



CAIIB PAPER-3

Module-A Unit-4

ADVANCED BUSINESS & FINANCIAL MANAGEMENT (ABFM)



CAIIB Paper 3 (ABFM) Module C Unit 4: Staffing

Staffing

Managers are responsible for building an organisation through the process of recruiting, selection, and development of individuals as capable employees. This process is known as staffing.

Functions of Staffing

- Obtaining qualified individuals for various job positions inside the organization
- The process of staffing ensures that the most qualified candidates are selected for open positions, which results in greater levels of both productivity and performance.
- It contributes to the promotion of the most effective and efficient usage of human resources in a variety of ways.
- The successful recruitment of the right person raises the level of job satisfaction and morale experienced by workers
- The process of staffing serves to guarantee that human resources are used more effectively.
- It secures the organization's continued existence as well as its continued expansion using development managers.
- Proper people can be placed in the right jobs with the help of staffing services.
- Staffing is a function that is used in many different contexts. It is the responsibility of managers at every level of management to carry it out.

Objectives Of Staffing

The important objectives of staffing are:

- To get the appropriate employees for the appropriate positions.
- To educate and cultivate the available human resources.
- To design policies for personnel matters, such as transfer, promotion, and other related work.
- To effectively shape the available human resources and to motivate those resources toward better levels of performance.
- To create a positive and productive working connection between employers and employees as well as between different groups of employees.
- To ensure that the demands of the workers are met to the workers' satisfaction so that they will become dedicated and loyal to the organisation.
- To keep positive human interactions in place in order to foster strong morale among the workforces.

Facets Of Staffing

There are three primary facets of staffing, which are as follows:

- **Recruitment:** Recruitment is a positive process that seeks to attract a bigger number of people with ideal profiles to apply for open positions. The organization's goal with recruitment is to fill positions as quickly as possible. The more people that apply for a job, the better your chances are of finding an applicant who meets your requirements
- **Selection:** Selection is a procedure that eliminates candidates by carefully reviewing their applications and choosing those who are the best fit for the open position. The selection process is different from the recruitment process in that it rejects applications.
- **Training:** Training is another constructive activity that improves the employees' knowledge and abilities, as well as their capacity to do their jobs more effectively.

Significance Of Staffing

- Recognizes Competent Staff
- Enhancement of Overall Performance
- Ongoing Capability for Survival and Development
- The Optimal Employment of the Available Human Resources
- Increases Job Satisfaction and Contributes to a Positive Morale

System Approach to Staffing

- A method based on an open system is required for staffing. **It is carried out within the company, which, in turn, is linked to the environment outside the company.** For this reason, it is necessary to take into consideration the internal factors of the company, which include the personnel policies, the organisational climate, and the reward system.
- The current organisation structure, as well as any plans for the structure, will determine the number and types of managers needed. Using the management inventory, a comparison is made between the needs for managers and the available talent. **According to the findings of this investigation, both external and internal sources are used in the procedures of recruitment, selection, placement, promotion, and termination.**
- As the model demonstrates, **staffing has an impact on both leading and controlling. For instance, managers who have received adequate training are able to cultivate an atmosphere in which members of the workforce can simultaneously achieve both the enterprise's goals and their own personal objectives** by cooperating in groups. In other words, having the appropriate number of staff makes leading easier.
- **The external environment is also something that cannot be ignored; high technology calls for managers who possess a high level of education, training, and expertise.** It is possible that an organisation will not be able to

expand at the desired rate if it is unable to satisfy the demand for managers of this type.

Recruitment

Staffing refers to the process of hiring individuals who are the most qualified for a job whereas recruiting is the process of finding potential applicants for a job and encouraging them to apply for the vacant post.

