CHAPTER - ONE
INTRODUCTION
# CHAPTER – 1
## INTRODUCTION
### SYNOPSIS

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1. PROLOGUE:

Human factor, by far, is the most significant factor of production. Regardless of nature of organization and scale of its operations, human beings form an important element or input. Human beings are the most dynamic organ of any organizational system whatsoever! The rest of the inputs are useless without human beings. Whereas money, machines and materials represent the 'mechanics', human beings represent the 'dynamics' of an organization. In fact, the success of every business enterprise is dependent on its human element. Materials and machines are inert factors, but human being with his ability to feel, to think, to conceive and to plan is the most valuable and at the same time, the most difficult to inspire, control and motivate.

Human being is a centre and yardstick of every thing. It is a fact that if any problem is analysed, what we will find is nothing but 'people'. The inscription on the tomb-stone of Andrew Carnegie is worth noting:

"Here lies a man, who knew how to enlist at his service, better men than himself."

Preferring to work with humans rather than objects is important but it is grossly insufficient in modern times. Personnel management is one of our most complex, cumbersome and challenging fields of endeavour. The human resource manager has to greatly concern with the
expectations of employees, management and the society in general. Never to forget that an employee is simultaneously an instrument of the firm, a human being and a citizen.

Wherever, human beings join hands for attaining common goal, they comprise social system. In the jargon of HRM therefore, one plus one always makes more than two if positively handled! It might bring negative results conversely. Dale Yoder has rightly said that "Managing people is the heart and essence of being a manager." Human resource is thus the most important asset of an Organization. Planning for, thinking about, dealing with and acting upon human resource is a significant function of management.

The modern human resource manager has to play critical role in understanding the changing needs of the Organization, people at work, national economy and of course, the society. Our president, his excellency, Dr. Abdul Kalam has pointed out the role of youth, and has rightly said that India was never so young before as it is today, because of the greatest number of young people!

Well educated, skilled and trained people are the demand of modern India vis-a-vis the advanced countries of the world. Nicely managed organizations will help achieve individual, organizational, national and societal goals.
2. **HUMAN RESOURCE MANAGEMENT:**

**The general connotation:** -

Anything that is done in respect of people employed in an organization, is personnel management or human resource management. It is that management function, through which, managers plan, recruit, choose, train and develop employees in their respective organizations.

One can come across a gamut of terminologies and terms that have been used in the field of industry and commerce to denote personnel management. They may be named as labour welfare, employee welfare, labour management, labour relations, labour administration, employee – employer relations, employee relations, industrial relations, personnel administration, personnel management, human capital management, human asset management, human resource management and of course human resource development. In fine, human resource management is that function which aims at making people employed worth in the organization. It confines obtaining and maintaining satisfied and satisfactory workforce.

2.1 **HRM DEFINED:**

We make an effort to conceptualise HRM/PM by paying attention to following selected definitions now.
1. "Personnel management is that part of the management function which is primarily concerned with the human relationships within an organization. Its objective is the maintenance of those relationships on a basis, which, by consideration of the well being of the individual, enables all those engaged in the undertaking to make their maximum personal contribution to the effective working of that undertaking".2


2. "Personnel administration is that field of management which has to do with planning, organizing, directing and controlling various operative functions of procuring, developing, maintaining and utilizing a labour force such that the: (a) objectives, for which the company is established are attained economically and effectively; (b) objectives of all levels of personnel are served to the highest possible degree; and (c) objectives of the community are duly considered and served".3

– Prof. Michel J. Jucius

3. "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 high levels of performance
and ensuring that they continue to maintain their commitment to the organization are essential to achieving organizational objectives. This is true regardless of the type of organization – government, business, education, health, recreation or social action.”

– Decenzo & Stephen Robbins

4. “Personnel Administration is a code of the ways of organizing and treating individuals at work so that they each will get the greatest possible realization of their intrinsic abilities, thus attaining maximum efficiency for themselves and their groups and thereby giving to the enterprise of which they are a part, its determining competitive advantage and its optimum results.”

– Prof. Thomas Spates

5. “Personnel 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, organizational and social objectives are accomplished.”

