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Topic : Human Resource Management

**Sub Topic : Meaning and concept of HRM,
Definitions of HRM, Nature and characteristics,
Scope, Functions of HRM, Evolution of HRM,
Relevance of HRM, Challenges faced by HRM, HRM
functions- systems model of HRM functions and
the Indian scenario of HRM**

Human Resource Management

Introduction : Human resources(HR) are the people that an organization employs to carry out various jobs, tasks, and functions in exchange for salaries, and other rewards. Human resources include everyone from the CEO, who is responsible for the overall effectiveness of the organisation, to the custodian who cleans the office after every one else goes home. And each employee, in his or her own way, is a vital ingredient that helps determine the overall effectiveness or lack of effectiveness of the organization as it arrives to accomplish its goals and objectives.

Meaning and concept of HRM :

Human resource management is concerned with the management of men.

Before 1930's the term 'employment management' was used, which later evolved and a more universal term 'personnel management' was coined, until the 60's 70's when 'manpower management' became prevalent. Now of course the more powerful and all encompassing 'human resource management' is widely used.

An organisation needs to recruit, train, develop, motivate and maintain its people for the successful accomplishment of its objectives. Irrespective of the type of organisation government, business or educational, working for profit or not it cannot ignore the importance of "getting, preparing, motivating and maintaining" an efficient and effective work force.

Organisations that overlook these factors may find it difficult to achieve their goals. Many great scholars had defined human resource management in different ways and with different words, but the core meaning of the human resource management deals with how to manage people or employees in the organisation.

Definitions of HRM :

1) Edwin Flippo defines- Human Resource Management as “planning, organizing, directing, controlling of procurement, development, compensation, integration , maintenance and separation of human resources to the end that individual, organizational and social objectives are achieved.”

2) The National Institute of Personal Management (NIPM) of India has defined human resource– personal management as “that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective organization of the men and women who make up enterprise and having regard for the well – being of the individuals and of working groups, to enable them to make their best contribution to its success”.

3) Brech - HR is that part of management process which is primarily concerned with the human constituents of an organisation.

Nature/Characteristics of HRM : The following characteristics can be noted about human resource management.

1) To manage People: HRM is concerned with managing people at work.

2) To direct people: It is concerned with employees both as individuals as well as a group with the aim of getting their active involvement in the organisations activities.

3) To develop Personnel: It is concerned with helping the employees to their potential to the maximum possible extent.

4) It is applicable to all organisations,

5) It is of a continuous nature,

6) It is based on principles,

7)It aims at Espirit De Corps,

8)It aims at optimum contribution by all.

Scope :

The Scope of HRM is indeed vast.From the time of the workers entry into an organisation till the time of the workers entry into an organisation till the time he leaves the activities included are human resource planning,job analysis and design, recruitment and selection , orientation and placement, training and development, performance appraisal and job evaluation,employee and executive remuneration , motivation and communication, welfare, safety and health, Industrial relations etc.

For the sake of convenience,these can be categorised into seven sections.

1)Introduction to human resource management

2)Employee hiring

3)Employee and executive remuneration

4)Employee motivation

5)Employee maintenance

6)Industrial relations

7)Prospects of HRM.

Functions of Human Resource Management :

Human resource management involves two types of functions,viz., managerial functions as well as operative functions.

(1)**Managerial Functions** : Human Resource Management performs four important managerial functions e.g., Planning, Organising, directing and controlling of personnel employed in an enterprise.

a) **Planning** : Planning means looking ahead. It involves the preparation for an uncertain future. In the context of Human Resource management it means determination of

personnel objectives, policies and programmes in advance. The objective of personnel planning should be to ensure that the enterprise has an adequate number of suitable persons rightly placed, so that they should efficiently and effectively contribute towards the accomplishment of the enterprise objectives.

Last but not the least there should be a policy to keep the employees committed to the enterprise. This calls for provision of suitable means of communication and establishment of a machinery for speedy and satisfactory, solution of workers problems.

b) **Organising** : Once the objectives and policies have been determined, the human resource manager must establish an organisation which is sound and effective to carry out policies and achieve objectives. The personnel organising function mainly deals with the establishing relationship between different jobs to be performed establishing line and staff relationship, establishing superior - subordinate relationship. It decides who shall have authority over whom ? Who shall be responsible to whom, and for what ?

A formal organisation structure is established in an enterprise to spell out who has authority and responsibility over whom and for what. There are three major types of formal organisation structure. These are :

The line form : In which executives are given complete charge of the work assigned to them subject to the superior to whom they report.

The functional form : Where each shop supervisor receives specialised services from a number of specialised HR managers whose authority in their respective fields must be obeyed.

