

Recent Trends in HRM

CHAPTER 3 | WEIGHTAGE: 30%

Human Resource Management is undergoing a profound transformation driven by technology, globalisation, and evolving workforce dynamics. This chapter explores the most significant recent trends reshaping HRM — from the digital revolution of E-HRM to the strategic imperatives of Talent Management. Each topic represents a paradigm shift in how organisations attract, develop, and retain their most valuable asset: people.

01

E-HRM

Digital transformation of all HR functions through web-based technologies

02

HR Accounting & Audit

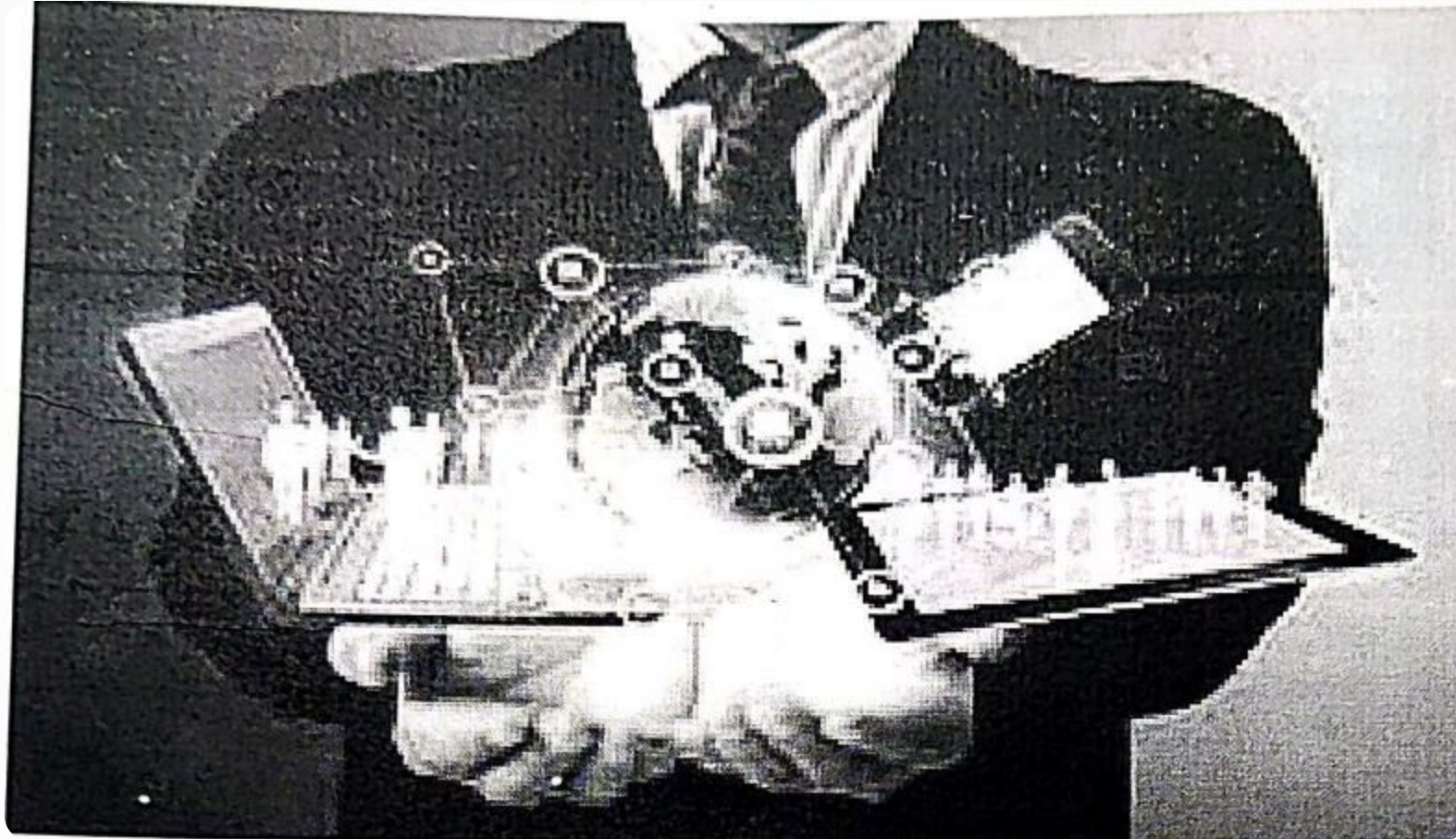
Measuring, valuing, and evaluating human resource effectiveness

03

Recent Trends

BPO, EI, Six Sigma, Knowledge Mgmt, Flexi Time, Contingent Workforce, Talent Mgmt

Introduction to E-HRM



HR technology can improve the management of HR and contribute to an organisation's competitive advantage. It is now well established that the benefits of using technology far outweigh those of traditional HR practices alone. Most large companies today perform the majority of their HRM functions online. Technology has increased access to HR information, improved communication, accelerated the speed of HRM transactions, and reduced costs — making it easier to administer functions such as recruitment, training, and performance management.

Survey evidence shows that firms leveraging information technology are consistently listed among Fortune 500 companies. The majority of these firms have invested in computer applications for computerised employee records, payroll, and compensation and benefits administration. What emerged as a common trend was that such investments led to more efficient information management of HRM. Unfortunately, many firms continue to ignore technology in their operations, or limit its use to a narrow range of administrative functions such as payroll or employee record management.

Conveniences of HRM Technology

HRM technology provides a number of significant conveniences to organisations that go far beyond simple automation. These conveniences transform how employees and managers interact with HR systems and processes on a daily basis.



Employee Control

Enabling employees to gain complete control over their training and benefits



Decision Support

Creation of a knowledge-based decision support system allowing access to employee profile data as and when needed



Home Office

Allowing the concept of "home office" to be implemented for select employees, enabling remote work



Paperless Office

Creating paperless offices and streamlining HRM departments, reducing administrative burden



Performance Monitoring

Allowing employers to closely monitor employee performance and remain competitive through reduced HR costs

Definition of E-HRM

"E-HRM is a way of implementing HR strategies, policies, and practices in an organisation through a conscious and direct support of and/or with full use of web-technology based channels."

E-HRM is the integration of all HR systems and activities using web-based technologies. Simply put, when HR uses the Internet or related technologies to support their activities, procedures, and processes, it becomes E-HRM. The electronic aspect of E-business processes transmits information in its original and/or processed form to all parties concerned — both internally and externally.

The electronic aspect is embodied in all areas of HRM where there is transmission of information from one employee to another and from one client to another. This transmission of information in processed form is highly essential in most functions and activities of HRM, making E-HRM a foundational pillar of modern human resource management.

E-Job Design & Job Analysis

Most organisations have tended towards a '**dejobbing**' environment, introducing alternative work schedules, flexi-work, broad job banding, employee empowerment, and multiskilling. **Dejobbing** pertains to broadening the responsibilities of individuals and departments in a company, and encouraging employees not to limit themselves to their job descriptions.

HR Manager's Role

Under a dejobbing environment, the HR Manager's job is identifying the skill requirements of the company, identifying employee skills, and matching these two through 'listing skills' and 'competency mapping'.

How E-HRM Helps

The information from listing skills and competency mapping is placed on the net. The system then matches the listing skills and competency mapping and produces the output of identifying the employee suitable for a particular task or activity. Thus, E-HRM plays a vital role in a de-jobbed environment.

E-Recruitment & Applicant Tracking

Organisations advertise job vacancies through the World Wide Web or send information directly to competent people via e-mail. Job seekers send applications through e-mail or place their CVs on sites like **hotjobs.com** and **jobs.com**. E-recruitment manages job descriptions, job vacancies, candidate searches, and the interview process. It is also referred to as an **applicant-tracking system** — a web-based application enabling electronic handling of organisational employment needs.

These activities include posting job advertisements on websites to attract candidates, known as **Job Boards**. Job boards allow candidates to apply online, and candidates' data are stored in a database that allows searching, screening, and filtering of applications. The application tracking system shortlists candidates and arranges interviews. It integrates resume extraction capabilities using the Magnaware/Mohomine extraction engine and uses event-driven applicant tracking to manage positions on multiple external websites.

E-Recruitment: Functions & Advantages

E-Recruitment Carries Out

- Storage, retrieval and modification of applicants' details
- Matching CV to job specifications and short listing
- Link with internet recruitment processes
- Letter-writing, acknowledgement, short listing intimation, call for interview, offers and rejections
- Management reports and analysis of response to media

Key Advantages

- A single click presents **240,000 job sites** to the candidate
- Reduces cost by **95%** compared to traditional recruitment
- Reduces time from **43 days** to just a few days
- Shortlists candidates by matching qualifications and skills with inbuilt competencies
- Prepares interview schedules and communicates them to candidates
- Drastically reduces the number of people required for handling applications

✓ In view of these advantages, a number of employers around the world now recruit people using the Internet as their primary channel.

E-Selection

E-selection has become popular with the conduct of various tests online, contacting candidates through e-mail, and conducting preliminary and final interviews through audio-conferencing and video-conferencing. Employers also obtain reference letters and opinions from referees through e-mail, making the entire selection process faster and more efficient.

Advantages

- Candidate need not travel for written tests or interviews
- Eliminates inconveniences and reduces cost and time
- Drastically reduces overall cost of selection process

Limitations

- Cannot operate certain tests like psychological tests
- Mechanical defects in transmitting information reduce efficiency
- Judgement based on e-selection cannot be as perfect as traditional process

Procedural Requirements

- Process design upfront and vendor selection
- Assessment steps and protocol for test events
- Feedback to candidates and internal clients
- Management of candidate flow and testing

E-Performance Management

Several software packages have been developed to measure employee performance and offer suggestions for improvement. Many employers tend towards using these software packages to computerise employee performance appraisal systems. The software provides a number of statements and sub-statements on each performance category. The appraiser selects and clicks the appropriate rating for each statement, and the system generates a detailed report once all performance categories and subfactors have been covered. This report can be modified, with comments added or deleted, and a final report prepared by the manager.

