



# HUMAN RESOURCE MANAGEMENT

Chapter-1

# Concept

- Personnel Management was considered a staff function, i.e., keeping records of attendance and productivity of workers and administration of wages. It came to be known as hiring, training, compensation and welfare of employees. Personnel Management is the planning, organising, directing, controlling of the procurement, development, compensation, integration and maintenance and separation of human resources to the end that individual, organizational and social objectives are accomplished. It is that phase of management which deals with the effective control, and use of manpower as distinguished from other sources of power. Personnel Management is that part of management functions which is primarily concerned with human relationships in an organisation, its objective is the maintenance of those relations which enable all those engaged in the undertaking to make their maximum contribution to the effective working of that undertaking. The object of Human Resource Management is to recruit, develop and to retain the employees in the organization. It includes planning, organising, directing and controlling of the performance of employees and workers in the organization.

# Characteristics

- 1. The part of General Management: HRM is the management of workers and employees of an organization and these workers and employees are a part of the whole organisation.
- 2. Development of Human Resources: Efforts are made to provide best education and training facilities to the workers.
- 3. Uses of Principles of General Management: HRM is based upon the same principles that are used in General Management.
- 4. Harmonious Relations between Human and other Resources of the Organization: It stresses upon the establishment of sweet relations between labour and capital on one hand and between labour and management on the other.
- 5. . It deals with Labour Unions also: Labour Unions help in preventing industrial disputes, strikes, and lock-outs etc. These unions help in solving the labour problems.
- 6. Departmental Responsibility: Has a particular Departmental Responsibility. It is responsible only for the matters related with employees.

- 1. To Establish harmonious relations between labour and capital: The contribution of labour is not less important than that of the capital. Managers realize that they cannot make the best use of capital without co-operation of the labour. It stresses upon the development of trust and faith between employees and employers.
- 2. Development of employees: Employees are provided the facilities of training and education so that the efficiency and ability of the employees maybe increased.
- 3. To Increase the welfare of human resources: Best working conditions should be provided and many other welfare programmes must be launched so that employees may get the facilities of health and recreation.
- 4. To Arrange for effective communication with employees: Effective communication with employees are maintained so that the orders and directions of management may be passed to the employees and the problems and grievances of workers may also be communicated to the management.

## Objectives

Main objective of Human Resource Management is to manage the workers and employees of an industrial enterprise in the best possible manner. In the process of Human Resource Management, the employees are recruited, trained and developed so that they may contribute to achieve the objectives of the enterprise..

# Objectives

5. Other Objects: Other objects of Human Resource Management are:

- To arrange for the sufficient number of efficient, capable and experienced employees in all the departments and at all the levels of management.
- To increase the moral of employees.
- To motivate the employees so that the productivity of enterprise may be increased.
- To provide best working conditions to the employees so that they may complete their work in most efficient manner.

# Nature

## 1. A Departmental Responsibility

- It is responsible for recruitment of employees, providing training to them, placement of employees on work, to fix their remuneration, to determine the code of conduct for them and to motivate them to work more and more. It is responsible for recruitment of suitable employees for all the departments. Thus, it is clear that the nature of HRM is related with all the departments of the enterprise.

## 2. A Staff Function

- Human Resource Management is also considered as a staff function. All the departments of enterprise such as Production Department, Marketing Department, Finance Department, Accounts Department etc. all require employees.

# Nature

## 3. A Profession

- Professional persons are the persons who have complete and deep knowledge of their field and adopt a scientific approach. This way, a Human Resource Manager is professional because he has complete and detailed knowledge of HRM. He knows how to recruit the employees, how to provide the training to them, how to place them on their jobs, how to motivate them to work more and how to control their activities.

## 4. Utility of HRM is Universal

- Useful in all the fields of life such as industrial, social, political and religious. In every field of life, support of man-power is essential and no work can be done without man power, as train cannot move without engine. Human Resource department is responsible for planning, organization, control, direction, co-ordination and control of man-power.

# Scope

The scope of Human Resource Management was very limited . With the growth and development of business and industrial enterprises, the activities of these enterprises became more and more complicated and diversified. With this, the scope of Human Resource Management also continued to increase. Indian Institute of Personnel Management (I.I.P.M.) has described the scope of HRM as follows:

- To determine personnel policies.