The line and staff form : This is the most widely used form of organisation structure in personnel work, which is a combination of line as well as staff authority. Line manager is the concerned authority in the respective field where as staff authority is in advisory capacity to give advice to the line manager.

c) **Directing** : Directing the subordinates at any level is the basic function of the managerial personnel. Proper direction can be done by issuing appropriate orders and instructions to workers at various levels. Orders and instructions should be complete, precise to the point and easy to understand. But mere passing of orders will not do. The choice of a suitable technique of motivation will depend on the circumstances of each case. But the basic objective of motivation should be always kept in mind i.e., to enable the employees to give their best performance.

d) **Controlling** : Controlling is regulating the activities in accordance with the requirements of the plans. Controlling therefore needs setting of standard, supervision of activities and comparison of performance with the established standard and taking corrective actions.

(2)Operative Functions : Besides managerial functions, HR management also discharges the following operative functions :

a) **Procurement (staffing)** : Procurement is concerned with the obtaining of a proper number of personnel (work load analysis) and proper kind of personnel (work face analysis) necessary to accomplish the goals of an organisation. It deals with the determination of manpower requirement their recruitment, selection and placement.

b) **Development (training)** : Development is concerned with the development of employees by increasing their skill through training so that job performance is properly achieved. If we see benefits of training to a worker, it can help in proper induction, it reduces accidents, absenteeism and turnover. It improves quality and quantity of output, it makes an employee ready for promotion and ensures economic use of all resources.

c) **Compensation (wages and salaries)** : Compensation is concerned with Securing adequate and equitable remuneration to personnel for their contribution to the organisational goals. Thus for the physical and mental work put in by each employee he should be provided adequate monetary and non - monetary incentives.

d) **Integration (industrial relation)** : One of the most difficult and frustrating functions of HR management is integration which means necessary attempt to influence the attitude of the employees so that he is favourable towards his work, his organisation, superiors and fellows. For better integration following provisions can be undertaken :

1)Need identification

2) Motivation

3)Informed Organisation

4)Communication

5)Collective Bargaining

6)Conflicts Avoidance

7)Status of Trade Union

e) **Maintenance** : This function relates to the maintenance of physical conditions of the employees i.e., activities undertaken for the safety, health and welfare of

the employees.

- i) Safety provisions
- ii) Health provisions
- iii) Welfare provisions

Evolution of HR : Where It's Been and Where It's Going

Employee Engagement Imagine a time when workers were considered expendable. Before the evolution of HR to today's standards, working conditions were harsh and dangerous (think the Middle Ages) and the tension between the need for physical protection and higher output was growing.

Maybe modern working conditions were never as terrible as the medieval period, where you can imagine people were out for themselves and there wasn't a human resource department to quash the bullies and make them put down their swords. But there was a time when working conditions were untenable and unsafe for human beings.

Pre-1900s Human Resources Management: Tough Work, Tougher Conditions

The idea of a connection between worker wellbeing and their productivity emerged between 1890 and 1920. American business leaders, aided by scholars and politicians, embraced "industrial betterment" and embarked on plans to stabilize the labor force and encourage employee loyalty. To carry out the somewhat surreptitious practices of the time, departments called "industrial welfare," and "scientific management" were created.

The Main Takeaway: Workers need to be treated as people, not as expendable resources by a compan

1920s–1950s Human Resources Management

Lucky for us human beings, the workplace began to change with the realization that workers were not puppets on a string, but people with emotional and psychological needs. "Personnel departments" and "manpower development" increased their efforts around internal training and working with labor unions to develop stronger compensation packages. "Human capital" became synonymous for the knowledge an individual embodies in affecting economic growth.

The Main Takeaway: When employees have opportunities to learn on the job and be compensated fairly for their efforts, they become more valuable to the organization.

1960s–1980s Human Resources Management

In the early '60's, the US legislature began passing fairer employment practices such as the Equal Pay Act of 1963 and Civil Rights Act of 1964 compelling human resource departments to focus on compliance issues. At the same time, human motivation theories including Herzberg's Two Factor Theory and Deci and Ryan's Self-Determination Theory, began to transform the workplace. Organizational management and industrial psychology contributed to HR paying more attention to employees' need for achievement, advancement, and recognition by matching the nature of the work itself with a person's skills and interests.

The Main Takeaway: Workers need certain rights to be considered for a job, but they also need psychological motivators including autonomy, purpose and mastery to excel in their work.

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1990s–2010s Human Resources Management

The role of HR is more complex than ever. New and emerging technology has shifted the focus from personnel management and administrative tasks, today's HR departments—at least the forward-thinking ones—spend their energies managing employee engagement and strengthening culture. They're also charged with managing the employees themselves to increase the odds they're happy at work and will continue to stick around for the foreseeable future.

Through the decades, the workforce evolved from labor-based to services-focused requiring HR to shift from a process-centric function to a worker-centric function, according to SHRM. Understanding the needs, wants and motivations of a diverse and multi-generational workforce has led HR to attract and retain high-performers, but the battle for top talent has accelerated. The competitive business environment and globalization necessitates that workforce change initiatives be based on and integrated into the business strategies giving more HR leaders a seat at the C-Suite table.

The Main Takeaway: Human resource management responsibilities reach far beyond administrative and compliance accountabilities. Having a strategic understanding of the business climate will position you to recruit, hire and retain the best employees while adding value at the highest levels in the organization.

