

Unit I: An Introduction to Human Resource Management

Concept & nature of HRM, Evolution of HRM, objectives & Scope of HRM, Functions of HRM,

Importance of HRM, Role & Qualities of HR manager

Human resource management (HRM) is the process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concerns.

1. HRM Definition

According to M L Cuming, "Human Resource Management is concerned with obtaining the best possible staff for an organization and having got them looking after them so that they want to stay and give their best to their jobs."

Dale Yoder defines Human Resource Management as that part of the phase of management dealing effectively with control and use of manpower as distinguished from other sources of power.

According to F. E. L. Brech, Human Resource Management is that part of management progress which is primarily concerned with the human constituents of an organization.

Nature of HRM

What is HRM Nature? Human resource management aims at fulfilling the goal of each individual and the organization on a whole.

Nature of HRM is:

2. Pervasive Force
3. People Oriented
4. Action-Oriented
5. Future-Oriented
6. Development Oriented
7. Enhance Employee Relations
8. Interdisciplinary Function

Nature of human resource management are:

Pervasive Force

Human Resource Management is an inherent part of an organization. It is pervasive in nature and present in all enterprises at all levels of management. It is the responsibility of each manager to select the right candidate under him and pay attention to the development and satisfaction of each subordinate.

People Oriented

Human Resource Management focuses on and values people at work both as individuals and groups. It encourages people to develop their full potential and in return give the best to the organization. Action-Oriented

Human Resource Management does follow rules, records, and policies but it stresses the action. The focus is on providing an effective and timely solution to employees for any problems, tensions, or controversies faced by them.

Future-Oriented

To sustain and grow in this competitive environment organizations follow long term strategic planning. Effective Human Resource Management prepares people for current as well as future challenges, especially working in an environment characterized by dramatic changes.

Development Oriented

HRM continuously works towards the development of employees. There are various tools used to make the employees reach their maximum potential. Training programs are held to help employees enhance their skills and knowledge. Monetary and non-monetary reward structures are tuned to motivate the employees.

Enhance Employee Relations

HRM helps to build a healthy relationship between the employees at various levels. It encourages mentoring and counseling to help employees in times of need. It aims at creating a culture in the organization that is conducive to learning and growth.

Interdisciplinary Function

The knowledge that has influenced Human Resource Management is interdisciplinary in nature. It drives knowledge from five major bodies: education, system theory, economics, psychology, and organizational behavior.

EVOLUTION OF HRM

Though HRM as a field of study has relatively recent origin, history of management of people in the organizations particularly in state administration, is quite old. However, these ancient developments could not create much impact on the recent development of literature and practices of HRM as these developments were concerned primarily to state administration.

Some serious thoughts were applied towards the effective utilization of labour force in industrial organizations after the industrial revolution that started in 19th century. Since then, organized practices relating to management of people, initially labour force and subsequently managerial personnel also, started taking place and literature describing these practices started emerging. From industrial revolution era to the present era, various stages to development of management of human resource practices may be classified as follows:

1. Industrial revolution era— 19th century
2. Trade union movement era — close to the 19th century
3. Social responsibility era — beginning of the 20th century
4. Scientific management era— 1900-1920s

5. Human relations era— 1930s-1950s
6. Behavioral science era— 1950s-1960s
7. Systems and contingency approach era – 1960 onwards
8. Human resource management era — 1980 onward

1. Industrial Revolution Era: The systematic development of HRM started with industrial revolution that started during 1850s in Western Europe and USA. The industrial revolution consisted, essentially, the development of machinery, the use of mechanical energy in production processes, and consequently the emergence of the concept of factory with large number of workforce working together. The factory system replaced the old cottage system. Industrial revolution brought out a number of changes like centralized work locations with large number of workers working together, mechanized production process, migration of workers from their place of origin, and indirect contact between factory owners and worker. In order to manage people in the factory system of industrial revolution, three systems of HRM were developed- recruitment of workers, training for workers, and control of workers. However, the basic philosophy of managing workers revolved around master-servant relationship.

2. Trade Union Movement Era: Shortly after the emergence of factory system, workers started to organize themselves based on their common interests to form workers' associations which were subsequently known as trade unions. The basic objectives of these associations were to safeguard interest of their members and to sort out their problems which arose primarily because of employment of child labor, long hours of work, and poor working conditions. Later, other aspects of work such as economic problems and wages, employee benefits and services, etc. also became issues. These trade unions started such weapons as strikes, slowdowns, walkouts, boycotts, etc., for the acceptance of their demands. These activities of the trade unions forced owners and managers to adopt employee grievance handling systems, arbitration as a means of resolving conflicts between owners/managers and workers, disciplinary practice, expansion of employee benefit programmes, holiday and vacation time, clear definition of job duties, job rights through seniority, and installation of rational and defensible wage structures.

