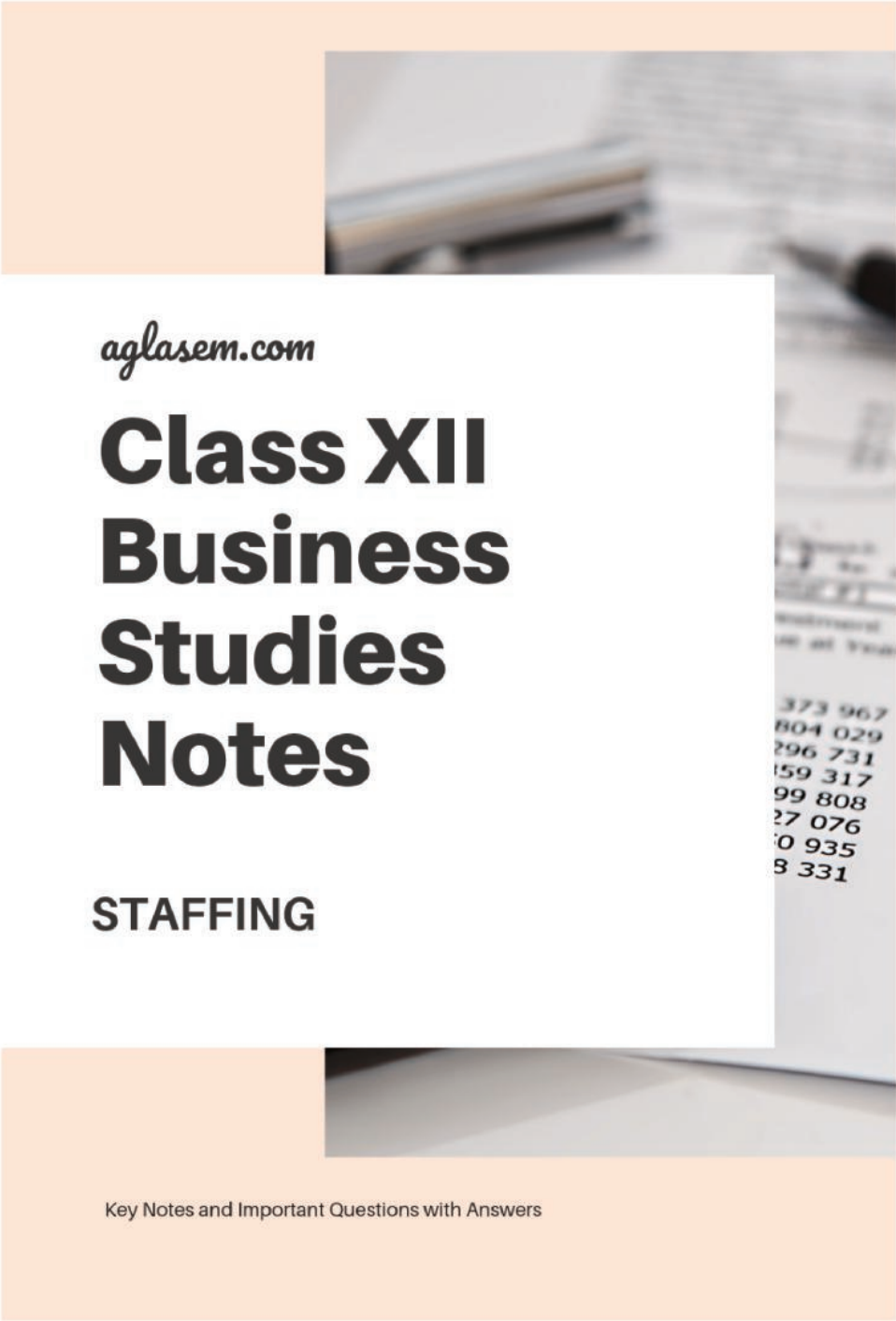




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Class XII Business Studies Notes

STAFFING

Key Notes and Important Questions with Answers

CHAPTER – 6

STAFFING

It is necessary for every organisation that they must appoint the Right person at the right position. Manpower is the most important asset in the organisation. Staffing function is concerned with bringing right and efficient people in the organisation. Thus, "Staffing consists of Manpower planning, recruitment, Selection, training, compensation, promotion and Maintenance of Managerial personnel."

Need and Importance of Staffing

1. **Obtaining Competent Personnel:** Proper staffing helps in discovering and obtaining competent personnel for various jobs.
2. **High Performance:** Proper staffing ensures higher performance by putting right person on the right job.
3. **Continuous Growth:** Proper staffing ensures continuous survival and growth of the enterprise through succession planning for managers.
4. **Optimum Utilization of Human Resources:** It prevents underutilization of personnel and high labour costs by avoiding over-staffing. It also avoids disruption of work by indicating in advance the shortages of personnel.
5. **Improves Job Satisfaction:** It improves job satisfaction and morale of employee through objective assessment and fair reward of their contribution.

Human Resource Management (HRM)

The function of Human Resource Management is to provide skilled human elements to the enterprise. Therefore big enterprises create a separate department called HRD. This department works under H.R. Managers.

Definition: Human Resource management is the recruitment, selection, development, utilization, compensation and motivation of human resources of the organization.

Staffing as a part of Human Resource Management



Staffing	Human Resource Mgt
Staffing includes – Estimating man power requirements – Recruitment – Selection – Placement and orientation – Performance Appraisal – Compensation of employees.	Staffing + – Maintaining labour relations and union management relations. – Handling grievances and complaints – Providing for social security and welfare of employees. – Defending the company in law suits in legal matters.

Conclusion :

HRM is a broader concept than staffing. Staffing is both a line as well as a staff activity because staffing is a function of management like planning, organising, directing and controlling as well as distinct functional area of management (i.e. HRM) just as Marketing Mgt. and Financial Mgt.

Q.1 “It is process of appointment of Right person on the right position.” Identify this function of Management and explain its importance. (5)

[Hint- Staffing; Importance; Competent personnel, High performance, continuous growth, Improves Job Satisfaction]

PROCESS OF STAFFING

1. **Estimating Manpower Requirement:** It involves the following:

Means understanding how many persons are needed and of what type (i.e., skills required) in the organisation.

Understandign the manpower requirements necessitates—

- **Workload Analysis** : It would enable an assessment of the number and types fo human resources necessary for the performance of various jobs and accomplishment of organisational objectives.
- **Workforce Analysis** : It estimates the number and type of human resources available. It would reveal whether the organisation is under-staffed, over-staffed or optimally staffed. Neither over-staffing nor under-staffing is a desirable situation.

2. **Recruitment:**It refers to identification of the sources of manpower availability and making efforts to secure applicants for the various job positions in an organization.

3. **Selection:**It is the process of choosing and appointing the right candidates for various jobs in an organization through various exams, tests & interviews.

4. **Placement and Orientation:**When a new employee reports for duty, he is to be placed on the job for which he is best suited. Placement is very important process as it can ensure “Right person for right job”.

Orientation/Induction is concerned with the process of introducing a new employee to the organization. The new employees are familiarized with their units, supervisors and fellow employees. They are also to be informed about working hours, procedure for availing leave, medical facilities, history and geography of organization and rules/regulations relating to their wages etc.

5. **Training and Development:** Systematic training helps in increasing the skills and knowledge of employees in doing their jobs through various methods.

Development involves growth of an employee in all respects. It is the process by which the employees acquire skills and competence to do their present jobs and increase their capabilities for higher jobs in future.

6. **Performance Appraisal:** It is concerned with rating or evaluating the performance of employees. Transfers and promotions of the staff are based on performance appraisal.

Q. A Company AB Ltd. started a New Plant for manufacturing solar based Motor Bikes in India. India is highly competitive and has cost effective production base in this sector. AB Ltd. is planning to capture 30% of the market in India and also aims to Export Motor Bikes worth Rs. 5 Cr. in next two years. To achieve these targets, it requires highly trained and motivated work force. Mr. X is appointed by the company to advise in this matter.

