CHAPTER - 2

HUMAN RESOURCE MANAGEMENT

Kind words can be short and easy to speak but their echoes are truly endless.

-Mother Theresa
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INTRODUCTION

Twenty-first century is characterised by the New Age of ever expanding Information and Communication Technology leading to widespread knowledge revolution in the global economy. In these days of knowledge explosion, innovative ideas and practices are mushrooming in the business environment and management field. The emerging time is characterised by new ideas, new technologies, new methods, new vision and new vistas of the new society. While the New age is tuned by the Information Technology, it is not the computer technology but men behind it are the catalyst agent of the new developments. The compliance with the changes and meeting with emerging challenges in the New age is a crucial determining force of the success of an organisation.

The success of any organisation depends on the people involved in the activities of the organisation. People who are committed to the objectives and goals of the organisation and trained and tuned to the requirements of the Human Resources can achieve excellence and steer the organisation towards its ultimate goal. Organisations survive only with human beings’ contribution amidst turbulent atmospheres.

The simplest definition of management is getting things done through people. Traditionally, management was considered to be an activity done by
instinct, trial and error or through the exercise of some kind of power and or charisma. People realised that management is an activity that is largely rational and could be practiced systematically and constantly improved upon. Economic development depends crucially on the efficient use of resources, not the least human resources, and management is key to this.

Due to the socio, political and economic changes throughout the world, organisations find it difficult to face the increasing global competition and maintain economic stability. The developments around the world and globalisation of economies have created new challenges for organisations. The changing internal environment in organisations also calls for better understanding of human resource management. The contemporary global focus is on integrating human resource function to achieve corporate excellence and develop organisational citizenship.

One of the fundamental activity areas of management is the management of human resources. In the management of four Ms- Money, Materials, Machines and Men- it is needless to tell about the obvious point that, considering the nature of man, management of men is not only fundamental but also dynamic and challenging. Human resources are key to economic development. Successful management depends upon the ability to predict and control human behaviour. If an organisation is economically successful, it means, the management has been able to manage human resources effectively. Management of human resources includes guiding human resources into dynamic organisation that attains its objectives with a high degree of morale.
and to the satisfaction of those concerned with it. Good Management means getting effective results with people.

Although there are different functional areas of management like production management, marketing management, financial management, materials management, all these are to be performed by human resources. All these above managers have to manage the human resources of their respective functions or departments to get effective results through and with the people. In short, all the management functions are essentially human resource management. The human resource system in an organisation is not only a unique subsystem but a principal and central sub system as it operates upon and controls all other subsystems.

Peter F. Drucker, the World Management Guru and Father of today’s management practices, says "A natural science deals with the behaviour of objects. But a social discipline such as management deals with behaviour of people and human institutions". A manager is one who can give the best output without any source at his disposal. If a manager achieves success by rich resources at his disposal is less competent than the have not manager.

Human resource management incorporates ideas from different strands of management thinking which have developed throughout the twentieth century. Concepts on management have been developed from the experience and lessons learnt during the course of history. But modern techniques date from the late nineteenth century when large manufacture companies first emerged.
EVOLUTION OF HRM

Administration of labour has existed even in primitive society. Division of labour, minimum wages, incentives, selections etc., forming part of personnel administration are not new. However organised personnel management has been developed only from the beginning of twentieth century. Today human resource management plays a major role in making organisations more effective and shaping their destiny.

Modern managerial techniques date from the late nineteenth century when large manufacturing companies first emerged. As these were predominantly western businesses, many key concepts of human resource management come from there. Human resource management is only one of the many management concepts to have emerged in recent years and developed by management writers whose ideas have travelled the world, drawing different influences and traditions.