Managers Benefit

Managers can manage more employees with less effort, and appraise performance in significantly less time.

Employees Benefit

Employees can know the areas and categories of appraisal and their ratings, promoting transparency.

Monitoring

Organisations use computer networks, sophisticated telephone systems, and video equipment to monitor and record employee work activities.

CASE STUDY

Titan Industries: E-Performance in Action

"People in the frontline are key to the brand's success." — Mr. Sandeep Kulhalli, Business Head, Retailing Services Group, Titan Industries

Titan Industries is in the fourth year of its '**Face of Titan**' initiative for sales staff, covering customer relationship officers, store managers, and service receptionists. The programme assesses and recognises the web-based performance of over **1,200 frontline staff** employed in **213 stores across 113 cities**. Curbing attrition is a pressing need in retail, where 80–85% frontline employee turnover is common.

The programme has delivered remarkable results. Among regional finalists (approximately 150 employees), attrition dived to about **12%**, compared to Titan's overall frontline attrition of **40% in metros** and **34% in non-metros**. The programme runs on customised software to ensure speed, accuracy, fairness, and transparency. Titan has real-time access to database, training need analysis, talent pool, and store and staff performance data. The assessment also helps identify poor performers and support capability building.

E-Training & Development

Companies have started providing online training and online executive development, enabling employees to learn various skills while staying at their place of work. Participants complete course work from wherever they have access to a computer and the Internet. E-learning via intranet/internet is now a global phenomenon and is central to training and development in many companies.

E-Learning

Represents the total categories of technology-based learning, covering computer-based learning, web-based learning, virtual classrooms, and digital collaboration.

Online Learning

Synonymous with web-based learning. Content is delivered via Internet, intranets, extranets, satellite broadcast, audio/video tape, interactive TV, and CD-ROM.

E-Training

Provides a complete, scalable, and open infrastructure that allows organisations to manage, deliver, and track employee training participation in online or classroom-based environments.

E-Training: Functions, Advantages & Conditions

E-Training Provides For

- Storing e-learning modules for trainees to select appropriate modules
- Analysing training recommendations based on performance reviews
- Arranging for off-the-job courses
- Informing employees about training arrangements
- Generating instructions and storing progress reports

Advantages

- Helps employees specify corporate competencies and build knowledge management strategies
- Training material becomes available more widely
- HR department gains IT department support

Essential Conditions for Success

- Facility of interaction with the tutor
- Facility of interaction with peers
- Opportunity for differential learning
- Availability of training material readily
- Motivating the trainees to learn

Trainees & Managers

Trainees interact with content and/or trainers at their own pace. Managers set the business flow from order processing to delivery and performance management to training output automatically.

E-Compensation Management & E-Payroll

Almost all organisations have started using computers for salary fixation, salary payment, salary calculations, fixation and calculation of various allowances, employee benefits, welfare measures, and fringe benefits. E-payroll models automatically collect data regarding employee attendance and work records for evaluating work performance, calculate various deductions including tax, and generate periodic pay cheques and tax reports.

Payroll Systems

Can define standard rules for automatically assigning and changing employee salary using simple formulas. They control processing rules and calculations using fast formula and conditional logic for complex cases.

Global Compensation

Manage global compensation with one application by implementing a core payroll engine and installing local extensions for individual countries' reporting and process requirements.

Paperless Pay-Slips

By preparing paperless online pay-slips, the system reduces administrative costs and time. Employees can view their exclusive data and get personalised reports.

E-Benefits, E-HR Records & E-HR Audit

E-Benefits

E-benefit administration models enable HR professionals to track and administer diverse and complex benefit plans involving housing, transportation, medical and health care, insurance, pension, profit sharing, and stock option benefits. Internet-based automation improves benefits support and analysis whilst reducing time and costs.

E-HR Records

Human Resource Records are created, maintained, and updated with the help of computers easily and at a fast rate. Records can be partially or fully transferred from branch/regional offices to head office or between departments through intranet/internet.

E-HR Audit

Standard and desired HR practices are fed into the computer. Data on actual practices are also fed in, and the software automatically completes the HR audit and produces the audit report. The HR manager can then modify the report by deleting or adding comments.

- ❏ E-HR Information is generated, maintained, processed, and transmitted to appropriate places with high speed and accuracy — this function of HRM is done completely and more accurately with the help of computers, internet, and intranet.

Human Resource Accounting: Concept & Meaning

"The process of identifying and measuring data about human resources and communicating this information to interested parties." — AAA Definition

Human Resource Accounting (HRA), also known as **Human Asset Accounting**, involves identifying, measuring, capturing, tracking, and analysing the potential of the human resources of a company and communicating the resultant information to stakeholders. It was a method by which a cost was assigned to every employee when recruited, along with the value that the employee would generate in the future.

Human Resource Accounting reflects the potential of the human resources of an organisation in monetary terms in its financial statements. It is basically an information system that tells management what changes are occurring over time to the human resources of the business. HRA also involves accounting for investment in people and their replacement costs, as well as the economic value of people in an organisation.

Definitions of Human Resource Accounting

AAA Definition

"The process of identifying and measuring data about human resources and communicating this information to the interested parties."

Stephen Knauf (1983)

"The measurement and quantification of human organisational inputs such as recruiting, training, experience and commitment."

Eric Flamholtz

"Accounting for people as organisational resources. It is the measurement of the cost and value of people for the organisation."

Why HRA? Need for Human Resource Accounting

HR Accounting is very much needed to provide effective and efficient management within the organisation. If there is any change in the structure of manpower, it is HRA which provides information on it to the management. HRA provides qualitative information and also assesses the cost incurred in personnel, giving management a platform for better decision-making for future investment.



Cost/Value Information

Furnishes cost/value information for making management decisions about acquiring, allocating, developing, and maintaining human resources in order to attain cost-effectiveness.



Monitor Human Resources

Allows management personnel to monitor effectively the use of human resources and provides a sound basis for human asset control — whether the asset is appreciated, depleted, or conserved.



ROI on Human Capital

The return on investment on human capital is best evaluated through HRA. It communicates to the organisation and public about the worth of human resources and their proper allocation.



Management Principles

Helps management develop principles by classifying the financial consequences of various practices, enabling better long-term strategic decisions.

Advantages of Human Resource Accounting

1

Manpower Planning

Provides useful information about the cost and value of human resources, showing strengths and weaknesses to aid planning and decision-making.

2

Personnel Policies

Provides useful information for making suitable personnel policies about promotion, favourable working environment, and job satisfaction.

3

Proper Placements

Helps the organisation place the right person in the right post depending on skills and abilities.

4

Morale & Motivation

Shows that the organisation cares about employees and their welfare, increasing morale and motivating them to work hard.

5

Attracts Best Talent

Only reputed organisations conduct HRA, so competent and capable people want to join these organisations.

6

Investor Information

Provides valuable information to present and future investors to help them select the best company for investing their money.

Limitations of Human Resource Accounting

Despite its significance and necessity, HRA faces several important limitations that have prevented its universal adoption. There is no proper, clear-cut, and specific procedure or guidelines for finding the cost and value of human resources of an organisation. The systems currently being adopted have certain drawbacks that limit their effectiveness.

- The period of existence of human resources is **uncertain**, and hence valuing them under uncertainty in the future seems unrealistic.
- There is a fear that HRA may **dehumanise and manipulate employees** by treating them purely as financial assets.
- As human resources cannot be owned, retained, and utilised like physical assets, there is a problem for management in treating them as assets in the strict sense.
- **Tax laws do not recognise** human beings as assets, in spite of all their significance and necessity to the organisation.
- There is **no universally accepted method** of human asset valuation, making comparisons across organisations difficult.

Human Resource Audit: Meaning & Definition

An audit is a review and verification of completed transactions to see whether they represent a true state of affairs of the business or not. Thus, an audit is an examination and verification of accounts and records. **Human Resource (HR) Audit** refers to an examination and evaluation of policies, procedures, and practices to determine the effectiveness and efficiency of HRM.

In Essence, HR Audit Refers To:

1. The measurement of the effectiveness of the HRM's mission, objectives, strategies, policies, procedures, programmes, and activities
2. The determination of what should or should not be done in the future as a result of such measurement

Primary Purpose (Gray)

"The primary purpose of personnel audit is to know how the various units are functioning and how they have been able to meet the policies and guidelines which were agreed upon; and to assist the rest of the organisation by identifying the gap between objectives and results for the end-product of an evaluation should be to formulate plans for corrections or adjustments."

Objectives of HR Audit

1 Review Management Programmes

To review the whole system of management programmes in which management develops, allocates, and supervises human resources, with a view to determining the effectiveness of these programmes.

3 Evaluate Implementation

To evaluate the extent to which line managers have implemented the policies which have already been initiated by the organisation.

2 Seek Explanations

To seek explanations and information — to get answers to such questions as: Why did it happen? and What happened?

4 Evaluate Personnel

To evaluate the personnel staff and employees in terms of their performance, contribution, and alignment with organisational goals.

Need for HR Audit

Though there is no legal obligation to audit HR programmes and activities, organisations audit HR programmes due to the following needs:

Number of Employees

Very small units require comparatively little in the way of a formal audit, while larger organisations with many employees need structured audit processes.

Organisational Structure

Continuing feedback is facilitated if an organisation has a dedicated HR Audit department as part of its structure.

Communication & Feedback

An effective two-way communications system often reduces the need for a formal audit by ensuring issues are flagged early.

Location & Dispersion

The need for a formal audit is directly related to the number of isolated plants or geographically dispersed locations.

Administrative Style

The greater the delegation of authority and decentralisation of power, the greater the value of a regular and formal audit.

