probation Failure.

Types of Termination

- **Voluntary Termination:** Employee chooses to leave.
- **Resignation:** Quitting for personal reasons, new job, dissatisfaction.
- **Retirement:** Leaving upon reaching age (superannuation) or through early retirement schemes.
- **Involuntary Termination:** Employer initiates the separation.
- **Dismissal/Firing:** For employee fault (misconduct, poor performance, breach of trust, absenteeism).
- **Layoff/Retrenchment:** Temporary or permanent separation due to economic downturns, restructuring, or role elimination (not employee fault).
- **Probation Termination:** Ending employment during the initial period for unsatisfactory fit.
- **Mutual Agreement:** Both parties agree to end the contract.

CAREER DEVELOPMENT

Career development is the series of activities in an on-going/lifelong process of developing one's career which includes defining new goals regularly and acquiring skills to achieve them. Career development usually refers to managing one's career in an intra-organizational or inter-organizational scenario. It involves training on new skills, moving to higher job responsibilities, making a career change within the same organization, moving to a different organization or starting one's own business.

5 Steps of Career Development

There are various steps or stages in a person's overall career development:

- **Self Assessment**

The first step in career development is the self assessment which means that the individual has to assess oneself on the kind of career and growth one wants and what kind of skills and interests are there.

- **Career Awareness**

This stage is when an individual explores various career paths which align with the self assessment done in the first step. Career awareness can be how a person can explore various domains and types of jobs/work available.



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- **Goal Setting**

This is the most important step in career development because this is where one defines clear short term and long term goals to meet the career one aspires. Both short term and long term goals need to be defined to begin with. Short term goals would be more actionable but long term goals can be changed or tweaked as per the growth.

- **Skill Training**

Once the career and goals are set, one needs to acquire the right skills to achieve the growth. Skill training can be done through self training or joining a structured training program online or offline. Once the right skills are acquired, one can start the final stage.

- **Performing**

With all the right knowledge and skills, the Industrial disputes and settlement laws, primarily India's Industrial Disputes Act, 1947, exclude certain personnel like armed forces, police, and those in managerial/administrative roles (with high salaries), and don't cover charitable work or domestic service, focusing instead on resolving conflicts for "workmen" through conciliation, arbitration, and adjudication to maintain industrial peace. An important part is to perform the tasks and jobs in the career successfully to grow in the career path.

The 5 steps are part of an ongoing process. Many times in a career, the person would need to revisit the cycle to get the right career growth.

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UNIT - IV

INDUSTRIAL RELATIONS

INDUSTRIAL DISPUTES AND SETTLEMENTS:

In HRM, industrial disputes involve conflicts over employment terms, conditions, or non-employment, arising from poor communication, management/worker attitudes, wages, or working conditions, and are settled non-legally through internal mechanisms like negotiation, grievance procedures, mediation/conciliation, or voluntary arbitration, aiming for peaceful resolution, better relations, and preserving industrial harmony before escalating to strikes/lockouts. The focus is on preventing issues (poor environment, unfair policies, retrenchment) and fostering collective bargaining and social justice.

Common Settlement Mechanisms

Regardless of the theoretical perspective, several practical mechanisms are used in HRM for dispute settlement:

- **Negotiation:** Direct dialogue between the parties involved (or their representatives) to reach a mutually acceptable agreement.
- **Conciliation/Mediation:** Involves a neutral third party (a conciliation officer or board) who assists the disputing parties in reaching a voluntary settlement.
- **Arbitration:** The dispute is referred to an impartial third party (an arbitrator) who hears both sides and makes a final, binding decision.
- **Adjudication:** The legal process where a dispute is referred to a formal labor court or industrial tribunal for a mandatory judicial decision.
- **Grievance Redressal Procedures:** Formal, internal mechanisms within an organization designed to address individual employee complaints promptly and fairly at the lowest possible level.

Objectives of Industrial Disputes

The primary objectives of industrial disputes, often governed by laws like India's Industrial Disputes Act 1947, are to promote industrial peace, provide mechanisms for resolving conflicts (conciliation, arbitration, adjudication), protect worker rights (against unfair layoffs/retrenchment), ensure social justice, and encourage collective bargaining to create harmonious employer-employee relations, balancing interests and preventing illegal work stoppages like strikes and lockouts.

- **Secure Industrial Peace:** The overarching goal is to maintain calm and stability in industries by resolving disputes constructively.



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- **Provide Resolution Mechanisms:** Establishing bodies and procedures (conciliation, arbitration, tribunals) for investigating and settling conflicts.
- **Protect Workers:** Safeguarding employees from unfair labor practices, such as unjust dismissals, retrenchments, and closures.
- **Ensure Social Justice:** Balancing the rights and interests of both labor and management to create equity.
- **Foster Collective Bargaining:** Encouraging dialogue and negotiation between employers and unions to set terms of employment.
- **Prevent Illegal Strikes & Lockouts:** Regulating work stoppages and defining legal procedures to avoid disruptions.
- **Improve Employer-Employee Relations:** Building amity, trust, and cooperative environments for smoother operations.
- **Regulate Layoffs & Retrenchments:** Providing relief and fair procedures for workers affected by business changes.

NATURE OF INDUSTRIAL DISPUTES

- **Press for higher wages and profits :-** The coming together of the workers motivated by the press of obtaining the highest possible wages and the owners of the capital motivated by profit maximization is the basic cause of industrial conflict
- **Conflict among workers and employers:** - Conflict is like the conflict between any buyer and seller. The workers are the sellers are the commodity – the labour power- and the employers by this commodity.
- **Limitation of the system:** - It is not that the employer is cruel and enjoys the view of depression, diseases of his workers. The point is that he cannot offer to be liberal and kind. He has his own limitations of the system.
- **Profit maximization:** - Workers may demand a share in the management of the enterprise, a voice in the formulation of the standing orders and scope for self expression and a respect for the dignity of their individuality.

IMPACT OF INDUSTRIAL DISPUTES

- **Impact on employer:** - An industrial disputes resulting in stoppage of work means a stoppage of production. It leads to Loss due to destruction of property, personal injury, and physical intimidation or inconveniences also arises
- **Impact on employees:** - Employees also get affected with industrial disputes. They loss their wages during the period of strikes. Sometimes, they become unemployed also because of lockouts and strikes.



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- **Impact on consumers:** - Consumers get affected by the scarcity of goods and price hike. After the strike, they burden of the cost is naturally passed on to the consumer by price raise.
- **Impact on economy:** - Long stoppage of work by labour through strikes and lockout has an ill effect on national productivity and income.

TYPES OF INDUSTRIAL DISPUTES

- **Interest disputes :-** It relates to determination of new wage level and other conditions of employment
- **Rights disputes:** - The work man has not been treated in accordance with the rules, individual contracts of employment, laws and regulation and as per collective agreements. Such disputes are also described as grievance disputes.
- **Recognition disputes:-** It arises when the management of the undertaking are employers organization refuses to recognize the trade union for the purpose of collective bargaining

Settlement of Industrial Disputes in India

The settlement of industrial disputes in India is primarily governed by the Industrial Disputes Act, 1947, which aims to promote industrial peace and harmony by providing effective mechanisms for resolving conflicts between employers and workmen.

Meaning of Settlement

According to Section 2(p) of the Industrial Disputes Act, 1947, a settlement means a written agreement arrived at between the employer and workmen either otherwise than in the course of conciliation proceedings or in the course of conciliation proceedings, and includes a copy of such agreement sent to the appropriate government.

Modes of Settlement of Industrial Disputes

Bipartite Settlement (Settlement Outside Conciliation)

This settlement is arrived at voluntarily between the employer and the workmen or their trade union without the intervention of government authorities. It is based on mutual negotiations and goodwill.

- Settlement directly between employer and workmen/trade union
- No involvement of government machinery
- Encouraged as it promotes industrial peace



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Settlement in the Course of Conciliation

This type of settlement is reached with the assistance of a Conciliation Officer appointed under the Act. The settlement must be in writing and signed by both parties, and a report must be sent to the appropriate government.

