

ME 708

Organization and Management

Chapter 2: Personnel Management – Full Answer Guide

Complete exam-ready answers for 35 unique/deduplicated questions

Covering: Introduction to Personnel Management · Personnel Policy · Manpower Planning
Recruitment and Selection · Training and Development · Job Analysis, Evaluation & Merit
Rating · Wages and Incentives



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1 Introduction to Personnel Management

Q1. Define personal/personnel management and explain its function(s). [8 Marks]

Definition: Personnel Management is the discipline of hiring and developing employees so that they become more valuable to the organization. It involves the effective control and use of manpower, and the process of obtaining, using, and maintaining a satisfied workforce. It is also referred to as Human Resource Management. When someone or a team is concerned with the welfare and performance of individuals within the organization, they are involved in the process of Personnel Management. It covers company policies, staffing, hiring and firing, orientation, wage determination, leave and vacation approval, healthcare programs, training, and appraisals.

Three Aspects of Personnel Management:

- **The Welfare Aspect:** Concerned with working conditions and amenities such as canteens, housing, personal problems of workers, and therapy.
- **The Labor/Personnel Aspect:** Concerned with recruitment, placement of employees, remuneration, promotions, and incentives.
- **The Industrial Relations Aspect:** Concerned with trade union negotiations, settlement of industrial disputes, and collective bargaining.

Functions of Personnel Management:

(A) Managerial Functions: Planning, Organizing, Directing, Coordinating, and Controlling.

(B) Operative Functions:

- **Procurement/Employment:** Hiring the proper kind and right number of persons necessary to achieve organizational goals. This includes determining manpower requirements, and recruitment, selection, and placement of newly hired employees.
- **Development:** After placement, providing proper education, training, and development to improve employee efficiency, through seminars, training programs, and team-building projects.
- **Compensation:** Determining adequate and fair remuneration of employees for their contribution, considering job requirements, basic needs of employees, minimum

wages, the organization's ability to pay, competitors' pay, qualifications, and experience.

- **Integration:** Maintaining communication and coordination between individuals in the organization, developing an effective communication system, and ensuring harmony between employees, employers, and trade unions.
- **Maintenance:** Providing good and favorable working conditions in addition to training – health, safety, and comfort measures such as a healthy cafeteria, clean rest rooms, counseling, insurance, recreational facilities, and family benefits.
- **Motivation:** Working with other departments to develop a system that motivates employees through various monetary and non-monetary benefits and incentives.

Q2. Explain the policies of personnel management. [5 Marks]

Personnel Policies are also called **Employee Handbooks**. They are a statement/document that explains what the employer expects from its employees, and what an employee may expect from the employer.

Key points regarding personnel policies:

- Policies must be distributed to each employee at the time of hiring and placement, and should be reviewed and discussed during employee orientation and training sessions by the Personnel Manager.
- Personnel Policies often begin with a welcome statement, a brief history of the organization, the company's values, morale, and objectives, and a description of the organization structure.
- Policies should also include comprehensive information about workplace rules and regulations, including hours of work, attendance, pay, benefits, supervision, discipline, and attire.
- Policies should also discuss sensitive legal issues like employee safety regulations and workforce harassment.

These policies ensure that both the organization and its employees have clear, mutual

expectations, which reduces confusion and conflict in the workplace.

Q3. What role does personnel/human resource management play in the development/organization? [4 Marks]

Personnel/Human Resource Management plays a vital role in the growth and development of an organization in the following ways:

- It ensures the **procurement** of the right number and kind of people necessary to achieve organizational goals, through proper recruitment, selection, and placement.
- It provides **development** through education, training, seminars, and team-building projects, which improves employee efficiency and helps the organization grow.
- It ensures fair **compensation** to employees, keeping them motivated and satisfied, which directly impacts productivity.
- It maintains **integration** by developing effective communication systems and harmony between employees, employers, and trade unions.
- It ensures **maintenance** of good and favorable working conditions, including health, safety, and comfort of the workforce.
- It provides **motivation** through monetary and non-monetary incentives, which helps in achieving higher productivity and morale.

Overall, Personnel/HR Management acts as a bridge between the organization's goals and its workforce, ensuring that the right people are hired, trained, motivated, and retained, which is essential for the sustained growth and development of any organization.

Q4. Describe necessary terms included in the development of personnel policy. [4 Marks]

The necessary terms/contents that should be included while developing a personnel policy (also included as part of an orientation program) are:

- A welcome speech and general address by the top-level manager.
- A brief introduction of the organization, its values, morals, goals, and objectives.
- The organization structure.
- Organizational rules and regulations, including hiring policy, dismissal policy, lay-offs, discipline, proper attire, and probationary periods.
- Hours of work, rest periods, attendance, leaves, sick leaves, holidays, paid leaves, vacations, and allowances.
- Pay structures, benefits, incentives and bonuses, insurance plans, dental plans, family benefits, educational assistance programs, pensions, disability acts, and health plans.
- Employee assistance programs, counseling, therapy, relocation assistance, and unions.
- Legal policies involving harassment policy, work-related accidents, disabilities, security, disciplinary policy, conflicts, and administrative dismissals.

