CHAPTER II

HUMAN RESOURCE MANAGEMENT (HRM) - A CONCEPTUAL EXPOSITION
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The preceding chapter attempted to give a background of the entire research project. In addition, various related researches conducted in the field of human resource management in India and even abroad have been thoroughly reviewed in this chapter. The present chapter is a conceptual framework of human resource management. The major focus of this chapter has been on the dynamics of the concept of human resource management. Besides, it also summarizes the objectives, functions and importance of human resource management.

Introduction

Human resources are the most valuable and productive assets of an enterprise. They are the key to success. As Trowbridge (1988) said, one of the recent changes in business in recent years has been the increased respect and responsibility afforded to human resource professionals. These individuals are now expected to provide the direction necessary to meet the many human resource problems and challenges of the future. For example, within the next decade, the content of more than half of all existing jobs is likely to change, and 30 per cent of all existing jobs will be eliminated by technological advances (Flamholtz: 1987).

The process and growth of globalization has spawned phenomenal metamorphosis in all the facets of contemporary business milieu and the development of human resources and their management is no exception to this unique
phenomenon. The ubiquitous form of this global force has ushered in new business era and has acknowledged the human factor as the most cardinal determinant as harbinger of organizational success. The preening of the term from "labour relations" to "personnel management" and recently to the avant-garde term "human resource management" in the lexicon of organization is axiomatic of this manifestation of human prowess in the sphere of global competition (Khan et. Al. 2005).

Not many decades ago, people engaged in human resource work had titles such as ‘welfare secretary’ and ‘employment clerk.’ Their duties were rather restrictive and often dealt only with such items as workers’ wages, minor medical problems, recreation, and housing (Eibirt: 1969). Personnel as human resources was most commonly called, as a profession was generally held in low esteem, and its organizational position was typically near the bottom of the hierarchy. In the past, says John L Quigley, vice-president of human resources, Dr. Pepper Company, “the personnel executive was the ‘glad hander’ or ‘back slapper’ who kept moral up on the company by running the company picnic, handling the United Fund drive, and making sure the recreation program went off well.” Those days are over in most organizations. The field of human resource management changed dramatically during the 1980s, in ways that created a greatly expanded role from the human resource manager. The human resource manager’s position is no longer a ‘retirement’ position given to managers that cannot perform adequately anywhere else in the organisation. Firms have now learned that the human resource department can have a major impact on the organization’s overall effectiveness and profitability.

According to the 1988 ASPA/Mercer-Meidinger-Hansen survey of some 20,000 human resources professionals in 140 organizations of varying size, top
human resource executives are generally being paid in line with other upper level managers. As might be expected, salaries of corporate human resource executives depend largely on the size of the organisation. For firms with annual sales of over $1.5 billion, the average salary was $140,000, but increased to $170,100 when bonuses were added. Further, it was identified that some specialists received the least amount of increase in salary. Human resource professionals with specialized job function such as executive compensation manager, international compensation manager, employee relations executive, and equal employment opportunity manager had the highest salary growth between 1983 and 1988. Those who performed job functions such as training/organizational development manager, training specialist, and management development manager had the lowest salary growth during the same period (McMillan and Walters: 1988).

Dynamics of the Concept of Human Resource Management

Undoubtedly, human resource management is a management function concerned with hiring, motivating and maintaining people in an organization. It focuses on the people in organization. The term human resource management, a relatively new term, emerged during the 1970s. Many people continue to refer to the discipline by its older, more traditional titles, such as personnel management or personnel administration. As in any other discipline, there is the problem of semantics in human resource management too.

First, we have two terms, namely, personnel management and human resource management. Between these two terms there is a basic difference, and it is useful to understand as to what it is. Human resource management differs from personnel
management both in scope and orientation. Human resource management views people as an important source or asset to be used for the benefit of organizations, 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, human resource management cannot be treated in isolation. It is being integrated into the overall strategic management of business. Further, human resource management represents the latest term in the evolution of the subject. The year 1990 was a turning point in this evolution. The American Society for Personnel Administration (ASPA), the largest professional association in this field of management, changed its name to Society for Human Resource Management (SHRM). Since then, the expression is gradually replacing the hackneyed term ‘personnel management’. (Aswathappa: 2008).

Personnel management has a limited scope and an inverted orientation. It is viewed as a tool, the behavior of which could be manipulated for the benefit of the organisation and replaced when worn out. The personnel department itself was not treated with respect. It was fit with not-very-productive employees whose services could be spared with minimal damage to the organization’s ongoing operations. 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 resource management.
According to Yoder (1972), “Human resource management is that phase of management which deals with the effective control and use of manpower as distinguished from other sources of power.” This definition highlights the controlling and utilisation elements of human resource management. Though these elements make up some of the core aspects, it lacks comprehensiveness and clarity. Just to give one instance, it does not give a clue as to how effective we can use and control the dynamic and priceless resource – human resources. Further he has viewed human resource management as a system in which participants seek to attain both individual and group goals.”

In the words of Armstrong (1999) human resource management is a strategic and coherent approach to the management of an organization’s most valued assets-the people working there who individually and collectively contributes to the achievement of its goals.

Dunn and Stephens (1972) have observed that “the personnel management is the process of attracting, holding and motivating people involving all managers – line and staff.” Looking into this definition, it can be seen that personnel management mainly deals with three activities, such as, attracting people by offering suitable monetary and non-monetary rewards; retaining them in the organisation by improving work environment, etc.; and motivating them by following progressive practices and human policies conducive to bring about personal satisfaction to the employees.

According to Wendell (1974), “Personnel management is a major component of the broader managerial function and has roots and branches extending throughout and beyond each organisation. He further stated that, “Personnel Management is the
recruitment, selection, development, utilisation of and accommodation to human resources by organizations. The human resources of an organisation consist of all individuals regardless of their role, who are engaged in any of the organizations activities."