Relevance/Importance of HRM:

People have always been central to organisations but their strategic importance is growing in today's knowledge-based industries. An organisation's success increasingly depends on the knowledge, skills and abilities (KSAs) of employees, particularly as they help establish a set of

core competencies that distinguish an organisation from its competitors. With appropriate HR policies and practices an organisation can hire, develop and utilise best brains in the market place, realise its professed goals and deliver results better than others.

Human Resource Management helps an organisation and its people to realise their respective goals thus:

i) At the enterprise level:

Good human resource practices can help in attracting and retaining the best people in the organisation. Planning alerts the company to the types of people it will need in the short, medium and long run. It helps in training people for challenging roles, developing right attitudes towards the job and the company, promoting team spirit among employees and developing loyalty and commitment through appropriate reward schemes.

ii) At the individual level:

Effective management of human resources helps employees thus it promotes teamwork and team spirit among employees. It offers excellent growth opportunities to people who have the potential to rise.

iii) At the society level: Society, as a whole, is the major beneficiary of good human resource practices. Scarce talents are put to best use. Companies that pay and treat people well always race ahead of others and deliver best results.

iv) At the national level:

Effective use of human resources helps in exploitation of natural, physical and financial resources in a better way.

System Approach To HRM:

It is an inter-related set of elements that function as a whole is called a system or system is a combination of different components or parts for being a complex organ. An organization is a system where as HRM is a sub-system.

If HRM is taken a system other components that come under HRM are elements or sub-systems of HRM system. HRM system is a system which transforms employees into productive human resources. The input components are transformed into refined output throughout managerial process. Various sub-systems like; employment, training and development, compensation, maintenance, personnel resources are activated in HRM system. HRM system should adopt environmental changes like; political, economical, socio-cultural , and technological goal. HRM system is the open system that consists of input, processing/transformation and output relationship. A system is a set of interrelated but separate elements or parts working toward a common goal. A university, for example, is made up of students, teachers, administrative and laboratory staff who relate to one another in an orderly manner.

The enterprises procure and transform inputs such as physical, financial and human resources into outputs such as products, services, and satisfactions offered to people at large.

To carry out its operations, each enterprise has certain departments known as subsystems such as production subsystem, finance subsystem, marketing subsystem, HR subsystem, etc.

Challenges faced by HRM:

Some of the major challenges faced by human resource managers are as follows: 1. Recruitment and Selection 2. Emotional and Physical Stability of Employees 3. Balance Between Management and Employees 4. Training, Development and Compensation 5. Performance Appraisal 6. Dealing with Trade Union.

1) Recruitment and Selection :

Finding a suitable candidate for the job from a large number of applicants is a basic problem for the human resource manager. They have to make suitable changes from time to time in the selection procedure and see to it that the candidate is up to the mark fulfilling the job requirements.

If required, the candidate should be provided with training to get quality results.

2) Emotional and Physical Stability of Employees :

Providing with wages and salaries to employees is not sufficient in today's world. The human resource manager should maintain proper emotional balance of employees. They should try to understand the attitude, requirements and feelings of employees, and motivate them whenever and wherever required.

3) Balance Between Management and Employees :

The human resource manager has a responsibility to balance the interest of management and employees. Profits, commitment, cooperation, loyalty, and sincerity are the factors expected by management, whereas better salaries and wages, safety and security, healthy working conditions, career development, and participative working are the factors expected by employees from management.

4) Training, Development and Compensation :

A planned execution of training programmes and managerial development programmes is required to be undertaken to sharpen and enhance the skills, and to develop knowledge of employees. Compensation in the form of salary, bonus, allowances, incentives and perquisites is to be paid according to the performance of people. A word or letter of appreciation is also to be given, if some of them have done their jobs beyond expectations to keep their morale up.

5) Performance Appraisal :

This activity should not be considered a routine process by the human resource manager. If employees are not getting proper feedback from them, it may affect their future work. A scientific appraisal technique according to changing needs should be applied and the quality of it should be checked from time to time.

6) Dealing with Trade Union :

Union members are to be handled skillfully as they are usually the people who oppose the company policies and procedures. Demands of the union and interests of the management should be matched properly.

Indian Scenario of HRM :

As compared to other inputs of a business organisation, people have always been central to organization but their strategic importance is growing in today's knowledge-based industries. An organisation's success increasingly depends on the skills, knowledge and abilities of employees, especially because they establish core competencies. The most efficient machinery in the world will not produce at an optimum level unless the people who operate the machinery know-how to make it perform at its best.

Human Resource Management, or HRM, in India is much the same as in other countries: taking care of management and employee issues, dealing with talent development, managing benefits, and providing discipline. However, when dealing with the largest working population in the world, India has a difficult and unique challenge, which has led to some more creative solutions. For one, India has developed an entire ministry in its government devoted to regulating Human Resources and encouraging education to ensure that there is sufficient talent in addition to the sheer volume of employees. It also has to deal with the youth of its organizations and use technology effectively to cope with the volume of employees it has.

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