Q5. Explain the motive behind personnel management. [2 Marks]

The main motive behind personnel management is to obtain, use, and maintain a satisfied workforce, and to ensure effective control and use of manpower within the organization. Personnel management aims to make employees more valuable to the organization through proper hiring, development, and management, while also ensuring the welfare of employees regarding working conditions, personal problems, recruitment, remuneration, promotions, and maintaining healthy industrial relations through trade union negotiations and settlement of disputes. Ultimately, its motive is to align the welfare and

performance of individual employees with the achievement of overall organizational goals.

Q6. Explain the term Human Resource Planning. [3 Marks]

Human Resource Planning (also called Manpower Planning) is a function of Personnel Management that ensures the right number of individuals, of the right kind, are placed at the right place, at the right time, doing the right job they are suitable for.

The term **manpower** refers to the actual people working in an organization and can be defined as the sum total of the skills, talents, knowledge, qualifications, creativity, ability, and values of the workforce of an organization. Human Resource Planning involves analyzing the current manpower inventory, making future manpower forecasts, developing employment programs, and designing training programs to ensure the organization has the right workforce to meet its present and future needs.

Q7. What is the significance of Human Resource Manager in a modern organization? [4 Marks]

The Human Resource Manager holds significant importance in a modern organization for the following reasons:

- **Higher Productivity:** An HR Manager ensures resources are utilized in the best possible manner, ensuring sufficient information regarding the skills and qualifications of all employees, which increases efficiency.
- **Manpower Balance:** The HR Manager analyzes whether the organization has the required number of manpower needed, avoiding overloads or deficiency, and helps reduce excess labor or staff, thereby reducing operating costs.

- **Talent Acquisition:** The HR Manager is responsible for attracting prospective employees, new talents, and skills to the organization.
- **Motivation:** The HR Manager designs motivational, educational, and training programs, as well as incentive and benefit plans, to keep employees engaged and productive.
- **Overall Coordination:** The HR Manager coordinates recruitment, training, compensation, and welfare functions, ensuring the organization's workforce remains aligned with organizational goals.

Thus, in a modern organization, the HR Manager plays a critical role in ensuring that the organization's most valuable resource – its people – is effectively managed for sustained growth and success.

Q8. What is the difference between appropriate and inappropriate human resources? [4 Marks]

Appropriate Human Resources refer to employees who possess the right skills, talents, knowledge, qualifications, creativity, ability, and values suited to the specific job requirements of the organization. These are individuals who have been placed at the right place, at the right time, doing the right job they are suitable for, as a result of proper human resource/manpower planning.

Inappropriate Human Resources refer to employees who do not match the requirements of the job – they may lack the necessary skills, qualifications, or suitability for the position, or may be excess/deficient in number for the organization's actual workload.

Key Difference: Appropriate human resources directly contribute to higher productivity and efficient use of resources, since they are well-matched to their roles, whereas inappropriate human resources can lead to overloads, deficiencies, reduced productivity, and increased operating costs, since they do not fit the job requirements properly. Manpower planning is essential to convert inappropriate human resources into appropriate ones, through proper recruitment, training, and placement.

Q9. How does Human Resources Management System differ from personnel management? [4 Marks]

Personnel Management traditionally focuses on the administrative and operational aspects of managing people, such as hiring, firing, wage determination, discipline, leave approval, and maintaining industrial relations. It is more focused on the welfare, labor, and industrial relations aspects of the workforce, largely reactive to day-to-day personnel issues.

Human Resource Management (HRM) is a broader, more strategic and proactive approach, treating employees as valuable assets/resources of the organization rather than just a cost. HRM integrates the management of people with the overall business strategy, and focuses more on employee development, motivation, performance management, and long-term organizational growth.

Key Difference: Personnel Management is more concerned with administrative tasks and maintaining the workforce (a narrower, transactional approach), while Human Resource Management System takes a wider, strategic view of managing human capital as a key asset for achieving competitive advantage and organizational goals (a broader, developmental approach). In practice, however, personnel management is often used interchangeably with human resource management, since HRM evolved from and expanded upon the traditional personnel management functions.

2 Development of Personnel Policy

Q10. Why is Personnel Policy necessary to discuss, especially with employees at hiring? [5 Marks]

Personnel Policy (also called Employee Handbook) is necessary to discuss with employees, especially at the time of hiring, for the following reasons:

- It is a statement/document that explains what the employer expects from its employees, and what an employee may expect from the employer – setting clear mutual

expectations from the start.

