



UNIT-1

Introductiton to Human Resource Management

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Discuss the Objectives of HRM
- ✓ Explore the Scope of HRM
- ✓ Identify the Strategic Human Resources Management

Unit 1

Introduction to Human Resource Management

Human Resources Management is historically known as personnel management and people management. It deals with the formal systems of managing people within a company or organization. For this reason, Human Resource Management is considered as a fundamental aspect in organizational and managerial life.

Personnel administration, was largely concerned the technical aspects of hiring, evaluating, training, and compensating employees and was very much of 'staff' function in most organizations. The field did not normally focus on the relationship of disparate employment practices on overall organizational performance or on the systematic relationships among such practices.

Human resources management can be defined as that part of management concerned with:

- 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; and
- Adding value to the delivery of goods and services and to the quality of work life for employees, hereby helping to ensure continuous organizational success in transformative environments.

Human resources in the terms of a business organization means the workforce, or in other words, the skills, ideas, creativity, knowledge, talents and aptitudes of the employees of that organization. In simpler terms, human resources means the resources a human being possesses within himself or the knowledge and experience he has acquired over the years.

HRM is that branch of the organization that is created specifically for the purpose of dealing with workers issues. The Human Resources Management, or HRM, focuses on recruiting new talents for the company, managing the employees, guiding and helping them by providing direction when needed.

In an organization with a vast number of people, it is important to have a functioning part that would focus on staff issues. Employee's issues include compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration, workplace culture, the environment around the office, and also training of the employees.

Over the years, Human resources management has become an essential part of any organization. Today, it is mandatory to have this department. This department helps to improve the morale of workers. It

constantly works on developing employee relations with their employers. On the other hand, HR department contribute in improving employee performances.

Human resources management evaluates every department in an organization or business. It comes between teams working in each department and helps them improve their work.

Human resources management intervenes to solve any problem that comes in the way of their work. It is mainly concerned with getting better results from its workers.

Human Resource Management combined with performance management results with a strategic Human Resource Management as it relates to leading, coaching, mentoring, performance appraisal, rewards, punishments, and other labour relations.

A business can create a competitive advantage when they have human resources that are valuable, rare, incomparable, and organized. The following is a criterion used in Human Resources Management to create an impact in an organization or company.

- **Value Building.** People can increase value through their efforts to decrease costs and to provide a service or product unique to customers or some combination of the two. Empowerment programs, total quality initiatives, and continuous improvement efforts in companies are intentionally designed to increase the value that employees bring to output of the company.
- **Rarity.** People are sources of competitive advantage when their skills, knowledge, and abilities are not equally available to all competitors. Top companies bank on a great strategy. They hire and train the best and the brightest employees to gain advantage over their competitors. Companies will even go to court to stop other firms from taking away its employees. Such shows that some companies recognize both the value and the uniqueness of certain employees.
- **Incomparability.** Employees are sources of competitive advantage when their capabilities and contributions cannot be imitated by others. Corporations such as Disney, Southwest Airlines, and Whole Foods are known for creating unique cultures that get the most from employees that are difficult to imitate.
- **For instance,** Southwest Airlines is known for rewarding its employees for excellent performance. It also maintains employees' loyalty through free airfare, profit sharing, and other incentives.
- **Organized work force.** People are sources of competitive advantage when their talents can be combined and deployed rapidly to work on new assignments at a moment's notice. In this context, teamwork and cooperation are two all-encompassing aspects that contribute to an organized workforce.

The above-mentioned criteria highlight the importance of people and show the relationship between human resources management and performance management. Furthermore, organizations are realizing that their success depends on the knowledge and skills of its employees- human capital.

In addition, human capital is the knowledge, skills, and abilities of employees that have economic value. Managing human capital to sustain a competitive advantage is perhaps the most important part of an organization's human resource function.

The Objectives of HRM

Objectives are pre-determined goals to which individual or group activity in an organization is directed. Institutions procure and manage various resources including human to attain the specified objectives.