Japan, widely regarded as the exemplar of HRM strategies, has been successful in building its industrial might by focusing on human resources.3

EVOLUTION OF HRM IN INDIA

According to Biswajeet Pattanayak, 4 Human resource management emerged in India because of government interventions and compulsions. Royal commission of labour in India (1931) under the chairmanship of J.H.Whitley recommended the abolition of the 'Jobbar' system and the appointment of labour officers in industrial enterprises to perform the recruitment function as
well as to look after the welfare of the employees. After Independence, the labour welfare officer was identified with the personnel manager created by legislation under section 49 of Factories Act 1948. The role of personnel manager was more of a custodian of personnel policy implementation and compliance to different Acts of the factories law. Evolving along the years, a new approach - the human resource management has emerged, which focuses more on developmental aspects of human resource with a pragmatic, flexible approach. Indian organisations are experiencing some transitions and changes. Due to the advancement of information technology there is a growing need to understand and manage this transition and give direction to this change process.

MANAGEMENT THOUGHTS OF THIRUVALLUVAR

Thiruvalluvar, a classical Tamil poet from South India provides systematic treatment of management of human resources and various concepts of management in the early first century in his book titled Thirukkural in couplets. His thoughts spread over Politics, Law, Economics, Commerce, Education, Agricultural, Health, Family life and so on, are applicable to individuals as well as organisations in a generalised manner with a global view. Thirukkural written two millennium years ago is relevant to the modern society that has seen so many changes and revolutions in the passage of time. Most of the modern concepts and practices considered simple and self evident today did not exist at that time. Thiruvalluvar speakes of almost all aspects of Human Resource Management starting from Selection and Employment, Knowledge Management, Learning, Training and Development, Planning, Decision
Making, Leadership, Communication, Time management, Management Ethics etc.

As V.C.Kulandaisamy\(^5\) lucidly points out Thiruvalluvar devotes one full chapter to selection and employment of personnel. He provides the following guidelines.

After having considered that this man can accomplish this task by employing this means choose that man and leave that task to him

- Thirukkural 517

He would advocate that the choice of a person for a task must be based on an assessment of the capacity of the individual, taking into account the means he may be capable of employing of the tools that he can use. One should also take into account the nature of the task. Such observations as those quoted above will remain valid, transcending time and space.

Communication\(^6\) plays an important role in the process of management and it is the starting point to handling people. Human relations skill is considered to be the most important and challenging skill and communication is fundamental to that. While being conscious of choosing the right words and other aspects of speech, there is a tendency to forget the necessity or correlating the speech to the audience and also to oneself. On this Thiruvalluvar goes to the fundamentals. Naturally, the words to be spoken would be preceded by a thought process. Here, he visualises a lea of the nerves, may, words in one's mind. He cautions that the executive should choose the most suited words
before it is actually spoken. Think before you speak and look before you leap is the unsaid concept behind this couplet.

World is quick to carry out

Words sweet and knit - Thirukkural 648

DEFINITION AND MEANING OF HRM

Good management means getting effective results with the people.\textsuperscript{7} Human resource management can be defined as a strategic and coherent approach to the management of an organisation’s most valued assets, the people, working there who individually and collectively contribute to the achievement of its objectives. The overall purpose of human resource management is to ensure that the organisation is able to achieve success through people.\textsuperscript{8}

Peter F. Drucker, places people at the heart of any management. As quoted by P.K.Dorasisamy\textsuperscript{9}, he says, “Human Resource Management should make the strength of employees productive and their weakness irrelevant. Efficiency is the minimum condition of success; effectiveness is its foundation”.

P.Subba Rao\textsuperscript{10} says, “human resource management means employing people, developing their resources, utilising, maintaining and compensating their services in tune with the job and organisational requirements with a view to contribute to the goals of the organization, individual and society.
The functional area of management, which is concerned with human element in the organisation, is known as human resource management or personnel management. Human resource management is considered the process of managing people at work with a human approach. \(^{11}\)

Human resource management is an inter-disciplinary area. It cannot be clearly visualised due to the most unpredictable nature of this resource unlike other resources. \(^{12}\) Human Resources during a growth phase is seemingly easier. But only those companies that manoeuvre the hidden challenges and contradictions will come out the real winners. Today, the industry wants to "do more with less". This ensures greater efficiency and resource optimisation, innovation and creativity, responsiveness and speed. \(^{13}\)

**HRM THEORIES** \(^{13}\)

These are some of the many writers who have contributed or influenced the development of human resource management.

