

HUMAN RESOURCE MANAGEMENT

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PREFACE

Human resource management in the sense of getting things done through people is an essential part of every manager's responsibility. Many organizations find it useful to setup a specialist section to provide expert services in the performance of human resources function. Today, no member in an organization would disagree with the statement that "people are the most valuable asset of an organization." But in reality, in many organization it found that this most valuable resources remain undervalued, undertrained and underutilized.

A candidate is routed through all the selection step including selection tests before a decision is made. If right personnel are selected, the remaining functions of human resources management become easier. The employees' contribution and commitment will be at optimum level and employee-employer relations will be congenial.

The main purpose of the book is to provide a comprehensive study material touching the varied aspects of human resource management. In all, the book provides a refreshing insight into all that a reader wants to know about human resource management.

The book is written in a jargon-free and accessible style. It is hoped that the book would serve as a useful text for the students of M.B.A., M.Com., B.B.A. and other diploma courses in management. It would also be useful to the practitioners in the field of human resource management.

Finally request to the discernible readers to do a great favour to me by sending their valuable suggestions and critical comments on the book for its further improvement in subsequent editions.

—Author

Unit 1 **INTRODUCTION**

LEARNING OBJECTIVES

- Understanding the nature, scope and objectives of human resource management.
- Design an organisation chart for HR manager function in a typical industrial establishment.
- Describe the image and qualities of a human resource manager.
- Understand the personnel principles and policies.
- Trace the evolution of human resource management.
- To understand the role of computer applications in human resource management.

1.1 MEANING AND DEFINITION OF HRM

Simply put, Human Resource Management (HRM) is a management function that helps managers' recruit, select, train and develop members for an organisation. Obviously, HRM is concerned with the people's dimension in organisations.

We quote three definitions on HRM. But before quoting the definitions, it is useful to point out the essentials which must find their place in any definition. The core points are:

1. Organisations are not mere bricks, mortar, machineries or inventories. They are people. It is the people who staff and manage organisations.
2. HRM involves the application of management functions and principles. The functions and principles are applied to acquisitioning, developing, maintaining, and remunerating employees in organisations.
3. Decisions relating to employees must be integrated. Decisions on different aspects of employees must be consistent with other human resource (HR) decisions.

4. Decisions made must influence the effectiveness of an organisation must result in betterment of services to customers in the form of high-quality products supplied at reasonable costs.
5. HRM functions are not confined to business establishments only. They are applicable to non-business organisations, too, such as education, health care, recreation, and the like.

The following three definitions collectively cover all the five core points:

1. ...a series of integrated decisions that form the employment relationship; their quality contributes to the ability of the organisations and the employees to achieve their objectives.
2. ...is concerned with the people dimension in management. Since every organisation is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organisation are essential to achieving organisational objectives. This is true, regardless of the type of organisation government, business, education, health, recreation, or social action.
3.management is the planning, organising, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organisational, and social objectives are accomplished.

Thus, HRM refers to a set of programmes, functions and activities designed and carried out in order to maximize both employee as well as organisational effectiveness.

Human resource management is a management function concerned with hiring, motivating, and manufacturing people in an organisation. It focuses on people in organisations.

1.2 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 organisation until he or she leaves—come under the purview of HRM. Specifically, the activities included are—HR 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 (IR) and the like. For the sake of convenience, we can categorise all these functions into seven sections—(i) introduction to HRM, (ii) employee hiring, (iii) employee and executive remuneration, (iv) employee motivation, (v) employee maintenance, (vi) IR, and (vii) prospects of HRM.

Human resource management is a broad concept. Personnel management and human resource development are a part of HRM.

1.3 EVOLUTION OF HRM—CONTRIBUTION BY LABOUR MOVEMENT

MODERN PERIOD UPTO 1970

Developing nations like India and USA

- Reversal of trend is discernible.
- Employers continue to exploit labour because “Supply” is more than “Demand”.
- Workers alienation with union leaders.
- Trade union movement in India failed to emerge as a force.
- Union membership get stagnated.
- Empowerment to a degree has achieved.

