

# Human Resource Management

## UNIT - 1

### Nature of HRM :

HRM involves management functions like planning, organizing, directing and controlling.

It involves procurement, development, maintenance and management of human resource.

It helps to achieve individual, organizational and social objectives.

HRM is a mighty disciplinary subject. It includes the study of management psychology communication, economics and sociology.

It involves team spirit and team work.

The scope of HRM refers to all the activities that come under the banner of HRM. The activities are as follows

**Human resources planning:** – Human resource planning is a process by which the company to identify the number of jobs vacant, whether the company has excess staff or shortage of staff and to deal with this excess or shortage.

**Job analysis design:** – Another important area of HRM is job analysis. Job analysis gives a detailed explanation about each and every job in the company. Based on this job analysis the company prepares advertisements.

**Recruitment and selection:** – Based on information collected from job analysis the company prepares advertisements and publishes them in the news papers. A number of applications are received after the advertisement is published, interviews are conducted and the right employee is selected thus recruitment and selection are yet another important areas of HRM.

**Orientation and induction:** – Once the employees have been selected an induction or orientation program is conducted. The employees are informed about the background of the company. They are told about the organizational culture and values and work ethics and introduce to the other employees.

**Training and development:** – Every employee goes under training program which helps him to put up a better performance on the job. Training program is also conducted for existing staff that have a lot of experience. This is called refresher training. Training and development is one area where the company spends a huge amount.

**Performance appraisal:** – Once the employee has put in around 1 year of service, performance appraisal is conducted i.e. the HR department checks the performance of the employee. Based on these appraisal future promotions, incentives, increments in salary are decided.

**Compensation planning and remuneration:** – There are various rules regarding compensation and other benefits. It is the job of the HR department to look into remuneration and compensation planning.

**Motivation, welfare, health and safety:** – Motivation becomes important to sustain the number of employees in the company. It is the job of the HR department to look into the different methods of motivation. Apart from this certain health and safety regulations have to be followed for the benefits of the employees.

**Industrial relations:** – Another important area of HRM is maintaining co-ordinal relations with the union members. This will help the organization to prevent strikes lockouts and ensure smooth working in the company.

**Functions of Human Resource Management :**

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- 1.Planning
- 2.Organizing
- 3.Directing
- 4.Controlling

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**Planning :**

A manager must plan ahead in order to get things done by his subordinates. It is also important to plan in order to give the organization its goals.

Also, planning helps establish the best procedures to reach the goals. Further, some effective managers devote a substantial part of their time to planning.

**With respect to the human resource department, planning involves determining the personnel programs that can contribute to achieving the organization's goals.**

**These programs include anticipating the hiring needs of the organization, planning job requirements, descriptions, and determining the sources of recruitment.**

### **Functions of Human Resource Management**

#### **Organizing :**

**After the human resource manager establishes the objectives and develops plans and programs to achieve them, he needs to design and develop the organization's structure to carry out the different operations. Developing the organization's structure includes:**

**Grouping of personnel activity into functions or positions**

**Assigning different groups of activities to different individuals**

**Delegating authority according to the tasks assigned and responsibilities involved**

**Coordinating activities of different employees**

#### **Directing :**

**The HR Manager can create plans, but implementing the plans smoothly depends on how motivated the people are. The directing functions of HRM involve encouraging people to work willingly and efficiently to achieve the goals of the organization. In simpler words, the directing functions of HRM entail guiding and motivating people to accomplish the personnel programs.**

**The HRM can motivate the employees through career planning and salary administration by boosting the employee's morale, developing relationships, providing safety requirements, and looking after the welfare of employees.**

In order to do this effectively, the HRM must identify the needs of the employees and the means and methods to satisfy them. Motivation is a continuous process as employees have new needs and expectations when the old ones are satisfied.

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**Features of HRM**

**Importance and Limitations of HRM**

**Role of Personnel Manager**

**Qualities of the HR Manager**

**Managerial Functions of HR Manager**

**Operative Functions of HR Manager**

**Recruitment Process**

**Selection Procedure**

**Training and Development**

**Methods of Training**

**Performance Appraisal**

**Traditional Methods of Appraisal**

**Modern Methods of Appraisal**

**HR Forecasting**

**Controlling :**

Controlling is all about regulating activities in accordance with the plans formulated based on the objectives of the organization. This is the fourth function of the HRM and completes the cycle. In this, the manager observes and subsequently compares the results with the set standards.

**HRM OBJECTIVES :**

Further, he corrects any deviations that might occur. Controlling is one of the important functions of HRM as it helps him evaluate and control the performance of the department with respect to different operative functions. It also involves appraisals, audit, statistics.

**The primary objective of HRM is to ensure the availability of competent and willing workforce for an organization. Beyond this, there are other objectives too. Specifically, HRM objectives are four fold: Societal, Organization, Functional and personal.**

**Personal Objectives:**

**To assist Employees in achieving their personal goals, at least in so far as these goals enhance the individual's contribution to the organization. Personal objectives of employees must be maintained, retained and motivated.**

**Functional Objectives:**

**To maintain the contribution of department at an appropriate level organization should fulfill the needs. Resources are wasted when HRM is either more or less sophisticated to suit the organizations demands.**

**Organizational Objectives:**

To recognize the role of HRM in bringing about organizational effectiveness, HRM is not an end in itself but it is only a mean to assist the organization with its primary objectives organization.

**Societal Objectives:**

To be ethically & socially responsible for the needs and challenges of society while minimizing the negative impact of such demands upon the organization to use their resources for society's benefits in ethical ways may lead to restriction.

