

NEW SYLLABUS

ELEMENTS OF HUMAN RESOURCE MANAGEMENT

**ANAMIKA GHOSH
TANVI PANDIT**



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ELEMENTS OF HUMAN RESOURCE MANAGEMENT

For

B.B.M. (Semester - II)

As Per New Syllabus,

Effective from June 2013

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MBA (Marketing & Personnel Management)
Pratibha College of Commerce and Computer Studies

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Masters in Journalism and
Mass Communication

Price ₹ 150.00

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Elements of Human Resource Management**ISBN 978-93-83750-37-5****Fifth Edition : January 2018****© : Authors**

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**Published By : Polyplate
NIRALI PRAKASHAN YOGIRAJ PRINTERS AND BINDERS**

Abhyudaya Pragati, 1312, Shivaji Nagar,
Off J.M. Road, PUNE – 411005
Tel - (020) 25512336/37/39, Fax - (020) 25511379
Email : niralipune@pragationline.com

Printed By :

Survey No. 10/1A, Ghule Industrial Estate,
Nanded Gaon Road,
Nanded, Pune – 411041
Mobile No. 9404233041/9404225254

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Preface ...

Human Resource Management is a process that is designed to enhance employee performance overall. Thus, it is a series of actions that are taken in order to achieve excellence in employee performance.

Good practices in Human Resources are essentially tools that allow companies to achieve their goals and to boost both efficiency and productivity. Several human resource management practices include Recruitment and Selection, Job Analysis and Design, Manpower Planning, Performance Management, Training and Development, Employee Relations and much more.

This book of ***Elements of Human Resource Management*** covers the essentials of HRM as prescribed in the new revised syllabus by the University for **BBM Semester II**.

With more and more people working for international corporations or global international supply chains, the study of international human resources is becoming ever more important. International Human Resource Management has therefore been included in the syllabus.

Being familiar with the needs of the teachers and the students, we have taken care to see that full justice is done to the syllabus as revised by the University. In the course of writing this book we have utilised many sources, books and of course the Internet. We would like to acknowledge and thank all our sources.

We would like to express our gratitude to Shri. Dinesh Bhai Furia and Shri. Jignesh Furia, our publishers who gave us this opportunity to write on such an interesting topic. We too have learnt from the arduous task of writing on a subject that covers a substantial field.

Last but not the least we take this opportunity to thank all the staff of Nirali Prakashan, which includes Nirja Sharma, Prasad Chintakindi, Ilyas Shaikh, Sarika and Ravindra Walodare for their help and assistance in the preparation of the book. Without their help and wholehearted support this book would not have been published.

In spite of sincere efforts, some errors might have crept in the book at some places. We hope that we shall be excused for the same. Any suggestions or comments to improve the text of the book will be highly appreciated.

Authors

Syllabus ...

1. Human Resource Management (6)

Introduction, development of HRM concept, HRD and HRM, Role of HR Manager, structure of HRM dept. Duties and Responsibilities of HR Manager.

2. Trends in HRM (6)

Change in labour force, composition, knowledge, workers, employee empowerment. HRM challenges, strategic issues mergers and acquisitions, TQM, Downsizing, Reengineering, outsourcing, expanding into global marketing, Global workforce.

3. Manpower Planning (8)

Objectives, Need, Importance, Short and Long term, Manpower Planning, Career and succession planning, Sources of recruitment, procedure, basis of selection, interviews, tests, induction, (Discussion of cases in Recruitment and Selection is advised for better understanding of the topic)

4. Savings (12)

Training Need, system approach to training, Education, Training and Development, Training calendar, Return on Training and Investments.

Methods and types of training management, methods of Performance Appraisal, Errors of Appraisal. Merit Rating: Need, Importance and Methods, Promotion, Transfer, Job Description, Job Evaluation, Job Enlargement, Job Enrichment, Job rotation.

5. Recent Trends and Problems in Motivation, Retention, Attrition, Downsizing and Outsourced Manpower (10)

International Human Resource Management.

- Comparison with domestic HRM
- Managing International HRM-activities.
- Multi-culturism.
- Cross Cultural Training (CCT)
- New Terms. HCN, PCN, TCN, Ethnocentric Approach, Polycentric Approach, Geocentric Approach.
- Discussion of Case Studies Advised for Better Understanding of the Subject

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1. Human Resource Management	1.1 – 1.28
2. Trends in HRM	2.1 – 2.30
3. Manpower Planning	3.1 – 3.40
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Chapter 1...

Introduction: Human Resource Management

Contents ...

Introduction

- 1.1 Definitions of Human Resource Management
- 1.2 Development of HRM Concept
- 1.3 HRD and HRM
- 1.4 Role of HR Manager
- 1.5 Structure of Human Resource Department
- 1.6 Duties and Responsibilities of the HR Manager
 - Points to Remember
 - Case Study
 - Questions for Discussion
 - Questions from Previous Pune University Examinations

Learning Objectives ...

