



Introduction To Human Resource Management And Environment



A group of four business professionals (three men and one woman) are walking through a modern office lobby. They are dressed in professional attire, including suits and blouses. The woman on the left is carrying a red handbag. The man next to her is carrying a black briefcase. The woman in the center is holding a folder or book. The man on the right is also carrying a black briefcase. The background shows a bright, open-plan office space with large windows and modern furniture.

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INTRODUCTION TO HUMAN RESOURCE MANAGEMENT AND ENVIRONMENT

OBJECTIVE OF THE UNIT

After the completion of the unit the student will be able to

1. Understand nature of Human Resource Management
2. Know the differences Between Personnel Management and Human Resource Management
3. Understand Objectives of Human Resource Management
4. Know the Functions of Human Resource Management
5. Understand Importance of Human Resource Management
6. Understand Legacy of HRM
7. Highlight the future Challenges before the Managers
8. Understand New Role of Human Resource Management

INTRODUCTION

Human Resource Management (HRM) is a relatively new approach to managing people in any organisation. People are considered the key resource in this approach. It is concerned with the people dimension in management of an organisation. Since an organisation is a body of people, their acquisition, development of skills, motivation for higher levels of attainments, as well as ensuring maintenance of their level of commitment are all significant activities. These activities fall in the domain of HRM.

Human Resource Management is a process, which consists of four main activities, namely, acquisition, development, motivation, as well as maintenance of human resources.

Scott, Clothier and Spriegel have defined Human Resource Management as that branch of management which is responsible on a staff basis for concentrating on those aspects of operations which are primarily concerned with the relationship of management to employees and employees to employees and with the development of the individual and the group.

Human Resource Management is responsible for maintaining good human relations in the organisation. It is also concerned with development of individuals and achieving integration of goals of the organisation and those of the individuals.

Northcott considers human resource management as an extension of general management, that of prompting and stimulating every employee to make his fullest contribution to the purpose of a business.

Human resource management is not something that could be separated from the basic managerial function. It is a major component of the broader managerial function.

French Wendell, defines “Human resource management as the recruitment, selection, development, utilisation, compensation and motivation of human resources by the organisation”.

According to Edwin B. Flippo, “Human resource management is the planning, organising, directing and controlling of the procurement, development, resources to the end that individual and societal objectives are accomplished”. This definition reveals that human resource (HR) management is that aspect of management, which deals with the planning, organising, directing and controlling the personnel functions of the enterprise.

NATURE OF HUMAN RESOURCE MANAGEMENT

The emergence of human resource management can be attributed to the writings of the human relationists who attached great significance to the human factor. Lawrence Appley remarked, “Management is personnel administration”. This view is partially true as management is concerned with the efficient and effective use of both human as well as non-human resources. Thus human resource management is only a part of the management process. At the same time, it must be recognised that human resource management is inherent in the process of management. This function is performed by all the managers. A manager to get the best of his people, must undertake the basic responsibility of selecting people who will work under him and to help develop, motivate and guide them. However, he can take the help of the specialised services of the personnel department in discharging this responsibility.

The nature of the human resource management has been highlighted in its following features :

1. Inherent Part of Management : Human resource management is inherent in the process of management. This function is performed by all the managers throughout the organisation rather than by the personnel department only. If a manager is to get the best of his people, he must undertake the basic responsibility of selecting people who will work under him.

2. Pervasive Function : Human Resource Management is a pervasive function of management. It is performed by all managers at various levels in the organisation. It is not a responsibility that a manager can leave completely to someone else. However, he may secure advice and help in managing people from experts who have special competence in personnel management and industrial relations.

3. Basic to all Functional Areas : Human Resource Management permeates all the functional areas of management such as production

management, financial management, and marketing management. That is every manager from top to bottom, working in any department has to perform the personnel functions.

4. People Centered : Human Resource Management is people centered and is relevant in all types of organisations. It is concerned with all categories of personnel from top to the bottom of the organisation. The broad classification of personnel in an industrial enterprise may be as follows : (i) Blue-collar workers (i.e. those working on machines and engaged in loading, unloading etc.) and white-collar workers (i.e. clerical employees), (ii) Managerial and non-managerial personnel, (iii) Professionals (such as Chartered Accountant, Company Secretary, Lawyer, etc.) and nonprofessional personnel.

5. Personnel Activities or Functions : Human Resource Management involves several functions concerned with the management of people at work. It includes manpower planning, employment, placement, training, appraisal and compensation of employees. For the performance of these activities efficiently, a separate department known as Personnel Department is created in most of the organisations.