– Edwin Flippo

6. “Personnel Management, labour management or staff management means quite simply the task of dealing with human relationships within an organization.
Academically, the three aspects of personnel management are: (i) the welfare aspect concerned with working conditions and amenities such as canteens, crèches, housing, personal problems of workers, schools, and recreation; (ii) the labour or personnel aspect concerned with recruitment, placement of employees, remuneration, promotion, incentives, productivity etc. (iii) the industrial relations aspect concerned with trade union negotiation, settlement of industrial disputes, joint consultation and collective bargaining. All these aspects are concerned with human element in industry as distinct from the mechanical.7

– National Institute of Personnel Management

7. “Personnel Management is a function of guiding human resources into a dynamic organization that attains its objectives with a high degree of morale and to the satisfaction of those concerned. It is concerned with getting results through people. All management is personnel management. As it deals with human beings, its development can best be discussed in terms of human development – philosophical, psychological, spiritual and physical.”8

– Lawrence Appley
2.2 THE HRM ANATOMY:

On carefully examining and analysing the above definitions, one can be familiar with various facets of personnel management. At prima facie, this discipline of management may appear to be diverse to different people. However, the close scrutiny of above mentioned definitions can lead us to ferret out the nature, characteristic features and scope of HRM.

THE EVOLUTIONARY BACK-DROP:

The nature of HRM has undergone changes over the decades. In the gist, the HRM is considered to be that branch of management which is influenced by mainly three social sciences, viz.,

(A) Anthropology
(B) Sociology
(C) Psychology

Fig 1.1 : The Evolutionary backdrop
(A) Anthropology:

Anthropology deals with the evolution of mankind over centuries and helps us understand the growth of civilization and culture in different parts of the world.

(B) Sociology:

This is a branch of social science that studies group of people. Every nation has a peculiar society. A particular group of people belonging to a particular society in a specific country has distinct features.

(C) Psychology:

As it is well known, this branch studies an individual. It is an analysis of human mind. It focuses on mental make up, strength and weaknesses of an individual along with his like, dislike, habits, mental set, attitude, aptitude etc.

The HRM is the conjunction of all the three. It has to take care of people at the place of work. People have to be looked upon not simply as hired factor of production. An employee is not merely a pair of hands or set of brains. He is not only a bunch of qualifications and skills. He is a dynamic element in management process. He represents a family as well as a firm. Obviously then, he has to be dealt with in totality. As an individual, he is unique; as a member of the group, he is indispensable.

Likewise, he has to be handled as a member of group. This group may be any group. More essentially a work
group. His role in a given group is important. As depicted in the figure above, the human factor is the centrality of HRM.

The primary objective of any business undertaking is to optimize returns on investment. There are several other important objectives such as socio-economic, social, national, ecological and human. All these objectives have to be fulfilled with the help of human resource. The system approach aims at attaining predetermined goals of
organization. Management is a transformation process being carried out by performing the basic functions of planning, organizing, directing and control. The inputs are transformed into outputs through people in different departments. All the physical factors could be best utilized by human factor. All this form an internal system of the organization. An organization is a part of external social system. Both these systems constantly interact with each other. The external system comprises such elements as suppliers, customers, stockholders, employee unions, public, financial institutions; competitors so on and so forth.

2.3 NATURE AND CHARACTERISTICS OF HRM:

1. Human resource management is concerned with people at work. People at work represent all categories of job, i.e., workers, clerks, salesmen, supervisors, executives and managers.

2. HRM deals with people, both as individuals and groups.

3. HRM is an all-pervading function, viz., it is performed at all levels of management.

4. It deals with both unionised and non-unionised employees in an organization.
5. It is concerned with helping the employees to develop their potentialities and abilities to the maximum possible extent.

6. The management of human resource does not simply refer to labour management.

7. Personnel management is inherent in all Organizations regardless of their ownership, scale of operations, purpose, size and sector.

8. HRM is a continuous function, activity or process. It is an ongoing function since every Organization carries out some of the HRM activity somewhere in the undertaking.

