Chapter - I

Human Resource Management – An Overview
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References
In this chapter concepts and theoretical framework of human resource management are discussed.

1. INTRODUCTION

The human resource is a vital factor in the development of any country. Historical evidence reveals that those societies endowed with people rich in drive, vision, ingenuity, creativity and spirit of enterprise have emerged rich with a great potential for growth. According to Meir and Baldwin, "development does not occur spontaneously as a natural consequence when economic conditions are in some sense 'right', a catalyst or agent is needed, and this requires people with drive and vision". As Curle Adam puts it "if underdeveloped countries have remained underdeveloped it is largely because the people are underdeveloped having no opportunity to realise their maximum potentialities". In this context Alibrinzerg states that the difference in the level of economic development of the countries is largely a reflection of the differences in quality of human resources. The key element in this process is that the values, attitudes, general organisation and quality of the people of a country determine its economic development. Myrdal viewed that lack of human resource of right quality is largely responsible for the backwardness of the otherwise rich nations. Hence, human resources are to be developed, nurtured and organised properly to bring about prosperity in any nation, society or organisation.

Among the various factors of production, human resource is the vital factor. Megginson states that "human resource represents the total
knowledge, skill, creative abilities and aptitude of an organisation's workforce as well as the values, attitudes and beliefs of the individuals involved."⁵ According to Jucius, "human aspects are subjective, changeable, qualitative and dynamic varying with cultural and personal backgrounds, economic events and with passage of time; indeed a complex of perplexing forces."⁶ Thus we observe that human resource also called 'human factor', is highly dynamic in nature and vital to an organisation.

Modern organisations are devoting significant attention to human resource since they have realised that most of the problems emanate from human and social factors rather than from physical, technical and economic factors. It is the 'people' in the organisation who make a difference as they can have everlasting impact on the survival and growth of the organisation. Hence what is needed is 'people-oriented philosophy', the philosophy which centres around - "treat people as adults; treat them as partners; treat them with dignity; treat them with respect. Treat them - not as capital spending on automation - but as primary source of productivity gainer"⁷. McGregor points out that "many managements would agree that the effectiveness of their organisations would be atleast doubled if they could discover how to tap the realised potential present in their human resources⁸.

Thus the success of any organisation in the long-run depends to a large extent on the quality of its human resources. Organisations of today are providing products and services which were unknown in the past and thus providing more material comforts in life than ever before.
Human factor plays a crucial role in this regard as all these comforts are possible only through the effective utilisation of human resources. The importance of human factor also stems from the fact that whereas all other resources depreciate with the passage of time and use, human resources appreciate in value through the acquisition of greater knowledge through experience and efficiency and thus, reflect an inherent dynamism and development potential. Failure to recognise the importance of human resource in an organisation causes immense loss to that organisation.

The above observations clearly indicate the role and significance of human resource in development and prosperity of any nation, society or organisation. Consequently of late, increasing attention is being devoted to Human Resource Management.

2. CONCEPT OF HUMAN RESOURCE MANAGEMENT (HRM)

Human Resource Management (HRM) is concerned with the human beings in an organisation. It is that part of the management process which deals with the management of human resource. It is the process of managing the people of an organisation with a human approach.

In this context, it is worthwhile to mention that HRM concept has crept into organisations without any clear cut definition. To some, it simply means personnel management, to others, HRM has a much broader meaning and is connected with human and industrial relations. Research is still going on regarding its scope and substance. Hence
defining HRM is a difficult proposition as the term has different meanings for scholars within nations and among scholars from different nations. However, it is worthwhile to examine some definitions on HRM.

Deconzo and Robins states that “HRM is concerned with the 'people' dimension in the management. Those organisations that are able to acquire, develop, stimulate and keep outstanding workers will be both effective and efficient”. They further state that “HRM is a process consisting of functions – acquisition, development, motivation and maintenance – of human resources”.

According to Ivancevich, “Human Resource Management is the function performed in the organisations that facilitates the effective use of people (employees) to achieve organisational and individual goals. It is a term which reflects the increasing concern both society and organisations have for people”.