Period up to 1900

European and American Industrial systems developed on the French system of economics the ‘laissez faire’ and free from government interference.

In the previous section we have seen impact of ‘Industrial Revolution’ which the authors prefer to term as ‘evolution’ up to 1918, the labour condition in Europe and USA was something similar.

Period 1900 to 1940

(1) Indian Acts. There were no serious Industrial disputes in India. While Evolution of HRM in USA and West European nations like UK were largely voluntary.

(a) 1931, Royal Commission of Labour in India.

(b) Indian Trade Union Act, 1926.

(c) Maternity benefit act 1936—provided leave with pay for 6 weeks for childbirth to female workers.

(2) Western Countries – UK – USA

(a) UK. They instituted a “Pension fund” to the workers as early as in 1906.

(b) USA. Create depression in 1930 also influenced legislative measures of western nations like UK and USA.

- 1932 Norris-Lagvardie Act—union activities like picketing etc.
- 1935 Wagner Acts—Employers to fight union was curtailed.

Period 1940 to 1970

In India, Employee’s state act 1948 is the most important act of social security. Employees provident fund act 1952 provides contribution to the PF by employer and employee.

Industrial Disputes Act 1956 provides payment of compensation for ‘lay-offs and retrenchment’.

- In USA, Employment Act 1946 provided job opportunities. Taft Hortley Act 1947—restricted ‘unfair labour practices’.
- Manpower development act 1962 is the result of untiring efforts of Johnson as US presidents.
- Civil Rights Act 1964 prohibits discrimination in hiring compensation, terms and conditions, privileges in terms of race religion, colour, sex or national origin.

MODERN PERIOD AFTER 1970

In the modern period, like India and USA doing major legislations on HRM.

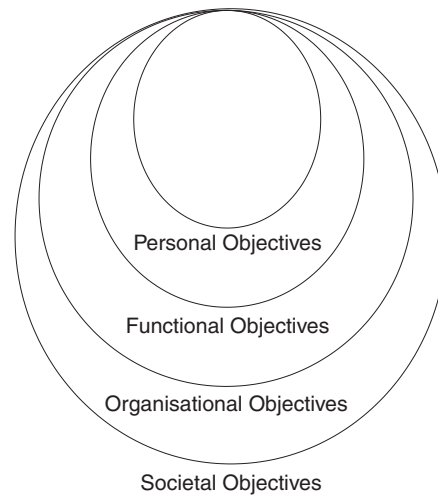
1. Payment of Wages Act 1975 stipulates compulsory payment of wages.
2. Equal remuneration act provides compulsory payment of compensation to workers.
3. Equal employment opportunity act in 1972 is an amendment to include employees of all organisations.
4. Employee retirement income security act in 1974 is amended deals with private pension plans and prevent exploitation of workers.
5. Job training partnership act in 1983 is yet another amendment to discuss earlier.

It focuses more on issues of unemployed and under employed persons to make it more self-supporting.

Up to 1900	1870	First trade union was formed in USA but was not allowed to operate due to Criminal Conspiracy doctrine
	1842	Trade unions declared in USA
	1886	American Federation of Labour
1900–40	1911	Workers welfare league of India formed in UK
	1919	Formation of ILO
	1927	First time ‘May day’ was celebrated at Bombay
	1930	Great economic depression
	1935	Congress of industrial organisation was formed in USA
	1940	Unity move of TU in India
1940–70	1942	First time Tripartite Labour Conference
	1947	Indian Independence was established
	1970	Split in community party

1.4 OBJECTIVES OF HRM

The primary objective of HRM is to ensure the availability of a competent and willing workforce to an organisation. Beyond this, there are other objectives, too. Specifically, HRM objectives are four fold—societal, organisational, functional and personal.



Societal Objectives: To be ethically and socially responsible to the needs and challenges of the society while minimizing the negative impact of such demands upon the organisation to use their resources for the society's benefit in ethical ways may lead to restrictions. For example, the society may limit HR decisions through laws that enforce reservation in hiring and laws that address discrimination, safety or other such areas of societal concern.

