**Chapter One**

**Human Resource Management an Over View**

* 1. **Definition And Back Ground**

**1.1.1 Background**

Human beings are social beings and hardly ever live and work in isolation. We always plan, develop and manage our relations both consciously and unconsciously. The relations are the outcome of our actions and depend to a great extent upon our ability to manage our actions. From childhood each and every individual acquire knowledge and experience on understanding others and how to behave in each and every situations in life. Later we carry forward this learning and understanding in carrying and managing relations at our workplace. The whole context of Human Resource Management revolves around this core matter of managing relations at work place.

The term "human resource management" has been commonly used for about the last ten to fifteen years. Prior to that, the field was generally known as "personnel administration." The name change is not merely cosmetics.

Since mid 1980’s Human Resource Management (HRM) has gained acceptance in both academic and commercial circle. HRM is a multidisciplinary organizational function that draws theories and ideas from various fields such as management, psychology, sociology and economics.

There is no best way to manage people and no manager has formulated how people can be managed effectively, because people are complex beings with complex needs. Effective HRM depends very much on the causes and conditions that an organizational setting would provide. Any Organization has three basic components, People, Purpose, and Structure.

In 1994, a noted leader in the human resources (HR) field made the following observation: Yesterday, the company with the access most to the capital or the latest technology had the best competitive advantage;

Today, companies that offer products with the highest quality are the ones with a leg up on the competition; But the only thing that will uphold a company’s advantage tomorrow is the caliber of people in the organization.

That predicted future is today’s reality. Most managers in public- and private sector firms of all sizes would agree that people truly are the organization’s most important asset. Having competent staff on the payroll does not guarantee that a firm’s human resources will be a source of competitive advantage.

However in order to remain competitive, to grow, and diversify an organization must ensure that its employees are qualified, placed in appropriate positions, properly trained, managed effectively, and committed to the firm’s success. The goal of HRM is to maximize employees’ contributions in order to achieve optimal productivity and effectiveness, while simultaneously attaining individual objectives (such as having a challenging job and obtaining recognition), and societal objectives (such as legal compliance and demonstrating social responsibility).

* + 1. **Definitions of HRM**
* **Human resources management (HRM) i**s 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.
* **HRM** is the personnel function which is concerned with procurement, development, compensation, integration and maintenance of the personnel of an organization for the purpose of contributing towards the accomplishments of the organization’s objectives. Therefore, personnel management is the planning, organizing, directing, and controlling of the performance of those operative functions (Edward B. Philippo).
* **“HRM** is concerned with the most effective use of people to achieve organizational and individual goals. It is the way of managing people at work, so that they give their best to the organization”. **Invancevich and Glueck,**
* **HRM** is 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. **Dessler (2008)**

Generally HRM refers to the management of people in organizations. It comprises of the activities, policies, and practices involved in obtaining, developing, utilizing, evaluating, maintaining, and retaining the appropriate number and skill mix of employees to accomplish the organization’s objectives. The goal of HRM is to maximize employees’ contributions in order to achieve optimal productivity and effectiveness, while simultaneously attaining individual objectives (such as having a challenging job and obtaining recognition), and societal objectives (such as legal compliance and demonstrating social responsibility).

* 1. **Importance of Human Resource Management**

Human resources management has an important role to play in equipping organizations to meet the challenges of an expanding and increasingly competitive sector. Increase in staff numbers, contractual diversification and changes in demographic profile which compel the HR managers to reconfigure the role and significance of human resources management. The functions are responsive to current staffing needs, but can be proactive in reshaping organizational objectives. All the functions of HRM are correlated with the core objectives of HRM. For example personal objectives is sought to be realized through functions like remuneration, assessment etc.