Michael observes, “Human Resource Management is the process of managing the people of an organisation with a human approach. Human resources approach to manpower enables the manager to view his people as an important, if not the most important resource. It is a benevolent approach to develop and effectively utilise the manpower not only for the benefit of the organisation but for the growth, development and self-satisfaction of the concerned people. Thus HRM is a system that focuses on human resource development, on the one hand, and effective management of people on the other”.
Yoder opines, "the management of human resource is viewed as a system in which participants seek to attain both individual and group goals".\textsuperscript{12}

Walton, in attempting to define HRM, stresses mutuality between employers and employees and states that, "mutual goals, mutual influence, mutual respect, mutual rewards, mutual responsibility. The theory is that policies of mutuality will elicit commitment which in turn will yield both better economic performance and greater human development".\textsuperscript{13}

Puthussery defines HRM as "activities and process undertaken by an organisation to promote the intellectual, moral, psychological, cultural, social and economic development of the individuals in the organisation and in order to help them to achieve highest human potential as a resource for the community".\textsuperscript{14}

3. CHARACTERISTICS OF HRM

After examining the above definitions of HRM, we come across some characteristics of HRM.

HRM is concerned with procurement and maintenance of capable and effective workforce, motivating employees individually and in groups with the organisation in such a manner that the employees and the groups feel a sense of involvement and commitment to the organisation.
It is also concerned with behavioural, emotional and social aspects of personnel. It is concerned with the development of human resources to the maximum possible extent so that they may be able to derive greatest possible satisfaction from their jobs. The development of human resources includes the basic elements like skill, knowledge, capabilities, potentialities and personality. The blending of all these attributes in an employee helps to attain corporate goals smoothly and effectively. HRM is aimed at getting the willing co-operation of people for the attainment of desired goals.

4. PERSPECTIVES OF HRM

Any organisation, be it commercial, industrial, service comes into existence when people join hands for the production of certain goods or services No organisation can run successfully unless the human resource is managed well. HRM is a continuous function. As Terry has rightly pointed out, "It cannot be turned on and off like water from a faucet, it cannot be practised only one hour, each day or one day in a week. Personnel management requires a constant alertness and awareness of human relations and their importance in every day operations".15

The managers or executives require skills to use the personnel as a factor of production. But the human factor is much more than what a factor of production implies. Human beings are members of social system of organisation inter-acting with one another. People in any organisation manifest themselves not only through individual actions
but also through group inter-actions. When individuals come to work place, they bring with them not only their technical skills but also their personal feelings, perceptions, desires, motives and values. Beyond the more noticeable and obvious differences among people in physical appearance, voice, intelligence, race, language and general habits are the less readily apparent differences in emotional responses to various stimuli and motives, attitudes and modes of thought. In view of this, an employee in an organisation must be dealt with as a human being.16

With proper understanding of human behaviour, the manager would be able to shape it effectively in the right direction of workforce employed for accomplishing and satisfaction of individuals concerned. Successful management depends upon the management of human behaviour.17 By mismanaging the human resources, a manager kills, not only the invaluable resourcefulness of his people, but the most important souls. Hence every HRM strategy must be guided by the golden rule, “give love and get love”18. Therefore, dealing with human factor is a formidable and a challenging job for all managers, especially for the personnel managers.

5. OBJECTIVES OF HRM19

Objectives are pre-determined goals to which individual or group activity in an organisation is directed. Objectives of HRM are influenced by organisational objectives and individual and social goals. The objectives of HRM are:
(i). to create and utilise an able and motivated workforce, to accomplish the basic organisational goals;

(ii). to establish and maintain sound organisational structure and desirable working relationships among all the members of the organisation;

(iii). to secure the integration of individual and groups within the organisation by co-ordination of the individual and group goals with those of the organisation;

(iv). to create facilities and opportunities for individual or group development so as to match it with the growth of the organisation.

(v). to attain an effective utilisation of human resources in the achievement of organisational goals;

(vi). to identify and satisfy individual and group needs by providing adequate and equitable wages, incentives employee benefits and social security and measures for challenging work, prestige, recognition, security, status, etc.;

(vii). to maintain high employee morale and sound human relations by situating and improving the various conditions and facilities;

(viii). to strengthen and appreciate the human assets continuously by providing training and developmental programmes.

