

Unit -1

Introduction of Human Resource Management

Concept of HRM

HRM is concerned with the human beings in an organization. “The management of man” is a very important and challenging job because of the dynamic nature of the people. No two people are similar in mental abilities, tacticians, sentiments, and behaviors; they differ widely also as a group and are subject to many varied influences. People are responsive, they feel, think and act, therefore they cannot be operated like a machine or shifted and altered like template in a room layout. They therefore need a tactful handling by management personnel.”

HRM is the process of managing people of an organization with a human approach. Human resources approach to manpower enables the manager to view the people as an important resource. It is the approach through which organization can utilize the manpower not only for the benefits of the organization, but for the growth, development and self-satisfaction of the concerned people. Thus, HRM is a system that focuses on human resources development on one hand and effective management of people on the other hand so that people will enjoy human dignity in their employment

Human resource has a paramount importance in the success of any organization because most of the problems in organizational setting are human and social rather than physical, technical or economical failure. In the words of Oliver Sheldon, “No industry can be rendered efficient so long as the basic fact remains unrecognized that it is principally human.

Definitions of HRM There are two different definitions.

The first definition of HRM is that “It is the process of managing people in organizations in a structured and thorough manner.”(4) 5This covers the fields of staffing (hiring people), retention of people, pay and perks setting and management, performance management, change management and taking care of exits from the company to round off the activities. This is the traditional definition of HRM which leads some experts to define it as a modern version of the Personnel Management function that was used earlier.

In simple words, Human resource management is management function that helps manager to recruit, select, train and develop organization members. Or HRM is a process of making the efficient and effective use of human resources so that the set goals are achieved.

In general terms, Human Resource Management is “concerned with the people dimension in management. Since every organization is made up of people, acquiring their services, developing their skills, motivating them to high levels of performance and ensuring that they continue to maintain their commitment to the organization are essential for achieving organizational objectives. This is true regardless of the type of organization government business, Education, Health, regression or social action.”

Nature of HRM

HRM is a management function that helps managers to recruit, select, train and develop members for an organization.

HRM is concerned with people's dimension in organizations. The following aspects constitute the core of HRM:

1. HRM Involves the Application of Management Functions and Principles. The functions and principles are applied for acquiring, developing, maintaining and providing remuneration to employees in organization.
2. Decision Relating to Employees must be integrated. Decisions on different aspects of employees must be consistent with other human resource (HR) decisions.
3. Decisions Made Influence the Effectiveness of an Organization. Effectiveness of an organization will result in betterment of services to customers in the form of high quality products supplied at reasonable costs.
4. HRM Functions are not confined to Business Establishments Only but applicable to non-business organizations such as education, health care, recreation and like. HRM refers to a set of programmes, functions and activities designed and carried out in order to maximize both employee as well as organizational effectiveness.

Objectives of HRM

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.

1. **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.
2. **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.
3. **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.
4. **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.
5. **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 organizational 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.

Scope 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/Labour 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 a human resources, inventory with a view to assess present and future needs, availability and possible shortages in human resource. Moreover, HR Planning forecasts demand and supplies and identify sources of selection. HR Planning develops strategies both long term and short-term, to meet the manpower 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 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 behavior. 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. HRM is a broad concept; personnel management (PM) and Human resource development (HRD) are the parts of HRM.

Personnel Management	Human Resource Management
It means management of people employed	It means management of employee's skills, abilities, knowledge, talents. Aptitude etc.
Employees are treated as economic man his services are exchanged for wages and salary.	Employees are treated as economic, social and psychological man.
Employees are treated as commodity, which can be used and purchased.	Employees are treated as resources
It is Cost centered therefore management tries to control the cost.	It is profit centered therefore investments in human resources for future utility purpose.
Employees are used for organizational benefit.	In HRM, employees are used for mutual benefit.
Personnel function is treated as auxiliary function i.e. no separate function or department it is treated as routine work.	It is treated as upper level management forms strategic function i.e. proper strategies.

Functions of HRM

We have already defined HRM. The definition of HRM is based on what managers do. The functions performed by managers are common to all organizations. For the convenience of study, the function performed by the resource management can broadly be classified into two categories, viz.

- (1) Managerial functions, and
- (2) Operative functions

These are discussed in turn.

(1) Managerial Functions

Planning

Planning is a predetermined course of actions. It is a process of determining the organizational goals and formulation of policies and programmed for achieving them. Thus planning is future oriented concerned with clearly charting out the desired direction of business activities in future. Forecasting is one of the important elements in the planning process. Other functions of managers depend on planning function.

Organizing

Organising is a process by which the structure and allocation of jobs are determined. Thus organising involves giving each subordinate a specific task establishing departments, delegating authority to subordinates, establishing channels of authority and communication, coordinating the work of subordinates, and so on.