Thus, human resources are managed to divert and utilize their resources towards and for the accomplishment of organizational objectives. Therefore, basically the objectives of HRM are drawn from and to contribute to the accomplishment of the organizational objectives.

The objectives of HRM may be as follows:

1. To create(prepare) and utilize an able and motivated workforce, to accomplish the basic organizational goals.
2. To establish and maintain sound organizational structure and desirable working relationships among all the members of the organization.
3. To secure the integration of individual or groups within the organization by co-ordination of the individual and group goals with those of the organization.
4. To create facilities and opportunities for individual or group development so as to match it with the growth of the organization.
5. To attain an effective utilization of human resources in the achievement of organizational goals.
6. To identify and satisfy individual and group needs by providing adequate and equitable wages, incentives, employee benefits and social security and measures for challenging work, prestige, recognition, security, status.
7. To maintain high employees morale and sound human relations by sustaining and improving the various conditions and facilities.
8. To strengthen and appreciate the human assets continuously by providing training and development programmes.
9. To consider and contribute to the minimization of socio-economic evils such as unemployment, under-employment, inequalities in the distribution of income and wealth and to improve the welfare of the society by providing employment opportunities to women and disadvantaged sections of the society.
10. To provide an opportunity for expression and voice management.
11. To provide fair, acceptable and efficient leadership.
12. To provide facilities and conditions of work and creation of favourable atmosphere for maintaining stability of employment.

Primary Objectives

The primary objectives of HRM are to ensure the availability of competent and willing workforce to an organization. Apart from this, there are other objectives too. Specifically, HRM objectives are of four fold: societal, organizational, functional and personal.

Societal Objectives

The Societal Objectives are socially and ethically responsible for the needs and challenges of society. While doing so, they have to minimize the negative impact of such demands upon the organization. The failure of the organizations to use their resources for society may limit human resources decisions to laws that enforce reservation in hiring and laws that address discrimination, safety or other such areas of societal concern.

Organizational Objectives

The Organizational Objectives recognizes the role of human resources management in bring about organizational effectiveness. Human resource management is not an end itself; it is only a mean to assist the organizations with primary objectives.

Functional Objectives

Functional Objectives try to maintain the departments' contribution at a level appropriate to the organizational needs. Human resources is to be adjusted to suit the organizational demands. The department's level of service must be tailored to fit the organization it serves.

Personal Objectives

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

HRM objectives	Supporting functions
1. Societal Objectives	1. Legal Compliances 2. Benefits 3. Union-management Relations
2. Organizational Objectives	1. Human Resource Planning 2. Employee Relations 3. Selection 4. Training and Development 5. Appraisal 6. Placement 7. Assessment
3. Functional Objectives	1. Appraisal 2. Placement 3. Assessment
4. Personal Objectives	1. Training and Development 2. Appraisal 3. Placement 4. Assessment

Source: William B. Werther, Jr. and Keith Davis, Human Resource and Personnel Management.

Scope of HRM

Scope of Human Resources Management was very limited in the beginning. Their activities were confined to administration, arranging little parties and picnics. The scope of the management in general and personnel in particular has changed considerably, covering more areas and responsibilities. It is the fact that there is no general agreement among the authors as to the scope of HRM. However, 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
- Personnel Research and Information System.

What is Strategic Human Resource Management?

As the term 'human resource management' has replaced the term 'personnel management', the prefix 'strategic' has been increasingly attached to it.

The first concerns the employee coverage of human resource management practices. A second sense in which the term 'strategic' has been applied to human resource management concerns the organizational level at which key, relevant decisions are made. This particular usage of the term follows from the distinction drawn between

1. The strategic level (of managerial work) which deals with policy formulation and overall goal setting;
2. The managerial level, which focuses on the processes by which the organization obtains and allocates resources to achieve its strategic objectives; and
3. The operational level, which is concerned with the day-to-day management of the organization.