(ix). to consider and contribute to the minimisation of socio-economic evils such as unemployment, under-employment, inequalities in the distribution of income and wealth and to improve the welfare
of the society by providing employment opportunities to women and disadvantaged sections of the society etc.;

(x) to provide an opportunity for expression and voice in management;

(xi) to provide fair, acceptable and efficient leadership; and

(xii) to provide facilities and conditions of work and creation of favourable atmosphere for maintaining stability of employment.

6. FUNCTIONS OF HRM

The functions of HRM can be broadly classified into two categories, viz., (i) Managerial functions (ii) Operative functions.

(i) MANAGERIAL FUNCTIONS

Managerial functions of HRM involve planning, organising, directing, and controlling. All these functions influence the operative functions.

(a) Planning

It is a pre-determined course of action. Planning is determination of personnel programmes and changes in advance that will contribute to the organisational goals. Human resource planning systematically forecasts an organisation’s future demand for and supply of employees. It involves human resource planning, recruitment, selection training etc.
(b). Organising

An organisation is a means to an end. It is essential to carry out the determined course of action. According to Massie, "An organisation is a structure, a framework and a process by which a cooperative group of human beings allocates its tasks among its members. It identifies relationships and integrates its activities towards common objectives." Thus organisation establishes relationship among the employees so that they can collectively contribute to the attainment of company's goals.

(c). Directing

Directing the subordinates at any level is a basic function of the managerial personnel. According to McGregor, "many managers would agree that the effectiveness of their organisation would be at least doubled if they could discover how to tap the unrealised potential present in their human resources."  

(d). Controlling

Control is a managerial function concerned with regulating activities in accordance with the personnel plan, which in turn is formulated on the basis of an analysis of fundamental organisational goals or objectives.

(ii). OPERATIVE FUNCTIONS

The operative functions of personnel management are related to specific activities of HRM, viz., procurement (acquisition),
development, reward, integration and maintenance. All these functions are integrated by managerial functions.

(a). Acquisition (Procurement)

It is the first operative function of HRM. Acquisition is concerned with securing and employing the people possessing required kind and level of human resources necessary to achieve the organisational objectives.\textsuperscript{24} It covers the functions such as job analysis, human resource planning, recruitment, selection, placement and induction.

(b). Development

It is the process of improving, moulding and changing the skills, knowledge, creative ability, aptitude, attitude, values, commitment etc., based on present and future job and organisational requirements.\textsuperscript{25} This function includes, performance appraisal, training and development, transfer, promotion and demotion.

(c). Reward (Compensation)

It is the process of providing adequate, equitable and fair remuneration to the employees. It includes job evaluation, wage, and salary administration, incentives, bonus, fringe benefits, social security measures, etc.\textsuperscript{26}

(d). Integration

Integration is concerned with the attempt to effect a reasonable reconciliation of individual, societal, and organisational interests\textsuperscript{27}. It
consists of disciplinary actions, grievance procedures, union management relations, and workers participation.

(e). Maintenance

It deals with sustaining and improving the conditions that have been established. Specific problems of maintaining the physical conditions of employees and employee service programmes are the responsibility of the personnel department.

The purpose of all the activities outlined above, both managerial and operative, is to assist in the accomplishment of basic objectives.

7. HRM AND GENERAL MANAGEMENT

Actuating is at the centre of management process, while HRM is closely linked with actuating. Obviously, management process is basically concerned with managing people; and there cannot exist a management process without properly managing human resources. Lawrence Appley describes the manager’s job as “human relations job that functions through several major activities” and that “human relations is .....the beginning and the end of the management job”. He stresses that management is the development of people and not the direction of things.28

Thus, HRM cannot be isolated from general management. In fact, the humanisation of management makes it more effective and fruitful. A study of management is, therefore, bound to be incomplete without a
study of HRM. Evidently, management practitioners must recognise the importance of HRM.29

**8. HRM AND PERSONNEL MANAGEMENT**

The question whether HRM has the capacity to transform or replace deeply rooted models of Personnel Management and Industrial Relations, or could become a fully worked - through theory of management, is one that cannot be answered in a simple manner. HRM has many cogent critics and many sceptical supporters. Initial criticism claimed that it was ‘old wine in new bottle’.30

