

# HUMAN RESOURCE MANAGEMENT

## SEMESTER – III

### 18MTT33C

#### UNIT I

#### HRM-INTRODUCTION MEANING AND DEFINITION

What is Human Resource Management?

HRM is the study of activities regarding people working in an organization. It is a managerial function that tries to match an organization's needs to the skills and abilities of its employees.

#### **Definitions of HRM**

Human resources management (HRM) is a management function concerned with hiring, motivating and maintaining people in an organization. It focuses on people in organizations. Human resource management is designing management systems to ensure that human talent is used effectively and efficiently to accomplish organizational goals.

HRM is the personnel function which is concerned with procurement, development, compensation, integration and maintenance of the personnel of an organization for the purpose of contributing towards the accomplishments of the organization's objectives. Therefore, personnel management is the planning, organizing, directing, and controlling of the performance of those operative functions (Edward B. Philippo).

**According to the Invancevich and Glueck**, —HRM is concerned with the most effective use of people to achieve organizational and individual goals. It is the way of managing people at work, so that they give their best to the organization.

**According to Dessler (2008)** the policies and practices involved in carrying out the —people or human resource aspects of a management position, including recruiting, screening, training, rewarding, and appraising comprises of HRM.

#### **Meaning of HRM**

Human Resource Management is a process of bringing people and organization together so that the goals of each are met. It is that part of the management process which is concerned with the management of human resource in an organization. It tries to secure the best from people by winning their whole hearted co-operation.

It may be defined as the art of processing, developing and maintaining competent workforce to achieve the goals of an organization in an effective and efficient manner. It is concerned with the most effective use of people to achieve organizational and individual goals.

Human Resource Management is the process of managing the vibrating human resource in an organization, so that the employee and employer will be able to achieve their respective objectives. In fact, human resource management is the most important asset for an organization. The quality of human resource will determine its fate

### **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) come 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:

1. 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.
2. All the dimensions related to people in their employment relationships, and all the dynamics that flow from it.
3. 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) come 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:

- 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 fulfil 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 every day. 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. HRM is a broad concept; personnel management (PM) and Human resource development (HRD) are a part of HRM.

### **FUNCTIONS OF HRM**

The main functions of human resource management are classified into two categories: (a) Managerial Functions and (b) Operative Functions

**(a) Managerial Functions:** Following are the managerial functions of Human Resource Management

**1. Planning:** The planning function of human resource department pertains to the steps taken in determining in advance personnel requirements, personnel programmes, policies etc. After determining how many and what type of people are required, a personnel manager has to devise ways and means to motivate them.

**2. Organisation:** Under organisation, the human resource manager has to organise the operative functions by designing structure of relationship among jobs, personnel and physical factors in such a way so as to have maximum contribution towards organisational objectives. In this way a personnel manager performs following functions: (a) preparation of task force; (b) allocation of work to individuals; (c) integration of the efforts of the task force; (d) coordination of work of individual with that of the department.

**3. Directing:** Directing is concerned with initiation of organised action and stimulating the people to work. The personnel manager directs the activities of people of the organisation to get its function performed properly. A personnel manager guides and motivates the staff of the organisation to follow the path laid down in advance.

**4. Controlling:** It provides basic data for establishing standards, makes job analysis and performance appraisal, etc. All these techniques assist in effective control of the qualities, time and efforts of workers.

**(b) Operative Functions:** The following are the Operative Functions of Human Resource Management:

**1. Procurement of Personnel:** It is concerned with the obtaining of the proper kind and number of personnel necessary to accomplish organisation goals. It deals specifically with such subjects as the determination of manpower requirements, their recruitment, selecting, placement and orientation, etc. **2. Development of Personnel:** Development has to do with the increase through training, skill that is necessary for proper job performance. In this process various techniques of training are used to develop the employees. Framing a sound promotion policy, determination of the basis of promotion and making performance appraisal are the elements of personnel development function.