The primary stages involved in the recruitment process:

- Determining the need for hiring
- Conceiving a recruitment strategy
- Drafting a job description
- Publicising the position
- Recruiting candidates for the position
- Examining applications
- Conducting a phone interview or initial screening
- Conducting interviews
- Evaluating candidates
- Conducting a background check
- Making a decision
- Checking references
- Making an offer of employment
- Hiring candidates
- On boarding of candidates

Types of Recruitment

- **Internal Recruiting:** The process of filling open positions within a company with current staff members from that organisation is known as internal recruiting.
- **Retained Recruiting:** When a company engages a recruiting firm, they can do so in numerous different ways; one of the most prevalent ways is retained recruiting. When an organisation hires a recruiting firm to fill a vacant position, the organisation is responsible for paying an upfront fee to the recruiting firm. Up to the point that the post is filled, the company is responsible for locating potential candidates.
- **Contingency Recruiting:** This type of recruiting, like retained recruiting, requires the assistance of an outside firm. In contrast to retained recruiting, contingency hiring does not require an upfront payment. Instead, the recruitment company is only compensated when one of the candidates they represent is offered and accepts a position within an organisation.
- **Recruiting for Staffing Agencies:** Staffing recruiters are employed by staffing agencies. Staffing and recruiting involve pairing skilled job seekers with open positions that meet their qualifications. In addition, most of the jobs that staffing companies fill are either temporary or only available for a limited time.

- **Outplacement Recruiting:** When it comes to recruitment, outplacement is a type of advantage that is often sponsored by employers and assists former employees in making the transition into new jobs. The purpose of outplacement recruiting is to equip people who have lost their jobs with the tools necessary to locate new employment or pursue other lines of work.
- **Reverse Recruiting:** This is a procedure in which an employee is urged to seek employment with a new business that offers a better fit for their skill-set. This process refers to the practice of encouraging an employee to seek employment with a different organisation. Workers who need assistance with this procedure can take advantage of our Reverse Recruiting service, which offers reviewing of resumes, holding mock interviews, and providing in-depth explanations of various job roles and responsibilities

Selection

The phase of the staffing process known as selection is the component of the hiring procedure that entails selecting an employee to hire from a shortlist of exceptional applicants who have been reduced.

The Selection Process

- **Preliminary Interview:** This is a very generic and basic interview that is held to exclude the candidates who are utterly unfit to work in the organisation.
- **Taking Applications:** The candidates submit their resumes. The application provides the interviewers with information about the candidates, such as their biographical data, their work experience, their hobbies and interests.
- **Examining the Applications:** Once the applications have been received, a special screening committee examines them in order to select potential candidates from among the applications who will then be contacted to schedule interviews.
- **Employment Tests:** This is accomplished by the administration of numerous job exams, including IQ tests, aptitude tests, competence tests, personality tests, and so on.
- **Formal Interview:** Interviews for jobs are conducted to determine in great depth a candidate's skill set and whether they have the capacity to work in the business. The purpose of an employment interview is to determine whether the candidate is suitable for the position, as well as to provide the candidate with information regarding the work profile and the responsibilities that would be expected of the potential employee.
- **Verification of References:** The individual who provides a possible employee's reference is also a very important source of information, so we must check with them. The referee will be able to provide information regarding the individual's capabilities, experience in the prior firms, leadership, and managerial skills, and more.
- **Medical Tests:** Employers can determine whether or not any of the potential applicants are physically and psychologically fit to undertake the tasks associated with their professions with the help of medical examination. There would be

fewer incidents of absenteeism, accidents, and employee turnover if there is an effective system of medical check-ups in place.

- **Final Selection and Appointment:** This is the last phase in the selection process, and it consists of a letter announcing the final selection and appointment

Training

Training is the process of increasing the skills, capacities, and knowledge of workers so that they are better suited to perform certain job duties. The training process shapes the way people think and ultimately leads to improved work performance from those individuals.

Importance of Training

- **Boosts Employee Morale:** Training helps employees achieve job stability and job satisfaction, which in turn boosts employee morale.
- **Decreased requirement for supervision:** An employee who has received adequate training will be familiar with his duties and details of his work and will require less oversight.
- **Reduction in the number of accidents:** When a person has received additional training, there is a decreased likelihood of them being involved in an accident while on the job, and they also become more proficient.
- **Increased Promotion Chances:** Training helps employees improve their abilities and effectiveness, which increases their chances of being promoted.
- **Increased productivity:** Employees that have received adequate training demonstrate both quantity and quality in their work. If staff are given the appropriate training, there will be less waste of time, money, and other resources.

