

BUSINESS — Human Resource Strategies

Attract & hire the best · Equip them with knowledge & skills · Compensate fairly · Motivate to full potential

PAGE 1 · CHAPTER ROADMAP, DEFINITIONS & CORE CONCEPT

1 CHAPTER OVERVIEW — THE HR ROADMAP

CENTRAL IDEA HRM is a key function that helps an organisation achieve its **strategic goals and objectives** by creating a strategy for meeting **current and future** human resource needs. Success depends on the **skills and experience** of its human resources.

AREA 1 HRM Overview

Strategy objective · HR planning · Job analysis

AREA 2 Recruitment

Obtain a supply of suitable candidates

AREA 3 Selection

Choose the most suitable candidate

AREA 4 Training & Development

Build skills & experience

AREA 5 Employee Retention

Reduce turnover · keep talent

Key elements of the HRM function in this chapter: Strategy & planning Job analysis & description Recruitment & selection process

Training & development

Compensation & benefits

Retention strategies

2 KEY DEFINITIONS

Teal terms = high exam priority

Human resources (Labour)

One of the **four traditional factors of production**; the economic contributions of people working with their **minds and body**.

Human resource plan

A **forecast** of HR required at a future time + plans to ensure the required **numbers and skills** are available. Typically looks **3-5 years** ahead.

Job analysis

Observation & study of pertinent information about a job: its **tasks**, the **knowledge, skills & abilities** needed, and the **environment** of work.

Job description

A **formal account of a job**, its purpose and scope, and the formal duties and responsibilities of the jobholder.

Job specification

Describes the **qualifications and skills** needed for a job — education, experience, personal and physical characteristics.

Person specification

A specification of the **qualities needed from the individual** who will perform the job.

Recruitment

Starts when a **job vacancy is identified**; the process of obtaining a **supply of suitable candidates** to fill the vacancy.

Selection

Appointing the **most suitable candidate** to a vacancy by choosing the best individual from the candidates available.

Training

A process in which individuals are **taught something specific**; has a **particular objective** (theoretical/practical knowledge, new information or skills).

Development

Learning **through experience** and performing work that augments an employee's skill set and **prepares him/her for growth**.

On-the-job training

Learning a job at the **actual work site** in real-life situations (not simulated), under a qualified worker/instructor. Also called **job instruction training**.

Off-the-job training

Training conducted in a **location specifically designated for training** — near the workplace or away (training centre / resort).

Employee retention

Encouraging employees to **remain with the organisation as long as possible**, ideally until completion of a project.

Employee turnover

Occurs when employees **leave voluntarily or are dismissed** — i.e. staff leaving the job.

3 CORE CONCEPT — OBJECTIVE OF HUMAN RESOURCE STRATEGY

RESPONSIBILITY 1 · NOW Assess current HR

Quantity & quality available — strength and skills

RESPONSIBILITY 2 · FUTURE Estimate future HR needs

Quantity & quality needed — numbers and skills

RESPONSIBILITY 3 · GAP 'Fill the gap'

Ensure the entity has the HR it needs

KEY OBJECTIVE HR available, as required

Right numbers + right skills

SURPLUS / DECLINING SKILLS It may also be necessary to **reduce** employees whose skills are declining in importance through

redundancy

re-training

relocation

△ **WHY IT MATTERS** A **critical success factor** may be having sufficient HR with the necessary skills. **Without the key skills, it might be impossible to develop the business successfully.**

PAGE 2 · HUMAN RESOURCE PLANNING & JOB ANALYSIS

4 HUMAN RESOURCE PLANNING

HR PLAN = FORECAST + PLANS

Forecast of HR required at a given future time + plans to ensure the required **numbers & skills** are available.

3–5 YEARS
typical planning horizon

Beyond 5 years → difficult to forecast with any **accuracy or reliability**.