- To determine the methods of recruitment, training, placement and promotion etc.

- To determine the wage system and the conditions of employment.

- To provide good working conditions and facilities to the workers and employees.

- To establish harmonious relations between labour and capital.



# Functions in the scope of HRM

Strauss and Sayles have described the following functions in the scope of HRM:

- Recruitment selection and placement of employees.
- Job analysis, job description and job evaluation.
- Scheme of compensation payable to the employees.
- Maintenance of Personnel Accounts.
- Personnel welfare programmes.
- Specialized services, such as safety, supervision and control etc.
- Programmes of workers education and training.
- Labour relations and Public relations.
- Personnel planning and evaluation.

# Important functions in the scope of HRM

Recruitment, Selection and Job Determination for the employees: The workers are motivated to apply for jobs in the organization with the help of advertisement and other measures . The best workers and employees are selected through written test and interview and are then placed on a suitable job.

To adopt suitable wage system: Suitable wage system to remunerate employees is adopted so that they maybe motivated to work more and extend their full co-operation in the achievement of objectives of the organisation .

Public Relations: Activities like maintaining contacts with social welfare organisations , to provide necessary information about the organization, to publish magazines etc are performed to maintain public relations.

Personnel Planning and Evaluation: following activities are included: (I) to determine personnel policies and programmes.(ii) to evaluate these policies and programmes to conduct personnel audit etc.

Education and training of employees: The programmes of education and training may be started for the benefit of both the old and new employees. During training period employees are paid an allowance at a fixed rate. After completing training, they are placed on a job according to their ability.

Job Analysis, Job Distribution and Job Evaluation: All the works to be done in business and industrial enterprise are critically analyzed so that it may be determined that which job should be assigned to an individual employee.

Labour Welfare activities: It performs health and safety programmes, recreation facilities and educational activities etc. for welfare. These activities increase efficiency and ability of employees.

Personnel Accounts: It has to maintain all the relevant accounts regarding employees of the organization such as the number of workers, absenteeism , work one by employees, wage roll etc.

# Functions

Edwin B. Flippo has divided the functions of Human Resource Management into two parts:

1. Managerial Functions- Include the primary functions of General Management, such as planning, organising, directing and controlling.
2. Co-operative Functions- which are of routine nature of HumanResource Management.

E.F.L. Brech has divided the functions of Human Resource Management into four parts:(i) To formulate the policies.(ii) To advise(iii) Welfare activities and(iv) Controlling activities.

On the basis of above discussion, it can be concluded that the Functions of Human ResourceManagement can be divided into three parts:(a) Managerial functions,(b) Staff functions and(c) Line function.

# Managerial functions

- Planning: HRM prepare the plans regarding the workers and employees required to the organization. The plans are prepared as to how many employees and of which caliber are required.
- Organizing: HRM organize the Human Resources in the best possible manner. It is responsible for establishing harmonious relationship between various factors of production so that the employees may prove helpful in achieving the objectives of the organization.
- Directing: It involves motivation and leadership. In the absence of effective direction, the organization cannot achieve the desired results. Direction includes issuing instructions to the workers, developing communication network and integrating workers.
- Controlling: HRM is responsible for controlling and regulating the activities of Personnel Department also. It includes the determination of targets, analysing actual performance, comparing the results with pre-determined targets and correcting deviations, if any.
- Motivating: HRM motivates the employees of the organization by providing monetary and non-monetary incentives. This enables the management to get the maximum advantage out of their capability and efficiency.
- Co-ordinating: HRM is responsible for establishing effective coordination between labour and capital resources of the enterprise.

# Staff functions

- Policy determination and formation: An important function of HRM is to determine the personnel policies and to advise Top Management in the formation of policies and in the renewal of old policies.
- Advise: HRM has to advise all the departments of the enterprise regarding the selection, placement, transfer, promotion and remuneration of employees. This department has also to deal with the labour problems of various departments.
- Service: HRD renders the valuable services to all other departments of the enterprise by making the selection of employees required for these departments and by providing proper training to them.
- Control: HRM is liable to control the affairs of enterprise regarding employees. It has to see whether the policies, rules and strategies regarding employees are being implemented in all the departments or not.

