

UNIT I PERSPECTIVES IN HUMAN RESOURCE MANAGEMENT

Evolution of human resource management – The importance of the human capital -Role of human resource manager – Challenges for human resource managers- trends in human resource policies – Computer applications in human resource management – Human resource accounting and audit.

What is Human Resource Management?

HRM is the study of activities regarding people working in an organization. It is a managerial function that tries to match an organization's needs to the skills and abilities of its employees.

The process of hiring, choosing, onboarding, orienting, training, and developing new hires is known as human resource management. It also involves evaluating employee performance, deciding on remuneration and benefits, inspiring staff members, and upholding appropriate employee relations.

Definition of HRM

Human resources management (HRM) is a management function concerned with hiring, motivating and maintaining people in an organization. It focuses on people in organizations. Human resource management is designing management systems to ensure that human talent is used effectively and efficiently to accomplish organizational goals.

Edwin Flippo defines- Human Resource Management as “planning, organizing, directing, controlling of procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are achieved.”

Nature of HRM

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

- 1. HRM Involves the Application of Management Functions and Principles.**

The functions and principles are applied to 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.

Features of HRM or characteristics or nature:

1. HRM involves management functions like planning, organizing, directing and controlling
2. It involves procurement, development, maintenance of human resource
3. It helps to achieve individual, organizational and social objectives
4. HRM is a mighty disciplinary subject. It includes the study of management psychology communication, economics and sociology.
5. It involves team spirit and team work.

Significance/importance/need of HRM

HRM becomes significant for business organization due to the following reasons.

1. Objective: -

HRM helps a company to achieve its objective from time to time by creating a positive attitude among workers. Reducing wastage and making maximum use of resources etc.

2. Facilitates professional growth: -

Due to proper HR policies employees are trained well and this takes them ready for future promotions. Their talent can be utilized not only in the company in which they are currently working but also in other companies which the employees may join in the future.

3. Better relations between union and management: -

Healthy HRM practices can help the organization to maintain co-ordinal relationship with the unions. Union members start realizing that the company is also interested in the workers and will not go against them therefore chances of going on strike are greatly reduced.

4. Helps an individual to work in a team/group: -

Effective HR practices teach individuals team work and adjustment. The individuals are now very comfortable while working in team thus team work improves.

5. Identifies person for the future: -

Since employees are constantly trained, they are ready to meet the job requirements. The company is also able to identify potential employees who can be promoted in the future for the top level jobs. Thus one of the advantages of HRM is earing people for the future.

6. Allocating the jobs to the right person: -

If proper recruitment and selection methods are followed, the company will be able to select the right people for the right job. When this happens the number of people leaving the job will reduce as they will be satisfied with their job leading to decrease in labour turnover.

Scope 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.

The scope of HRM is really 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 it comes under the purview of HRM. American Society for Training and Development (ASTD) conducted fairly an exhaustive study in this field and identified nine broad areas of activities of HRM.

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/Labour Relations

a) 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.

b) 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.

c) 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.

d) Training and Development:

This involves an organized attempt to find out training needs of the individuals to meet the knowledge and skill which is needed not only to perform current job but also to fulfil the future needs of the organization.

e) 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.

f) 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, labour welfare measures are involved which include benefits and services.

g) 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 happy.

h) Union-Labour Relations:

Healthy Industrial and Labour relations are very important for enhancing peace and productivity in an organization. This is one of the areas of HRM.

Objectives of HRM

1) Societal Objectives:

Seek to ensure that the organization becomes socially responsible to the needs and challenges of the society while minimizing the negative impact of such demands upon the organization. The failure of the organizations to use their resources for the society benefit in ethical ways may lead to restriction.

2) **Organizational Objectives:**

It recognizes the role of HRM in bringing about organizational effectiveness. It makes sure that HRM is not a standalone department, but rather a means to assist the organization with its primary objectives. The HR department exists to serve the rest of the organization.

3) **Functional Objectives:**

To maintain the department contribution at a level appropriate to the organization needs. Human resources are to be adjusted to suit the organization demands. The department value should not become too expensive at the cost of the organization it serves.