**3. Compensation to Personnel:** Compensation means determination of adequate and equitable remuneration of personnel for their contribution to organisation objectives. To determine the monetary compensation for various jobs is one of the most difficult and important function of the personnel management. A number of decisions are taken into the function, viz., job-evaluation, remuneration, policy, incentive and premium plans, bonus policy and co-partnership, etc. It also assists the organisation for adopting the suitable wages and salaries, policy and payment of wages and salaries in right time.

**4. Maintaining Good Industrial Relation:** Human Resource Management covers a wide field. It is intended to reduce strifes, promote industrial peace, provide fair deal to workers and establish industrial democracy. If the personnel manager is unable to make harmonious relations between management and labour industrial unrest will take place and millions of man-days will be lost. If labour management relations are not good the moral and physical condition of the employee will suffer, and it will be a loss to an organisation vis-a-vis a nation. Hence, the personnel manager must create harmonious relations with the help of sufficient communication system and co-partnership.

**5. Record Keeping:** In record-keeping the personnel manager collects and maintains information concerned with the staff of the organisation. It is essential for every organisation because it assists the management in decision making such as in promotions.

**6. Personnel Planning and Evaluation** : Under this system different type of activities are evaluated such as evaluation of performance, personnel policy of an organisation and its practices, personnel audit, morale, survey and performance appraisal, etc

## **HUMAN RESOURCE MANAGEMENT VS PERSONNEL MANAGEMENT**

Human resource management has changed a lot for the past 100 years. Arena of human resource management has been widening with the increase of importance of employees who are core for running any business. Indeed HRM was evolved from personnel administration or personnel management, which deal with the staff or workers who were not looked as most valuable assets and investment for an organisation . Personnel management was mainly concerned with the administrative tasks that did with organising an organisation, such as record keeping and dealing with employee wages, salaries and benefits. The personnel officer, in charge of personnel management used to look after labour relations such as problems with trade unions or difficulties between employers (those who employ workers) and their employees. Besides the said functions of personal officer, the major role was to ensure the factory or organisation was in compliance with all the labour laws applicable to them. No doubt today's HR managers are also following the footsteps of the then personal officers but the approach towards the employees has changed. Today human resource have become foremost criteria and fundamental resource for setting up any business. Unlike in the personal management, today HR managers are focusing on the training and development of the employee so as to develop the skills and knowledge to match with organisation's needs. Personnel management used to emphasis on seniority of worker and working hours in order to decide remuneration but whereas in today's context, talent and skills are given equal importance with seniority for deciding the value of the job.

### **Major differences between Personnel Management and HRM**

HRM has a long history of growing from a simple welfare and maintenance function to that of a board level activity of the companies. In recent years, the focus on people management from human capital/intellectual capital perspective is also shaping firmly. However, the hard fact is that this growth can be generally witnessed in management literature and rarely in practice. Peripheral

observation of people management in organization can mislead the observers since, hardly there could be any organization that is yet to rename its old fashioned title of industrial relations/personnel/welfare/administration department into HRM department. But, in practice, these organizations continue to handle the people management activities the way they had been handling earlier. The reasons for this could be many and varied. Among them, the potential reason is lack of clear understanding about the differences between personnel/IR and HRM.

In an organization, a group of people (employers and employees) work together with a common motive i.e. to achieve their organizational goal, which is only possible when efforts of all the people in the organization are efficiently managed. There are two basic approaches that employers adopt to manage people or employee in their company. They are

#### 1) Personnel Management

Personnel are those who are employed in the workplace. Personnel management is an administrative function which exists in an organization to ensure right personnel at right organizational activity. It is a traditional approach of managing employees which focuses on adherence to policies and rules of organization. Personnel management is concerned with planning, job analysis, recruitment and performance appraisal along with training and compensation management. Personnel management also focuses on managing labor relationship by handling employee grievances.

#### 2) Human Resource Management

Human resource management is a modern approach of managing people at workplace which focuses on acquisition, development, utilization and maintenance of human resource. It combines physical energies and their strengths with human competencies. In simple words, human resource management can be referred as the policy which ensures right quality and quantity of human resource in the organization. Like personnel management, human resource management is also concerned with planning, job analysis, recruitment and selection, hiring and socialization, training, performance appraisal, rewarding, and compensation management.

