

UNIT 1: INTRODUCTION TO HUMAN RESOURCES MANAGEMENT

Concept of HRM

HRM is concerned with the human beings in an organization. “The management of man” is a very important and challenging job because of the dynamic nature of the people. No two people are similar in mental abilities, tacticians, sentiments, and behaviors; they differ widely also as a group and are subject to many varied influences. People are responsive, they feel, think and act therefore they cannot be operated like a machine or shifted and altered like template in a room layout. They therefore need a tactful handing by management personnel.”

HRM is the process of managing people of an organization with a human approach. Human resources approach to manpower enables the manager to view the people as an important resource. It is the approach through which organization can utilize the manpower not only for the benefits of the organization but for the growth, development and self-satisfaction of the concerned people. Thus, HRM is a system that focuses on human resources development on one hand and effective management of people on the other hand so that people will enjoy human dignity in their employment.

HRM is involved in providing human dignity to the employees taking into account their capacity, potentially, talents, achievement, motivation, skill, commitment, great abilities, and so on. So, that their personalities are recognized as valuable human beings. If an organization can trust, depend and draw from their bank account on the strength of their capital assets, they can trust, depend and draw more on their committed, talented, dedicated and capable people. This is what the HRM is involved in every business, managerial activity or introduction.

Definitions of HRM

There are two different definitions. The first definition of HRM is that “It is the process of managing people in organizations in a structured and thorough manner.” These covers the fields of staffing (hiring people), retention of people, pay and perks setting and management, performance management, change management and taking care of exits from the company to round off the activities. This is the traditional definition of HRM which leads some experts to define it as a modern version of the Personnel Management function that was used earlier.

The second definition of HRM encompasses “The management of people in organizations from a macro perspective, i.e., managing people in the form of a collective relationship between management and employees. This approach focuses on the objectives and outcomes of the HRM functions. It means that the HR function in contemporary organizations is concerned with the notions of people enabling, people

development and a focus on making the “employment relationship” fulfilling for both the management and employees.

RECENT DEVELOPMENTS:

Recent developments in the area of human resources management include treating the employees as economic, social, psychological and spiritual men and women. The important aspects of development of human resources management year wise is shown below:

- In the year 1995, emphasis has been shifted to human resources development (HRD).
- In the year 1998, emphasis on HRD, cultural diversity, teamwork and participative management has been continuing. Further, the emerging areas are total quality in management in HRM, empowering the employees and developing empowered teams and integrating HRM with strategic management as the top management, realized that HRM is the core of competencies of the 21st century corporations.
- In the year 1999, second National Commission on Labor was setup to study the labor conditions.
- In the year 2001, emphasis has been on 'smart sizing of the organizations'.
- In the year 2002, emphasis has been shifted to positive attitude of the candidate/employee rather than skill and knowledge.
- In the year 2003, shift from intelligence quotient (IQ) to emotional quotient (EQ).
- In the year 2004, shift from skilled workers to knowledge workers.
- In the year 2005, shift from hierarchical structure to flexible and virtual structures.
- In the year 2006, HRM has become the core of strategic management level.
- In the year 2007, the concept of HRM has been relegated to human capital management.
- In the year 2008, emphasis has been on retention management and development of own human resources by companies through alliances with universities/colleges. In the same year, there was decline in business operations.
- due to global economic recession and crisis.

- In the year 2009, continuation of job cuts, pay costs and lay-offs due to prolonged global recession and crisis.
- In the year 2014, emphasis is shifted to talent management and flexible human resource policies and practices.

Nature of HRM

HRM is a management function that helps managers to recruit, select, train and develop members for an organization. HRM is concerned with people's dimension in organizations. The following aspects constitute the core of HRM:

1. HRM Involves the Application of Management Functions and Principles. The functions and principles are applied for acquiring, developing, maintaining and providing remuneration to employees in organization.
2. Decision Relating to Employees must be integrated. Decisions on different aspects of employees must be consistent with other human resource (HR) decisions.
3. Decisions Made Influence the Effectiveness of an Organization. Effectiveness of an organization will result in betterment of services to customers in the form of high-quality products supplied at reasonable costs.
4. HRM Functions are not confined to Business Establishments Only but applicable to non-business organizations such as education, health care, recreation and like.

HRM refers to a set of programmes, functions and activities designed and carried out in order to maximize both employee as well as organizational effectiveness.

Scope of HRM

The scope of HRM is indeed vast. All major activities in the working life of a worker - from the time of his or her entry into an organization until he or she leaves the organization comes under the preview of HRM.

The major HRM activities include HR planning, job analysis, job design, employee hiring, employee and executive remuneration, employee motivation, employee maintenance, industrial relations and prospects of HRM.

The scope of Human Resources Management extends to:

- All the decisions, strategies, factors, principles, operations, practices, functions, activities and methods related to the management of people as employees in any type of organization.

- All the dimensions related to people in their employment relationships and all the dynamics that flow from it.



These are given below:

- ❖ Human Resource Planning
- ❖ Design of the Organization and Job
- ❖ Selection and Staffing
- ❖ Training and Development
- ❖ Organizational Development
- ❖ Compensation and Benefits
- ❖ Employee Assistance
- ❖ Union/Labor Relations
- ❖ Personnel Research and Information System

1. **Human Resource Planning:** The objective of HR Planning is to ensure that the organization has the right types of persons at the right time at the right place. It prepares human resources inventory with a view to assess present and future needs, availability and possible shortages in human resource. Moreover, HR Planning forecast demand and supplies and identify sources of selection. HR Planning develops strategies both long-term and short-term, to meet the man-power requirement.
2. **Design of Organization and Job:** This is the task of laying down organization structure, authority, relationship and responsibilities. This will also mean definition of work contents for each position in the organization. This is done by: ‘job description’. Another important step is “Job specification”. Job specification identifies the attributes of persons who will be most suitable for each job which is defined by job description.
3. **Selection and Staffing:** This is the process of recruitment and selection of staff. This involves matching people and their expectations with which the job specifications and career path available within the organization.
4. **Training and Development:** This involves an organized attempt to find out training needs of individuals to meet the knowledge and skill which is needed not only to perform current job but also to fulfill the future needs of the organization.
5. **Organizational Development:** This is an important aspect whereby “Synergetic effect” is generated in an organization i.e., healthy interpersonal and inter-group relationship within the organization.
6. **Compensation and Benefits:** This is the area of wages and salaries administration where wages and compensations are fixed scientifically to meet fairness and equity criteria. In addition, labor welfare measures are involved which include benefits and services.
7. **Employee Assistance:** Each employee is unique in character, personality, expectation and temperament. By and large each one of them faces problems every day. Some are personal some are official. In their case he or she remains worried. Such worries must be removed to make him or her more productive and happier.
8. **Union-Labor Relations:** Healthy Industrial and Labor relations are very important for enhancing peace and productivity in an organization. This is one of the areas of HRM.
9. **Personnel Research and Information System:** Knowledge on behavioral science and industrial psychology throws better insight into the workers expectations, aspirations and

behavior. Advancement of technology of product and production methods have created working environment which are much different from the past.

Globalization of economy has increased competition many folds. Science of ergonomics gives better ideas of doing a work more conveniently by an employee. Thus, continuous research in HR areas is an unavoidable requirement. It must also take special care for improving exchange of information through effective communication systems on a continuous basis especially on moral and motivation. HRM is a broad concept; personnel management (PM) and Human resource development (HRD) are the parts of HRM.