

CHAPTER – 1

INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

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1.1 INTRODUCTION

Human Resource Development, Organization Development and Industrial Relations are three important aspects of Human Resource Management in organizations. Each has their own specialties. They are playing an active role in developing people and improving effectiveness. It encourages HRD staff to create a development culture and ensures that they have a reasonably satisfied and committed people. Today HRM is the crux of management. It is now globally recognized that managing human resources is the basic job of management. It is more recognized in recent time not only in developed countries but also in developing countries like India. Our country has second largest manpower in the world. Therefore, Indian management is now on the threshold of revolutionary change in the practice of management particularly with the country becoming a member of WTO. HRM is now everybody's concern. With the advent of liberalization, privatization and globalization of business, HRM has now emerged as the most spectacular aspect of management.

1.2 IMPORTANCE OF HRM

India has a vast potential to grow as a strong and modern nation. It has large natural resources, sizeable population and scientific and technical manpower. After five decades of intensive efforts, India has the facilities to produce a wide range of goods and services. It has also made considerable progress in the field of satellite technology and space research. Despite these spectacular developments, India has not made a significant impact on the rest of the world as an industrialized country. The basic reason lies in our

failure to mobilize our human resources. This has not received sufficient attention resulting into the lack of motivation. Dr. V.Krishnamurthy¹ presents his experiences and insights from SAIL, MUL, BHEL, TISCO and Japanese organizations to support importance of HRM:

At MUL some encouraging indications were:

- Commitment to work hard amongst employees. An example is the willingness of all employees to come 15 minutes before time to work and to accept change at short notice, if required.
- Pride in work, exemplified by a burning desire to achieve more than originally set targets.
- High level of productivity indicates by employee's adherence to unwritten norms of 7½ hours of productive work in an 8 hours shift.
- Absenteeism level of around 5%, which is much lower than Indian standards.
- Readiness to accept discipline in the company's interest.
- Product quality up to international standards.

PEOPLE – The Key Resource

His experiences have shown that commitment and dedication of the people have an overwhelming impact on the success of a company. People should be viewed as “long term fixed assets.” On several occasions, in spite of poor capital equipment and technology, a determined group of people has produced the very best. Similarly, in many cases the latest technology and best of equipments have yielded poor results because of lack of training and low motivation.

¹ Krishnamurthy V, “Excellence Through HRD” Tata McGraw Hill, New Delhi Page 9.

One can buy the best technology and implement good management systems and procedures, but it is not possible to buy dedicated and committed people. They have to be carefully nurtured and developed.

The success of any organization in the long run depends very much on the quality of its human resources. Human resources comprise of the aggregate of employee attributes including knowledge, skill experience and health, which are presently potentially available to an organization for the achievement of its goal.

In other words, human resources consist of the value of the productive capacity of the firms' human assets. Of all the prime resources of organization men, material, money and machine, the human resource is recognized as the most vital and valuable. The importance of the human factor also stems from the fact that where all other resources depreciate in value with the passage of time and use, the human resources appreciates in value with the acquisition of greater knowledge through experience and efficiency and thus, reflects an inherent dynamism and development potential. It is also realized now that growth can only be ensured through appropriate collaboration and amalgamation of various personnel across organizational tasks.

It is, therefore, essential to create an appropriate work culture, environment and ethos, which would provide impetus for achievement and accountability.

Dr. P.J. Patel² rightly stated that a country underdeveloped or developed is largely determined by its human resource capacities.

Human resources Development is said to be the core of a large system known as Human Resource System, wherein HRD is mainly concerned with providing learning experiences to the people associated with an organization, through a behavioural approach adopting various processes. The individual is provided with learning experiences not in isolation but he shares others' learning experiences also.

In a broader sense HRD means those learning experiences, which are organized for a specific time and designed to bring about the possibility of behavioural change³.