1. **Strategic HR Management:** As a part of maintaining organizational competitiveness, strategic planning for HR effectiveness can be increased through the use of HR metrics and HR technology. Human resource planning (HRP) function determine the number and type of employees needed to accomplish organizational goals. HRP includes creating venture teams with a balanced skill-mix, recruiting the right people, and voluntary team assignment. This function analyzes and determines personnel needs in order to create effective innovation teams. The basic HRP strategy is staffing and employee development.
2. **Equal Employment Opportunity:** Compliance with equal employment opportunity (EEO) laws and regulations affects all other HR activities.
3. **Staffing:** The aim of staffing is to provide a sufficient supply of qualified individuals to fill jobs in an organization. Job analysis, recruitment and selection are the main functions under staffing. Workers job design and job analysis laid the foundation for staffing by identifying what diverse people do in their jobs and how they are affected by them. Job analysis is the process of describing the nature of a job and specifying the human requirements such as knowledge, skills, and experience needed to perform the job. The end result of job analysis is job description. Job description spells out work duties and activities of employees. Through HR planning, managers anticipate the future supply of and demand for employees and the nature of workforce issues, including the retention of employees. So HRP precedes the actual selection of people for organization.
4. **Talent Management and Development:** Beginning with the orientation of new employees, talent management and development includes different types of training. Orientation is the first step towards helping a new employee to adjust himself 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 programs provide useful means of assuring that the employees are capable of performing their jobs at acceptable levels and also more than that. All the organizations provide training for new and in experienced employee. In addition, organization often provide both on the job and off the job training programmes for those employees whose jobs are undergoing change. Likewise, HR development and succession planning of employees and managers is necessary to prepare for future challenges. Career planning has developed as 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 organization. Performance appraisal includes encouraging risk taking, demanding innovation, generating or adopting new tasks, peer evaluation, frequent evaluations, and auditing innovation processes.
5. **Total Rewards:** Compensation in the form of pay, incentives and benefits are the rewards given to the employees for performing organizational work. Compensation management is the method for determining how much employees should be paid for performing certain jobs. Compensation affects staffing in that people are generally attracted to organizations offering a higher level of pay in exchange for the work performed. To be competitive, employers develop and refine their basic compensation systems and may use variable pay programs such as incentive rewards, promotion from within the team, recognition rewards, balancing team and individual rewards etc. This function uses rewards to motivate personnel to achieve an organization’s goals of productivity, innovation and profitability. Compensation is also related to employee development in that it provides an important incentive in motivating employees to higher levels of job performance to higher paying jobs in the organization. Benefits are another form of compensation to employees other than direct pay for the work performed. Benefits include both legally required items and those offered at employer’s discretion. Benefits are primarily related to the area of employee maintenance as they provide for many basic employee needs.
6. **Risk Management and Worker Protection: HRM** addresses various workplace risks to ensure protection of workers by meeting legal requirements and being more responsive to concerns for workplace health and safety along with disaster and recovery planning.
7. **Employee and Labor Relations:** The relationship between managers and their employees must be handled legally and effectively. Employer and employee rights must be addressed. It is important to develop, communicate, and update HR policies and procedures so that managers and employees alike know what is expected. In some organizations, union/management relations must be addressed as well. The term labor relation refers to the interaction with employees who are represented by a trade union. Unions are organization of employees who join together to obtain more voice in decisions affecting wages, benefits, working conditions and other aspects of employment. With regard to labor relations the major function of HR personnel includes negotiating with the unions regarding wages, service conditions and resolving disputes and grievances.

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.
   1. **Evolution and Development of Human Resource Management**

The evolution end development of HRM in different historical times is presented in the following table