3. Social Responsibility Era: In the first decade of 20th century, some factory owners started adopting a more humanistic and paternalistic approach towards workers. Paternalistic approach to labour management is based on the philosophy that labor is just like a child and owner is just like a father and the owner should take care of his labor just like a father takes care of his children. Those industrialists who adopted paternalistic approach offered a number of concessions and facilities to labour force like reduced number of work hours, improved facilities at workplace, model villages to workers, etc. All these practices led to the development of social welfare aspect of labor management. Many critics to paternalistic approach viewed that this approach was adopted to overcome the problems posed by labour union movement as plenty of trade unions emerged which frequently interrupted work performance. Employers observed that workers were going out of their control and to overcome this problem, they implemented welfare scheme. Thus, this was a compulsion rather than a philosophy.

4. Scientific Management Era: Around the beginning of 20th century, Taylor started to find out 'one best way of doing thing' based on time and motion studies. On the basis of his experiments, he was able to increase workers' productivity considerably and wrote many papers based on these experiments and a book on scientific management. The main principles of scientific management are: (i) Replacing rule of thumb with science, (ii) harmony, not conflict, (iii) cooperation, not individualism, and (iv) development of each and every person. Scientific management techniques relevant to management of workers are- functional foremanship, standardization and simplification of work, and differential piece wage system.

5. Human Relations Era: Around 1920s, management researchers gave a close look at the human factor at work and the variables that affected people's behavior. Before that, Hugo Munsterberg wrote a book on 'Psychology and Industrial Efficiency' which suggested the use of psychology in the field of personnel testing, interviewing, attitude measurement, learning, etc. This brief period was termed as 'Industrial Psychology Era'. In 1924, a group of professors from Harvard Business School, USA, began an enquiry into the human aspects of work and working conditions at Hawthorne plant of Western Electric Company, Chicago. They conducted researches from 1924 to 1932 and arrived at the conclusions that productivity of workers depended on- (i) social factors at the workplace, (ii) group formation and group influence, (iii) nature of leadership and supervision, and (iv) communication. They concluded that in order to have better productivity, management should take care of human relations besides the physical conditions at the workplace. Consequently, the concepts of social system, informal organization, group influence, and non-logical behaviour entered the field of management of personnel.

6. Behavioral Science Era: In contrast to human relations which assume that happy workers are productive workers, the behavioral scientists have been goal and efficiency- oriented and consider understanding of human behavior to be the major means to that end. They have tried several sophisticated research methods to understand the nature of work and the people in the work environment. The contribution of behavioral scientists to management practices consists primarily of producing new insights rather than new techniques. It has developed or expanded a useful way of thinking about the role of the manager, the nature of organizations, and the behaviour of individuals within organizations. As against human relations model, they have given the concept of human resource model.

7. Systems and Contingency Approach Era: Systems and contingency approach has attracted maximum attention of thinkers in management in the present era. It is an integrated approach which considers management of human resources in its totality based on empirical data. The basic idea of this approach is that analysis of any object must rely on a method of analysis involving simultaneous variations of mutually-dependent variables. This happens when systems approach is applied in managing human resources.

8. Human Resource Management Era: When the factory system was applied in production, large number of workers started working together. A need was felt that there should be someone who should take care of recruiting, developing, and looking after welfare of these workers. For this purpose, industrial relations department came into existence in most of the large organizations which was concerned mostly with workers. However, as the time passed and the complexity of managing human

resources in large business organizations increased, the scope of industrial relations department was extended to cover supervisory staff and subsequently managerial personnel. Industrial relations department was named as personnel department. With the increasing competition for market share, competition for resources including human talents, and increased knowledge in the field of managing human resources, people were not treated merely as physiological beings but socio-psychological beings as a prime source of organizational effectiveness and large organizations changed the nomenclature of their personnel department to human resource 'department to reflect the contemporary view.

SCOPE OF HRM

The scope of HRM is indeed vast. All major activities in the working life of a worker – from the time of his or her entry into an organization until he or she leaves the organizations comes under the purview of HRM. The major HRM activities include HR planning, job analysis, job design, employee hiring, employee and executive remuneration, employee motivation, employee maintenance, industrial relations and prospects of HRM.