# Line functions

1. Planning of labour: It plans requirements of labour force of the enterprise and estimates the number of workers and employees that may be required by the enterprise in the future and determines the abilities of the employees to be appointed.

2. Security of workers: The provisions of security of workers under Factory Act are implemented.

3. Administrative functions: It includes the dealing with the problems, grievance and feelings of workers, the discussions with the labour union and to arrive at different compromises.

4. Organization chart: It includes the preparation and implementation of organization chart relating to Human Resource Department.

5. Welfare activities: Various schemes are prepared and implemented for the welfare of workers such as refreshment house, club, schemes of savings, facilities of recreation, facilities of residence, facilities of conveyance, scheme of pension after retirement etc.

6. Communication: The orders and directions of management are communicated to the workers so that they may implement these orders and directions and the suggestions, feelings, opinions and problems of workers are communicated to the management.

7. Personnel Research: This function includes the study, analysis, interpretation and research on the behaviour of workers, the designing of working organization and employee's motivation etc.

# Line functions

## 8. Recruitment of labour

It includes the following functions:

- To study the source of supply of labour
- To collect the data regarding the needs of job and the rates of wages etc.
- To invite applications
- To hold the written tests and interviews
- Checking of reference
- Appointment of workers and employees
- To estimate present and future needs of employees.

## 9. Training functions

It is not sufficient to recruit the best employees, Proper development of employees is equally important. For this proper training must be given to the employees and workers. It includes the following functions:

- To prepare the rules regarding training of new workers;
- To arrange for the training;
- To supervise the arrangement of training;
- To train the workers regarding the policies of enterprise.

# Line Functions

## 10. Wages and salaries administration

These functions include the following functions :

- Evaluation of work;
- To prepare and implement the programme;
- Analysis of job;
- To hold the periodical surveys regarding wages and salaries;
- Amendment in levels of remuneration.

## 11. Other functions

- Determination of the work to be allocated to the workers.
- determining the principles of promotion.
- To maintain necessary report so that the principles of personnel management may be implemented effectively
- To help the management in the implementation of policies.
- To remove the possibilities of termination from services
- Determination of the policy of termination and to take the necessary action at the required time.
- To communicate the personnel policies to the supervision and workers.
- To scrutinize all the voluntary retirements and to take necessary actions.



The importance of Human Resource Management in modern business and industrial enterprise can be explained as follows:

- It facilitates the rapid economic development of a country.
- It encourages the tendency of socialism in the modern society.
- It facilitates in the earliest possible solution of the problems and complications of a business and industrial enterprise.
- It helps in the fulfilment of objectives of labour unions.
- It provides to the recognition to the workers of the enterprise, which is necessary for the success of enterprise.
- Employees and workers feel themselves a part of the enterprise because of Human Resource Management.
- It develops the feeling of unity between labour and capital.
- It establishes sweet human relations in the enterprise.
- It enables the best possible utilization of labour and material resources of the enterprise.

## Importance

While human resources available to management in an organisation are only one part of resources which must be coordinated, it is through combined efforts of people that monetary and material resources are utilized for organization objectives. Without human efforts, the organizations can never accomplish their objectives.

# Principles

1. Principle of Maximum Individual Development: It emphasizes upon the maximum development and the proper training of employees. This principle is based on the assumption that the object of getting maximum production at minimum cost of an enterprise can be successful only if its workers and employees are capable enough.
2. Principle of scientific selection: The essence of this principle is "the right job for the right person." The object is to make scientific selection of employees so that best possible employees may be selected.
3. Principle of motivation: The employees of the enterprise must be motivated. They must be inspired to take more interest in their work.
4. Principle of dignity of labour: The ideal of this principle is the dignity of work and workers. It is based on the assumption that a worker is a man and not machine. He can make his best efforts only if he is properly rewarded and regarded.
5. Principle of high moral: It includes the improvement in working conditions, the abilities of the workers and the proper arrangement of training and security of workers. It aims at raising the moral of workers.
6. Principle of team spirit: This principle includes all efforts which may develop thinking of workers to co-operate with others and to work with team spirit. This principle is based on the assumption that the combined efforts of workers may get the best results.