**Milestones in the Development of Human Resource Management**

|  |  |  |
| --- | --- | --- |
| 1890-1910 | Frederick Taylor develops his ideas on scientific management. Taylor advocates scientific selection of workers based on qualifications and also argues for incentive-based compensation systems to motivate employees. | |
| 1910-1930 | Many companies establish departments devoted to maintaining the welfare of workers. The discipline of industrial psychology begins to develop. Industrial psychology, along with the advent of World War I, leads to advancements in employment testing and selection. | |
| 1930-1945 | The interpretation of the Hawthorne Studies' begins to have an impact on management thought and practice. Greater emphasis is placed on the social and informal aspects of the workplace affecting worker productivity. Increasing the job satisfaction of workers is cited as a means to increase their productivity. | |
| 1945-1965 | In the U.S., a tremendous surge in union membership between 1935 and 1950 leads to a greater emphasis on collective bargaining and labor relations within personnel management. | |
| 1965-1985 | The Civil Rights movement in the U.S. reaches its apex with passage of the Civil Rights Act of 1964. The personnel function is dramatically affected by Title VII of the CRA, which prohibits discrimination on the basis of race, color, sex, religion, and national origin. In the years following the passage of the CRA, equal employment opportunity and affirmative action become key human resource management responsibilities. | |
| 1985-present | Three trends dramatically impact HRM. The first is the increasing diversity of the labor force, in terms of age, gender, race, and ethnicity. HRM concerns evolve from EEO and affirmative action to "managing diversity." A second trend is the globalization of business and the accompanying technological revolution. These factors have led to dramatic changes in transportation, communication, and labor markets. The third trend, which is related to the first two, is the focus on HRM as a "strategic" function. HRM concerns and concepts must be integrated into the overall strategic planning of the firm in order to cope with rapid change, intense competition, and pressure for increased efficiency. |

**Difference between personnel management and HRM**

Some experts assert that there is no difference between [human resources](http://www.wisegeek.com/what-is-human-resources.htm) and [personnel management](http://www.wisegeek.com/what-is-personnel-management.htm). They state that the two terms can be used interchangeably, with no difference in meaning. In fact, the terms are often used interchangeably in help-wanted ads and job descriptions.

For those who recognize a difference between personnel management and human resources, the difference can be described as philosophical. The table below shortly compares PM with HRM as follows.

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| --- | --- | --- |
| **Subject** | **Personnel management** | **HRM** |
| **Nature** | More administrative | Managing a workforce as one of the primary resources |
| **Scope** | Less than HRM | Much broader |
| **Time and planning** | Short-term, reactive, ad hoc, marginal | Long-term, proactive, strategic, integrated |
| **Psychological contact** | Compliance | Commitment |
| **Control system** | External | Self-control |
| **Employee relations** | Pluralist, collective, low trust | Unitarist, individual, high trust |
| **Structures and systems** | Bureaucratic/mechanistic, centralized, formal | Organic, devoted, flexible |
| **Roles** | Specialist/professional | Largely integrated into line management |
| **Evaluation criteria** | Cost minimization | Maximum utilization(human asset accounting) |

* 1. **Human Resource management objectives**

The primary objective of HRM is to ensure the availability of competent and willing workforce to an organization. The specific objectives include the following:

1. **Human capital** : assisting the organization in obtaining the right number and types of employees to fulfill its strategic and operational goals
2. **Developing organizational climate**: helping to create a climate in which employees are encouraged to develop and utilize their skills to the fullest and to employ the skills and abilities of the workforce efficiently
3. Helping to maintain performance standards and increase productivity through effective job design; providing adequate orientation, training and development; providing performance-related feedback; and ensuring effective two-way communication.
4. Helping to establish and maintain a harmonious employer/employee relationship
5. Helping to create and maintain a safe and healthy work environment
6. Developing programs to meet the economic, psychological, and social needs of the employees and helping the organization to retain the productive employees
7. Ensuring that the organization is in compliance with provincial/territorial and federal laws affecting the workplace (such as human rights, employment equity, occupational health and safety, employment standards, and labour relations legislation). To help the organization to reach its goals
8. To provide organization with well-trained and well-motivated employees
9. To increase the employees satisfaction and self-actualization
10. To develop and maintain the quality of work life
11. To communicate HR policies to all employees.
12. To help maintain ethical polices and behavior.

The above stated HRM objectives can be summarized under four specific objectives: societal, organizational, and functional and personnel.



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’s 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:** is to maintain the department’s contribution at a level appropriate to the organization’s needs. Human resources are to be adjusted to suit the organization’s demands. The department’s 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.