The scope of Human Resources Management extends to:

- All the decisions, strategies, factors, principles, operations, practices, functions, activities and methods related to the management of people as employees in any type of organization.
- All the dimensions related to people in their employment relationships, and all the dynamics that flow from it.

The scope of HRM is really vast. All major activities in the working life of a worker – from the time of his or her entry into an organization until he or she leaves it comes under the purview of HRM. American Society for Training and Development (ASTD) conducted fairly an exhaustive study in this field and identified nine broad areas of activities of HRM.

These are given below:

- Human Resource Planning
- Design of the Organization and Job
- Selection and Staffing
- Training and Development
- Organizational Development
- Compensation and Benefits
- Employee Assistance
- Union/Labor Relations

- Personnel Research and Information System

a) Human Resource Planning: The objective of HR Planning is to ensure that the organization has the right types of persons at the right time at the right place. It prepares human resources inventory with a view to assess present and future needs, availability and possible shortages in human resource. Thereupon, HR Planning forecast demand and supplies and identify sources of selection. HR Planning develops strategies both long-term and short-term, to meet the man-power requirement.

b) Design of Organization and Job: This is the task of laying down organization structure, authority, relationship and responsibilities. This will also mean definition of work contents for each position in the organization. This is done by "job description". Another important step is "Job specification". Job specification identifies the attributes of persons who will be most suitable for each job which is defined by job description.

c) Selection and Staffing: This is the process of recruitment and selection of staff. This involves matching people and their expectations with which the job specifications and career path available within the organization.

d) Training and Development: This involves an organized attempt to find out training needs of the individuals to meet the knowledge and skill which is needed not only to perform current job but also to fulfill the future needs of the organization.

e) Organizational Development: This is an important aspect whereby "Synergetic effect" is generated in an organization i.e. healthy interpersonal and inter-group relationship within the organization.

f) Compensation and Benefits: This is the area of wages and salaries administration where wages and compensations are fixed scientifically to meet fairness and equity criteria. In addition labour welfare measures are involved which include benefits and services.

g) Employee Assistance: Each employee is unique in character, personality, expectation and temperament. By and large each one of them faces problems everyday. Some are personal some are official. In their case he or she remains worried. Such worries must be removed to make him or her more productive and happy.

h) Union-Labour Relations: Healthy Industrial and Labour relations are very important for enhancing peace and productivity in an organization. This is one of the areas of HRM.

i) Personnel Research and Information System: Knowledge on behavioral science and industrial psychology throws better insight into the workers expectations, aspirations and behaviour. Advancement of technology of product and production methods have created working environment which are much different from the past. Globalization of economy has increased competition many fold. Science of ergonomics gives better ideas of doing a work more conveniently by an employee. Thus, continuous research in HR areas is an unavoidable requirement. It must also take special care for improving exchange of information through effective communication systems on a continuous basis especially on moral and motivation

OBJECTIVES OF HRM

The primary objective of HRM is to ensure the availability of competent and willing workforce to an organization. The specific objectives include the following:

- 1) Human capital: assisting the organization in obtaining the right number and types of employees to fulfill its strategic and operational goals
- 2) Developing organizational climate: helping to create a climate in which employees are encouraged to develop and utilize their skills to the fullest and to employ the skills and abilities of the workforce efficiently
- 3) Helping to maintain performance standards and increase productivity through effective job design; providing adequate orientation, training and development; providing performance-related feedback; and ensuring effective two-way communication.
- 4) Helping to establish and maintain a harmonious employer/employee relationship
- 5) Helping to create and maintain a safe and healthy work environment
- 6) Developing programs to meet the economic, psychological, and social needs of the employees and helping the organization to retain the productive employees
- 7) Ensuring that the organization is in compliance with provincial/territorial and federal laws affecting the workplace (such as human rights, employment equity, occupational health and safety, employment standards, and labor relations legislation). To help the organization to reach its goals
- 8) To provide organization with well-trained and well-motivated employees
- 9) To increase the employees satisfaction and self-actualization
- 10) To develop and maintain the quality of work life
- 11) To communicate HR policies to all employees.
- 12) To help maintain ethical polices and behavior.

The above stated HRM objectives can be summarized under four specific objectives: societal, organizational, and functional and personnel

- 1) Societal Objectives: seek to ensure that the organization becomes socially responsible to the needs and challenges of the society while minimizing the negative impact of such demands upon the organization. The failure of the organizations to use their resources for the society's benefit in ethical ways may lead to restriction.