**Other objectives:**

Accomplish the basic organizational goals by creating and utilizing an able and motivated workforce.

To establish and maintain organizational structure and desirable working relationships among all the members of the organization.

Develop co-ordination among individual and group within organization to secure the integration of organization.

To create facilities and opportunities for individual or group development so as to match it with the growth of the organization.

To attain an effective utilization of human resources in the achievement of rganizational goals.

To identify and satisfy individual and group needs by providing adequate and equitable wages, incentives, employee benefits and social security and measures for challenging work, prestige, recognition, security, status.

To maintain high employees morale and human relations by sustaining and improving the various conditions and facilities.

To strengthen and appreciate the human assets continuously by providing training and development programs.

To consider and contribute to the minimization of socio-economic evils such as unemployment, under employment, inequalities in the distribution of income and wealth and to improve the welfare of the society by providing employment opportunities to women and disadvantaged sections of the society.

To provide an opportunity for expression and voice management.

To provide fair, acceptable and efficient leadership.

To provide facilities and conditions of work and creation of favorable atmosphere for maintaining stability of employment.

To create & utilize an able & motivated work force Establish & maintain sound organizational structure Create facilities attain an effective utilization Identify & satisfy individual & group needs.

Maintain high employee morale Training & development Opportunity for expression Provide fair, acceptable and efficient leadership Facilities and conditions.

## **1. ORGANIZATION OF HR DEPARTMENT {HUMAN RESOURCE MANAGEMENT} :**

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**2. Organization of HR Dept. The process of creating an organization structure is known as organizing. The modern HR Dept. is organized in a flexible way with very few management layers in order to facilitate free flow of communication.**

**3. HR function are divided into three principal group: HR Front Office HR Back Office HR Centre Of Excellence**

**4. HR FRONT OFFICE** Organization of personnel Department (known as HR front office) is responsible for striking rapport with internal groups/client. A designated official, generally, would be meeting the requirements of clients.

**5. HR BACK OFFICE** It centralize traditional HR agenda such as HR administration, payroll, welfare amenities, etc. The back office would take care of legal requirements and regulatory framework. The back office people would be responsible for keeping personnel files, records and data in an accessible form-updated almost every week.

**6. HR CENTERS OF EXCELLENCE** This independent department looks after functions such as recruitments, training & development, compensation and benefits, industrial relations etc. These centers works in the close coordination with HR front office and HR back office while trying to get the best out of employees through excellent HR practices and procedures.

**7. HR DEPARTMENT IN LINE ORGANISATION** Line structure is a type of structure in which authority flows in direct line from a superior to a subordinate. Each employee knows who is his superior and who has authority to issue order to whom. Managers has full authority in their area of operations and are responsible for final results. Chief Executive HR Manager Recruitment Training Compensation Industrial Welfare Officer manager manager manager Relations

**8. HR DEPARTMENT IN FUNCTIONAL ORGANISATION** In any functional organization, all activities of an organization is divided into different functions such as production, marketing, finance etc. each functional area is headed by a specialist who directs the activities of that area for the entire organization. Every employee is required to report to his respective functional head. The functional head has line authority over activities of his functional area.

**9. FUNCTIONAL ORGANISATION** Chief executive Personnel manager Recruitment Training Welfare Compensation manager manager manager manager Assistant Assistant Assistant

**10. HR DEPARTMENT IN LINE AND STAFF ORGANISATION** THE LINE AND STAFF STRUCTURE COMBINES THE BENEFITS OF BOTH LINE ORGANIZATION AND

**FUNCTIONAL ORGANIZATION. STAFF POSITIONS ARE CREATED TO ASSIST LINE MANAGERS. THUS THE PERSONNEL DEPARTMENT OFFERS HELP AND ADVICES ON PERSONNEL ISSUES TO ALL DEPARTMENTS WITHOUT VIOLATING THE UNITY OF COMMAND PRINCIPLE.**

**11. Line and Staff organization line relationship staff relationship Chief Executive Personnel Manager Training Recruitment manager Welfare Compensation manager manager manager**

**12. HR DEPARTMENT IN A DIVISIONAL STRUCTURE**The role of a personnel manager attached to the divisional office/branch office or factory of a decentralized organization is particularly a different one. The personnel managers at divisional/branch level is responsible to the local divisional/branch manager. personnel manager at divisional/branch assist branch manager in devising personnel programs and in the management of personnel at the branch/division.

**13. Personnel Department in a divisionalised organizational structure** Chief executive General manager Manager Human Marketing Production Resource Finance manager Manager R&D manager manager Manager south Manager center Manager north Deputy manager Deputy manager Deputy manager marketing production human resource Branch manager Branch manager Branch manager Nagpur Delhi Mumbai Office Office marketing Office production Human resource

**14. HR DEPARTMENT MATRIX STRUCTURE**In a matrix organizational structure, employees have two superiors, in that they are under dual authority. One chain of command is functional and the other is a project team. Hence matrix structure is referred to as a multi-command system. Thus, the team of employees which comprise the personnel department have two superiors, i.e personnel manager{vertical dimension} and project manager{horizontal dimension}. Both dimensions of structure are permanent and balanced, with power held equally by both the functional head and a project manager.