Areas of HR Audit

The areas of HR audit are comprehensive, covering all dimensions of human resource management practice and policy. A thorough HR audit examines the following key areas:

01	02	03
Mission & Objectives	Accomplishments	Policies & Philosophy
Mission statement, objectives, goals, and strategies of human resource management	Accomplishments of HRM including detailed practices, procedures, and programmes	HRM policies, philosophy, practices, and values of the organisation
04	05	
Stakeholder Responses	Strategic Role	
Responses of employees, trade unions, and government to the practices and achievements of HRM	Role of HRM in total quality management and in achieving the organisation's mission, objectives, goals, and strategies	

HR Audit: Areas and Levels

HR Audit operates across major functional areas and three distinct levels of analysis — Results, Programmes & Procedures, and Policy.

Major Area	Level 1: Results	Level 2: Programmes	Level 3: Policy
Planning	Personnel shortages, over-supplies, overtime	5-year plans, cost-benefit budgets	Explicit statements of intentions for present and future manpower
Staffing & Development	Recruitment times, costs; training times, cost; labour turnover	In-house and out-house training programmes, career guidance	Non-discrimination; let-cream-rise policy
Organising	Feedback, extent of formal organisation, reports, records	Job definitions for individuals, departments, task forces	Encourage flexibility, reduce resistance to change
Commitment	Productivity, performance norms, comparative costs	Job enlargement, wage and salary administration, morale survey	Gain high personal identification, ensure "whole-man" satisfaction
Administration	Suggestions, promotions, grievances, discipline	Consultative supervision, collective bargaining	Style adapted to changing expectations, participative involvement

Audit Report & Benefits of HR Audit

Contents of the Audit Report

1. Table of contents
2. Preface stating the background of the evaluation and audit
3. Objectives of the audit and methodology of the audit programme
4. Analysis of data and information
5. Findings
6. Summary and conclusions for top executives
7. Recommendations for further improvement
8. Appendix with supporting data and information

Advantages of HR Audit

- Serves as a **check** on the activities of the personnel management department
- Generates wide **understanding** of both policy and practice in manpower management
- Highlights the **need** for line-staff co-operation
- Focuses **attention** on what is being done and what needs to be done
- **Assists** staff in convincing higher management of the need for improved policy and practice
- **Brings** in fresh points of view and valuable suggestions based on auditors' experience in other organisations



3.3 RECENT TRENDS IN HRM

Recent Trends in HRM: Overview

Economic liberalisation, privatisation, and globalisation of economies led to increased competition among global, national, and local companies. The severe competition led to the manufacture of qualitative products, product/service innovations, customisation, increased customer service, and reduction in cost and delivery time. These shifts, along with strides in information technology, provided a wide range of products and services to customers at affordable prices.

1

HR Issues in BPO

2

Emotional Intelligence

3

HR Six Sigma

4

Knowledge Management

5

Flexi Time

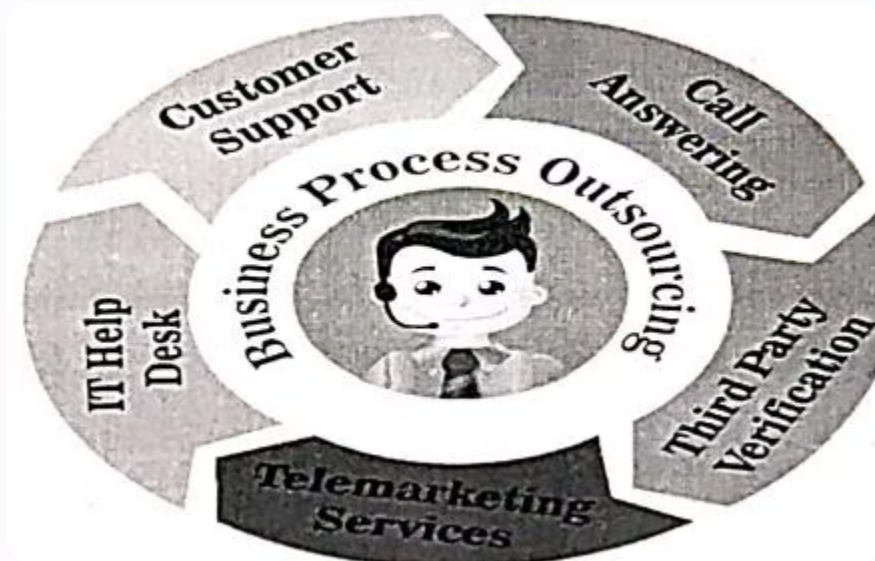
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Contingent Workforce

7

Talent Management

HR Issues in Business Process Outsourcing



Business Process Outsourcing (BPO) is a business practice in which an organisation contracts with an external service provider to perform an essential business function or task. An organisation typically contracts with another business for such services after it has identified a process that, although necessary for its operations, is not part of its core value proposition.

HR outsourcing works by hiring an outside company to handle some or all human resources tasks, such as payroll processing, employee recruitment, or employee benefits administration. Businesses choose to outsource job functions when they need assistance with tasks outside of their internal team's expertise or capabilities. Outsourcing is common with HR functions — although it's sometimes essential, businesses may turn to outsourcing simply to help them run more smoothly.

Challenges of HR Outsourcing (Part 1)



Disconnection with Staff

HR representatives are critical to help employees feel they have a voice and value. Transferring duties to offsite third parties can lead to staff feeling disconnected from their employers.



Less Flexibility

When HR is automated and/or outsourced, accommodations for loyal workers — such as paying out unused vacation days in an emergency — become difficult if not impossible.



Culture Changes

No one knows your company culture better than you and your staff. When you outsource HR, team members may become insecure, less engaged, and even less productive.



Problems Taking Longer

Going through a third-party HR service for errors — such as payroll mistakes — can mean a long wait before the error is fixed, leaving the employee angry or frustrated.

Challenges of HR Outsourcing (Part 2)

Limited Choices

Companies using a professional employer organisation (PEO) to handle everything from hiring to payroll might have fewer choices for employee benefits, limited to whatever packages that PEO has to offer.

Lack of Control

Giving another organisation control over internal processes could leave you uninformed about your workforce. If you lose sight of workplace dynamics, you might be left with unhappy employees without even knowing.

Privacy & Security

HR outsourcing can leave employee data vulnerable to security threats if the company's software isn't secure. Sensitive employee information including personal banking or medical data may be at risk.

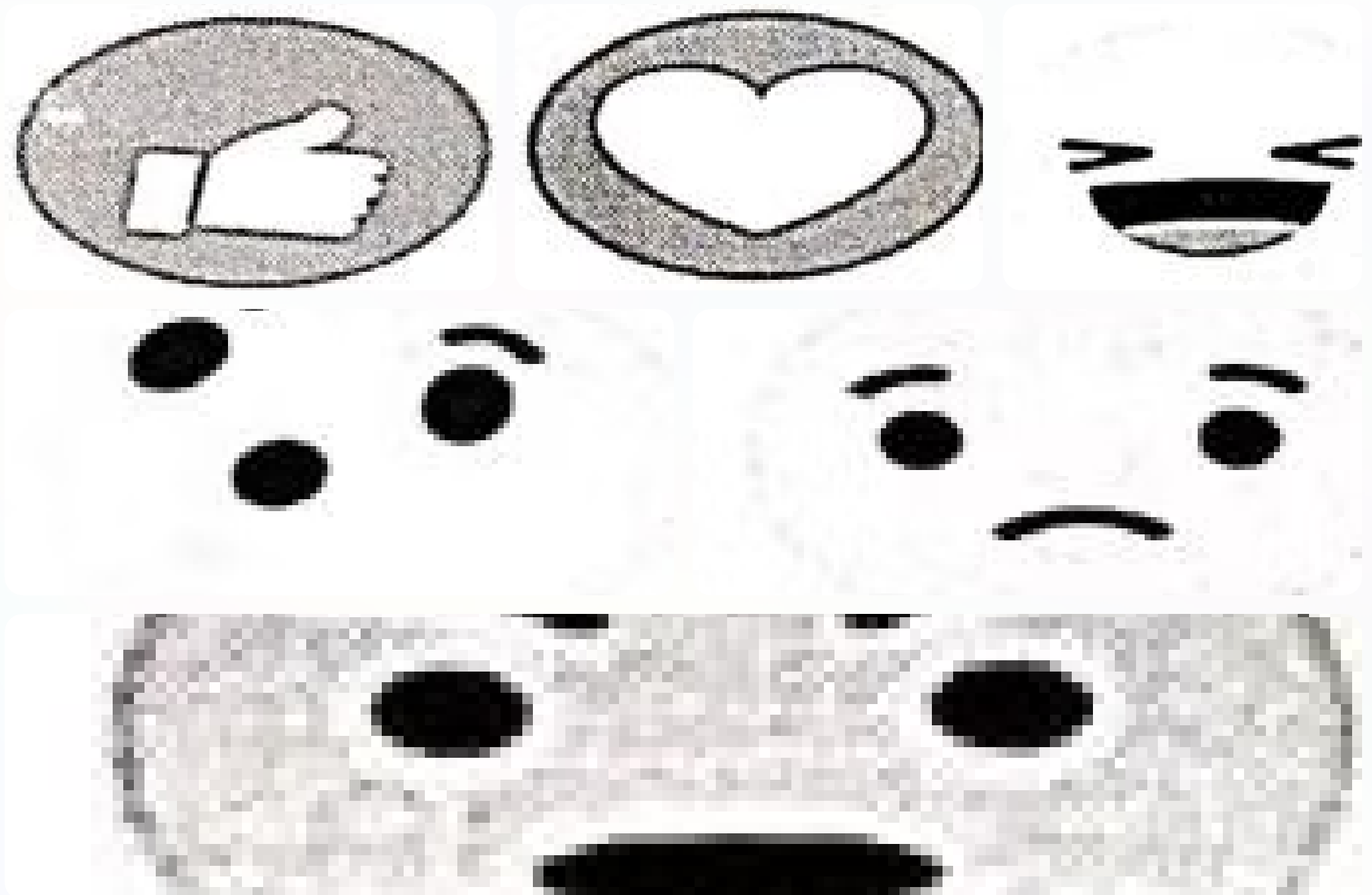
Cost

HR outsourcing costs can vary a great deal. The good thing is that you can choose which functions to outsource — start small and add on more HR functions as your needs grow.

What is Emotional Intelligence?

The concept of emotional intelligence includes two component terms: intelligence and emotion. Intelligence belongs to the cognitive sphere of mental functioning whereas emotions belong to the affective sphere. Intelligence is the ability to acquire and apply knowledge and skills. The word emotion comes from the Latin word 'remove' which means 'to move from.' There are six essentially universal emotions — anger, fear, sadness, happiness, disgust, and surprise — with most other emotions included within these six categories (Robbins and Judge 2009).

Emotional intelligence is the ability to understand and manage your own emotions and feelings, as well as those of others. As a manager, you can apply emotional intelligence to achieve self-awareness, objectivity, and equality — all in the name of improving results, workplace culture, and employee fulfilment. Emotions contain valuable information on relationships, behaviour, and practically every aspect of the human world around us.



Key Definitions of Emotional Intelligence

“

Salovey & Mayer (1997)

"The ability to perceive emotions, integrate emotions to facilitate thought, understand emotions and to regulate emotions to promote personal growth."

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“

Goleman (1998)

"The capacity for recognising our own feelings and those of others, for motivating ourselves, and for managing emotions well in ourselves and in our relationships."

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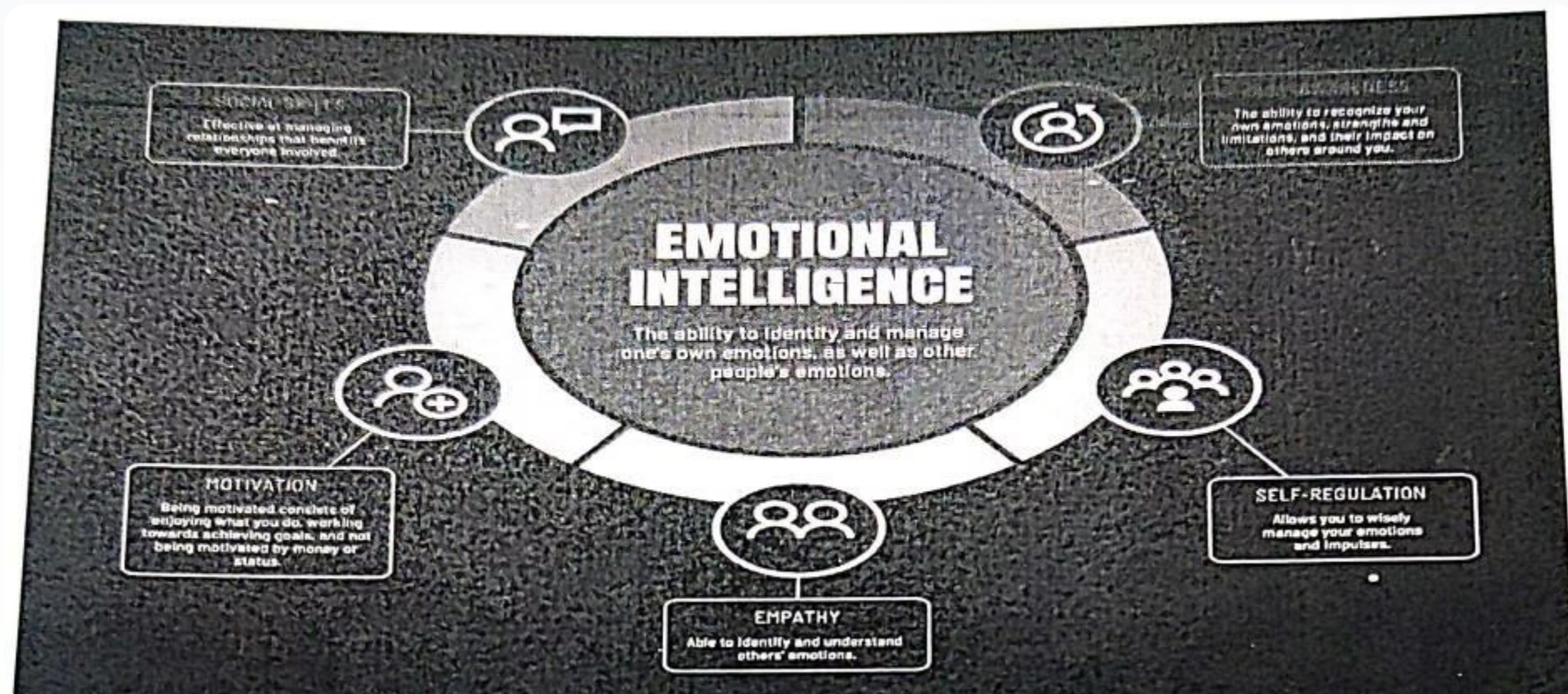
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Reuven Bar-On (1997)

"An array of personal, emotional and social abilities and skills that influence one's ability to succeed in coping with environmental demands and pressures."

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Goleman's Five Components of EI



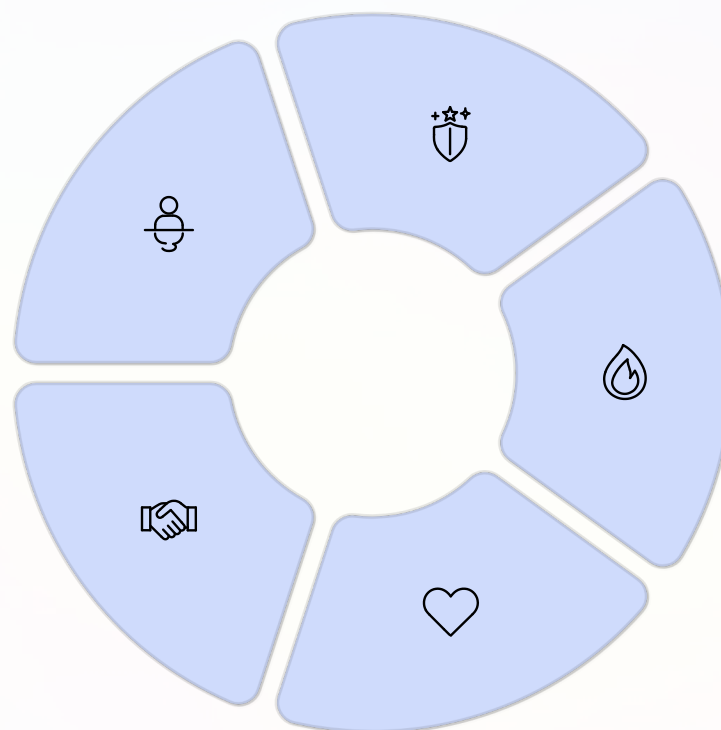
Daniel Goleman's emotional intelligence theory outlines five components of EQ. Managers with emotional intelligence (EQ) achieve objectiveness through their self-awareness, which promotes productive, motivated, and equal workplaces. Emotional intelligence can be applied to meet goals and targets, as well as create a happier and healthier working culture.

Self-Awareness

Knowing current mood and its reasons; understanding strengths and weaknesses

Social Skills

Building and maintaining relationships and networks; finding common ground with others



Self-Regulation

Controlling unexpected or disruptive emotions; maintaining a positive outlook

Motivation

Inner passion driving outward activities; focus on long-term benefits over immediate gains

Empathy

Responding to others based on their emotional make-up; sensing feelings of others

Personal & Social Competence in EI

Adapted from Daniel Goleman, Working with Emotional Intelligence, pp. 26–27.

Personal Competence (How We Handle Ourselves)	Social Competence (How We Handle Relationships)
Self-awareness: Emotional awareness; accurate assessment of strengths and limits; self-confidence	Empathy: Understanding others; developing others; anticipating and meeting others' needs; leveraging diversity
Self-regulation: Self-control of disruptive impulses; trustworthiness; conscientiousness; adaptability to change; comfort with new ideas	Social skills: Ability to influence others; clear communication; conflict management; leadership; building bonds; collaboration and cooperation; ability to create group synergy
Motivation: Drive; commitment to organisational goals; initiative; optimism in spite of obstacles or setbacks	

History of Six Sigma

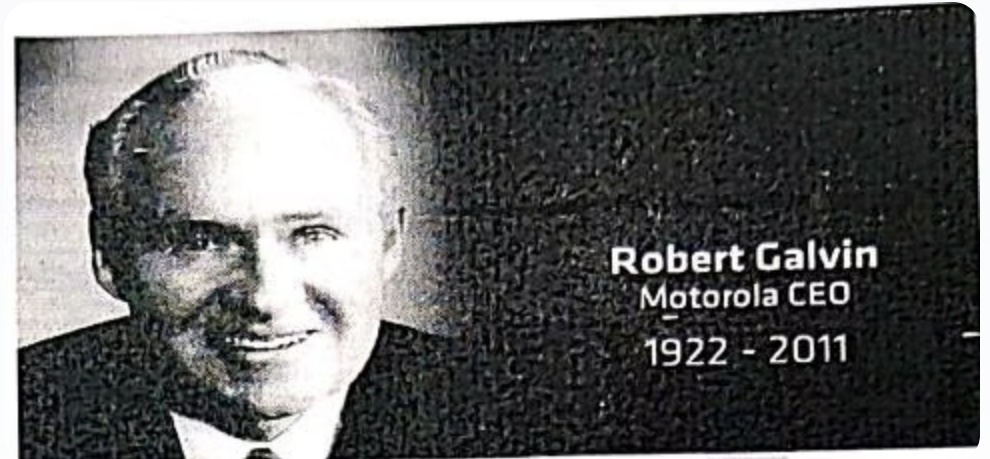
The origin of Six Sigma has its connection way back from the 16th century. In 1798, Eli Whitney created interchangeable parts (the Uniformity System). The period 1760–1840 was known as the **Industrial Revolution**. German Mathematician Carl Friedrich Gauss conceptualised Normal Distribution or the Bell Curve, which became the centre pillar of Six Sigma history. The standard deviation on the normal distribution was denoted by the Greek alphabet σ (**Sigma**).