- FW Taylor's Scientific Management ideas continue to influence production techniques and 'hard' (Financially-driven) Human Resource Management. He popularised the notion of analysing work performance in order to minimise costs and align employee effort to production needs as closely as possible. His ideas on higher pay for more work continue to be debated in the context of performance-related pay.
• Frank and Lillian Gilbreth developed work study methods which have since been elaborated into performance measurement and job design. These are key elements of strategic human resource management.

• Elton Mayo advocated "human relations" and the study of group behaviour. Mayo's ideas owed a great deal to others but underpin 'soft' (humanistic or people – centered) HRM and today's highly fashionable team - based work practices.

• Kurt Levin introduced models of change for people and organisations and attempted to explain why change initiatives often fail. HRM is often introduced as a vehicle for change.

• Neo - human relations and socio - technical theorists - based principally in Scandinavia and the UK - developed mayo's pre-war ideas in the 1950s and 1960s. They experimented with alternatives to Fordist production lines by emphasising the use of work teams. Team organisation has been a feature of human resource management in the 1980s and 1990s.

• Deming promulgated ideas about total quality which were enthusiastically adopted in Japan and later in the west. Many elements of the total quality management (TQM) approach overlap with HRM techniques.

• Pascale and Athos investigated Japanese working practices and transmitted concepts of just - in - time and quality assurance back to the
western world. This coincided with the emergence of HRM in the early 1980s.

- Tom Peters and his collaborators focused on the notion of excellence in organisational performance. Strategic HRM is focused on achieving organisational competitiveness through the development of excellent human resources.

- Charles Handy, Chris Argyris and Edgar Schein extended our ideas on the nature of work and organisation. They provided much of the theoretical underpinning for HRM.

- Henry Mintzberg researched what managers and leaders really did and made critical assessments of strategic planning techniques. Mintzberg encouraged human resource and other managers to be realistic in their approach to strategy.

- Rosabeth Moss Kanter focussed on organisational change and the role of women in management, drawing on her experience of the difficulties of managing people in numerous US companies. She is one of the few female management theorists to have influenced the way in which HRM is concluded.

These writers are distinguished by the quality and originality of their ideas. Their ideas overlap in many ways. Management ideas come in and out of fashion but, for decades, these theorists and others, have been convinced that the most successful organisations are those which make best use of their
employees. This is the central theme of human resource management. The development of human resource management continues today.

**SCOPE OF HUMAN RESOURCE MANAGEMENT**

The scope of Human Resource Management is vast and wide covering almost all major activities in the working atmosphere in the organisation from the entry of an employee into an organisation until he or she leaves come under the purview of human resource management. The specific activities of human resource management includes HR planning, Job analysis and design, Recruitment and selection, Orientation and placement, Training and development, Performance appraisal and Job evaluation, Remuneration, Motivation and communication, Welfare, Industrial Relations and the like. The Human resource management functions can be categorised into introduction to human resource management, employee hiring, employee remuneration, employee motivation, employee maintenance, industrial relations and prospects of human resource management. All these functions are interrelated and used coordinated.

![Diagram: Scope of Human Resource Management]

*Fig. 1.1: Scope of Human Resource Management*
In the economic environment, issues relating to opportunity and threats of globalisation, liberalisation and privatisation are the deliberations of the debates and discussions of the world countries. Globalisation and progress in information technology have changed the mindset of business society, demanding better quality of products and services at cheaper cost. Since competitive environment leaves no room for error organisations across the globe are facing tremendous pressure to continuously improve the business as a whole entity. In the societal level changes in values, work attitude, life styles, skills and educational requirements, changing demographic patterns of workforce increase complexity. The political changes throughout the world, the legislations, business rules and regulations, human rights, consumer rights and environmental policies have necessitated a new strategic approach in the management of human resources.
Human resource management views people as an important source or asset to be used for the benefit of the organisation, employees and the society. It is emerging as a distinct philosophy of management aiming at policies that promote mutuality- mutual goals, mutual respect, mutual rewards and mutual responsibilities. The belief is that policies of mutuality will elicit commitment, which in turn, will yield both better economic performance and greater human resource development (HRD). Though a distinct philosophy, HRM cannot be treated in isolation. It is being integrated into the overall strategic management of business. Further HRM represents the latest term into the evolution of the subject. The late 1980s and early 1990s was the period of turning point in this evolution owing to the socio economic political environment of the world.