4) **Personnel Objectives:**

It is to assist employees in achieving their personal goals, at least as far as these goals enhance the individual's contribution to the organization. Personal objectives of employees must be met if they are to be maintained, retained and motivated. Otherwise employee performance and satisfaction may decline giving rise to employee turnover.

FUNCTIONS OF HRM:

- Job design and job analysis
- Employee hiring and selection
- Employee training & development
- Compensation and Benefits
- Employee performance management

1. Job design and job analysis

One of the foremost functions of HRM is job design and job analysis. Job design involves the process of describing duties, responsibilities and operations of the job. To hire the right employees based on rationality and research, it is imperative to identify the traits of an ideal candidate who would be suitable for the job. Job analysis involves describing the job requirements, such as skills, qualification and work experience. The vital day-to-day functions need to be identified and described in detail, as they will decide the future course of action while recruiting.

2. Employee hiring and selection

Recruitment is one of the primary functions of human resource management. HRM aims to obtain and retain qualified and efficient employees to achieve the goals and objectives of the company. All this starts with hiring the right employees out of the list of applicants and favourable candidates.

3. Employee training & development

Imparting proper training and ensuring the right development of the selected candidates is a crucial function of HR. After all, the success of the organisation depends on how well the employees are trained for the job and what are their growth and development opportunities within the organization.

4. Compensation and Benefits

Benefits and compensation form the major crux of the total cost expenditure of an organisation. It is a must to plug the expenses, and at the same time, it is also necessary to pay the employees well. Therefore, the role of human resource management is to formulate attractive yet efficient benefits and compensation packages to attract more employees into the workplace without disturbing the finances of the company.

5. Employee performance management

The next activity on HR functions list is effective employee performance management. Effective performance management ensures that the output of the employees meets the goals and objective of the organisation. Performance management doesn't just focus on the performance of the employee. It also focuses on the performance of the team, the department, and the organisation as a whole.

Evolution of HRM

The evolution of HRM can be traced back to Kautilya Artha Shastra where he commends that government must take active interest in public and private enterprise. He says that government must provide a proper procedure for regulating employee and employee relation.



Period before industrial revolution – The society was primarily an agriculture economy with limited production. Number of specialized crafts was limited and was usually carried out within a village or community with apprentices assisting the master craftsmen. Communication channel were limited.

Period of industrial revolution (1750 to 1850) – Industrial revolution marked the conversion of economy from agriculture based to industry based. Modernization and increased means of communication gave way to industrial setup. A department was set up to look into workers wages, welfare and other related issues. This led to emergence of personnel management with the major task as

- Worker's wages and salaries
- Worker's record maintenance
- Worker's housing facilities and health care

Post Industrial revolution – The term Human Resource Management saw a major evolution after 1850. Various studies were released and many experiments were conducted during this period which gave HRM altogether a new meaning and importance.

Frederick W. Taylor gave principles of scientific management (1857 to 1911) led to the evolution of scientific human resource management approach which was involved in

- Worker's training
- Maintaining wage uniformity
- Focus on attaining better productivity.

Hawthorne studies, conducted by **Elton Mayo & Fritz Roethlisberger (1927 to 1940)**. – Observations and findings of Hawthorne experiment shifted the focus of Human resource from increasing worker's productivity to increasing worker's efficiency through greater work satisfaction.

Douglas McGregor Theory X and Theory Y (1960) and Abraham Maslow's Hierarchy of needs (1954) – These studies and observations led to the transition from the administrative and passive Personnel Management approach to a more dynamic Human Resource Management approach which considered workers as a valuable resource.

As a result of these principles and studies, Human resource management became increasingly line management function, linked to core business operations. Some of the major activities of HR department are listed as-

- Recruitment and selection of skilled workforce.
- Motivation and employee benefits
- Training and development of workforce
- Performance related salaries and appraisals.

Strategic Human Resource Management Approach

With increase in technology and knowledge base industries and as a result of global competition, Human Resource Management is assuming more critical role today. Its major accomplishment is aligning individual goals and objectives with corporate goals and objectives. Strategic HRM focuses on actions that differentiate the organization from its competitors and aims to make long term impact on the success of organization.