**15. Personnel Department in a Matrix organization Managing director General manager Manager Manager automobiles machines electrical production marketing personnel finance Personne Heavy I machine group Light Personnel industrial group machine Agricultural Personnel machine group.**

## **Human Resource Management Skills :**

### **Organization**

**One of the most important human resource management skills you must have to successfully work in HR is organization. Everyone who works in HR must be well-organized, must have strong time management and be personally efficient in order to succeed. This means that their office cannot be in shambles. Paperwork must always be filed correctly, especially when it comes to personnel files of employees.**

### **Negotiation**

**The second essential human resource management skill that all HR professionals need to be successful is that of the ability to negotiate. When negotiation rolls around when an offer of employment has been extended, there typically are two differing sides. A strong HR professional will be able to work with both sides so an agreement can be reached that makes everyone involved happy.**

## **Problem Solving and Conflict Management :**

**The third essential human resource management skill on our list is a combination of two items; problem solving and conflict management. It is a given that not every single employee in your office will get along with their co-workers or their managers. This means that at some point, you will need to solve problems or manage conflicts. The most effective HR manager will be able to ensure that employees work together in a civil manner so work can be completed on-time and with high quality.**

## **Communication:**

**Communication is key in every single workplace, but it is very important in the skillset of the HR professional. If an HR manager cannot communicate to upper-level managers, to employees and to shareholders, then the company will not succeed. The communication done by HR managers is not one-fold. There are many methods of communication used by HR managers today. These include writing, speaking in front of small and large groups of people and through social media.**

## **Multitasking**

**Multitasking is the fifth essential skill needed by HR managers in order to be successful today. The HR manager is inundated with a variety of issues, questions and requests on a daily basis. Some of them might relate to others and some will be completely different issues altogether. HR managers must know how to adapt to change in the office if they want to be successful. This is part of multitasking because they will need handle an issue with an employee while also implementing a new policy from the higher-ups.**

**As you can see, working in HR is tough. If you have any of the skills mentioned in this post, you should have no trouble at all succeeding in an HR role.**

## **Administrative expert :**

**Administrative tasks remain a major part of the HR role. Administrative duties involve areas like employee leave, absence, absence files, the in- and outflow of employees, payroll and other topics.**

**Despite the rise of digital HR and the increase in automation of HR tasks, administrative duties still haven't disappeared (yet). They are mentioned as an integral part of the job in many of the job postings. Being an administrative expert helps in entering data in a precise manner.**

**HRM knowledge and expertise :**

**Unsurprisingly, HRM knowledge and expertise is also mentioned as an essential HR skill. Previous work experience, or an educational background in Human Resource Management or Industrial- and Organizational Psychology are very helpful.**

**HRM knowledge helps in doing most of the other skills and competencies mentioned in this article. It helps to understand recruitment, selection, absence procedures, data reporting, and other personnel processes.**

**An educational background in psychology or HRM often also helps to develop the soft skills that are helpful in communication and coaching.**

**Proactivity**

**Proactivity is often considered more of a personality trait than a skill. However, it is certainly something you can develop over time. As an HR professional, you are the connection between the employer and the employee, therefore**

**proactivity can help you in spotting potential problems early and preventing them from escalating.**

**In line with this, proactive Human Resource Management is preferred over reactive HRM.**

**Proactive HRM helps to plan and align the core HR tasks in a way that offers the most value to the business. We recently published an article about this called Strategic Human Resource Management.**

## **5. Advising**

**One of the key HR skills is advising different stakeholders. You need to be able to advise both employees, line managers, and senior managers on personnel issues.**

**These issues can be very operational, for example creating a re-integration plan for an employee or helping a senior manager with the formulation of an email to the department. More tactical issues are the organization and advising in restructuring efforts. Strategic advice involves the alignment of HR practices to align more with the business.**

**This advice also has to be communicated. This is where the previously mentioned communication skills and coaching skills come in.**

## **6. Coaching**

**Coaching skills are helpful when it comes to one-on-one or group sessions to spread information or train people. This happens in training and development situations, but also in onboarding, re-integration, conflict resolution, and in assisting frontline managers with people issues.**

**These coaching skills are most often developed on-the-job or in external coaching training.**

## **7. Recruitment and selection**

**Another often mentioned HR skill (obviously) involves recruitment and selection. Finding qualified candidates, selecting the best, and exploring if there's a match between the candidate, the company (culture), and the manager is one of the most important HR tasks.**

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**The 12 HR Skills Every HR Generalist Needs (with Infographic)**

**HR Skills HR Generalists Need**

**HR professionals need different skills to do their work well.**

**We've analyzed dozens of HR generalist vacancies and listed**

**the 12 most important Human Resources skills and competencies listed in those. This article will provide you with an overview of the most sought-after skills in HR. The skills are listed in no particular order!**

## **1. Communication skills**

**The most often mentioned skill in HR job openings are communication skills. Communication is essential in Human Resource Management, as the HR professional is the link between the business and the employee. On the one hand, you are an activist for employees, and on the other hand, you represent the employer.**

**This requires great communication skills.**

**In addition to this role, you are also a source of information for employees. When they have questions regarding taking a day off or any other employment issue, they will come to you. Being able to efficiently handle their questions and complaints is key to most generalist roles.**

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### **HRIS knowledge**

**Human Resource Information Systems are the digital counterpart of the soft-side of Human Resource Management. Most information regarding hiring, performance evaluation, payroll, rewards and benefits, and more are registered in one or more HRIS.**

**Large organizations usually have standard providers like SAP (with SuccessFactors) or Oracle. Smaller companies work with smaller providers. Knowledge of an HRIS is a prerequisite for most senior HR jobs and one of the top technology skills HR professionals need today.**

**It's hard to understand these systems without having hands-on experience in them. They are, however, relatively simple and intuitive to work with.**

**Intercultural sensitivity and language skills :**

**This HR skill depends on the specifics of the organization. Especially for larger multinational companies, intercultural sensitivity is a must. When you're in touch with managers and employees in different countries, you need to be aware of intercultural differences.**