9. HRM aims at getting the willing cooperation of employees to accomplish the given tasks for achieving common goal.

10. HRM is a staff function. The HR manager has to play an advisory role.

11. The responsibility for human resource management lies with the top management vis-a-vis the HR manager.

12. The modern HR manager is expected to be professional in discharging his duties with adequate knowledge of psychology, sociology, laws, human relations etc.
2.4 THE HRM FUNCTIONS: AN OVERVIEW:

The functions of HRM can be broadly categorised into two major groups: Managerial functions and Operative functions. This will be clear from the following figure.

Fig. 1.3 Functions of HRM

(A) MANAGERIAL FUNCTIONS:

(1) Planning:

This is the principal function of management. Planning is deciding in advance. It is looking ahead. It is determining most suitable course of action. It is a blue print for future. Planning lays the foundation for action. In HRM, it is concerned with human resource planning, studying absenteeism and labour turnover rate, forecasting future requirement of manpower, planning for selection and training etc.
(2) Organizing:
Organizing entails wider meaning. Apart from making physical arrangements, it encompasses the meaning of identifying and defining various functions, activities and tasks. Organizing provides a structure for the undertaking.

(3) Directing:
Directing is guiding and assisting the subordinates. It is giving instructions at a right point of time. It includes provision for proper communication network and also interpretation of various industrial laws and integrating people at work.

(4) Controlling:
Controlling does not mean negating. It is not a negative function. It provides basic data for establishing standards and helps in job analysis, job evaluation and performance appraisal. Various control techniques assist in exercising effective control over quality, time and efforts of people in the organization.

(B) OPERATIVE FUNCTIONS:

(1) Procurement of Personnel:
It refers to getting people of right quality at right time and in right number to accomplish the given jobs. It deals specifically, with such subjects as determining human resource requirements, manpower inventory, job
descriptions, job specifications, recruitment, selection, placement, orientation and induction.

(2) Development of Human Resource:

Development has to do with augmentation of skill, knowledge and attitude of people at work so as to ensure best possible performance. For this, various techniques of training are used to develop the employees. Framing a sound promotion policy, determination of the basis for promotion and doing performance appraisal are the element of personnel development function.

(3) Employee Compensation:

Compensation means determination of adequate and equitable remuneration to personnel for their contribution to organization’s objectives. To determine the monetary compensation for various jobs is one of the most difficult and important functions of human resource management. A number of decisions are taken under this function, viz., job evaluation, remuneration policy, co-partnership, overtime etc. It also assists the organization for adopting suitable salary and wage policy.

(4) Benefits & Services:

Benefits and services are the part of compensation. Over and above the remuneration to employees for their job performance, several benefits and services are offered to them by companies. These include housing accommodation or HRA, LTC, conveyance and transport, children’s
education, canteens, crèches, uniform and other welfare activities.

(5) Hygiene & Sanitation:
Cleanliness is next to godliness. Organizations nowadays pay serious attention to this aspect. Under the Factories Act, this is mandatory also.

(6) Health & Safety:
Safety means freedom from occurrence of the risk of injury or loss. Industrial safety or employee safety refers to the protection of workers from the danger of industrial accidents, which are unplanned and uncontrolled events in which the action or reaction of an object, substance, person or radiation results in personal injury. Organizations have to make sure that there are minimum of industrial hazards and accidents on their premises. Further, health is related to well-being of people at work. Health is both physical as well as mental. Various health services are undertaken for this purpose. They include medical check up camps, first-aid treatment, treatment of minor complaints, control of occupational health hazards, maternity and child care, and proper working conditions.

(7) Industrial Relations:
This covers several aspects comprehensively. Harmonious IR intends to reduce strife, promote industrial peace, provide fair deal to workers and establish industrial
democracy. If this is not taken care of millions of man days will be lost and industrial unrest will prevail.

(8) Record Keeping:
The HR manager’s job is also to collect and maintain relevant data and information concerned with the employees of the organization. It is essential for every organization, for it helps in a great deal to make personnel decisions promptly.

(9) Personnel Research & Audit:
Personnel research is the task of searching for and analysing facts, to understand how personnel problems may be solved or principles governing their solutions derived. Audit in the field of human resource management is more than control and supervision. Both research and audit have to be positive, objective, systematic and planned. They help in evaluating present practices, conditions and activities and help in predicting future events. As a result, they serve as a means to strengthen the abilities and attitudes of employees.