- Policies must be distributed to each employee at hiring and placement, and reviewed and discussed during orientation and training sessions, so that new employees clearly understand company rules from day one.
- It provides essential information about the organization – a welcome statement, brief history, company values, morale, objectives, and organization structure – helping new employees feel oriented and welcomed.
- It communicates important workplace rules and regulations, including hours of work, attendance, pay, benefits, supervision, discipline, and attire, preventing confusion or violation of rules due to lack of awareness.
- It also discusses sensitive legal issues like employee safety regulations and workforce harassment, ensuring employees are aware of their rights and responsibilities from the beginning.

Discussing personnel policy at hiring reduces future misunderstandings, conflicts, and disciplinary issues, and helps the new employee integrate smoothly and productively into the organization.

Q11. What must a good personal policy include? / How important is discussing Personnel Policy/Employee Handbook with a newly hired employee? [5 Marks]

A good Personnel Policy (Employee Handbook) must include the following:

- A welcome statement and a brief history of the organization.
- The company's values, morale, and objectives.
- A description of the organization structure.
- Comprehensive information about workplace rules and regulations – hours of work, attendance, pay, benefits, supervision, discipline, and attire.
- Sensitive legal issues such as employee safety regulations and workforce harassment policies.

Importance of discussing it with a newly hired employee: Discussing the Personnel Policy/Employee Handbook with a newly hired employee is very important because it must be distributed at the time of hiring and placement, and reviewed and discussed during orientation and training sessions by the Personnel Manager. This ensures the new employee clearly understands what is expected of them and what they can expect from the employer, preventing confusion, protecting both parties legally, and helping the new employee adjust smoothly to the organization's culture, rules, and expectations from the very beginning.

3 Manpower Planning

Q12. Why do we need manpower planning? Discuss its importance. [4 Marks]

Manpower Planning (Human Resource Planning) is a function of Personnel Management that ensures the right number of individuals, of the right kind, are placed at the right place, at the right time, doing the right job they are suitable for.

Importance of Manpower Planning:

- **Higher Productivity:** Productivity of an organization increases when resources are utilized in the best possible manner. Manpower planning ensures sufficient information regarding the skills and qualifications of all employees, which increases efficiency.
- **Avoiding Overload or Deficiency:** It is necessary to analyze whether an organization has the required number of manpower needed, ensuring no overload and no deficiency.
- **Reducing Operating Costs:** It can help reduce excess labor or staff, thereby helping reduce operating costs.
- **Talent Acquisition:** It helps attract prospective employees, new talents, and skills to the organization.
- **Motivation:** It supports motivation through educational and training programs, as

well as incentive and benefit plans.

Without proper manpower planning, an organization risks having either too few or too many employees, mismatched skills, and reduced productivity, making manpower planning essential for the smooth and efficient functioning of any organization.

Q13. Explain the steps of the HR/manpower planning process. [4 Marks]

The Manpower Planning procedure consists of the following steps:

1. **Analyzing the current manpower inventory:** Determining how many individuals are already working in the organization, in different departments.
2. **Making future manpower forecasts:** Analyzing the need for manpower in the future, depending upon the workloads of current employees, future prospects of the organization, budget and planning analysis, and the needs for experts.
3. **Developing employment programmes:** Once forecasts are complete, employment programs can be framed and developed accordingly, which includes recruitment, hiring and selection, and placement.
4. **Designing training programmes:** Developing training and development plans for new hires and improvement in technology, to improve skills, capabilities, and knowledge of the workforce.

Following these steps systematically ensures that the organization has the right number and kind of manpower available at the right time to achieve its goals.

4 Recruitment and Selection of Manpower

Q14. What is the difference between recruitment and selection/hiring? [4 Marks]

Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization. It is the initial stage that generates a pool of applicants through job forecasting/advertising, application collection, and initial screening.

Selection (Hiring) is the process that comes after recruitment, where the applicants are evaluated as per their skills and qualifications through preliminary interviews, tests, reference checks, and further interviews, and the most suitable candidate is chosen and appointed for the job.

Key Difference: Recruitment is the process of attracting and generating a pool of candidates (a positive process of encouraging applications), while Selection/Hiring is the process of choosing the best-suited candidate from that pool through evaluation and elimination (a negative/screening process, since unsuitable candidates are rejected). In short, recruitment precedes selection; recruitment invites applicants, and selection picks the right one among them.

Q15. Explain the process of recruitment and selection of manpower/staff in an organization. [5 Marks]

The recruitment and selection process makes it possible to acquire the number and types of individuals necessary to ensure the continued operation of the organization. This process is usually carried out by the human resource department, and involves the following steps:

1. **Job Analysis, Job Description and Plan:** Understanding the requirements of the job before starting the recruitment process.
2. **Job Forecast:** After the job is identified and requirements are set, the vacancy

is advertised. Basic details like job title, location, period, functions, and contacts should be mentioned. Advertised through newspapers, websites, or pamphlets.

