CHAPTER –1

HUMAN RESOURCE
MANAGEMENT

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CHAPTER – 1

Human Resource Management

1.1 Introduction

HRM is relatively new and developed as a part of management. It is the task of dealing with human relationships, moulding and developing the human behaviour and attitude towards the job and organizational requirement. The term human resource can be thought of as “the total knowledge, skills, creative abilities, talents and aptitudes of an organization’s workforce as well as the value, attitudes and beliefs of the individuals involved.

The Human Resource are assuming increasing significance in modern organization. It is a well known fact that majority of the problems in an organizational setting are human and social rather than physical, technical or economic. Modern technology can be imported, national efficiency can be improved but without human factor it cannot be possible to run both of them efficiently and effectively. It is the only human factor, which can change the work ways and constitutes vibrantly the organization. Therefore the need for development of human resources becomes inevitable. The failure to recognize this fact causes immense loss to the individuals, enterprise and the nation as a whole. Human Resource Management is defined as “the art of getting things done through people”.

Thus HRM means to get the work done by the employees by managing them and by satisfying them.
Human Resource Management is defined as “the field of human behaviour in which managers plan, organize, staff, direct and control human, physical and financial resources in an organized effort, in order to achieve desired individual and group objectives with optimum efficiency and effectiveness”.

Human Resource Management is defined as “the field of management which has to do with planning, organizing, directing and controlling the functions of procuring, developing, maintaining and utilizing a labour force, such that the- (a) Objectives for which the company is established are attained economically and effectively (b) objectives of all levels of personnel are served to the highest possible degree (c) objectives of society are duly considered and served.”

1.2 Human Resource Management

Different terms are used to denote human resource management. They are labour management, labour administration, labour management relations, employee – employer relations, industrial relations, personnel administration, personnel management, human capital management, human asset management, human resources management and the like.

Human resource management means employing people, developing their resources, utilizing, maintaining and compensating their services in tune with the job and organizational requirements. Human resources management is the central sub-system of an organisation and it permits all types of functional management, such as production management, marketing management and financial management. The human resource management
consists of interrelated, interdependent and interacting physiological, sociological and ethical components.

1.3 Objectives of Human Resource Management

Every organization has objectives. Objectives of HRM can be derived from the basic objectives of an organization. Thus objectives of HRM can be summarized as follows.

1. To help the organisation attain its goal by providing well trained and well motivated employees.
2. To utilize resources effectively.
3. To enhance job satisfaction and to realize his or her potentialities.
4. To bring about maximum individual development of members of the organization.
5. To develop and maintain quality of work life.
6. To maintain high moral and good human relation within the organisation.
7. To help to maintain ethical policies and behaviour inside and outside the organisation.
8. To recognize and satisfy individual needs and group goals by offering appropriate monetary and non monetary incentives.
9. To attain economically and effectively the organizational goals and to serve the highest possible degree of individual goals.
10. To preserve and promote the general welfare of the community.
1.4 Functions of Human Resource Management

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

The functions of H.R.M can be broadly classified into two broad categories.

1. Managerial Functions
2. Operative functions

Details of above functions are also shown in Fig.1.1

1. Managerial Functions

A managerial function of HRM involves, planning, organizing, directing and controlling. All these functions influence the operative functions.

a. Planning

H.R. administration should be able to predict trends in wages in labour market, in union demands, in other benefits, in personnel polices and programmes. The task of forecasting personnel needs in relation to changes in production or seasonal variations and the leveling out of differences in production is extremely important both for employees and for management. Therefore planning or decision making has to be undertaken much in advance of an action, so that unforeseen or anticipated problems and events
may be properly handled. This is also stressed by the saying “Good Managers make thing happen.”

b. Organizing
An organisation is a means to an end. It is essential to carry out the determined course of action. A complex relationship exists between the specialized departments and the general department as many top managers are seeking the advice of personnel manager. Thus, organization establishes relationships among the employees so that they can collectively contribute to the attainment of company goals.