- To gain knowledge of the concept of Human Resource Management
- To discuss the development of HRM concept
- To understand Human Resource Development and its importance in HRM
- To learn about the role, duties and responsibilities of a HR Manager
- To be aware of the structure of the HRM department

Introduction

Human beings are social animals hence they can by no means survive and work in isolation. It is necessary to plan, develop and manage relations. Since infancy, each and every human being gains knowledge and experience on understanding others and how to behave in every situation in life. Later, this experience and knowledge is used for managing relations at the workplace.

The whole concept of Human Resource Management revolves around the theme of managing relations at the workplace. Since mid 1980's Human Resource Management (HRM) has gained recognition academically and commercially.

In the current scenario, with the liberation of the Indian economy and its general and halting integration with the world economy the human resource concept suddenly has gained momentum. India has specially carved a place for itself due to the abundant manpower available at low cost.

Today the HR department plays a vital role. There is now an emphasis on trying to build strong and stable HR systems and processes which will provide security to the people. In the current environment, competitive pressures are forcing companies to render cost effective products and services with care and concern for the customer needs. The need is to have competent staff that are flexible enough to respond to the changing demands of the organisation and are integrated and concerned with the mission and survival of the organisation.

The main objective of HRM is to make optimum use of employees' contribution in order to achieve maximum efficiency and output, while at the same time achieving individualistic objectives such as having a challenging job and getting recognition and societal objectives like paying taxes and demonstrating social responsibility.

1.1 Definitions of Human Resource Management

(1) **Prof. Cynthia D. Fisher, Lyle F. Schoenfeldt and James B. Shaw** state that, *"HRM involves all management decisions and practices that directly affect or influence the people or human resources who work for the organisation. In recent years, increasing attention has been devoted to how the organisations manage human resources. It is important to examine as to how organisation's employees enable an organisation to achieve its goals"*.

(2) **According to Prof. Wendell L. French, University of Washington**, *"HRM is the term increasingly used for the philosophy, policies, procedures and practices related to the management of people working in an organisation"*.

(3) **Prof. K. Aswathappa** makes it clear that, *"Human Resources Management is a management function that helps managers' recruit, select, train and develop members for an organisation. Obviously, HRM is concerned with people's dimension in organisation"*.

(4) **According to Prof. George T. Milkovich and Prof. John W. Boudreau**, *"Human Resource Management is a series of decisions that affect the relationship between employees and employers; it affects many aspects and is intended to influence the effectiveness and abilities of employees and employers to achieve their objectives."*

(5) **Prof. C. B. Mamoria and Prof. S. V. Gankar** have stated a very simple and easily understandable definition of HRM which is, *"Human Resource Management is concerned with the people who work in the organisation to achieve the objectives of the organisation. It concerns with the acquisition of appropriate human resources, developing their skills and*

competencies, motivating them for best performance and ensuring their continued commitment to the organisation to achieve its objectives". According to them, this definition applies to all types of organisations - industry, business, government, education, health or social welfare of the people.

(6) **According to Prof. Gary Dessler of the Florida International University**, all managers have to perform certain basic functions viz., planning, organising, staffing, leading, controlling etc. These functions, in fact, represent the management process. In his opinion, *"Human Resource Management is the process of acquiring, training, appraising and compensating employees and attending to their labour relations, health and safety and fairness concerns"*.

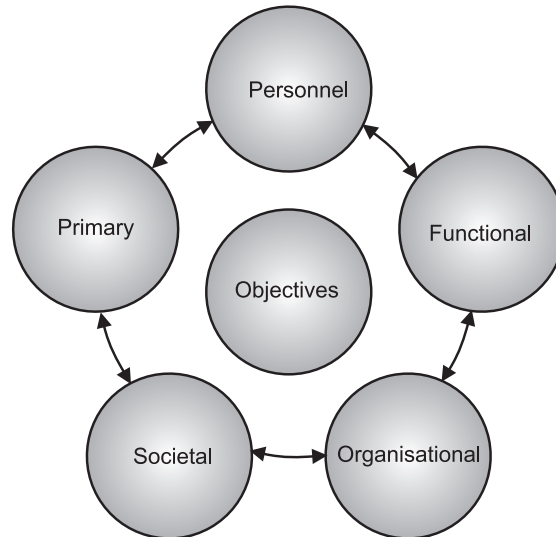
(7) **Ivancevich and Glueck** stated that, *"Human Resource Management is the function performed in organisations that facilitates the most effective use of people (employees) to achieve organisational and individual goals"*.

(8) **According to Dale Yoder**, *"The management of human resources is viewed as a system in which participants seek to attain both individual and group goals"*.