3. **Application Collection:** All applications from potential candidates are collected for further review.
4. **Reference Check:** Checking on the past work experience, past work behaviors, and educational background of the applicants.
5. **Tests:** Once applicants are shortlisted, different tests are performed – aptitude tests, written knowledge tests, and physical and mental tests. Written tests find out the knowledge and skills of applicants related to job requirements. Preliminary interviews are performed by HR personnel to test attitude, knowledge, and confidence; further interviews by department heads analyze knowledge, experience, and skills.
6. **Selection and Induction:** After tests are completed successfully, the applicant is selected and appointed for the job. Induction is a technique by which a new employee is introduced to the organization, its policies, practices, and purpose, making the new employee feel comfortable in the new environment.
7. **Placement:** The newly hired employee is assigned to his/her job and responsibilities.

Recruitment and selection is considered a very important function of Personnel Management, as finding the best qualified personnel is essential for any firm's success.

Q16. Explain the scientific selection of manpower and methods of job analysis. [3 Marks]

Scientific Selection of Manpower refers to the process of hiring employees based on a scientific, systematic evaluation of their skills, qualifications, and suitability for the job, rather than arbitrary or informal judgment. It relies on job analysis to understand what the job requires and then matches candidates to those requirements through structured tests and interviews.

Methods of Job Analysis:

1. **Questionnaires:** Job holders are asked to fill out a questionnaire related to the nature and complexity of the job, skills required, stress related to the job, strength required, and other factors.
2. **Interview:** A method to collect information from the job holder by asking them to describe the tasks and duties performed. It allows the individual to describe duties that are not observable, though the individual can exaggerate the duties performed.
3. **Observation:** Direct observation of job holders by the job analyst, enabling them to obtain firsthand knowledge about the job being analyzed. This method has an advantage over interviews and questionnaires, as analysts experience the working conditions, interrelationships, and knowledge of tools and equipment directly, though a disadvantage is that individuals may change their working behavior when they know they are being observed.

Q17. Elaborate how an HR manager would implement an employee development program with short-term plans. [4 Marks]

An HR manager can implement an employee development program with short-term plans in the following ways:

- **Identify Development Needs:** Assess current employee skills and identify gaps between existing capabilities and job requirements through job analysis.
- **Design Short-term Training Programs:** Create appropriate seminars, training programs, and team-building projects that can be conducted over a short duration to quickly improve employee efficiency in specific areas.
- **On-the-Job Training:** Provide training at the workplace itself through immediate supervisors, who know exactly what the employee needs to learn to perform the job, making it a fast and cost-effective short-term solution.
- **Special Courses:** Arrange focused, short special courses that are more associated with specific knowledge needs, which can be quickly designed to fit the immediate needs of the organization or employees.

- **Monitor and Evaluate:** Regularly evaluate the progress of employees through performance appraisals to check whether the short-term development plan is achieving its intended results, and adjust accordingly.

By implementing quick, targeted, short-term development plans like these, an HR manager ensures employees can rapidly acquire the skills needed to remain productive and adapt to the organization's immediate requirements.

Q18. Define the term outsourcing. [3 Marks]

Outsourcing refers to the practice where an organization hires an external individual, agency, or organization to perform certain tasks, functions, or services instead of using its own internal employees or resources.

In the context of personnel/human resource management, outsourcing may involve contracting external agencies for functions such as recruitment, payroll processing, training, or specialized technical work. Organizations often use outsourcing to reduce operating costs, gain access to specialized skills or expertise that may not exist internally, and focus their internal manpower on their core business activities, while the outsourced tasks are handled efficiently by external specialists.

Q19. How would an HR Manager tackle the problem of talent poaching in modern industries? [4 Marks]

Talent poaching refers to competitors attracting away an organization's skilled and valuable employees. An HR Manager can tackle this problem through the following measures:

- **Competitive Compensation:** Ensuring wages/salary structures are competitive

with the prevailing market rate, so employees do not feel undervalued compared to what competitors offer.

- **Incentives and Benefits:** Providing attractive monetary incentives (bonuses, profit sharing) as well as non-monetary incentives (flexible schedules, holidays, friendly work environment, social activities) to increase employee satisfaction and loyalty.
- **Career Development:** Offering continuous training and development opportunities, and clear paths for promotions, so employees see long-term growth potential within the organization rather than looking elsewhere.
- **Improving Job Satisfaction:** Focusing on the welfare aspect of personnel management – good working conditions, health and safety measures, counseling, and recreational facilities – to increase overall job satisfaction.
- **Strong Integration and Communication:** Maintaining open communication and harmony between employees and management, making employees feel valued and heard, reducing their motivation to leave.
- **Employee Recognition:** Using individual incentives such as recognition, awards, and appreciation to make high-performing employees feel valued and less likely to be attracted by competitors.

