

Human Resource Management

Introduction

Men and resources are involved in all activities. Men were taken for granted for a long time. Greater accent was given to resources, production machinery and top managers. But during the last few decades, with modern large scale production of innumerable products for a wide market, the importance of human resources and their development has come to the fore. The importance of human resources to any organization need not be over-emphasized. Human resource is the wealth of a nation and an organisation. The development process is wide and varied. In this lesson, let us understand the importance and concept of Human Resource Management. (HRM)

Human Resources

In the general parlance, human resources are people and their characteristics at work either at the national level or organisational level. Megginson has defined human resources as follows:

“From the national point of view, human resources are knowledge, skills, creative abilities, talents and attitudes obtained in the population; whereas from the viewpoint of the individual enterprise they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employers”

Sumantra Ghosal considers human resources as human capital. He classifies human capital into three categories – intellectual capital, social capital and emotional capital. Intellectual capital consists of specialized knowledge, tacit knowledge and skills, cognitive complexity and learning capacity. Social capital is made up of network of relationships, sociability, and trustworthiness. Emotional capital consists of self- confidence, ambition and courage, risk-bearing ability and resilience”.

In simple words, HRM is a process of making the efficient and effective use of human resources so that the set goals are achieved.

Definition of HRM

According to Flippo, ‘Personnel Management, or say, human resources management is the planning, organizing, directing and controlling of the procurement, development, According to Flippo, ‘Personnel Management, or say, human resources management is the planning, organizing, 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”.

The National Institute of Personal Management (NIPM) of India has defined human resources – 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 have regard for the well-being of the individuals and of working groups, to enable them to make their best contribution to its success”.

According to Decenzo and Robbins, “HRM is concerned with the people dimension” in management. Since every organization 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 organization is essential to achieve organisational objectives. This is true, regardless of the type of organization – government, business, education, health or social action”.

HRM can be defined as a process of procuring, developing and maintaining competent resources in the organization so that goals of an organization are achieved in an effective and efficient manner. In other words HRM is an art of managing people at work in such a manner that they give best to the organisation.

Significance of HRM

Human resources are the most precious asset of an organization. They are the activators of non-human resources, means for developing competitive advantages and sources of creativity. Ghoshal outlines the role of HRM in managing an organization in the following lines. "Indian Companies have spruced up their strategic thinking; they have even moved a generation ahead with their organisations. But they still have managers who have been shaped by old models. They are essentially a group of first generation managers whose definitions of roles and tasks, personal skills and competencies, ideas and beliefs about management have been shaped by an earlier model. You cannot manage third generation strategies with second generation organizations and first generation managers to meet the needs of second generation organisations and third generation's strategic thinking.

The above view indicates the role of HRM in Indian industry. Significance of HRM can be viewed in three contexts; organizational, social and professional.

Organizational significance

- i. Effective utilization of human resources to motivate them and to change their attitudes to work and the organization.
- ii. To develop personnel to meet the demands of the work effectively; and
- iii. To ensure proper recruitment and to retain the personnel in the organization so that right people are available.

Social significance

This aspect aims in achieving the need satisfaction of personnel in the organisation. It is often said that a happy worker is not only happy in his work place but also at home and in society also.

Hence HRM seeks to achieve the following

1. Maintaining balance between jobs and job-seekers, taking into consideration job requirements, job seekers' abilities and aptitudes
2. Providing most productive employment from which socio psychological satisfaction can be derived.
3. Utilizing human capabilities effectively and matching with government rewards.
4. Eliminating wasteful organizational and individual practices.

Professional Significance

This aspect involves developing people and providing appropriate environment for effective utilization of their capabilities and involves the following.

1. Developing people on a continuous basis to meet the challenges of their jobs.

2. Maintaining the dignity of personnel at the work place
3. Providing proper physical and social environment at the work place to create a congenial working atmosphere.

Concept of HRM

Human Resources are considered as a very important asset of any organisation and the nation as well. Other resources are of no avail without Human Resources. They can be made more effective and purposeful. There is no limit in their abilities and their abilities can be continuously improved with training, skill, attitude and additional scientific gadgets and machines. Concept of HRM borders on,

1. Men or personnel can do many wonderful things and take up any challenge.
2. They can be trained to do efficient work.
3. Necessary climate can be created to increase their efficiency.
4. Environment and their liberties can be increased to create a congenial atmosphere.

Karen Legge has specified three elements of HRM as follows

1. Human resource policies should be integrated with strategic business planning and used to reinforce appropriate culture.
2. Human resources are valuable and a source of competitive advantage.
3. Human resources can be tapped most effectively by mutually consistent policies which promote commitment and foster a willingness in employees to act flexibly in the interest of the adaptive organisation's pursuit of excellence.

John Storey has specified four elements of HRM as follows:

1. A set of beliefs and assumptions.
2. A strategic thrust embodying decisions about people management.
3. The central involvement of line management
4. Dependence upon a set of levers to determine the employment relationships

Development of HRM

Awareness regarding HRM was felt during the industrial revolution around 1850 in Western Europe and U.S.A. Only during the beginning of 20th century, it was felt in India. Since then to the present era, the development of HRM may be classified as follows:

- Trade Union Movement Era

The conditions of workers in the aftermath of factory system as an outcome of industrial revolution, were very pathetic. The first world war worsened the situation. The Royal Commission of Labour in

India in 1911, under the chairmanship of J.H. Whitely, recommended the abolition of the 'Jobber' system and the appointment of labour officers in industrial enterprise to perform the recruitment

function as well as to settle workers' grievance. Workers also started forming 'trade unions'. The Trade Union Act, 1926 was passed in India. The basic object underlying trade union was to safeguard the worker's interest and to sort out their problems such as use of child labour, long hours of work and poor working conditions. These unions used strikes, slowdowns, walkouts, picketing, as weapons for the acceptance of their problems.