This definition outlines that personnel management is planning, coordinating, and controlling of a network of sub-processes and facilitating systems pertaining to the recruitment, selection, utilisation and development of an accommodation of human resources. The sub-processes encompass the most imperative pieces of personnel management, leadership, justice determination, task specialization, staffing, performance appraisal, training and development, compensation, collective bargaining and organisation development.

Flippo (1980) states that human resource 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 societal objectives are accomplished. This definition is also a comprehensive one and covers both the management functions and its operative functions.

Mamoria (1988) on the basis of the various definitions given by different human resource experts, brought into light a few basic facts and characteristics about human resource management. Firstly, human resource management is concerned with managing people at work. Such people or personnel does not simply refer to “rank and file employees” or “unionised labour” but also includes “higher personnel” and “non-unionised labour.” The shape and form that personnel may take may differ
greatly from company to company; and to be effective, it must be tailored to fit the individual needs of each organisation.

Secondly, it is concerned with employees, both as individuals as well as a group, the aim being to get better results with their collaboration and active involvement in the organisation activities i.e. it is a function or process or activity aiding and directing workmen and men in maximising their personal contribution. Thirdly, human resource management is concerned with helping the employees to develop their potentialities and capacities to the maximum possible extent, so that they may derive great satisfaction from their job, capacities, interests, opportunities and personality of the employees. Fourthly, since recruitment, selection, development and utilisation of, and accommodation to people are an integral part of any organised effort; human resource management is inherent in all organizations. It is not confined to industry along; it is equally useful and effective in government departments, military organizations and non-profit institutions. It is a major part of the general management function and has its roots and branches extending throughout and beyond each organisation. Therefore, it is rightly the central pervasive system of all organizations. In short, every member of the management group, from top to bottom, must be an effective personnel administrator because he depends on the cooperative efforts of his subordinates (Pigors and Myres: 1973).

Fifthly, human resource management is of a continuous nature. In the words of Terry (1970) “It cannot be turned on and off like water from a faucet; it cannot be practiced only one hour each day or one day a week. Personnel management requires a constant alertness and awareness of human relations and their importance in everyday operations.” Finally, human resource management attempts at getting the
willing cooperation of the people for the attainment of the desired goal, for work cannot be effectively performed in isolation without the promotion and development of an esprit de corps.

Taking the above characteristics into consideration, it may be observed that human resource management is an approach; a point of view; a new technique of thinking and a philosophy of management, which is concerned not only with managing people, but also with solving the human problems of an organisation intelligently and equitably, and in a manner which ensures that employees' potential is properly developed, that maximum satisfaction is derived by them from their work, that the objectives of the organisation are achieved and that good human relations are maintained within the organisation.

The Objectives of Human Resource Management

Mamoria (1998) holds a view that the responsibility of ensuring a satisfactory accomplishment of the objectives of an organisation and of its employees lies on the shoulders of human resource professionals, for if they are not reasonably achieved, the basic objectives of the organisation will suffer.

The objectives of personnel management, personnel administration or industrial relations in an organisation are to obtain maximum individual development, desirable working relationships between employers and employees, and to affect the moulding of human resources as contrasted with physical resources (Scott et. al.:1977).

Dirks (1970) state that “the objectives of personnel administration include utilisation of human resources effectively, establishment and maintenance of
productive and self-respecting working relationships amount the participants and attainment of maximum individual development of the members in the organisation."

Pigors and Myres (1973) observed, "Managing is organizational leadership and one of its central tasks is effective coordination and utilisation of available human and non-human resources to achieve the objectives of the organisation. These objectives may be, for example, to maximize profit or increase the firm's share of the market in business enterprises; to improve efficiency or expand the scope of services provided by a governmental department; to get more members or to bargain more effectively for members in a labour union; or to improve the quality or instruction, expand facilities for training and undertake research."

The American Management Association (1947) has very concisely summarized the objectives of Personnel Administration saying, "The purpose of a business enterprise is the profitable production of goods and services to fulfill economic needs in such a way as to provide satisfactory returns to both economic and social suppliers, owners and members of the organisation, under conditions which provide for the maximum conservation of human and material resources over a continuing period."

Ivancevich and Glueck (1983) have listed out the purposes of human resources management for the organizational effectiveness.

➢ Helping the organisation reach its goals.

➢ Employing the skills and abilities of the work force efficiently.

➢ Providing the organisation with well-trained and well-motivated employees.
- Increasing to the fullest the employee's job satisfaction and self-actualization.
- Developing and maintaining a quality or work life that makes employment in the organisation desirable.
- Communicating human resource management policies to all employees.
- Helping to maintain ethical policies and behaviour.
- Managing change to the mutual advantage of individuals, groups, the enterprise, and the public.

The points set out by different authors can be succinctly put as that the objectives of human resource management is to bring in to the organisation the right person and assign to the right job/position. The word 'right' here implies the optimization of resources and conformance to strategies of the organisation.

**Functions of Human Resource Management**

Human resource activities reflect a management's personnel policies, programmes and procedures. They are designed to influence both indirectly (support activities) and directly (functional activities) the match between individuals and jobs. Support activities are not intended to directly influence the individual-job match. The three major support activities are analyzing individuals and jobs, assessing outcomes, and human resource planning. Functional activities are undertaken to directly affect the individual job match and thus the human resource outcomes. These include staffing, development, compensation, labour relations, and the work environment (Heneman: 1994). The greatest amount of time, 33 per cent, is spent in staffing (recruiting, selection, orientation, evaluation, discipline). Next comes
compensation and benefits, 28.5 per cent; then training and development, 11 per cent; and labour relations, 10 per cent. The other activities consume 5 per cent or less of the human resource department's time (Gorlin: 1982).