# Principles

7. Principle of effective communication: It emphasizes that there must be effective communication in the enterprise. Lack of effective communication may cause various problems to the enterprise. The policies, programmes and objects of the management must be properly communicated to the workers and the problems and feeling of workers must be properly communicated to the management.

8. Principle of participation in management: This principle emphasizes that workers must participate in management so that they may contribute their best efforts in the accomplishment of pre-determined objectives of the enterprise.

9. Principle of contribution national prosperity: This principle develops the feeling among the workers of the enterprise that the success of an enterprise contributes to the national prosperity. Therefore, it encourages them to contribute their best efforts for the success of enterprise.

10. Principle of fair reward: All the employees must be rewarded on a fair and justified base. The Wage System must be adopted in the manner that it may satisfy the workers and they may be motivated to do more and more work.

11. Principle of effective utilization of Human Resources: Manpower of the enterprise must be fully utilized so that the cost of labour may be minimum. To achieve this object, it is essential that the employees must be asked to do the work that they can do. Proper training facilities should be provided to the employees so that the ability and efficiency of workers may be increased.

# Qualities of a Human Resource Manager

1. Mental ability: He must have the mental ability of very high standard. He must be able to understand different types of people. He must possess immense tact, practical mind and cool temperament.
2. Personality: The Human Resource Manager must possess attractive and effective personality . He must be trained in behavioural science so that he may predict and control the human behaviour. He must be capable enough in getting the work done by others.
3. Character: A Human Resource Manager must be of high character. He must have the qualities of courage and boldness. He must be aware of social responsibilities.
4. Operational ability: He must be a good leader and organizer.He must be able in motivating the workers. He must have the ability of analyzing problems from every angle.

# Qualities of a Human Resource Manager

5. Communication scheme: A Human Resource Manager is required to address several verbal and written communication to the employees working under his supervision. A personnel Manager must be able to communicate his ideas and opinions effectively and clearly so that all the employees may understand and implement the message.
6. Freedom from bias: A Human Resource Manager must be free from biased attitude. He should not take a judgement on the basis of fear or favour. He must consider all the matters and alternatives on the basis of their merit. He should be known for his honesty, integrity, character, justice and fair play.
7. Foresightedness: A Human Resource Manager must be able in predicting the problems of business in advance. He must be able in evaluating the merits and demerits of all the alternatives. Thus, it can be said that a good Human Resource Manager is a blend of many talents. He must be a psychologist, negotiator, planner, organizer, supervisor, leader, advisor and controller.

# Responsibilities of a HR manager

## 1. Responsibilities towards human resource system

A Human Resource Manager is responsible towards personnel system of the enterprise in which he is working.

- To recruit the able personnel for different posts.
- To select the best and most efficient personnel out of the available personnel.
- To provide training facilities to the employees.
- To determine the wages and salaries of employees according to their ability and work.

## 2. Responsibilities towards financial resources

- Expenses on education and training programmes.
- Expenses on medical department.
- Expenses on security measures.
- Expenses on advertisement and sales promotion.
- Expenses on labour-employer relations.
- Expenses on books, magazines and library etc.
- Expenses on Vehicle and on transportation.

# Responsibilities of a HR manager

3. Responsibilities towards physical resources: Proper and economical use of physical resources employed in the enterprise. All the available physical resources must be utilised most efficiently and economically.

4. Responsibilities towards personnel records: Maintenance of proper records of wages, overtime, bonus, absenteeism, etc.

5. Responsibilities as an advisor:

- To formulate personnel policies.
- Arrange for the implementation of these policies.
- If there is any problem in the implementation of these policies, he must suggest the ways to overcome such problems.

# Responsibilities of a HR manager

## 6. Responsibilities toward control and expenditure:

HR manager is responsible for –

- Division of labour.
- Maximum utilization of efficiency of workers.
- To have effective control over labour. wastages.
- To maintain minimum machine hour rate and labour hour rate.

## 7. Other responsibilities

- To conduct personnel research.
- To arrange for the effective communication.
- To provide the best possible facilities to the workers.
- To maintain sound and harmonious relations between labour and capital.
- To evaluate various programmes of Personnel Administration.
- To execute personnel or Human Resource policies, systems and progress.
- To draft a plan for future requirements of man-power.
- To work as consultant at all the levels of management to solve their labour problems