

Course Name: Business Fundamentals for Entrepreneurs – Part 1 – Internal Operations

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Week – 04

Lecture – 08

Week 4 Module 8 Part 2

Let us now look at the second part of the module which is about human resource management which is the flip side of leadership, how to manage your people. In the context of a business, because I am not going to talk too much about clubs or societies or communities or politics, but in the context of a business, human resource are basically the employees of the business. And human resource management involves defining the creating the organization structure, who reports to whom, how many layers are there, how many functions are there, how many divisions are there, defining the structure, defining the roles, defining the pay. And once you have defined it, human resource management, also called HR management, they also request the HR team to go out and recruit people and train them so that they can go and deliver the company's goals. There are also policies and procedures that guide the employees in a company. Just like if you are in a school or a college, there are policies and procedures for the school and the college.

If you are already in a company, you will have faced and followed some of the policies and procedures of your company. HR also plays a key role in developing motivation and skills in the organization. And above all, they partner with business leader, the sales head or the sales team, the finance head or the finance team, the operations head and the operations team, or the marketing head and the marketing team, and they partner with them to support them on the people-related aspects. So that, in a nutshell, is what is HR management.

Let's now go a bit deeper and look at different aspects of human resource management. What are the key elements of HR management? First, obviously, is talent recruitment, and we'll talk more about it later. Then, develop the talent. It's not enough to recruit. You also have to develop them, coach them, guide them, train them, motivate them.

That's talent development. The third part is employee performance. You've recruited them, developed them, but they have to perform because it's a business. And then, as they perform, it's important that employees are also motivated and they're satisfied. And there are many surveys that companies do and industries do to look at employee satisfaction.

Because if employees are not satisfied, they leave the company. And the last part, as I said, is day-to-day operations and partnering with business. So these are the five key elements of HR management. Let's look at them one by one. So, let's start with how companies recruit talent.

All of you, or most of you, would be applying to companies for jobs. So let's look at how they recruit candidates. It starts with planning. So companies will sit down every year and plan who do they want to recruit, how many people, from where, what education levels, which campuses, what experience. And once they've done the planning, they'll actually do the sourcing.

They can go to a campus, they can look at social media, such as LinkedIn or Indeed or Naukri, any of those sites, or references, or through their websites, and they source the bio data. And it's important for you to know how they source so that you can put in your application into the company recruitment process. Once they source the bio data, they'll shortlist. And the shortlisted candidates, they will interview or do some tests or hackathons. And if you are applying, you have to know what the selection process is so that you're not surprised and you're prepared.

And once companies have selected the final candidates, then the hiring process starts. There will be discussion on pay and benefits. There will be a reference check, and then there's a contract signing, and then the candidate is hired. And if you have applied and you're selected, you get hired. But it doesn't stop there because once you've got the talent or the employee or the new hire into the company, you have to onboard him.

You have to tell him about everything that happens in the company. And typically, it may last for a few days, where companies tell the new hires about the company vision, mission, purpose, the organization structure, who's who, etc. That's how companies will recruit. Once you have recruited, then on a going basis, employees have to be developed, and that's called learning and development. And this is important because if a company doesn't develop its employees, the employees will leave or employees will not join that company.

So, it's important to attract the best talent and to retain them. It's also important to engage and motivate the talent because you don't want to be a no-candidates and no employee wants to be in a company where they never get to see their bosses. They don't know what's going on in the company. So it's very important that the leadership and the management engages with the employees and motivates them. And employees can ask questions and clarify their doubts.

And growing and development is all about training, in-house training, functional training, people skills training, or to be sent out for training or get an external trainer for training, so that you are developing new skills, new ideas, new perspectives, and you grow as an employee. But that's not enough. Most companies will also try and develop an employer brand. Just like you have got product brands, soaps, detergents, computers, cars, the company itself is also a brand in the eye of the candidate and the employee. And just like a

product brand can stand for something, an employer brand also has to stand for something in the mind of the employee or the candidate.

So, when you think about any company, something comes into your mind. If you think about Indian companies, Tata's, Godrej, Mahindra, Infosys, Wipro, or any of the India companies, Adani's, Ambani's, L&T, or if you think about global companies, Google, Facebook, Siemens, Procter & Gamble, DHL, any of the global large companies or small companies, or even start-ups, Ola, Oyo, or Biju's, MakeMyTrip, BookMyShow, any of those newer companies, there is a brand association with the company once you start thinking about them as an employer or a candidate. When you think about them as a customer, you think about the product. So, if you are a user of Gillette Blade for shaving, you think about Gillette, the brand, as a user or a customer. But if you are a candidate or an employee, you will think about the company, and the company that makes Gillette is Procter & Gamble.

You will think about Procter & Gamble as a brand. And companies have to manage employer branding, same with educational institute. Most colleges participate in rankings and thereby create the branding of the company, whether you are an IT or an IT or a college anywhere in India or anywhere in the world, they are employer brands. Not only as a student, if you want to be a student, you think about the institute in a certain way. But if you want to work for that institute as a faculty or a staff or a project manager, you think about it in a different way and that is employer branding.

And then culture and values. Is a company honest? Does it work for the good of society? Does it help the community or does it only make money and exploit people and exploit and spoil the environment? So culture and values. All of this together comes under learning and development, usually led by the HR team. So that is the second big part of HR management. If any of you are choosing human resource management as a career, these are the aspects you should think of.

