CHAPTER 2

HUMAN FACTOR IN MANAGEMENT

- AN APPRAISAL

2.1 INTRODUCTION

Contemporary writings in HRD and HRM focus mainly on the role of individuals in organisations while the employees at personal level are generally overlooked. Realisation about the significance of the health of the individuals is slowly emerging. Certain key organisational issues which relate health and HRD systems can help in redeeming the same. Recent studies have helped to find out that stress is the major contributory factor of health status of an individual. In this chapter an attempt has been made to understand the development of HRD concepts and the pre-eminence of stress and its management has come to acquire while talking about Human Resources Development.

Organisations are needed in our society because they accomplish things that individuals cannot do, help provide continuity of knowledge, are
a source of careers, and serve society. The Management of organisation involves planning, organising, leading and controlling the work of organisation members in order to achieve stated goals.

In moving organisations towards their goals, managers adopt a wide range of interpersonal, informational, and decisional roles. Because the actions of managers affect other people, there is an ethical dimension to their jobs. Judgements should be fair decisions and not the result of preference or eccentricity.

Recent attempts have been made to isolate and describe the qualities of managerial excellence in organisations. The effort to identify and learn from organisation that are doing many things right is a positive stimulus to managers seeking to create the conditions of excellence in their own companies – Recent theorists have cautioned that the term “excellence” needs monitoring, because some companies respond better than others to changing environments; they also emphasize that “excellence” is largely a function of managing human resources – people.
2.2 EVALUATION OF MANAGEMENT THOUGHT

Three well-established schools of management thought — classical, behavioural and quantitative — have contributed to managers’ understanding of organisations and to their ability to manage them. Each offers a different perspective for defining management problems and opportunities for developing ways to deal with them. In their current state of evolution, however, each approach also overlooks or deals inadequately with important aspects of organisational life. Eventually, these most recently evolved perspective may lead to the integration of the classical behavioural, and quantitative schools.

2.3 THE BEHAVIOURAL SCHOOL

The behavioural school emerged in part because managers found that the classical approach did not achieve sufficient production efficiency and workplace harmony. Managers still encountered difficulties and frustrations because people did not always follow predicted or expected patterns of behaviour. Thus, there was increased interest, in helping managers deal more effectively with the “people side” of their organisations. Several individuals tried to strengthen classical organisation
theory with the insights of sociology and psychology. To create effective human relations, managers must know why employee act as they do and what social and psychological factors motivate them.

2.4 FROM HUMAN RELATIONS TO BEHAVIOURAL SCIENCE APPROACH

Mayo and his Colleagues pioneered the use of the scientific method in their studies of people in the work environment. Later researchers were more rigorously trained in the social sciences (psychology, sociology and anthropology) and used more sophisticated research methods. Thus, these later researchers became known as “behavioural scientists” rather than “human relations theorist”.

Mayo and the human relations theorists introduced a “Social Man” motivated by a desire to form relationships with others. Some behavioural scientists, such as Argyris, Maslow and McGregor, believed the concept of “Self actualising man” would more accurately explain human motivations.¹

2.5 CONTINGENCY APPROACH (SOMETIMES CALLED SITUATIONAL APPROACH)

This approach was developed by Managers, Consultants and Researchers who tried to apply the concepts of the major schools to real life situations, often finding that methods highly effective in one situation could not work in other situations.

According to contingency approach, then, the task of Managers is to identify which technique will, in a particular situation, under particular circumstances and at a particular time, best contribute to the attainment of managerial goals.²

Tom Burns and G.M. Stalker felt that "the beginning of administrative wisdom is the awareness that there is no optimum type of management system". ³

JAY W. Lorsch and Paul R. Lawrence point out contingency theory refers to the fact that organisational processes are contingent upon

external requirements and members needs. The logic is simple. Machine work for 24 hours a day without complaint, but humans find themselves in situations that change – that may or may not satisfy their “needs” as “members” of an organisation. Thus the focus on “members needs” is playing a major role in the efforts of contemporary management theorists to develop an integrative approach to the practice of management. At present, it appears that any such approach will be successful only if it can integrate scientific management techniques with emerging concepts about human relations with in organisations.

If writers like Drucker, Peters and others are accurate in their analyses, then it seems clear that the emphasis on the human resource – and thus on human relations management – foresees an important step in the evolution of organisational structures themselves. At this point, then, an integrative approach to management theory will have to analyse the role of human relations management within the context of this evolutionary prospect.

From the vast literature that is available today on management, and based on our discussions in the foregoing paragraphs, the focus in the organisation is more towards the human aspect” of the organisation and a pronounced tilt towards Human resource development.

2.6 UNDERSTANDING HRD – BASIC CONCEPT

The concept of Human Resource Development (HRD) has been given prominence and focus in management during the last two decades. Human Resources being the most significant and active factor of production is considered to be the centre of all development processes of the economy. While HRD has been known throughout the ages, its rediscovery as an essential element in development is necessitated by the deteriorating social conditions, increased competition and rapid technological advancements.

The term HRD is being used at both micro and macro-levels in the context of improving the quality of human life. At the macro-level it is described as “core of all developmental efforts” in the sense of improvement in the quality of life of the people". At the micro or plant level, however, it represents the improvement in the quality of workers so

as to achieve higher levels of productivity. Thus in the former it becomes an end of all development efforts where as in the later it remains a means or resource among others. Therefore, it seems proper to use the term “Human Development” at the micro level and at the macro level “Human Resource Development”. However, the relationship between HD and HRD is quite close and reciprocal.

2.7 NEW TRENDS IN HRD

Every human being potentially is an indispensable fundamental asset for any progressive society. This individual human resource, when mobilised properly becomes a group, community on social resource or development capital. A new approach to HRD, recognizes that expenditure on HRD represents as sound an investment as conventional expenditure on machines, buildings and physical infrastructure.

The need to give maximum attention to human resource has been increasingly accepted today by the institutions concerned, including the intellectuals and policy makers. However, the emphasis is more often on protecting the basic needs of particular groups (in a developing society like ours), say the weaker sections, as short-term goals, rather on mobilising a
broader process of sustained, over all development of human resources in the long run. This trend has to change. As some experts view, what is needed to-day is a revised focus, one that views development as a sustainable process of expanding the capacities of people, that seeks to mobilise all human and material resources available to an economy; and that systematically seeks out low-cost methods of production which generate additional employment, income and thereby setting a positive trend for national development. This "capabilities approach" calls for human initiative and creativity, individual and collective, and hence the need to democratise the development process.  

2.8 WHY HRD AT ALL?

The answer is obvious: improving the performance of an organisation and enabling it to achieve its objectives. Researchers' focus, therefore, in the areas of organisational culture, creativity etc., trying to explore possibilities of finding and bridging gaps between the HRD practices and the concept. They are aimed at making a person a good manager or decision maker.

All human beings are different, each one has a different family background, education, friends, economic status, etc. which contribute for his pattern of behaviour. In fact “Physical determinants” and Social and Cultural determinants affect one’s behaviour. Behaviour of people are expressed through and influenced by their emotions. The emotions influence the decision-making ability of a person and hence the decision quality. Decisions taken cannot be delinked from the decision maker’s emotions. Thus unless one understands the emotions and their background one cannot understand his decision-making ability.

2.9 HRD – MACRO AND MICRO LEVEL

Macro Level At Macro level, Human Resource Development is concerned with the people’s development for nation’s well being. It takes, wealth, capabilities, skills, attitudes of people which are more useful to the development among them and the nations’ overall development as well, while calculating the national income and economic growth prospective. Human Resource Development concept examines the individual’s incomes, their attitudes, aspirations etc. and establishes concrete base for the economic planning and measures to control inflation. This becomes

possible only if the development of Human Resource of whole nation is taken care of. However, Human Resource Development’s contribution at Macro Level is not popularised. It is at Micro and more so it is only at Corporate level that Human Resource Development has become famous over the years.

**Micro Level** Human Resource Development has great concern for grass root development in the organisations. More so it is well received by companies’ managements as they realised its importance and foresaw its future contribution to the individual and organisational development.

2.10 **HOW HUMAN RESOURCE DEVELOPMENT DIFFERS FROM THE EARLIER VIEW ABOUT MAN**

Let us see how the concept of HRD differs from what the earlier management theorists have visualised the ‘Man’, his ‘motives’ and his ‘achievements’. 
Table 2.10.1 showing different concept of Human Resource Development

<table>
<thead>
<tr>
<th>Concept</th>
<th>Man</th>
<th>Motives</th>
<th>Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rational Man Concept of Man (F.W. Taylor)</td>
<td>Economic Man</td>
<td>Fulfilling Economic needs</td>
<td>Increase in output</td>
</tr>
<tr>
<td>Human Relations Concept of Man (Elton Mayo,</td>
<td>Social Man</td>
<td>Fulfilling Social and Psychological needs</td>
<td>Job Satisfaction</td>
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<tr>
<td>Likert, Ghisali)</td>
<td>Self actualising man</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Resource concept of man (Maslow,</td>
<td>Developmental Man</td>
<td>Enhancing / Improving Skills</td>
<td>Attainment of organisational and personal goals.</td>
</tr>
<tr>
<td>Argyris, Herzberg, McGregor)</td>
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To sum up, HRD should comprise the following characteristics.¹⁰

1) Human beings as class in singular sense of the term may be considered as human resources. Though, narrowly speaking only those human beings possessing some skill and capable of rendering future economic benefits should fall under the category of human resources.

2) It should not merely be confined to the development of existing skills and searching out of hidden skills but also its scope should extend to the maintenance and safeguarding of existing skills.

3) There should be straightway emphasis on productivity of individuals as productivity in itself is an important organisation and personal goal.

So HRD means safeguarding / maintaining / improving existing skills as well as bringing into light the potential skills of human beings (i.e. human resources) so as to increase their productivity for ultimate well-being of organisations as well as their own.

2.11 HRD - Objectives

The main aims, goals and objectives of HRD are:

1) to maximise the utilisation of human resources for the achievement of individual and organisational goals;

2) to provide an opportunity and comprehensive framework for the development of human resources in an organisation for full expression of their talent and manifest potentials.

3) to develop the constructive mind and an overall personality of the employees;

4) to develop the sense of team spirit, team work and inter-team collaborations;

5) to develop the organisational health, culture and effectiveness; and

6) to generate systematic infrastructure about human resources.
2.12 HRD – SUB SYSTEMS

HRD is a continuous process and comprehensive system by itself. To achieve the organisational and individual goals, HRD system may include the following process or sub-system. The contribution of HRD sub-system to different developed dimensions has been presented in Table.11

<table>
<thead>
<tr>
<th>Development Dimensions</th>
<th>HRD Sub-systems</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Training</td>
</tr>
<tr>
<td>Individual</td>
<td>Feed back and coaching performance</td>
</tr>
<tr>
<td>Individual in the present role</td>
<td>Performance appraisal</td>
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<tr>
<td>Individual in regard to likely future role</td>
<td>Potential appraisal and development</td>
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<tr>
<td>Dyadic relationship</td>
<td>Feedback and performance coaching</td>
</tr>
<tr>
<td>Teams and team work</td>
<td>Organisational development</td>
</tr>
<tr>
<td>Collaboration among different units / teams</td>
<td>Organisation development</td>
</tr>
<tr>
<td>Self-renewing capacity and health of organisation</td>
<td>Performance appraisal</td>
</tr>
</tbody>
</table>

Table 2.12.1 The Contribution of HRD Sub-Systems to Development Dimension

2.13 CONCEPT OF HUMAN RESOURCE MANAGEMENT (HRM)

While the term HRD is used as a broader term encompassing both HRM (Human Resource Management and HRA (Human Resource Accounting) and having both Macro and Micro-level dimensions in practice, the term HRM, from the view point of common application, is mainly identified as a macro-level problem at organisational level. But theoretically HRM is the broadest term covering HRD and HRA. In practice HRM has been assigned the role of enrichment of human resources at firm level for attainment of organisational objectives through efficient use of them. A study of the historical background of HRM reveals that it is the ultimate outcome of a series of continuous researches on the behaviour of human beings who are considered as the nucleus of an organisation. The different studies made by the behavioural scientists regarding human behaviour characterised human being into the following five categories.

(i) The Economic Man: (Originated from the economic theory of Adam Smith)

According to this concept man is primarily motivated by economic incentives and he is a passive agent manipulated, motivated and controlled by the organisation and his irrational feelings are
prevented from interfering with his rational calculation of self-interest.

(ii) **The Administrative Man**: (developed by Dr. Herbert A. Simon in 1945)\(^{12}\)

This concept states that man has a bounded rationality and like economic man he is not only initiated by the idea of economic satisfaction. This concept explains some empirical assumptions regarding behaviour of only administrative people.

(iii) **Pessimist Man and Optimist Man**: (developed by Douglas McGregor in his theory X and theory Y in 1957)\(^{13}\).

A pessimist man is lazy, who dislikes works avoids responsibility and is therefore, motivated by outside incentives like an economic man. He has irrational feelings which makes him incapable of self-discipline and self-control. Unlike a pessimist man an optimist man is dynamic and rational who is active and self-conscious. He poses creative ability and assumes responsibility.


(iv) **The Social Man**: (based on work of Elton Mayo and his Hawthorne Experiments). The basics of this concept state that man is primarily guided by social needs and he shows more responsiveness to the social forces than to incentives and controls of management. He finds his identity through relationship with other human beings.

(v) **The Self-actualising Man** (developed on the basis of work of A.Maslow and C. Argyris). Like the optimist man of McGregor, the man, under this concept is self-conscious, self-motivated and self-controlled having a hierarchy of needs. He does not respond positively to external incentives.

All the above mentioned concepts about human being make it clear that understanding human behaviour is a matter of continuous endeavour for the organisation. This is not at all easy to understand human behaviour just like the other assets of the business. Humanbeing is complex in its

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behaviour\textsuperscript{17}. All the above researches on behavioural science along with the participative management theory of Rensis Likert and human resources model of Raymond Miles emphasised on human aspect in organisation and helped culmination of the HRM concept.

2.14 CONCLUSION

The production oriented management philosophy that flourished since the days of Taylor and Fayol lost ground with the advent of Modern Organisation theories which began to view people as the most important resources and emphasize individual fulfilment as much as organisational fulfilment.\textsuperscript{18}

The thrust of Modern Management Philosophy is that it tends to believe in the genius of "wholeman" and tries to become more and more employee centred rather than production centered.


While talking about "wholeman", the consideration of the health as an important factor of the "wholeman" has come to play a vital role of late. Health, apart from education, is another important component of human capital. Health of the people is a measure of their energy and capacity for work. Good health is a pre-requisite for enjoyment of life. Health, according to the planning commission of India, "is a positive state of well being in which harmonious development of physical and mental capacities of the individual lead to the enjoyment of a rich and full life." Good health also contributed to the productivity of human effort.

Only in recent times, Managing the stress has been identified as one of the major constituent in maintaining a better health. Many researches have proved that stress can destroy an individual and thereby is capable of disturbing the entire organisational climate.

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19 The First Year Plan, Planning Commission, Government of India, p.488.