HRD, in the organizational context, refers⁴ to the process whereby the employees are continuously helped in a planned way to:

- (a) acquire and sharpen capabilities required to perform various tasks and functions associated with their present and future expected roles;
- (b) develop their general enabling capabilities as individuals so that they are able to discover and exploit their inner potential for their own and organizational development purpose and
- (c) develop organizational culture where superior-subordinate relationship, team work and collaboration is strong and contributes to their well being, motivation and pride of employees.

2 Patel P.J. Vice Chancellor of S.P.University, VVNagar, Addressing ABVB'S function at VVNagar on 23/4/2003.

3 Nadler L, Developing Human Resources, Houston Gulf Publishing Co., 1970

4 IPMIL, The Institute of Company Secretaries of India, 1982

1.3. HUMAN RESOURCE MANAGEMENT PROCESS

Dr. T.V.Rao⁵ has suggested the following process for HRD

- (i) Performance Appraisal
- (ii) Potential Appraisal and Development (PAD)
- (iii) Feedback and performance coaching
- (iv) Training
- (v) Career planning
- (vi) Employees welfare, Quality of work life, Rewards, Organisational Development and System Development and Human Resource information.

These mechanisms are used to initiate, facilitate and promote the process of HRD in a continuous way. All the process mechanisms are linked with corporate plans and human resource planning. Policies are general guidelines whereas procedures are specific applications. A procedure is a well thought out course of actions. It specifies the manner, in which a piece of work is to be carried out. Procedures emphasize on chronological, step by step sequence of required action.

1.4. NEED FOR HRM POLICIES

Every organization should have HRM policies in order to accomplish the departmental and organizational goals. Every organization needs sound HRM policies in order to:

- (a) provide broad guidelines to employees to make them aware of course of actions to follow.
- (b) minimize favourism and discrimination in treating the employees.

⁵ Rao T.V. Human Resource Management in Indian Industry 1991 P.36

- (c) create and develop and a sense of enthusiasm and loyalty among workers.
- (d) have a specific standard of performance.

Gary Dessler⁶ has described certain situations where HRM doesn't want to make mistakes as follows:

- (i) to hire the wrong person for the job.
- (ii) to experience high employee turnover
- (iii) to find your people not doing their best
- (iv) to waste time with useless interviews
- (v) to have your company taken to court because of your discriminatory actions.
- (vi) to have your company cited for unsafe practices under existing laws.
- (vii) to have your employees to think that their rewards and working conditions are poor in the industry.

HRM in any organization can be reality, when:

- the organization believes that development of employees is in its own interest.
- the organization will provide opportunities and conditions for the development and optimization of human resources.
- the management is willing to invest adequate time and resources for the development of the employees and personally participate in the development.
- managers have concern for growth of subordinates.

1.5. FUNCTIONS OF HRM

The functions of HRM in a given organizational frame work can be classified mainly into two categories viz: (i) Managerial functions and (ii) Operative functions. Following Chart depicts the functions of HRM.