- (1) Briefly explain the process of staffing which the company has to follow.
(2) Identify the value followed by the Company. (5)

[Hints- (1) Estimating man power requirements, (2) Recruitment, (3) Selection, (4) Placement and Orientation, (5) Performance Appraisal, (6) Compensation of Employees]

RECRUITMENT

- (A) **Recruitment:** Recruitment may be defined as the process of searching for prospective employees and stimulating them to apply for jobs in the organisation.

- (B) **Sources of Recruitment**

(A) Internal Sources

(B) External Sources

- (A) **Internal Sources of Recruitment**

Internal sources refer to inviting candidates from within the organisation. Following are important sources of internal recruitment: -

1. **Transfers:** It involves the shifting of an employee from one job to another, from one department to another or from one shift to another shift.
2. **Promotion:** It refers to shifting an employee to a higher position carrying higher responsibilities, prestige, facilities and pay.
3. **Lay-Off:** To recall the temporary workers for work is called Lay-Off, who were temporarily separated from organization due to lack of work.

Advantages of Internal Sources Recruitment: -

- (1) Employees are motivated to improve their performance.
- (2) Internal recruitment also simplifies the process of selection & placement.
- (3) No wastage of time on the employee training and development.
- (4) Filling of jobs internally is cheaper.

Limitation of Internal Sources

- (1) The scope for induction of fresh talent is reduced.
- (2) The employee may become lethargic.
- (3) The spirit of competition among the employees may be hampered.
- (4) Frequent transfers of employees may often reduce the productivity of the organisation.

External Sources of Recruitment

When the candidates from outside the organisation are invited to fill the vacant job position then it is known as external recruitment. The common methods of external sources of recruitments are:

1. **Campus recruitment:** Colleges and Institutes of Management and Technology have become a popular source of recruitment for technical, professional and managerial jobs. Many big organisations maintain a close link with them to recruit qualified personnel for various jobs.
2. **Management consultants and placement agencies:** Management consultants help the organisations to recruit technical, professional and managerial personnel. They specialise in middle level and top level executive

placements. They maintain data of persons with different qualifications and skills. Placement agencies compile bio-data of a large number of candidates and recommend suitable names to their clients. They charge fee for their services.

3. **Employment exchanges:** Employment exchanges run by the government help to match personnel demand and supply by serving as link between job-seekers and employers. It is suitable for unskilled and skilled operative jobs.
4. **Advertisements (Newspapers, Journals and Televisions):** Most of the senior positions of industry and commerce are filled b'y this methad. Advertisement in newspapers.or trade journals is generally used when a wider choice is required. The practice of telecasting of vacant posts over TV (Doordarshan and other channels) is also gaining importance these days.
5. **Direct recruitment:** A notice is placed on the noticeboard of the enterprise specifying the details of the jobs available. Job-seekers assemble outside the premises of the organisation on the specified date and selection is done on the spot.

The practice of direct recruitment is followed usually for casual vacancies of unskilled or semiskilled jobs. Such workers are known as casual workers.

They are paid remuneration on daily wage basis.

Suitability: It is suitable for filling casual vacancies when there is a rush of work or when some permanent workers are absent.

6. **Labour contractors:** Labour contractors (who are themselves employees of the organisation) maintain close contacts with labourers. On payment of commission, they can provide the required number of unskilled workers at short notice.
7. **Casual callers:** A company gets applications on and off even without declaring any vacancy. However, as and when the vacancy arises, the company makes use of such applications.

Advantage: It reduces the cost of recruiting workforce in comparison to other sources.

8. **Recommendations of employees:** Many firms encourage their employees to recommend the names of their relatives and friends for employment. Such applicants are likely to be good-employees because their background is sufficiently known.
9. **Web publishing:** Internet is becoming a common source of recruitment. There are certain websites specifically designed for the purpose of providing information about job-seekers and job providers, e.g., www.naukri.com, www.jobstreet.com, etc.

Merits of External Sources

1. **Qualified Personnel:** By using external sources of recruitment the management can attract qualified and trained people to apply for the vacant jobs in the organisation.
2. **Wider Choice:** The management has a wider choice in selecting the people for employment.
3. **Fresh Talent:** It provides wider choice and brings new blood in the organisation.
4. **Competitive Spirit:** If a company taps external sources, the staff will have to compete with the outsiders.