c. Directing
Directing the subordinates at any level is a basic function of the managerial personnel. Directing is involved with getting persons together and asking them through either command or motivation to work willingly and effectively for the achievement of designated goals. Directing deals not only with the dissemination of orders, within an organisation units and department but also with the acceptance and execution of these orders by the employees. Thus, direction is an important managerial function in building sound industrial and human relations besides securing employee contributions.

d. Controlling
After planning, organizing and directing the various activities of the H.R.M, the performance is to be verified in order to know that the personnel functions are performed in conformity with the plans and directions.
Controlling also involves checking, verifying and comparing of the actual with the plans, identifications of deviations, if any, and correcting of identified deviations. This action and operation are adjusted to predetermined plans and standard through control.

2. Operative functions

The operative functions of HRM are related to specific activities of personnel management. All these functions are interacted by managerial functions. Further, these functions are performed in conjunctions with managerial functions.

(a) The procurement function is concerned with the obtaining of a proper kind and number of personnel necessary to accomplish our organisations goals. It deals with specifically with such subjects as the determination of manpower requirements, their recruitment, selection and placing, induction, follow-up, transfer, lay-offs, discharge and separation etc.

(b) The development function is concerned with the personnel development of employees by increasing their skills through training so that job performance is properly achieved. Drafting and directing training programmes for all levels of employees providing vocational counselling, conference and appraising employees potential and performance are undertaken under this function.

(c) The compensating function is concerned with securing adequate related to wage surveys, establishment of job classification, job descriptions and job analysis, merit ratings, the establishments of wage and wage structure, wage plans and policies of wage systems, incentives and profit sharing plans and policies of wage systems.
The integration function is a process of interaction among human beings. Human relations is an area of management in integrating people into work situation in a way that motivates them to work together productively, co-operatively and with economic, psychological and social satisfaction. This includes

(a) Understanding and applying the models of perceptions, personality, learning intra and interpersonal relations, intra and inter group relations.

(b) Motivating the employees.

(c) Boosting employee morale.

(d) Developing communication skills.

(e) Developing the leadership skills.

(f) Redressing employee grievances properly in time by means of a well formulated grievance procedures.

(g) Handling disciplinary cases by means of an established disciplinary procedure.

(h) Counseling the employees in solving their personal, family and work problems and releasing their stress, strain and tensions.

(i) Improving quality of work life of employees through participation and other means.

(j) The maintenance function deals with sustaining and improving the condition that have been established. Specific problems of maintaining the physical conditions of employees' health and safety measures and employees' service programmes are the responsibilities of the personnel department.
Figure 1.1

Functions of HRM

Managerial Functions
- Planning
- Organizing
- Directing
- Controlling

Operative Functions
- Procurement
- Development
- Compensation
- Integration
1.5 Importance of Human Resource Management

No other factor is more important than efficient and committed man power. The human is at the centre of all work and all development comes from the human mind. The importance of HRM are as under.

1. **Social Significance**

Sound HRM has a great significance for the society. It helps to enhance the dignity of labour in the following ways

(i) Providing suitable and productive employment, which might bring them psychological satisfaction
(ii) Maintaining a balance between the job available and job seekers according to qualification and needs
(iii) By helping people make their own decisions that are in their interest
(iv) Eliminating waste of improper use of human resource, through conservation of their normal energy and health.

2. **Professional Significance**

By providing healthy working environment it promotes team work in the employees. This is done by

(i) Maintaining the dignity of the employees as ‘human beings’
(ii) Providing maximum opportunities for personal development
(iii) Improving the employee working skill and capacity
(iv) Correcting the error of wrong posting and proper reallocation of work.
3. **Significance for individual enterprise**

It can help the organisation in accomplishing its goal by:

(i) Creating right attitude among the employees through effective motivation

(ii) Utilising effectively the available human resources

(iii) Securing willing co-operation of the employee for achieving goals of the enterprise.