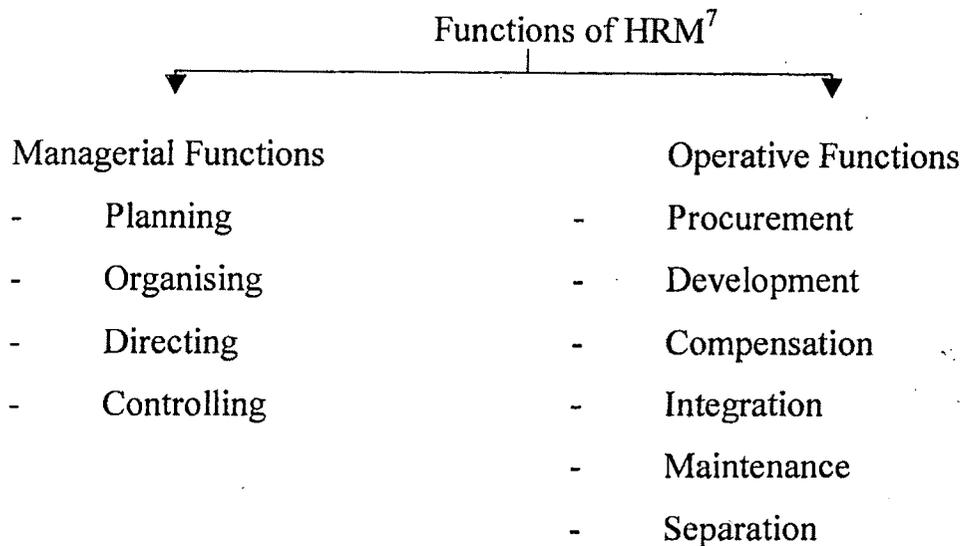


Chart-1.1

Managerial functions are thinking functions focusing on formulating policies, procedures and programmes. They include human resource planning, designing structure, motivation, leadership, communication and ways and means of best utilization of human resources available to the organization.

Operative functions, on the other hand, are to be practices by HR Managers. Operative functions include procurement, development, compensation, integration, maintenance and separation of human resources. Procurement function deals with recruitment and selection, development includes training

and executive development, compensation covers wage and salary administration, integration function takes care of reconciliation of individual, societal and organizational interests, while maintenance focuses on motivation, communication and leadership, and separation deals with the return of the person to society. It also includes retirement; lay off, out placement and discharge and dismissals.

In large professionally managed organizations, HRD functions are increasingly managed by specialist managers in separate HRD department. At some places HRD has been set-up as a discrete function in addition to the conventional personnel management function. Some organizations have recasted HRM functions. HRD has been, thus, incorporated into personnel functions to include the development of human resources. The development aspect of HRM has been separated from the maintenance aspects, which include wages and salary administration, promotion, transfer, grievance and discipline. Sheth N.R.⁸ has advocated that personnel management, industrial relations and HRD functions need to be managed as integral part of a single, comprehensive task of HRM. The goals of HRD are not very different from many past-espoused goals of personnel management. The HRD approach to these goals should be based on new knowledge and techniques.

1.6 HRD MODELS

Human Resource Manager needs to practice the “hard” goals of productivity and competitiveness through the “software” of HRD simultaneously. Experts have developed a few integrated models in different context, which are of

⁸ Sheth N.R., *Industrial Democracy: Some Issues & Experiences*, Shri Ram Centre for Industrial Relations, New Delhi.

use to HRD professionals to influence their top management at first and later the entire organization.

Following are the HRD models:

- (i) Corporate Development Model
- (ii) Industrial Harmony Model
- (iii) System Effectiveness Model
- (iv) Institution Building Model

(i) Corporate Development Model

This model (Chart 1.2) brings together a simultaneous thrust on:

- (a) Strategic Management
[Through a corporate planning system] and
- (b) Organization Development
[Through structure, process and climate interventions]

Corporate Development Model⁹

OD SM	Adequate	Inadequate
Adequate	BALANCE	VULNERABLE
Inadequate	WASTEFUL	DECLINING

Chart 1.2

SM = Strategic Management

OD = Organization Development

(ii) Industrial Harmony Model:

This model (Chart 1.3) emphasizes on simultaneous strengthening and balance among three sets of relations.

⁹ Athereya M.B. "Strategy, OD and Systems" paper presented at the ISTD, Bhopal, 1980.

- (a) Employee Relations:- Between executives and their team of workmen, creating a community spirit.
- (b) Union Relations: Between union and management, dealing not only with bargaining issues, but also joint planning to meet environmental demands of productivity and competitiveness, creating a sense of partnership.
- (c) Member Relations:- Between the recognized union and its members, to avoid dangerous vacuum and conflicts, with the goal of creating responsible industrial citizenship.