In the 1990s, a new emphasis on strategy and the importance of HR systems emerged. Indeed, although many kinds of HR models are in use today, we can think of them as representing the following evolution of human resources as a strategic asset:

The personnel perspective: The firm hires and pays people but doesn't focus on hiring the very best or developing exceptional employees.

The compensation perspective: The firm uses bonuses, incentive pay, and meaningful distinctions in pay to reward high and low performers. This is a first step toward relying on people as a source of competitive advantage, but it doesn't fully exploit the benefits of HR as a strategic asset.

The alignment perspective: Senior managers see employees as strategic assets, but they don't invest in overhauling HR's capabilities. Therefore, the HR system can't leverage management's perspective.

The high-performance perspective: HR and other executives view HR as a system embedded within the larger system of the firm's strategy implementation. The firm manages and measures the relationship between these two systems and firm performance.

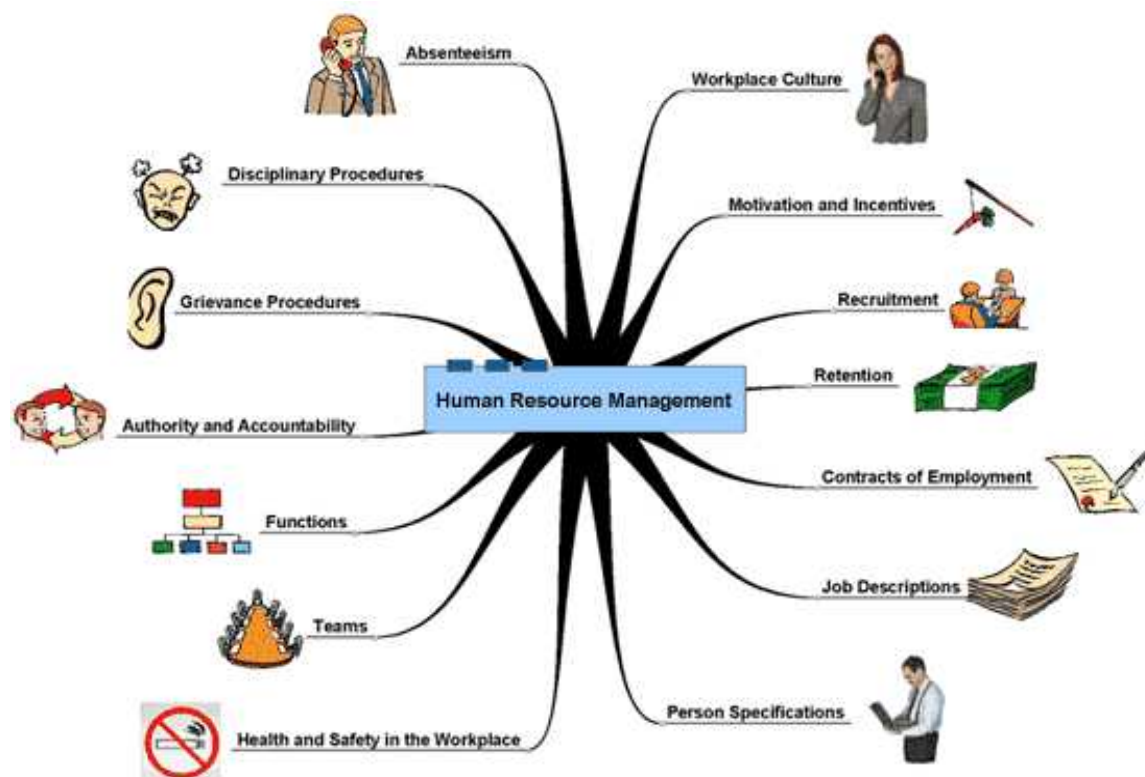
There is greater awareness in the companies for integrating strategic HRM with national, social, economic and environmental exigencies. Major shifts in the global marketplace, escalating demographic changes, the rapid technological advancements, as well as the changing role of women in contemporary industrial society has pressured managers to rethink fundamental organisational practices and policies. Consequently, there has been a call for HRM to have a more strategic role. The availability of information technology has demanded changes to the skill composition of employees, and coupled with an increased participation of females in the work place, has compelled Thai organisations to transform their

structures and work practices. Consequently, resource planning and work related initiatives have become central in HRM functions to improve corporate productivity and employee enterprise.