(9) **According to David Decenzo and Stephen Robbins**, *"Human Resource Management 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 high level of performance and ensuring that they continue to maintain their commitment to the organisation are essential to achieve organisational objectives. This is true, regardless of the type of organisation, government, business, education, health, recreation or social action"*.

(10) **According to Michael VP**, *"Human Resource Management is that part of management process which develops and manages the human elements of enterprise considering the resourcefulness of the people employed in organisation in terms of total knowledge, skills, creative abilities, talents, aptitudes and potentialities for actuating effectively"*.

Objectives of HRM

**Fig. 1.1**

The primary objective of HRM is to ensure the availability of a competent and willing and able work force. HRM objectives can be defined as fivefold:

1. Primary
2. Personnel
3. Functional
4. Organisational objectives
5. Societal objectives.

- (1) Primary objectives** of HRM are to select the right person at the right time in the right position and in the right place.
- (2) Personal objectives** of employees must be met if employees are to be maintained, retained and motivated.
- (3) Functional objectives** remind the HRM that it has functional value which should be fulfilled in an efficient manner.
- (4) Organisational objectives** are the means to assist the organisation with the primary objectives and to fulfil it in a proper way.
- (5) Societal Objectives:** Every organisation need to have a responsibility towards the society. The requirements of the society should be maintained and considered. The legal matters should be in accordance with the rules and regulations of the society.

The above mentioned basic objectives generate several other objectives of HRM such as meeting the needs, values, dignity etc. of the employees, proper staffing at all levels of the organisation, training and developing available human resources at all levels, creating high-

performing work culture, improving quality of work life, and so on. Thus, the objectives of HRM are derived from the basic objectives of an organisation which are mentioned below:

- (1) To create an able and motivated workforce and ensure its effective utilisation to accomplish various organisational goals.
- (2) To establish and maintain suitable and sound organisational structure in order to secure integration of employees and groups and to create desirable working relationship amongst them for increasing the organisational effectiveness. For this purpose, efforts are required to be made to create a sense and feeling of belongingness and team spirit by encouraging the employees to make positive and valuable suggestions.
- (3) To create an environment that would help maintain high morale and to encourage a value system that would foster trust and mutuality of interests.
- (4) To provide training and education for developing human resources.
- (5) To provide opportunities for participation, recognition, etc., and for a fair, acceptable and efficient leadership.
- (6) To provide attractive incentives, monetary benefits, social security measures and welfare facilities, various non-monetary rewards, benefits, etc., in order to ensure the retention of competent employees.
- (7) To adopt such policies which recognise merits and contributions by the employees.
- (8) To ensure that there is no threat of unemployment by instilling confidence among the employees regarding stability of their employment.
- (9) An organisation has to bear in mind its responsibility towards the society as a whole. The society may not desire to enforce reservation in hiring and the laws leading to discrimination affecting the society badly or if certain organisational decisions have some negative impact on the society, such decisions should be avoided. It should be the objective of an organisation to use the resources for the betterment of the society and the nation.
- (10) To develop and maintain a quality work life which makes employment in the organisation a desirable, personal and social situation.

1.2 Development of HRM Concept

Evolution of the HRM Concept

YEAR 1800

The concept of Human Resource came into existence after 1800. Human resource management was concerned with the terms of employment, health schemes, and home for the lady employee's children.

YEAR 1950

Following the Second World War, Human Resource Management had a wider scope for variety of services, including wages management, training and guidance on industrial relations. The increasing organisational size was responsible for certain change in industrial relation practices.

YEAR 1960-1970

The 1960s and 1970s saw a notable increase in the number of staff engaged in human resource work. This could be attributable in part to an increase in the amount of employment legislation. However, the state of the economy had a part to play as well. In conditions of full employment, up to the early 1970s, there was indication of much staffing, selection, training and payment system activities in the practice of human resource management. This was encouraged to some extent by labour shortages, and was reflected in actions to be dependent on skilled labour and increase the skill levels of the work-force.

The concept of training was well-organised and considered, heavily subjective by the enterprise of the training boards, which exacted a training level from industry and offered grants to companies that conducted training to acceptable standards. That led to a rapid growth in the number of training specialists within the personnel function. Welfare personnel was concerned with the provision of schemes, considered progressive at that time, dealing with unemployment, sick pay and subsidised housing for employees.

The beginning of these schemes could be viewed as a response to the severity of capitalism at that period of British history. Indeed, today it could be distinguished that the welfare custom has some importance in the act of staff administration, for instance, health plans and day nurture the kids of women employees. Personnel administration ended up as backing for administration and was essentially concerned with recruitment, restraint, punctuality, frameworks, preparing and keeping work records for prospective exercises, for example performance appraisal and planning future manpower needs had picked up significance so that the future development could be administered. The attention on industrial relations proclaimed a fragile part for the staff communicating with both the administration and labourers.