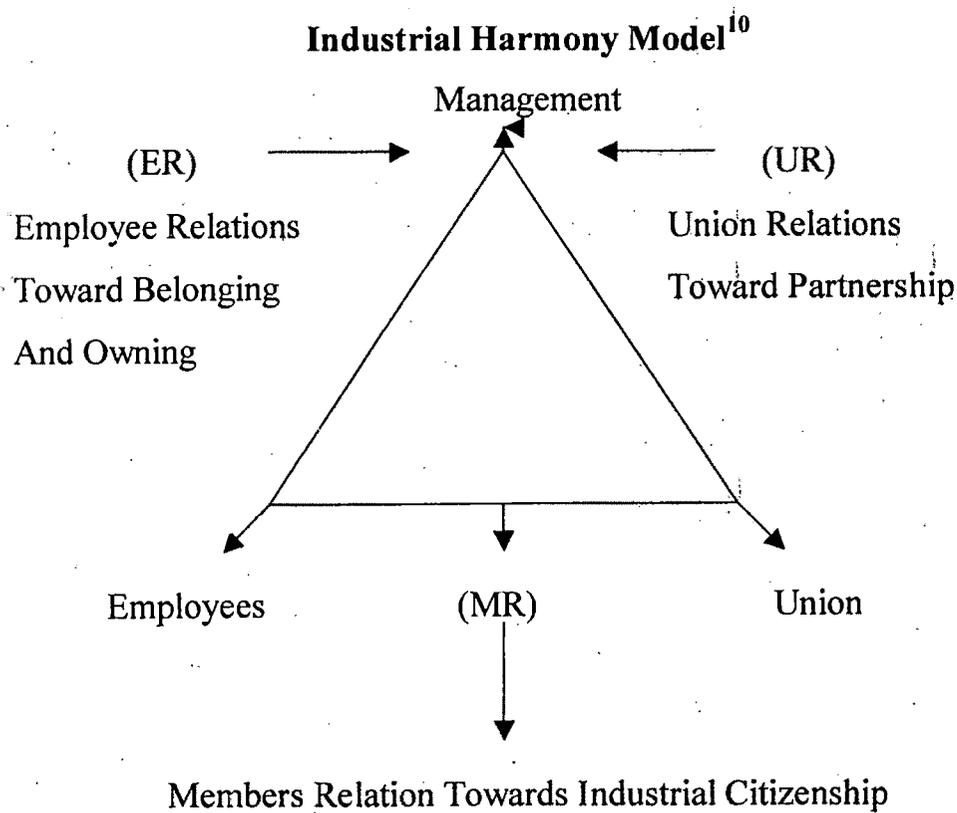


Chart 1.3

¹⁰ Athreya M.B. "New Challenges in Personnel Management Keynote address at NIPM Annual Conference, Visha Khapatnam, 1983.

(iii) System Effectiveness Model

This model (Chart 1.4) brings together a five-step framework to enhance the effectiveness of system for planning, quality, productivity etc. This is illustrated with respect of Quality System.

- (a) Create collective clarity about the end object of Quality System to bring quality of life to the employees, customers and internal and external stakeholders.
- (b) Top management commitment to a philosophy of quality, ensuring following principles: Quality is profitable. Quality is a basic essential, not an optional extra. Quality is universal and invisible.
- (c) Converting management beliefs on quality into an organizational climate for quality through communication, leadership, reorganization and reinforcement.
- (d) Joint design, implementation audit and update of quality system reaching towards international standards.
- (e) Training and retraining the quality related technical and behavioural skills at all levels to enable intelligent use of quality systems.