In 1924, Dr. Walter Shewhart introduced the process control chart — a new form of data collection, display, and analysis mechanism to control quality of the product. He was the first person to work out the 3 sigma defects in manufacturing. After World War II, W. Edwards Deming went to Japan in 1950 to teach manufacturing technique. Being a statistician, Deming adopted mathematical and statistical methods to manage and control the manufacturing process. He introduced the concept of **Plan Do Check Act (PDCA)**. In 1954, Joseph Juran visited Japan and implemented quality management at all layers of an organisation.

Six Sigma: From Motorola to GE



W. Edwards Deming — key figure in the development of Six Sigma



Robert Galvin — Father of Six Sigma, Motorola CEO

Late 1970s

Motorola started experimenting with problem solving through statistical analysis. The term "Six Sigma" was coined by Bill Smith, an engineer at Motorola.

1991

Motorola certified its first Black Belt Six Sigma Expert.
Allied Signal (later Honeywell) adopted Six Sigma methods, making significant improvements in quality and reducing costs within six months.

1987

Motorola successfully initiated Six Sigma methods in their critical business processes and formally augmented it as an in-house branch name.

1995

General Electric's CEO Jack Welch adopted Six Sigma methodology. GE claimed a remarkable cost saving in just three quarters, cementing Six Sigma as a global standard.

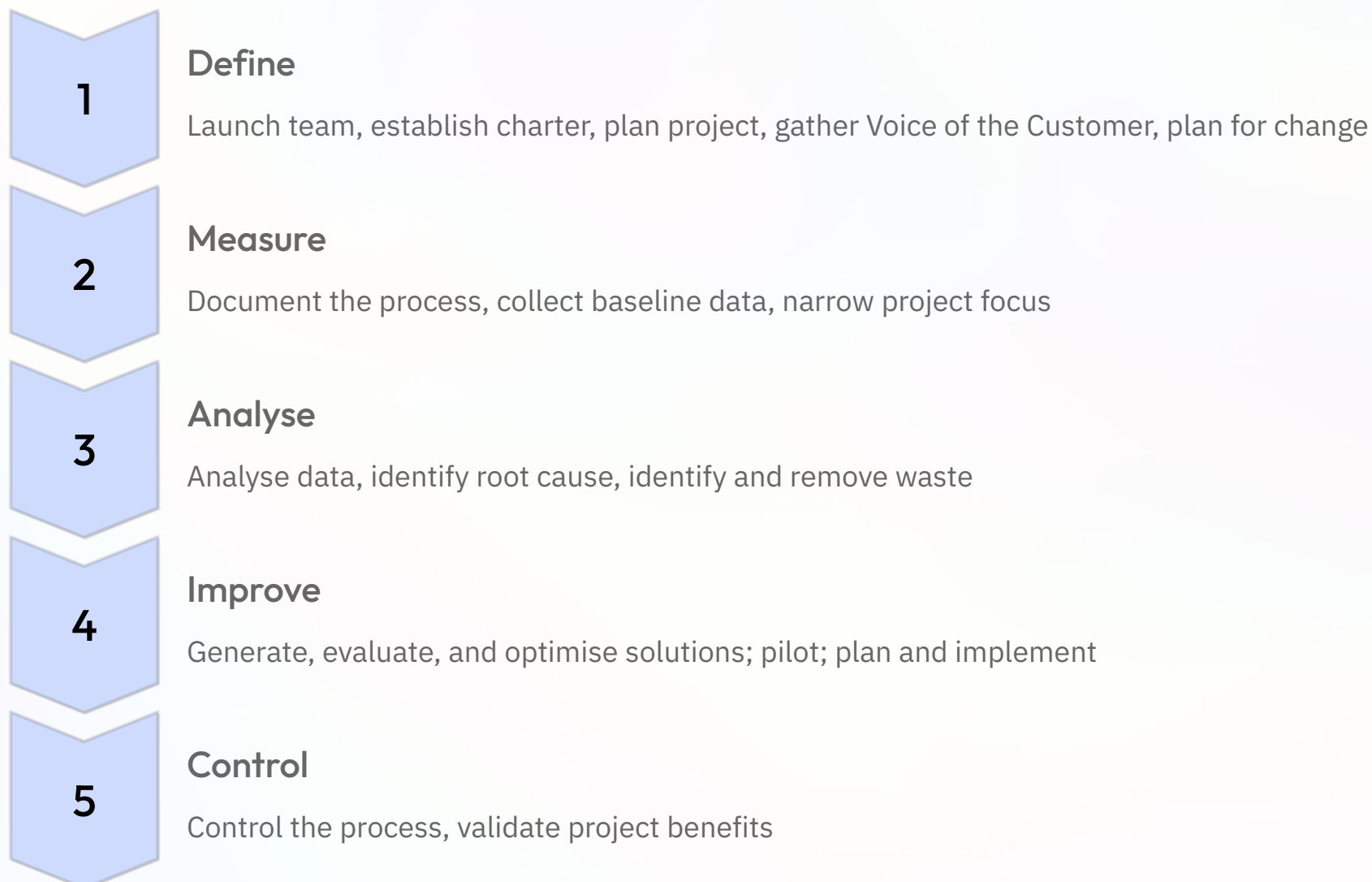
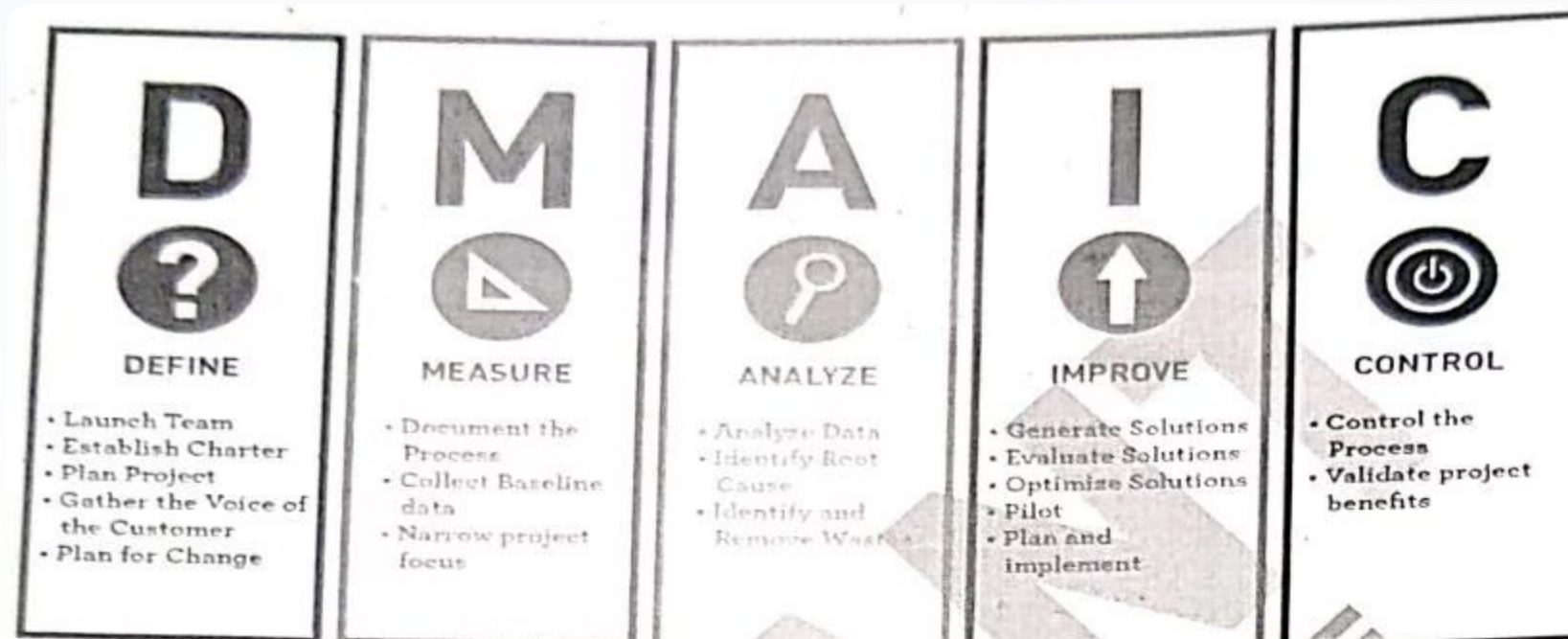
Meaning of Six Sigma

Six Sigma is a methodology that helps improve business processes by using statistical analysis. It is a data-driven and highly disciplined methodology and approach that ensures elimination of defects in any type of business or organisational process.

