

Unit 1 Concept of Human Resources Management

Human resources management (HRM) is concerned with the “people” dimension in management. It deals with the totality of the manpower management function. HRM may be defined as an art of processing, developing and maintaining a competent workforce to achieve the goals of an organization in an effective and efficient manner.

In other words, HRM can be defined as a process, concerned with the management of human energies and competencies to ensure competent and committed workforce to achieve organizational goals in a changing environment.

According to DeCenzo and Robbins, “HRM is a process consisting of four functions- acquisition, development, motivation and maintenance of human resources.

Similarly, According to Ivancevich and Glueck, “HRM is concerned with the most effective use of people to achieve organizational and individual goals. It is a way of managing people at work, so that they give their best to the organization.

**HRM is concerned with the qualitative improvement of the employees, continuously enabling them to improve their competency and capability to play their present and future expected roles. The aim is to help the organization achieve its goals more effectively, while at the same time, meeting the employee’s needs in an adequate manner.*

Characteristics of HRM

The characteristics of HRM are as follows:

1. **Human Focus:** HRM is concerned with the people in an organization. It focuses on individuals possessing energy and competencies. It is always concerns with developing and utilizing human potential.
2. **Management Functions:** HRM is a management function. It involves acquisition, development, motivation and maintenances of HR.
3. **Pervasive:** HRM covers all levels of management. It is performed by all levels of management.
4. **Continuous:** HRM is a continuous function. The activities related to HRM are continuously performed in an organization. It is always concerns with present and future HR.
5. **Mutuality oriented:** HRM always tries to improve the relation between employers and employees by integrating their goals.
6. **Dynamic:** HRM is a dynamic function. It is affected by the changes in environment. It adapts to the changing forces in the environment.

Personnel and Human Resource Management:

Personnel management is evolved from staffing. It is a traditional approach. Its focus is on personnel administration, compensation and welfare and labor relation. It is discipline and control-oriented staff function.

Whereas, HRM is evolves from personnel management. It is an integrated approach to management of human energy and capabilities. Its focus is on development and utilization of human potential.

Difference between Personnel Management and Human resources Management:

Personnel Management	Human Resource Management
1. Personnel management has a short term focus and therefore reacts to the specific personnel problems by providing <i>piece meal</i> (work happens slowly and in stages that are not regular and planned) solution. Whenever there is a problem it makes plans to solve it.	1. HRM is proactive and make system-wide intervention before any problem or change takes place through the integration of HRM activities with business strategy. It follows a long-term approach to work on a problem or change.
2. Personnel specialist use communication and information, mainly as a source of power and control	2. Information and communication in HRM are important sources of developing trust and commitment among organizational employees.
3. Personnel management considers people as only an input of an organization.	3. HRM considers people as a valuable asset of an organization.
4. Personnel management is concerned with the job satisfaction of employees.	4. HRM is concerned with the development of organizational climate and culture, which is more important to motivate employees towards achieving their goals and need satisfaction.
5. Personnel management is an independent function.	5. HRM function is an integrated function.
6. Personal system and procedure are designed to achieve maximum efficiency.	6. HR system and procedure are designed on the basis of process values to reduce human wastage.
7. Personnel management lacks clear and integrated HR strategy.	7. HRM always interlinked with business strategy. It is always aligned with the overall business vision, mission, strategy and policy.
8. The role of individual employee was taken as an important criterion for selection, training performance appraisal and for making compensation decision of personnel management.	8. Under HRM, importance is give to the role of effective team or group performance. It is generally expected that people in organization have to work with a view to achieve effective group performance.

Objectives of HRM:

Organizations procure and manage various resources including human to attain the specified objectives or goals. Thus, HR are managed to divert and utilize their resources towards and for the accomplishment of organizational goals. Therefore, basically the objective of HRM are drawn from and to contribute to the accomplishment of the organizational goals. The other objectives of HRM are to meet the needs, aspiration, values and dignity of individual employees and having due concerns for the socio-economic problems of the community and the country.

The objectives of HRM are as follows:

1. To create and utilize an able and motivated workforce to accomplish the basic organizational goals.
2. To establish and maintain organizational structure and desirable working relationship among all the members of the organization.
3. To secure the integration of individual or groups within the organization by coordination of individual and group goals with those of the organization.
4. To create facilities and opportunities for individual or goal development so as to match it with the growth of the organization.
5. To identify and satisfy individual and group needs by providing adequate and equitable wages, incentives, employees benefits and social security and measure for challenging work , prestige, recognition, security and status.
6. To strengthen and appreciate the human assets continuously by providing training and development program.
7. To provide facilities and conditions of work and creation of favorable atmosphere for maintaining stability of employment.

Human Resource Management Functions:

The functions of HRM are as follows:

1. **Human Resource Planning:** HR planning is a forecasting the need and availability of manpower in an organization. It is prepared by HR departments in consultation with other departments. The demand for manpower is estimated on the basis of expansion or contraction of current and future business operation whereas manpower supply is determined by the internal and external availability of people.
2. **Job Analysis:** It is the basic function of HRM. It collects the job related information to make job specification and job description. Job Analysis helps in formulation manpower planning, recruitment and selection and other HR decisions.
3. **Recruitment and Selection:** HRM recruits the potential employees. Recruitment is a process of identifying the prospective employees, stimulating them and encouraging them to apply for the particular job in an organization. Selection is made from the list of potential employees after recruitment. Selection involves the process of reviewing application blanks, organizing interviews and test and informing candidates.
4. **Training and Development:** It is needed to build the skill, ability and to motivate the employees. HR department provides training and development program to the employees as per the organizational need. It assesses the training needs and determines the type of training and development program.
5. **Performance Appraisal:** It is the process of evaluation employees' performance related strength and weakness. Performance is measured against criteria set previously. This function helps in determining pay, promotion and also in taking disciplinary action.
6. **Compensation and Benefits:** Compensation and Benefits are the monetary reward provided to the employees against their effort to work. They are the major tools to motivate the employees in an

organization. Thus, HR manager must design them in effective manner to attract qualified and skilled manpower at work.