AREAS COVERED BY AN HR PLAN (9)

- Job analysis and design
- HR requirements — **skills and strength**
- Recruitment of new staff
- Training & development to improve skills
- Performance appraisal — monitor & control skill development
- Promotion and rewards
- Motivation strategy
- Redundancies (employees surplus to requirements)
- Re-training

ENVIRONMENTAL FACTORS — plans must be **REALISTIC**

- **Population trends** & total work-force size in each country of operation
- **Government policy** — e.g. change in retirement age
- **Educational system** — students progressing from elementary school to college/university
- **Availability** of individuals trained in a particular skill/vocation
- **Changing employment patterns** — more part-time / home-based workers
- **Competition** for highly skilled HR (e.g. programmers)
- Trends in **sub-contracting & outsourcing**
- Trends in **IT & technological change** affecting labour needs

5 JOB ANALYSIS — THE FOUNDATION OF HR ACTIVITIES

WHAT JOB ANALYSIS STUDIES

TASKS

specific tasks that comprise the job

KSAs

knowledge, skills & abilities to perform it

ENVIRONMENT

in which the job is performed

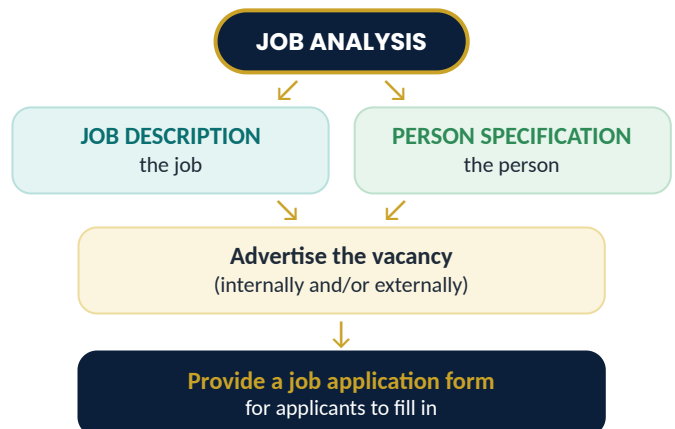
Managers use this information to develop **job descriptions** and **job specifications**.

JOB ANALYSIS IS THE BASIS FOR...

- Defining the scope of jobs
- Writing job descriptions
- Performance appraisals
- Selecting & promoting staff
- Training needs assessment
- Compensation
- Organisational planning

PURPOSE (2 OUTPUTS) ① a detailed specification of the **job** → 'job description' ② a specification of the qualities needed from the individual → 'person specification'

A PLAN FOR THE RECRUITMENT PROCESS · STUDY TEXT FIGURE



6 COMPARISON — JOB DESCRIPTION vs JOB SPECIFICATION

Basis	JOB DESCRIPTION	JOB SPECIFICATION
Focus	The JOB — what is to be done	The PERSON — what qualifications & skills are needed
Meaning	Formal, written explanation of a specific job; a formal account of its purpose, scope, duties & responsibilities	Describes the qualifications and skills necessary for a specific job
Typical contents	Job title · tasks (e.g. <i>receiving customers at the front desk</i>) · relationships with other jobs · reporting lines · physical & mental skills required (e.g. <i>communication with sales staff, daily MIS reporting</i>) · duties · responsibilities · working conditions · + position in hierarchy (e.g. AVP, VP) & range of annual remuneration	Education (some jobs require a college degree) · Experience · Personal characteristics (e.g. <i>adverts request outgoing, hardworking individuals</i>) · Physical characteristics
Exam clue	"duties", "reporting line", "tasks", "working conditions"	"degree", "experience", "hardworking", "physical characteristics"

PAGE 3 · RECRUITMENT & SELECTION

7 RECRUITMENT — WHY & HOW

WHY WORKFORCE CHANGES OCCUR (CAUSE)

- Employees **leave** — job elsewhere or **retirement**
- Skilled staff **moved to other jobs** internally to use developing talent
- **Labour requirements change** — new skills needed, old skills not required → new recruits; some staff made **redundant**

EFFECT → manage change to stay **efficient & effective**: fill vacancies with **suitable** people.