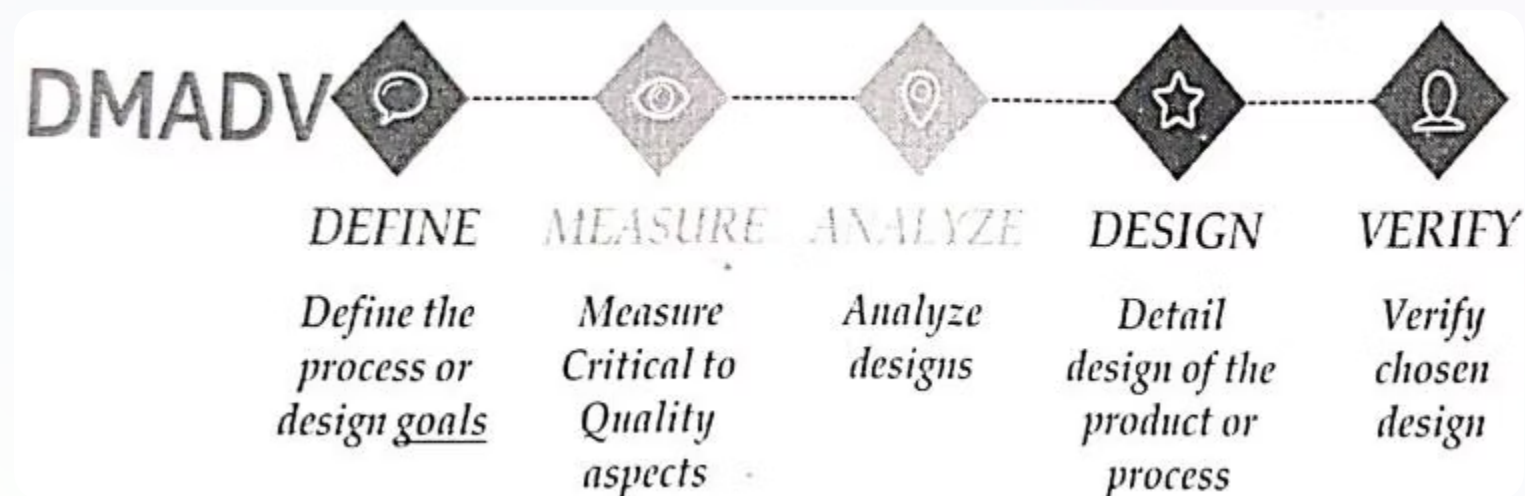
In order to achieve Six Sigma, organisational processes need to keep their defects to a maximum of **3.4 per million (99.99966%) opportunities**.

Sigma Level	Defects per Million Opportunities	Percentage Yield
1σ	691,462	31%
2σ	308,537	69%
3σ	66,807	93.3%
4σ	6,210	99.38%
5σ	233	99.977%
6σ	3.4	99.99966%

DMAIC Process: For Existing Products/Processes



DMADV Process: For New Products/Processes



- 1 **Define**
Define the process or design goals clearly
- 2 **Measure**
Measure Critical to Quality (CTQ) aspects
- 3 **Analyse**
Analyse designs for feasibility and effectiveness
- 4 **Design**
Detail design of the product or process
- 5 **Verify**
Verify the chosen design through testing and validation

Standard Deviation & Six Sigma Distribution

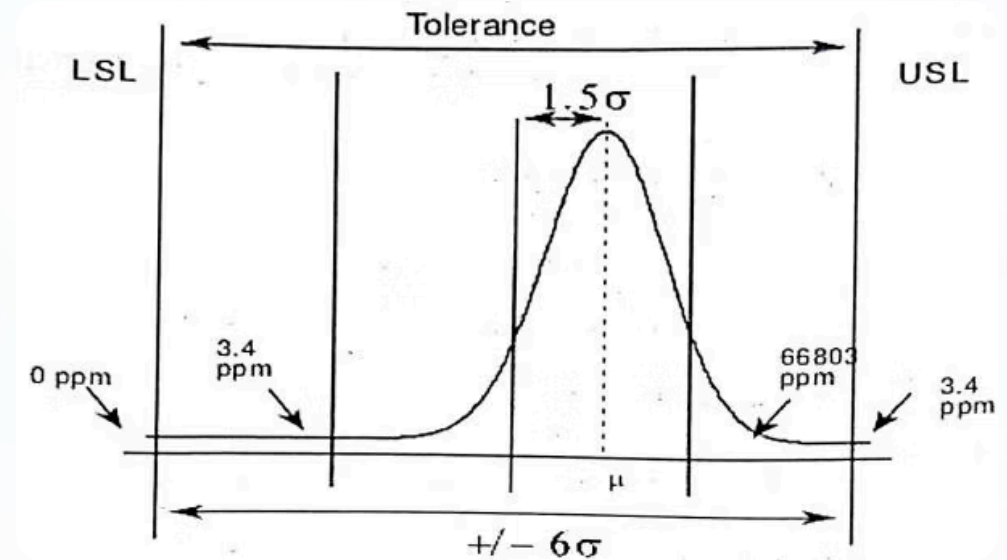
Standard Deviation (σ)

σ (sigma), the standard deviation, is found by taking the square root of the average of the squared differences of the values from their average value. For example, consider eight values: 2, 4, 4, 4, 5, 5, 7, 9. These eight data points have the mean (average) of 5:

$$(2 + 4 + 4 + 4 + 5 + 5 + 7 + 9)/8 = 5$$

Standard Deviation:

$$\sigma = \sqrt{\frac{(9 + 1 + 1 + 1 + 0 + 0 + 4 + 16)}{8}} = 2$$



Normal distribution curve for Six Sigma process showing defect rates and tolerance limits. At **6 σ** , only **3.4 defects per million opportunities** occur, with the process mean shifted by 1.5σ from the specification centre.

Six Sigma Roles & Benefits in HR Functions

Six Sigma Roles

Sponsor

Senior executive who sponsors the overall Six Sigma Initiative

Champion

Middle/senior-level executive who sponsors a specific project, ensuring resources are available

Black Belt

Full-time professional acting as team leader; 4–5 weeks of classroom training

Master Black Belt

Highly experienced Black Belt; responsible for coaching, mentoring, and training Black Belts

Green Belt

Part-time professional who participates on a Black Belt project team; 2 weeks of training

Six Sigma Benefits in HR

- Reduce time required to hire an employee
- Improve employee orientation processes
- Reduce expenditures for recruitment
- Improve timeliness of performance reviews
- Reduce absenteeism and improve training efficiency
- Improve employee satisfaction
- Identify and correct retention issues
- Reduce incentive compensation errors
- Eliminate overpayments to terminated employees
- Improve grievance handling process
- Integrate multiple payroll systems for remote locations
- Increase retention using exit interview information

What is Flexi Time?

Flexitime (sometimes also called flextime) is a working schedule which allows employees to choose when to start and end their workday, and/or how long to take their break for, within agreed limits set by management. It is one of the key ways to increase work flexibility and attractiveness of a workplace. Many employees — more than 40%, according to some sources — **choose work flexibility over salary.**

With flexitime, employees can more easily achieve work-life balance and organise work around their other personal errands and commitments. Allowing flexitime is also considered part of providing a family-friendly working environment. Work flexibility can't be achieved in all industries and professions (for example in a factory or a hospital), but for most **creative and intellectual workers, flexibility is becoming the new normal.** You can increase work flexibility by changing three main parameters: working hours (e.g. flexitime), working patterns (e.g. job sharing), and working locations (e.g. remote work, flexplace).

Flexitime: Advantages & Challenges

A flexible daily schedule allows employees freedom in terms of when they come to work, leave, or take lunch. These arrangements have **no impact on their responsibilities, the goals that need to be achieved, or the total hours worked**. For operational purposes, most workplaces set organisational core hours — designated periods when employees are required to be at work.

Advantages for Employees

- Better work environment with greater satisfaction and motivation
- Reduced stress and fatigue
- Easier and faster commuting — rush hours can be avoided
- Full pay and benefits are kept
- Better fit of working hours with school hours, college hours, or care arrangements

Advantages for Employers

- Higher productivity and reduced absenteeism and tardiness
- More attractive workplace for keeping and attracting top talents

Challenges

- It can take more discipline to manage flexible work
- You need a good software solution to keep logs
- Less supervision during certain time periods
- Understaffing at times
- Difficulties with scheduling meetings
- Tracking working hours can be difficult without an advanced solution

Best Practices

- Set core office hours to maintain coverage
- Establish effective channels for communication and task management
- Decide how work hours will be tracked — online clocking systems are an important tool

Types of Flexitime Arrangements

1

Staggered Hours within a Fixed Schedule

Arrival and departure times differ from ordinary working hours, but the same schedule is kept every day (e.g. 10 to 6 instead of 9 to 5). The Shift Plan rule defines total hours to be worked; Required Time and Paid Time rules are set accordingly.

2

Core Hours within a Variable Schedule

Arrival and departure times can differ from day to day, as can the number of hours worked in a day, but the employee must work a set number of hours each week and be present during organisational core hours (e.g. 10 AM to 1 PM).

3

Variable Day

The employee works a variable number of hours each day, with total hours tracked over a longer period such as a week or month, providing maximum day-to-day flexibility.