**For example, practices for managing and retaining people can differ tremendously between cultures. In India, it is common to get a promotion every single year, while in the Western world this happens on average every 3-5 years.**

**Similarly, it is not uncommon for Chinese workers to travel to their birthplace for Chinese New Year and – unannounced – never come back to your factory in the new year because they are now working somewhere else.**

**These cultural differences will impact how you try to hire, retain, and promote people. There are also communication differences with regard to evaluating people. Israelis, Russians, and the Dutch are very direct whereas Japanese and South East Asian countries are much more indirect.**

**Using the wrong communication style may result in your message not being perceived as important – or risks offending people from more indirect cultures.**

**Analytically driven and oriented :**

**Skills related to data-driven working and analytics have emerged rapidly in the last five years. Most HR generalists are now required to be analytically-driven and oriented.**

**There's a push through all departments to leverage the power of data analytics to make better decisions. This can involve**

**the use of complicated predictive analytics on HR data, or the much simpler use of data to make better decisions. The latter is often referred to as evidence-based HR.**

### **HR reporting skills :**

**As part of being more analytically driven and oriented, HR reporting skills are increasingly required too. These skills include the ability to create, read, and interpret HR reports using data coming from different Human Resource Information Systems.**

**Reporting on key metrics is key to advising managers and employees, create better people policies, and make otherwise more evidence-based decisions.**

### **Teamwork :**

**Teamwork is one of those HR skills that is impossible to avoid. As an HR professional, you're expected to work together with your colleagues in HR and with managers in the organization. Working together internally by actively aligning HR activities benefits both the organization and HR.**

**Wrapping up :**

**Well, there you have it, a concise overview of the 12 most sought-after HR skills. Of course, if you think we missed one, please do share them with us in the comments below.**

## **Human Resource Management Models :**

**Human Resources models help to explain the role of HR in the business. In this article, we will go over the 5 most practical HR models. These models enable us to explain what HR's role is, how HR adds value to the business, and how the business influences HR.**

### **The Standard Causal Model of HRM :**

**The best-known HR model is the Standard Causal Model of HRM. The model is derived from many similar models published throughout the 90's and early 2000's. The model shows a causal chain that**

**starts with the business strategy and ends, through the HR processes, with (improved) financial performance.**

**The model thus shows how HR activities that are aligned with organizational strategy lead to business performance. According to this model, HR will only be effective if its strategy is aligned with business strategy (in line with the best-fit theory). HR strategy is thus derived from the overall strategy.**

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5 Human Resources Models Every HR Practitioner Should Know

Human Resources Models

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## **The 5 HR models that we will discuss are:**

**The Standard Causal Model of HRM**

**The 8-box model by Paul Boselie**

**The HR value chain**

**The HR Value Chain Advanced**

**The Harvard Framework for HR**

**Ready to learn? Here are the 5 best known Human Resources Models.**

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**Data-driven HR starts by creating and implementing a set of relevant HR metrics that help you determine the efficiency and impact of the workforce and HR department.**

**The HR practices follow the HR strategy. Examples include hiring, training, appraisal, and compensation. These HR practices lead to certain outcomes. Examples include commitment, quality output, and engagement.**

**These HRM outcomes lead in turn to improved internal performance. Examples include productivity, innovation, and quality. These outcomes lead to financial performance (e.g. profits, financial turnover, better margins, and ROI).**

**Two interesting relationships are the unmediated HRM effect, which shows that some HR practices can directly lead to improved internal performance. For example, a good training can directly result in better performance, without necessarily influencing HR outcomes.**

**The reversed causality in the model shows that sometimes a stronger financial performance leads to more investments in HR practices and better HR outcomes.**

**When performance is strong, employees are often more engaged (an HR outcome).**

**This shows that the relationships in the model are not always unidirectional. In general, however, this Human Resources model shows how HR strategy is formulated and what the impact is of HR on internal processes and financial outcomes of the business.**

**The 8-box model by Paul Boselie :**

**A different HR model that's often used to model what we do in HR, is the 8-box model by Paul Boselie. The 8-box model shows different external and internal factors that influence the effectiveness of what we do in HR.**

**First of all, you see the external general market context, the external population market context, the external general institutional context, and the external population institutional context. These are external forces that influence how we do HR.**

**For example, if there is a shortage of certain skills in the market, this influences how we do our sourcing, recruiting, and hiring, compared to when there's an abundance of qualified workers. The institutional context also changes: legislation impacts the way we work in HR (e.g. the day-to-day**

**impact of HR) while trade unions and work councils limit what we can do.**

**The core process in the middle starts with the configuration. The company's history, culture and the technology used are all factors that influence how we communicate in HR, what we want to achieve, and how effective we are in our HR policies. All these factors influence our HR strategy.**

**The HR value chain**

**The HR value chain is one of the best-known models in HR. It is based on the work of Paauwe and Richardson (1997) and creates a nuance on the models above in regards to how HR operates.**

**According to the HR value chain, everything we do (and measure) in HR can be divided into two categories: HRM activities and HRM outcomes.**

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**all factors that influence how we communicate in HR, what we want to achieve, and how effective we are in our HR policies. All these factors influence our HR strategy.**

**The HR strategy consists of six parts:**

**Intended HR practices:**

**The intention we have with our recruitment, training, and other practices matters but this model shows it's only a starting point.**

**Actual HR practices:**

**We can have great intentions but the execution of HR practices is a cooperation between HR and the manager. When the manager decides to do things differently, the intention can be nice but the actual practices can be very different.**