Limitations of External Sources of Recruitment

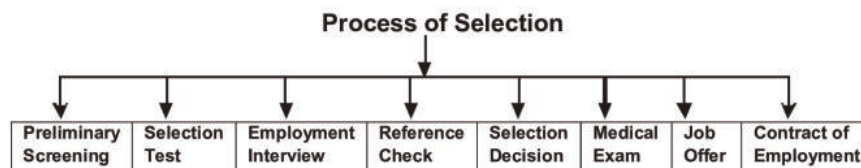
1. **Dissatisfaction among existing employees:** Recruitment from outside may cause dissatisfaction among the employees. They may feel that their chances of promotion are reduced.
2. **Costly process:** A lot of money has to be spent on advertisement therefore this is costly process.
3. **Lengthy Process:** It takes more time than internal sources of recruitment.

- Q.** Rohan the Director of Petro Chemical Company wants from produce Bio Gas from waste garbage and useless material. He decides that this manufacturing unit will be set up in rural and backward area of Bihar where people are suffering from poverty and unemployment. Rohan wants to deploy people from local surrounding areas. He also wants to give opportunity to the persons qualified from technical institutions to join his unit.
1. Identify the function of Management which is concerned with deployment of personnel in his unit.
 2. Identify the sources of recruitment used quoting the lines from above para.
- [Hints- (1) Staffing, (2) Direct Recruitment :— Rohan areas.
Campus Recruitment "He unit".

SELECTION

Selection is the process of discovering the most suitable and promising candidates and eliminating the least promising ones to fill up the vacant positions. It is a negative process.

PROCESS OF SELECTION



The successive stages in selection process are:

1. **Preliminary Screening:** After applications have been received, they are properly checked as regarding qualification etc. by screening committee. A list of candidates to be called for employment tests is made and unsuitable candidates are rejected altogether.
2. **Selection Tests:** These tests include,

Types of selection tests

(i) *Intelligence test*: It measures the level of intelligence quotient of an individual. It is an indicator of a person's learning ability or the ability to make decisions and judgements. (Example: used for selecting a school teacher.)

(ii) *Aptitude test*: It is a measure of individual's potential for learning new skills. It indicates the person's capacity to develop. (Example: used for selecting a computer engineer or a chartered accountant.)

(iii) *Personality test*: Personality tests provide clues to a person's emotions, reactions, maturity, value system, etc. These tests judge the overall personality. (Example: used for selecting a public dealing officer.)

(iv) *Trade test*: These tests measure the existing skills (professional knowledge and proficiency) of the individual. (Example: used for selecting a computer operator.)

(v) *Interest test*: Interest tests are used to know the pattern of interest or involvement of a person (Example: used for selecting an interior decorator.)

3. **Employment Interviews:** The main purpose of interview is
 - (a) to find out suitability of the candidates.
 - (b) to seek more information about the candidate.
 - (c) to give the candidate an accurate picture of job with details offers and conditions.
4. **Reference Checks:** Prior to final selection, the prospective employer makes an investigation of the references supplied by the applicant. He undertakes a thorough search into candidate's family background, past employment, education, police records etc.
5. **Selection Decisions:** A list of candidate who clear the employment tests, interviews and reference checks is prepared and then the selected candidates are listed in order of merit.
6. **Medical/Physical Examination:** A qualified medical expert appointed by organization should certify whether the candidate is physically fit to the

requirements of a specific job. A proper physical exam will ensure higher standard of health & physical fitness of employees thereby reducing absenteeism.

7. **Job Offer:** After a candidate has cleared all hurdles in the selection procedure, he is formally appointed by issuing him an Appointment Letter. The broad terms and conditions, pay scale are integral part of Appointment Letter.
8. **Contract of Employment:** After getting the job offer, the candidate has to give his acceptance. After acceptance, both employer and employee will sign a contract of employment which contains terms & conditions, pay scale, leave rules, hours of work, mode of termination of employment etc.

Q. Nishant wants to set a unit in rural area where people have very few job opportunities and labour is available at a low cost.

For this he wants four different heads for Sales, Accounts, Purchase and Production. He gives an advertisement and shortlists some candidates after conducting selection tests.