As shown above, human resource management is the management of human resources in an organisation and is concerned with the creation of harmonious working relationships among its participants and bringing about their utmost individual development. Human resource management undertakes all those activities which are concerned with human elements or relations as well as with material elements in an organisation. Whatever functions are listed therein, the main objective of these functions is to bring together expertise in a scientific way and to create attitudes that motivate a group to achieve its goals economically, effectively and speedily.

Broadly speaking, experts have generally classified the functions into two major categories, viz., managerial functions and operative functions (Mamoria: 1998). Others have classified functions as general and specific functions, and yet others as 'personnel administration functions' and 'industrial relations functions.' Functions have also been classified on the basis of the capacities; or on the basis of authority. Under 'general' type of functions, the human resource management is required to conduct personnel research, assist in the programmes of personnel administration, develop appraisal plans, launch education and training programmes, develop a competent work force, and establish and administer varied personnel services delegated to personnel department. Specific functions of the personnel management may involve itself in areas of employment, safety, wage and salary, benefit schemes, community relations and advice and counseling the employees.
Personnel administration functions relate to the function of managing people from the lower to the upper level of the organisation and embraces policy determination as well as implementation of policies by the personnel at the lower levels. Accordingly, personnel administration refers to creating, developing and utilizing a work group and involves all types of inter-personnel relationships between supervisors and subordinates. (Meggison: 1967).

The industrial relations functions, on the other, are not directly related to the functions of managing people, but refer to interactions between the management and the representatives of the unions. Such functions involve all activities of employer-employee relationship, such as organisation of the union members, negotiations of contracts, collective bargaining, grievance handling, disciplinary action, arbitration, etc. – the purpose of all these being to prevent conflict between the two participants.

The above two functions are inter-related and inter-dependent and, hence, the most common term used is “Personnel Management/Administration and Industrial Relations.”

The classification on the basis of capacities has been adopted by Saltonstall (1955) who opined that although personnel managements’ function is the ‘staff’ function’, it also performs three roles viz. he performs a line function not only because he directs the work in his own department but also in some service functions such as recruitment, administration of benefits, the plant canteen and allied activities; he functions as a coordinator of personnel activities, in so far as he controls the functions of other departments. This he does through regular reporting on labour turnover, absenteeism, accidents and grievances to different levels of management.
He also assists/advises the top management in accomplishing personnel objectives, policies and procedures and he performs a typical staff function in the form of assisting and advising the line personnel to solve their problems.

Henning et. al. (1961) observed that “the personnel man is described in the text books and journals is line ‘abominable snowman’ much talked about but seldom seen. They have classified his functions into three categories as area of maximum authority, e.g., direction of payroll calculations, orientation procedure, transfer rules, etc; area of combined use of authority and persuasion, and area of maximum persuasion, e.g., salary changes under the rules of the plant, employment of individuals recommended by the personnel department in other departments, initiating disciplinary action, etc.

The human resource management functions, in broad heads, can be classified into Managerial and Operational. Managerial function of human resource management is the development of the people and not the direction of things. Managing people is the heart and essence of being a manager. Thus, a personnel manager is a manager and, as such, he must perform the basic functions of management. He exercises authority and leadership over other personnel. His functions involve planning, organizing, staffing, directing, coordinating, reporting and budgeting the work of those who are entrusted with the performance of operative functions (Luther: 1937). In other words, managers procure process and peddle, find and employ resources, develop services, and find markets for their output.

The operative functions of human resource management are concerned with the activities specifically dealing with procuring, developing, compensating, and
maintaining an efficient work force. These functions are also known as service functions. The purpose of all of these activities is to assist in the accomplishment of the organization’s basic objectives. In the following pages, an attempt has been made to address these functions one by one:

**Job Analysis and Design**

Mondy et. al. (1986), define job analysis as the systematic process of determining the skill, duties, and knowledge required for performing jobs in an organisation. He further says that it is an essential and pervasive human technique. Job analysis provides a summary of a job’s duties and responsibilities, its relationships to other jobs, the knowledge and skills required, and working conditions under which it is performed. Job facts are gathered, analyzed, and recorded, as the job exists, and not as the job should exist. The latter function is most often assigned to industrial engineers, methods analysts or others. Job analysis is conducted after the job has been designed, the worker has been trained, and the job is being performed.

Mondy et. al. (1986) have also given another definition of job design as “the process of determining the specific tasks to be performed, the methods used in performing these tasks, and how the job is related to work in the organisation”. Technology has an impact on job design. The type of equipment and tools, as well as particular work layout and methods, used in producing goods or services tend to act as constraints. Job design is also affected by laws and governments regulations. Management may want to design a job in a way that might increase worker performance, but in doing so would violate labour laws or environmental or safety standards. Other important considerations for job design include the abilities,
attitudes, and motivation of the firm's employees. Obviously, the design of particular jobs depends on the abilities or training potential of employees. Designing a job that would be far more complex than the ability level of employees available to perform it wouldn't make sense unless they are willing to be trained or new employees with the necessary capabilities can be hired.

Mondy et.al (1986) argue that job analysis systematically collects, evaluates, and organizes information about jobs. Werther and Davis (1993) complement Mondy et.al argument stating that these actions are done by specialists, called job analysts, who gather data about each job but not about every person. It is performed on three occasions. First, it is done when the organisation is founded and a job analysis program is initiated for the first time. Second, it is performed when new jobs are created. Third, it is used when jobs are changed significantly as a result of new technology, methods, procedures, or systems. The majority of job analyses are performed because of changes in the nature of jobs. Job analysis information is used to prepare both job descriptions and job specifications.

According to Werther and Davis (1993) job analysis has three phases. The first phase is preparation for job analysis during which the analyst gets general familiarity with the organisation and type of work. After such an acquaintance comes collection of job analysis information, which includes job identification, questionnaire development, and data collection. Finally, immediate application of this information transforms it into job descriptions, job specifications, and job standards.