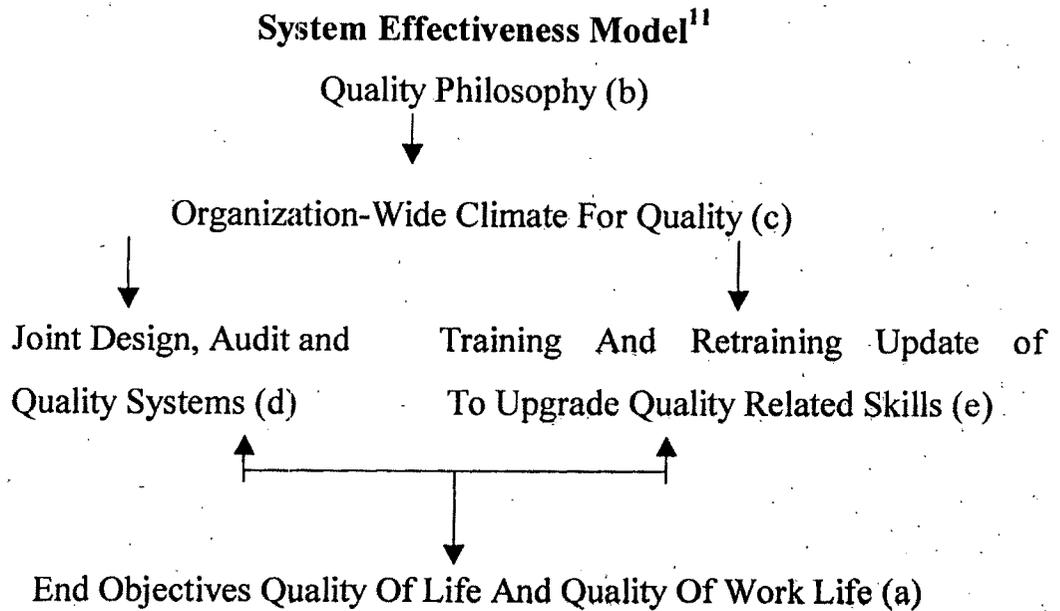


Chart 1.4

(iv) Institution Building Model

This model (Chart 1.5) raises the issues of productivity and competitiveness to the level of trusteeship of the enterprise. The two key features of Business Institution are:

- (a) A societal valued, efficient and effective business enterprise.
- (b) A community not of “employees” but “members” with a collective commitment to productivity & competitiveness to make contribution to society.

¹¹ Athreya M.B. “Model presented at the international convention of Quality Control Circles New Delhi 1989.