HR planning is the strategy for the acquisition, utilization, improvement and preservation of an organization's human resources. It relates to the establishment of job specifications or the qualitative requirement of the jobs, determining the number of personnel required and the developing the sources of supply of manpower. The objectives of the HR planning are to maintain and improve the organization's ability to attain its goals by developing the strategic purporting to magnify the contributions of human resources regularly in the foreseeable future. In addition, the manpower strategist should take into account the considerations including the organizations objectives demanding specific type of manpower required for the market situations, and the features of existing human resources in the organizations. As these factors are constantly changing, the human resources strategy has to be constantly reviewed and modified if necessary.

Functions of the Human Resource Management (HRM)

The role of human resource management is to plan, develop, and administer policies and programmes designed to make expeditious use of an organisation's human resources. It is that part of management which is concerned with the people at work and with their relationship within an enterprise. Its objectives are: (1) the effective utilisation of human resources; (2) desirable working relationships among all members of the organisation; and (3) maximum individual development.



The major functional areas in human resource management are:

- 1) Planning,
- 2) Staffing,
- 3) Employee development, and
- 4) Employee maintenance.

These four areas and their related functions share the common objective of an adequate number of competent employees with the skills, abilities, knowledge, and experience needed for further organisational goals. Although each human resource function can be assigned to one of the four areas of personnel responsibility, some functions serve a variety of purposes. For example, performance appraisal measures serve to stimulate and guide employee development as well as salary administration purposes. The compensation function facilitates retention of employees and also serves to attract potential employees to the organisation. A brief description of usual human resource functions is given below:

Human Resource Planning

In the human resource planning function, the number and type of employees needed to accomplish organisational goals are determined. Research is an important part of this function because planning requires the collection and analysis of information in order to forecast human resources supplies and to predict future human resources needs. The basic human resource planning strategy is staffing and employee development.

Job Analysis

Job analysis is the process of describing the nature of a job and specifying the human requirements, such as skills, and experience needed to perform it. The end product of the job analysis process is the job description. A job description spells out work duties and activities of employees. Job descriptions are a vital source of information to employees, managers, and personnel people because job content has a great influence on personnel programmes and practices.

Staffing

Staffing emphasises the recruitment and selection of the human resources for an organisation. Human resources planning and recruiting precede the actual selection of people for positions in an organisation. Recruiting is the personnel function that attracts qualified applicants to fill job vacancies.

In the selection function, the most qualified applicants are selected for hiring from among those attracted to the organisation by the recruiting function. On selection, human resource functionaries are involved in developing and administering methods that enable managers to decide which applicants to select and which to reject for the given jobs.

Orientation

Orientation is the first step towards helping a new employee adjust herself to the new job and the employer. It is a method to acquaint new employees with particular aspects of their new job, including pay and benefit programmes, working hours, and company rules and expectations.

Training and Development

The training and development function gives employees the skills and knowledge to perform their jobs effectively. In addition to providing training for new or inexperienced employees, organisations often provide training programmes for experienced employees whose jobs are undergoing change. Large organisations often have development programmes which prepare employees for higher level responsibilities within the organisation. Training and development programmes provide useful means of assuring that employees are capable of performing their jobs at acceptable levels.

Performance Appraisal

This function monitors employee performance to ensure that it is at acceptable levels. Human resource professionals are usually responsible for developing and administering performance appraisal systems, although the actual appraisal of employee performance is the responsibility of supervisors and managers. Besides providing a basis for pay, promotion, and disciplinary action, performance appraisal information is essential for employee development since knowledge of results (feedback) is necessary to motivate and guide performance improvements.