Identify and state the next three steps for choosing best candidates. (3)

[Hint- Employment Interview, Reference Checks, Selection Decision]

Training

Training is the act of increasing the knowledge. Technical skills and abilities of an employee for doing a particular job efficiently and effectively. Both existing employees and new employees get acquainted with their jobs and this increases their current job related skills.

Development

Development is overall growth the employee. It seeks to prepare employees for handling more responsible and challenging jobs and developing their hidden talents and qualities. It helps in shaping attitude of the employees.

Benefits of Training

(A) To the Organisation

- (i) **Systematic Learning:** Training is a systematic process of learning. It is better than hit and try method which leads to wastage of money & efforts.
- (ii) **Higher Profits:** Increases employees productivity both in terms of quantity and quality leading to higher profits.
- (iii) **Reduce absenteeism and employee Turnover:** Training increases employee's capability and morale. Employees do not think of leaving the organisation as they know that they can perform their job better.
- (iv) **Minimises the need of Supervision:** It increases the efficiency and skills of employees thus reducing the need of supervision and control.



(B) To the Employees

- (i) **Better Career Options:** Improved skills and knowledge due to training lead to better career options of the employees.
- (ii) **Better Earning Capacity:** Better performance by an employee helps him to earn more.
- (iii) **Increases morale of employees:** It increases the satisfaction level and morale.

- (iv) **Check Accidents:** It makes the employees more efficient to handle the machines. Thus, they are less prone to accidents.

Comparison of Training and Development

Basis	Training	Development
1. Definition	It means imparting skills and knowledge for doing a particular job.	It means growth of an employee in all respects.
2. Purpose	It is concerned with maintaining and improving current job performance.	It seeks to develop competence and skills for future performance.
3. Methods	It is imparted through on the job methods.	It is imparted through off the job methods.
4. Initiative	The boss takes the initiative for imparting training to his subordinates.	The individual takes the initiative for self-growth and development.
5. Duration	Training programmes are organised for short term.	Development takes place over a larger period of time.
6. Nature	Job oriented	Career oriented.
7. Level of person involved	Non-managerial personnel	Managerial personnel

Training Methods

- (A) **On the Job Method:** It refers to the methods that are applied at the work place, where the employee is actually working. It means "learning while doing". It is economical and less time consuming.

The following are the methods of On-the job training:

1. **Apprenticeship Training:** Under this, the trainee is placed under supervision of an experienced person (master worker) who imparts him necessary skills

and regulates his performance. The trainee is given stipend while learning so that he/she can enjoy "earn while you learn" scheme.

2. **Internship Training:** Under this method an educational institute enters into an agreement with industrial enterprises for providing practical knowledge to its students by sending them to business organizations for gaining practical experience.
 3. **Induction training** is a type of training given to help a new employee in settling down quickly on the job by becoming familiar with the people, the surroundings, the job and the business. The duration of such type of training may be from a few hours to a few days. The induction provides a good opportunity to socialize and brief the newcomer with the company's overall strategy, performance standards etc. If carefully done, it saves time and cost (in terms of effectiveness or efficiency etc.).
- (B) **Off the Job Method:** They are used away from the place of work. It means "learning before doing". It is provided by experts either from within or from outside the organisation. It is more expensive and more time consuming.

Vestibule Training: The training is given in a classroom, where actual work environment is simulated wherein employees are trained on dummy models instead of using original equipment. This method is extremely useful when employees are required to handle expensive, delicate and sophisticated equipment.

