



# Chapter 1

## Human Resource Management

- HUMAN **RESOURCE OR** HUMAN **RELATIONSHIP** MANAGEMENT
- Personnel Management is a function of managing people.
- PM is also called HRM.

- HRM is the effective use of human resources in to enhance organizational performance.
- Activities an organization conducts to use its human resource effectively
- HRM proposes that people are a capital resource (**Human capital**) and return on people is the measurable outcome.

- **Origins.** - HRM-type themes, including 'human capital theory' and 'human asset accounting' can be found in the literature from the 1970s.
- The modern view of HRM gained prominence in 1981 - introduction in the prestigious MBA curriculum at *Harvard Business School*.
- Simultaneously, other interpretations were developed in Michigan and New York

## What is HRM ?

- “HRM is the function performed in Organisations that facilitate the most effective use of people to achieve organizational and individual goals”
  - Ivancevich & Glueck.
- HRM is “planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and reproduction of human resource to the extent that individual, organizational and societal objectives are accomplished,”
  - Flippo.
- “the management of human resources is viewed as a system in which participants seek to attain both individual & group goals”
  - Dale Yoder.

# Why care about **HRM**?

- Impact on you as employees
- Impact on you as managers
- Potential future roles as HR professionals
- Impact of **HRM** on organizations

## Nature of HRM

- ❑ A NATURE OF HRM – is to reflect its philosophy, a new outlook, approach and strategy which views an Organization's manpower resource and assets not as liabilities or hands.
- ❑ Mechanization and IT have brought in humans with different attitudes and behaviors in Organizations.
- ❑ HRM looks into the individual needs and motivates them to work. Human element in enterprise has paved the way for effective management of the organization.

## Scope of HRM

Just employment, maintenance of salary record enlarged to

- Providing welfare
- Performance Appraisal / Management
- **Human Relations**
- Strategic HR
- Employee Involvement
- Industrial relation



- It is pervasive in nature as it is present in all enterprises.
- Its focus is on results rather than on rules.
- It tries to help employees develop their potential.
- It encourages employees to give their best to the organization.
- It is all about people at work, both as individuals and as groups.
- It tries to put people on assigned jobs in order to produce good results.
- It helps an organization meet its goals in the future by providing for competent and well-motivated employees.
- It tries to build and maintain cordial relations between people working at various levels in the organization.
- It is a multi-disciplinary activity, utilizing knowledge and inputs drawn from psychology, economics, etc.

## **HRM *People* Functions Include:**

- Performance Management
- Communication
- Training and Development
- Employee commitment
- Equal opportunity
- Health and safety
- Grievances/labor relations

- Job analysis
- Labour needs
- Recruitment
- Selection
- Orientation and training
- Wages and salaries
- Incentives and benefits
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# HRM FUNCTIONS