6. Continuous Process : Human Resource Management is not a 'one shot' function. It must be performed continuously if the organisational objectives are to be achieved smoothly.

7. Based on Human Relations : Human Resource Management is concerned with the motivation of human resources in the organisation. The human beings can't be dealt with like physical factors of production. Every person has different needs, perceptions and expectations. The managers should give due attention to these factors. They require human relations skills to deal with the people at work. Human relations skills are also required in training performance appraisal, transfer and promotion of subordinates.

Personnel Management VS Human Resource Management :

Contemporary Human Resource Management, as a part and parcel of management function, underscores strategic approach to management in areas of acquisition, motivation, and management of people at work.

Human Resource Management derives its origin from the practices of the earlier personnel management, which assisted in the management of people in an organisation setup. Human Resource Management leverages setting up the systems and procedures for ensuring efficiency, controlling and providing equality of opportunities for all working for the organisation.

Human Resource Management (HRM) differs from Personnel Management (PM) both in scope and orientation. HRM views people as an important source or asset to be used for the benefit of organisations, employees and society. It is emerging as a distinct philosophy of management aiming at policies that promote mutuality-mutual goals, mutual respect, mutual rewards and mutual responsibilities. The belief is

that policies of mutuality will elicit commitment, which in turn, will yield both better economic performance and greater Human Resource Development (HRD). Though a distinct philosophy, HRM cannot be treated in isolation. It is being integrated into the overall strategic management of businesses. Further, HRM represents the latest term in the evolution of the subject.

There are several similarities between Human Resource Management (HRM) and Personnel Management (PM) (a) Both models emphasise the importance of integrating personnel/HRM practices with organisational goals. (b) Both models vest Personnel/HRM firmly in line management. (c) Human Resource Management (HRM) and Personnel Management (PM) both models emphasise the importance of individuals fully developing their abilities for their own personal satisfaction to make their best contribution to organisational success. (d) Both models identify placing the right people into the right jobs as an important means of integrating personnel/HRM practice with organisational goals.

OBJECTIVES OF HUMAN RESOURCE MANAGEMENT

According to Scott, Clothier and Spriegal, "The objectives of Human Resource Management, in an organisation, is to obtain maximum individual development, desirable working relationships between employers and employees and employees and employees, and to affect the moulding of human resources as contrasted with physical resources".

The basic objective of human resource management is to contribute to the realisation of the organisational goals. However, the specific objectives of human resource management are as follows :

- (i) To ensure effective utilisation of human resources, all other organisational resources will be efficiently utilised by the human resources.
- (ii) To establish and maintain an adequate organisational structure of relationship among all the members of an organisation by dividing of organisation tasks into functions, positions and jobs, and by defining clearly the responsibility, accountability, authority for each job and its relation with other jobs in the organisation.
- (iii) To generate maximum development of human resources within the organisation by offering opportunities for advancement to employees through training and education.
- (iv) To ensure respect for human beings by providing various services and welfare facilities to the personnel.
- (v) To ensure reconciliation of individual/group goals with those of the organisation in such a manner that the personnel feel a sense of commitment and loyalty towards it.
- (vi) To identify and satisfy the needs of individuals by offering various monetary and non-monetary rewards.

In order to achieve the above objectives, human resource management undertakes the following activities :

- (i) Human Resource Planning, i.e., determining the number and kinds of personnel required to fill various positions in the organisation.
- (ii) Recruitment, selection and placement of personnel, i.e., employment function.
- (iii) Training and development of employees for their efficient performance and growth.
- (iv) Appraisal of performance of employees and taking corrective steps such as transfer from one job to another.
- (v) Motivation of workforce by providing financial incentives and avenues of promotion.
- (vi) Remuneration of employees. The employees must be given sufficient wages and fringe benefits to achieve higher standard of living and to motivate them to show higher productivity.
- (vii) Social security and welfare of employees.

FUNCTIONS OF HUMAN RESOURCE MANAGEMENT.

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 Resources 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.

IMPORTANCE OF HUMAN RESOURCE MANAGEMENT

Human Resource Management has a place of great importance.

According to **Peter F. Drucker**, “The proper or improper use of the different factors of production depend on the wishes of the human resources. Hence, besides other resources human resources need more development. Human resources can increase cooperation but it needs proper and efficient management to guide it”.

Importance of personnel management is in reality the importance of labour functions of personnel department which are indispensable to the management activity itself. Because of the following reasons human resource management holds a place of importance.