These functions, albeit, are not the exhaustive functions. Performance of various personnel functions depends on the philosophy of top management of a particular organization.

3. HRM: THE INDIAN PERSPECTIVE:
The development of personnel management in India is not similar to European and Western countries. In USA, the industrialists provided better benefits and welfare facilities
voluntarily. This was not seen in India. Primarily the labour management relationship developed out of the job and working conditions-related problems. These included unsatisfactory recruitment procedures, poor working conditions, manhandling of people at work, prejudicial treatment to labour, exploitation, poor compensation etc. All these led to more and more labour agitation and statutory provisions of the various acts. The purpose was to improve the working conditions of labour in industries. For the ease of our understanding, we can categorically study development of personnel management in India into two segments.

1. Pre-independence period, and
2. Post-independence period

3.1 Pre-Independence Period:

(i) Labour welfare officers:

Before independence, nothing praiseworthy was done either by industrialists or government to address, attend to or develop industrial relations. The development of personnel management in India was as late as in 1920. During this time some large business houses like Tata, British India Corporation, Calico Mills, and Empress Mills etc. initiated labour welfare activities in their units through appointment of labour welfare officers to take care of and nurture the interest of the working class and of the enterprise.
(ii) Industrial agitation and restlessness:

The year 1920 witnessed large scale industrial unrest. Employers vis-a-vis government took several steps to resolve this situation and turn industrial relations scenario more amicable. The trade unions received recognition at this juncture. Despite this, satisfactory results could not be noticed.

(iii) Efforts by government:

Prior to and during the World War II, both the central and various state governments made startling efforts to develop and improve industrial relations in Indian industries. In the year 1934, under the auspices of the erstwhile Bombay government, the appointment of the labour welfare officers was made compulsory in undertakings employing 500 or more workers, through the Bombay state. The labour disputes had to be resolved through labour commissioner who acted as the chief conciliation officer. Later, other states also followed by appointing labour officers.

(iv) The role of Royal Commission on Labour:

It was the Royal Commission on Labour which recommended in 1931, the appointment of labour officer to deal with the recruitment of labour and settle their grievances so that the labour problems might be reconciled amicably. The central government formed a tripartite labour conference to discuss the extent of labour laws in Indian
establishments, a grievance handling system and to incorporate conciliation system in industrial matters.

3.2 Post-Independence Period:
(i) Enactment of legislations:

The government of India played commendable role in this direction. Several labour legislations were passed subsequent to the recommendation of Central Labour Investigation Committee. These acts included Labour Disputes Act, 1947, Industrial Employment Act, 1940, Factories Act, 1948 etc. The factories act, 1948 provided for the appointment of labour welfare officers in every factory employing 500 or more workers for the purpose of helping the management in providing welfare measures to the workers as provided in the act. This developed urge to provide such facilities through appointment of personnel or labour officers even in such Organizations where it was not mandatory as per law. The need for agency in form of labour officer was strongly felt to guide the management in tackling the dodgy labour problems by providing the specialised services. Later, it was sensed that the services of these labour welfare officers were not found to be up to the mark because of their being prejudicial and biased. Many a times it so happened that they acted as the agents of management.

(ii) Provision for world-class training and education:
The government seriously made arrangements for the training of workmen and managerial personnel in India and number of training centres and academic institutions imparting training in industrial relations and management had been started. Xavier Labour Relations Institute was established in this direction. Several other institutes were commenced later on. This included Indian Institute of Personnel Administration, Calcutta, Indian Labour Management Institute, Bombay, Institute of Labour Relations, Bangalore, Federation of all India Labour Welfare Officers, Indian Productivity Councils, Indian Institute of Management, Indian Institute of Technology, Industrial Training Centres and Shri Ram Centre for Industrial Relations and Human Resources.

(iii) Infliction of emergency:

In the mod of 1975, GOI imposed the state of emergency and took several administrative measures in industrial arena of India. The bonded labour system was eradicated. The boost was given to workers’ participation in management of Indian industries. The coverage of apprenticeship was nationally widened.