IMPORTANCE OF HUMAN RESOURCE MANAGEMENT

The importance of human factor can be discussed as follows:

a) Social Significance:

Proper management of personnel, enhances their dignity by satisfying their social needs. This it does by i) maintaining a balance between the jobs available and the jobseekers, according to the qualifications and needs; ii) providing suitable and most productive employment, which might bring them psychological satisfaction; iii) making maximum utilization of the resource in an effective manner and paying the employee a reasonable compensation in proportion to the contribution made by him; iv) eliminating waste or improper use of human resource, through conservation of their normal energy and health; and v) by helping people make their own decisions, that are in their interests.

b) Professional Significance:

By providing a healthy working environment it promotes teamwork in the employees. This it does by i) maintaining the dignity of the employee as a human-being. ii) providing maximum opportunities for personal development; iii) providing healthy relationship between different work groups so that work is effectively performed; iv) improving the employees working skill and capacity; v) correcting the errors of wrong postings and proper reallocation work.

c) Significance for Individual Enterprise:

It can help the organisation in accomplishing its goals by: i) creating right attitude among the employees through effective motivation; ii) utilizing effectively the available human resources; and iii) securing willing co-operation of the employees for achieving goals of the enterprise and fulfilling their own social and other psychological needs of recognition, love, affection, belongingness, esteem and self-actualisation.

CHALLENGES IN HRM:

The HR Managers of today may find it difficult because of the rapidly changing business environment and therefore they should update their knowledge and skills by looking at the organization 's need and objectives.

1. Managing the Vision:

Vision of the organization provides the direction to business strategy and helps managers to evaluate management practices and make decisions. So vision management becomes the integral part of the process of management in times to come.

2. Internal Environment:

Creating an environment which is responsive to external changes, providing satisfaction to the employees and sustaining through culture and systems is a challenging task.

3. Changing Industrial Relations:

Both the workers and managers have to be managed by the same HRM Philosophy and this is going to be a difficult task for the managers of tomorrow.

4. Building Organizational Capability:

Even in the adverse circumstances the employees have to be made to live in psychological state of readiness to continually change.

5. Job Design and Organization Structure:

Instead of depending on foreign concepts we need to focus on understanding the job, technology and the people involved in carrying out the tasks.

6. Managing the Large Work Force:

Management of large workforce poses the biggest problem as the workers are conscious of their rights.

7. Employee Satisfaction:

Managers should be aware of techniques to motivate their employees so that their higher level needs can be satisfied.

NEW TRENDS IN HUMAN RESOURCE MANAGEMENT

- Attitude Surveys
- Better Communication Channels
- Change in the Work-Life
- Job Redesign
- Job Enlargement
- New approaches to compensation and rewards
- Career Planning
- Performance Appraisal
- Decentralization

- Initiating and facilitating process of change
- Enlarging the knowledge base
- Developing team spirit
- Facilitating the employees desires of self-actualization.

Role of HR manager

1. Advisory Role:

One of the major roles of HR manager is, to advise the top management in the matter relating to management and development of human resource, in order to achieve organizational objects. Looking to the company's vision, mission and long range planning, HR executive advises the higher management to formulate appropriate HR policies, procedures which may create a perceptible change in the minds of the workers' to help the transformational process of dynamism.

2. Pro-Acting Role:

HR manager ascertains the probable areas of conflict and differences between workers and management, identifies the factors that may create problems in future, forecasts the extent, quantum of loss that may occur and the department may suffer loss and takes remedial measures beforehand by way of developing organizational culture, climate, introducing system, mechanism, and does not leave any room to crop up problems, grievances.

3. Welfare Role:

HR executive looks to the welfare aspect of the employee's viz., canteen, creche, rest-room, hospital, transportation, housing accommodation, school, etc. His one of the principal roles is to provide welfare facilities to the employees for their betterment and well-being.

4. Mediator's Role:

HR manager works as a link personality between trade unions and top management in order to eliminate the differences of opinions cropped up in process of settlement of disputes. He takes initiative to sort out problems through collective bargaining/ bipartite negotiation process.