## Primary

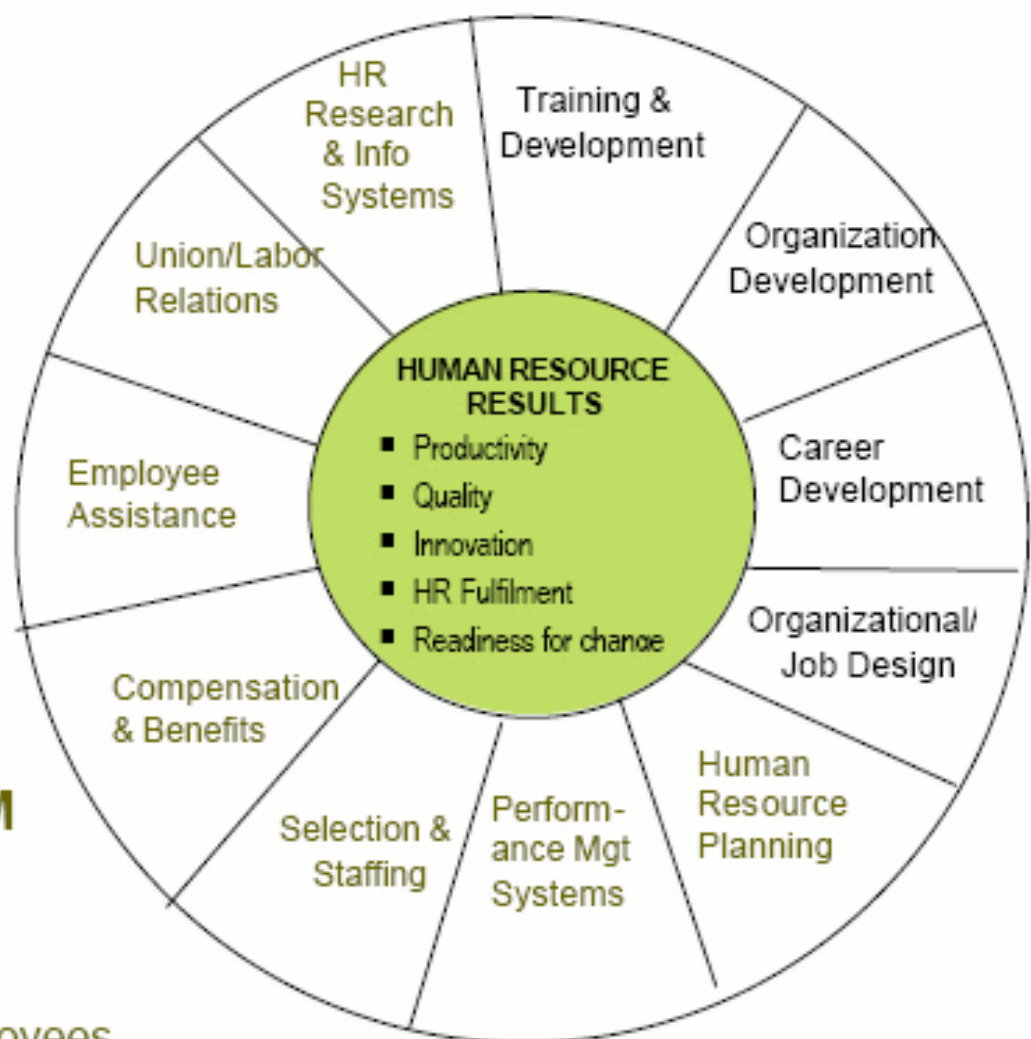
- Human resource planning
- Equal employment opportunity
- Staffing (recruitment and selection)
- Compensation and benefits
- Employee and labor relations
- Health, safety, and security
- Human resource development

# Secondary functions

- Organization and job design
- Performance management/ performance app systems
- Research and information systems

## Primary HRM Functions

Obtaining, Maintaining, and developing employees



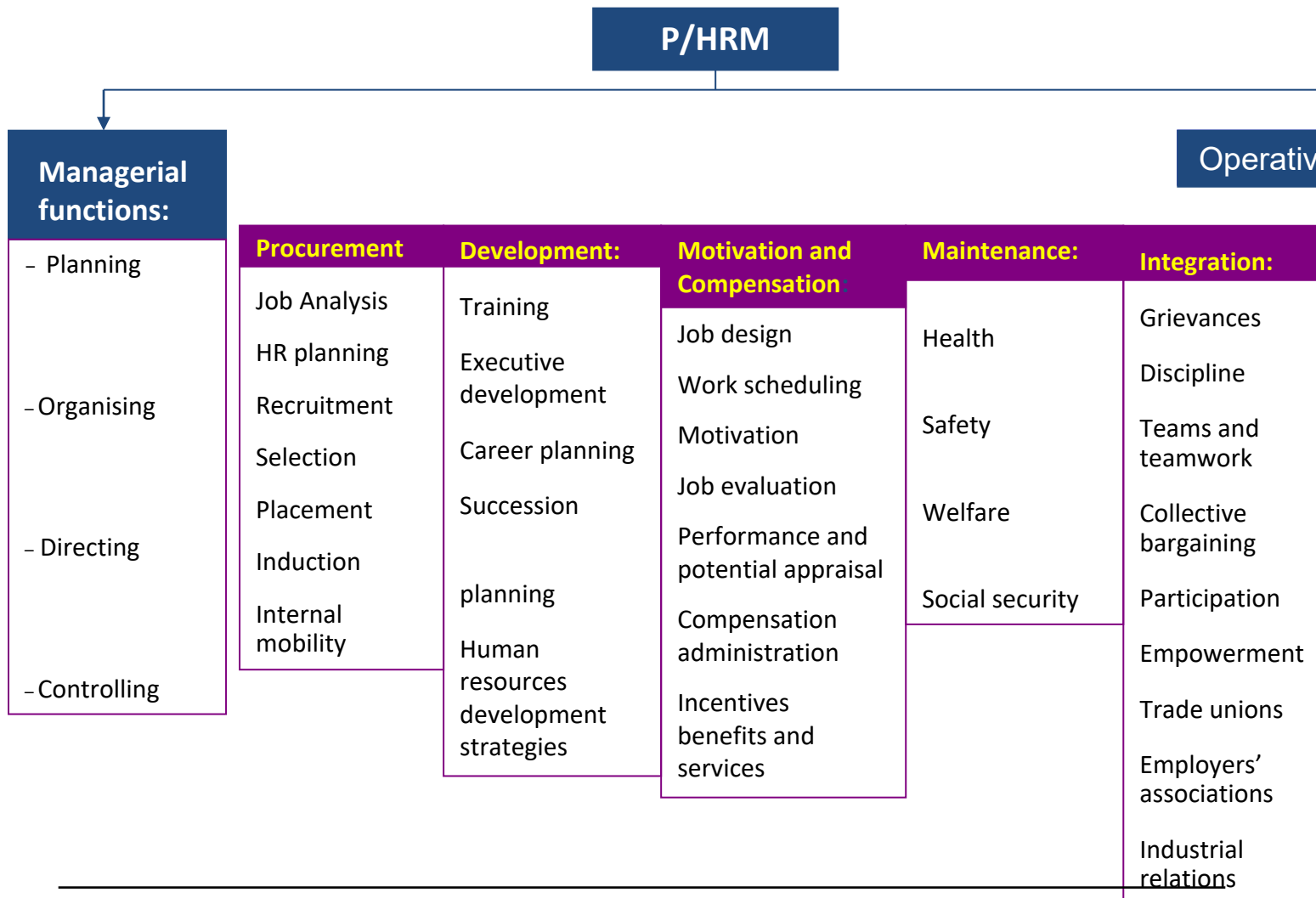
**Fig. 1** The human resource wheel developed by McLagan (1989) shows the primary HRM and HRD functions.