**Perceived HR practices:**

**This is how the employee perceives what's going on in the organization. HR and the manager can do their absolute best but if their activities are perceived in a different way than they were intended and actually done, the perception will not mirror the actual HR practices.**

**HR outcomes:**

**The perceived HR practices (hopefully) lead to certain HR outcomes. These are similar to the ones in the Standard Causal Model of HR, described above.**

**HR outcomes lead to critical HR goals (i.e. cost-effectiveness, flexibility, legitimacy, and so on), which in turn leads to ultimate business goals (i.e. profit, market share, market capitalization – all related to the viability of the organization, and other factors that help to build a competitive advantage).**

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**According to the HR value chain, everything we do (and measure) in HR can be divided into two categories: HRM activities and HRM outcomes.**

**HRM activities are day-to-day activities, including recruitment, compensation, training, and succession planning. These activities are often measured using HR metrics. These are so-called efficiency metrics. The cheaper we hire and the faster we train, the better.**

**HRM outcomes are the goals we try to achieve with the HRM activities. We recruit, we train, and we compensate to achieve certain goals/ outcomes. These outcomes include employee satisfaction, motivation, retention, and presence.**

**If we just focus on measuring HRM activities, we will automatically focus on reducing costs (i.e. maximizing efficiency). However, we should instead focus on HRM outcomes as this helps to align our processes with our goals.**

### **3.HR-VALUE-CHAIN**

**For example, we would rather spend a few days longer on hiring a new employee (time to hire, an efficiency metric) if this person will be a better fit in the company (quality of hire, an outcome metric). The goal should be to get the best person in the right position, not to cut corners and hire someone as cheaply and quickly as we can. This shows why we should focus on measuring outcomes instead of activities.**

**When HRM activities and HRM outcomes hit their marks, they should lead to better performance. This means that when we**

**recruit the right people, send people to the right training programs, and retain our key players, the company's performance increases.**

**Literature also shows a different effect: when company performance is higher, HRM activities increase as well. This is because more profitable companies usually invest more in HR programs, including HR software and learning & development opportunities for their people.**

#### **4. The HR Value Chain Advanced**

**We've researched a lot of the literature but we can't find an original source for this model. This model is very similar to the HR value chain but with two key differences.**

**First, the organizational performance is defined in the balanced scorecard. The balanced scorecard contains the key performance indicators from a financial perspective, a customer perspective, and a process perspective. These are integrated into the HR value chain. This document helps to align and show the added value of HR to the business.**

**Second, the model starts with a number of HR enablers. These enablers are key for what HR is doing in the business. This includes HR systems, budget, capable professionals, and other key elements. The thinking is that these enablers need to be present in order for the value chain to operate effectively.**

**If HR lacks well-trained professionals, if the budget is low, or if the systems are outdated and hamper innovation, HR will be less efficient in reaching its HR outcomes and business outcomes.**

## **AIHR-The-Advanced-HR-Value-Chain**

### **5. The Harvard Framework for HRM**

**The Harvard framework for HRM is an HR model comprised of five components.**

**The model starts, on the left, with stakeholder interest. These stakeholders include shareholders, management, employee**

**groups, government, and more. These interests define the HRM policies.**

**At the same time, situational factors influence these interests. Situational factors include workforce characteristics, unions, and all the other factors that were also listed in the 8-box model.**

**Situational factors and stakeholder interest influence HRM policies. These include the core HR activities, like recruitment, training, and reward systems.**

**When done well, HRM policies lead to positive HRM outcomes. These include the previously mentioned retention, cost-effectiveness, commitment, and competence.**

**These positive HRM outcomes lead to long-term consequences. These can be individual, organizational, and societal.**

**The Harvard framework is an HR model that takes a more holistic approach to HR, including different levels of outcome**

## **A final note on Human Resources models :**

**This article lists the 5 Human Resources models you should know. I want to end with a note of caution. Brilliant academics have created different models that sometimes are**

**similar, and sometimes quite different. However, models are never complete.**

**A model is by definition a simplification of reality and this holds true for all the HR models we discussed above. This is also positive: a model can help us show what we need to do to get the desired outcome.**

**I hope you enjoyed this overview of 5 HR models and if you want to stay up-to-date with the newest in HR, subscribe to our newsletter!**

**All these models – and more! – are explained in the Academy to Innovate HR, specifically the Strategic HR Metrics course.**

**Evolution of Human Resource Management :**

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**Human Resource Management in its simplest definition means management of organization's manpower or workforce or human resources.**

## **Evolution of HRM**

**The evolution of the concept of Human Resource Management is presented below**

**Period before industrial revolution – The society was primarily an agriculture economy with limited production. Number of specialized crafts was limited and was usually carried out within a village or community with apprentices assisting the master craftsmen. Communication channel were limited.**

**Period of industrial revolution (1750 to 1850) – Industrial revolution marked the conversion of economy from agriculture based to industry based. Modernization and increased means of communication gave way to industrial setup. A department was set up to look into workers wages, welfare and other related issues. This led to emergence of personnel management with the major task as**

- Worker's wages and salaries**
- Worker's record maintenance**
- Worker's housing facilities and health care**

**An important event in industrial revolution was growth of Labour Union (1790) – The works**

**working in the industries or factories were subjected to long working hours and very less wages. With growing unrest , workers across the world started protest and this led to the establishment of Labour unions. To deal with labour issues at one end and management at the other Personnel Management department had to be capable of politics and diplomacy , thus the industrial relation department emerged.**

**Post Industrial revolution – The term Human resource Management saw a major evolution after 1850. Various studies were released and many experiments were conducted during this period which gave HRM altogether a new meaning and importance.**