- Arrived at with the help of a Conciliation Officer
- Must be in writing and signed by parties
- Copy sent to the appropriate government

Voluntary Arbitration

Under Section 10A, the parties may voluntarily refer the dispute to an independent arbitrator by written agreement. The arbitrator's decision is binding on the parties.

- Parties agree to refer dispute to an independent arbitrator
- Agreement must be in writing and notified to government
- Arbitrator's award is binding

ADJUDICATION

When other methods fail, the government may refer the dispute for adjudication to:

- Labour Court
- Industrial Tribunal
- National Tribunal

The decision given is known as an award, which is binding and enforceable by law.

When voluntary methods fail, the dispute may be referred to:

- Labour Court – industrial disputes on standing orders, dismissals, etc.
- Industrial Tribunal – wages, hours of work, allowances
- National Tribunal – disputes of national importance

The decision (called an award) is:

- Binding
- Enforceable as law



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ARBITRATION

Meaning of arbitration: -

When conciliation proceedings failed or settle the disputes, the conciliation officer may convince the conflicting parties to voluntarily refer the dispute to a third party known as arbitrator, appointed by the parties themselves

Types of arbitration

- **Voluntary arbitration:** - The arbitrator is appointed by both the parties through mutual constant. In order to promote voluntary arbitration, government of India constituted national arbitration promotion board in 1967.
- **Compulsory arbitration:** - When the disputing parties weaken other means of settling the disputes, the government can force the parties for compulsory arbitration.

Essential Elements of arbitration

- Voluntary submission of dispute to an arbitrator
- The subsequent attendance of witness and investigations
- The enforcement of an award may not be necessary

Advantages of arbitration

- Since it is established by the parties themselves, arbitration has the particular advantages of bringing the disputes settlement procedure down to the level of the parties to the disputes.
- Since arbitration is established by agreement, it is more flexible that other procedures can be adjusted to the views, desires and experiences of the parties and to the circumstances obtaining in the undertaking or industry.
- The procedure is relatively speedy when compare to that in ordinary courts and labor tribunals
- Its cuts down delay and results in prompt settlement of differences

Disadvantages of arbitration

- It removes of its right to go on a strike, for there is often a provision in the agreement that the trade unions and workers will avoid doing from a strike during the continuance of agreements
- Judgment is often arbitrary and ill advised as the arbitrators are not well versed in the economy and technical aspects of industry.



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- Arbitrators are often biased (unfair) against labor and her award is, therefore, usually not in its favor.
- Delay often occurs in arriving at the award and settlement of disputes. This leads to a breakdown in the morale of member

ADJUDICATION

- Labour court
- Industrial tribunal
- National tribunal (sec 7b)

Labour Court: - Labour Courts are constituted by State Governments u/s 7. It will be presided over by Presiding Officer’.

Qualification for appointment: -

Has been judge of high court

He has been judge of district court not less than 3 years

Duties and function of labor court: -

Authority of an order of the employer

Application and interpretation of standing orders

Discharge including retrenchment

Industrial tribunal

Appointment and constitution: - Industrial Tribunal is constituted by State Government u/s 7A. The tribunal will be presided over by Presiding Officer. The Industrial Tribunal has powers in respect of

- Wages, including period and mode of payment
- Compensatory and other allowances
- Hours of work and rest intervals
- Leave with wages and holidays
- Bonus, profit-sharing, provident fund and gratuity
- Shift working changes
- Rules of discipline
- Rationalization and retrenchment of workmen.



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National tribunal (sec 7b)

Appointment and constitution: -

National Tribunal is formed by Central Government for settlement of industrial disputes

Qualification of presiding officer :-

It will consist of one person only, who should be qualified for appointment as Presiding officer of a national tribunal / a judge of a high court.

He should be an independent person and should have age of at least 65 years. The government may appoint two persons to advise the National Tribunal

Difference between arbitration and adjudication

Method	Arbitration	Adjudication
Methods of resolving dispute	It is a voluntary method of resolving industrial disputes. It is resorted to before the dispute is referred to a labour court, industrial tribunal or national tribunal	It is compulsory & is the ultimate remedy for resolving industrial disputes provided by the ID act, 1947
Source of power	The power to refer an industrial dispute to an arbitrator is derived from the written agreement made by the employers and the workmen together	The power to adjudicate upon disputes is statutory in the sense that it is derived from the provision of the ID ACT, 1947
No of arbitrators / adjudicators	The numbers of arbitrators are one or more than one	The presiding officers of these adjudicatory bodies are appointed by the appropriate government only and all these consists of one person only
Appointment of assessors	No such provision for arbitration	They can appoint one or two assessors
Time	May extend over a long period if hearing protracted; it may take months or even years to conclude. Procedure and time frame to be agreed by parties	Adjudicator has 30 days to decide dispute.
Formalities	Less formal than legal action, strict rules of evidence do not apply but procedural rules may be based on Institutional rules. Otherwise parties to agree or arbitrator	Less formal than arbitration, strict rules of evidence do not apply. Procedural rules may be imposed by nominating body.



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Industrial Relations

Industrial Relations (IR) is the study of the laws, conventions and institutions that regulate 'the workplace'. It is a fundamentally important aspect of our way of life, our culture and our society. Industrial relations means different things to different people. The following illustration depicts how IR shapes our working life, our society and the national economy.

Importance of Industrial Relation

- **Foster Industrial Peace:** Under the mechanism of IR, both employees and managers discuss the matter and consult each other before initiating any actions. Doubts, if any, in the minds of either party are removed. Thus, unilateral actions that prop confusion and misunderstanding disappear from the scene. In this way, IR helps create a peaceful environment in the organisation. Peace, in turn, breeds prosperity.
- **Promote Industrial Democracy:** Industrial democracy means the government mandated worker participation at various levels of the organisation with regard to decisions that affect workers. It is mainly the joint consultations that pave the way for industrial democracy and cement relationship between workers and management. This benefits the both. The motivated workers give their best and maximum to the organisation, on the one hand, and share their share of the fruits of organisational progress jointly with management, on the other.
- **Benefit to Workers:** IR benefits workers in several ways. For example, it protects workers against unethical practices on the part of management to exploit workers by putting them under inhuman working conditions and niggardly wages. It also provides a procedure to resolve workers grievances relating to work.
- **Benefit to Management:** IR protects the rights of managers too. As and when workers create the problem of indiscipline, IR provides mangers with a system to handle with employee indiscipline in the organisation.
- **Improve Productivity:** Experiences indicate that good industrial relations serve as the key for increased productivity in industrial organisations. Eicher Tractors, Alwar represents one such case. In this plant, productivity went up from 32 per cent to 38 per cent between 1994 and 1997. This increase is attributed to the peaceful IR in the plant.

Similar other success stories abound in the country. As reported by V.S.P. Rao, Sundaram Fasteners (A TVS group company which begged the prestigious GM award for the fourth successive year in 1999 as a quality supplier of radiator caps) is well known for zero breakdowns, zero accidents and zero defects. Company did not lose even a single day due to strike. The per-employee productivity is comparable to the best in the world. One study rates the company among the 20 most competitive companies in the Asia.



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Trade union

A trade union or trades union, also called a labour union is an organization of workers who have come together to achieve common goals such as protecting the integrity of its trade, improving safety standards, achieving higher pay and benefits such as health care and retirement, increasing the number of employees an employer assigns to complete the work, and better working conditions. The trade union, through its leadership, bargains with the employer on behalf of union members and negotiates labour contracts with employers. The most common purpose of these associations or unions is "maintaining or improving the conditions of their employment". This may include the negotiation of wages, work rules, complaint procedures, rules governing hiring, firing and promotion of workers, benefits, workplace safety and policies.

Definition

Trade Union Act 1926 [Sec. 2(h)]: Trade Union means any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen or between employers and employers for imposing restrictive conditions on the conduct of any trade or business and includes any federation of two or more Trade Unions.

Functions of Trade Unions:

- Fraternal or mutual-help functions; and
- Militant or fighting functions.

The fraternal functions include organisation of indoor and outdoor games, dramatic clubs, arranging of lectures, running of schools, hospitals, etc. All these are intended to promote the general welfare of the working classes through their own efforts.