Ash and Levine (1980) hold a view that job analysis has traditionally been conducted in a number of different ways because organizational needs and resources
for conducting job analysis differ. Selection of specific method should be based on the ways in which the information is to be used (job evaluation, pay increases, development, and so on) and the approach that is most feasible for a particular organisation. Accordingly, we could use questionnaires, observation, interview, employee recording or a combination of methods. The central question often facing job designers is whether a particular job should have more or less specialization to become more effective. When job designers believe jobs are not specialized enough, they engage in work simplification as the task may be assigned to two jobs. Unneeded tasks are identified and eliminated what remains are jobs that contain fewer tasks.

The risk of work simplification is that jobs may be so specialized that boredom causes errors or resignations. To increase the quality of work life for those who hold such jobs that are very specialized which seldom offer opportunities for accomplishment, recognition, psychological growth or other sources of satisfaction, job designers use certain techniques such as job rotation, job enlargement, and job enrichment.

Job rotation moves employees from job to job. Jobs themselves are not actually changed; only the workers are rotated. Rotation breaks the monotony of highly specialized work by calling on different skills and abilities. The organisation benefits because workers become competent in several jobs rather than only one. Human resource experts should caution those who desire to use job rotation. It doesn’t improve the jobs themselves; the relationships between tasks, activities, and objectives remain unchanged. It may even postpone the use of more effective
techniques while adding to training costs. Job rotation should be implemented only after other techniques have been considered.

Job enlargement, also known as horizontal loading, expands the number of related tasks in the job. Enlargement adds similar duties to provide greater variety and reduces monotony by expanding the job cycle and drawing a wider range of employee skills. Job enrichment refers to basic changes in a job's content and level of responsibility, providing a greater challenge to the worker. In this approach to job design, the employee is given a chance to experience greater achievement, recognition, responsibility, and personal growth.

According to Herzberg (1979) job enrichment efforts should be based on such principles as increasing job demands; changing the job to increase the levels of the difficulty and responsibility of the job; increasing a worker’s accountability; allowing more worker control and authority over the work while retaining the manager’s ultimate accountability; providing work scheduling freedom within limits, allowing workers to schedule their own work; providing feedback; making periodic reports on performance directly to the worker; providing new learning experiences and creating opportunities for new personal experiences and growth.

There is a basic distinction between job enrichment and job enlargement. Job enlargement changes the scope of a job to provide a greater variety of tasks, it expands duties horizontally. For example, instead of knowing how to operate only one machine, a worker is taught to operate two or even three with the same level of responsibility. Job enrichment, on the other hand, involves increased responsibility - a vertical extension of duties.
Recruitment

Mondy (1986) defines recruitment as the process of attracting individuals on a timely basis, in sufficient numbers and with appropriate qualifications, and encouraging them to apply for jobs with an organisation.

In the words of Werther and Davis (1993) recruitment is the process of finding and attracting capable applicants for employment. The process begins when new recruits are sought and ends when their applications are submitted.

For Heneman III (1994) defines recruitment as the process of seeking out and attempting to attract individuals in external labour markets who are capable of and interested in filling available job vacancies. Recruitment is an intermediate activity whose primary function is to serve as a link between human resource planning on the one hand and selection on the other.

When human resource planning indicates a need for employees, a firm should first evaluate alternatives to hiring additional workers. Common alternatives to recruitment include overtime, subcontracting, temporary employees, and employee leasing. When these other alternatives won’t meet the demand, the recruitment process starts. Frequently, recruitment begins when a manager initiates an employee requisition. It specifies job title, department, the date the employee is needed for work, and other details. With this information, the human resource manager can refer to the appropriate job description to determine the qualifications needed by the person to be recruited.

The next step is to determine whether qualified employees are available within the firm (the internal source) or must be recruited externally from sources such
as colleges, universities, and other organizations. Because of the high cost of recruiting, organizations must be assured that they are utilizing the most productive recruitment sources and methods. Recruitment sources are places where qualified individuals can be found. Recruitment methods are the specific means by which potential employees are attracted to the firm. After identifying the sources of potential employees, the human resource manager chooses the appropriate methods for internal and/or external recruitment.

Candidates for jobs may be attracted from various outside sources. Firms often depend heavily on high schools and vocational schools when recruiting clerical and other entry-level operative employees. Many community colleges are sensitive to specific employment needs in local labor markets and graduate highly sought after students. Colleges and universities represent major sources of recruitment for many organizations. Competitors and other firms in the same geographic area or industry may be most important source of recruits for positions where recent experience is highly desired. The unemployed and self-employed may also be good sources of recruits. Recruitment methods such as advertising, employment agencies, and employee referrals may be effective in attracting individuals with virtually every type of skill. Recruiters, special events, and internships are used primarily to attract college and university students. Also, executive search firms and professional organizations are particularly useful in the recruitment of managerial and professional employees.
Selection

Mondy et al. (1986) define selection as the process of choosing from a group of applicants the individuals that are best suited for a particular position. In many human resource departments, recruiting and selection are combined and called the employment function. In large departments, the employment function is the responsibility of the employment manager. In smaller departments, personnel managers handle these duties.

The selection process often begins with an initial screening of applicants to eliminate those who obviously do not meet the position’s requirements. The next step may involve having the prospective employee complete an application for employment. The employer evaluates it to see whether the individual’s qualifications match the position’s requirements. A well-designed and properly used application form is much more effective than résumés in reducing dozens of applicants to a few bona fide candidates.

Selection tests are often used to help assess an applicant’s qualifications and potential for success. Although selection tests may accurately predict an applicant’s ability to perform a job, they cannot indicate the extent to which the individual will want to perform it. Another potential problem related primarily to personality tests and interest inventories has to do with the applicant’s honesty. There may be a strong motivation for the applicant to respond to questions untruthfully or provide answers that he or she believes the firms expect.