7. Health and Safety: Every organization has to take care of its employees' health and safety. Working place must be clean and safe enough to perform the work by employees. Higher risk and pollution de-motivate the employees at work. Thus, HR managers should highly concerned on this matter
8. Employee Relation: HR managers must maintain harmonious relation between management and employees. Any issues or grievances arise in an organization should be handled constructively through discussion, negotiation etc.
9. Record Keeping: HR department keeps and maintain the record of employees and retrieve whenever it is necessary. The records include application form, medical records, employment history, absence etc. This function helps in promoting as well as to take disciplinary action to staffs.

Human resource management System:

HRM is a system approach. HRM system is an integrated guiding map that shows the integrated form of HRM comprising inputs, process and output components and their interaction with the environmental factors.

(Fig from book)

**A system is an organized whole, consisting of interrelated and inter-dependent parts*

Inputs:

- a. Human Energy and Competencies: It represents the availability of Human Resource and their skills and abilities.
- b. Organizational Business Strategy: It represents the course of action chosen to achieve the organizational goals
- c. Labor Market: It is a essential source of supply for human resources. The availability of quality manpower in the external market has a great influence on organizational activities.
- d. Labor Union and Legislation: Labor union and legislation affects the selection of particular HR strategy and activities.

Process:

- a. Acquisition: HR planning, Recruitment, employee socialization.
- b. Development: Employee training, Management development, career development.
- c. Motivation: Job design, performance appraisals, Reward, compensation/benefits, and discipline.
- d. Maintenance: Safety and health and employee relation.

Output:

- a. Quality of Work life(QWL): It refers to the creation of effective working environment in which the employees get highly motivated to dedicate their full effort toward work.(autonomy, recognition, belongingness, progress and development, reward system)

- b. **Productivity:** It is the relationship between the quantity produce from the inputs used. Success of organization depends upon higher productivity. Thus, the overall productivity is the major outcome of the HRM system.
- c. **Readiness to change:** Change is inevitable in an organization. Management should carefully plan and implement the changes. Sometimes employees may resist the changes because of fear of job termination, transfer etc. Thus to reduce the fear HRM system allow the time or create the environment for further training and development, effective communication and accept the changes.

Challenges of HRM

1. **Globalization:** Globalization means providing the access for buying and selling goods across nations. In other words, globalization means off-shoring of business from one country to another to get advantage of low cost, low tax and skilled manpower. Usually, developed countries like U.S, Japan, UK etc. are off-shoring their business to developing countries like India, China, Thailand, Vietnam, Cambodia, Indonesia etc. This process directly and indirectly affects the HR practices and HR policies of local organization. Higher pay from those off shoring organizations attracts most of the qualified personnel, which will be the challenge for local organization to retain their staffs. Besides, international organizations also have the challenge to train and develop the local people to work in international standard as well as socialize them in their company.
2. **Work Force Diversity:** Work force diversity means that organizations are becoming more heterogeneous in terms of gender, race, ethnicity and other background. The participation of women and minorities in the workforce has been increasing .Such increasing in diversity increased the roles and responsibility of HR managers to handle diversity related issues and problem at work. There is increasing need for training, education and other awareness programs to develop a certain level of awareness to recognize differences at work.
3. **The contingent workforce:** Contingent workforce refers to part-time, temporary workers appointed for short time contract. Due to the increasing effects of globalization the prevailing employment pattern of employing permanent employees has been changes. Organization are now interested in appointing workers and even professionals managers on a contingent basis to fulfill the demand of peak business time when only a limited number of core employees are not able to cope with increased work pressure . Since, they are the temporary workers for a certain period of time the role of HR manager to use their skill fully and ensure quality of their work is a challenge in at present context.
4. **Decentralized work sites:** Since, due to the advance technological improvement, today's employees are not required to sit in office and work from 9am to 5 pm. Instead, they can work at home and report to the head office with computer linkage. This form of decentralized worksites is getting popular in developed as well as developing nations. The challenge for HR managers is to monitor work process and ensure the quality of work done in the decentralized sites as well as to design the reward system for their performance.
5. **Employee involvement:** The employee involvement at the workplace is necessary for the efficient and effective utilization of resources. To motivate the employees to give higher effort toward work is big challenge of HR managers. So managers can use techniques like delegation of

authority, job redesign, job enrichment, reward system etc to enhance the employees contribution at work.

6. Changing Skill requirement and avoiding skill deficiencies: Due to rapid changes in information technology, the inflow of foreign investment and transfer of technology, there has been increasing demand of skilled and knowledgeable man power. Similarly, the blue collar jobs are being replaced by technical knowledge workers. Thus, to fulfill this demand HR manger have to take necessary measures like offering handsome salary, effective working environment , fringe benefits etc to attract them . Similarly, due to obsolescence of current technology and manufacturing process, organization needs to train the employee to avoid skill deficiencies.