**A brief overview of major theories release during this period is presented below**

**Frederick W. Taylor gave principles of scientific management (1857 o 1911) led to the evolution of scientific human resource management approach which was involved in**

- Worker's training**
- Maintaining wage uniformity**
- Focus on attaining better productivity.**

**Hawthorne studies, conducted by Elton Mayo & Fritz Roethlisberger (1927 to 1940). – Observations and findings of Hawthorne experiment shifted the focus of Human resource from increasing worker's productivity to increasing worker's efficiency through greater work satisfaction.**

**Douglas McGregor Theory X and Theory Y (1960)  
and Abraham Maslow's Hierarchy of needs ( 1954)**

**– These studies and observations led to the transition from the administrative and passive Personnel Management approach to a more dynamic Human Resource Management approach which considered workers as a valuable resource.**

**As a result of these principles and studies , Human resource management became increasingly line management function , linked to core business operations. Some of the major activities of HR department are listed as-**

**Recruitment and selection of skilled workforce.**

**Motivation and employee benefits**

**Training and development of workforce**

**Performance related salaries and appraisals.**

**Strategic Human Resource Management Approach**

**With increase in technology and knowledge base industries and as a result of global competition , Human Resource Management is assuming more critical role today . Its major accomplishment is aligning individual goals and objectives with corporate goals and objectives. Strategic HRM focuses on actions that differentiate the organization from its competitors and aims to make long term impact on the success of organization.**

**Careers in Human Resources Management :**

**Job titles define your level in the organization hierarchy. They also indicate your role in the organizational chart.**

**Hence, for a fresher the job designation matters because it is the point from where**

**they will look forward to the growth in coming 5 to 10 years. Here are some popular job titles that are seen in the field of HR management.**

**HR Generalist**

**HR recruiter**

**HR specialist**

**Compensation Manager**

**Employee Relations Manager**

**Training and Development Manager**

**Change consultant**

**Technical Recruiter.**

**Here are some examples of careers in human resources management to help you choose the path that is best for you:**

**Human resources assistant**

**Benefits administrator**

**Payroll specialist**

**Training coordinator**

**Compensation specialist**

**Training manager**

**HRIS specialist**

**Employee relations manager**

**Benefits manager**

**Human resources manager.**

# **Reasons to Study Human Resource Management :**

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**A Human Resources department is a vital part of any large business, handling a vast array of tasks from recruiting new employees, conducting interviews, dealing with conflict resolution, and managing the holiday allowance, benefits and payroll for existing employees. There are many routes into a career in HR, however the safest route for securing employment in this field is to do a HR specific course such as a degree, postgraduate course, evening diploma or online course.**

**Not only will a HR qualification help you to get on the career ladder, there are many other reasons why studying HR can be beneficial.**

## **1. JOB DIVERSITY**

**Studying a HR course opens doors and not just in the field itself. The subjects you undertake lend themselves to a variety**

**of career paths and job positions in human resource management and beyond. Managing people and client relations is an important skill to acquire in business, and this is just one aspect of HR that you can apply to any job. Other useful skills you will learn include organisation, administration, multitasking, presentations, reporting and communication.**

## **2. JOB SATISFACTION**

**There are numerous things to expect from a career in human resource, but job satisfaction being a prominent factor. Satisfaction with the work that we do is one of the most important factors for employees when choosing a job, and there is plenty of job satisfaction to be found from working in HR. Even in a junior position you will see the direct results of your work very quickly, and you will be able to measure the positive impact you have made on the workplace. Highlights may include offering someone a job position within the company, promoting from within, improving salary and benefits, introducing processes and procedures to improve staff retention and boost staff morale, and training and coaching employees.**

## **3. WORKING WITH PEOPLE**

**A HR degree or postgrad can be a big plus if you enjoy meeting new people and working alongside clients, colleagues and senior HR management. Working with people is a huge part of any HR role, and so getting to grips with the psychology of human nature will be very beneficial to you in this career. From interview techniques to conflict resolution, you will become an expert at managing staff relations, which will stand to you throughout any aspect of business and life.**

#### **4. OPPORTUNITIES TO PROGRESS**

**Many important decisions are formed by HR departments and it is important to remember that this is a responsibility-laden role from the get go. If this is something you are comfortable with you can do very well and find success fast. Senior HR positions will pay generously because of the level of authority involved which is another great benefit to studying this discipline.**

#### **benefits of studying human resource management :**

**When a potential new employee is being interviewed, human resource professionals assess the candidate against a list of**

**key skills and personal characteristics needed for the job. It's time to turn the tables and see what that list of key attributes would look like for an human resources professional.**

**Whether you decide to do a certificate, diploma or degree in human resources management, it offers you a broader suite of knowledge that'll increase your skills and understanding. If you want to be even more successful in your career, then doing a postgraduate course might help. You'll also have the option to do a lot of short courses in how to work with people, conflict resolutions, and so on. As a human resources professional, having good people skills and the ability to communicate effectively is a bonus.**

**Many organisations claim that their employees are their most valuable asset. And for this reason, effective management of human resources is essential for every company. Human resources helps in structuring teams, it builds the organisations culture and it helps people with engagement and development. Human resource management creates a lot of difference in enhancing the productivity of the employees.**

**At the heart of every successful business lies the human resources team who drive all aspects of staff management. Here are a few benefits human resource professionals bring to the workplace.**