The employment interview is a goal-oriented conversation in which the interviewer and applicant exchange information. The specific content of employment
interviews varies greatly, but the following general topics appear fairly consistent in employment interviews: technical competence, personal qualities, and career potential. Interviews may be conducted in several ways. In a group interview, several applicants interact with one or more company representatives. In a board interview, one candidate is interviewed by several company representatives. The stress interview intentionally creates anxiety to determine how an applicant will react in certain types of situations. A realistic job preview (RJP) conveys unbiased job information to the applicant. Reference checks provide additional insight into the applicant and are used to verify the accuracy of the information provided. Often a background investigation of the applicant’s past employment history is necessary.

After the decision has been made to extend a job offer, the successful candidate takes a physical examination. Typically, a job offer is contingent on the candidate’s successful passing of the physical examination. Assuming that no disqualifying medical problems are discovered during the physical examination, the applicant can now be employed.

**Human Resource Development**

Human resource development (HRD) is a planned, continuous effort by management to improve employee competency levels and organizational performance through training, education, and development programs (Nadler: 1984). The purpose of trainings is to improve an individual’s performance on a currently held job or one related to it. The purpose of education is to improve the overall competence of an individual in a specific direction and beyond the current job. The purpose of development is to nurture the individual’s growth but not with regard to any specific
job. Although training helps employees do their present jobs, the benefit of training may extend throughout a person’s entire career and may help develop that person for future responsibilities (Miller: 1981). Development, on the other hand, helps the individual handle future responsibilities, with less emphasis on present job duties (Werther and Davis: 1973).

Several factors can greatly influence the effectiveness of training and development programmes. First and foremost, training and development must have top management’s full support. In addition, the HRD process must have the commitment of other managers, both generalists and HRD specialists. A firm’s employee relations efforts and the firm’s emphasis on employee health and safety can also influence the HRD process.

A management development provides learning experiences for the purpose of upgrading the skills and knowledge required for managerial positions. Coaching is an on-the-job approach to management development in which the manager is given an opportunity to teach on a one-to-one basis. Training of operative employees includes on-the-job training (OJT), in which the person learns job tasks by actually performing them. Apprenticeship training combines classroom instruction with on-the-job training. Simulators are training devices of varying degrees of complexity that model the real work. Vestibule training takes place away from the production area on equipment that closely resembles the equipment actually used on the job.

A perfectly conceived training program can fail if the participants are not convinced that it has merit. They must believe that the program is valuable and can help them achieve their personal and professional goals. The credibility of human
resource development specialists may depend on a successful series of programs. Human resource managers and specialists usually take responsibility for developing the overall effort, as well as various training programs. Thus, they work with line managers to diagnose training needs, recommend budgeting levels to top management, and maintain lists of outside (e.g. university) programs that employees might attend, set up, and sometimes conduct, in-company training programs that are offered.

**Career Planning and Development**

Career is a general course a person chooses to pursue throughout his or her working life. Career planning is a process whereby the individual sets career objectives and identifies the means to achieve them. Career planning involves evaluating abilities and interests, considering alternative career opportunities, establishing career goals and planning practical development activities (Mondy et.al:1986).

Werther and Davis (1973) defined career as “all the jobs that are held during one’s working life.” They further stated that for some people, these jobs are part of a careful plan while, for others, it is simply a matter of luck. Career paths are flexible lines of progression through which people typically move during their employment with a company. Career development is an organization’s formal approach to ensuring that people with a proper qualifications and experience are available when needed. The process by which individuals plan their life’s work is referred to as career planning. It involves evaluating abilities and interests, considering alternative career opportunities, establishing career goals, and planning practical development activities. Career planning is a continuous process, which begins with a person’s
employment and initial orientation. Job performance is observed and compared with job standards. Strengths and weaknesses will be noted, enabling management to assist the employee in making a tentative career decision. This tentative career decision is based on a number of factors, including personal needs, abilities, and aspirations, as well as the needs of the organisation. Management can then schedule training and development programs that relate to the employee's specific needs.

Depending on the organisation and the nature of the jobs involved, one of three types of career paths may be used: traditional, network, and dual. In the traditional career path, an employee progresses vertically upward in the organisation from one specific job to the next. The network career path contains both a vertical sequence of jobs and a series of horizontal opportunities. The dual career path recognizes that technical specialists can and should be allowed to continue to contribute without having to become managers.

The implementation of career plans requires career development. Career development is comprised of those personal improvements one undertakes to achieve a career plan. Each person must accept his or her responsibility for career development understanding fully that career progress is sometimes likely to suffer. Once this personal commitment is made, several career development actions may prove useful which involve job performance, exposure, resignations, organizational loyalty, mentors and sponsors, key subordinates, growth opportunities, and international experience. Organizations can assist individuals in numerous ways with their career planning and development. Some currently used methods, most of which are used in various combinations, are management by objective (MBO), career counseling, company materials, performance appraisal system, and workshops.
Career planning and development is now an accepted human resource strategy among training and development administrators, personnel officers and organizational consultants.

**Performance Appraisal**

Performance appraisal is a system that provides a periodic review and evaluation of an individual’s job performance (Baylie: 1974). It is the process by which organizations evaluate job performance when done correctly, employees, their supervisors, the human resource department, and ultimately, the organizational benefit (Werther and Davis: 1973). Managers often believe that the most significant human resource outcome involves the contribution the employees made to the organization’s goal attainment. These contributions are called employee performance, meaning how effectively employees carry out their job responsibilities. The most frequently used method the organizations use to measure employee performance are called performance appraisal.