1 MARK QUESTIONS

- | | | |
|------------|--|---|
| Q.1 | "Our assets walk out of the door each evening. We have to make sure that they come back the next morning". This statement is related to which function of management? | 1 |
| Q.2 | What is performance appraisal? | 1 |
| Q.3 | Providing of social security and welfare of employees' is one of the specialised activities performed by Human resource management. Mention any two other specialised activities of Human resource management. | 1 |
| Q.4 | Name the type of staff which is generally recruited through management consultants. | 1 |

3-6 MARKS QUESTIONS

- Q.5** What kind of tests will primarily be used while selecting these people in an organisation. Give reasons:
- (a) A public dealing officer (b) A computer operator
(c) A school teacher (d) An interior decorator (4 Marks)
- Q.6** Resolutions Pvt. Ltd. is a publishing company. Its book on business studies for class XII is in great demand. As a result, employees in the marketing department are always racing against them. The employees have to work overtime and on holidays to cater to the demand. Managers in the marketing department are under stress as they have to handle more than two territories. The work stress has led to dissatisfaction among the employees and managers.
- (a) Name and explain the step of staffing process which has not been performed properly.
- (d) State the next two stages immediately following the step identified in part (a). (4)
- Q.7** Manu a Chief Engineer in a Co., using highly sophisticated machines and equipments, wants that every employee should be fully trained before using those machines and equipments. Suggest and describe the best method of training that Manu can use. (3)
- Q.8** An accountant is sent to learn the new software for accounting to prepare the books of accounts faster and accurately. He was further sent for orientation to improve his motivational and conceptual skills.
- (a) Identify and explain the two concepts explained above.
- (b) Differentiate these concepts on the basis of suitability, method used and nature. (5)
- Q.9** Under this method employee learn by doing. Employees are trained while they are performing the job and senior worker or mentor provides them technical knowledge. But the biggest disadvantage of this method is wastage of material and accidents.

- (a) Identify the method of training stated in above lines.
- (b) Explain any two techniques used in above said method of training. (6)

Q.10 The General Manager of 'Indemnity Ltd' was addressing employees during 'employee recognition program' function. He stressed: "employees should make all efforts to increase their market value. To achieve this objective, they should increase their capacity and efficiency. They should also make such endeavour as to get job satisfaction. Not only that it is equally essential that they should concentrate on minimizing the accidents".

Which concept of management was the General Manager stressing in the function? Explain the importance of the concept in by quoting lines. (4)

Q.11 Based on "Performance Appraisal Report (2016).", the HR manager of 'Gamma Ltd' adopted the following ways of training for improving the quality of output and providing more job satisfaction to the employees:

- a) Mr. Ganesh- was in the company so that he could practice the theoretical knowledge acquired by him from his college.
- b) Mr. Rahul- was provided a dummy model of machinery to do practice on it.
- c) Mr. Shekhar- was asked to work with an expert for specific period of time so that he learns by observation.

Identify the technique of training discussed in above cases (a, b, c). (3)

Q.12 'Pure Energy Ltd' imported a new hi-tech machine from Japan for manufacturing high quality and low cost solar panels in India. After a month, the report of Production Manager reflected a decline in quantity and quality of production. On investigation, it was found that there was lack of technical knowledge and skills amongst the employees for using these hi-tech machines. This resulted in high-overhead charges as well as frequent visits of engineers was required from Japan.

- (i) Suggest what should be done to increase the quality and quantity of production. (1)

- (ii) Also state, how the employees will be benefited from your suggestion. (1)
- (iii) Identify the functions of management discussed above. (1)
- Q.13** Teja Ltd. received 22,495 applications for the post of fifty supervisors. Preliminary, screening was done and 3,545 applications were filtered. Various steps of selection process were taken and finally fifty candidates as supervisors were selected. They were directly posted to their respective posts. After one-month performance appraisal of these candidates was conducted. It was found that out of 50, eight were not able to perform as per standards as they were facing practical problems while handling machines.
- (a) In your opinion, what should be done to improve the performance of these eight supervisors. (1)
- (b) How an organisation can be benefited by improving the skill level of employees. (5)
- Q.14** The workers of 'Vyam Ltd' are unable to work on new and hi-tech machines imported by the company to fulfil the increased demand. Therefore, the workers are seeking extra guidance from the supervisor. The supervisor is overburdened with the frequent calls of workers. Suggest how the supervisor, by increasing the skills and knowledge of workers, can make them handle their work independently? Also state any three benefits that the workers will derive by the decision of the supervisor. (4)
- Q.15** A company has its own recruitment policy to fill the vacant posts with suitable employee.
- a. Top most positions are being filled by contacting specialised agencies so as to attract the most capable work force from competitive organisation.
- b. To foster the spirit of loyalty and motivate the employees the middle level positions are filled from within the organisation.
- i) Identify the sources of recruitment referred above? (2)
- ii) Also give any one method of each source. (2)

Q.16 Orient Ltd. expanding its business operations. All the departmental heads were asked to fill up "Manpower Requisition form and estimate the annual requirement of – skilled and unskilled workers"

All the departmental heads submitted the requisition forms to HR Manager. HR Manager, compiled all such requisition forms as:

Requirement of skilled workers – 89

Requirement of unskilled workers – 265

After this, Recruitment and further selection procedure was followed.