RECRUITMENT

Starts when a **job vacancy is identified**. The process of **obtaining a supply of suitable candidates** to fill the vacancy.

Employees are **extremely valuable assets** — efficiency & effectiveness depend on their skills and abilities.

ADVERTISING A VACANCY

Jobs must be brought to the attention of those who might apply:

- 1 **Internally** — existing employees
- 2 **Externally** — people outside
- 3 **Both** internally & externally

8 THE 5-STAGE RECRUITMENT & SELECTION PROCESS

Study Text figure

RECRUITMENT = STAGES 1-3

STAGE 1
Agree the vacancy to be filled

STAGE 2
Identify the skills needed for the job

STAGE 3
Obtain applicants for the job vacancy

SELECTION = STAGES 4-5

STAGE 4
Select candidates for interviews / short-listing

STAGE 5
Selection interviews: offer job to selected candidate

9 RECRUITMENT vs SELECTION

Basis	RECRUITMENT	SELECTION
Concerned with	QUANTITY — getting candidates to apply for job vacancies	QUALITY — choosing the individual who seems best for the job
Meaning	Obtaining a supply of suitable candidates to fill the vacancy	Collecting information about applicants and using it to decide which ones to hire — application, interviewing, testing, reference checking to filter the recruitment pool
Starts / ends	Starts when a job vacancy is identified	Ends with an offer of employment and its acceptance

10 SELECTION — 7 STEPS / HURDLES

- 1 **Initial Screening** — application form and/or **résumé** + brief interview of **30 minutes or less**. Covers education, previous experience, duties performed. **Remuneration expectations** discussed to avoid wasting time & effort.
- 2 **Employment Tests** — **Ability & performance tests** → does the applicant have the skills? **Aptitude, IQ, technical or personality tests** → potential for a kind of work & ability to **fit the organisation's culture**. Assess: **cognitive ability** (learn, adapt, solve problems) · **motivation potential** (attitude, behaviour, productivity) · **knowledge & skills** (math, verbal, data entry, software).
- 3 **Selection Interview** **MOST WIDELY USED TOOL** — in-depth discussion of experience, skills, education & career interests. Managerial/professional posts → **several interviewers incl. the line manager**. Determines **communication skills & motivation**; may use realistic job situations (e.g. *dealing with a disgruntled customer*).
- 4 **Background & Reference Check** — after passing the interview: **legal history**, reasons for leaving previous jobs, **creditworthiness** (credit check), general conduct → job suitability.
- 5 **Physical & Medical Exams** — physically able to perform tasks; **airline industry / law enforcement** emphasise physical fitness & mental agility; medical tests (incl. **drug test** for certain jobs) to minimise **medical insurance risks & productivity issues**.
- 6 **Decision to Hire** — top candidate selected & offered the job; other qualified applicants considered if the top one declines. Offer may be **contingent** on physical/medical tests. The **new employee's manager plays a major role** in the final decision.
- 7 **Offer of Employment** — process **ends with the offer and its acceptance**. Keep a **ranked short-list** — if the top candidate refuses, offer the next. Confirm & accept **in writing**; legislation may require a **formal written contract**.

PAGE 4 · TRAINING & DEVELOPMENT

11 TRAINING vs DEVELOPMENT

Basis	TRAINING	DEVELOPMENT
Meaning	A process in which individuals are taught something specific	Learning through experience and performing work that augments skills & prepares for growth
Focus	A particular objective — theoretical/practical knowledge, new information or skills related to work	Greater experience & responsibilities — NOT primarily teaching how to perform a specific task
How achieved	Formal courses, CBT, workplace training, induction; on-the-job / off-the-job methods	Different tasks, new experiences, extra responsibilities, opportunities to use own initiative → career advancement
In the workplace	Workplace training → technical or practical skills	Workplace development → experience & personal skills (management, leadership)
Commonly for	Employees at different levels	Commonly associated with managers → better managers, able to progress to senior positions

BENEFIT Organisations benefit because T&D produces a **better work force** — there should be T&D programmes for employees at **different levels**.