4

Total Flexibility

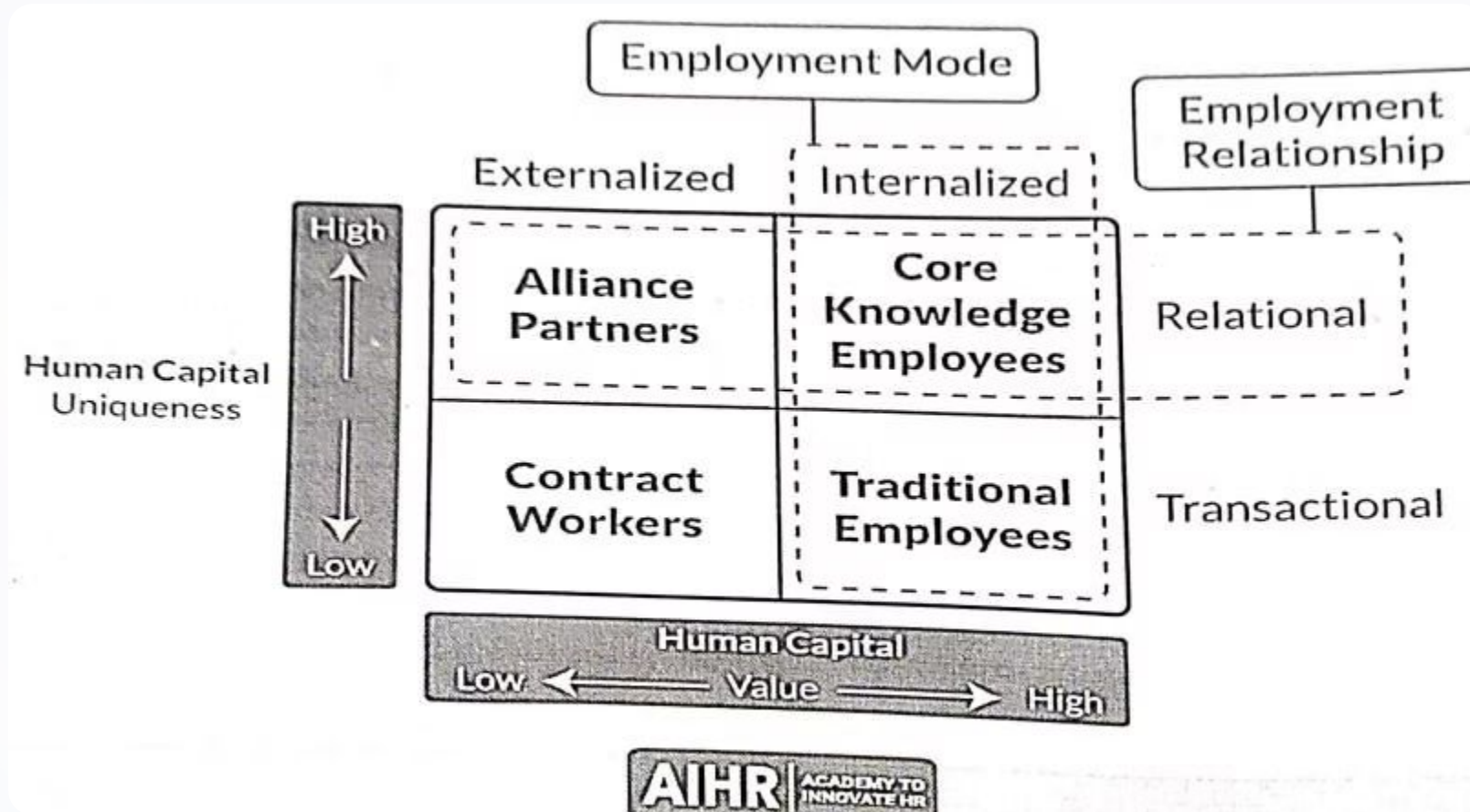
Employees come and go as they please, with no fixed schedule at all. This is the most flexible arrangement and requires strong trust, communication, and time-tracking systems.

What is a Contingent Workforce?

A **contingent workforce** is a labour pool that consists of people who are hired by an organisation for a fixed period of time, often on a project basis. Many, if not most, organisations today have a workforce that is a mix of contingent and non-contingent workers. A contingent worker can be a freelancer, independent consultant, contractor, part-timer, on-call worker, or someone in any other type of alternative work arrangement.

The rise of the contingent workforce is the result of various developments. First, there is a growing need for digital skills and companies struggle to find people with the right skills. Second, the continuous outflow of baby boomers (10,000 people a day in the US alone) leaves many organisations with vacancies to fill. Third, tapping into the market for contingent workers — also referred to as the **gig economy** — provides companies with a lot of flexibility. Fourth, the increasing number of Millennials and Generation Z: a 2017 study by Lovell Corporation found that **75% of workers in these generations plan to start their own business** and over **70% want their work to support their personal interests**.

Human Capital Architecture & Contingent Trends



The contingent workforce trends — skills shortages, retiring boomers, a need for flexibility on both the employer and employee side — have an impact on the so-called **human capital architecture** of companies. Tasks that used to be essential before are now often done by contingent workers or outsourced (think IT, accounting, and admin activities). As a result, an organisation's core workforce becomes smaller and its contingent workforce increases.

The COVID-19 situation is a good example of this dynamic. Many companies had to temporarily lay off people — think of the restaurant industry. With businesses slowly reopening, they needed to quickly restaff, hiring both former employees and contingent workers to remain flexible. This illustrates how contingent workforce management has become a critical strategic capability for modern organisations.

Benefits of a Contingent Workforce



Access to Unique Talent

Contingent employment allows you to have industry 'celebrities' and experts who wouldn't want to become full-time employees but may opt for a contingent arrangement.



Flexibility

Employing contingent workers provides organisations with flexibility to hire more people when needed and adjust their workforce during quieter times.



Additional Talent Pool

Both the contingent worker and the organisation can look at this period as a test phase. Contingent employees can become a valuable additional talent pool that the organisation has already had great experience with.



Fewer Costs

According to the Bureau of Labor Statistics, benefits for private industry workers account for 29.8% of total employer compensation costs — choosing contingent workers saves almost 30% in benefit costs alone.



Highly Specialised

Contingent workers are often highly specialised and don't need a lot of training to get started. They know how to get the job done and are able to do so autonomously.

Contingent Workforce: Disadvantages & Management



There are challenges associated with hiring contingent workers. It can be difficult to find a contingent worker who can not only perform the required job, but who can also adapt quickly to an organisation's corporate culture. Companies are often sceptical of sharing insider information with non-permanent workers. Organisations can also face legal and compliance issues due to **worker misclassification** — if an organisation declares someone a contingent worker when they should be classified as an employee, the company runs the risk of paying hefty fines and penalties.

Contingent Workforce Management is about how an organisation treats its contingent workers. Two main approaches exist: an **inclusive approach** (including contingent workers in normal HR practices) and an **exclusive approach** (treating contingent workers as a separate group, often bypassing existing HR systems). The best approach seems to be an inclusive one — including contingent workers in the HR life cycle, optimising their employee experience, and measuring their performance data within the traditional HR system.

Contingent Workforce Management Best Practices

1 The HR Life Cycle

Include contingent workers in the traditional HR life cycle — onboarding, performance management, and offboarding. Companies that follow an inclusive approach benefit from optimised HR processes for all workers.

2 Employee Experience

Inclusive organisations ensure that the three enablers of an awesome employee experience — technology, workspace, and culture — are optimised for both traditional employees and contingent workers. Recognise contingent employees' birthdays and include them in decisions.

3 Performance Management

Capture performance data of contingent workers in your traditional HR system. This enables comparison with full-time employees, insights to improve performance, and supports succession planning if high-performing temporary employees are hired permanently.

Defining Talent & Talent Management



'Talent consists of those individuals who can make a difference to organisational performance, either through their immediate contribution or in the longer term by demonstrating the highest levels of potential.'

According to McKinsey, talent is the sum of a person's abilities, intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character, drive, and their ability to learn and grow. **Talented employees** are those who possess knowledge and innovative skills, creative abilities, and positive contributory behaviour that is in short supply compared to demand. Organisations need to adopt different human resource strategies for managing talented employees.

❏ **TALENT = COMPETENCE + COMMITMENT + CONTRIBUTION**

What is Talent Management?



Talent Management is "a conscious, deliberate approach undertaken to attract, develop and retain people with the aptitude and abilities to meet current and future organisational needs."

Globalisation, competition, emphasis on customer care, and paradigm shifts in information technology necessitated organisations to focus on management of knowledge workers, skilled employees, and talented employees. Talented employees are 'high flyers' with potential to develop and assume senior operational and managerial positions. Strategic talent management is a necessity in today's hyper-change environment. Global trends in talent and human capital management have led to a renaissance of the work-worker-workplace equation.

Evolution of Talent Management

1

Stage I

Significance of talent was not recognised. All employees treated at par. No separate strategies for talent management were developed.

2

Stage II

Evolved by isolated and ad hoc tactics for talent management rather than development of comprehensive strategies.

3

Stage III

Characterised by the development of integrated and comprehensive talent management strategies for a particular segment of an organisation.

4

Stage IV

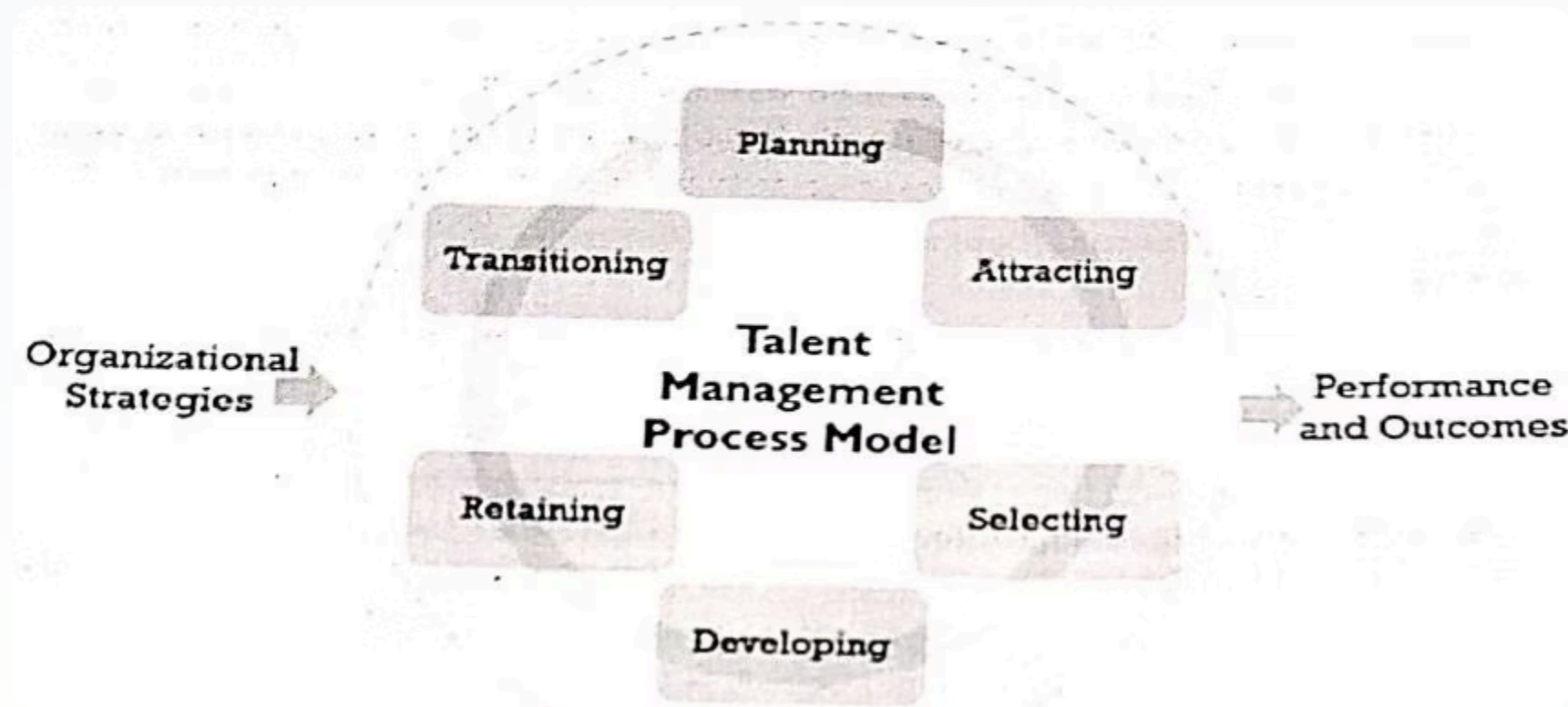
Talent management strategies designed to contribute to HR strategies and corporate strategies. Formal initiatives linked horizontally to HR management and vertically to corporate strategies.