Name and explain the methods of recruitment (three each) for each category which would be most appropriate in the above case. (6)

Hints

1. Staffing
2. Evaluating the performance of employees.
3. Handling grievances and complaints.
4. Middle and top level staff.
5. (a) Personality Test (b) Aptitude Test
(c) Intelligence Test (d) Interest Test
6. (a) Estimating man power requirements.
(b) Recruitment, selection.
7. Vestibule Training.
8. (a) Off the Job Training, on the Job Training

(b)	Basis of Diff.	On the Job Training	Off the Job Training
	Suitability	To handle less sophisticated equipment	To handle sophisticated equipment.
	Methods	1. Apprenticeship 2. Internship 3. Induction	Vestibule Training
	Nature	Learning while doing	Learning before doing.

9. (a) On the Job Training
- (b) Apprenticeship Training
Induction Training
10. (i) Training
- (ii) (a) Better earning capacity
employees efficiency
- (b) They should satisfaction.
Increases morale of employees
- (c) Not only accidents.
Check Accidents.
11. (a) Internship training — On the job training
- (b) Vestibule Training — Off the job training
- (c) Apprenticeship Training — On the job training
12. (i) Vestibule training
- (ii) Better career options
- (iii) Better earning capacity

13. (a) Training should be provided
 (b) Systematic learning
- Higher Profits
 - Reduce absenteeism and employee turnover
 - Minimise the need of supervision.
14. Superior can arrange vestibule training for workers. (By suggesting to HR Mgr)
- Benefits to workers :**
- (i) Check accidents
 - (ii) Increases morale of employees
 - (iii) Better earning capacity
 - (iv) Better career options.
15. (i) External source in 'a' Internal source in 'b'
 (Mgt. consultant) (Promotions)
- (ii) External Source — Campus recruitment
 Internal source — Transfers.

16.

For Skilled Workers	For Unskilled Workers
1. Advertisements	1. Labour Contractors
2. Casual callers	2. Direct Recruitment
3. Recommendations of employees	3. Employment Exchange

Key Terms to Crack Case-Studies

S.No.	Phrase	Topic/ function	Sub-Topic/ Concept
1.	It deals with discovering and obtaining competent personnel.	Staffing	—
2.	Right person on the right job.	Staffing	—
3.	It is required for continues survival and growth of an enterprise	Staffing	—
4.	Handling grievances and complaints	HRM	—
5.	Providing for social security and welfare of employees	HRM	—
6.	Maintaining union — Mgt. relations and defending the company in low suits.	HRM	—
7.	This source of recruitment is not suitable for newly established enterprise.	Staffing	Recruitment Internal sources.
8.	It provides a wider choice to choose for fresh talent	Staffing	Recruitment External source
9.	This selection test measures the ability of candidate to make decisions and judgements	Selection test	Intelligence Test
10.	This selection test measures the ability to learn new skills.	Selection test	Aptitude test
11.	This test measures the existing skills (professional knowledge and proficiency) of candidate.	Selection test	Trade test

12.	This test checks the involvement of a person in work.	Selection test	Interest test
13.	Under this method, trainee is placed under supervision of an experienced person/ master worker.	Methods of training	On the job Apprenticeship
14.	Students from educational institutes are sent to business organisations for gaining work experience.	On the job training	Internship Training
15.	New employee is made familiar with company's policies and objectives	On the job training	Induction Training
16.	Employees are trained on dummy models before handling the actual sophisticated machines.	Off the job training	Vestibule Training
17.	It is a career oriented process to develop competence and skills for future performance.	Staffing	Development