The militant functions of the unions refer to the struggle that they make against the employers for getting higher wages or for getting their grievances redressed. Strike is the weapon that they wield. This is a weapon of last resort. Sometimes the employers take up a very unreasonable and uncompromising attitude. No alternative is then left to the workers except to fight for their rights. Thus a strike becomes inevitable.

Structure of Trade Unions in India

In India, the structure of trade union consists of three levels: plant/shop or local, the state and the centre. It is generally from the central level that the ideology of the important central federations of labour in India percolates down to the state and local levels. Every national or central federation of labour in India has state branches, state committees or state councils, from where its organization works down to the local level.

There are two types of organizations to which the trade unions in India are affiliated:

- National Federations, and



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- The Federations of Unions

Here a brief discussion of this trade union form is given.

National Federations

The National Federations have all the trade unions in a given industry as their affiliated members. Every trade union, irrespective of the industry to which it belongs, can join a general national federation. Such federations are the apex of trade union policies and national character. The central union organizations are national federations of labour based on different political ideologies. Because of their political leanings, the affiliated trade unions in the field of labour relations follow either a militant policy or a policy of cooperation with the employers and the government, or a policy of continuous strife and litigation. The trade union leadership to these national organizations is generally provided by the politicians. Such leaders are found leading a dozen or more unions in a particular state. These unions may be in the petroleum industry, the transport industry, electricity supply undertakings or craft unions, such as the rickshaw pullers 'union or taxi drivers' union. Some of the trade union leaders are MPs and MLAs.

The national/central federations are empowered to decide the question of jurisdiction of the various local and national unions. A majority of these federations allow their affiliates to bargain independently with their respective employers. The federations only act as coordinating authorities for different unions under their control. They also select delegates to represent workmen in international conferences organized by the International Labour Organisation or the International Confederation of Free Trade Unions. The all-India federation of trade unions has a regular structure. For example: The INTUC consists of a central organization, affiliated unions, industrial federation, regional branches and councils functioning under the direct control or supervision of the central organization, the assembly of delegates, the general council and the working committees.

The INTUC functions through its affiliated unions, delegates, assembly, and general council (including office-bearers), the working committees of the general council and the Pradesh bodies. The UTUC consists of the general body (delegates' assembly) general council, and the working committee of general council.

The Hind Mazdoor Sabha (HMS) works through the general council, the working committee and affiliated organization.

Federations of Unions

These are combinations of various unions for the purpose of gaining strength and solidarity. They can resort to concerted action, when the need for such action arises, without losing their individuality. Such federations may be local, regional, state, national and international. There are a few organizations which are local in character, such as the Bharatiya Kamgar Sena, the Labour Progressive Federation, Chennai, the National Front of Indian Trade Unions and the Co-ordinating Committee of Free Trade Unions.



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Many Unions are affiliated to one or the other type of the following central organizations of workers:

- The Indian National Trade Union Congress
- The All-India Trade Union Congress
- The Hind Mazdoor Sabha
- The United Trade Union Congress
- The Centre of India Trade Unions
- Bharatiya Mazdoor Sangh
- The National Front of India Trade Unions
- The United Trade Union Congress (LS)
- The National Federation of Independent Trade Unions
- The Trade Union Co-ordination Committee
- Indian Confederation of Labour
- Hind Mazdoor Kisan Panchayat
- National Labour Organization

COLLECTIVE BARGAINING

Introduction

Collective bargaining is a process of negotiation between employers and a group of employees aimed at agreements to regulate working salaries, working conditions, benefits, and other aspects of workers' compensation and rights. The interests of the employees are commonly presented by representatives of a trade union to which the employees belong. The collective agreements reached by these negotiations usually set out wage scales, working hours, training, health and safety, overtime, grievance mechanisms, and rights to participate in workplace or company affairs.

Definition

Beatrice Webb, a famous socialist writer and speaker, is credited with the coinage of the term —Collective Bargaining|. Accordingly, collective bargaining takes place when a number of work-people enter into negotiation as bargaining unit with an employer or groups of employers with the object of reaching agreement on conciliations of employment for the work- people concerned.



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Objectives:

The basic objective of collective bargaining is to arrive at an agreement between the management and the employees determining mutually beneficial terms and conditions of employment. Collective bargaining has benefits not only for the present, but also for the future. The objectives of collective bargaining are:

- To facilitate reaching a solution that is acceptable to all the parties involved.
- To provide an opportunity to the workers, to voice their problems on issues related to employment.
- To resolve all conflicts and disputes in a mutually agreeable manner.
- To enhance the productivity of the organization by preventing strikes lock – out etc.
- To develop a conducive atmosphere to foster good organizations relations.
- To provide stable and peaceful organization (hospital) relations.
- To prevent any conflict/disputes in the future through mutually signed contracts

Conditions for Effective Collective Bargaining

Favorable Political and Social Climate:

That existence of a favourable political and social climate is a necessary condition for effective collective bargaining, is well confirmed by the history of collective bargaining worldwide. Collective bargaining has made headways in settling industrial disputes in the countries where it has been duly supported by the government and favoured by the public. From this point of view, the political climate has not been much favourable for collective bargaining in India.

The reason is not far to seek. There has been a multiplicity of trade unions in the country sponsored by different political parties. These trade unions favour employees not based on the merit of issues involved in disputes but based on their differing political considerations. Added to these is a plethora of legal laws also creating unfavorable climate for collective bargaining in the country.

Trade Unions:

Like in a democratic country like ours, employees should have fundamental rights to form trade unions for protecting their interests. More the stronger the trade union f lie effective collective bargaining and vice versa. The employer should also recognize a trade union and its representatives.

Problem Solving Attitude:

Both the parties while negotiating should adopt a problem solving, or say compromising attitude to reach an agreement. Neither party should adopt an adamant or fighting aide. The negotiating



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teams should follow give and take approach. It means that one party may win concessions over the other depending upon their relative strengths.

Availability of Data:

Data and information serve as inputs for decision-making. Hence, the availability of required data serves as a pre-requisite for successful collective bargaining. While the employer has available data required for collective discussion, their union representatives also must accept and trust on data supplied by the employer.

Continuous Dialogue:

Collective bargaining sometimes may not reach to an agreement. Instead, there may be deadlock, or say bargaining impasse. In such case, dialogue must not end but continue with problem solving approach. Keeping the controversial issues aside for the time being may help narrow down disagreement and continue the dialogue. Possibility for agreement may increase with continuation of dialogue.

Workers Participation in Management

According to Keith Davis, —Workers' participation refers to the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share in responsibility of achieving them||.

In the words of Mehtra —Applied to industry, the concept of participation means sharing the decision-making power by the rank and file of an industrial organisation through their representatives, at all the appropriate levels of management in the entire range of managerial action||.

Characteristics:

The following are the main characteristics of WPM:

- Participation implies practices which increase the scope for employees' share of influence in decision-making process with the assumption of responsibility.
- Participation presupposes willing acceptance of responsibility by workers.
- Workers participate in management not as individuals but as a group through their representatives.
- Worker's participation in management differs from collective bargaining in the sense that while the former is based on mutual trust, information sharing and mutual problem solving; the latter is essentially based on power play, pressure tactics, and negotiations.
- The basic rationale for worker's participation in management is that workers invest their labour and their fates to their place of work. Thus, they contribute to the outcomes of



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organization. Hence, they have a legitimate right to share in decision-making activities of organisation.

Aims and Objects of Workers' Participation:

Workers' participation is aimed at the following objectives:

Economic:

Workers' participation in industry improves relationship between workers and management and establishes better human relations. This leads to increased workers' efficiency thereby increasing productivity and output of the manufacturing unit. Workers' participation in management enthuse high morale which can be utilized for increasing production. High industrial productivity helps in attaining the economic objectives of the country.

Social:

Workers' participation in management increases the worker's status in society. He is considered as a respectable member of the society. He is the co-partner in the gains from production. It is reflected through industrial harmony and peace reducing industrial disputes.