## STRATEGIC HUMAN RESOURCE MANAGEMENT

Strategic human resource management is the connection between a company's human resources and its strategies, objectives, and goals. The aim of strategic human resource management is to:

- Advance flexibility innovation, and competitive advantage.
- Develop a fit for purpose organizational culture.
- Improve business performance.

In order for strategic human resource management to be effective, human resources (HR) must play a vital role as a strategic partner when company policies are created and implemented. Strategic HR can be demonstrated throughout different activities, such as hiring, training and rewarding employees.

Strategic HR involves looking at ways that human resources can make a direct impact on a company's growth. HR personnel need to adopt a strategic approach to developing and retaining employees to meet the needs of the company's long-term plans.

HR issues can be a difficult hurdle to cross for many companies, there are all kinds of different components that can confuse business owners and cause them to make ineffective decisions that slow down the operations for their employees as well as their business. HR departments that practice strategic human resource management do not work independently within a silo; they interact with other departments within an organization in order to understand their goals and then create strategies that align with those objectives, as well as those of the organization. As a result, the goals of a human resource department reflect and support the goals of the rest of the organization. Strategic HRM is seen as a partner in organizational success, as opposed to a necessity for legal compliance or compensation. Strategic HRM utilizes the talent and opportunity within the human resources department to make other departments stronger and more effective.

### **Why is strategic human resource management important?**

Companies are more likely to be successful when all teams are working towards the same objectives. Strategic HR carries out analysis of employees and determines the actions required to



increase their value to the company. Strategic human resource management also uses the results of this analysis to develop HR techniques to address employee weaknesses.

The following are benefits of strategic human resource management:

- Increased job satisfaction.
- Better work culture.
- Improved rates of customer satisfaction.
- Efficient resource management.
- Proactive approach to managing employees.
- Boost productivity.

### **EVOLUTION OF HR PRACTICES**

- The evolution of the concept of Human Resource Management can be analysed as follows:
- **Period before industrial revolution** – The society was primarily an agriculture economy with limited production. Number of specialized crafts was limited and was usually carried out within a village or community with apprentices assisting the master craftsmen. Communication channel were limited.
- **Period of industrial revolution (1750 to 1850)** – Industrial revolution marked the conversion of economy from agriculture based upon industry. Modernization and increased means of communication gave way to industrial setup. A department was set up to look into workers wages, welfare and other related issues. This led to emergence of personnel management with the major task as
  - - Worker's wages and salaries
  - - Worker's record maintenance
  - - Worker's housing facilities and health care
- An important event in industrial revolution was growth of Labour Union (1790) the works working in the industries or factories were subjected to long working hours and very less wages. With growing unrest, workers across the world started protest and this led to the establishment of Labour unions. To deal with labour issues at one end and management at

the other Personnel Management department had to be capable of politics and diplomacy, thus the industrial relation department emerged.

- **Post Industrial revolution** – The term Human resource Management saw a major evolution after 1850. Various studies were released and many experiments were conducted during this period which gave HRM altogether a new meaning and importance.
- A brief overview of major theories release during this period is presented below
- Frederick W. Taylor gave principles of scientific management (1857 to 1911) led to the evolution of scientific human resource management approach which was involved in
  - - Worker’s training
  - - Maintaining wage uniformity
  - •- Focus on attaining better productivity
- Hawthorne studies, conducted by Elton Mayo. & Fritz Roethlisberger (1927 to 1940). – Observations and findings of Hawthorne experiment shifted the focus of Human resource from increasing worker’s productivity to increasing worker’s efficiency through greater work satisfaction.
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- Douglas McGregor Theory X and Theory Y (1960) and Abraham Maslow’s Hierarchy of needs ( 1954) – These studies and observations led to the transition from the administrative and passive Personnel Management approach to a more dynamic Human Resource Management approach which considered workers as a valuable resource. As a result of these principles and studies, Human resource management became increasingly line management function, linked to core business operations. Some of the major activities of HR department are listed as-
  - 1. Recruitment and selection of skilled workforce.
  - 2. Motivation and employee benefits
  - 3. Training and development of workforce
  - 4. Performance related salaries and appraisals