5. Social Upliftment Role:

Organization is part and parcel of the society. As a societal member it has ethical and moral obligation to contribute to the society for its growth and development by way of taking necessary measures like creating and improving infrastructure, spreading learning institutions, providing medical facilities, generating employment opportunities. HR executive plays a vital role to give a proper shape in the formulation of suitable HR policies for the people in the society.

6. Counsellor's Role:

Because of illiteracy and ignorance workers cannot take decision in their personal problems and they need advice to sort out such problems, viz. education of children, medical treatment, marital

matter, family problems, etc. HR manager, as he comes close to the workers because of his nature of work, develops understanding between them and advises, guides the workers in right direction.

7. Spokesperson Role:

HR executive works as a spokesperson of the company especially, in the matter of depicting organization health, condition, strength etc. to the employees while negotiating for settlement of industrial disputes. He also acts as a representative of the workers when they are nonunionized/unorganized and cannot represent their case properly to the top management. Under such circumstances HR manager places their grievances, problems, demand to the top management for settlement/redressal.

8. Motivator's Role:

One of the functions of HR manager is to motivate the employees to achieve their own goals, as well as organizational goals HR manager performs such role by way of introducing reward schemes. HR manager's role of establishing mutual understanding, mutual confidence and mutual trust helps to motivate the employees to excel in the level of their performance.

9. Executive Role:

HR manager plays an important role to execute the policies, programmes, decisions. Formulation and execution tasks are interwoven and equally important for achievement of organizational goals. HR manager acts as an executor of the policy decisions in the company, for smooth functioning and effectiveness of the organization.

10. Decision Maker's Role:

HR manager is the supreme person to make decisions in respect of management and development of human resource. Organizational policies, programmes objectives concerning human resource are formulated by him.

11. Coordinator's Role:

HR executive coordinates the task of developing, interpreting of HR programmes, policies which are put into operation by the line people, and develops a team spirit amongst them.

HUMAN RESOURCE POLICIES

- Predetermined established guideline towards the attainment of accepted goals and objectives.
- Guidelines facilitate properly designed efforts to accomplish the strategic intent.

A policy is a man-made rule of pre-determined course of action that is established to guide the performance of work toward the organisation objectives. It is a type of standing plan that serves to guide subordinates in the execution of their tasks.

OBJECTIVES	PROGRAMMES	PROCEDURE
Specific goals, aims, Quantitative terms which the Individual or group seeks to accomplish (Policy is the guide to accomplish)	It is developed on policies – simply the decisions lead to specific action including practices and procedures.	Procedure defines the manner or way of accomplishing - It is process or method.

PERSONNEL POLICIES

Personnel Policies refer to principles and rules to conduct which “Formulate, redefine, break into details and decide a number of actions” that govern the relationship with employees in the attainment of organizational objectives.

Personnel Policies are

- Key stone in the arch of the management
- Life blood for the successful functioning of the personnel management.
- Statement of intentions
- Positive declaration and command to an organization.

Need for a HR Policy

- Avoid unintended obligations
- Legal requirements
- Defense of claims
- Helps avoid union organizing
- Risk management
- Time saver

Features of a sound HR Policy

- Definite, positive, clear and easy to understand
- Written
- Reasonable stable
- Supplementary to all other policies of the organisation and the public policy.

Recognition and individual relationship between the mgmt and the employees

- Based on the facts

- Provide two-way communication
- Supported by the management, employees and the union
- Progressive
- Measurable
- Uniform for the entire organization
- Practically applicable

Principles of HR policy

- Right man in the right place
- Train everyone for the job to be done
- Make the organisation a coordinated team
- Give security with opportunity, incentive, recognition
- Look ahead, plan head for more and better things.

Aims and objective of Personnel polices

- Enable the organization to carry out the main objectives
- Awareness of items in policies and to secure the co operation
- Sense of unity with the enterprise
- Provide competent, adequate and trained personnel for all levels and types of management
- To protect the common interest of all parties
- Recognize the role trade unions in the organization.
- Efficient consultative service.