2) Organizational Objectives: it recognizes the role of HRM in bringing about organizational effectiveness. It makes sure that HRM is not a standalone department, but rather a means to assist the organization with its primary objectives. The HR department exists to serve the rest of the organization.

3) Functional Objectives: is to maintain the department's contribution at a level appropriate to the organization's needs. Human resources are to be adjusted to suit the organization's demands. The department's value should not become too expensive at the cost of the organization it serves.

4) Personnel Objectives: It is to assist employees in achieving their personal goals, at least as far as these goals enhance the individual's contribution to the organization. Personal objectives of employees must be met if they are to be maintained, retained and motivated. Otherwise employee performance and satisfaction may decline giving rise to employee turnover.

FUNCTIONS OF HRM

Human Resource Management functions can be classified into the following three categories.

- Managerial Functions,
- Operative Functions, and
- Advisory Functions

The Managerial Functions of Human Resource Management are as follows:

1. Human Resource Planning - In this function of HRM, the number and type of employees needed to accomplish organizational goals is determined. Research is an important part of this function, information is collected and analyzed to identify current and future human resource needs and to forecast changing values, attitude, and behavior of employees and their impact on the organization.

2. Organizing - In an organization tasks are allocated among its members, relationships are identified, and activities are integrated towards a common objective. Relationships are established among the employees so that they can collectively contribute to the attainment of the organization's goal.

3. Directing - Activating employees at different levels and making them contribute maximum to the organization is possible through proper direction and motivation. Taping the maximum potentialities of the employees is possible through motivation and command.

4. Controlling - After planning, organizing, and directing, employees' actual performance is checked, verified, and compared with the plans. If the actual performance is found deviated from the plan, control measures are required to be taken.

The Operative Functions of Human Resource Management are as follows

1. Recruitment and Selection - Recruitment of candidates is the function preceding the selection, which brings the pool of prospective candidates for the organization so that the management can select the right candidate from this pool.

2. Job Analysis and Design - Job analysis is the process of describing the nature of a job and specifying the human requirements like qualification, skills, and work experience to perform that job. Job design aims at outlining and organizing tasks, duties, and responsibilities into a single unit of work for the achievement of certain objectives.

3. Performance Appraisal - Human resource professionals are required to perform this function to ensure that the performance of employees is at an acceptable level.

4. Training and Development - This function of human resource management helps employees acquire skills and knowledge to perform their jobs effectively. Training and development programs are organized for both new and existing employees. Employees are prepared for higher-level responsibilities through training and development.

5. Wage and Salary Administration - Human resource management determines what is to be paid for different types of jobs. Human resource management decides employee's compensation which includes wage administration, salary administration, incentives, bonuses, fringe benefits, and etc.,.

6. Employee Welfare - This function refers to various services, benefits, and facilities that are provided to employees for their well-being.

7. Maintenance - Human resource is considered an asset for the organization. Employee turnover is not considered good for the organization. Human resource management always tries to keep their best performing employees with the organization.

8. Labor Relations - This function refers to human resource management interaction with employees represented by a trade union. Employees come together and form a union to obtain more voice in decisions affecting wage, benefits, working conditions, etc.,

9. Personnel Research - Personnel researches are done by human resource management to gather employees' opinions on wages and salaries, promotions, working conditions, welfare activities, leadership, etc.,. Such researches help in understanding employee satisfaction, employee turnover, employee termination, etc.,

10. Personnel Record - This function involves recording, maintaining, and retrieving employee-related information like - application forms, employment history, working hours, earnings, employee absents and presents, employee turnover, and other data related to employees.

The Advisory Functions of Human Resource Management are as follows:

Human Resource Management is expert in managing human resources and so can give advice on matters related to human resources of the organization. Human Resource Management can offer advice to:

1. Advised to Top Management

The personnel manager advises the top management in the formulation and evaluation of personnel programs, policies, and procedures.

2. Advised to Departmental Heads

The personnel manager advises the heads of various departments on matters such as manpower planning, job analysis, job design, recruitment, selection, placement, training, performance appraisal, etc.

Importance of HRM

The Importance of HRM must be viewed through of overall strategic goals for the organization instead of a standalone tint that takes a unit based or a micro approach. The idea here is to adopt a holistic perspective towards HRM that ensures that there are no piecemeal strategies and the HRM policy enmeshes itself fully with those of the organizational goals. HRM becomes significant for business organization due to the following reasons.