Tyson is of the view that new philosophy does not represent a significant movement in ideas. He still finds it difficulty in defining ‘HRM and human resource strategies’. He feels that the issue whether HRM is an alternative phrase to ‘personnel management’ or whether it means some thing different has become a vexed question, still unresolved despite considerable research.31

Khan observed that conventional personnel management appears to be a part of an old model of organisation or of a more mechanistic organisation, which is more bureaucratic in nature having lesser flexibility, high amount of centralisation and high formalisation level, ie., adherence to rules and regulation. HRM on the other hand, is compatible with the new model of organisation and has emerged to align with the organic design of the organisation, having cross-functional and cross-hierarchical teams, decentralised and flexible with low formalisation level and a wider span of control.32
Despite different opinions expressed about whether 'personnel management' and 'HRM' represent the same concept or identical functions or not, in the ultimate analysis it can be stated that human resources consists of people and personnel management is responsible for managing people. Hence, there cannot be any HRM without personnel management in it. HRM, as a philosophy, has emerged recently while personnel management, as a function, has been in existence for the last many decades. One may, therefore, regard that HRM has emerged out of personnel function, and personnel management cannot be isolated from HRM. Management is now concerned with working with people, for which a greater emphasis of the human element is indispensable. Hence, a humanised personnel management is the crux of HRM.33

9. HRM AND HUMAN RESOURCE DEVELOPMENT (HRD)

Some writers have used both the terms interchangeably. But these two terms are neither one and the same nor synonyms. They are used in different contexts and they represent different concepts. At the same time HRD is at the centre of HRM.

As a result of the fundamental changes in attitudes, approaches, outlook, philosophy, perspective and practices that emerged in the personnel area in the form of HRM strategy, it has become necessary for every organisation to develop skills, talents, potentialities, capabilities and attitudes of company's own people to meet the emerging challenges. Hence HRD policies have been adopted by many
companies. HRD strategies are supposed to bring forth necessary changes in skills, capabilities, and attitudes of people who are required to cope with the emerging changes. Thus training and development are the most decisive aspects of HRD.

HRM is the integrated approach actuating the company's own people, while HRD deals with the process of developing people in accordance with their aspirations and to suit the organisational needs. Both are not synonyms, the later is at the centre of the former, and both are interdependent and integrated into one system. Thus, HRD has become an integral part of HRM.34

10. EVALUATION OF HRM

(i). HRM IN THE PAST

(a). Pre-industrial Revolution Era

The history of HRM can be traced to England, where masons, carpenters, leather workers and other craftspeople organised themselves into guilds. They used their unity to improve their working conditions. These guilds became the forerunners of trade unions.35

(b). Industrial Revolution Era

The field further developed with the arrival of the industrial revolution in the latter part of the 18th century, which laid the basis for a new and complex industrial society. In simple terms, the industrial revolution began with the substitution of steam power and machinery for time consuming hand labour. Working conditions, social pattern, and the division of labour were significantly altered. A new kind of
employee – boss, who was not necessarily the owner, as had usually been the case in the past – became a power broker in the new factory system. With these changes also came a widening gap between workers and owners.36

(c). Scientific Management and Industrial Psychology Era

Scientific management and welfare work represent two concurrent approaches that began in the nineteenth century and, along with it industrial psychology emerged during the era of the world wars.37 Scientific management represented an effort to deal with inefficiencies in labour and management primarily through work methods, time and motion study, and specialisation. Industrial psychology represented the application of psychological principles towards increasing the ability of workers to perform efficiently and effectively whereas scientific management focussed on the job and efficiencies, industrial psychology focused on the worker and individual differences. The maximum well being of the worker was the focus of industrial psychology.

(d). Personnel Management Era

The drastic changes in technology, the growth of organisations, the rise of unions and government concern and intervention concerning working people resulted in the development of personnel departments. There is no specific date assigned to the appearance of the first personnel department, but around the 1920s more and more organisations seemed to take note of and do something about the
conflict between employees and management. Early personnel administrators were called welfare secretaries. Their job was to bridge the gap between management and worker. In other words, they were to speak to workers in their own language and then recommend to management what had to be done to get the best results from employees.