By combining fair compensation, career growth opportunities, and a positive work environment, an HR Manager can significantly reduce the risk of talent poaching in a competitive industry.

5 Training and Development of Manpower

Q20. What do you mean by Training and Development of Human Resources? What role do trainings play in the growth of new employees? [5 Marks]

Training and Development is an organized activity for increasing the knowledge and skills of people for a definite purpose. The purpose of training is to achieve a change in

the behavior of those trained and enable them to do their jobs in a better way.

Role of Training in the Growth of New Employees:

- Increases motivation, job satisfaction, and morale among employees, which in return increases efficiency and productivity.
- Reduces employee turnover and increases technical skills and knowledge.
- Helps newly recruited employees become productive in the minimum time, and helps them develop and grow in their respective fields and careers.
- Training is not a one-time process; it should continue throughout the existence of the organization, training both new and old employees in different fields with new skills, knowledge, and attitudes.
- Helps reduce the learning period for new employees, eliminating the need to watch and learn from others or learn from their own mistakes.
- An effective training program helps new graduates or new employees develop mentally and professionally, and helps them develop their capability, skills, and future.
- Leads to less supervision needed, since well-trained employees require a reduced degree and level of supervision.
- Contributes to better management overall within the organization.

Q21. Why are trainings and merit rating necessary in the organization? [3 Marks]

Training is necessary because it is an organized activity for increasing the knowledge and skills of employees, achieving a change in behavior that enables them to perform their jobs better. It increases motivation, job satisfaction, and morale, reduces employee turnover, helps new employees become productive quickly, and reduces the need for supervision – ultimately contributing to better management and higher productivity.

Merit Rating (Performance Appraisal) is necessary because it is used to evaluate the personalities, potentials, and contributions of employees after they have been selected, trained, and placed. It provides adequate feedback to individuals about their performance, serves as a basis for improving or changing behavior towards more effective

working habits, and provides data to managers for judging future job assignments and compensation. It also forms the basis for promotions, placements, raises, and financial rewards.

Together, training and merit rating ensure that employees continuously improve their skills and that their performance is fairly and systematically evaluated, which is essential for organizational efficiency and growth.

Q22. Describe different types/methods of training with their benefits. [4 Marks]

The following are the three important methods of training employees:

1. On the Job Training:

- The most effective form of training.
- The worker is given training at the workplace by their immediate supervisor, who knows exactly what the trainee needs to learn to perform the job.
- **Benefit:** Practical, cost-effective, and directly relevant to the actual job.

2. Vestibule Training:

- Suitable when a large number of individuals are to be trained at the same time for the same kind of work.
- A school or facility is created similar to the actual workforce, with equipment and supplies as in the real workplace.
- Provides training similar to on-the-job training but outside the actual workforce, which helps reduce pressure on employees so they can focus or concentrate fully.
- **Drawback:** It is an expensive process and might create difficulty for employees adjusting to real working conditions later.

3. Special Courses:

- More associated with gaining knowledge than skill.

- Special courses can be designed to fit the needs of an organization, or employees can be sent to training programs created by specialized education or professional institutions.
- Special courses may also be devised for the development of executives at various levels in an enterprise.

Q23. How can you identify the training needs of manpower in an organization? [3 Marks]

The training needs of manpower in an organization can be identified through the following approaches:

- **Analyzing the Current Manpower Inventory:** Reviewing how many individuals are working in different departments and assessing their current skill levels and gaps.
- **Job Analysis:** Determining the tasks, duties, skills, knowledge, and responsibilities required for successful performance of each job, which helps identify where current employees may be lacking.
- **Performance Appraisal Results:** Evaluating employee performance through methods like ranking, grading, or graphic scale methods can reveal specific weaknesses or skill gaps that need training.
- **Future Manpower Forecasts:** Analyzing future workloads, technological changes, and organizational prospects to determine what new skills and training will be needed going forward.
- **Feedback and Observation:** Observing employees directly at work, or gathering feedback through interviews and questionnaires, can reveal specific difficulties employees face in performing their jobs effectively.

By systematically applying these methods, an organization can accurately identify specific training needs and design appropriate training and development programs to bridge existing skill gaps.

6 Job Analysis, Job Evaluation and Merit Rating

Q24. Define the term job analysis. What are the different methods of the Job Analysis process/scientific selection of manpower? [8 Marks]

What is a Job? When the total work to be done in an organization is divided and grouped into packages, we call it a job. It is a collection of tasks, duties, and responsibilities performed by an individual in exchange for pay.

Definition of Job Analysis: Job Analysis is the process of describing aspects of a job and specifying the skills and other requirements necessary to perform the job. It is the process used to find out why the job exists, who is qualified to do the job, how and when the job is done, what conditions are required for the job, what tools and equipment are needed to perform the job, and how much the organization should pay to get the job done. It is the determination of the tasks which comprise the job, and of the skills, knowledge, abilities, and responsibilities required of the worker for successful performance. Job Analysis enables personnel managers to understand jobs and job structures in order to improve the work flow or develop techniques to improve productivity.