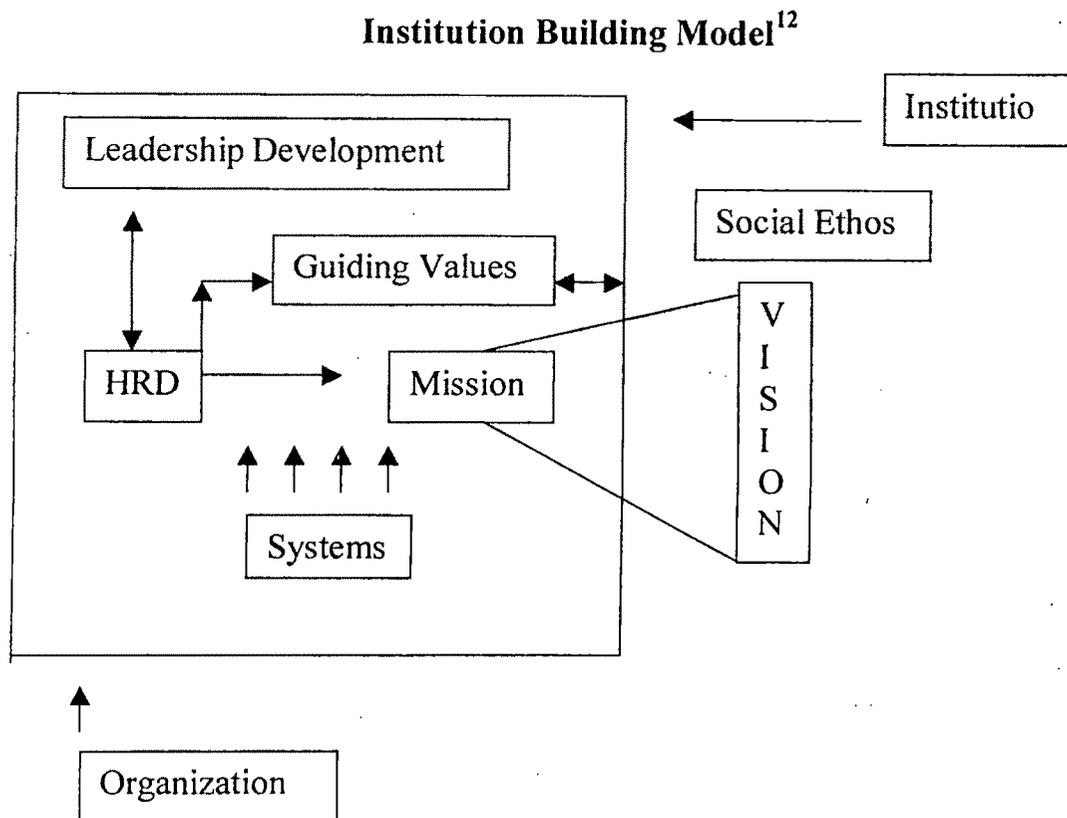


Chart 1.5

1.7 THE ROLE OF HR MANAGER

There are many problems caused by constant changes that occur both within and outside the organization. These problems are the source of challenges for HR manager. They are:

- Changing mix of the work force
- Changing values of the workforce
- Changing demands of employers
- Changing demands of government

¹² Althreya M.B., Institution Building in Services “ a paper presented at International Conference of the IFTDO, New Delhi 1987.

Under such circumstances HR Manager has the responsibility of initiating changes and acting as an expert and a facilitator. He should work as internal change agent and consultant. The HR manager should develop the expertise to be “diagnosticians and developers of the whole organization.”

The HRD Manager has to actively involve himself in company's strategy formulation. To do this he must have the ability to understand business and also contribute to the formulation of strategies, long term planning, marketing, finance and other areas of business apart from managing HRD functions alone.

One of the essential roles of the HRD manager is to keep communication lines open between the HRD functions and individual and group, both within and outside the organization. Effective communication is one of the critical and crucial elements for the success of HRD Manager. He facilitates the development of various organization teams and their working relationship with each other as a team or as an individual. He attempts to see that members of teams learn to function more effectively within the organization with their own styles.

The HRD Manager should also develop the expertise to diagnose problems and to determine appropriate solutions, particularly in HRM areas, as effectiveness of human resource is the key to success of the organization. It will call for HRD Manager maintaining an active network and close working relations with other key managers in the organization so as to achieve a high level of congruence between HRD functions and goals of the organization.

HRD professionals today are confronted with major challenges, which are real, present and virtually certain to extend in any version, in the near future.

With the ongoing reform process, changes in corporate sectors and the country becoming a member of WTO to join international trade community, the things at home are changing very fast, In this scenario, it is important that role of the HRD Manager be seen as an active facilitator in the process of imparting dynamism to the organization.

1.8 PROFILE OF HRD MANAGER

Broadly speaking every staff member of the HRD department should be considered as HRD Manager. The HRD Manager is a man of mission. Therefore, he should have the qualities of a missionary. His mission is to create a learning environment in the organization. In the modern organizations, employees tend to get too much concerned about their personal power, needs, status, reward, promotions and work routine. They keep on doing things without learning and creating critical situations. All these factors affect the quality of life in organization. With the organizational growth, its future personnel policies also have a good degree of impact on the employee satisfaction and work motivation. A healthy climate characterized by trust, openness, mutual support, team spirit willingness to sacrifice, positive attitude etc. combined with desire and development of individuals can go a long way in building people and organization. The mission of the HRD Manager is to build such a climate in the organization and simultaneously bring changes in the thinking of

individuals. Following qualities are essential and expected from today's HRD Managers to be successful:

- (a) Positive thinking with positive attitude towards people
- (b) A high desire to learn
- (c) Interested in people
- (d) Helpful attitude
- (e) Proactive or Initiative taking
- (f) Practice and perseverance
- (g) Communication skills
- (h) Objectivity in approach
- (i) Personal example and sense of discipline