Psychological:

Workers' participation in management has a positive impact on the behaviour of the workers. It instills sense of belonging to the organisation in the minds of the workers. It gives them self respect. They feel dignified and they behave in a responsible manner because they are the partners in decision making process. There are all psychological objectives to be attained by the organisation. The positive behaviour such as high morale, self motivation, increased efficiency is all exploited in increasing the productivity of the organisations.

5 levels of Management Participation or WPM:

- **Information participation:**

It ensures that employees are able to receive information and express their views pertaining to the matter of general economic importance.

- **Consultative importance:**

Here workers are consulted on the matters of employee welfare such as work, safety and health. However, final decision always rests with the top-level management, as employees' views are only advisory in nature.

- **Associative participation:**

- It is an extension of consultative participation as management here is under the moral obligation to accept and implement the unanimous decisions of the employees. Under this method the managers and workers jointly take decisions.



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- **Administrative participation:**

It ensures greater share of workers' participation in discharge of managerial functions. Here, decisions already taken by the management come to employees, preferably with alternatives for administration and employees have to select the best from those for implementation.

- **Decisive participation:**

- Highest level of participation where decisions are jointly taken on the matters relating to production, welfare etc.

Benefits of Workers' Participation in Management

- Gives identity to an employee
- Motivates employee
- Self-esteem, job satisfaction and cooperation improves
- Reduced conflicts and stress
- More commitment to goals
- Less resistance to change
- Less labour problems
- Better quality suggestions expected

Reasons for failure of Workers participation Movement in India:

- Employers resist the participation of workers in decision-making. This is because they feel that workers are not competent enough to take decisions.
- Workers' representatives who participate in management have to perform the dual roles of workers' spokesman and a co-manager. Very few representatives are competent enough to assume the two incompatible roles.
- Generally Trade Unions' leaders who represent workers are also active members of various political parties. While participating in management they tend to give priority to political interests rather than the workers' cause.
- Schemes of workers' participation have been initiated and sponsored by the Government. However, there has been a lack of interest and initiative on the part of both the trade unions and employers.
- In India, labour laws regulate virtually all terms and conditions of employment at the workplace. Workers do not feel the urge to participate in management, having an innate feeling that they are born to serve and not to rule.



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- The focus has always been on participation at the higher levels, lower levels have never been allowed to participate much in the decision-making in the organizations.
- The unwillingness of the employer to share powers with the workers' representatives, the disinterest of the workers and the perfunctory attitude of the government towards participation in management act as stumbling blocks in the way of promotion of participative management.

Measures for making Participation effective:

- Employer should adopt a progressive outlook. They should consider the industry as a joint endeavor in which workers have an equal say. Workers should be provided and enlightened about the benefits of their participation in the management.
- Employers and workers should agree on the objectives of the industry. They should recognize and respect the rights of each other.
- Workers and their representatives should be provided education and training in the philosophy and process of participative management. Workers should be made aware of the benefits of participative management.
- There should be effective communication between workers and management and effective consultation of workers by the management in decisions that have an impact on them.
- Participation should be a continuous process. To begin with, participation should start at the operating level of management.
- A mutual co-operation and commitment to participation must be developed by both management and labour.



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UNIT - V

EMPLOYEE WELFARE

Employee welfare means anything done for the comfort and (intellectual or social) improvement of the employees, over and above the wages paid. In simple words, it means “the efforts to make life worth living for workmen.” It includes various services, facilities and amenities provided to employees for their betterment. These facilities may be provided voluntarily by progressive entrepreneurs, or statutory provisions may compel them to provide these amenities; or these may be undertaken by the government or trade unions, if they have the required funds.

The objectives of employee welfare are to improve the life of the working class, to bring about holistic development of the worker’s personality and so on. Employee welfare is in the interest of employee, employer and the society as a whole. It enables workers to perform their work in healthy and favourable environment.

Hence, it improves efficiency of workers and keeps them content, thereby contributing to high employee morale. It also develops a sense of responsibility and dignity amongst the workers and thus makes them good citizens of the nation.

Apart from the wages and salary, anything done by the organization to improve the living standard of employees and keep them contented comes under the realm of employee welfare. All those services, benefits and facilities offered to employees by the employer to make his life worth living, are included in employee welfare.

According to ILO, “Employee welfare should be understood as such service, facilities and amenities which may be established in or in the vicinity of undertakings to enable the persons employed in them to perform their work in healthy and peaceful surroundings and to avail of facilities which improve their health and bring high morale”.

Employee welfare is for the betterment of the workers. It involves adjustment of an employee’s work life and family life to the community and social life. Welfare measures may be both voluntary and statutory (prescribed under labour laws).

The need and importance of employee welfare is being increasingly appreciated throughout the civilized world. The concept of welfare is a dynamic one and has different connotations in different countries and at different times in the same country, according to the prevailing value system, social institution, degree of industrialization, and the general level of social and economic development.

Some describe employee welfare or labour welfare as ‘an attitude of mind’ while others merely catalogue the schemes and measures which should be included in labour welfare. There are some who emphasize the voluntary nature of measures and include the measures that are undertaken by the employers beyond what is required by law. Some interpret labour/employee welfare measures to mean only measures which are legally obligatory.



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International Labour Organization (ILO) defines welfare as:

According to the ILO, 'employees' welfare should be understood to mean such services, facilities, and amenities which may be established in or in the vicinity of undertakings to enable the persons employed in them to perform their work in healthy and congenial surroundings, and provided with amenities conducive to the good health and morale.'

Welfare work is the task to be done by the employer voluntarily for the intellectual, physical, moral, and economic betterment of employees, over and above which is laid down by law, or what is expected as a part of contractual benefits for which the employee may have bargained.

Thus, under this definition we may include housing, medical and educational facilities, nutrition, facilities for rest and recreation, cooperative societies, day nurseries and creches, provision for sanitary, accommodation, holidays with pay, social insurance measures undertaken voluntarily by the employers, and would also include schemes like provident fund, gratuity, and pension etc. The term welfare is thus very flexible.

In India, which has embarked upon a vast programme of industrialization, the need for labour welfare is all the more important because it creates a healthy atmosphere in the work place, keeps the labour force stable and contented, and helps in maintaining industrial peace, thereby improving productive efficiency of the workers.

It is in recognition of this need that under successive five year plans, and also in the industrial policy statements, welfare measures had been accorded a due place. The agencies responsible for administering welfare measures are the Central Government, State Government, employers and their organizations, workers' organizations, and Statutory Welfare Funds.

To supplement the efforts of the employees and the State Governments in providing welfare amenities to the workers, welfare funds have been set up in coal, mica, iron ore, manganese ore, limestone and dolomite mines, and in the beedi industry.

The principal activities financed out of the fund include general welfare such as medical facilities, water supply, education and recreation, and housing. The funds have been created by the levy of the cess on production or consumption or export of the minerals and, in the case of beedi, on the manufactured beedis.

Employee Welfare – Concept

The terms 'employees' welfare' and 'workers' welfare' are used interchangeably to denote various services provided by the employers to the employees in addition to wages. According to Arthur James Todd, "Employee welfare means anything done for the comfort and improvement, intellectual or social of the employees over and above the wages paid which is not a necessity of the industry".

According to a publication of ILO, Employee welfare should be understood as meaning with services, facilities and amenities which may be established in or in the vicinity of undertakings to



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enable the persons employed in them to perform their work in healthy and peaceful surroundings and to avail of facilities which improve their health and bring high morale”.

Employee welfare is a dynamic concept as new welfare measures are added to the existing ones along with social changes. It is also a comprehensive concept. The modern concept of employee welfare entails all those activities of the employers which are directed towards providing the employees with certain facilities and services in addition to wages or salaries.

These are not a form of employers' goodwill or charity to the workers, but are facilitative services to build and maintain the morale of the workers to achieve the objectives of the organisation. It is not only in the interest of the employees to provide them with necessary medical benefits, recreation facilities, retirement benefits, etc., but also in the interest of the organisation itself.

The employees feel satisfied if they are provided with such services and they also feel committed to the organisation. Though welfare services are merely maintenance factors and not motivators, yet they are necessary for the health of the organisation since they bear close connection with the productivity of the employees.