Human source Information System (HRIS)

Acquisition, storage and retrieval of information is a significant challenge to the management

Human Resource Information System is a systematic way of storing data and information for each individual employee to aid planning, decision making and submitting of returns and reports to the external agencies.

Purpose of HRIS

- Storing information and data for each individual employee for future references

- Providing basis for planning, Organizing, Decision Making, Controlling and other human resources function.
- Meeting daily transactional requirements- marking present / absent, and granting leave.
- Supply data and submitting returns to government and other statutory agencies.

Applications of HRIS

- Personnel Administration
- Salary Administration
- Leave / absence recording
- Skill Inventory
- Medical History
- Accident Monitoring
- Performance Appraisal
- Training and Development
- HRP
- Recruitment
- Career Planning
- Collective Bargaining

Steps in Implementing HRIS

Inception of Data

- Originator of the idea should prepare a report showing the need for an HRIS and benefits of this system towards the development of the organisation.

Feasibility Study

- It evaluates the Present system , details and benefits of HRIS .
- It calculates the cost and benefits of HRIS

Selecting a project team

- Once the feasibility study has been accepted the resources are allocated
- Project team is selected

- HR representative, Representatives from both management, information systems & additional clerical people from HR department.

Defining the requirements

- Statement of requirements specifies in detail exactly what HRIS will do.
- It is the written descriptions of how users collect and prepare data, obtain approvals, complete forms, retrieve data and perform other non-technical tasks associated with HRIS use.

Vendor analysis

- This step determines what software and hardware are available that will best meet the organization needs for the lowest price.
- The result of this analysis will determine whether to purchase an —off the shelf package or develop the system internally

Contract Negotiations

- Vendor has to selected and the contract must be negotiated. The contract stipulates the vendor's responsibilities with regard to software, installation, service, maintenance, training and Documentation.

Training

- Members of the project team are trained to use HRIS. HR representative will train managers from other department in how to submit information to HRIS and how to request information from it.

Tailoring the system

- This step involves making changes to the system to best fit the needs of organisation.
- A general rule of thumb is to modify the vendor package, because of modifications frequently cause problems

Collecting data

- Data must be collected and stored in the system

Testing system

- Once the system is tailored to the organisation a needs and data is entered, a period of testing follows
- The purpose of this testing is to verify the output
- All reports are analysed for accuracy.

Starting up

- Start up begins when all current actions are put into the system and reports are produced

Running in parallel

- It is desirable to run the system in parallel with the old system for a period of time.
- This allows for comparison of outputs both the system and examination for inaccuracies.

Benefits

- Higher speed of retrieval of information
- Reduction in duplication
- Ease in classifying and reclassifying
- Effective decision making
- Higher accuracy of information
- Fast response of queries
- Improve quality of people
- Better work culture

Limitations

- Expensive – finance – manpower requirements
- Large scale computer literacy – inconvenient and threatening
- Personnel designing do not have the thorough information of the users- user do not get the exact reports.
- Quality of response depends on the accuracy of the input – human intervention.
- Multi user environment – system is operated in batch mode – records are updated once a week – online facility has to be developed – report generated should not be out of phase with the realities.

Human Resource Accounting & Audit –

Definition

Accounting for people as an organizational resource. It involves measuring the costs incurred by business firms and other organizations to recruit, select, hire, train and develop human assets. It involves measuring the economic value of people to the organization.

Basic Information of HR

- Number of Employees
- Categories
- Grades
- Total Value of human resources
- Value per employee

HR Acquisition

- Number of employees acquired during the year
- Cost of Acquisition
- Levels for which they were acquired
- HR Development
- All information pertaining to HRD activities of the organization
- HR maintenance
- Cost related to HR maintenance.
- HR Separation
- Cost related to HR Separation, attribution rate.
- Details of benefits provided to the employees.

Various Methods:

Non- Monetary Measurement

Monetary Measurement

Non- Monetary Measurement

- Capitalization of Historical Cost
- Replacement Cost Method
- Opportunity Cost method
- Economic Value Method
- Present Value Method

HR Accounting

- Developing skill inventory
- Performance Appraisal
- Assessing the individual capacity for development
- Attitude survey
- Subjective Appraisal