1. It helps management in the preparation adoption and continuing evolution of personnel programmes and policies.
2. It supplies skilled workers through scientific selection process.
3. It ensures maximum benefit out of the expenditure on training and development and appreciates the human assets.
4. It prepares workers according to the changing needs of industry and environment.
5. It motivates workers and upgrades them so as to enable them to accomplish the organisation goals.
6. Through innovation and experimentation in the fields of personnel, it helps in reducing casts and helps in increasing productivity.
7. It contributes a lot in restoring the industrial harmony and healthy employer-employee relations.
8. It establishes mechanism for the administration of personnel services that are delegated to the personnel department.

Thus, the role of human resource management is very important in an organisation and it should not be undermined especially in large scale enterprises. It is the key to the whole organisation and related to all other activities of the management

i. e., marketing, production, finance etc.

Human Resource Management is concerned with the managing people as an organizational resources rather than as factors of production. It involves a system to be followed in business firm to recruit, select, hire, train and develop human assets. It is concerned with the people dimension of an organization. The attainment of organizational objectives depends, to a great extent, on the way in which people are recruited, developed and utilized by the management. Therefore, proper coordination of human efforts and effective utilisation of human and others material resources is necessary.

Legacy of HRM :

The legacy of HRM needs to be analysed from two different perspectives to get a better insight into its nature. These are (a) the Western context (b) the Indian context.

(a) Western Context : The origin of HRM, as is known today, date

back to ancient times. One find a reference of HR policy as early as 400 B.C., when the Chaldeans had a sound incentive wage plan. All that has changed over the years is the status of the employees, their roles and relationship-inter personal and intergroup. The status of labour prior to industrial revolution was extremely low and the relationships were characterised by slavery, seldom and guild system. The slaves performed manual tasks to agricultural, military and clerical responsibilities. The efficiency levels were low due to over-dependence on negative incentives and negligence of positive incentives.

The slavery structure was replaced by seldom, were neither slaves nor hired labourers. The structure was related to rural and agrarian pursuits. Workers were offered positive incentives which resulted in enhanced productivity and reduced need for supervision. Seldom disappeared during Middle Ages with growth in manufacturing and commercial enterprises. It was replaced by the Guild System.

The guild system involved the owners, the journeyman and the apprentice. It was here that real HRM started. One noticed, proper selection procedures being adopted, workers being imparted training and collective bargaining being adopted to settle issues pertaining to wages and working conditions.

With the advent of Industrial Revolution, the guild system disappeared. The doctrine of laissez-faire was advocated and the cottage system got transformed to factory system leading to enhanced specialisation. But this period was dominated by many unhealthy practices like unhealthy work environment, long working hours, increased fatigue rate, monotony, strains, likelihood of accidents and poor work relationship. Progressive entrepreneurs like Owen believed that healthy work environment could be effectively used to improve productivity. But his opinion faced severe opposition.

A major change was noticed in personnel practices after the World War I. The modern HRM started in 1920. Groups were formed to conduct research on personnel problems. A number of studies were undertaken to analyse the fallacies in the personnel field. For the first time, psychology was applied to management. The Hawthorne studies advocated the need to improve industrial relations for increasing production. The application of psychology brought a dramatic change in the work relationship and productivity started increasing. But this prosperity ended during the great depression. Thereafter, organisations started offering fringe benefits to workers to induce them to work. Findings of behavioural science were used to enhance productivity.

Increasing number of organisations adopting manpower planning, management development, techniques of personnel management, etc. Personnel departments started stressing on management-individual employee relationships. This was followed by setting up of labours relations department to negotiate and administer collective bargaining.

Federal interest gave rise to manpower management department. The members of these departments were technically competent in testing, interviewing, recruiting, counselling, job evaluation negotiation and collective bargaining. They also acquired expertise in wage and salary administration, employee benefit schemes and services, training and development and other allied services. The top management started encouraging line managers in middle management to consult personnel departments in these respects. This department, later on acquired recognition as staff to the working-line. This led to multiplicity of personnel jobs instead of a single, stereotyped task. The personnel or human resource manager became a part of top management.

In today's world, stress is on scientific selection, training and development. There is an increasing emphasis on interrelationship between the leader, follower and the environment. Attempts are also on to provide scope to an individual's personal dignity, status and sense of achievement. The concern is increasing profits through people.

HRM in India is centuries old. The first reference of HRM was provided by Kautilya as early as 4th century B.C. in his book 'Arthashastra'. The work environment had logical procedures and principles in respect of labour organisation such as 'Shreni'. Wages were paid in terms of quantity and quality of work. Workers were punished for unnecessary delay or spoiling of work. Kautilya's contribution was based on 'Shamrastra'. Concepts like job description, qualifications for jobs, selection procedures, executive development, incentive system and performance appraisal were very effectively analysed and explained.