12 TOOLS OF TRAINING — 4 CATEGORIES

① Formal training

In a **training-room** environment:

- **In-house** — all trainees from the **same organisation** (in Pakistan, commonly delivered by **colleagues**)
- **External** — external trainer/firm; trainees from **different organisations**

② Computer-based training (CBT)

- Trainees work at their **own pace** from a computer package
- **Highly interactive**
- Integrates learning components with **short, frequent tests**

③ Training in the work place

- A method of **developing** individuals as well as training
- Training → technical/practical skills
- Development → experience & personal skills (management, leadership)

④ Induction

- In-house training by the organisation's **own trainers & experts**, or by a hired **external trainer/firm**
- Formal training may end with an **examination** → **qualification/certificate**

13 ON-THE-JOB vs OFF-THE-JOB TRAINING

ON-THE-JOB TRAINING **MOST COMMONLY USED**

- At the **actual work site** in real-life situations — **not simulated**
- a.k.a. **job instruction training**; placed on a regular job & taught the skills
- Under supervision of a **qualified worker or instructor**

Advantage: ✓ first-hand knowledge & experience under **actual working conditions**

Methods include: job rotation · coaching · mentoring · cross-functional team assignments

Types:

Orientation Coaching Mentoring Job instruction manuals
Apprenticeships Work shadowing

OFF-THE-JOB TRAINING

- In a location **specifically designated** for training — near workplace or away (special training centre / resort)
- **Advantage:** **minimises distractions** → full attention to the material
- **Advantage:** provides **special tools/facilities** not available at the workplace
- Organisations may invest in **own training centres** — e.g. new banking trainees attend an intensive course at a **national training institute** before starting work

Avenues:

Classroom lectures & courses Audio-visual films & presentations
Seminars **Simulation centres** Game theory sessions
Case study sessions Team-building Programmed instruction
Online courses

14 TOOLS OF DEVELOPMENT

WHAT DEVELOPMENT DOES

Improves **skills, knowledge & abilities** through **real work experience** → greater experience & responsibilities → a **more valuable resource** (employee).

UNLIKE ON-THE-JOB TRAINING...

Development is **not primarily** concerned with teaching how to perform a **specific task or job**.

EXAMPLES · SELF-TEST Q12

Both **Secondment** and **Delegation** are tools of development.

PAGE 5 · EMPLOYEE RETENTION, TURNOVER & MOTIVATION

15 EMPLOYEE RETENTION & TURNOVER — CAUSE → EFFECT

FAILING TO RETAIN = COSTLY

After heavy investment in recruitment, selection & development, losing staff leads to:

- Insecure co-workers
 - Increased workloads
 - Time to recruit, hire & train new staff
- Retention benefits **both** the organisation **and** the employees.

EMPLOYEE TURNOVER

Employees **leave voluntarily or are dismissed** → results in:

- Lost productivity
- Recruitment costs
- T&D expenses
- Socialisation costs

Some turnover is **inevitable** — retirement, promotions, death → aim to **optimise** turnover rates.

HIGH TURNOVER MAY INDICATE ISSUES WITH

- Selection
- Training
- Compensation
- Work environment

To **reduce turnover**: job enrichment · greater job flexibility · improved employee benefits. Understand **why employees leave** first.

16 WHY EMPLOYEES LEAVE

PERSONAL — beyond employer's control

Family relocation · caregiving responsibilities · career change · higher education · desire for higher salary

INFLUENCED BY THE EMPLOYER

Workplace culture · employee's perception of their role · opportunities for growth & development

KEY TURNOVER FACTORS (7)

- Poor relationships with supervisors & co-workers
- Unchallenging, monotonous, repetitive tasks
- Financial concerns
- Personal & family issues
- End of a fixed-term contract
- Financial instability of the organisation
- Lack of flexible work hours

17 EMPLOYEE RETENTION STRATEGIES (8)

Go beyond a good pay cheque → long-term commitment

1 Well-defined career path

Clear growth — **vertical & lateral**; variety of experiences keeps employees engaged.