The basic features of employees' or labour welfare are as follows:

- (i) Labour welfare includes various facilities, services and amenities provided to workers for improving their health, efficiency, economic betterment and social status.
- (ii) Welfare measures are in addition to regular wages and other economic benefits available to workers due to legal provisions and collective bargaining.
- (iii) Labour welfare measures are flexible and ever-changing. New welfare measures are added to the existing ones from time to time.
- (iv) Welfare measures may be introduced by the employers, government, employees or by any social or charitable agency.
- (v) The purpose of labour welfare is to bring about the development of the whole personality of the worker to make him a good worker and a good citizen.

Employee Welfare – Objectives

The objectives of employee welfare are discussed below:

- (i) To enhance the level of morale of employees.
- (ii) To create a loyal, contented workforce in organization.
- (iii) To develop a better image of the company in the minds of the employees.
- (iv) To enable the workers to live comfortably and happily.
- (v) To develop efficiency of the workers.
- (vi) To reduce influence of trade unions over the workers.



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- (vii) To expose philanthropic and benevolent activities of the company.
- (viii) To make the workers know that the company takes care of them.
- (ix) To develop positive attitude towards job, company and management.
- (x) To reduce tax burden.
- (xi) To develop a feeling of satisfaction of employees with the company.
- (xii) To develop a sense of belonging to the company.
- (xiii) To retain skilled and talented workers.
- (xiv) To develop better human relation.
- (xv) To prevent social evils like drinking, gambling through improvement of working conditions, cultural activities and social conditions.

Employee welfare can be divided into two categories, namely:

- (1) Statutory, and
- (2) Voluntary

1. Statutory:

The government has passed a number of legislations in order to set minimum standards of safety and welfare for the employees at their workplace. Provisions have been made for the welfare facilities such as washing, storing, first-aid appliances, hours of work, sanitation, etc.

2. Voluntary:

The employers voluntarily have provided welfare amenities to the employees besides the statutory facilities. They are more concerned with the welfare of their employees. Organizations such as Godrej and L & T provide adequate transport and similar other facilities to their employees. Facilities for recreation, medical treatment, free meals or subsidized meals, schooling facilities for children, and sports and games are provided by many organizations.

Organizations have given opportunities to work with flexible working schedules. It helps to meet business commitments while at the same time supporting one's personal life needs. Organizations also provide medi-claim insurance coverage to employees for expenses relating to hospitalization due to illness, disease, and injury. Harassment policies are also made to protect harassment of any kind to employees.

The voluntary welfare facilities may also be classified into those provided within and outside the factory premises.

- (i) Welfare and amenities within the factory premises.
- (ii) Welfare and facilities outside the factory premises.



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Welfare and amenities within the factory premises include – (i) provision for latrine and urinals, (ii) washing and bathing, (iii) creches, (iv) rest shelters and canteens, (v) arrangement of drinking water, (vi) arrangement for prevention of fatigue, (vii) administrative arrangement within the plant to look after welfare, (viii) uniforms and protective clothing, and (ix) shift allowance.

Welfare and amenities outside the factory premises include – (i) maternity benefit, (ii) social insurance, (iii) benevolent fund, (iv) medical facilities, (v) education facilities, (vi) housing facilities, (vii) recreational facilities, (viii) holiday/leave and travel facilities, (ix) workers' cooperatives, (x) other programme for the welfare of women, youth, and children, and (xi) transport to and from the place of work.

Employee welfare work assumes great importance because of the following reasons:

- 1. Lack of strong trade union movement** – In the absence of strong trade unions and effective leaders, welfare work helps the workers in the industry to stand on their own feet, think properly and systematically of their interests, progress hand in hand and participate in the nation's development.
- 2. Poverty** – Poverty is one of the main reasons behind the provisions of labour welfare activities. Indian workers in majority are poor, and are, therefore, unable to provide a healthy living for their families and good education for their children.
- 3. Illiteracy** – In India, the number of educated workers is low. Being illiterate, they are unable to receive advanced industrial training, understand the problems in industries, and understand their own interests and those of nations.
- 4. Low level of health and nutrition** – Due to poverty and illiteracy, the Indian workers remain unhealthy and ill fed. This reduces their productivity and efficiency.
- 5. Lack of healthy recreation** – Due to lack of healthy recreation, the workers indulge in crime and other wrong activities. The employer should provide means of healthy recreation in order to maintain their efficiency.
- 6. Lack of training** – The number of trained workers in India is very low. Thus, it is necessary to have training facilities for such a vast workforce.

Employee Welfare – Approaches:

The different approaches to employee welfare reflect the evolution of the concept of welfare. Earlier, the Government of the land had to compel the industrial houses to provide the basic amenities to their employees. Such compulsion was necessary because the employers believed in exploiting the employee and treating it in an unfair manner. But with passage of time, the concept of welfare has undergone changes. Many progressive managements today provide welfare facilities voluntarily and with enlightened willingness and enthusiasm. In fact, welfare facilities are, no longer, restricted to workers alone, it has been extended to include social welfare also.



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1. Policing Approach:

According to this theory, the factory owners exploit the employee in an unfair manner. Instances of exploitation are making the employees work for long hours, paying low wages, neglecting health and safety provisions, providing unhygienic conditions of work, etc. A welfare state enacts legislation under which managements are compelled to provide basic amenities to the workers. Thus, the state assumes the role of a policeman and compels the employers to provide welfare facilities and punishes the non-complier.

2. Religion Approach:

The religion theory has two aspects namely, the investment aspect and atonement aspect. The investment aspect implies that the fruit of today's deeds will be reaped tomorrow. Any action, whether positive or negative, is thus, treated as an investment. Inspired by this belief, some employers plan and organize welfare facilities for the employees. The atonement aspect of the religion theory implies that the present disabilities of a person are the result of the sins committed by him previously. He should undertake to do good deeds on how to atone or compensate for his sins.

3. Philanthropic Approach:

Affection for mankind is the basis of philanthropic theory. This theory refers to the provision of good working conditions, creches and canteens out of pity on the part of the employers who want to remove the disabilities of the employees. The philanthropic theory is more common in social welfare rather than in industrial enterprises.

4. Paternalistic Approach:

According to the paternalistic theory, the industrialist holds the entire industrial estate, properties and the profits accruing from them in trust. This trust is not actual and legal but it is moral. The employers provide for the well-being of their employees out of funds under their control. As, the whole enterprise is held in trust for the benefit of the employees, this theory is also called trusteeship theory.

5. Placating Approach:

When workers are organized and unions are strong, management has to appease them. As crying children are pacified by sweets, workers are pleased by welfare works. This theory is based on the assumption that management can bring peace in the organization by welfare measures.

6. Public Relations Approach:

According to this theory, welfare facilities provided by the employers to the employees, create a good image of the employer in the mind of the general public. Some employers proudly take their visitors around the plant to show how well they have organized their welfare activities.



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7. Functional Approach:

According to the functional theory, welfare work is a means of securing, preserving and increasing the efficiency of labour. Welfare facilities are provided by the employers to the employees to make them more efficient.

8. Social Approach:

The social responsibility of business has been assuming great significance these days. The social theory implies that an industrial establishment is morally bound to improve the conditions of society in addition to improving the condition of the employees. Labour welfare is gradually taking the shape of social welfare.

Employee Welfare – Policy

The first step in employee welfare administration is, to have a clearly defined policy towards it.

The policy must cover:

1. Willingness of the management
2. Objectives sought to be achieved
3. Range of facilities to be provided, and
4. Timing of the facilities

Presently, there is no question of willingness of the employer. The employer is now compelled to provide welfare either by a statute or precedence already established by rivals. Objectives of welfare must be to enhance efficiency of employees and not merely to comply with the provisions of Factories Act / Mines Act / Plantation Labour Act / Motor Transport Workers Act, or Merchant & Shipping Act, 1958.

The range of welfare has two dimensions, type of facilities and coverage of employees. With regard to coverage, it may be stated that the facilities must be extended to employees at all levels in the organisation. Timing of the facilities should be such and provided, when there is a need for them, and when the time is opportune.