(e). Human Relations Era

Another early contributor to HRM was called the human relations movement. Two Harvard researchers, Elton Mayo and Fritz Roethlisberger, incorporated human factors into work. This movement began as a result of a series of studies conducted at the Hawthorne facility of Western Electric in Chicago between 1924 and 1933. The Studies pointed out the importance of the social interaction and work group on output and satisfaction. The human relations movement eventually, around the mid 1960s, became a branch of and a contributor to the field of organisational behaviour. The early history of personnel management skill obscures the importance of the HRM function to management. Until the 1960s, the personal function was considered to be concerned only with blue-collar or operating employees.

(ii). HRM TODAY

The HRM function today is concerned with much more than simple filing, housekeeping, and record keeping. When HRM strategies are integrated within the organisation, HRM plays a major role in clarifying the firms' human resource problems and develops
solutions to them. It is oriented toward action, the individual, worldwide interdependence, and the future. Today it would be difficult to imagine any organisation achieving and sustaining effectiveness without efficient HRM programmes and activities.41

For years the HRM function had not been linked to the corporate profit margin or what is referred to as the bottom line. The role of HRM in the firm's strategic plan and overall strategy was usually couched in fuzzy terms and abstractions. HRM was merely a tagalong unit with people-oriented plans, not a major part of planning or strategic thinking. Today, because of the recognition of the crucial importance of people, HRM has become a major player in developing strategic plans42. Organisational and human resource plans and strategies are inextricably linked. The HRM strategy must reflect clearly the organisation's strategy regarding people, and it is expected to play a crucial role in improving the skills of employees and the firm's profitability. In essence, HRM is now viewed as a "profit centre" and not simply a "cost centre".

The increased strategic importance of HRM means that human resource specialists must show that they contribute to the goals and mission of the firm.43 The actions, language, and performance of the HRM function must be measured, precisely communicated, and evaluated. The new strategic positioning of HRM means that accountability must be taken seriously.
The era of accountability for HRM has resulted from concerns about productivity, from widespread downsizing and redesigning of organisations, from the need to effectively manage an increasingly diverse workforce, and from the need to effectively use all the resources of an organisation to compete in an increasingly complex and competitive world.44

Thus the HRM function today is much more integrated and strategically involved. The importance of recruiting, selecting, training, developing, rewarding, compensating, and motivating the workforce is recognised by managers in every unit and functional area of an institution. HRM and every other function must work together to achieve the level of organisational effectiveness required to compete locally and internationally.

11. HRM IN INDIA

HRM is not new to India, though efforts are being made to develop it as a systematic discipline now. It may be stated that the concern for welfare of workers in the management of business enterprises has been in existence since ages. Koutilya's 'Arthasastra' states that there existed a sound base for systematic management of resources during as early as the 4th century B.C. The government then took an active interest in the operation of public and private sector enterprises and provided for regulating employer - employee relationship.
Experts of HRM in India have tried to chronicle the growth of the subject only since 1920's. This was a period when state intervention to protect the interest of the workers was felt necessary because of the difficult conditions which followed the First World War, and the emergence of trade unions. In 1931, Royal Commission on Labour (Whitley Commission) recommended to establish a tripartite body on the lines suggested by International Labour Organisation (ILO). It also recommended the appointment of labour officers to deal with selection of workers and to settle their grievances. Based on these recommendations in 1942, Government of India decided to setup permanent tripartite machinery and a standing labour advisory committee. These two bodies were later renamed as Indian Labour Conference (ILC) and Standing Labour Committee (SLC).

The Factories Act, 1948, made appointment of welfare officers mandatory in factories employing 500 or more workers. Besides Factories Act, various other legislative measures have been undertaken by Indian Government from time to time to safeguard the interest and well-being of working class which includes Workers Compensation Act, 1923, Trade Unions Act, 1926, Payment of Wages Act, 1936, Industrial Disputes Act, 1947, Minimum Wages Act, 1948, Employees State Insurance Act, 1948, Employees Provident Fund Act, 1952, Maternity Benefits Act, 1961, Payment of Bonus Act, 1965 and Payment of Gratuity Act, 1972. These enactments indicate that personnel practices, industrial relations and labour welfare activities in India are to a great extent regulated by state-intervention.
Much before the passing of these legislations, Tata Iron and Steel Company (TISCO) was well-known for its human resources approach. TISCO started in 1911, fostered the philosophy of managing its people well. The company has been promoting a human resource approach all the years in the past, which paid rich dividends in the form of cordial industrial relations and increasing productivity.46

In course of time, two professional bodies viz., the Indian Institute of Personnel Management (IIPM) with Calcutta as the headquarters, and the National Institute of Labour Management (NILM) with Bombay as the headquarters emerged. These two places were premier centres of traditional industry (Jute and Cotton respectively) in pre-independent India. In the years immediately after the second world war and Independence, the welfare needs of the working class grew along with their rising expectations.