(iv) Post emergency labour legislation:

In 1978, a comprehensive industrial relations bill was introduced in the parliament in order to improve the labour relations through collective bargaining by consolidating the Trade Union Act, 1926, Industrial Employment (standing
order) Act, 1946 and the Industrial Disputes Act, 1947. But due to the dissolution of lok sabha in 1979, the bill could not be passed. In 1981, the president of India promulgated an ordinance giving powers to the governments to ban strikes in essential services for six months. The essential services included railways, post and telegraph, telephone, docks, airports, banks, petroleum, water and sewer disposal, defence, electricity and hospitals. The government was empowered to declare any service as an essential service. In 1982, the government amended several labour laws including Industrial Disputes Act, Industrial Employment (standing order) Act. Later, the amendment was also made in Employees’ State Insurance Act in 1984.

Presently, the need for human resource management has widely been recognised by one and all entrepreneurs and all the organizations prefer to establish a personnel or human resource department to deal with the working force.

4. THE HRD PREAMBLE:

4.1 The PM - HRM – HRD Shift:

The tilt towards HRD from PM and HRM can be attributed to the contribution of different concepts as described below.

(i) The commodity concept

(ii) The factor of production concept
(i) The commodity concept:
The industrial revolution in England gave rise to factory system. The factory owners employed workers against some wages fixed arbitrarily. The workers were treated as commodity which could be bought and sold at the fancy of factory owners.

(ii) The factor of production concept:
Like capital, machinery and materials, employees were also considered as factor of production. F. W. Taylor in scientific management emphasised proper selection and training of employees with a view to bringing improvement in productivity. The employees were regarded to be accessory in the process of production. However, this concept was a modification of the commodity approach providing relatively better working conditions and higher earnings. The personnel function was envisaged as concerned with keeping records of production, factory employment, wage payment and workers training.
(iii) The concept of paternalism:

The trade union movement and enlightenment towards industrial democracy drove some employers to recognise the role of paternalistic approach. They adopted protection, fatherly and parental attitude towards the workers and ushered in health and welfare schemes for them. All such benefits were considered as favour to the workers by their employers. Welfare officers were appointed to provide such services.

(iv) The humanitarian approach:

Industrial psychologists and human relations activists favoured adopting this concept in industries. They held that the workers should be treated as human being and that the social and psychological need satisfaction of them was the responsibility of owners and employers.

(v) The human resource concept:

Successively, the application of behavioural sciences to workers' problems began. This concept emphasised motivation, leadership, group dynamics, Organizational conflict, Organizational climate etc. employees started being considered as valuable asset of Organization. The attention was on willing cooperation and mutuality of interests.

(vi) The co-ownership concept:

The modern trend is to acknowledge employees as co-partners. Workers' participation has increased, on a large scale in modern Organizations. Several Organizations
have extended stock option to their employees to win their commitment for the company. The HRD has become a catchword in the industry circles now.

(vii) The HRD concept:

There has been an increasing realization that the organization’s success is greatly dependent on the synergy of human resources employed by it. It is therefore, essential to create appropriate work culture and ethos which would provide the impetus for achievement. This concern has given rise to the concept of HRD.

4.2 Rationale of the study:

HRD is the core of larger human resource system. It is principally concerned with providing learning experiences to the people in organizations. The learning experiences are shared through behavioural processes in organizational system. The ultimate goal of HRD is developing human beings for their advantage and harnessing their physical, mental and intellectual endowments and abilities for the growth of organization as a whole.

HRD in organizational context, can be inferred as a process of continuously helping employees in a planned fashion. In a way, it includes following three steps.

- Addition in people’s knowledge.
- Development of human beings.
- Development of organizational culture.
Acquiring knowledge and sharpening capabilities required to perform various tasks and functions associated with present or future roles of people is a significant point of concern in HRD.

People at work, have to be helped out in developing their general abilities and attitudes as individuals so that they are able to discover and exploit their own individual and organizational purposes.

HRD also aims at developing organizational cult where superior-subordinate relationships, collaboration and team work among different sub-units are strong and do contribute to the professional well-being, motivation and pride of employees.

The expression 'HRD' attracted the attention of this researcher as back as in 1980s. He was ardent to take up study in a particular chosen industrial sector. Conclusively, the researcher could take up this endeavour.

We shall extensively shade light on this word in chapter three on Review of Literature and try to acquaint with this emerging ideology in the field of human resource management.
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