As far as Personnel Management is concerned it has a limited scope and an inverted orientation. It viewed labour as a tool, the behaviour of which could be manipulated for the benefit of the organisation and replaced when it was worn-out. Personnel function was treated as a routine activity meant to hire new employees and to maintain personnel records. It was never considered a part of the strategic management of businesses. Historically, Personnel Management preceded Human Resources Management.

For many people, Human Resource Management and Human Resource Development convey the same meaning. This may not be true, Essentially, Human Resource Development is a function more concerned with training and
development, career planning and development and organisation development. Human Resource Development, therefore, is a part of Human Resource Management.

As pointed out by Rakesh K. Chopra, the terms ‘Personnel Management’ and ‘Human Resource Management’ are used interchangeably in practice. However, the following points must be carefully noted:

- Human Resource Management must remain at the centre of management itself while personal management is one of the functional areas.

- Human resource development (HRD) is at the centre of the Human Resource Management.

**OBJECTIVES AND FUNCTIONS OF HRM**

The important and immediate objective of human resource management is to ensure the availability of a competent and committed workforce to an organisation. Without commitment of the workforce to the organisational goals, efficient and effective functioning of the organisation will be a big question. The other objectives of human resource management are societal, organisational, functional and personal.

Societal objectives of human resource management seek to ensure that the organisation becomes ethically and socially responsive to the needs and challenges of the society while minimising the negative impact of such
demands upon the organisation. The failure to use their resources for the society's benefit in ethical way may lead to restrictions and limitations.

![Diagram of HRM Scope](image)

**Fig.1.2 Scope of HRM**

Organisational objectives make sure that human resource management is not stand alone department, but rather a means to assist the organisation with its primary objective. It is to recognise the role of human resource management in bringing about organisational effectiveness.

Functional objectives remind the human resource management that it has only functional value and should not become too expensive at the cost of organisation it serves. It is to maintain the department is contribution at a level appropriate to the organisation's needs. The department’s level of service must be tailored to fit the organisation it serves.
Personal objectives assist the employees in achieving their personal goals, at least in, so far as these goals enhance the individual’s contribution to the organisation. Personal objectives of employees must be met if workers are to be maintained, retained and motivated. Otherwise, employee performance and satisfaction may defective and employees may leave the organisation.\textsuperscript{16}

**UTILITY OF HRM**

Human resource or manpower may be defined as the total knowledge, skills, creative ability, talents, and aptitudes of an organisations workforce, as well as the values, attitudes and beliefs of the acquired knowledge and skills represented by the talent and aptitudes of the employed persons. There should be proper manpower planning to use the human resources effectively. Proper utility of human resources is essential for achieving the goals and objectives of the organisation. The real wealth of a country like India lies in the management, development and effective utilisation of human productive capacities. India’s human capacities which transform the passive natural resources into agents of production.

Peter F. Drucker maintained that the major problem in the developing countries is the problem of under-management of resources keeping in view the abundant human resources there “Connecting the large human masses into human assets is not only a management problem but also a socio-economic issue”.\textsuperscript{17}
According to International Labour Organisation (World Employment Report 2001) the global work force numbers about three billion men and women between ages 15-64. About 380 million workers live in developed countries. Majority of the world's population lives in the developing world, the developing world can be the engine of the world economic growth. Approximately 80 percent of the world's population lives and works in countries characterised as ‘developing’, but most of our know-how about organisational behaviour and human resource management revolves around the developed world. Developing countries have received little attention from management writers, yet understanding in the countries is particularly relevant in today's global business environment.