During the 1960s, the personnel function began to expand beyond the welfare aspect, with labour welfare, industrial relations and personnel administration integrating with the emerging profession of personnel management. Simultaneously, the massive thrust given to heavy industry in the context of planned economic development specially since the Second Five-Year Plan (1956-61), and the accelerated growth of public sector in the national economy resulted in a shift in focus to professionalisation of management.47

By the 1970s, a shift in professional values was discernible. It shifted from concern for welfare to a focus on efficiency. In the 1980's
professionals began to talk about new technologies, HRM challenges and HRD. The two professional bodies, IIPM and NILM merged in 1980 to form the National Institute of Personnel Management (NIPM). The 1980s brought transformation, with a pragmatic outlook developing in attitudes and behaviours of all actors concerned with industrial organisations. The government in the 1980s introduced employees participation in many public sector organisations in shop floor, plant and at board levels in addition to the joint committees already existing. Private industrialists also recognised the importance of professional management introduced latest/ modern management techniques and became progressive.48

In 1990s, the emphasis has been shifted to human values and productivity through people. Today there is growing awareness of the importance of human side of organisations as a vital factor in overall progress. There is an increasing trend of employing HRD professionals in the private and public sector organisations in India. It is clear that even in the sphere of technology, apprehension about treating people as automators within organisations, as extension of machines is large. There are no two opinions about the fact that people, not science and technology, will determine the future, both, of organisations and the world49. National Institute of Personnel Management has actually taken the message of HRM far and wide in India. Resultantly there is a wide spread awakening in India about HRM practices now-a-days.
12. HRM IN BANKS

Banking system in India is the oldest, biggest and fastest growing financial intermediary. Banking in India is a unique system, the like of which exists nowhere in the world. It works under the constraints that go with social, cultural and public ownership. Indian banking system has undergone changes from time to time. Before introduction of social control in December 1967 it was characterised as ‘class banking’ introduced in December, 1967. Implementation of social control in December, 1967, which was closely followed by nationalisation process introduced in two phases in July, 1969 and April 1980 resulted in bringing in the concept of ‘mass banking’ in Indian Banking System. Further in 1975 to meet the credit needs of small and marginal farmers and agricultural labourers in rural areas Regional Rural Banks have been set-up. Subsequently with implementation of financial sector reforms in 1991 on the basis of recommendations of Narasimhan Committee, the banking industry has entered into a very exciting and challenging phase. This Committee has placed greater emphasis on the steps needed to improve the financial health of the Indian banks in order to make them efficient, market oriented, vibrant, dynamic and globally competitive.

At present, Indian banking industry consists of public sector banks, private sector banks, foreign banks, regional rural banks and co-operative banks. Thus the banking sector in India is at present passing through a period of structural changes under the impact of financial sector reforms and is facing internal competition, challenges of new
technology and global competition. The banks have now increasingly realised that aspects of efficiency, productivity and profitability are the areas which required primary attention. In this context it is worthwhile to review HRM policies and practices in Indian banking sector in the past and at present.

In the earlier years, HRM policies were chiefly confined to industrial relations. Industrial Relations (IR) practices in Indian banking evolved over the years have been essentially a reactive process. From a stage of extreme exploitation of employees prior to the 1940s, the IR process unfolded itself into labour militancy and crisis in the 60s and 70s. Most of the human resource management practices in the industry, such as salary structure, promotion, transfer, placement, etc., are by-products of this reactive process. During this period, trade unions in the industry multiplied and this phenomenon further added difficulties to managing IR in banks. This undesirable state of IR did adversely affect the performance of banks and customer satisfaction. Throughout the 70s and 80s, the unions waged relentless battles against the introduction of information technology. Even on this issue the unions have now come around to a substantial agreement\(^50\).