The overriding purpose of performance appraisal is to improve the organization’s effectiveness. Identification of specific objectives provides the starting point for the performance appraisal process. Because an appraisal system cannot serve all purposes, a firm should select those specific objectives it desires to achieve. Next, workers must understand what is expected of them on the job. Supervisors normally discuss with employees the major duties contained in their job descriptions.

Work performance is observed and periodically evaluated against previously established job performance standards. The results of the evaluation are then discussed with the workers. The performance evaluation interviews serve to re-
establish job requirements in the employee’s mind. The process is dynamic and ongoing. The human resource department is responsible for designing and overseeing the performance appraisal processes. The person who actually conducts performance appraisals varies from company to company. However, direct participation by line management is necessary for success. The actual rating of the employee may be done by the immediate supervisor (most commonly), subordinates, peers, group appraisal, self-appraisal, and combinations of these methods.

Performance appraisal methods include, rating scales, critical incidents, essay, work standards, ranking, forced distribution, forced-choice and weighted checklist performance reports, behaviourally anchored rating scales, and management by objective. Problems associated with these performance appraisal methods include lack of objectivity, halo error, leniency, central tendency, recent behaviour bias, personal bias, and the judgmental role of the evaluator (“playing God”).

At the end of the appraisal period, the evaluator usually conducts a formal appraisal interview with the employee. The key to a successful interview is to structure it so that both the manager and subordinate will approach it as a problem solving, rather than a fault finding session. This interview is essential for achieving employee development.

**Benefits and Compensation**

In the words of Heneman, et. al. (1994) compensation takes two forms, direct and indirect. Direct compensation relates to wages and salaries or, more simply pay, whereas indirect compensation involves the various types of benefits that organizations provide such as vacations, paid holidays, health insurance, life
insurance, and pension plans. Similarly, Mondy et.al (1986) defined compensation such that it refers to the rewards that individuals receive in return for their labour. They too classify compensation into direct and indirect. According to them, direct financial compensation consists of the pay that a person receives in the form of wages, salaries, bonuses and commissions.

Indirect financial compensation (benefits) includes all financial rewards that are not included in direct compensation. Non-financial compensation is the satisfaction a person receives directly from the job or from the psychological and/or physical job environment. All these types of compensations comprise a total compensation program. The definition given by Werther and Davis is not that much different. They say that compensation is what employees receive in exchange for their contribution to the organisation. They further set down that compensation management helps the organisation obtain, maintain, and retain a productive work force.

For the pay component of compensation programs to be appropriate, the remuneration package must be internally and externally equitable. Equity refers to the perception by workers that they are being treated fairly. External equity exists when employees performing jobs within a firm are paid at levels comparable to those paid for similar jobs in other firms. Internal equity exists when employees are paid according to the relative value of their jobs within the organisation. Job evaluation is a primary means for determining internal equity. Employee equity exists when individuals performing similar jobs in the same firm are paid according to factors unique to the employee, such as productivity.
Before a company can determine the relative difficulty or value of its jobs, it must first define their content. This is normally achieved through job analysis. Job evaluation is that part of a compensation system by which a firm determines the relative values of its jobs. The basic purpose of job evaluation is to eliminate internal pay inequities that exist because of illogical pay structures. Organizations use four basic job evaluation methods: ranking, classification, factor comparison, and point. The ranking and classification methods are qualitative, whereas the factor comparison and point methods are quantitative approaches.

In the ranking method, raters examine the description of each job being evaluated and arrange the jobs in order according to their value to the company. The classification method defines a number of classes or grades of jobs. The factor comparison method is based on the assumption that five universal job factors exist; raters need not keep the entire job in mind as they evaluate, and they make decisions on separate aspects, or factors, or the job. In the point method, numerical values are assigned to specific job components and the sum of these values represents a job’s relative worth.

Placing a dollar value on the worth of a job is called job pricing. Jobs are priced after they have been determined. A pay grade is the grouping of similar jobs to simplify the job pricing process. A pay range includes a minimum and maximum pay rate, with enough variance between the two to allow some significant pay difference. Pay ranges allow employees to be paid according to length of service and performance levels. When pay ranges are used, a method must be developed to advance individuals through the range.
Most organizations recognize a responsibility to their employees by providing programs covering their health, safety, security, and general welfare. Their programs are called benefits and include all financial rewards that generally are not paid directly to the employee. Benefits are the provisions of indirect compensation to the employee. Benefits cost the firms money, but employees usually perceive them indirectly. This type of compensation has two distinct advantages. First, it is generally non-taxable to the employee. Second, in the case of insurance, the premium rates are much less for large groups of employees than for individual policies. Legally required benefits include social security, unemployment compensation, and workers' compensation.

A seemingly endless number of benefits are provided voluntarily by organizations. These benefits may be classified as, payment for time not worked, employee health and security benefits, services to employees, and premium pay. Although they are provided voluntarily, some should not have resulted from union-management negotiations. Employee benefits can help a firm recruit and retain a quality workforce. Management depends on an upward flow of information from employees in order to know when benefit changes are needed. In addition, because employee awareness of benefits is often severely limited, information about benefits must also be communicated downward.

Compensation is most often determined by how much time an employee spends at work. Compensation programs that relate pay to productivity provide an incentive for greater individual and work group productivity. A predetermined amount of money is paid for each unit produced under straight piecework plan. Managerial skill significantly affects a firm's success. Managerial effectiveness and
the firm’s welfare are closely related. Therefore, it isn’t unusual for a large portion of management compensation — especially for top executives — to be linked to the company’s performance. Managers typically receive a bulk of their compensation in salary, which provides the basis for other forms of compensation.

For some organizations indirect compensations are meant to reduce fatigue, discourage labour unrest, satisfy employee objectives, aid recruitment, reduce turnover, or minimise overtime costs. However, according to Mondy et.al (1986) as employees receive sufficient cash to provide for basic necessities, they tend to want rewards that will satisfy higher order needs, specifically, social, ego, and self-actualisation needs. These needs may be satisfied by the job itself and/or the job environment.