Types of Training

- **On-the-job Training:** This type of training refers to the methods that are used to instruct workers while they are performing their regular duties at an organisation. The training method is straightforward and efficient in terms of cost. **“Learning by doing”** is the guiding principle behind this type of instruction. **On-the-job training can take many forms, such as job rotation, mentoring, temporary promotions.**
- **Off-the-job Training :** Training that takes place in a setting that is not the employee’s normal place of employment is referred to as “off the job training.” It is typically utilised if new workers are hired. **Workshops, seminars, conferences, and other similar events are all examples of non-work-related training opportunities.** A system like this is expensive, but it is effective if and only if a big number of people need to be trained in a relatively short amount of time. **Off the job training is also known as vestibule training, which means that the employees are trained in a different place (which could be a vestibule consisting of a corridor, an entrance, a reception room, or something else) where the actual working conditions are**

Retention And Development

Practices that contribute to retention arise in every area of HR, and all positions within an organisation will need to collaborate with one another to develop and implement retention plans that incorporate multiple facets.

Effective Practices in Retention

- **Hiring:** Practices regarding talent acquisition can have a significant impact on turnover, and a significant body of research indicates that **one way to reduce turnover among newly hired employees is to give applicants an accurate preview of the work they will be doing as part of the recruitment process.**
- **Possibilities of Socialising:** New employees have a greater chance of remaining with an organisation if they are exposed to socialisation practices, which are often given as part of an integrated on boarding and integration programme. These practices consist of **official and informal events that assist individuals get to know one another, and the assignment of more experienced employees as role models for new employees in the company.**
- **Training and development:** Employees who are not provided with the opportunity to **regularly upgrade their skill sets** are more likely to leave a company that does not provide these possibilities.
- **Compensation and rewards:** business has three options available to it in order to retain its workforce: a) Establishing the company as the industry leader in terms of salary and awards. b) Using a person-based compensation structure to allow for the customization of rewards to specific requirements. c) Making an obvious connection between retention and rewards
- **Fair Supervision:** Fair treatment by a supervisor is the single most critical factor in determining whether an employee will remain in their position.
- **Employee involvement:** employees who were highly engaged in their work had a probability of quitting that was five times lower than employees who were not engaged in their work.

Knowledge And Learning Management

The processes of generating, exchanging, utilising, and managing information and knowledge inside an organisation are collectively referred to as **“knowledge management.”**

Benefits of Knowledge Management

- Making knowledge accessible in order to support the development of products and services that are more innovative
- Shorter development cycles
- Managing creative endeavours and educational growth

- Getting the most out of the experience and knowledge of staff members.
- Facilitating employees' access to pertinent concepts that are necessary for them to perform their jobs in a satisfactory manner
- Problem Solving
- Management of both physical assets and intellectual property

There is a **model of KM** that has been formally specified, and it consists of four different parts. These aspects are referred to as **socialisation, combination, externalisation, and internalisation, respectively. This paradigm, which comes under the heading of the SECI Model for Knowledge Management, was established by Nonaka and Takeuchi**

Learning Management Systems and the SECI Model

Socialisation

- True knowledge management requires that there be a constant flow of information and knowledge amongst employees, and this flow should not be restricted in any way.
- The utilisation of chat rooms and the opportunity for employees to communicate with one another while they are studying are two features that are made possible, by learning management systems (LMS).

Externalisation

- One approach is to connect the material covered in online learning courses to events that are taking place in actual workplaces.
- For instance, workers can participate in training and then be directly asked to apply what they've learned to their jobs outside of a virtual learning environment.
- Testing the employees' expertise is yet another method for integrating externalisation into the process. Then, based on how well individuals do their jobs, externalisation can be utilised as a method to develop new forms of training and learning.

Combination

- The combination component of the knowledge management theory has many potential applications in the world of business. One approach to achieving this goal is to make use, in the process of regularly updating and streamlining training, of both the feedback of employees and the input of subject matter experts.

Internalisation

- The ultimate purpose of utilising a learning management system is for employees to internalise the information that they have gained. They should be taught

essential skills in a manner that enables them to immediately put those skills to use in their work.