In 2020, from the population levels in 1995, India grows about 40 percent to 1.3 billion. India would have around 80 million educated working population living the healthy environment by 2020. India has a large number of people with high talent and potential and can beat any country in various spheres of activity. Indian people are intelligent and emotional. The emotional intelligence gives them dynamism and energy which is unparalleled.

Economic backwardness of our economy or region is generally characterised by the co-existence of unutilised of under utilised resources on the one hand, and unexploited resources on the other. After world war II, the United States was the world leader in productivity. But in the late 1960s the declarations of productivity growth began. Today, the government, private
industry and universities recognise the urgent need for productivity improvement. Often, we look to Japan to find answers to our productivity problems.25

The field of Human Resource Management has evolved into a strategic, technical and measurement-oriented area in the past decade. The field will continue to grow in sophistication and complexity as a reflection of the world in 21st century, presentive difficult ethical dilemmas. 26 Over the next decade, technology will continue to move at warp speed. Rapidly charging technology can serve organisations well in terms of improving productivity and at the same time, present ethical questions which managers have not had to face until recently. Robotics is emerging as an optional form of labour in the manufacturing arena. 27

Management of human resource is of utmost significance from at least three stand points-social, professional and individual enterprise. The effective management of human resources is likely to serve the goals of our society obviously it can enhance the importance and dignity of the individual providing culture and freedom in organisational settings. Proper utility of human resources is essential for achieving the goals and the objectives of the organisation. 28 HRM can help people to avail of the best, most productive and most gainful jobs where they can be most happy enthusiastic and effective. HRM can assist every member of the organisation in maximising his contribution and his reward in turn to that contribution by developing and utilising his best talent in their jobs. HRM can help ensure the best protection and conservation of human resources to prevent its wasteful and careless use.
HRM can help people make their decision control serving the prominent goal of a fine society.

HRM MODEL

Considering the main purpose of HRM, organisations have to design an appropriate model of HRM which suit them. There is no universal package of HRM model suitable for each and every organisation. Organisations should take into account the specific requirements of the business, covering its structure, strategies, resources, processes, environment, culture and traditions.

A HRM model emphasising the need to integrate and align human resource policy with an organisation’s business plan, building employee commitment to organisation goals is given for understanding its importance.
As seen from in the figure, the model contains all HR activities of an organisation. When these activities are discharged effectively, they will result in a competent and willing workforce who will help to achieve organisational goals. There is another variable in the model-environment. HR function does not operate in vacuum atmosphere. It is influenced and impacted by several external and internal forces like economic, technological, political, legal, organisational and professional conditions.

**Summary**

Human resource management is the latest nomenclature used to denote personnel management in organisations. The composition and status of Human Resource department in the overall set-up depend upon the scale of operations and attitude of the top management towards human resource management. Human resource management is part of every manager’s responsibility because all managers perform certain basic human resource functions such as planning, organising, staffing, leading and controlling.

Human resource management function has the great responsibility to fine-tune itself, the organisations where it serves and the employees and other stakeholders into this ambience to survive and prosper. Entry of multinationals into the playing field, has afforded the Indian business organisations ample opportunities to have access to advanced knowledge and update existing skills. Information explosion has heightened the awareness levels of the most ordinary customers about the various products of utility, facilities influencing their expectations. Many concepts ingrained in culture and traditions controlling our
thought processes and values are gradually changing. Knowledge jobs and jobs in the service sector are bound to increase manifold compared to blue collar and sweat jobs. The concept of work is changing in the sense, knowledge and skills are today priced. The attitude towards discipline and its maintenance in organisations may require a thorough review in all its aspects.

Globalisation of the world economy is fast assuming a transnational nature calling for vital modifications and adjustments in all facets of social, political and economical strategies including human resource management. Human resource management has to observe, watch, assess and accurately judge theses changing nuances and respond positively to them.
END NOTES


20. Ibid,p 115
26. Linda Gravett, HRM Ethics: Perspectives for a new Millennium, Biztantra, New Delhi, 2003, p.2
27. Ibid, p3