### **Improve employee turnover**

**High employee turnover hurts a company's bottom line. It cost twice as much as a current employee's salary to find and train a new recruit. As an human resource professional, you'll know how to hire the right people for the company from the start. Interview candidates carefully, not just to ensure they have the right skills but also to check that they fit the company's culture. It's important that you outline the right compensation and benefits too. Human resource professionals also need to pay attention to employee's personal needs. You'll need to discuss clear career paths too as employees would like to know how they can grow within the company. Human resource professionals usually only see employees when there are problems but to reduce employee turnover they will regularly visit staff members and enquire if they are okay and happy.**

## **Conflict resolutions**

**Workplace conflict is somewhat inevitable as employees have different personalities, lifestyles and work ethic. While doing the human resource management course, you'll be taught how to handle conflict in the workplace and how to resolve it. You'll also be taught how to handle the situation as professionally as possible. It doesn't matter whether the conflict arises between employees or an employee and someone in management, you should be able to assist both parties equally and not choose sides.**

## **Employee satisfaction**

**Human resource specialists are usually charged with the responsibility of determining employee satisfaction. As a human resource management student, you'll learn how to set up surveys, focus groups and interview strategies to help you determine whether employees are content or not. Human resource professionals determine what the underlying causes are for employee dissatisfaction and they address those issues and motivate staff members with creative solutions. They try**

**to find out what exactly these problems are that employees are facing and look for ways to assist them where needed.**

## **Improve employee performance**

**Human resources teams develop performance management systems. If a company doesn't have an human resource professional, candidates can easily get a job without having the necessary skills and expertise for the position. And for this reason, human resources is needed in every workplace. With the line-manager, you'll have to give employee performance reviews on an annual basis. Be open about their accomplishments and things you think they could have done better.**

## **Training and development**

**Human resource departments conduct needs assessments for employees to determine the type of skills training and employee development programmes that are required for improvement and additional qualifications. Every startup or company in a growth phase can benefit from identifying**

**training needs for its staff. It's less expensive to hire additional staff or more qualified candidates. This can also reduce your company's employees turnover and improve employee retention.**

### **Helps with budget control**

**It's critical for human resources to define as many processes as specific projects, be it the 360-feedback review, the annual pay review or the development of a new program. As an human resource professional, it's important and helpful to understand the broad budget of a project. Human resources curb excessive spending through developing methods for trimming workforce management costs. Human resource professionals also ensure competitive and realistic wage setting based on studying the labour market, employment trends and salary analysis based on job functions.**

**You'll learn to develop a strategic approach to training, recruiting and developing the company's most important asset: its people. As businesses expand, these professionals are needed to keep everything together. At the end of your Human Resource management training course, you'll be**

**prepared to handle difficult staff members and design pay structures as well as analyse the influence of unions and government on the labour force.**

## **HR Perspectives: Environmental Scanning :**

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**Have you ever heard of a SWOT (strengths, weaknesses, opportunities, threats) analysis? If you have, the idea of environmental scanning will already be familiar to you. If not, it essentially is referring to the process of reviewing and analyzing the internal and external factors and trends that may affect your current and future actions.**

**the name implies, the goal is to scan the environment, which includes the general working environment (the industry, the economy, etc.), the competitive landscape, and the internal environment. This type of scan can be conducted by nearly every department within an organization, including HR.**

**From an HR perspective, this would include assessing things like:**

**What is going on with the world and the economies of areas where you operate? How will these trends affect your organization? How will they impact HR decisions? For example:**

**What is the unemployment rate?**

**What laws are changing that will affect your business? Are there other political concerns that will affect your business?**

**In your local areas of operation, what trends are you seeing that will impact the organization?**

**What is going on in your industry, specifically? Is it growing? Where is your organization placed in the industry?**

**Where does your organization fit when competing for talent? How scarce is talent right now?**

**Are there technological trends that will impact your HR needs?**

**What skills does your organization need to be competitive? Do your employees currently have these skills or what training (or hiring) will be needed?**

**What trends are happening in the industry? Does your organization make trends or follow them? What changes will you have to make to remain competitive when it comes to attracting and retaining talent?**

**Who are your direct competitors? How are they changing? Who is new to the picture?**

**How does your compensation and benefit structure compare to those organizations with whom you're competing for talent? What changes might be needed to continue to attract and retain talent?**

**From a company perspective, what is going on in the organization?**

**What are the company's strengths and weaknesses? How do these items affect HR directly? What can HR management do to address the weaknesses or capitalize on the strengths?**

**What trends are you seeing that will impact HR in the next year, next 5 years, and next 10 years? What can you do to prepare?**

**Clearly, gathering this type of information is often easier said than done. Thankfully, there are a lot of sources that can be utilized to assist. There are third-party groups that offer competitive information, for example. There are publications that provide information as well.**

**The key is to ensure that the members of the HR management team are being proactive in scanning the environment in which they're operating—doing so will allow them to take steps to be better prepared for the future. Less reacting, more planning and preparing.**

## **Environmental Scanning - Internal & External Analysis of Environment :**

**Organizational environment consists of both external and internal factors. Environment must be scanned so as to determine development and forecasts of factors that will influence organizational success. Environmental scanning refers to possession and utilization of information about occasions, patterns, trends, and relationships within an organization's internal and external environment. It helps the managers to decide the future path of the organization. Scanning must identify the threats and opportunities existing in the environment. While strategy formulation, an organization must take advantage of the opportunities and minimize the threats. A threat for one organization may be an opportunity for another.**

**Internal analysis of the environment is the first step of environment scanning. Organizations should observe the internal organizational environment. This includes employee interaction with other employees, employee interaction with management, manager interaction with other managers, and management interaction with shareholders, access to natural resources, brand awareness, organizational structure, main staff, operational potential, etc. Also, discussions, interviews, and surveys can be used to assess the internal environment. Analysis of internal environment helps in identifying strengths and weaknesses of an organization.**