Methods of Job Analysis (Scientific Selection of Manpower):

1. **Questionnaires:** Job holders are asked to fill out a questionnaire related to the nature and complexity of the job, skills required, stress related to the job, strength required, and others.
2. **Interview:** A method to collect a variety of information from the job holder by asking them to describe the tasks and duties performed. This allows the individual to describe duties that are not observable, though the individual can exaggerate the duties performed.
3. **Observation:** Direct observation of the job holders by the job analyst, enabling them to obtain firsthand knowledge about the job being analyzed. This has an advantage over interview and questionnaire methods, as analysts experience the working conditions, interrelationships, and knowledge of tools and equipment used in the workforce. This method is used in fields such as machine operators, construction workers, flight attendants, and police/traffic work. Its disadvantage is that individuals may change their working behavior when they know they are being observed.

Q25. Explain the following: Job analysis, Job evaluation, Merit rating, Recruitment. [4 Marks]

Job Analysis: The process of describing aspects of a job and specifying the skills and requirements necessary to perform it. It determines the tasks, duties, responsibilities, and skills required for successful performance of the job.

Job Evaluation: A systematic way of determining the value/worth of a job in relation to other jobs in the organization. It evaluates the skills, qualifications, experience, and efforts required to perform the job, and serves as the basis for creating job hierarchy and pay differentials. Its purpose is to produce a ranking of jobs on which a rational and acceptable pay structure can be built. Importantly, job evaluation rates the job and not the man.

Merit Rating (Performance Appraisal): The process of evaluating employees to determine their personalities, potentials, and contributions after they have been selected, trained, and placed. It assesses whether employees meet the requirements of the organization or the position they are hired for, and forms the basis for promotions, placements, raises, and financial rewards.

Recruitment: The process of searching for prospective employees and stimulating them to apply for jobs in the organization. It is the first step of acquiring manpower, after which selection and placement follow.

Q26. Define merit rating. State and describe the various methods of merit rating. [8 Marks]

Definition of Merit Rating (Performance Appraisal): Merit Rating is the oldest and most universal practice of management, used in an organization to evaluate the personalities, potentials, and contributions of employees. Once an employee has been selected, trained, and placed, they are then appraised for their performance. It is the process of evaluating employees to determine whether they meet the requirements of the organization, or the position they are hired for, and forms the basis for promotions, placements, raises, and financial rewards and bonuses.

Methods of Merit Rating:

1. **Ranking Method:** The oldest and simplest technique of Performance Appraisal. The appraiser ranks the employees from best to poor, or places them in numerical order (one, two, three), on the basis of their overall performance, comparing one person to the rest of the group.
2. **Person to Person Comparison Method:** Each employee is compared with the others in the group, one at a time. After comparing their performance, employees are given final rankings.
3. **Grading Method:** Certain categories of worth are predetermined and carefully defined. For example, in civil services, three categories of personnel are predefined: Outstanding, Satisfactory, and Unsatisfactory. Employee performance is compared with this grade system and personnel are allocated the grade that best suits their performance.
4. **Graphic Scale Method:** An employee's quality and quantity of work is assessed on a graphic scale. Different factors like character, initiative, leadership, dependability, creativity, ability, attitude, and decision making are considered, along with work contribution, goals achieved, regularity of attendance, and attitude towards superiors and associates.
5. **Free Essay Method:** The supervisor writes a free-form description of the performance of an employee in their own words, noting their impression of the employee. This takes into consideration the employee's character, initiative, capability, and quality, and often includes examples and evidence to support the impression.
6. **Appraisal by Result or MBO (Management by Objectives):** Managers and employees jointly set goals and objectives and define each individual's responsibility towards achieving those goals, making regular assessments of performance. Rewards are based on the results achieved.
7. **Assessment Center Method:** Involves the use of methods like social/informal events, tests, and exercises, assigning tasks to employees to assess their competencies for higher responsibilities. Employees are given assignments similar to what they would perform if promoted, and are observed and evaluated based on their interpersonal skills, planning, and capability.

Q27. List out the things to be included in the job description and job specification. / How would you generate a job description and job specification of a Lecturer post in an engineering college? [5 Marks]

Contents of Job Description:

- The location of the job – division, department, branch, etc.
- Title of the job / job identification.
- Job summary – a brief description of the overall purpose of the job.
- Duties performed – describing what is to be done, how it is done, and the purpose behind each duty.
- Required skills, knowledge, qualification, and experience.
- Machine, tools, and materials – details of the equipment or tools used, or the ability to use certain equipment.
- Working conditions – shifts (day/night), weekend loads, heavy lifting, dangerous and hazardous working conditions.

Contents of Job Specification: Job Specification is a written record of the human qualities required for the performance of a job, including the education, skills, qualification, knowledge, and experience required for the job.