4. **National Significance**

H.R. & their management plays a vital role in the development of a nation. The effective exploitation and utilisation of a nation's natural, physical and financial resources require an efficient and committed manpower. There are wide differences in development between countries with similar resources due to differences in the quality of their people. Countries are underdeveloped because their people are backward. The level of development in a country depend primarily on the skills, attitudes and values of its human resources. HRM has become very important because of the following factors in recent decades.

(i) Increase in the size and complexity of organisation, e.g. a multinational organisation employing millions of persons

(ii) Rapid technological development like automation, computerization etc

(iii) Rise of professional and knowledge workers

(iv) Increasing proportion of women in the workers
(v) Growth of powerful nation wide trade union
(vi) Widening scope of legislation designed to protect the interest of the working class
(vii) Devolution in information technology that might affect the work force
(viii) Rapidly changing jobs and skills requiring long term manpower planning
(ix) Growing expectation of society from employers.

1.6 What is HRD

The Human Resource Development concept was first introduced by Leonard Nadler at the American Society for training and development in USA in 1969. Since two decades it has been gaining importance in India also. Professor Leonard Nadler has given very good environment and thought for the experts and eminent writers and leaders in the area of HRD.

At present the economy of India is undergoing several drastic changes. The on going reforms throws many challenges to organisations and their workforce to build up competitiveness, quality of work and product, productivity, efficiency and effectiveness and values and echos of business etc. This in turn demands new skill among them so as to survive and make healthy partnership in the business world. This whole system leads to market and human resource orientation skill and situation. Any organisation or economy have to develop this universal aspect to survive long and to have an identity of a business for society development and for nation development.
Improvement of the human resource aspects like skill, knowledge, creative abilities and talents and moulding of other aspects like values, beliefs, aptitude and attitude in accordance with the changing requirements of groups, organisation and society at large. This process is human resource development.

Definition of HRD

Indian author T.V. Ventateswara Rao defines HRD as "a process by which the employees of an organisation are helped in a continuous, planned way to:

(i) Acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles.

(ii) Develop their general capabilities as individuals and discover and exploit their own inner potentials for their own and / or organisational development purposes.

(iii) Development of organisational culture in which superior-subordinate relationship, team work and collaboration among subunits are strong and contribute to the professional well being, motivation and pride employees.

Thus HRD from organizational point of view is a process in which the employees of an organisation are helped or motivated to acquire and develop technical, managerial and behavioural knowledge, skills and abilities and mould the values, beliefs, attitude necessary to perform present and future roles by realizing highest human potential with a view to contribute positively to the organisational, group, individual and social goals.
1.7 Importance of Human Resource Development

Human Resource Development improves the utilisation value of an organisation. The efficiency of production process and various areas of management depends to a greater extent on the level of human resources development.

Human Resource Development assumes significance in view of the fast changing organisational environment and need of the organisation to adopt new techniques in order to respond to the environmental changes.

It increases the competition within and outside the country. Trends towards marketing economy resulting in severe competition not only among the industries in the globe but also industries within the nation. The vitality of human resources to a nation and to industry depends upon the level of its development. Organizations, to be dynamic, growth-oriented and fast changing, should develop their human resources and should possess dynamic human resources.

Thus, the organisation can develop, change and excel only if it possesses developed human resources. Thus, HRD plays significant role in making the human resources vital, useful and purposeful.

1.8 Techniques of human resources development

Techniques of human resource development are also called HRD methods, HRD instruments or HRD mechanisms or HRD subsystems. They include:

(i) Performance Appraisal
(ii) Potential Appraisal
(iii) Career Planning
(iv) Career Development
(v) Employee Training
(vi) Executive Development
(vii) Organizational Change
(viii) Organisational Development
(ix) Social and Cultural Programmes
(x) Workers Participation in Management
(xi) Quality Circles
(xii) Employee Counseling
(xiii) Team work
(xiv) Role Analysis
(xv) Communication Policies and Practices
(xvi) Monetary Rewards
(xvii) Non monetary Rewards
(xviii) Employee Benefits
(xix) Grievance Mechanism