The guild system prevailed in the Indian economy too. It was based on 'Varnashram' or caste system and resulted in division of labour accordingly. In the course of time, professions became hereditary. From 14th century B.C. to the latter half of 10th century B.C., the relationship of employer-employee was marked with justice and equity.

The HRM experienced full in mediaeval India due to foreign aggressions over the next 700 years. During the Mughal rule, 'Karkhanas' were established, but the artisans and craftsmen were poor and lived on starvation level and the productivity was low.

During the British rule, the work environment was appalling and full of inhuman cruelties. This continued till 1881 when the Factory Act was enacted. This Act provided for (i) weekly holidays (ii) fixation of working hours (iii) fixation of minimum age for children at 7 years subject to a maximum working period of 7 hours a day.

In 1890, the first labour organisation was formed and was known as Bombay Mill Hands Association. This association started working for improving the work environment and for getting the workers their rightful dues. The success of this association few amongst these were Printers

Union Calcutta (1905), Postal Union, Bombay (1907) and Madras Labour Union (1918).

The union movement was very weak till the early thirties. But the situation showed marked improvement 5 years before and after the Second World War. After independence, the activities of the personnel department have multiplied.

Human resource department is expected to take care of welfare activities, employment, safety, training, wage and salary administration, promotions, transfers, lay-off, improvement in living and working conditions, health services, safety measurers, prevention and settlement of disputes, etc.

FUTURE CHALLENGES BEFORE THE MANAGERS

Because of continuous changing socio-economic, technological and political conditions, the human resource managers of the future shall have to face more problems in the management of labour. The human resource managers of today may find themselves obsolete in the future due to changes in environment if they do not update themselves some of the important challenges which might be faced by the managers in the management of people in business and industry are discussed below :

1. Increasing Size of Workforce : The size of organisations is increasing. A large number of multinational organisations have grown over the years. The number of people working in the organisation has also increased. The management of increased workforce might create new problems and challenges as the workers are becoming more conscious of their rights.

2. Increase in Education Level : The governments of various countries are taking steps to eradicate illiteracy and increase the education level of their citizens. Educated consumers and workers will create very tough task for the future managers.

3. Technological Advances : With the changes coming in the wake of advanced technology, new jobs are created and many old jobs become redundant. There is a general apprehension of immediate unemployment. In the competitive world of today, industry cannot hope to survive for long with old technology. The problem, of unemployment resulting from modernisation will be solved by properly assessing manpower needs and training of redundant employees in alternate skills.

4. Changes in Political Environment : There may be greater Government's interference in business to safeguard the interests of workers, consumers and the public at large. Government's participation in trade, commerce and industry will also pose many challenges before management. The Government may restrict the scope of private sector in certain areas in public interest. It does not mean chances of co-operation between the Government and private sector are ruled out. In fact, there

will be more and more joint sector enterprises.

5. Increasing Aspirations of Employees : Considerable changes have been noted in the worker of today in comparison to his counterpart of 1950s. The workers are becoming more aware of their higher level needs and this awareness would intensify further in the future workers.

6. Changing Psychosocial System : In future, organisations will be required to make use of advanced technology in accomplishing their goals while satisfying human needs. In the traditional bureaucratic model, the organisations were designed to achieve technical functions with a little consideration given to the psychosocial system. But future management would be required to ensure effective participation of lower levels in the management of the organisation system.

7. Computerised Information System : In the past, the automation of manufacturing processes had a major effect upon the systems of production, storage, handling and packaging, etc. More recently, there has been and in the future there will be the impact of revolutionary computerised information system on management. This revolutionary development would cover two primary areas of personnel management which are as follows :

- (a) The use of electronic computers for the collection and processing of data, and
- (b) The direct application of computers in the managerial decision making process.

8. Mobility of Professional Personnel : Organisations will expand the use of "boundary agents" whose primary function will be achieving coordination with the environment. One interesting fact will be an increase in the mobility of various managerial and professional personnel between organisations. As individuals develop greater technical and professional expertise, their services will be in greater demand by other organisations in the environment.

9. Changes in Legal Environment : Many changes are taking place in the legal framework within which the industrial relations systems in the country are now functioning. It is the duty of the human resource or personnel executive to be aware of these changes and to bring about necessary adjustments within the organisations so that greater utilisation of human resources can be achieved. This, indeed, is and would remain a major challenge for the personnel executive.

10. Management of Human Relations : On the industrial relations' front, things are not showing much improvement even after so many efforts by the government in this direction. Though a large number of factors are responsible for industrial unrest but a very significant cause is the growth of multiunions in industrial complexes having different political affiliations. Under the present conditions, it appears that inter-union rivalries would grow more in the coming years and might create more

problems in the industry.