2 Compensation

Critical factor — the **largest part** of the retention process. Package must be **attractive & competitive** (expectations vary across industries). *Components below.*

3 Work relationships

Managers: **fair**, flexible, recognise contributions, support career development. Strong co-worker ties → less turnover.

4 Job and work-life

Job security ↓ (downsizing, layoffs, mergers) → anxiety → loyalty ↓. Higher security → better retention. **Job design**: skill mismatch (over-/under-qualified), stressful workload, schedule timing, location → burnout.

5 Work-life balance

Flexible hours, work-from-home policies (respecting core office culture), occasional WFH days, 'ME time' for hobbies.

6 Organisational environment

Manage people well → retention takes care of itself. People want: **appreciation, ample growth, friendly & cooperative** environment, organisation as a 'second home'.

7 Recognition & feedback

Appreciate efforts even when things go smoothly; highlight impactful outcomes; **timely** feedback; also **obtain feedback** from employees.

8 Transparent & fair reviews

Rewards based on **merit**; celebrate milestones; achievements, strengths & development areas → **mutually agreed goal setting**.

COMPENSATION PACKAGE — 7 COMPONENTS

- Salary / monthly wage** — **largest component**, most compared; reflects skill & experience; regular performance-based increases
- Bonus** — year-end or festivals; additional reward for performance
- Economic benefits** — paid holidays, travel concessions, other financial benefits
- Long-term incentives** — stock options/grants, esp. in **startups**, to stay longer
- Health insurance** — financial security & peace of mind for employee & family
- Post-retirement benefits** — **gratuity**, EPF, other retirement payments
- Miscellaneous** — employee assistance programmes (psychological counselling, legal aid), discounts on company products, use of company assets (e.g. cars)

ORGANISATIONAL ENVIRONMENT INCLUDES

- Culture
- Values
- Company reputation
- Quality of people
- Employee development & career growth
- Encouragement of risk taking
- Use of leading technologies
- Trust

PAGE 6 • MOTIVATION, APPLICATIONS, EXAM PATTERNS & TRAPS

18 MOTIVATION — THE RETENTION ENGINE

DRIVERS

Recognition · rewards · development · work-life balance

MOTIVATION IMPACTS

Job satisfaction · engagement · loyalty

HOW IT REDUCES TURNOVER

Positive environment · career growth · prevents burnout

OUTCOME

Engaged, productive employees who stay long-term

19 BUSINESS APPLICATION — CONCEPT → SITUATION → APPLICATION

Situations taken from the Study Text

Concept	Business situation	Application / exam link
Job description	A task such as <i>receiving customers at the front desk</i> ; skills like <i>daily MIS reporting</i>	Written into the job description (tasks / skills required)
HR planning — environmental factor	Strong competition for <i>programmers</i> ; a change in the <i>retirement age</i>	Competition for skilled HR / government policy → plan must stay realistic
Selection interview	Applicant asked how they would handle a <i>disgruntled customer</i>	Realistic job situation → tests communication skills & motivation
Physical & medical exams	Hiring for the <i>airline industry</i> or <i>law enforcement</i>	Greater emphasis on physical fitness & mental agility
Off-the-job training	New <i>banking</i> trainees attend an intensive course at a <i>national training institute</i>	Designated training location before starting actual work
Compensation — long-term incentive	A <i>startup</i> grants stock options	Incentivises employees to stay longer & contribute to growth

20 HOW THIS CHAPTER CAN BE TESTED

1 Definition-based — recruitment, selection, training, development, job analysis, turnover

3 Classification — on-the-job types vs off-the-job avenues; recruitment vs selection stages

5 Sequence / process — 5 recruitment & selection stages; 7 selection hurdles

7 Cause → effect — why staff leave; what high turnover indicates; motivation → retention

2 Concept identification — scenario clue → HR activity (e.g. credit check → selection)

4 “Which is NOT...” — HR plan areas, HR responsibilities, training tools, package items