Example: Job Description and Job Specification of a Lecturer post in an Engineering College

Job Description:

- **Job Title:** Lecturer, Department of Engineering
- **Location:** Engineering College campus
- **Job Summary:** Responsible for delivering lectures, conducting practical classes, and guiding students in the assigned engineering subject.
- **Duties:** Preparing and delivering lectures, conducting laboratory/practical sessions, evaluating student assignments and exams, guiding student projects, participating in curriculum development and college committees.
- **Working Conditions:** Regular class hours, occasional evening/extra classes, examination duties, laboratory supervision.

Job Specification:

- **Education:** Master's degree (or higher) in the relevant engineering discipline.
- **Skills:** Strong communication and teaching skills, technical/practical knowledge of the subject, ability to guide research/projects.
- **Experience:** Prior teaching or relevant industry experience preferred.
- **Other Qualities:** Patience, subject expertise, good interpersonal skills with students and colleagues.

Q28. How can you compare Job Evaluation with Merit Rating? [3 Marks]

Job Evaluation is a systematic way of determining the value/worth of a job in relation to other jobs in the organization. It evaluates the skills, qualifications, experience, and efforts required to perform the job, and forms the basis for creating job hierarchy and pay differentials. Importantly, **job evaluation rates the job, not the man.**

Merit Rating (Performance Appraisal) is the process of evaluating an employee's personality, potential, and contribution once they have been selected, trained, and placed in a job. It assesses how effectively an individual performs their assigned job. In short, **merit rating rates the man, not the job.**

Key Difference: Job Evaluation focuses on determining the relative worth of the *job itself* (used to establish fair pay structures across different jobs), whereas Merit Rating focuses on evaluating the *performance of the individual employee* occupying that job (used as a basis for promotions, raises, and rewards). Both are essential and complementary tools in personnel management – job evaluation ensures fair pay between jobs, while merit rating ensures fair recognition of individual performance within a job.

Q29. Define the term wages and merit ranking. [2 Marks]

Wages: A wage is a remuneration paid for the service of labor. It is a monetary remuneration computed on an hourly, daily, weekly basis, or per standard output. Wages are more common in production, maintenance, and labor industries. (If paid on a weekly or monthly basis, it is called **Salary**, which is more common in corporate, administrative, and professional workforces.)

Merit Ranking (Merit Rating/Performance Appraisal): The process used to evaluate the personalities, potentials, and contributions of employees, once they have been selected, trained, and placed. It determines whether employees meet the requirements of the organization or the position they are hired for, and serves as a basis for promotions, placements, raises, and financial rewards.

Q30. In your opinion, which job analysis process is more suitable for organizations operating in Nepal? [5 Marks]

In my opinion, the **Interview method**, combined with elements of the **Observation method**, is most suitable for job analysis in organizations operating in Nepal.

Reasoning:

- **Interview Method:** This method allows the job analyst to collect a variety of information directly from the job holder by asking them to describe the tasks and duties performed. Given that literacy levels and familiarity with formal documentation vary across different sectors in Nepal, an interview is more practical and accessible than a written questionnaire, since it does not require the job holder to have strong writing or documentation skills. It also allows the analyst to clarify doubts and probe deeper into duties that are not observable.
- **Observation Method (as a supplement):** For jobs such as construction work, machine operation, or other physically-oriented labor common in Nepal's industrial and construction sectors, direct observation gives firsthand and accurate knowledge about the job, avoiding the risk of exaggeration that can occur in interviews.
- **Limitation of Questionnaires:** The questionnaire method requires job holders to

fill out detailed forms about the nature and complexity of the job, which may not be practical in organizations in Nepal where many workers, especially in labor-intensive and rural sectors, may not be comfortable with detailed written self-reporting.

Therefore, a combination of Interview and Observation methods would provide the most accurate, practical, and reliable job analysis results for organizations operating in the context of Nepal.

7 Wages and Incentives

Q31. How are wages calculated? [3 Marks]

A wage is a remuneration paid for the service of labor. Wages are calculated as monetary remuneration computed on an hourly, daily, weekly basis, or per standard output (unit of output produced).

Components included while calculating wages: Wages and Salary include the **basic wage**, along with various allowances such as family allowances, financial support, lunch allowances, holiday pay, overtime pay, bonuses, and other benefits.

When an individual is selected for a job, they provide services to the organization in exchange for monetary and other benefits as compensation, thus entering into a contract. The exact wage rate is influenced by factors such as the organization's ability to pay, supply and demand of labor, the prevailing market rate, the living wage requirement, productivity of the worker, and the bargaining power of trade unions.

Q32. Elaborate the various factors affecting wage/salary structure, with proper examples. [8 Marks]

Different factors have a significant effect on the Wage/Salary Structure, and they vary with the organization. There are certain minimum wages set by the government, and many organizations choose to pay the minimum pay, while some organizations pay well above the going rates in the labor market.

