

1.2 WHAT IS HRM?

HRM is the process of acquiring, developing, maintaining, and retaining human resources in an organisation with the strategic objective of achieving organisational goals. So, what is the significance of the term "human resource management"?

Human: This term refers to an organization's required workforce.

The term **Resource** refers to an organization's workforce supply.

Management refers to the most efficient use of resources in order to achieve organisational goals.

Many eminent management scientists have defined HRM in different ways. Some of the widely used definitions are provided in the Box 1.

Box 1: Definitions of HRM

- A. **Edwin B. Flippo** - "Human resource management is planning, organizing, directing and controlling of the procurement, development, resources to the end that individual and societal objectives are accomplished".
- B. **Decenzo and Robbins** - "HRM is a managerial process of acquiring and engaging the required workforce appropriate for the job and concerned with developing, maintenance and utilization of workforce")
- C. **Dessler** - "the policies and practices involved in carrying out the 'people' or human resource aspects of a management position, including recruiting, screening, training, rewarding, and appraising comprises of HRM")
- D. **French Wendell** - "Human resource management is the recruitment, selection, development, utilization, compensation and motivation of human resources by the organisation".
- E. **Storey** - "A distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an integrated array of cultural, structural and personnel techniques".

1.3 EVOLUTION OF HRM

HRM has evolved from the Personnel Management (which was the earliest management system to manage employees). Going back to the roots of evolution of personnel management the contributions of Psychologists and management experts such as Elton Mayo, F.W. Taylor and Robert Owen play a significant role. Elton Mayo was the founder of the human relations movement in the 1920s. In the famous Hawthorne study, he measured the relationship between productivity and the work environment. He emphasized the influence of human relations on worker productivity. Similarly, Robert Owen is considered to be the creator and initiator of reforms introduced for workers. He introduced the principle of '8 hours work per day'. Owen recognised the importance of improving working conditions in the workplace and its impact on worker productivity and efficiency. Also worth mentioning is the contribution of Frederick W. Taylor. Taylor has developed a differentiated compensation system that rewards employees with higher performance levels, that are still used in the company. He promoted Scientific Management through four principles:

1. Evaluate a task by dissecting its components;
2. Select employees that had appropriate skills for a task;
3. Provide workers with incentives and training to do a task; and
4. Use science to plan how workers perform their jobs.

Human Resources Approach: However, at some stage in early 60s the 'pet milk principle', (advocating that happy workers are productive workers or happy cows provide extra milk) of human relationists have been largely rejected. Recognising the truth that workers are unique in their personal way-having individual needs. Every employee is a unique and surprisingly individual wishes. It was considered that each worker is a completely unique and highly complex character with exceptional desires and values. What motivates one worker won't encourage any other and being satisfied or feeling appropriate may additionally have very little effect on the productiveness of positive personnel. Slowly however steadily, the trend closer to treating employees as resources or assets emerged.

The contribution of behavioural science to management practice consists primarily of producing new insights in place of new strategies. It has advanced and extended right into a useful way of thinking, about the position

Stages of Development of HRM

Modern concept of HRM has developed through the following stages (Gupta, 1997).

- a) **The Commodity Concept:** Before industrial revolution, the guild system was the beginning of personnel management. Guild was a closely knit group concerned with selecting, training, rewarding and maintaining workers. Labour began to be considered a commodity to be bought and sold.
- b) **The Factor of Production Concept:** Employees were considered a factor of production just like land, materials, machinery. Taylor's scientific management stressed proper selection and training of employees so as to maximise productivity.
- c) **The Paternalistic Concept:** Employees organised together on the basis of their common interest and formed trade unions to improve. Also employers began to provide schemes to workers. Employers assured a fatherly and protective attitude towards their employees.
- d) **The Humanitarian Concept:** It is based on the belief that employees had certain inalienable rights as human beings and it is the duty of the employer to protect. Rather social and psychological satisfaction was equally important, in human problems of work place. This is also known as Hawthorne Experiments of Douglas McGregor also generated considerable interest human relations concept.
- e) **The Behavioural Human Resource Concept:** It aimed at analysing and understanding human behaviour in organisation. Motivation, group dynamics, organisational climate, organisational conflict etc. became popular under this concept. Employees began to be considered as valuable assets of an organisation. Efforts were made to integrate employee with the organisation so that organisational goals and employees aspirations could be achieved simultaneously. Focus shifted towards management practices like two way communication, management by objectives, role of informal groups, quality circles etc.
- f) **The Emerging Concept:** Now employers are considered as partners in industry. They are given share in company's stock membership. Slowly and steadily, HRM is emerging as a discipline.

The table 1 summarises the differences between personnel management and HRM.