The uncomfortable IR process continued through the early 80s although militancy had come down substantially. Since the mid-80s, IR took a different turn and it apparently became “conducive” as bank unions became less militant. By the 90s with the introduction of liberalisation in the banking and financial sector, which included restructuring of the industry, trade unions in banking, like most other
industries in India, started focusing their attention more on issues relating to the effects of reforms such as privatisation and entry of foreign banks.

It is also observed that presently, personnel department in Public Sector Banks (PSBs) is reduced to monitoring settlements, awards, government directives and labour laws, leaving no scope for HRD. In the shielded environment, professionalisation need of these banks was never felt. Limited career opportunities, meagre monetary benefits and lack of autonomy at the top management level in regard to reward system restricted attracting and retaining good talent. There is drain from PSBs to private and Foreign banks.

In order to cope with such problem, the bureaucratic nature of business will have to undergo change and banks should strive to achieve significant increase in their productive efficiency and profitability. Towards meeting the specific needs of year 2000 and beyond, the banks may have to develop specialised manpower on a large scale and this would require suitable HRD system.\textsuperscript{51}

It is a recognised fact that the rate of technological advancement in the banking sector has accelerated. Information technology is paying its role in the banking industry. But it is only an addition to human effort, not a substitution there of what customers want from a bank is good service – service with smile, service with efficiency, service with speed, service with value addition. Equipping the bank with manpower
both interns of quality and quantity, shall necessitate banks to have unions of good HRM policy.\textsuperscript{52}

In the wake of deregulation, liberalisation and globalisation of the Indian economy, then banking system is also getting gradually internationalised. The Indian banker's strategic response to the challenge has to be wide ranging. Since in a service industry like banking the raw material is man, human resource management emerges as the single most important element of the bankers strategic response to the challenge of change\textsuperscript{53}. In banking sector, human resource is the most strategic and critical determinant of growth and development. Therefore human resource management plays a pivotal role in the development and profitability of banks.

13. CONCLUSION

Human resources represent the total knowledge, skills, creative abilities and aptitude of an organisation's workforce as well as the values, attitudes and beliefs of the individuals involved. Management of human factor or HRM has attained wider dimensions and immense importance in recent years. It represents a deviation from the existing philosophy, attitudes, approaches and methods. It is the management of human asset of an organisation.

Traditionally it has been the job of a personnel executive to mange people. With the emergence of HRM, management of people has attained wider dimensions. Humanisation of work environment has now become a primary step, not only in managing people but also in
the whole process of management. It obviously means that HRM approach necessitates every manager to foster human values in managing his people.

The transformation of industrial society, globalisation of business and the modernisation of methods and techniques of production which have emerged in a big way, brought with them the need for managing a new array of people necessitating the HRM approach. HRM is now not only a management function but a managerial mission which encompasses within its ambit all the important aspects of actuating human resources. Managements today unmistakably realised that unless human resources are managed properly, achievement of organisational goals would be in jeopardy. HRM has, therefore, attained unprecedented importance in the realm of business.

Hence, HRM is universally recognised as the heart of management process. It is not merely a function like personnel management, though it accommodates personnel management. It is not just a staff activity, nor it is an isolated function. HRM is involved in every functional area. In fact, no organisation can exist without proper HRM. Human resource development (HRD) is another important area which deserves systematic analysis because HRD and HRM are interdependent. HRM has no meaning without a thrust on HRD.

Bank is a financial intermediary which pools resources for allocation to various sectors and activities. Indian banking system has been playing an important role in the socio-economic development of
the country. Since 1991, with the implementation of financial sector reforms based on recommendations of Narasimham Committee, major changes have been introduced in working of banks in India and the banking industry has entered into a very exciting and challenging phase. In the wake of these reforms, greater emphasis has been placed on improving financial health of the banks to make them efficient, market-oriented, vibrant and globally competitive.

Information technology is playing a prominent role in the banking industry. But what matters is the man across the counter, who is ultimately responsible to extend better services to the customers. Thus technology is only an addition to human effort and not a substitution there of what customers want from a bank is good service - service with smile, service with efficiency, service with speed, service with value addition. As a result, equipping the banks with manpower both in terms of quality and quantity, necessitates adoption of good HRM policies. Thus, HRM is the most critical and vital aspect in the development and profitability of the banks.
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