The societal objectives of human resource management seek to ensure that the organisation becomes socially responsive while the organisational objectives make sure that HRM is not a standalone department, but rather a means to assist the organisation with its primary objectives.

Organisational Objectives: To recognize the role of HRM in bringing about organisational effectiveness. HRM is not an end in itself. It is only a means to assist the organisation with its primary objectives. Simply stated, the department exists to serve the rest of the organisation.

Functional Objectives: To maintain the department's contribution at a level appropriate to the organisation's needs. Resources are wasted when HRM is either more or less sophisticated to suit the organisation's needs. Resources are wasted when HRM is either more or less sophisticated to suit the organisation's demands. The department's level of service must be tailored to fit the organisation it serves.

Functional objectives remind the HRM that it has only functional value and should not become too expensive at the cost of the organisation it serves while personal objectives assist employees in achieving their personal goals.

Personal Objectives: To assist employees in achieving their personal goals enhance the individual's contribution to the organisation. Personal objectives of employees must be met if workers are to be maintained, retained and motivated. Otherwise, employee performance and satisfaction may decline and employees may leave the organisation.

HRM: FUNCTIONS AND OBJECTIVES

In order to realize the objectives stated above, HRM must perform certain functions. These functions have been stated while outlining the scope of HRM. Generally, it may be stated that there is a correlation between the objectives and the functions. In other words, some functions help realize specific objectives. For example, the organisational objective is sought to be met by discharging such functions as HR planning, recruitment and selection, training and development, and performance appraisal. Similarly, the personal objective is sought to be realized through such functions as remuneration, assessment, and the like. Table contains the full list of objectives and functions.

Who will perform these activities in a typical organisation? What is his or her place in the organisational structure? The following section seeks to answer these questions.

ORGANISATION OF HR DEPARTMENT

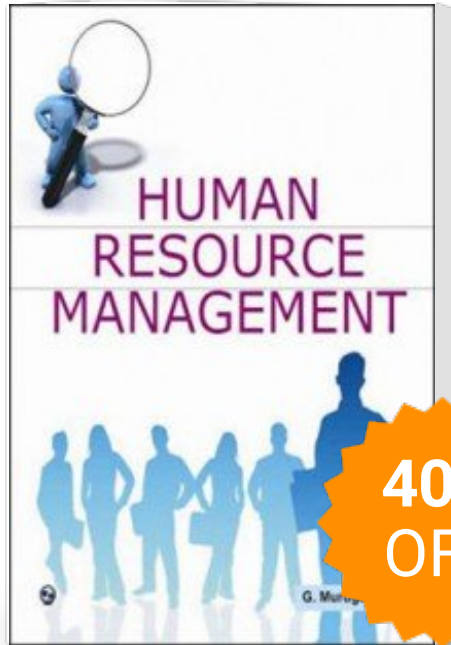
Two issues become relevant in a discussion on organisation of an HR department. They are (i) place of the HR department in the HR department itself, (ii) composition of HR department.

<i>HRM Objectives</i>	<i>Supporting Functions</i>
1. Societal objectives	1. Legal compliance 2. Benefits 3. Union-management relations
2. Organisational objectives	1. Human resource planning 2. Employee relations 3. Selection 4. Training and development 5. Appraisal 6. Placement 7. Assessment
3. Functional objectives	1. Appraisal 2. Placement 3. Assessment
4. Personal objectives	1. Training and development 2. Appraisal 3. placement 4. Compensation 5. Assessment

Source: William B.Werther, Jr and Keith Davis, *Human Resources and Personnel Management*.

Status of the HR department in the total organisational structure depends on whether a unit is small or large. In most of the small organisations, there is no separate department to co-ordinate the activities relating to personnel. In fact, there may not be any personnel managers at all. Services of outsiders who specialize in maintaining accounts and records relating to provident fund, pension and other statutory requirements are retained for a fee.

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