Career Planning

Career planning has developed partly as a result of the desire of many employees to grow in their jobs and to advance in their career. Career planning activities include assessing an individual employee's potential for growth and advancement in the organisation.

Compensation

Human resource personnel provide a rational method for determining how much employees should be paid for performing certain jobs. Pay is obviously related to the maintenance of human resources. Since compensation is a major cost to many organisations, it is a major consideration in human resource planning. Compensation affects staffing in that people are generally attracted to organizations offering a higher level of pay in exchange for the work performed. It is related to employee development in that it provides an important incentive in motivating employees to higher levels of job performance and to higher paying jobs in the organisation.

Benefits

Benefits are another form of compensation to employees other than direct pay for work performed. As such, the human resource function of administering employee benefits shares many characteristics of

the compensation function. Benefits include both the legally required items and those offered at employer's discretion. The cost of benefits has risen to such a point that they have become a major consideration in human resources planning. However, benefits are primarily related to the maintenance area, since they provide for many basic employee needs.

Labour Relations

The term "labour relations" refers to interaction with employees who are represented by a trade union. Unions are organisation of employees who join together to obtain more voice in decisions affecting wages, benefits, working conditions, and other aspects of employment. With regard to labour relations, the personnel responsibility primarily involves negotiating with the unions regarding wages, service conditions, and resolving disputes and grievances.

Record-keeping

The oldest and most basic personnel function is employee record keeping. This function involves recording, maintaining, and retrieving employee related information for a variety of purposes. Records which must be maintained include application forms, health and medical records, employment history (jobs held, promotions, transfers, lay-offs), seniority lists, earnings and hours of work, absences, turnover, tardiness, and other employee data. Complete and up-to-date employee records are essential for most personnel functions. More than ever employees to day have a great interest in their personnel records. They want to know what is in them, why certain statements have been made, and why records may or may not have been updated.

Personnel records provide the following:

- i. A store of up-to-date and accurate information about the company's employees.
- ii. A guide to the action to be taken regarding an employee, particularly by comparing him with other employees.
- iii. A guide when recruiting a new employee, e.g. by showing the rates of pay received by comparable employees.
- iv. A historical record of previous action taken regarding employees.
- v. The raw material for statistics which check and guide personnel policies.
- vi. The means to comply with certain statutory requirements.

Personnel Research

All personnel people engage in some form of research activities. In a good research approach, the object is to get facts and information about personnel specifics in order to develop and maintain a programme that works. It is impossible to run a personnel programme without some pre-planning and post-reviewing. For that matter, any survey is, in a sense, research. There is a wide scope for research in the areas of recruitment, employee turnover, terminations, training, and so on. Through a well-designed

attitude survey, employee opinions can be gathered on wages, promotions, welfare services, working conditions, job security, leadership, industrial relations, and the like. In spite of its importance, however, in most companies, research is the most neglected area because personnel people are too busy putting out fires.

Research is not done to put out fires but to prevent them. Research is not the sole responsibility of any one particular group or department in an organisation. The initial responsibility is that of the human resource department, which however should be assisted by line supervisors and executives at all levels of management. The assistance that can be rendered by trade unions and other organisations should not be ignored, but should be properly made use of.

Apart from the above, the HR function involves managing change, technology, innovation, and diversity. It is no longer confined to the culture or ethos of any single organisation; its keynote is a cross-fertilisation of ideas from different organisations. Periodic social audits of HR functions are considered essential. HR professionals have an all-encompassing role. They are required to have a thorough knowledge of the organisation and its intricacies and complexities. The ultimate goal of every HR person should be to develop a linkage between the employee and the organisation because the employee's commitment to the organisation is crucial. The first and foremost role of HR functionary is to impart continuous education to employees about the changes and challenges facing the country in general, and their organisation in particular. The employees should know about their balance sheet, sales progress, diversification plans, restructuring plans, sharp price movements, turn over and all such details. The HR professionals should impart education to all employees through small booklets, video films, and lectures.