Employee Welfare – Benefits

- 1) Employees would start working sincerely and honestly.
- 2) It would improve the productivity and efficiency of the employees.
- 3) 3J The attachment and belongingness among the employees would be developed.
- 4) Employees would be healthy and they would be mentally and physically fit to perform in the best manner. Thus; it promotes a healthy work environment.



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- 5) Employees can enjoy stable, developed, dedicated employees, moreover, employees will work with interest and with full involvement.
- 6) Higher Productivity, higher efficiency, promotes health industrial relations, ultimately industrial peace can be achieved.
- 7) Absenteeism, labour turnover such problems of the employees would not arise in the organisation.
- 8) Employees would come forward to share additional responsibilities of the company.
- 9) It will improve the standard of living of the employees.
- 10) Work environment, work culture will be developed in the organisation.
- 11) It enhances the goodwill and reputation and thereby image of the company.
- 12) No chance for industrial dispute in the company. Healthy, harmonious relation between employer and employees will be developed.

Employee Welfare – Employee Welfare Activities under Various Schemes and its Procedures

Employee Welfare activities are provided under various schemes by central government/state government / trade unions / voluntary agencies etc.

Those are provided as stated below:

Central Government has enacted various laws, to provide certain welfare facilities by the employers to their employee's viz.:

1. Canteen facility if employing more than 250 workers, creche, if employing more than 30 women, welfare officer if employing 500 or more workers.
2. Provision of shelters for taking food and rest if 150 or more persons are employed, first aid rooms, in mines employing more than 150 workers
3. Educational facilities, in the estate for the children of workers where there are 25 workers children, between the age of 6 and 12, housing facilities to every worker and his / her family residing in the plantation.
4. Uniforms, raincoats to drivers, conductors and line checking staff, for protection against rain and cold, medical facilities, to the motor transport worker
5. Ensure regular payment of minimum wages / equal pay for equal work irrespective of sex / provide suitable residential accommodation to workers / to provide such protective clothing to the workmen, as may be prescribed.



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Employee Welfare – Employee Welfare Programme and its Principles

The following are generally given as the principles to be followed in setting up a employee welfare programme:

1. The programme should satisfy real needs of the workers:

This means that the manager must first determine what the employees' real needs are. Extreme care and serious research should go into the decision of whether or not to offer a particular employee service. More evidence is required than a mere unfounded bias of the manager.

2. The programme should be such as can be handled best by a group approach:

For example, life insurance purchased as a group can be obtained at a significantly lower price than some insurance purchased by the individual. But it is argued that depending upon the differences in sex, age, marital status, number of children, type of job and the income level of employees, there are large differences in their choice of a particular benefit.

As a result, it is suggested that a package total value of benefits should be determined and the selection of the mix of benefits should be left to the choice of each individual employee. This is known as the 'cafeteria approach'. Such an approach individualizes the benefit system though it may be difficult to operate and administer.

3. The employer should not assume a benevolent posture:

Some employers foster dependency on employees which is counter-productive. The paternalistic and benevolent approach has fallen in disrepute as a result of the employee's desire to gain independence and dignity.

4. The cost of the programme should be calculable and its financing established on a sound basis:

There are several employee services such as pension, provident fund, insurance, etc., which are not cheap to administer. The cost of such benefits can hardly be termed a fringe. It is, therefore, essential that before conceding any such service over the collective bargaining table sound actuarial estimates of costs are made and adequate provisions for financing it are established.

5. The management should ensure cooperation and active participation of unions and workers in formulating and implementing the programme.

6. There should be a periodical assessment or evaluation of the programme and necessary timely improvement on the basis of feedback.



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SCOPE OF EMPLOYEE WELFARE

The scope of employee welfare is multidimensional and expansive, covering various benefits and facilities that improve a worker's quality of life beyond their basic salary. In 2026, this scope has evolved significantly to include digital well-being, personalized health journeys, and holistic support that bridges the home-work divide.

Welfare Facilities for Employees:

The success and growth of any organization or business depend upon several factors and timely actions taken. But the most important factor or resource are the employees of the organization who work hard to achieve the goals of the organization. So taking extra care of them is the ethical responsibility of the employer.

Though the employees are paid for the work they perform, but for their enrichment and welfare, it is the employers who must take a few measures. These must not be necessarily monetary gains but few extra facilities for the improvement and comfort of the employees. Now as the organization differs from one another, so does the welfare activities will. Mentioned below are a few common welfare measures for workers,

- Fixed Work hours
- Adequate or sufficient wages
- Avoiding Industrial exhaustion and Rest breaks
- Preventing any kind of accidents
- Taking proper health and safety measures
- Avoiding overcrowding of workspace
- Fire protection
- Proper lighting and ventilation
- Eliminate labour discontent
- Employee complaints should be considered
- Industrial Housing
- Education (employees' children)
- Transport
- Lunch Rooms and Cafeteria
- Rest Rooms
- Medical Service



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-
- Sport and Games (for a fun and healthy atmosphere)

Financial Assistance:

- Savings Deposits.
- Loan assistance.
- Co-operative Savings
- Mutual Benefit plans.
- Pension scheme
- Provident Fund
- House Ownership programme.
- Group Insurance
- Employer's Co-operative Stores

Other Important Activities:

- Training of young recruits.
- Work Library
- Work-related books and magazines.
- Yearly outings.
- Annual celebrations
- Sports competition.
- Help and consolation fund for worker families in difficulties.
- Enquiry commission for Conduct related complaints
- Special benefits for women and young employees working
- Accident or Sickness insurance

Advantages or Benefits of Employee Welfare Measures:

1. High efficiency:

The employee welfare schemes act as a morale booster. When the employees get an appreciation for what they do, it helps in increasing the work efficiency of the employees. When the work is done lauded by the organization, it proves lucrative to both the company as well as the employees.



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If the work done by the employees is not appreciated, the output might not come as expected. So, it is essential to have employee welfare schemes.

2. Boost the morale of employees:

The employees work only when they are motivated to work. If the company wishes to get 100% output, then it is the company which has to put in little efforts to encourage the employees.

No one else would deliver the expected results. So, in order to boost the morale of the employees, it is essential to offer employee welfare measures.

3. To build a competitive edge:

Competition is must if the company wants employees to work well. In order to form a competitive environment in the office, it must provide employees with opportunities. The competitive edge in the work environment can only help in getting the required work from the employees.

So, if a healthy work environment or healthy competition is required within the organization, it is vital to provide employees with welfare schemes.

4. To get timely result:

If the companies want the employees to give the result on time or deliver the work in time, there needs to be some extra effort by the company so as to encourage the employees to give timely work. This can be done only when the employees are encouraged apart from praising their work and given some welfare schemes.

If the extra work is expected from the employees, they should also be given extra benefits by the company. Only then the timely results could be expected by the company.

5. Improved industrial relations:

The employees when benefited, results in good industrial relations too. Not just the work output is good, but also the amiable relations are built by the employees when encouraged through various schemes. So, various employee schemes are essential to make employees work in a better manner in the company.

6. Mental and moral health are also improved:

The employees when given different facilities at work; it improves mental health as well as helping in becoming a good citizen. So, it helps in overall development of the employee. Employee development is equivalent to the development of the company. So, if the companies want themselves to grow, they need to help employees in their growth.

7. Social benefits:

The employees also get various social benefits which are advantageous to the company also. The social benefits increase productivity, production as well as the work efficiency of the employees.



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The good work by the employees also helps in increasing of the remuneration. Finally, this helps in increasing the standard of the employees which is appreciated and accepted by everyone, indeed.

8. Invites more employees:

The employee welfare schemes invite more employees within an organization. This is one of the good ways of recruiting employees. If your company has less staff then these schemes are enough to invite more employees within the company.

More the employees, more will be the vacancies filled and the work will be done in proper order. Ultimately, it will benefit the company only. The work will be executed in the proper order so, for this reason it is essential to initiate various employee welfare activities schemes in the company.

9. Urge to do better:

The benefits to the employees urges the other employees to work better. It creates a competitive edge and helps in the growth of the employees. The employees who get such schemes makes the other employees to perform better which creates a competitive environment in the organization.