Performance Appraisal

- The phrase “performance appraisal” refers to the **periodic examination of an employee’s contribution to a company in terms of both job performance and overall contribution.**
- An employee’s abilities, achievements, and growth—or lack thereof, depending on the results—are analysed during a performance assessment, which is also known as annual review, performance review or evaluation, or employee appraisal.
- Performance reviews are used by businesses to provide employees with comprehensive feedback on their work, as well as to justify salary raises and incentives, as well as choices regarding employment termination.

Types of Performance Appraisals

- **Self-evaluation** is when individual employees evaluate their own behaviour and performance on the job.
- **Peer assessment** is a rating of an individual’s performance given by their workgroup or other co-workers.
- **360-degree feedback assessment** incorporates comments from the participant, as well as those of their supervisor and peers.
- **Negotiated appraisal** is a more recent trend that involves a mediator and aims to minimise the adversarial aspect of performance reviews by allowing the subject to present first. This is done to moderate the impact of performance evaluations on employees. Also places an emphasis on the positive aspects of the individual before offering any constructive criticism.

Methods of Performance Appraisal

Broadly, all methods of appraisals can be divided into two different categories.

- **Past-Oriented Methods**
- **Future-Oriented Methods**

Past – Oriented Methods

a) Rating Scales: Rating scales consists of several numerical scales representing job related performance criterions such as dependability, initiative, output, attendance, attitude, etc. Each scale ranges from excellent to poor. The total numerical scores are computed and final conclusions are derived.

Advantages – Adaptability, easy to use, low cost, every type of job can be evaluated, large number of employees covered, no formal training required.

Disadvantages – Rater’s biases.

b) Trait Analysis: Under this method, checklist of statements of traits of employee in the form of **Yes or No based questions is prepared**. Here the rater only does the reporting or checking and HR department does the actual evaluation.

Advantages – economy, ease of administration, limited training required, standardization.

Disadvantages – Raters biases, use of improper weights by HR, does not allow rater to give relative ratings.

c) Forced Choice Method: The series of statements arranged in the blocks of two or more are given and the rater indicates which statement is true or false. The rater is forced to make a choice. HR department does actual assessment.

Advantages – Absence of personal biases because of forced choice.

Disadvantages – Statements may be wrongly framed.

d) Forced Distribution Method: Here employees are clustered around a high point on a rating scale. Rater is compelled to distribute the employees on all points on the scale. It is assumed that the performance is conformed to normal distribution. Assumption of normal distribution, unrealistic, errors of central tendency may occur.

e) Critical Incidents Method: The approach is focused on certain critical behaviours of employees that makes all the difference in the performance. Supervisors as and when they occur record such incidents.

Advantages – Evaluations are based on actual job behaviours, ratings are supported by descriptions, feedback is easy, reduces recent biases, chances of subordinate improvement are high.

Disadvantages – Negative incidents can be prioritized, forgetting the positive ones, overly close supervision.

f) Confidential Records: Mostly used by government departments, and in older organisations where the concept of self-assessment is not encouraged.

Here the report is given in the form of Annual Confidential Report (ACR) and may record ratings with respect to following items; attendance, self-expression, team work, leadership, initiative, technical ability, reasoning ability, originality and resourcefulness, etc. The system is highly secretive and confidential. Feedback to the assessee is given only in case of an adverse entry.

g) Pen portrait: The assessor pictures in writing about the assessee, regarding his qualities and performance as well as his potential. Armies use this method in evaluating cadets.

Future-Oriented Methods

a) Management by Objectives: A concept popular till recently and introduced by the management Guru, **Peter Drucker**, where performance is rated against the achievement of objectives stated by the management. MBO process goes as under.