The primary responsibilities of a human resource manager are:

- To develop a thorough knowledge of corporate culture, plans and policies.
- To act as an internal change agent and consultant.
- To initiate change and act as an expert and facilitator.
- To actively involve himself in company's strategy formulation.
- To keep communication lines open between the HRD function and individuals and groups both within and outside the organisation.
- To identify and evolve HRD strategies in consonance with overall business strategy.
- To facilitate the development of various organisational teams and their working relationship with other teams and individuals.
- To try and relate people and work so that the organisation objectives are achieved effectively and efficiently.
- To diagnose problems and to determine appropriate solution particularly in the human resources areas.
- To provide co-ordination and support services for the delivery of HRD programmes and services.

- To evaluate the impact of an HRD intervention or to conduct research so as to identify, develop or test how HRD in general has improved individual or organisational performance.

The following are the nine new roles of HR practitioner as suggested by Pat McLegan:

- 1) To bring the issues and trends concerning an organisation's external and internal people to the attention of strategic decision-makers, and to recommend long-term strategies to support organisational excellence and endurance.
- 2) To design and prepare HR systems and actions for implementation so that they can produce maximum impact on organisational performance and development.
- 3) To facilitate the development and implementation of strategies for transforming one's own organisation by pursuing values and visions.
- 4) To create the smoothest flow of products and services to customers; to ensure the best and most flexible use of resources and competencies; and to create commitment among the people who help us to meet customers' needs whether those people work directly for the organisation or not.
- 5) To identify learning needs and then design and develop structured learning programmes and materials to help accelerate learning for individuals and groups.
- 6) To help individuals and groups work in new situations and to expand and change their views so that people in power move from authoritarian to participative models of leadership.
- 7) To help people assess their competencies, values, and goals so that they can identify, plan, and implement development actions.
- 8) To assist individuals to add value in the workplace and to focus on the interventions and interpersonal skills for helping people change and sustain change.
- 9) To assess HRD practices and programmes and their impact and to communicate results so that the organisation and its people accelerate their change and development.

There are four roles which HR play, according to Dave Ulrich. The first, strategic partner role-turning strategy into results by building organisations that create value; the second, a change agent role-making change happen and, in particular, help it happen fast; the third, an employee champion role-managing the talent or the intellectual capital within a firm; and the fourth, an administrative role-trying to get things to happen better, faster and cheaper.

Human resource management has received tremendous attention in recent years. Its role in organisations has also undergone a substantial change and many organizations have gradually oriented themselves from the traditional personnel management to a human resource management approach, although many see it as the "old wine in anew bottle." The basic approach of HRM is to perceive the organisation in its totality. Its emphasis is not only on production and productivity but also on the quality of life. It seeks to achieve the fullest development of human resources and the fullest possible socio-economic development.

Code of Ethics of Human Resources

The key responsibility of HR Professionals is to add value to the organizations they serve and contribute effectively to the ethical success of those organizations.

The HR Professionals accept their ethical responsibility, which is rooted in their individual decisions and actions. HR Professionals advocate for the profession by engaging in activities that enhance its credibility and value.

- HR professionals must strive to meet the highest standards of competence and commit to strengthen our competencies on a continuous basis.
- HR professionals are expected to exhibit individual leadership as a role model for maintaining the highest standards of ethical conduct.
- Human Resource professionals are ethically responsible for promoting and fostering fairness and justice for all employees and their organization.
- HR professionals must maintain a high level of trust stakeholders. They must protect the interests of all stakeholders as well as their professional integrity. HR Professionals should not engage in activities that create actual, apparent, or potential conflict of interests.
- HR professionals consider and protect the rights of individuals, especially in the acquisition and dissemination of information while ensuring truthful communications and facilitating informed decision making.

An HRM, just like every other managerial department in a business organization, works with certain objectives and has certain functions to fulfil.

Further Reading:

- ✓ *John Stredwick, (2013), An Introduction to Human Resource Management*
- ✓ *Nick Wilton, (2011), An Introduction to Human Resource Management.*