10. Helps in overall growth of the employee:

The schemes are a motivating factor to the employees and it helps in the overall growth of the employees. Both the common organizational goal and the personal goals are easily achieved by the employees, which benefits not just the company but also the members working in the company.

11. Retains more employees for more time period:

The companies train employees to get good results. But if the employees leave the company early, it affects not just the employees but also the company. So, the company has to get some schemes to retain the employees for a longer time period and that is only possible with the employee welfare programs.

The employees would not even think of leaving the company if they will get the required share of appreciation. So, it is better to give employees the welfare schemes.

12. Employees work harder:

The employees work hard if they are given extra benefits. Benefits are never refused by anyone but appreciated by all. So, the employees work harder when given the great deal to work for. Salaries are the obvious thing to get but when given something extra, the employees work harder.

Disadvantages of Employee Welfare Measures:

As every coin has two sides, similarly the employee welfare to has its advantages and disadvantages. Some of the disadvantages of employee welfare are as follows:



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1. The welfare schemes become the driving force to work:

Neither the money nor the schemes should be the driving force to work for the employees. The employees must be motivated through the work done by others. A competitive environment should be the driving force for the employees to work. Only then, the expected work can be delivered by the employees.

2. The Financial burden for the company:

The company gets burdened financially as more the employees, more the budget will be required by the company to equally distribute the schemes among the employees working within an organization.

So, in order to equally distribute the schemes among the employees, it is essential for the company to have proper a financial budget in order to provide employees with the required schemes.

3. To maintain a competitive edge in the market:

In order to remain in the market and to keep oneself on the edge, it is essential to keep good employee welfare policy so as to attract maximum skilled employees within the organization.

Every company needs skilled workers to work so that they get better output. In order to do the same, the company will have to have an edge over the welfare schemes too.

4. Outshines all the old schemes of the company:

All the other schemes of the companies get outdated. Other here means the older schemes, does not exist anywhere. When the other competitive companies give the employees great and newly developed schemes, the present schemes seems a big failure due to which the other companies have to get similar beneficial schemes. So, this kind of burden also kills the companies at large.

5. Fear of employees leaving the organization:

If the company fails to provide the employees with great schemes, the employees may choose to leave the organization. So, to prevent the employees from running out, the company needs to bring novel schemes and services for the employees.

6. Increases the budget of the company:

The employee welfare schemes increase the budget of the company which affects the company financially. The inclusion of the new schemes can upset the whole budget of the company which ultimately affects the whole working of the company. This is because it is not necessary that the company will always have extra finances to cope up emergencies. So, the employee welfare facilities are a great disadvantage for the employees themselves.



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7. Employees may even leave the organization:

When competitive organizations give better welfare schemes, the employees may choose to reach the organization giving better opportunities. This way the employees may even leave the company and move on to the next. This also forms one of the disadvantages of the company as well as the employees on the whole. So, for this purpose, the company will have to keep great welfare schemes for the employees.

These are some of the disadvantages of having an employee welfare objectives. The schemes, however, help the employees more than the companies. This is because whatever is the scheme bought by the company, has to be funded by the company itself. So, this is the reason why the employee welfare schemes are a great disadvantage too.

EMPLOYEE WELFARE AGENCIES

- **Central government**

The central government has made elaborate provisions for the health, safety and welfare under Factories Act 1948, and Mines Act 1952. These acts provide for canteens, crèches, rest rooms, shelters etc.

- **State government**

Government in different states and Union Territories provide welfare facilities to workers. State government prescribes rules for the welfare of the workers and ensures compliance with the provisions under various labor laws.

- **Employers**

Employers in India in general looked upon welfare work as fruitless and barren though some of them indeed had done pioneering work.

- **Trade unions**

In India, trade unions have done little for the welfare of workers. But few sound and strong unions have been the pioneering in this respect. E.g. The Ahmedabad textiles labor association and the Mazdoor Sabha, Kanpur.

- **Other agencies**

Some philanthropic, charitable social service organizations like: – Seva Sadan society, Y.M.C.A. etc. are contributing towards employee welfare.

Effective Employee Welfare Policies

Goodly written policies give clarity and consistency.

The following are some employee welfare examples:



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- **Health & Wellness Policy:** Provides medical benefits, fitness reimbursement, and mental wellness support.
- **Parental Support Policy:** Maternity and paternity leave pay, adoption leave, and childcare facilities.
- **Flexible Work Policy:** Permits hybrid working, remote work, and flexible working hours.
- **Education Aid Policy:** Reimbursement for post-secondary education, certification training, and scholarships.
- **Recreation & Team Building Policy:** Outings sponsored by the company, wellness camps, and sports clubs.
- **Emergency Assistance Policy:** Interest-free loan or grant for unexpected financial emergencies.
- **Recognition Policy:** Formal rewards and appreciation schemes to encourage employees.

These employee welfare policies are real-life examples that can be tailored to the needs of an organization's workforce.

SOCIAL SECURITY

Employee social security provides financial and health protection (retirement, sickness, maternity, disability, unemployment) through mandatory contributions by employers and/or employees, consolidated under India's Code on Social Security, 2020 to cover organized, unorganized, gig, and platform workers with benefits like EPF, ESI, Gratuity, and pensions. This framework merges existing laws, expands coverage, simplifies compliance, and includes specific provisions for women and gig workers, aiming for universal welfare.

Components & Benefits

- **EPF & MP Act, 1952:** Retirement savings (Provident Fund, Pension, Insurance) with mandatory employer/employee contributions (e.g., 12% each).
- **Employees' State Insurance (ESI) Act, 1948:** Medical care, sickness/maternity cash benefits, and disability payments for employees in covered establishments.
- **Payment of Gratuity Act, 1972:** A lump-sum payment after 5 years of service (now 1 year for Fixed-Term Employees under the Code).
- **Maternity Benefit Act, 1961:** Paid leave and benefits during maternity.
- **Code on Social Security, 2020:** Consolidates laws, extends coverage to gig/platform workers, and introduces welfare funds.



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Employee Health

Employee health and welfare encompass benefits, services, and policies supporting employees' physical, mental, and emotional well-being, going beyond salary to include insurance, wellness programs, work-life balance, safe environments, and growth opportunities, ultimately boosting morale, productivity, and retention. Key components involve health insurance, mental health support, ergonomics, wellness activities (yoga, fitness), flexible hours, safe conditions, and career development, with options ranging from statutory (like provident fund) to voluntary (like gym memberships).

Employee Health & Welfare

- **Physical Health:** Health insurance (medical, dental, vision), regular check-ups, vaccinations, on-site clinics, ergonomic workspaces, fitness programs.
- **Mental & Emotional Health:** Counselling, stress management, meditation, quiet rooms, mental health days, work-life balance initiatives.
- **Work Environment:** Safety protocols, clean facilities, proper equipment, ergonomic assessments, limited working hours.
- **Financial & Social Security:** Retirement plans (401k, EPF), insurance (life, disability), subsidized meals, transport, educational support for families.
- **Professional Growth:** Training, skill development, clear career paths, opportunities for advancement.
- **Work-Life Integration:** Flexible schedules, remote work options, paid time off (PTO).

EMPLOYEE BENEFITS

Employee benefits in India include mandatory (statutory) benefits, such as the Employees' Provident Fund (EPF), gratuity, and maternity leave, as well as various discretionary benefits offered by employers to attract and retain talent.

RETIREMENT BENEFITS

The primary goal of retirement benefits is to provide financial security after the cessation of employment. Key retirement benefits in India include:

- **Employees' Provident Fund (EPF):** A mandatory savings scheme for employees in establishments with 20 or more workers, where both the employee and employer contribute 12% of the basic salary plus dearness allowance. The accumulated corpus and interest are generally tax-free upon withdrawal after five years of continuous service.
- **Employees' Pension Scheme (EPS):** A part of the employer's EPF contribution (8.33% of the pensionable salary, capped at ₹15,000) is directed to the EPS fund to provide a



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monthly pension after retirement (typically at age 58), provided the employee has completed at least 10 years of service. The monthly pension is taxable as income.