- Establish goals and desired outcomes for each subordinate in a conference between the management and the concerned subordinate.
- Set performance standards.
- Assess performance achieved against goals set for the employee through frequent performance review meetings
- Identify reasons for shortfall and give feed-back for improvement.
- Establish new goals and new strategies for the coming year.

b)Assessment Centre Approach Method:

- Under this method, many evaluators join together to judge employee performance in several situations with the use of a variety of criteria. It is used mostly to help select employees for the first level supervisory positions
- The use of situational exercises (such as an in-basket exercise, management games, role-playing, critical incident and leaderless group discussion, etc.),
- Evaluators are drawn from experienced managers with proven ability at different levels of management
- They evaluate all employees, both individually and collectively and each candidate is given one of the four categories: more than acceptable, less than acceptable and unacceptable,
- A summary report is prepared by the members and a feedback on a face-to-face basis is administered to all the candidates who ask for it.

e)Behaviourally Anchored Rating Scales (BARS)

- A BARS is a tool for evaluating employees in a defined set of performance dimensions by comparing their behaviors with specific behavior examples that anchor each performance level, usually on a five-, seven- or nine-point scale.
- **Generate Critical Incidents:** Persons with knowledge of the job to be appraised are asked to describe specific illustrations (critical incidents) of effective and ineffective performance behaviour.
- **Develop Performance Dimensions:** The people then divide the incidents into smaller set (say 5 or 10) of performance dimensions. Each cluster is then defined clearly.
- **Reallocate Incidents:** These critical incidents are then reallocated to any group of people who also know the job. They are given the cluster's definitions and asked to redesign each incident to the dimension it best describes. Typically, a critical incident is retained if some percentage (generally 50 to 70%) of this group assigns it to the same cluster as the previous group did.

- **Scale of Incidents:** This second group is generally asked to rate on a given scale, the behaviour described in the incident as to how effectively or ineffectively it represents performance on the appropriate dimension
- **Develop Final Instrument:** A subset of incidents (usually 6 or 7 per cluster) are used as 'Behaviour anchors' for the performance dimensions.
- The BARS technique has advantages like – More accurate judgment, establishes clear standards, provide good feedback to the people being appraised, make the dimensions more independent of each other and it provides independence to the rater.

f) Key Result Areas (KRAs): KRAs refer to general areas of outcomes or outputs for which the department's role is responsible. The Individual Performance and Development Plan has two component parts, the Performance Plan and its related Individual Development Plan.

The Performance Plan is constructed by the manager and employee together, focusing on priority-setting for the performance management cycle and, working co-operatively through a four-step process:

- Agreeing upon Key Results Areas
- Agreeing upon Performance Objectives
- Agreeing upon Key Performance Indicators and their associated Performance Targets
- Agreeing upon Action Plans

Human Resource Development

- The purpose of human resource development is to enhance the efficiency of individuals, groups, and organisations through the coordinated implementation of various training, organisation, and career advancement initiatives.
- HRD, helps people become more capable. The workforce receives new skills, knowledge, and attitudes as a result of HRD's efforts.
- People are able to become more engaged to their jobs when an adequate HRD programme is implemented. It is necessary to have a reliable performance appraisal system in order to evaluate individuals according to their level of achievement.
- With the assistance of HRD, a culture of trust and respect can be established in a given setting.
- With the assistance of HRD, an accepting attitude toward change can be developed. The employees discovered that they had improved capabilities in terms of being able to solve problems.
- It contributes to the overall improvement of the employees' progress. The organisation's sense of teamwork is also boosted by HRD's efforts.

- it assists in the development of a “efficiency culture” within the firm. It results in an increase in the efficiency of the organisation.
- It encourages greater participation from staff members. When they do a good job, workers have a sense of pride and a sense of having accomplished something.
- It also helps to collect data on employee programmes and policies that is helpful and objective, which further facilitates better planning for human.

Types of Human Resource Development

HRD can take many forms, such as on-the-job training or work shadowing, classroom education or education obtained online, opportunities for professional development and growth, and training to ensure compliance with laws and regulations.

- Learning the facets of a work while actually performing the tasks associated with that employment is what is meant by “**on-the-job training**.”
- Another related method is “**work shadowing**”, in which an employee watches another employee perform the duties of their job in order to acquire the necessary abilities.
- Another type of growth is intellectual or professional growth, which can take the form of attending classes at a university or certification programmes, as well as job-specific trainings and seminars that focus on how to perform one’s job more effectively

Managing Diversity

- The workforce is becoming increasingly diverse in terms of generations represented. The workforce is growing increasingly diverse in terms of age, with members of generations ranging from the seasoned Baby Boomers who have years of expertise to the fresh-faced Generation Z members who are always connected.