The next aspect is performance management. You have recruited the employees, you have trained and developed and motivated them. Now the flip side is the employees need to deliver and how do you make sure that you know how the employees are doing? That is called performance management. Again, there are four quadrants.

First is planning. Employees need to know what they are supposed to do and how they will be measured. So you need to give them smart goals. If it is a salesperson, you need to have smart sales goals. If it is a production person, you need to have smart production goals. And they have to be specific, measurable, achievable, relevant and time-bound.

You cannot give impossible targets to an employee because the employee will give up before they have even started. So, smart goals. And then the monitoring. They have to be measures and reports, daily basis, weekly basis, monthly basis, annualized basis, so the employee knows how he is performing versus the goals and the management also knows how the employee is performing versus the goals. And this is very important if you are a large company with 10,000 employees or 100,000 employees or 500,000 employees.

The next quadrant is about reviewing. And if you are an employee, you have to take the review process very carefully. This is when you go back to your manager or your management and say, You gave me these goals. Here is how I have performed. Now please give me some feedback and let's talk about how we can do better.

Or here are the problems, I am facing. If you remove those problems, I can work even better. So that is the review mechanism. And then of course is the most important thing for all of us is the incentive and the increments. Every year, chances are companies will give an increment depending on how prices have gone up in that country called inflation.

So, if the prices have gone up 5 percent and if you give the same salary, actually the salary has reduced in real terms. So to give minimum 5 percent increment or more so that there is a real increase in the salary. And of course incentives for achieving targets. If a salesperson who has blown past or really gone beyond the target, he needs an incentive. Someone who has produced much more than what we are supposed to produce may get an incentive unless he is of course really overproduced.

So, this is the performance mechanism framework. And I would encourage if you are an employee or planning to join a company or an entrepreneur trying to set up your own company that, you also understand the nuances of how to manage performance of your employees. The next and the most important part maybe from an employee perspective is satisfaction. Are you as an employee satisfied? And you would have felt that even if you are a student, are you satisfied with your school or your college or your club or your sports team? Are you satisfied? So, in the context of a business, employee satisfaction is driven by some of these factors that you see on the screen. First, the leadership the, purpose, and the vision.

If a company is on a noble purpose, if a company is doing something for the environment, it is a very noble purpose, doing something for water, provide water to millions of people, pure water or education, they become very inspiring. And employees want to work for these kind of companies. So oftentimes the purpose of a vision and the leadership itself of a company is a big driver of employee satisfaction. The way the leaders behave, the way the leaders communicate, the way the leaders demonstrate leads to a lot of satisfaction or dissatisfaction. Employee satisfaction is also driven obviously by pay and benefits.

If you pay per industry, you are okay. If the industry level is 100 and you are paying 100, you are okay. If you are paying 100, 200, 305 versus an industry benchmark of 100, obviously, employees are most satisfied. But if you pay 95 versus the industry average of 100, maybe the employees are not that satisfied. That is on the monetary side. And then is the personal development side.

Am I getting promotions every two years, three years, four years, five years? If I do very well and I get good results, do I get an opportunity to learn more? Is there a training program for me? Can I develop my skills? If I do very well in this job, can I get a different job where I learn more things? So that is personal development. And then of course things like

is my work meaningful? The company may be very good and very purposeful, but my work may not be meaningful, and I don't even know how I am helping the company. So, it has to be meaningful work. And the working conditions have to be good. It doesn't have to be luxurious, but good and acceptable.

And then the work-like balance. It should not be such that you are working so hard after office hours on weekends that you can't devote enough time to the family, and then the balance is lost. So, all of this together leads to employee satisfaction. And the higher up you go up in the company, the more you have to understand this. Otherwise you will have dissatisfied employees who will sooner or later leave you. And the company gets a bad name and nobody wants to join the company anymore.

And then the last part is the day-to-day operations of HR. Some of you may choose HR as a career. So apart from the recruitment, development, satisfaction, etcetera, there is also day-to-day work, administrative work, policies and procedures, writing the policies and procedures for the employees, leave policies, benefit policies, etcetera, records and documentation, maintaining the records of every employee, every year actually. Then the payroll administration, designing the payroll and making sure that employees are paid on time. Then the legal and compliance because there are a lot of legal requirements, there are a lot of labor laws and they have to be complied with.

And finally, the business partnering where you are supporting business leader in sales, finance, operations, marketing to achieve their objectives. So that's human resource management in its totality and now I'd like you to reflect and write down in your journal what are the couple of points that I have on the screen. First, think of a company you would like to join or already are working for. Reflect, think and do a search if necessary in the company website and try to find out information about the HR aspects of that company from the careers page. In a website most companies will have a careers page or a work for us page.

Go and see what you can find out there and write it down and then look and do a search on the internet for any public domain feedback. There are websites where employees post about the company like Glassdoor, etcetera. See what the existing employees are talking about the company, and that will reflect the human resource aspects of that company. Are they satisfied? Are they happy? Not happy? What's good? What's not so good? And if you want to do a startup, I'd strongly encourage you to think now and write down what you have learned applied to your startup. How will you recruit? How will you train? How will you measure the performance of the employees in your startup? How will you reward them? And what kind of culture will you set up in your startup as a founder? So, think and write down.

Thank you.