- **Gratuity:** A lump-sum payment provided by the employer to an employee who has completed a minimum of five years of continuous service with the organization, calculated as 15 days' wages for every completed year of service. Gratuity is tax-exempt up to a specified limit of ₹20 lakh (for non-government employees).
- **National Pension System (NPS):** A voluntary, government-sponsored, market-linked pension scheme available to all citizens, including government and private sector employees. It offers tax benefits on contributions and is portable across jobs. At retirement, 60% of the corpus withdrawal is a tax-free lump sum, while the remaining 40% must be used to purchase an annuity (pension plan).
- **Leave Encashment:** Employees can accumulate earned leave and receive a cash equivalent for the unused leave days (up to a maximum of 300 days) at the time of retirement or resignation. This is fully exempt from tax for government employees.
- **Voluntary Retirement Scheme (VRS):** An option for employees to retire early, often with a lump-sum compensation package.

OTHER EMPLOYEE BENEFITS

Beyond retirement benefits, employees are entitled to or commonly offered a range of other benefits:

- **Health and Medical Coverage:** Includes mandatory schemes like the Employees' State Insurance (ESI) for lower-wage employees, covering medical expenses, sickness, and disablement benefits. Many employers also provide supplementary group health insurance plans, often extending coverage to an employee's family members.
- **Paid Time Off:** Statutory leaves include national holidays, sick leave, and casual leave. Female employees are entitled to 26 weeks of paid maternity leave. Some employers also offer paternity leave, paid vacation time, or flexible time off policies.
- **Insurance:** Besides health insurance, employers often provide group term life insurance and personal accident insurance to offer financial protection for employees and their families in case of death or disability.
- **Flexible Work Arrangements:** Discretionary benefits like flexible hours, remote work options, and hybrid work models are increasingly common to promote work-life balance.
- **Allowances and Perks:** House Rent Allowance (HRA) and other specific allowances (e.g., transport, children's education) are often provided with partial tax exemptions.
- **Performance Bonuses and Incentives:** Financial rewards based on individual or company performance.



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- **Employee Assistance Programs (EAPs):** Confidential counselling and support services for personal or work-related problems.
- **Wellness Programs:** Initiatives like gym memberships, health screenings, and mental health support.

REMUNERATION

Remuneration is the money and other types of compensation an employee or executive of a company receives for their work. It typically includes base salary or wages, bonuses, and commissions and sometimes excludes tips and reimbursement for expenses. Remuneration consists of the monetary and non-financial forms of compensation provided by an employer. In addition to the regular pay-in hourly wages or annual salary it consists of commissions, bonuses (including those paid in stock), and overtime, holiday, vacation, and sick pay.

Remuneration is available to the employees in the form of 6 types of compensations, these are:

- Base salary
- Short-term incentives/bonuses
- Employee benefits
- Paid expenses in the form of reimbursement
- Long-term incentive plans
- Insurance-based compensation

Components of Remuneration

An employee in the organized sector is entitled to several benefits both financial as well as non-financial. To be specific, typical remuneration of an employee comprises wages and salary, incentives, fringe benefits, perquisites, and non-monetary benefits.

Wages and salary

Wages represent hourly rates of pay, and salary refers to the monthly rate of pay, irrespective of the number of hours put in by an employee. Wages and salaries are subject to annual increments. They differ, from employee to employee, and depend upon the nature of job, seniority, and merit.

Incentives

Also called “payments by results”, incentives are paid in addition to wages and salaries. Incentives depend upon productivity, sales, profit, or cost reduction efforts. There are: (i) individual incentive schemes, and (ii) group incentive programmers. Individual incentives are applicable to specific employee performance. Where, a given task demands group effort for completion, incentives are paid to the group as a whole. The amount is later divided among group members on an equitable basis.



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Fringe Benefits

These include such employee benefits as provident fund, gratuity, medical care, hospitalization, accident relief, health and group insurance, canteen, uniform, recreation and the like. These are hidden costs of employers which are given to the employees.

Perquisites

These are allow to execute and include company car, club membership, paid holidays, furnished house, stock option schemes and, the like. Perquisites are offered to retain competent executives. In the crisis and available labour market even perquisites play an impertinent role.

NON-MONETARY BENEFITS

These include challenging job responsibilities, recognition of merit, growth prospects, competent supervision, comfortable working conditions, job sharing, and flextime. These benefits are not directly linked to fennel. But organizations spend a lot of money for the welfare of the employees.

EMPLOYEE INCENTIVES

Employee incentives are rewards (monetary or non-monetary) to motivate better performance, covering bonuses, recognition, extra time off, flexible schedules, and career growth, with top desires including cash, PTO, and development, boosting morale, productivity, and loyalty. Key types include financial (bonuses, profit-sharing), recognition (awards, praise), career development (training, mentorship), lifestyle (wellness, flexibility), and experiential rewards (trips, events).

Types of Incentives

- **Monetary Incentives**

These include direct financial rewards such as performance bonuses, profit-sharing, commissions, or stock options, encouraging employees to achieve specific goals.

- **Non-Monetary Incentives**

Recognition-based rewards like employee-of-the-month awards, certificates, or verbal praise create a sense of accomplishment and motivation.

- **Career Development Incentives**

Offering opportunities for professional growth, such as training programs, certifications, or promotions, motivates employees to enhance their skills and performance.

- **Team-Based Incentives**

Rewards given to groups for achieving collective goals foster collaboration and teamwork, aligning efforts across departments.



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- **Wellness and Lifestyle Incentives**

Programs that include gym memberships, wellness days, or mental health support encourage employee well-being and satisfaction.

- **Flexible Work Benefits**

Providing options such as remote work, flexible hours, or additional paid time off serves as an attractive incentive, especially for work-life balance.

- **Experience-Based Incentives**

Unique experiences, like tickets to events, travel packages, or team outings, reward employees while creating lasting memories.

- **Long-Term Incentives**

These include retirement plans, loyalty bonuses, or stock grants that reward employees for sustained.

Benefits of Incentives

The Important benefits of Incentives are

- **Boosts Employee Motivation**

Incentive programs in human resource management encourage employees to perform at their best by linking rewards to specific achievements and goals.

- **Improves Productivity**

By recognizing and rewarding hard work, these programs inspire employees to work more efficiently and contribute to overall organizational success.

- **Enhances Employee Retention**

Offering meaningful incentives fosters job satisfaction and loyalty, reducing turnover and associated hiring costs.

- **Aligns Workforce with Organizational Goals**

Incentive programs help align individual efforts with the company's objectives, ensuring that employees focus on priorities that drive growth.

- **Promotes a Positive Work Environment**

Recognition through incentives creates a culture of appreciation and respect, improving workplace morale and teamwork.



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- **Attracts Top Talent**

Competitive incentive programs make organizations more appealing to potential hires, strengthening their ability to attract skilled professionals.

- **Encourages Innovation**

Rewarding creative problem-solving and innovation encourages employees to think outside the box and contribute new ideas.

Role of Incentives

- **Employee Retention**

Incentive programs in human resource management boost job satisfaction and loyalty, reducing turnover rates and supporting retention strategies.

- **Performance Management**

Incentives align with performance goals by rewarding achievements, motivating employees to meet and exceed expectations.

- **Recruitment**

Attractive incentive packages make organizations more appealing to potential hires, enhancing employer branding and talent acquisition efforts.

- **Training and Development**

Incentives tied to learning milestones, such as completing courses or certifications, encourage employees to engage in skill development.

- **Employee Engagement**

By recognizing and rewarding contributions, incentive programs increase morale, fostering a positive and motivated workplace culture.

- **Workforce Planning**

Incentive programs help HR balance short-term performance with long-term strategic goals, ensuring a well-aligned and future-ready workforce.

- **Diversity and Inclusion**

Tailored incentives promote inclusivity by addressing diverse employee needs and preferences, creating a more equitable workplace.

- **Succession Planning**

Incentives linked to leadership development encourage high-potential employees to prepare for advanced roles, supporting succession planning initiatives.



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- **Compensation and Benefits**

Incentives complement salary packages, allowing organizations to offer competitive compensation without relying solely on base pay increases.

- **Change Management**

Incentives play a crucial role in encouraging employees to adapt to organizational changes, such as new technologies or processes.

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