**Occupational Safety and Health**

Attention to occupational safety and health seeks to reduce the occurrence of work-related illness, injury, and death. Not only are these important human resource outcomes in their own right, but they may have an impact on other outcomes as well. For example, an accident threatens the employee’s level of job performance and, if serious enough, impairs the employee’s attendance record. Safety involves protecting employees from injuries caused by work-related accidents. Health refers to employees’ freedom from physical or emotional illness. For years, industrial safety has been a major problem that seemingly resisted solution.

One approach to safety programs is to create a psychology of promoting safety. Another approach to safety programs is to develop and maintain a safe working environment and is continuous evaluation. Evaluation of safety programs
involves measuring both the frequency and severity of accidents. Promoting employee health has led many firms to develop wellness programs. They start with initial applicant screening that continues throughout workers’ employment. These programs typically are concerned with minimising or eliminating a wide variety of potential health hazards such as certain fumes, dust, gases, liquids, and solids, which are harmful to workers’ health. Company-sponsored fitness programs often reduce absenteeism, accidents, and sick pay. Employees who are physically fit are more alert and productive, and their morale is higher. The legal framework for occupational safety and health evolved from workers’ compensation laws that provide benefits to employees should they suffer a work-related illness or injury, and laws that attempt to prevent the occurrence of injury and illness through the establishment and enforcement of safety and health standards.

The Labour Relations

Unions are open systems – affected by their environment – and political organizations, which are influenced by the needs and wishes of members. Most unions recognise that they must strive for continued growth and power. Members pay dues, which are essential for achieving union objectives. A union’s power is influenced, to a large extent, by the size of its membership and the possibility of future growth. By achieving growth and power, a union is capable of exerting political influence. Labour laws play an important part in the practice of collective bargaining. Employees join unions because they see them as vehicles for accomplishing important objectives they consider are unachievable otherwise.
Mondy et.al (1986) predict that unionism and collective bargaining in the future will not, in all likelihood, be as we know it today. Global competition will no longer allow highly structured bargaining that links wages and benefits to macroeconomic factors rather than company-specific performance. Recent developments, such as the two-tier wage system, increased management flexibility, gain sharing, and employee identification with productivity, are necessary to compete effectively in a global environment.

Collective bargaining is fundamental to management-labour relations. When a firm is unionised, the role of human resource management tends to change rather significantly. In major corporations in which the large majority of the operative employees belong to unions, the human resource management function may even be divided into separate human resources and industrial relations departments. The human resource manager must maintain contract with first-line managers before, during and after collective bargaining. These supervisors administer the contract and know whether it is working.

There are three collective bargaining categories: mandatory, permissible and prohibited. Mandatory bargaining issues fall within the definition of wages, hours, and other terms and conditions of employment. Permissive bargaining issues may be raised, but neither side may insist that they be bargained over. Prohibited bargaining issues are those issues that are statutorily outlawed and thus illegal.

Many signs point to serious trouble in the labour movement. The economic environment influences the outcomes of collective bargaining. Recent changes in the world market – deregulation, foreign competition, and non-union entries into product
and service markets – have reduced the bargaining power of labour unions. Certain fundamental indicators of union growth and survival are declining. As antiunion sentiment grows, however, a legalistic approach to employee protection appears to be replacing collective bargaining.

**Internal Employee Relations**

Quality of work life efforts are systematic attempts by organizations to give workers a greater opportunity to affect the way they do their jobs and the contributions they make to the organisation’s overall effectiveness. These efforts are not a substitute for good, sound human resource practices and policies. However, effective quality of work life programs can supplement other departmental actions and provide improved employee motivation, satisfaction and productivity. A necessary, but often difficult, aspect of internal employee relations is disciplinary action. A major purpose of disciplinary action is to ensure that employee behaviour is consistent with the firm’s policies, rules, and regulations. Disciplinary action invokes a penalty against an employee who fails to meet company standards of behaviour.

The disciplinary action process is dynamic and ongoing. Rules are established to facilitate the accomplishment of organisational objectives. These rules must be communicated to employees because they can’t obey a rule if they don’t know that it exists. When an employee’s behaviour violates a rule, corrective action should be taken. The purpose of this is to alter behaviour that can have a negative impact on the organisation. When a progressive disciplinary action approach is followed, an attempt is made to make the penalty appropriate to the violation (or accumulated violations).
If the employees in an organisation are represented by a union, workers who believe that they have been disciplined or dealt with unjustly can appeal through the grievance procedure or the collective bargaining agreement. A grievance procedure permits employees to express complaints without jeopardizing their jobs. In arbitration, the parties submit a dispute to an impartial third party for resolution, if it cannot otherwise be settled. Internal employee relations also pertain to resignation, demotion, layoff, transfer, promotion, and retirement. Even in the best organisation, some workers will still resign. Two techniques – the exit interview and the post exit questionnaire – may be used to help determine the real reasons that an individual has decided to leave the organisation.

Werther and Davis (1973) hold that, in many ways, the entire human resource policies and practices are about employee relations. According to them, how well the personnel department handles human resource planning, staffing, placement, development, evaluation, compensation, quality of work life etc. largely determines the state of employee relations.

**Human Resource Research**

Human resource activities are evaluated through research. It aims at maximising personal and organizational goal achievement. Human resource research should be systematic, with specific applications depending to a large extent on a firm’s particular needs. From time to time, all aspects of the human resource management functions have needs for research.

The type of problem confronting the human resource manager determines, to a large extent, the method of inquiry that will be used. When called on to uncover the
underlying reasons for a particular occurrence, the human resource manager often uses the case method; or survey feedback method can be used to determine employees' attitudes.