**As business becomes more competitive, and there are rapid changes in the external environment, information from external environment adds crucial elements to the effectiveness of long-term plans. As environment is dynamic, it becomes**

**essential to identify competitors' moves and actions. Organizations have also to update the core competencies and internal environment as per external environment. Environmental factors are infinite, hence, organization should be agile and vigile to accept and adjust to the environmental changes. For instance - Monitoring might indicate that an original forecast of the prices of the raw materials that are involved in the product are no more credible, which could imply the requirement for more focused scanning, forecasting and analysis to create a more trustworthy prediction about the input costs. In a similar manner, there can be changes in factors such as competitor's activities, technology, market tastes and preferences.**

**While in external analysis, three correlated environment should be studied and analyzed —**

**~~~~~**

**immediate / industry environment**

**national environment**

**broader socio-economic environment / macro-environment**

**Examining the industry environment needs an appraisal of the competitive structure of the organization's industry, including the competitive position of a particular organization and its main rivals. Also, an assessment of the nature, stage, dynamics and history of the industry is essential. It also implies evaluating the effect of globalization on competition within the industry. Analyzing the national environment needs an appraisal of whether the national framework helps in achieving competitive advantage in the globalized environment. Analysis of macro-environment includes exploring macro-economic, social, government, legal, technological and international factors that may influence the environment. The analysis of organization's external environment**

**reveals opportunities and threats for an organization.**

**Strategic managers must not only recognize the present state of the environment and their industry but also be able to predict its future positions.**

### **Environmental Scanning :**

**Every organization has an internal and external environment. In order for the organization to be successful, it is important that it scans its environment regularly to assess its developments and understand factors that can contribute to its success. Environmental scanning is a process used by organizations to monitor their external and internal environments.**

**As seen from the figure above, environmental scanning should primarily identify opportunities and threats in the organization's environment. Once these are identified, the organization can create a strategy which helps in maximizing the opportunities and minimizing the threats. Before looking at the important factors for environmental scanning, let's take a quick peek at the components of an organization's environment.**

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**Every organization has an internal and external environment. In order for the organization to be successful, it is important that it scans its environment regularly to assess its developments and understand factors that can contribute to its success. Environmental scanning is a process used by organizations to monitor their external and internal environments.**

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**Environmental Scanning**

**The purpose of the scan is the identification of opportunities and threats affecting the business for making strategic business decisions. As a part of the environmental scanning process, the organization collects information regarding its environment and analyzes it to forecast the impact**

**of changes in the environment. This eventually helps the management team to make informed decisions.**

## **environmental scanning**

**As seen from the figure above, environmental scanning should primarily identify opportunities and threats in the organization's environment. Once these are identified, the organization can create a strategy which helps in maximizing the opportunities and minimizing the threats. Before looking at the important factors for environmental scanning, let's take a quick peek at the components of an organization's environment.**

## **Components of a Business Environment**

**environmental scanning :**

**As you can see above, the internal environment of an organization consists of various elements like the value system, mission/objectives of the organization, structure, culture, quality of employees, labor unions, technological capabilities, etc. These elements lie within the organization and any changes to them can affect the overall success of the business.**

**On the other hand, an organization cannot operate in a vacuum. Also, there are many factors outside the walls of an organization which affects the functions of the business. These factors constitute the external environment of an organization.**

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**Macro Environment – Economic Environment**

**SWOT analysis**

**Macro Environment – Political-Legal and Social Environment**

**PESTLE Analysis**

**Macro Environment – Technological Environment**

**Strategic Response to the Environment**

**Macro Environment – Global Environment**

**The internal environment offers strengths and weaknesses to business while the external environment brings opportunities and threats. The**

**four influencing environmental factors known as SWOT Analysis are:**

**Strength – an inherent capacity of an organization which helps it gain a strategic advantage over its competitors.**

**Weakness – an inherent constraint or limitation which creates a strategic disadvantage for a business.**

**Opportunity – a favorable condition in the organization's environment enabling it to strengthen its position.**

**Threat – an unfavorable condition in the organization's environment causing damage to the organization.**

**Important Factors for Environmental Scanning**

**Before scanning the environment, an organization must take the following actors into consideration:**

**Events – These are specific occurrences which take place in different environmental sectors of a business. These are important for the functioning and/or success of the business. Events can occur either in the internal or the external environment. Organizations can observe and track them.**

**Trends – As the name suggests, trends are general courses of action or tendencies along which the events occur. They are groups of similar or related events which tend to move in a specific direction. Further, trends can be positive or negative. By observing trends, an organization can identify any change in the strength or frequency of the events suggesting a change in the respective area.**

**Issues – In wake of the events and trends, some concerns can arise. These are Issues. Organizations try to identify emerging issues so that they can take corrective measures to nip them in the bud. However, identifying emerging issues is a difficult**

**task. Usually, emerging issues start with a shift in values or change in which the concern is viewed.**

**Expectations – Some interested groups have demands based on their concern for issues. These demands are Expectations.**

**Solved Question on Environmental Scanning**

**Q1. Explain the important factors for environmental scanning.**

**Answer: The four important factors of environmental scanning are events, trends, issues, and expectations.**

**Events are occurrences which takes place in different environmental sectors of a business. Sometimes these events follow a pattern and tend to move in a specific direction. By analyzing these patterns, the organization can identify trends.**

**Further, there are times when events and trends cause concerns or issues. Also, the interested groups expect the organization to take care of the issues. Hence, in environmental scanning, the organization must ensure that all these aspects are covered.**

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