YEAR 1980

The 1980s human resource or personnel management entered the industrial stage of adjusting itself to the business sector economy and capitalistic society. It was not exceptional to find senior personnel executives helping the organisation about its future identified with the importance of existing business goals, and enhanced methods for attaining revised goals. Shortcoming in the force of trade unions indicated the need for less expands forms in collective bargaining and conflict management. It likewise leads to swifter arranged pay settlements. Also, organisations were better placed to make changes in work practices which

resulted in increased productivity and a reduction in the numbers employed. There were changes in personnel practices due to the large pool of available labour. For example, the importance switched from recruitment attracting candidates to selection. It was during the 1980s that the rise in HRM began to attract the attention of personnel practitioners. There was a move away from the traditionally adversarial industrial relations of the 1970s towards an approach which sought to achieve excellence in the organisation through a committed work-force.

YEAR 1990

The early 1990s witnessed a change in emphasis. The reaction to individualism and unforgivable greed of the 1980s had made way for the spirit of consent and the value of teamwork. There was a fear in the mind of the core workers because high commitment is required from these workers. They are expected to be flexible about the hours they work and to work above and beyond their job descriptions. Wages tend to reflect the market rate rather than the rate determined by agreements with trade unions.

Today's HR profession encompasses a number of specialised disciplines, including variety, reward (including compensation, benefits, pensions), resourcing, employee relations, organisation development and design, and learning and development.

Human Resources Management in Modern Times (Global Perspective)

The roots of HRM in modern times go back to the pioneering work of **Drucker** (1955) and **McGregor** in the 1960s. **Drucker** (1955) virtually invented management by objectives (although he never actually used that phrase). He wrote that, '*An effective management must direct the vision and efforts of all managers towards a common goal.*' This concept of visionary, goal-directed leadership is fundamental to HRM. He castigated personnel managers for their obsession with techniques that become gimmicks and for their inability to get really involved in business. And he referred to personnel management as '*a collection of individual techniques without much internal cohesion – a hodge podge.*'

The emphasis in the HRM approach on coherence and internal consistency follows the Drucker line. He also stressed that human resource should be regarded as an organisational asset, thus expressing what later become the basic philosophy of HRM.

McGregor (1960) advocated management by integration and self control as a strategy for managing people which affects the whole business. A key role of the personal function, as he saw it, was to 'devise means of getting management to examine its assumptions, to consider the consequences and to compare it with others.'

Like Drucker, McGregor, therefore, paved the way for the evolution of the basic HRM concept that human resource plans must be integrated with those of the business. The behavioural science movement came into prominence in the 1960s. Its leading architects were as follows:

- (a) **Maslow** (1954), whose hierarchy of human needs places self-actualisation at the top of the pyramid.
- (b) **Likert** (1966), who developed the integration principle of supporting relationships. This states that organisation member should, in the light of their values and expectations, view their work as supportive and as contributing to the building and maintenance of their sense of personal worth and importance.
- (c) **Argyris** (1957), who believed that organisational design should plan for integration and movement and that individuals should feel that they have a high degree of self-control over setting their own goals and over the paths defining those goals.
- (d) **Herzberg** (1957) who advocated job enrichment as a means of improving organisational effectiveness.

Although, the behavioural science movement had a somewhat idealistic flavour about it, it did make two useful contributions to HRM. First, it underlined the importance of integration and involvement and secondly, it highlighted the idea that management should as a basic value accept the need to improve the quality of working life as a means of obtaining better motivation and improved results.

Development of the Concept of Human Resource in India

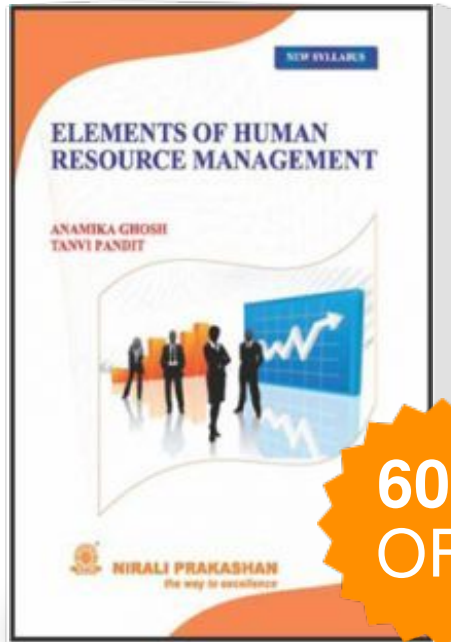
HRM in India is centuries old. The first reference of HRM was provided by Kautilya as early as 4th century B.C. in his book '*Arthashastra*'. The work environment had logical procedures and principles in respect of labour organisation such as '*Shreni*' Wages were paid in terms of quantity and quality 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.

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.

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ISBN : 9789383750375

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