# Importance

- attract and retain talent
- train people for challenging roles
- develop skills and competencies
- promote team spirit
- develop loyalty and commitment
- increase productivity and profits
- improve job satisfaction
- enhance standard of living
- generate employment opportunities

1-9

# Functions of HRM





1-14

## EVOLUTION OF HRM

The field of HRM evolved both in India and elsewhere over a number of years to present level of sophistication and use of proactive methods.

- ❖ The industrial revolution
- ❖ Scientific management
- ❖ Trade unionism
- ❖ Human relations movement
- ❖ Human resources approach

# Objectives

- Helping organisation to reach the goal
- Efficiently employing the skills and abilities of the workforce
- Providing Well trained and well motivated employees
- Increasing employees' job satisfaction and self actualization
- Achieving quality of work life
- Communicating HRM policies to all Employees
- Maintaining Ethical policies and Socially responsible behaviour
- Managing change
- Managing increased Urgency and Faster cycle time

1-15

## Evolution of the Personnel Function

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Concept	What is it all about?
The Commodity concept	Labour was regarded as a commodity to be bought and sold. Prices were based on demand and supply. Government did not protect workers.
The Factor of Production concept	Labour is like any other factor of production, viz, money, land, etc. Workers are like machine tools.
The Goodwill concept	Welfare measures like safety, first aid, lunch room, recreation, etc. have a positive impact on workers' productivity
The Paternalistic concept/ Paternalism	Management must assume a fatherly and protective attitude towards employees. Paternalism does not mean merely providing food and shelter; it means satisfying various needs of the employees as the requirements of the children.

1-16

## Evolution of the Personnel Function

The Humanitarian concept	To improve productivity, physical, social and psychological needs of workers must be met. As Mayo and others stated, motivation is a more important factor in determining output, than group standards, group cohesion and security. The organisation is a social system with both economic and social dimensions.
The Human Resource concept	Employees are the most valuable assets of an organisation. There should be a conscious effort to realise organisational goals by satisfying the needs and aspirations of employees.
The Emerging concept	Employees should be accepted as partners in the organisation. They should have a feeling that the organisation is their own. To this end, managers must offer better quality of work life. They should offer opportunities to people to exploit their potential to the fullest. The focus should be on Human Resource Development.

# Principles of HRM

- Principle of scientific selection
- Principle of employee development
- Principle of labour management cooperation
- Principle of free flow of communication
- Principles of fair remuneration
- Principles of incentive
- Principles of dignity of labour
- Principle of participation
- Principle of team spirit
- Principle of contribution

# Shifts in HR management in India

Traditional HR practice	Emerging HR practice
❖ Administrative role	❖ Strategic role
❖ Reactive	❖ Proactive
❖ Separate, isolated from company mission	❖ Key part of organisational mission
❖ Production focus	❖ Service focus
❖ Functional organisation	❖ Process-based organisation
❖ Individuals encouraged, singled out for praise, rewards	❖ Cross-functional teams, teamwork most important
❖ People as expenses	❖ People as key investments/assets