6 Comparison — recruitment vs selection; training vs development; JD vs job spec

8 Key facts — 3–5 year horizon · screening interview ≤30 min · ‘realistic’ plans

21 EXAM TRAPS

1 Short-listing is part of... — ✗ Recruitment ✓ **Selection** (Stage 4). Recruitment = stages 1–3 only.

3 Job description ≠ Job specification — JD = the **job** (duties, reporting lines); job/person spec = the **person** (education, experience).

5 HR plan horizon — **3–5 years**. Beyond 5 years forecasts lose accuracy & reliability. Not 3–7, not <3.

7 Simulation — Simulation centres are **OFF-the-job**. On-the-job = actual work site, **not simulated**.

9 Turnover meaning — Employee turnover = staff **leaving** (voluntary or dismissed) — not sales/revenue turnover.

11 Annual package — **Appraisals** are not part of the compensation package (bonus, EPF, travel concessions are).

13 Most widely used — **Selection interview** = most widely used hiring tool; **on-the-job** = most commonly used training method.

2 Quantity vs quality — Recruitment = **quantity** (getting applicants); Selection = **quality** (choosing the best). Don't reverse them.

4 Credit check — A **background & reference check** → a **selection** step, not recruitment.

6 ‘Realistic’ — HR plans must be **realistic** → so they consider environmental factors.

8 Training vs development — Development is **not** teaching a specific task — it gives experience & responsibility.

10 Not an HR responsibility — ‘Encouraging low performers to leave’ is **not** one. Declining skills → redundancy/re-training/relocation.

12 Who is covered? — Human resources cover **both full-time and part-time** employees.

14 Largest component — Compensation = largest part of **retention**; salary/wage = largest part of **compensation**.

PAGE 7 • DECISION TREE, MEMORY MAP & 60-SECOND REVISION

21 CHAPTER DECISION TREE — WHICH HR CONCEPT IS BEING TESTED?



22 QUICK MEMORY MAP

Concept	Key words	Core idea
HR strategy	assess • estimate • fill the gap	HR available, as required
HR plan	forecast • 3–5 yrs • realistic	right numbers & skills in future
Job analysis	tasks • KSAs • environment	job description + person specification
Recruitment	vacancy • skills • applicants	QUANTITY of candidates
Selection	screen • test • interview • check • offer	QUALITY — the best candidate
Training	specific • objective • on/off-the-job	skills for the job
Development	experience • responsibility • managers	growth & career progression
Retention	turnover • compensation • environment • motivation	keep talent long-term

MNEMONIC — 7 SELECTION HURDLES

“I Eat Sweet Biscuits, Please Don’t Object”

I Initial screening
 E Employment tests
 S Selection interview
 B Background & reference check
 P Physical & medical exams
 D Decision to hire
 O Offer of employment

Memory aid only — the sequence is from the Study Text.

23 BUSINESS — HUMAN RESOURCE STRATEGIES IN 60 SECONDS

PLAN & ANALYSE

- HR = labour, a factor of production
- Objective: HR **available, as required**
- Assess now → estimate future → fill the gap
- HR plan: forecast, **3–5 yrs, realistic**
- Job analysis → **JD (job) + person spec (person)**

HIRE & BUILD

- Recruitment = **quantity** (stages 1–3)
- Selection = **quality** (stages 4–5; 7 hurdles)
- Interview = most widely used tool
- Training = specific; development = experience
- On-the-job = actual site; off-the-job = designated place

KEEP & MOTIVATE

- Turnover = staff **leaving** (voluntary/dissatisfied)
- High turnover → selection, training, pay, environment issues
- 8 retention strategies; **compensation** is largest part
- Salary = largest pay component
- Motivation → satisfaction, engagement, loyalty