These activities of trade unions gave rise to personnel practices such as collective bargaining, grievance handling system, arbitration, disciplinary practices, employee benefit programmes and sound wage structure.

- Social Responsibility Era

In the beginning of 20th century, some factory owners, employers started showing humanistic approach towards the workers. Robert Owen, a British industrialist, reformer and humanitarian is considered to be the first to adopt humanistic approach towards workers. He viewed that the principal social and economic environments influence the physical, mental and psychological development of workers. Hence he felt that to improve the productivity, it is necessary to improve conditions of employees by removing them from the adverse environment to a congenial atmosphere with the availability of satisfactory living and working conditions.

The philosophy in Owen's patristic approach was that workers are just like children and the owner is just like a father. Therefore the owner should take care of the workers, just like a father looks after his children. Owen himself implemented this philosophy in his cotton mill in Scotland by introducing facilities such as shower baths, toilets, rest rooms and increased minimum wages and housing scheme.

- Scientific Management Era

The concept of scientific management was introduced by F.W.Taylor in the USA in the early part of 20th century as an alternative to the prevailing system of management by initiative and incentive based on his shop floor job experience.

Taylor developed four principles of scientific management

1. Development and use of scientific methods in setting work standards, determining a fair work, and best way of doing work.
2. Scientific selection and placement of workers best suited to perform the various tasks and provision of their training and development for maximum efficiency.
3. Clear cut division of work and responsibility between management and workers.
4. Harmonious relationship and close cooperation with workers to achieve performance of work in accordance with the planned jobs and tasks.

In the scientific theory, Taylor viewed men and workers as one driven by fear of hunger and search for profit. Accordingly, if economic reward is tied up with the efforts put on the job, the worker will respond with his maximum physical capability.

Taylor also developed several techniques to introduce his scientific ideas in management.

They were

1. Time study – to measure the time taken to each job and each operation and to standardize the operations of the job.
2. Motion study – to study body movements in workplace and to reduce wasteful motions.
3. Standardization of tools, equipments, machinery and working condition.
4. Incentives – wage plan with differential piece rate for efficient and inefficient workers.

- Human Relations Era

During the years 1925 to 1935, experts expressed their opinions towards the human aspects of organisation activities. Hugo Munsterberg in his book, “Psychology and Industrial Efficiency”, suggested the use of psychology in selection, placement, testing and training of employees in an organisation. Elton Mayo and his associates conducted a series of experiments from 1924 to 1932 of the Hawthorne plant of the Western Electric Company in the USA. The main findings of Hawthorne

Experiments were as follows:

1. Physical environments at the work place do not have any material impact on the efficiency of work.
2. Favourable attitudes of workers and psychological needs had a beneficial impact on the morale and efficiency of workman.
3. Fulfillment of the worker’s social and psychological needs had a beneficial impact on the morale and efficiency of workmen.
4. Employee groups based on social interactions and common interests exercised a strong influence on worker’s performance.
5. Workers cannot be motivated solely by economic rewards. More important motivators are job security, recognition, right to express their opinion on matters related to them.

The findings have stated that the relationship between the superiors and subordinates should relate to social and psychological satisfaction of the employees. Employee satisfaction is the best means of making the employee productive.

- Behavioural Science Era

Important elements of behavioural approach to HRM is as follows:

1. Individual behaviour is linked with the group behaviour. For example, a person may resist changing his behaviour as an individual. But he or she will readily do so if the group to which he or she belongs, decides to change its behaviour.
2. Informal leadership rather than the formal leadership of manager is more effective in influencing people to achieve standards of performance. According to their view, democratic leadership style of the manager is more acceptable to the subordinates and hence more effective.
3. By nature, people do not dislike work. Most people enjoy work and one is motivated by self control and self development. In fact job itself is a source of motivation and satisfaction to employee.
4. Expanding subordinate influence, self-control and self – direction can improve operating efficiency.

- Systems Approach Era

A system may be defined as a set of interdependent parts forming an organized unit or entity. The system is defined as “an organized and complex whole: an assemblage or combination of things or parts forming a complex unitary whole”. The parts, also known as sub-systems, interact with each other and are subject to change. These sub-systems are inter related and inter dependant. Three broad sub-systems are

- i) Technical sub-system - The formal relationships among the members of an organisation
- ii) Social sub – system - Social satisfaction to the members through informal group relations.
- iii) Power sub – systems- Exercise of power or influence by individual or group.

The system approach is characterized by the following features:

- i. A system is a group of inter – related elements which are separate entities/ units.
- ii. All the elements are inter– related in an orderly manner.
- iii. There is the need for proper and timely communication to facilitate interaction between the elements.
- iv. The interaction between the elements should lead to achieve some common goal.

At the heart of the systems approach is a Management Information System (MIS) and communication network for collection, analysis and flow of information to facilitate the function of planning and control. Modern thinkers consider HRM as a system that integrates activities with an objective to make the best use of resources which are always scarce.

- Contingency Approach Era

Contingency refers to the immediate circumstances. Contingency approach believes that there is no one way of managing that works best in all situations. According to this approach, the best way to manage varies with the situation. Hence this approach is called as ‘situational approach’.

There may not be one universal way of managing in all situations. A particular approach may yield fruitful results in one situation but may drastically fail in another situation. Therefore managers are to analyse different situations and then use the best approach suitable in that particular situation.