Factors Affecting Wage/Salary Structure:

1. **The Organization's Ability to Pay:** Wages/salary depend upon the organization's ability to afford paying individuals to get their job done. For example, a large profitable company may afford to pay higher salaries than a small struggling business.
2. **Supply and Demand of Labor:** The labor market and its demand and supply will influence the wage/salary structure. The higher the demand for a particular skill (and the lower its supply), the more the pay – for example, specialized engineers may command higher wages compared to general laborers if fewer people have that specific skill.
3. **Prevailing Market Rate:** This refers to the comparable wage rate between different organizations. It is necessary to evaluate what the market rate is for a specific job in order to attract potential skilled people to the organization by offering competitive/better wages.
4. **The Living Wage:** Wages should be adequate to enable an employee to maintain themselves and their family at a reasonable level of existence – ensuring the wage covers basic living costs such as food, shelter, and other necessities.
5. **Productivity:** Measured in terms of output per man-hour, productivity depends upon labor efforts, proper management, and technological improvement. Higher productivity often justifies higher wages/incentive pay.
6. **Trade Union's Bargaining Power:** Trade unions affect wage rates – the stronger the union, the better the demand for a higher wage rate, since organized labor can negotiate more effectively for improved pay and benefits.

These factors interact together, and organizations must balance their own financial ability with market competitiveness and legal minimums to arrive at a fair and sustainable wage/salary structure.

Q33. Explain the modern performance appraisal methods. [4 Marks]

In general, two methods are used for Performance Appraisal: the **Traditional method** and the **Modern method**.

Traditional Method: Appraisal is based on the individual's personality traits such as creativity, responsibility, drive, initiative, integrity, potential, intelligence, judgment, and capability.

Modern Method: Appraisal is based on the evaluation of work results and job achievements first, and then on personal traits.

Examples of Modern/Result-Oriented Appraisal Methods:

1. **Appraisal by Result or MBO (Management by Objectives):** A method in which managers and employees jointly set goals and objectives, define each individual's responsibility towards achieving those goals, and make regular assessments of their performance. Rewards are based on the actual results achieved.
2. **Assessment Center Method:** Involves the use of methods like social/informal events, tests, and exercises, assigning tasks to employees to assess their competencies for higher responsibilities. Employees are given assignments similar to what they would perform if promoted and are observed and evaluated based on their interpersonal skills, planning, and capability as they perform.

Modern methods are considered more objective and result-oriented compared to traditional methods, as they focus on measurable achievements rather than subjective personality assessments alone.

Q34. What kind of salary and benefits will/do you expect when you join an organization? [5 Marks]

When joining an organization, based on the principles of wages, salary, and incentives, I would expect the following kinds of salary and benefits:

Salary Expectations:

- A **basic salary/wage** that is fair and competitive with the prevailing market rate for the position and industry.

- Salary structured on a monthly basis (since professional/corporate positions typically use salary rather than hourly wages), determined through proper job evaluation of the position.
- A salary that reflects the organization's ability to pay, while also being adequate as a **living wage** to maintain myself and my family at a reasonable standard of living.

Benefits Expectations:

- **Direct Compensation:** Bonuses, overtime pay, holiday pay, and profit sharing where applicable.
- **Indirect Compensation:** Life and health insurance, retirement/pension allowances, home allowance, family allowance, and other social security benefits.
- **Incentives:** Both monetary incentives (raises, bonuses, rewards) and non-monetary incentives (flexible time schedules, holidays and leaves, a friendly work environment, social functions and activities, educational development programs).
- **Career Growth:** Opportunities for training and development, and clear paths for promotion based on merit rating/performance appraisal.

Overall, I would expect a compensation package that fairly reflects my skills and productivity, provides financial security through direct and indirect benefits, and offers opportunities for growth and motivation within the organization.

Q35. Explain the interviewing process. [3 Marks]

The interviewing process is a key part of the recruitment and selection procedure, generally conducted in stages:

- **Preliminary Interview:** A first-stage interview, typically performed by HR personnel, used to eliminate clearly unfit candidates early in the process. It tests the applicant's basic attitude, knowledge, and confidence.
- **Further/Departmental Interview:** A more detailed interview performed by the department heads, used to analyze the applicant's knowledge, experience, and skills

more deeply, providing a direct check of the candidate's credentials against the specific job requirements.

- **Purpose:** An interview, overall, is an attempt to secure the maximum amount of information from the candidate concerning their suitability for the job.
- **Following Steps:** Once selected through interviews, physical and mental tests are performed, which may include drug tests, disability tests, and background checks, before final selection and induction into the organization.

The interviewing process is essential in recruitment because it allows the organization to directly assess a candidate's suitability for the job beyond what can be judged from written applications or tests alone.

End of Chapter 2 Answer Guide

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