Management of human relations in the future will be more complicated than it is today. Many of the new generation of employees will be more difficult to motivate than their predecessors. This will be in part the result of a change in value systems coupled with rising educational levels. Greater skepticism concerning large organisations and less reverence for authority figures will be more common. Unquestioning acceptance of rules and regulations will be less likely.

New Role of Human Resource Management

Human Resource Management in the 'New Millenium' has undergone a great revolution by questioning the accepted practices and re-inventing the organisations as well as structures. Many traditional practices have been thrown out. As an example, it can be seen that hierarchies are vanishing and there is greater emphasis on flat organisations. It means a great deal of specialisation and skills. It also means upgrading the norms and standards of work as well as performance.

The new role of human resource management is much more strategic than before. Some of the new directions of the role of HRM can be summed up as follows :

1. A Facilitator of Change : To carry people through upheaval requires the true management of human resources.

2. An Integrated Approach to Management : Rather than being an isolated function, human resource is regarded as a core activity, one which shapes a company's values. In particular, this can have an impact on customer service.

3. A Mediator : Establishing and balancing the new and emerging aspirations and requirements of the company and the individual.

These changes, which are taking place, involve more commitment of the organisation to the development of people by improving performance and cutting costs. As a result of this, the duration of tenure, which was traditionally long standing, is now limited, future is becoming less certain, management opportunities are self-determined and motivational factors are more concerned with enhancing future employability rather than loyalty to the company and, at the same time, the rewards are going up in terms of higher salaries. The future creative careers, will require more involved approach to career development, which will include :

- (i) Share employees with strategic partner organisations (customers of suppliers) in lieu of internal moves.
- (ii) Encourage independence : Employees may go elsewhere for career development, possibly to return in a few years.

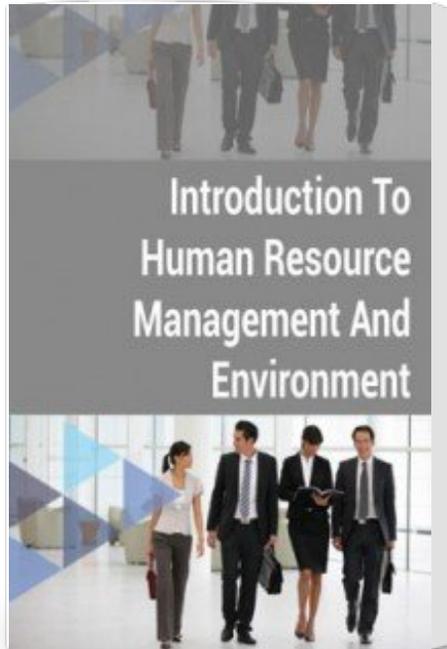
- (iii) Fund-groups of employees to set-up as suppliers outside the organisation.
- (iv) Encourage employees to think of themselves as a business and of the organisation's various departments as customers.
- (v) Encourage employees to develop customers outside the organisation.
- (vi) Help employees develop self-marketing, networking and consultancy skills to enable them to search out, recognise or create new opportunities for both themselves and the organisation.
- (vii) Identify skilled individuals in other organisations who can contribute on a temporary project basis or part-time.
- (viii) Regularly expose employees to new people and ideas to stimulate innovation.
- (ix) Balance external recruitment at all levels against internal promotion to encourage open competition, "competitive tendering" for jobs to discourage seeing positions as someone's territory which causes self-protective conformity.
- (x) Forster more cross-functional teamwork for self-development.
- (xi) Eliminate the culture of valuing positions as career goals in favour of portraying a career as a succession of bigger projects, achievements and new skills learned. The concept of "position" is part of the outside static concept of the organisation. Positions are out. Processes and projects are in.
- (xii) Abandon top-down performance appraisal in favour of selfappraisal based on internal customer satisfaction surveys and assessing people as you would suppliers.
- (xiii) Replace top-down assessment processes with selfassessment techniques and measure performance in term of results.

Functions of a Human Resource Manager

A human resource manager, charged with fulfilling the objectives of an organisation, should be a leader with high intellectual powers, a visionary and a philosopher who provides the initiative to shape the future in terms of leading the human beings in an organisation towards more prosperous and progressive policies.

1. Human Resource Man as an Intellectual : The basic skill in the human resource field as compared to technologists or financial experts is the skill to communicate, articulate, understand and above all, to be an expert when it comes to putting policies and agreements in black and white. The personnel man's skill lies in his command over the language. A personnel man has to deal with employees and he must possess the

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