Numerous quantitative tools are available for use by human resource managers. Two basic methods may be used to evaluate how human resource management activities: checklists and quantitative measures. The checklist approach poses a number of questions that can be answered either "yes" or "no." This method is concerned with where important activities have been recognized and, if so, whether they are being performed. The quantitative method relies on accumulating numerical data and calculating various ratios from this data for comparative purposes.

Emerging Role of Human Resource Management

It has been rightly apprehended that there are dangers of the personnel managers giving way to the new specialist who are coming up – the experts in information technology, in the management of research and development, and in manpower and planning, unless the personnel manager tries and acquires advance knowledge of, and prepares for, the change. He should, therefore, concern himself with the following major areas of change with are emerging:

- Changing composition of work force, with the white-collar gradually becoming a dominant group;

- Growing unionization among the work force is greatly increasing their strength to demand increasing participation in the decision making activities influencing their interests;
Increasing role of government in enacting protective legislation to bring about a balance in the interests and rights of the participants in the organisation;

Revolution in information technology and other technological innovations, which might adversely affect the interests of the workforce and their occupational mobility;

Rapidly changing jobs and skills requiring long-range manpower planning; and

Increasing concern of many firms for accepting greater social responsibility.

In order to cope up with these challenges, human resource management people need larger amount of training, retraining, mid-career retraining. Furthermore, they must also be familiar with the findings of behavioural sciences so that they could rely more on management by integration of professional goals with the goals of the organisation and by self-control rather than on management by centralized direction and control. They also cannot afford to neglect the 'bread and butter’ problems of day-to-day personnel administration.

The future manager should be more knowledgeable about people, organizations and the total environment, as observed by Bergey and Slover (1969) “The future manger will be better grounded in social sciences, world affairs and the humanities in general. He will effectively integrate the techniques of information technology with the human resources available to him.”
To meet future challenges, professionalism among the managers will be on the increase. They will be receiving more formalized educational training in managerial techniques and responsibilities. These managers will also need different types of skills, e.g., top managers will need more conceptual, and decision making abilities; first line supervision may need technical skills and interpersonal leadership abilities, and middle-level managers may need a blend of the above skills in addition to coordinative abilities. However, all managers will be benefited from the development and utilisation of skills and abilities in interpersonal relations.

Future managers should develop the ability to be perceptive toward themselves, their superiors, colleagues and subordinates; their organisation, its goals, resources, etc, and many additional elements. The future has many challenges for the managers of tomorrow. The most important challenge is how personnel executive and his staff can help in improving organizational effectiveness; and how best he can utilize the results of behavioural scientists for the benefit of the people at work. One part of the challenge lies in “how to create and manage the various personnel sub-systems in a way compatible with the thrust toward more participative, results-oriented, adaptive, and humanistic organizations. This challenge is made all the more real and urgent by two, sometimes seemingly contradictory, imperatives which are of quality goods and services, and the imperative toward a higher quality of life in organizations. Personnel management must – and will – play a major role in furthering a creative synthesis of these two imperatives. As any other professional disciplines and functional areas, human resource management has scored a very dramatic progress. Nevertheless, there is more to it. Since it deals with the dynamic
being – the human being – the challenges, the concerns, and the opportunities are closely linked to what human beings face in their day-to-day lives.

**Importance of Human Resources Management**

Human resource management 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 commitments to the organization are essential to achieving organizational objectives. This is true regardless of the type of organizations—government, business, education, health, recreation or social action. Getting and keeping good people is critical to the success of every organization, whether profit or non-profit, public or private and the purpose of human management is to ensure the availability of this critical factor.

Although human resource managers were at one time primarily concerned with recruiting, selecting, training, and compensating employees, their activities have vastly increased with emergence of the concept of human resource management. Human resource management departments in big companies are now being called upon to assist in corporate planning, organizational redesign, productivity improvement, strategy development and quality improvement activities with a view to ensuring the overall growth of companies. The new and expanded role of Human Resource Management indicates that human resource function currently enjoys a position of great importance in modern business enterprises. This importance is also reflected by the increasing popularity of specialized courses in human resource studies in the universities and other institutes of management education and the
increase in the over-all compensation of human resource professionals in companies. As firms continue to implement human resource development programmes in the future, the importance of personnel function will continue to enhance.

Computerization has also had an impact in enhancing the importance of personnel field. In addition to their uses in performing the traditional functions of accounting and payroll calculation, computers are now being used to maintain easily accessible employee data that is valuable in job placement and labour utilization. This has naturally increased and is fast becoming one of the largest customers of computer software and, to an increasing extent, hardware. All this has made the human resource management an important variable in determining enterprise success (Tayal: 1995).

Conclusion

The foregoing discussion on the conceptual exposition of human resource management concludes that human resource management is the process of acquiring, training, appraising and compensating employees and attending to their labour relations, health and safety and fairness concerns. The concept of human resource management emerged in the mid 1980s against the background of the works of famous writers on management, like Pascale and Athas (1981) and Peters and Waterman (1982) who produced lists of the attributes that they claimed characterized successful companies.

The overall purpose of human resource management is to ensure that the organization is able to achieve success through people. It encompasses the activities designed to provide, motivate and coordinate the human resources of an organization. It will not be wrong to say that human resource management is more crucial today for
the success of any organization than ever before. Moreover, it is also essential to understand whether the decision-making accountability is being linked to the performance and reward system of the organizations or is just the conventional way of linking the pay to performance, overlooking the value addition in terms of accountability. If all aforementioned things are not practiced in the organization, then definitely it is a matter of great concern because the future of the organization would then be in jeopardy.

Having discussed HRM and its conceptual exposition in detail, it is now time to explain the development of commercial banks in India because our main trust will be on HRM policies and practices in commercial banks of India with special reference to the ICICI Bank. Therefore, in the next chapter we would concentrate on the development of commercial banks in India.
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