Advantages of generation diversity:

- **Problem-solving:** Having a multigenerational workforce can be quite advantageous when it comes to identifying potential solutions and new methods of handling day-to-day concerns. This is due to the fact that each generation has a different approach to problem-solving.
- **Understanding diverse audiences:** Employing people that belong to each of these generations allows you to gain a deeper understanding of the various demographic groups that you are aiming to communicate with.
- **Occasions for educational growth:** Employees of different generations might teach one another new ways of thinking about things and ways of conducting business that are more effective.
- **Mentorship:** An atmosphere with employees of varying ages is ideal for fostering mentoring relationships. Many businesses make the decision to launch a mentorship programme in order to give their staff members the chance to learn from one another.

Healthy Industrial Relations

- The term “**industrial relations**” refers to the interaction that exists between workers and management, which can either directly or indirectly be traced back to the relationship between unions and employers.
- Industrial progress is impossible without cooperation of labours and harmonious relationships. Therefore, it is in the interest of all to create and maintain good relations between employees (labour) and employers (management).
- The management and the trade union both need to approach the building of good industrial relations with a positive attitude if they want to see it succeed. Healthy industrial relations require a number of important characteristics to be present, including mutual respect, understanding, goodwill, and acknowledgement of dignity.

Management of Change

Management of change involves managing the interaction between the people who are leading the change effort and those who are expected to implement the new strategies. It also involves managing the organisational context in which changes can take place and managing the emotional bonds that are essential for any transition.

The following points and strategies can help for better management of change within a workplace

Gaining an Understanding of the Change Process:

The following are the events that take place throughout each phase:

- **Preparation:** It is the responsibility of the change manager to get both the organisation and its workers ready for the transition.
- **Implementation:** It is the responsibility of the change manager to ensure that changes are carried out in a manner that is consistent with the long-term goals of the organisation.
- **Follow-through:** It is the responsibility of the change manager to make certain that the change is sustainable and that it is incorporated into the culture and practices of the organisation.

Acquiring an Awareness of the Drivers of Change:

In order for managers to successfully manage change, they must first understand why it is required. If you don't do this, it will be impossible for you to design a strategy that addresses fundamental issues and pressing challenges like the following:

- Which pressures are driving the shift that is occurring
- Are these pressures from within, such as the introduction of new leadership?
- Are these pressures from the outside world, such as the creation of new technology, a shift in your business, or the appearance of a new competitor?

Formulating a Strategy:

- Once you have an understanding of the reason for the shift, the next step is to devise a plan.
- This plan should include a high-level overview of the reasons for change, describe the scope of the project, identify the main stakeholders, organise a team, and present a thorough roadmap of the tasks that will be required to finish the project.

Clarity of Communication:

- In the end, you will need to be competent of explaining change to two audiences that couldn't be more different from one another. The first category includes all of your staff members and other members of your team.
- These personnel need to understand not just why the change is necessary but also how their job responsibilities will be affected by the change.

Be Ready to Overcome Obstacles:

- No matter how well prepared you are for the possibility of change, there is no guarantee that everything will go according to plan. You must ensure that you are prepared for a variety of possible outcomes.

Formulating Career Strategy

The following is a rundown of the seven steps that make up the construction of the career strategy:

- **A career development plan (CDP) is a list of long and short-term goals that employees set for themselves** in either their current role or pre-emptively for their future job. The first step is to do an in-depth analysis of your values, strengths, and motivators
- The second step is to be aware of your advantages.
- Conduct research into the many possibilities and make the most of the opportunities.
- Developing Expertise.
- Developing a network.
- Considering and evaluating your alternatives.
- Taking an action.

Stress Management

- The term “stress management” refers to a wide range of treatments and psychotherapies that are aimed at regulating the degree of stress experienced by a person, particularly the level of chronic stress, typically with the intention and the goal of enhancing day-to-day functioning.
- The levels of stress can be easily measured by utilising a variety of physiological tests that are quite similar to those that are used in polygraph examinations.
- There are many different models of stress management, and each of these models offers a unique explanation of the mechanisms that can be used to

control stress. A significant amount of additional research is required in order to gain a better understanding of which mechanisms truly operate and are efficient in practice.

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