5

Stage V

Talent management strategies design corporate strategies and corporate strategies design talent management strategies — a fully integrated, bidirectional relationship.

Talent Management Process



While often cyclical rather than a generic linear progression, the process of talent management begins with acknowledging the need for talent and leads to filling that gap and ultimately growing and optimising the skills, traits, and expertise of employees, new and old.

Planning

Identifying gaps, formulating job descriptions, developing a workforce plan for recruitment

Transitioning

Retirement benefits, exit interviews, and succession planning enabling the shared journey

Retaining

Promotions, increments, growth opportunities, special projects, rewards and recognition programmes



Attracting

Deciding whether to fill talent requirements internally or externally; attracting a healthy flow of applicants

Selecting

Using tests, interviews, group discussions, and psychometric testing to find the right person-organisation fit

Developing

Onboarding, skill enhancement, counselling, coaching, mentoring, and job-rotation schemes

Talent Management: Key Process Steps



Planning

Identifying where the gaps lie — the human capital requirement, formulating job descriptions for necessary key roles, and developing a workforce plan for recruitment initiatives.

Attracting

Based on the plan, decide whether talent requirements should be filled from within the organisation or from external sources. The employer brand that the organisation has built decides the quality of applications that come in.

Selecting

Using written tests, interviews, group discussions, and psychometric testing along with in-depth analysis of all available information. Today, AI-enabled solutions help recruiters skim through vast populations of CVs to find the ideal match.

Developing

Many organisations today operate on the idea of **hiring for attitude and training for skills**. Developing employees through effective onboarding, skill enhancement, counselling, coaching, mentoring, and job-rotation schemes builds loyalty and improves employee engagement.

Retaining

For any organisation to be truly successful, talent needs to be retained effectively through promotions, increments, growth opportunities, involvement in special projects, and rewards and recognition programmes.

Transitioning

Effective talent management focuses on collective transformation through the growth of individual employees — making each employee feel they are part of a bigger whole through retirement benefits, exit interviews, and succession planning.

Strategies for Talent Management (Part 1)

Organisations have to design organisational strategies and continuously monitor them as they form the solid basis for talent management. However, available talent in the organisation may often form the basis for corporate strategies.

Relationship Management

Organisations have to build relationships with talented employees beyond normal employee-employer relationships — based on friendship, human relations, and family-oriented relations.

Detailed Job Descriptions

A well-informed, detailed job description helps the sourcer, sourcing software, and candidate understand the job role better. Must include job title, location, overall duties, skills required, reporting lines, tools used, and salary and benefits.

Job Title as 'Partner'

The talented employee should be given the job title of 'partner' to signal their elevated status and importance to the organisation.

Person-Organisation Fit

Personal and organisational values need to have a certain degree of overlap for any employee to feel at home. Hiring candidates with the right P-O fit greatly improves employee engagement, satisfaction, and performance.

Bondage

In addition to the partner-title, the employee should be offered profit-sharing, employee-stock-option, and productivity sharing, enabling the employee to take part in success as well as failure events.

Strategies for Talent Management (Part 2)

Empowerment & Participation

Talented employees should be allowed to take part in top-level decision-making, strategy making, and access to critical information. They should also be empowered with regard to their own job.

Representing the Company

Companies should allow and enable talented employees to represent the company in various committees, celebrations, negotiations, and arguments.

Pay, Benefits & Allowances

Companies should pay special and discriminatory salary, benefits, and allowances to talented employees to retain them and get the best out of them.

Career & Succession Planning

Companies should plan for the career of talented employees on special grounds – challenging and competitive. Despite all strategies, some talented employees prefer to leave, so companies should prepare succession planning.

Recognition

The contributions of talented employees should be recognised appropriately through formal and informal recognition programmes.

Nature of Work

Talented employees should be given challenging, competitive, innovative, and creative work in order to tap their creative skills and potentialities.

Strategies for Talent Management (Part 3)



Work Environment

Companies should provide a conducive work environment — physical, social, and psychological — that is appreciated by talented employees.



Freedom

Talented employees should be given freedom with regard to nature of work, working hours, rules and regulations, workplace, working methods, and styles.



Change & Creativity

Talented employees prefer change, challenge, and creativity at the workplace. Organisations should initiate, encourage, and introduce change and provide smooth transition for change-based projects.



Learning & Development

Learning, growth, and development of skill, knowledge, values, and abilities are crucial for talented employees to update and prevent possible obsolescence in their talents. Companies should specially design continuous learning and development programmes.

- ❑ These strategies enable organisations to retain, develop, and utilise talent, and ensure the use of talents in appropriate projects and activities.

E-HRM: Key Takeaways

E-HRM represents the complete integration of all HR systems and activities using web-based technologies. From e-job design and e-recruitment to e-performance management, e-training, e-compensation, and e-HR records, every aspect of HRM has been transformed by digital technology. The benefits are clear: reduced costs, improved speed, greater accuracy, and enhanced employee experience.

95%

Cost Reduction

E-recruitment reduces cost by 95% compared to traditional recruitment methods

43

Days Saved

Traditional recruitment takes 43 days; e-recruitment reduces this to just a few days

240K

Job Sites

A single click presents 240,000 job sites to the candidate through e-recruitment platforms

1200+

Staff Assessed

Titan Industries assessed over 1,200 frontline staff through web-based performance management

HR Accounting & Audit: Key Takeaways

HR Accounting

HRA reflects the potential of human resources in monetary terms in financial statements. It provides cost/value information for management decisions, helps monitor human resources effectively, and enables better manpower planning, personnel policies, and training design. Despite its significance, HRA faces limitations including lack of universally accepted valuation methods and non-recognition by tax laws.

HR Audit

HR Audit is an examination and evaluation of policies, procedures, and practices to determine the effectiveness and efficiency of HRM. It operates across six major areas — Planning, Staffing & Development, Organising, Commitment, Administration, and Research & Innovation — at three levels: Results, Programmes & Procedures, and Policy. The audit report provides findings, analysis, and recommendations for improvement.

Check

Serves as a check on personnel management activities

Understand

Generates wide understanding of policy and practice

Focus

Focuses attention on what is being done and what needs to be done

Improve

Brings fresh points of view and valuable suggestions from auditors' experience

Recent HRM Trends: Comparative Overview

Trend	Core Concept	Key Benefit
BPO	Contracting external service providers for essential HR functions	Cost efficiency and access to specialised expertise
Emotional Intelligence	Goleman's five components: Self-Awareness, Self-Regulation, Motivation, Empathy, Social Skills	Productive, motivated, and equal workplaces
Six Sigma	DMAIC/DMADV methodology for defect elimination; max 3.4 defects per million opportunities	Reduced hiring time, improved training efficiency, lower absenteeism
Flexi Time	Employees choose when to start/end workday within agreed limits	Higher productivity, reduced absenteeism, better work-life balance
Contingent Workforce	Labour pool of people hired for fixed periods — freelancers, contractors, part-timers	Flexibility, access to unique talent, ~30% savings in benefit costs
Talent Management	Conscious approach to attract, develop, and retain high-potential employees	Sustained competitive advantage through people

The Future of HRM: Embracing Change

The recent trends in HRM explored in this chapter — E-HRM, HR Accounting, HR Audit, BPO, Emotional Intelligence, Six Sigma, Flexi Time, Contingent Workforce, and Talent Management — collectively represent a fundamental transformation in how organisations manage their most valuable asset: people. In fact, it is the human resource which brings innovation, quality, customisation, superior speed, and the like. As such, the increased importance to the customer and enhanced customisation brought paradigm shifts in human resource management.

Technology-Driven

E-HRM and Six Sigma harness technology to make HR functions faster, more accurate, and more cost-effective

People-Centred

Emotional Intelligence, Talent Management, and Contingent Workforce strategies put people at the heart of organisational success

Strategically Aligned

HR Accounting, HR Audit, and BPO ensure HR functions are aligned with and contribute to overall corporate strategy

Organisations that successfully integrate these recent HRM trends will be best positioned to attract, develop, and retain the talent needed to thrive in an increasingly competitive and dynamic global environment.