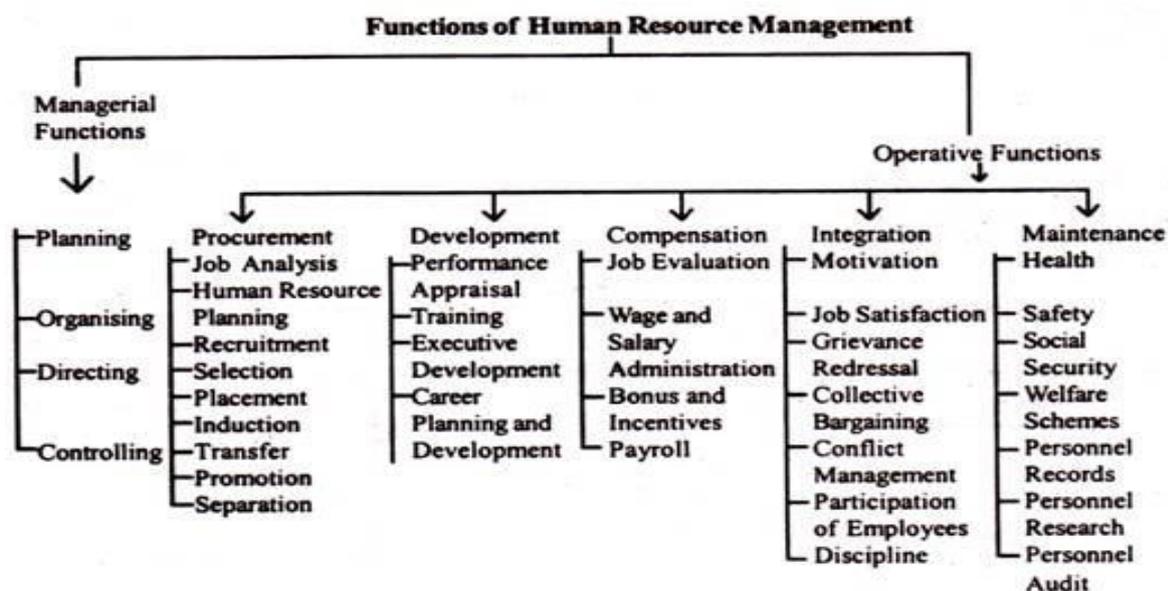


Fig. 1.2 : Functions of Human Resource Management

Staffing

TOs is a process by which managers select, train, promote and retire their subordinates This involves deciding what type of people should be hired, recruiting prospective employees, selecting employees, setting performance standard, compensating employees, evaluating performance, counseling employees, training and developing employees.

Directing/Leading

Directing is the process of activating group efforts to achieve the desired goals. It includes activities like getting subordinates to get the job done, maintaining morale motivating subordinates etc. for achieving the goals of the organization.

Controlling

It is the process of setting standards for performance, checking to see how actual performance compares with these set standards, and taking corrective actions as needed.

(2) Operative Functions

The operative, also called, service functions are those which are relevant to specific department. These functions vary from department to department depending on the nature of the department Viewed from this standpoint, the operative functions of HRM relate to ensuring right people for right jobs at right times. These functions include procurement, development, compensation, and maintenance functions of HRM.

A brief description of these follows:

Procurement

It involves procuring the right kind of people in appropriate number to be placed in the organisation. It consists of activities such as manpower planning, recruitment, selection placement and induction or orientation of new employees.

Development

This function involves activities meant to improve the knowledge, skills aptitudes and values of employees so as to enable them to perform their jobs in a better manner in future. These functions may comprise training to employees, executive training to develop managers,

organisation development to strike a better fit between organisational climate/culture and employees.

Compensation

Compensation function involves determination of wages and salaries matching with contribution made by employees to organisational goals. In other words, this function ensures equitable and fair remuneration for employees in the organisation. It consists of activities such as job evaluation, wage and salary administration, bonus, incentives, etc.

Maintenance:

It is concerned with protecting and promoting employees while at work. For this purpose various benefits such as housing, medical, educational, transport facilities, etc. are provided to the employees. Several social security measures such as provident fund, pension, gratuity, group insurance, etc. are also arranged.

It is important to note that the managerial and operative functions of HRM are performed in conjunction with each other in an organisation, be large or small organisations. Having discussed the scope and functions of HRM, now it seems pertinent to delineate the HRM scenario in India.

Strategic Role for HR:

The administrative role traditionally has been the dominant role for HR. A broader transformation in HR is needed so that significantly less HR time and fewer HR staffs are used just for clerical work.

Differences between the operational and strategic roles exist in a number of HR areas. The strategic HR role means that HR professionals are proactive in addressing business realities and focusing on future business needs, such as strategic planning, compensation strategies, the performance of HR and measuring its results. However, in some organizations, HR often does not play a key role in formulating the strategies for the organization as a whole; instead it merely carries them out through HR activities.

Many executives, managers, and HR professionals are increasingly seeing the need for HR management to become a greater strategic contributor to the business success of organizations. HR should be responsible for knowing what the true cost of human capital is for an employer.

For example, it may cost two times key employees' annual salaries to replace them if they leave. Turnover can be controlled through HR activities, and if it is successful in saving the company money with good retention and talent management strategies, those may be important contributions to the bottom line of organizational performance.

The role of HR as a strategic business partner is often described as "having a seat at the table," and contributing to the strategic directions and success of the organization. That means HR is involved in devising strategy in addition of implementing strategy. Part of HR's contribution is to have financial expertise and to produce financial results, not just to boost employee morale or administrative efficiencies. Therefore, a significant concern for chief financial officers (CFOs) is whether HR executives are equipped to help them to plan and meet financial requirements.

The role of HR shifted from a facilitator to a functional peer with competencies in other functions and is acknowledged as an equal partner by others. The HR is motivated to contribute to organizational objectives of profitability and customer satisfaction and is seen as a vehicle for realization of quality development. The department has a responsibility for monitoring employee satisfaction, since it is seen as substitute to customer satisfaction.

According to **McKinsey's** 7-S framework model HR plays the role of a catalyst for the organization. According to this framework, effective organizational change is a complex relationship between seven S's.

HRM is a total matching process between the three Hard S (Strategy, Structure and Systems) and the four Soft S (Style, Staff, Skills and Super-ordinate Goals). Clearly, all the S's have to complement each other and have to be aligned towards a single corporate vision for the organization to be effective. It has to be realized that most of the S's are determined directly or indirectly by the way Human Resources are managed and therefore, HRM must be a part of the total business strategy.

References: