Chapter - I
CHAPTER-I

INTRODUCTION

Organisation are made up of people and function through people. Without people Organisations cannot exist. The resources of men, money, materials and machinery are collected, coordinated and utilised through people. These resources by themselves cannot fulfil the objectives of an Organisation. They need to be united into a team. It is through the combined efforts of people that material and monetary resources are effectively utilised for the attainment of common objectives. Without united human efforts, no Organisation can achieve its goals. All the activities of an Organisation are initiated and completed by the persons who make up the Organisation. This resource is called human resource and it is the most important factor of production. According to L.F. Urwick, "business houses are made or broken in the long run not by markets or capital, patents or equipment but by men." Of all the resources manpower is the only resource which does not depreciate, with the passage of time.

From the national viewpoint, human resources may be defined as "the knowledge, skills, creative abilities, talents and aptitudes obtained in the population. "From the viewpoint of an Organisation, human resources represent the people at work. They
are the sum-total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employees. According to Jucius, human resources or human factors refer to "a whole consisting of inter-related, inter-dependent and interacting physiological, psychological, sociological and ethical components". Thus, human resources represent the quantitative and qualitative measurement of the workforce required in an Organisation.

Human resources are characterised by the following features:

- Human resources of an Organisation are the product of their biological inheritance and interactions with the environment. Family relationships, religious influences, caste or racial background, educational accomplishments and Organisational climate influence the attitudes, behaviour and performance of human beings.

- Human resources are heterogeneous. They consist of a large number of individuals each having a unique personality, different needs, attitudes and values. Each has his own physical and psychological traits.

- Human resources are dynamic and behave differently. They react to the same situation in quite different ways. Even the

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same individual may behave differently at two different points of time. It is, therefore, very difficult to predict human behaviour.

- Human resources are the most important element in an Organisation. The effective utilisation of all other resources depends upon the quality of human resources.

- Human resources have the greatest potential to develop and grow provided the right climate is available to them. An Organisation can survive and grow if it has the right people at the right time working at right jobs.

- The term human resources is wider than the term personnel. Human resources include all the dynamic components of all the people at all levels in the Organisation whereas personnel means the employees working in the Organisation.

(i) **MEANING AND CONCEPT OF HUMAN RESOURCE MANAGEMENT (HRM)**

Human Resource Management (HRM) may be defined as a set of policies, practices and programmes designed to maximise both personal and Organisational goals. It is the process of binding people and Organisations together so that the objectives of each are achieved. According to Flippo, human resource management is "the
planning, organising directing and controlling of the procurement, development, compensation, integration, maintenance and reproduction of human resources to the end that individual, Organisational and social objectives are accomplished"².

According to National Institute of Personal Management of India, "human resource management is that part of management concerned with people at work and with their relationships within the organisation. It seeks to bring together men and women who make up an enterprise, enabling each to make his own best contributions to its success both as an individual and as a member of a working group".

Scott and others have defined as : "Human resource management is that branch of management which is responsible on a staff basis for concentrating on those aspects of relationship of management to employees and employees to employees and with the development of the individual and the group. The objective is to attain maximum individual development, desirable working relationship between employers and employees and employee and employees, and effective moulding of human resources as

contrasted with physical resources.³

In the words of Jucius, "human resource management may be defined as that field of management which has to do with planning, organising and controlling the functions of procuring, developing, maintaining and utilising 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 human resources are served to the highest possible degree; and (c) objectives of society are duly coincided and served".⁴

On the basis of definition of human resource management following features can be identified to understand its exact nature and scope:

- HRM is a part of management discipline: it is not a discipline in itself but is only a field of study. A discipline is an accepted science with a theoretical foundation that serves as the basis for research and analysis. HRM, being a part of management process, draws heavily from management concepts, principles and techniques and apply these in the management of human resources.

- HRM is process just like management process. A process is an

identifiable flow of information through interrelated stages of events directed towards achievement of objectives. Thus, a process consists of several activities and sub-activities. HRM uses four basic processes of management - planning, organising, directing, and controlling in the area of recruitment, selection, development, integration and maintenance of the people in the Organisation so as the achieve its objectives.

- A process is a continuous phenomenon in which events and relationships are seen as dynamic and flexible. HRM is a continuous process and not a one-stop action. Therefore, it has to be performed on continuous basis.

- HRM is concerned with people in the Organisation both present and potential. It is not merely concerned with the people presently available in the Organisation but with the people having potential to be brought in the Organisation.

- HRM is directed towards achievement of Organisational objectives by providing tools and techniques of managing people in the Organisation effectively. The achievement of Organisational objectives depends largely on the quality of its people and the way this quality is utilised in getting the
things done.

- HRM is not confined merely to business Organisations but is relevant to all organised activities. "Human resource management is concerned with the people dimension in management. Since every Organisation is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the Organisation are essential to achieve Organisational objectives. This is true, regardless of the type of Organisation - government, business, education, health, recreation or social action."\(^5\)

(ii) **GROWTH OF HUMAN RESOURCE MANAGEMENT**

   However, ancient developments could not create much impact on the recent development of literature and practices of HRM as these developments were concerned primarily in state administration. Some serious thoughts were applied towards the effective utilisation of labour force in industrial Organisations after the industrial revolution that started in 19th century. Since then, organised practices relating of management of people, initially labour force and subsequently managerial personnel were included,

started taking place and literature describing these practices started emerging. From industrial revolution era to the present era, various stages to development of management of human resource practices may be classified as follows:

1. Industrial revolution era - 19th century
2. Trade union movement era - close to the 19th century
3. Social responsibility era - beginning of the 20th century
4. Scientific management era - 1900 - 1920s
5. Human relation era - 1930s - 1950s
7. System and contingency approach era - 1960 onwards
8. Human resource management era - 1980 onwards

The classification of various stages of development of management of human resources in terms of period shows the beginning of that era. In each era emphasis has been put on a particular approach of managing people at work. A succeeding era does not mean the complete end of preceding era but there has been overlapping in these. We discuss below the main features of these era and the type of practices that have been adopted are discussed below:
Industrial Revolution Era

(1) The systematic development of HRM started with industrial revolution that started during 1850s in Western Europe and USA. The industrial revolution consisted, essentially, the development of machinery, the use of mechanical energy in production process, and consequently the emergence of the concept of factory with large number of workforce working together. The factory system replaced the old cottage system.

In order to manage people in the factory system of industrial revolution, three systems of HRM were developed: recruitment of workers, training for workers and control of workers. However, the basic philosophy of managing workers revolved around master-servant relationship.

Trade Union Movement Era

Shortly after the emergence of factory system, workers started to organise themselves based on their common interests to form workers associations which were subsequently known as trade unions. The basic objectives of these associations were to safeguard their interests and to sort out their problems which arose primarily because of employment of child labour, long hours of work, and
poor working conditions. Later, other aspects of work such as economic problems and wages, employee benefits and services etc. also became issues. These trade unions started such weapons as strikes, slowdowns, walkouts boycotts, etc. for the acceptance of their demand. These activities on the part of workers forced owners and managers to "the adoption of employee grievance handling systems, the acceptance of arbitration as a means of resolving conflicts of rights, disciplinary practice, the expansion of employee benefit programmes, the liberalisation of holiday and vacation time, clear definition of job duties, job rights through seniority, and installation of rational and defensible wages structures".

Social Responsibility Era

In the first decade of 20th century, some factory owners started adopting a more humanistic and paternalistic approach towards workers. Robert Owen, a British industrialist, reformer and humanitarian, adopted the approach that "the principal social economic environments influence the physical, mental, and psychological development of workers. Therefore, in order to increase productivity, it is necessary to improve the conditions of employees by removing them from an adverse environment or by

changing the environment with the provisions of more satisfactory living and working conditions"7.

**Scientific Management Era**

Around the beginning of 20th century, Taylor started to find out 'one best way of doing thing' based on time and motion studies. On the basis of his experiments, he was able to increase workers' productivity considerably. The main principles of scientific management are as follows:

1. replacing rule of thumb with science,
2. harmony in group action,
3. cooperation between management and workers,
4. maximum outputs in place of restricted outputs, and
5. development of workers8.

**Human Relations Era**

Around 1920s, management researchers gave a close look at the human factor at work and the variables that affected people's behaviour. They concluded that productivity of workers depends upon:

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(1) social factors at the workplace,
(2) group formation and group influence,
(3) nature of leadership and supervision, and
(4) communication

**Behavioural Science Era**

In contrast to human relations which assume that happy workers are productive workers, the behavioural scientists have been goal and efficiency-oriented and consider understanding of human behaviour to be the major means to that ends. They have tried several sophisticated research methods to understand the nature of work and the people in the work environment. The contribution of behavioural scientists of management practices consists primarily of producing new insights rather than new techniques. It has developed or expanded a useful way of thinking about the role of the manager, the nature of Organisations and the behaviour of individuals within Organisations. As against human relations model, they have given the concept of human resource model. Major contributions of the behavioural scientists are in the areas of motivation, leadership, communication, Organisational change and development, integrating Organisation and individual

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and group dynamics.

The major conclusions of the contributions made by behaviouralists are:

(1) People do not dislike work. If they have been helped to establish objectives, they will want to achieve them. In fact, job itself is a source of motivations and satisfaction to employees.

(2) Most people can exercise a great deal of self-direction, self-control and creativity than are required in their current job. Therefore, there remains untapped potential among them.

(3) The manager's basic job is to use the untapped human potential in the service of the Organisation.

(4) The manager should create a healthy environment wherein all subordinates can contribute to the best of their capacity. The environment should provide a healthy, safe, comfortable and convenient place to work.

(5) The manager should provide for self-direction by subordinates and they must be encouraged to participate fully in all important matters.

(6) Operating efficiency can be improved by expanding
subordinate influence self-direction and self-control.

(7) Work satisfaction may improve as a 'by product' of subordinates making full use of their potential.

Behavioural science era led to the development of two-way communication participation of employees in decision making, joint goal-setting group dynamics, management development, and management of change in the Organisation. These contributions of behavioural science era are backbone of behavioural approach of human resource management even in the present context.

**Systems and Contingency Approach Era**

Systems and contingency approach has attracted maximum attention of thinkers in management in the present era. It is an integrated approach which considers management in its totality based on empirical data. The basic idea of this approach is that any object must rely on a method of analysis involving simultaneous variations of mutually-dependent variables. This happens when systems approach is applied in managing. A system is assemblage of things connected or interrelated so as to form a complex unit; a whole composed parts, subparts in orderly arrangement according to some scheme or plan. This has been defined as "an organised or complex whole; an assemblage of combination of things or parts
forming a complex unitary whole"\textsuperscript{12}.

(1) Contingency approach suggests that "when a subsystem in an Organisation behaves in response to another system or subsystem, we say that the response is contingent on environment. Hence, a contingency approach is an approach where the behaviour of one subunit is dependent on its environmental relationship to other units or subunits that have control over the consequences desired by that subunit"\textsuperscript{13}.

**Human Resource Management Era**

When the factory system was applied in production, large number of workers started working together. A need was felt that there should be someone who should take care of recruiting, developing, looking after welfare of these workers. For this purpose, industrial relations department came into existence in most of the large Organisations which was concerned mostly with workers. However, as the time passed and the complexity of managing large business Organisations increased, the scope of industrial relations department was extended to cover supervisory staff and subsequently managerial personnel as well, and the


department was renamed as personnel department. With the increasing competition for market share, competition for resources including human talents, and increased knowledge in the field of managing human resource, people were not treated merely as physiological beings but socio-psychological beings as a prime source of Organisational effectiveness and large Organisations changed the nomenclature of their departments from personnel management to human resource management to reflect the contemporary view. Even the American Society for Personnel Administration the largest professional association in the field of human resource management, changed its name to the Society for Human Resource Management in 1990. At the academic level, similar pattern followed and the title of personnel management course was changed to human resource management. Since then, the expression is gradually replacing the hackneyed term 'personnel management'.

SYSTEMS AND CONTINGENCY APPROACH IN HRM

HRM is a subsystem of Organisation as a system. Therefore, it must be linked to other subsystems of the Organisation. However, when we consider at the level of subsystems, each subsystem can be treated as system. Thus, HRM is a system and, therefore, in order to
understand it as a system, its features must be identified; its subsystems and their linkages must be delineated.

**Features of HRM as a System**

As a system, HRM has the following features:

1. *HR Management as a Social System*: HRM can be considered as a system. Therefore, it has all the characteristics of a system. However, it is a social system and unlike biological or mechanical systems, it has the characteristics of social systems. HRM as a system consists of many subsystems which are integrated to constitute an entity.

2. *HR Management as Open System*: HRM like any other social system, is an open system. It interacts with environment. Out of this interaction, it takes various resources, allocates and combines these resources to produce desirable outputs which are exported to the environment. Thus, HRM works as input-output mediator. These features of HRM suggest that it is not free to decide the things on its own but due weight age has to be given to the environmental factors affecting the management of an Organisation. Consideration is required at the levels of taking inputs, transforming them into outputs, and exporting the outputs to the environment.
(3) *Adaptive*: Organisation being an open system, its survival and growth in dynamic environment demands an adaptive system which can continuously adjust to changing environment. Management tends to achieve environmental constancy by bringing the external world under control, or bringing internal modification of Organisational functioning to meet the needs of the changing world. Since there is a provision of feedback mechanism, management can evaluate its performance and take corrective actions. In fact, the basic role of HR management is considered in terms of its adaptability to environment.

(4) *Dynamic*: HRM as a system is dynamic. It suggests that management attempts at achieving equilibrium in the Organisation. However, this equilibrium is not static as happens in mechanical systems. Management moves towards growth and expansion by preserving some of the energy. Managerial effectiveness depends on this energy exchange. Therefore, it is not only the internal processing possess that determines the effectiveness of management but also how interacts with the changing environment in terms of taking inputs and giving outputs also determines its effectiveness.
(5) *Probabilistic*: Management being probabilistic, points out only the probability and never the certainty of the performance and consequent results. Management has to function in the face of many dynamic variables and there cannot be absolute predictability of these variables. For example, we make forecast of future events but the forecast is relevant to a certain degree only and not to the level of certainty. This is what HRM takes into account.

(6) *Multilevel and Multidimensional*: Systems approach of management points out the multilevel and multidimensional features of HRM. It has both macro and micro approaches. At macro level, it can be applied to suprasystem, say, a business system as a whole. At micro level, it can be applied to an Organisation. Even it can be applied to a subsystem of an Organisation. However, it has the same characteristics at all these levels: suprasystem level, system level, and subsystem level. Thus, both parts and whole are equally important in managing.

(7) *Multivariable*: HRM is multivariable and involves taking into account many variables simultaneously. This feature of HRM suggests that there is no simple cause-effect phenomenon,
rather an event may be the result of so many variables which
themselves are interrelated and interdependent. This
interrelatedness and interdependence make managing a quite
complex process. Thus, it realises the complexity of HRM.

(8) *An Integrated Approach*: Systems approach of HRM takes an
integrated view of managing. It identifies the reason for a
phenomenon in its wider context taking into account the total
factors affecting the phenomenon. In other approaches, a
particular phenomenon has been explained in terms of a
single factor or cluster of factors. HRM tries to integrate the
various factors to find out the reasons behind a phenomenon.
It emphasises on how the management of one subsystem of
the Organisation should be taken in relation with others
because other subsystems become environment for the given
system. Thus, the problem in one subsystem should not be
traced into the subsystem only but in a much wider context.
This is true for the management of whole Organisation also.

**Subsystems in HRM**

Every system has subsystems which are arranged and
interconnected in a particular way. Each subsystem is identified by
certain objectives, processes, roles, and norms of conduct. HRM
being a system, contains various subsystems which are linked to each other.

There are eight subsystem in HRM system with each subsystem having various subsystems, for example, staffing subsystem contains HR planning subsystem, recruitment and selection subsystem, induction and placement subsystem, and so on.

Another important issues in the management of a system is the linking of various subsystems to constitute a whole so that there is positive contribution from a subsystem to other subsystems and to the system as a whole. If a particular subsystem does not work properly, it has negative impact over other subsystems just like a defective part in a machine spoils other parts and renders the machine ineffective. Therefore, there should be proper balancing among different subsystems of HRM.

**HRM subsystems and their linkages.**
THE INDIAN SCENARIO

Development of HRM, both at the level of practice as well as at the academic level, have followed the international pattern albeit with a time lag. Over the period of time, HRM functions have developed from pure legal and mandatory requirements to meeting the requirements of facing competition successfully. Progression has occurred with the appointment of labour officer, labour welfare officer, personnel manager, and human resource manager. The need for labour officer was felt in the Indian industry around 1920s and the Royal Commission on Labour was set up in 1929. In its report of 1931, the Commission recommended the appointment of a labour officer in every large factory to 'protect the workers from the evils of jobbery and indebtedness, act as a spokesman of labour and promote an amicable settlement between the workers and management. After the independence, the Factories Act was enacted in 1948 which made the appointment of labour welfare officer mandatory in a factory employing more than 500 workers. The Act also prescribed the method of his appointment, terms and conditions of his service and duties. However, the provision regarding appointment of labour welfare officer could not create much impact on the development of personnel functions. Wherever labour welfare officers were appointed, they were entrusted with
other duties too. Besides mandatory labour welfare officer, many large Organisations appointed personnel managers/officers to look after the recruitment of personnel including managerial personnel, managing their training and development, performance appraisal, wage and salary administration, and other functions related to personnel management.

(iii) OBJECTS AND SIGNIFICANCE OF HRM

OBJECTS

Objectives of human resource management derived from the basic objectives of an Organisation. In order to achieve Organisational objectives integration of employer's interest and employee interests is necessary. In this light, the objectives of human resource management may be as follows:

(i) To help the Organisation attain its goals by providing well-trained and well-motivated employees.

(ii) To employ the skills and knowledge of employees efficiently and effectively, i.e. to utilise human resources effectively.

(iii) To enhance job satisfaction and self-actualisation of employees by encouraging and assisting every employee to realise his/her full potential.

(iv) To establish and maintain productive, self-respecting and
internally satisfying working relationships among all the members of the Organisation.

(v) To bring about maximum individual development of members of the Organisation by providing opportunities for training and advancement.

(vi) To secure the integration of all the individuals and groups with the Organisation by reconciling individual/group goals with those of an Organisation.

(vii) To develop and maintain a quality life (QWL) which makes employment in the Organisation a desirable personal and social situation.

(viii) To maintain high morale and good human relations within the Organisation.

(ix) To help maintain ethical policies and behaviour inside and outside the Organisation.

(x) To manage change to the mutual advantage of individuals, groups, the Organisation and the society.

(xi) To recognise and satisfy individual needs and group goals by offering appropriate monetary and non-monetary incentives.

In short, human resource management seeks to (a) attain
economically and effectively the Organisational goals, (b) serve to the highest possible degree the individual goals, and (c) preserve and promote the general welfare of the community. Maximum individual development, developing desirable working relationships, and effective utilisation of human resources are the primary goals of human resource management. According to the Indian Institute of Personnel Management, "Personnel Management aims to achieve both efficiency and justice neither of which can be pursued successfully without the other. It seeks to bring together and develop into an effective Organisation, the men and women who make up an enterprise, enabling each to make his or her own best contribution to its success both as an individual and as a member of a working group. It seeks to provide fair terms and conditions of employment and satisfying work for those employed"\textsuperscript{14}.

To sum up, human resource management seeks to accomplish societal, Organisational and individual goals.

The requirements for attaining the above objectives are as follows:

(i) Recruiting the right personnel possessing necessary skills and

\textsuperscript{14} IIPM: Personnel Management in India, p. 31.
attitudes.

(ii) Developing clearly defined objectives and policies through common understanding and mutual consultation.

(iii) Communicating and explaining the goals to be achieved and the contributions expected of every member of the Organisation.

(iv) Dividing the tasks properly with clearcut authority, responsibility and relationship of one position with another.

(v) Maintaining sound industrial and human relations so as to secure the willing cooperation of all.

(vi) Providing suitable monetary and non-monetary rewards for the contributions of employees.
SIGNIFICANCE OF HUMAN RESOURCE MANAGEMENT

The significance of human resource management can be discussed at four levels - corporate, professional, social and national.

(1) Significance for an Enterprise: Human resource management can help an enterprise in achieving its goals more efficiently and effectively in the following ways:

(a) Attracting and retaining the required talent through effective human resource planning, recruitment, selection, placement, orientation, compensation and promotion policies.

(b) Developing the necessary skills and right attitudes among the employees through training, development, performance appraisal, etc.

(c) Securing willing cooperation of employees through motivation, participation, grievance handling, etc.

(d) Utilising effectively the available human resources.

(e) Ensuring that the enterprise will have in future a team of competent and dedicated employees.

(2) Professional Significance: Effective management of human
resource helps to improve the quality of work life. It permits team work among employees by providing a healthy working environment. It contributes to professional growth in the following ways:

(a) Providing maximum opportunities for personal development of each employee.

(b) Maintaining healthy relationships among individuals, and different work groups.

(c) Allocating work properly.

(3) Social Significance: Sound human resource management has a great significance for the society. It helps to enhance the dignity of labour in the following ways:

(a) Providing suitable employment that provides social and psychological satisfaction to people.

(b) Maintaining a balance between the jobs available and the jobseekers in terms of numbers, qualifications, needs and aptitudes.

(c) Eliminating waste of human resources through conservation of physical and mental health.

(4) National Significance: Human resources and 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 depends primarily on the skills, attitudes and values of its human resources. Effective management of human resources helps to speed up the process of economic growth which, in turn, leads to higher standard of living and fuller employment.

Human resource management is the central subsystem of an Organisation.

*HRM as Central Subsystem in an Organisation*
As the central subsystem, HRM interacts closely and continuously with all other subsystems of an Organisation. The quality of people in all subsystems depends largely upon the policies, programmes and practices of the HRM subsystem. The quality of human resources determines in turn the success of an Organisation.

(iv) FUNCTIONS OF HUMAN RESOURCE MANAGEMENT

Functions of human resource management may broadly be classified into two categories, viz., (1) managerial functions, and (2) operating functions.

Managerial Functions

Managing people is the essence of being a manager. Like other managers, a human resource manager performs the functions of planning, organising, directing and controlling.

Planning

A plan is a predetermined course of action. Planning is the process of deciding the goals and formulating policies and programmes to achieve the goals. Planning involves forecasting and research. Forecasting implies scientific anticipation of the future environment. Human resource management involves forecasting needs for human resources, predicting trends in labour market,
wages, union demands, etc. and their impact on the Organisation. Planning helps to face successfully the changes that are likely to take place in future. It bridges the gap between where we are and where we want to go. Without planning events are left to chance. Planning is the means to manage change. Planning today avoids crisis tomorrow.

In the area of human resource management, planning involves deciding human resource goals, formulating human resource policies and programmes, preparing the human resource budget, etc.

Organising

In order to implement the plans, a sound Organisation structure is required. Organising is the process of allocating tasks among the members of the group, establishing authority responsibility relationships among them and integrating their activities towards the common objectives. In this way, a structure of relationships among jobs, personnel and physical factors is developed. The right Organisation structure is the foundation of effective management because without it the best performance in all other areas will be ineffective. Organisation is the framework through which management directs, controls and coordinates the
efforts of people.

Directing

Directing is the process of motivating, activating, leading and supervising people. Directing includes all those activities by which a manager influences the actions of subordinates. It involves getting others to act after all preparations have been made. Directing is the heart of the management process because it is concerned with initiating action. It helps to secure the willing and effective cooperation of employees for attaining Organisational goals. A manager can tap the maximum potential of employees through proper direction. Directing also helps in building sound individual and human relations in the Organisation.

Controlling

It implies checking, verifying and regulating to ensure that everything occurs in conformity with the plans adopted and the instructions issued. Such monitoring helps to minimise the gap between desired results and actual performance. Controlling the management of human resources involves auditing training programmes, analysing labour turnover records, directing morale surveys, conducting separation interviews and such other means.
Operative Functions

The operative or service functions of human resource management are the tasks which are entrusted to the human resource department. These functions are concerned with specific activities of producing, developing, compensating and maintaining an efficient work force.

Procurement Function

It is concerned with securing and employing the right kind and proper number of people required to accomplish the Organisational objectives. It consists of the following activities:

(a) Job Analysis: It is the process of studying in detail the operations and responsibilities involved in a job so as to identify the nature and level of human resources required to perform the job effectively. Job descriptions and job specifications are prepared with the help of information provided by job analysis.

(b) Human Resource Planning: It is the process of estimating the present and future manpower requirements of the Organisation, preparing inventory of present manpower and formulating action programmes to bridge the gaps in manpower.
(c) **Recruitment**: It is the process of searching for required human resource and stimulating them to apply for jobs in the Organisation. A proper balance should be maintained between the internal and external sources of recruitment.

(d) **Selection**: It implies judging the suitability of different candidates for jobs in the Organisation and choosing the most appropriate people.

(e) **Placement**: It means assigning suitable jobs to the selected candidates so as to match employee qualifications with job requirements.

(f) **Induction or Orientation**: It involves familiarising the new employees with the company, the work environment and the existing employees so that the new people feel at home and can start work confidently.

**Development Function**

Human resource development is the process of improving the knowledge, skills, aptitudes and values of employees so that they can perform the present and future jobs more effectively. This function comprises the following activities:

(a) **Performance and Potential Appraisal**: It implies systematic evaluation of employees with respect to their performance on
the job and their potential for development.

(b) Training: It is the process by which employees learn knowledge, skills and attitudes to further Organisational and personal goals.

(c) Executive Development: It is the process of developing managerial talent through appropriate programmes.

(d) Career Planning and Development: It involves planning the career of employees and implementing career plans so as to fulfil the career aspirations of people. It involves mobility of human resource through promotions and transfers.

Compensation Function

It refers to providing equitable and fair remuneration to employees for their contribution to the attainment of Organisational objectives. It consists of the following activities:

(a) Job Evaluation: It is the process of determining the relative worth of a job.

(b) Wage and Salary Administration: It implies developing and operating a suitable wage and salary programme. Surveys are conducted to determine wage and salary structure for various jobs in the Organisation.
(c) **Bonus**: It involves payment of bonus under the payment of Bonus Act, 1965 as well as non-statutory bonus and other incentives.

**Integration Function**

It is the process of reconciling the goals of the Organisation with those of its members. Integration involves motivating employees through various financial and non-financial incentives, providing job satisfaction, handling employee grievances through formal grievance procedures, collective bargaining, workers participation in management, conflict resolution, developing sound human relations, employee counseling, improving quality of work life, etc.

**Maintenance Function**

It is concerned with protecting and promoting the physical and mental health of employees. For this purpose, several types of fringe benefits such as housing, medical aid, educational facilities, conveyance facilities etc. are provided to employees. Social security measures like provident fund, pension, gratuity, maternity benefits, injury/disability allowance, group insurance, etc. are also arranged. Health, safety and welfare measures are designed to preserve the human resources of the Organisation.
Human resource records and research are also important elements of the maintenance function.

The managerial functions and operating functions of human resource management are performed in conjunction with each other.

**Functions of Human Resource Management**

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**Managerial Functions**

- Planning
  - Recruitment
  - Selection
  - Placement
  - Induction
  - Transfer
  - Promotion
  - Separation

- Organizing
  - Human Resource Planning

- Directing
  - Career Planning
  - Executive Development

- Controlling
  - Performance Appraisal
  - Training

**Operative Functions**

- Development
  - Career Planning
  - Executive Development

- Compensation
  - Job Evaluation
  - Wage and Salary Administration
  - Bonus and Incentives
  - Payroll

- Integration
  - Motivation
  - Job Satisfaction
  - Grievance Redressal
  - Collective Bargaining
  - Conflict Management
  - Participation of Employees
  - Discipline

- Maintenance
  - Health
  - Safety
  - Social Security
  - Welfare Schemes
  - Human Resource Records
  - Human Resource Research
  - Human Resource Audit

(v) **IMPORTANCE OF TOURISM IN NATIONAL ECONOMY**

The tourism phenomenon has attracted almost the entire world. Those responsible for managing the affair of nations have universally recognised the economic advantages. It is a very important source for maximising scarce foreign exchange earnings for not only developing countries but for many development of the world. Tourism is also being recognised as a source of employment.

[37]
Besides economic benefits to a country by way of earning foreign exchange and employment generation, tourism also made a tremendous contribution to the improvement of social and political understanding. Travel in different country fosters a better rapport between people of various stocks. Personal international contracts have analyses been an important way of spreading ideas. Tourism is thus an important means of promoting cultural exchange and international corporation.

"Tourism, both domestic and international has rapidly won considerable recognition as an activity generating a number of social and economic benefits like promotion of national integration and international understanding, creating of employment opportunities, removal of regional imbalances, augmentation of foreign exchange earnings, thus redressing the balance of payment situation etc. It is significant that many of these beneficial aspects of domestic and international tourism have special relevance to the socio-economic scene in India. Tourism also tends to give support to local handicraft and cultural activities, both in urban and rural areas. Expenditure by tourists has a multiplier effect and also generates considerable tax revenue for Government both in the central and state sectors"15.

15 B.N. Gosh - Tourism and Travel Management.
Tourism plays an important role in the economic development of the nation. The economic importance of tourism in the national economy can be appreciated with reference to its contribution in employment generation. Tourism as a source of employment, is particularly important for areas with limited alternative sources of employment, as is often the case in non-industrial areas are deficient in natural resources other than scene attractions and climate. Millions of people throughout the world now depend directly or indirectly for their employment on tourism. Tourism can be visualised as an important factor in activating the idle resources of the nation. Generally, the places of interest for tourists are the natural resorts, such as parks, coastlines, dams, rivers, jungles etc. The tourist industry creates a demand for these products. It creates a value for the products which otherwise would have remained idle. From this point of view, tourism leads to the utilisation of nation's resources

Tourism is rated as a unique frontline industry, peculiar in multiple ways for its basic canvas. Like other industries the input-output relationship is not direct but this tourism industry forms an important component of social, political and economic strata of society. Despite indirect productivity and utilisation of resources

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16 G.S. Batra and G.S. Chawla - Tourism Management - A Global Perspective
the industry supports and supplements to the economic growth and development. The development, prosperity and better livelihood are the credits of tourism.

In the strict sense of an industry the basic management and development of tourism is different from other industries. The gains of tourism are perhaps long term and are disseminated into the society. Thus while governmental and institutional authorities responsible for local, regional, national or global development of tourism strive to work out strategies individuals seldom seek interest in developing this industry. Admittedly, many of the acts contributing to the operation of tourism are manned by individuals in groups and institutions. A cumulative management of tourism, paradoxically, encompasses the dynamics of tourism as an industry. Herein, lies the key to keep vistas of further exploration and enquiry alive to analyse and formulate how best a system for management and development of tourism could be evolved.

(vi) NEED OF HRM IN TOURISM SECTOR

Since the end of the Second World War, the whole world has seen many important developments and changes in society. Our major development is the considerable improvement in the standard of living of the vast majority of working people. These
improvements have come about as a result of many different factors including greater national productivity, the improved welfare facilities, more enlightened management and pressure from trade union.

The contributions made by the tourism sectors to this general rise in standard of living are considerable and varied. Tourism is now claimed to be the world's fastest growing industry and also one of the leading earners of foreign currency. Various type of behaviour, demand, decision making and responses of the tourists cannot be predictable or anticipated. Comparing with many other labour intensive service-based industries, the tourism product is meant for people. It involves the human factor more to deal with the basic needs of tourists. It is conceivable to visit the great pyramids, the Tajmahal, the Khajuraho, Hawaii Island and Great Barrier Reef, which can not be better, understood without assistance of an interpreter. Therefore, human element is an inseparable part of the tourism industry.

Many tourism products include people as an integral part of the experience of their visit. It is a contact with people who contribute to the actual experience, whether they being an integral part of the location city dweller in Mumbai, vendors in Goa,
traditional dancers in Kerala etc. or as direct contributors to the actual product delivery and experience, as guides, cabin attendants, receptionists, chef, craft demonstrators as the myriad of other professions and activities that collectively run the global tourism industry. While purchasing the tourism products, the tourist is also buying the skills, service and commitment of a range of human contributors to the experience. It is important to note that development of packaging; marketing and deliveries of tourism products strongly depend on human factor in the attainment of service quality in the tourism sectors.

The review of past literatures has reflected the multifaceted function of human resource development in the tourism and hospitality industry. HRD is a process as well as a set of mechanisms and a technique comprises of placement, training and development, career management, compensation management and quality of work life (QWL), performance appraisal and Organisational development etc. It is a process, which helps each individual employee to grow, develop and acquire right type of skill and knowledge at the right time to perform efficiently in his current position and prepare him for the future assignments. Human resource development may be used as a tool to eradicate the poverty and unemployment by providing adequate opportunity
to the employees to acquire new knowledge and skill to work efficiently in the tourism and hospitality industry. The growth and development of tourism demands a large number of manpower to work in different categories of jobs. The analysis highlights that there is lack of well-trained and skilled manpower in sector. It requires proper strategic planning to acquire, motivate, retain and enhance performance, loyalty, commitment and human touch. This can be only possible by proper management of the compensation package and reward management. It is revealed that human capital is the starting point of all development in the tourism Organisations. Human resource is an inseparable functionary of the tourism sector as it is a largest labour intensive industry in the world. The key to the successful management of tourism industry requires better HRM practices.

(vii) **APPROACH TO THE PRESENT STUDY**

Human resources are important and invaluable assets of an Organisation. Its performance and survival depend to a large extent on the effective and optimum utilisation of human resources. Human resource management refers to the people dimension in management. It is now realised that efficient management of human resources is a crucial factor in determining the growth and
prosperity of a business enterprise. This is particularly true in the case of tourism industry where people are expected to play a crucial role.

The present study is undertaken in the tourism sector which plays a leading role in the overall economy of the country. If this sector has to cope-up with the competitive environment and make rapid strides, they have to manage their human resources effectively besides taking care of other factors. The growth and viability of the Organisation depend upon the quality of the human resources. In this context, the policies and practices of HRM play a vital role. The present study is an attempt to study these aspects with its implication in tourism sector.

Recruitment and selection is the first major function in HRM. One of the concerns of the study is to examine this aspect. Besides, the management has to adopt appropriate methods and strategies to develop the potentials of human beings so inducted in the Organisation. The study seeks to examine developmental strategies and approaches of human potential.

Payment of just and appropriate compensation and promotion of employee welfare is another major aspect of HRM. The study seeks to probe the compensation package offered in the
tourism industry vis-a-vis other Organisations.

The tone and tenor of industrial relations is another important aspect. The different mechanisms which aim at preventing industrial conflict and promoting harmony between management and labour are sought to be examined in detail. In this regard collective bargaining practices, participative management and joint consultation, grievance redressal mechanism, discipline maintenance and the approach of the parties in resolving conflict are important aspects in this regard. The status and role of the trade unions in industrial relations is also sought to be examined.

Job satisfaction and employee commitment are also examined in detail. In the present study an attempt is also made to study the major functions of human resource management in various units of tourism sector in terms of managerial and non-managerial background. The study, in a nutshell seeks to review the personnel policies and practices as perceived by the employees and to provide necessary inputs to improve the practices for effective and sound human resource management.

(viii) LIMITATIONS OF PRESENT STUDY

The study has the following limitations:

(i) The records and files have not been maintained systematically
and the researcher had to labour very hard to collect necessary information by running from 'Pillar to post'.

(ii) Employees were hard pressed for time in view of the job demands and rigorous work schedule. The researcher had to persuade them for sparing time for conducting interviews.

(iii) The officers were reluctant in providing information on the subject of research as they were government sector employees and they were apprehensive of annoyance and their bosses.

(iv) Human resource management is comparatively the new subject in tourism. Therefore, very few officers and employees were aware of the information in this regard.

(v) There are quiet a few standardised instruments to measure job satisfaction and commitment. Generally the instruments to measure job satisfaction etc. have been developed keeping in view conventional industries, whereas the tourism sector is a service oriented sector entirely different from conventional industries.

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