Importance of HRM is:

1. Objective:-

HRM helps a company to achieve its objective from time to time by creating a positive attitude among workers. Reducing wastage and making maximum use of resources etc.

2. Facilitates professional growth:-

Due to proper HR policies employees are trained well and this makes them ready for future promotions. Their talent can be utilized not only in the company in which they are currently working but also in other companies which the employees may join in the future.

3. Better relations between union and management:-

Healthy HRM practices can help the organization to maintain co-ordinal relationship with the unions. Union members start realizing that the company is also interested in the workers and will not go against them therefore chances of going on strike are greatly reduced.

4. Helps an individual to work in a team/group:-

Effective HR practices teach individuals team work and adjustment. The individuals are now very comfortable while working in team thus team work improves.

5. Identifies person for the future:-

Since employees are constantly trained, they are ready to meet the job requirements. The company is also able to identify potential employees who can be promoted in the future for the top level jobs. Thus one of the advantages of HRM is preparing people for the future.

6. Allocating the jobs to the right person:-

If proper recruitment and selection methods are followed, the company will be able to select the right people for the right job. When this happens the number of people leaving the job will reduce as they will be satisfied with their job leading to decrease in labor turnover.

7. Improves the economy:

Effective HR practices lead to higher profits and better performance by companies due to this the company achieves a chance to enter into new business and start new ventures thus industrial development increases and the economy improves.

ROLE & QUALITIES OF HR MANAGER

Role of HR Manager

The role of an HR manager is very challenging as it involves managing people. Managing people is the toughest task and a good HR manager does this effectively. He cannot afford to get complacent in his work. Exploring and learning new ways to handle and deal with the concerns should be his forte.

He plays a pivotal role to achieve organizational goals. An HR manager is a path-finder, problem solver, a guide, philosopher, a leader, a friend, an identifier, and a competence maker of the human resource.

A good HR manager's role helps in the growth and development of all the employees in the organization directly or indirectly.

Major Qualities of HR Manager

Let's discuss a few and vital qualities of an HR manager

1. Excellent Communicator

Good communication is the key to solving various issues. Since the HR manager is involved in framing policies, conducting interviews, recruitment, and training, he needs to have excellent communication as he is the face of the organization to the outside world. His communication should reflect a positive attitude and dignity.

2. Knowledge of Legal Affairs

An HR manager is involved in taking decisions for the organization's workforce, he should be aware of the legal implications for the same. He should be able to analyze and forecast problems cropping up and should have the solutions for the same for which he should have the knowledge of the legal affairs.

3. Integrity

When hiring any employee, every organization assesses the integrity of the potential employee. Integrity is a top-most quality in a good HR manager as he is aware of the organization's confidential information such as the package paid to each employee, placement criteria, selection process, etc. This should not be used to his advantage in any way.

4. Trustworthy

He is the one whom an employee approaches with concerns or issues during his tenure. This is possible when the HR manager has created an environment of trust and reliability. This is achieved when there is honest and straightforward communication in the interactions made by the HR manager.

5. Being Fair and Just

You are like a principal of the school when you are on the office floor who has been given the charge of solving small conflicts to managing and dealing with bigger issues like sexual misconduct. You have the power to make the decision and fire an employee. You need to be fair and just, and take unbiased decisions as your one decision can change the fate of the employee in the organization or the industry.

6. Learn to Differentiate Between Personal and Professional Life

A good HR manager demands an understanding of the difference between personal and professional life. Being in HR, you are never out of issues or concerns. You are the mediator between the management and the employee, and it is not an easy task. You need to keep in mind the company's policies as well as give a listening ear to the employee's concerns which can be their issues too.

7. Leader

A HR manager should have leadership skills in order to be able to succeed in the arena. He should be able to lead but yet be a people's person. He should be able to visualize the bigger picture, keep in mind the vision and mission of the organization, and act upon it most effectively.

8. Business Acumen

Just having good communication and knowledge of the policies of the organization is not enough. An HR manager should be able to understand the financial, accounting, marketing, and operational functions of the organization.

9. Delegator

Being the head of the department, he should be able to effectively delegate duties and responsibilities to the right team member at the right time for the right job. In this way, he will also help his team members grow professionally. Identifying the right candidate should be his forte.

10. Time Management and Self-Discipline

The HR manager should set an example for his team and other employees in the way he or she manages the day to day affairs and should be able to cater to sudden issues that come up in the office floor. Prioritizing his work should be his priority.