

HUMAN RESOURCE MANAGEMENT

Chapter 1

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INTRODUCTION

Definition of Human Resources given by different authors

- ▶ **Jucius Michael** defines human resources as 'human factors', which refers to "A whole consisting of inter-related inter-dependent and inter-acting, physiological, psychological, sociological and ethical components."

INTRODUCTION

Sumantra Ghoshal has used the term human capital that consists of

- ▶ Intellectual capital
- ▶ Social capital
- ▶ Emotional Capital

Intellectual Capital

- Specialized Knowledge
- Tacit knowledge
- Cognitive Complexity
- Learning Capacity


Social Capital

- Network of relationships
- Sociability
- Trustworthiness

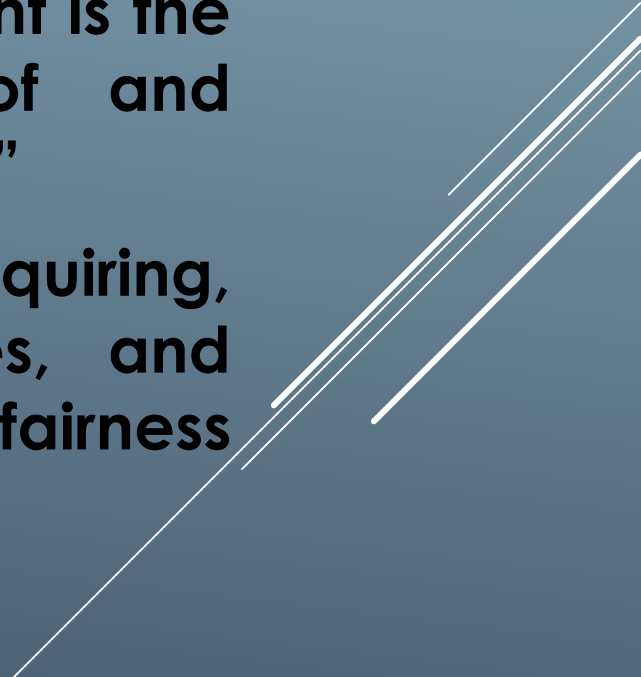
Emotional Capital

- Self Confidence
- Ambition and Courage
- Risk Taking Ability
- Resilience


FEATURES OF HUMAN RESOURCES

- It consists of all humans working in the organization
 - Human resources are the product of their biological inheritance and interactions with the environment
 - They are dynamic in nature
 - They have great potential to develop and grow if right climate is provided
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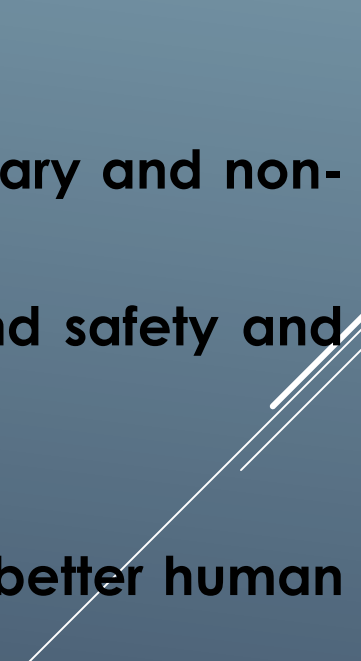
HUMAN RESOURCE MANAGEMENT

- ▶ French Wendell defines “Human resource management is the recruitment, selection, development, utilization of and accommodation to human resources by organisations”
 - ▶ According to Gary Dessler, “HRM is the process of acquiring, training, appraising and compensating employees, and attending to their labour relations, health, safety and fairness concerns.”
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FEATURES OF HRM


- **Concerned with human element**
 - **Integral part of Management**
 - **Pervasive Function**
 - **Wide range of activities**
 - **Development of human resources**
 - **Motivation of human resources**
 - **Continuous Function**
 - **Service or Staff Function**
 - **Multi Disciplinary approach**
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OBJECTIVES OF HRM

- ▶ To procure right types of personnel for right jobs at right time
 - ▶ Provide right training to increase productivity of personnel
 - ▶ Retain talented human resources
 - ▶ Ensure effective utilization of organization's resources
 - ▶ To identify and satisfy the needs of individuals by offering monetary and non-monetary rewards
 - ▶ To improve the quality of working life by providing for health and safety and provide welfare facilities
 - ▶ Ensure reconciliation of individual goals with organizations goals
 - ▶ Achieve and maintain higher morale of employees by ensuring better human relations
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HRM AS REINCARNATION OF PERSONNEL MANAGEMENT

According to Edwin B. Flippo, “Personnel Management is the planning, organizing, directing, and controlling of the procurement, development, compensation, integration and maintenance and separation of personnel to the end that individual, organization and societal objectives are accomplished.”

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HUMAN RESOURCE MANAGEMENT VS. PERSONNEL MANAGEMENT

| Dimension | Personnel Management | Human Resource Management |
|-----------------------|---|---|
| 1. Philosophy | <input type="checkbox"/> Treats people as a tool to be replaced when worn out | <input type="checkbox"/> Treats people as valuable assets or resources |
| 2. Nature of activity | <input type="checkbox"/> Routine activity to hire and train employees and maintain personnel records | <input type="checkbox"/> Strategic activity integrated into the over strategic management of business |
| 3. Managerial outlook | <input type="checkbox"/> Concentrates on monitoring people and work in the terms of measurable output | <input type="checkbox"/> Focuses on nurturing human talent |
| | | |

| Dimension | Personnel Management | Human Resource Management |
|---------------------|--|--|
| 4. Shared interests | <input type="checkbox"/> Interests of the organization are most important | <input type="checkbox"/> Interests of both the organization and the employees are important |
| 5. Responsibility | <input type="checkbox"/> Major responsibility rests with the HR Manager | <input type="checkbox"/> Responsibility rests with all managers: top, middle and lower\First-line managers |
| 6. Humanization | <input type="checkbox"/> Emphasizes operative functions of Personnel manager, i.e., procurement, training, compensation, appraisal, etc. | <input type="checkbox"/> Emphasizes humanization of management, i.e., concentration on human relations, motivations, job satisfaction, welfare, etc. |

FUNCTIONS OF HRM

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graph TD; A[FUNCTIONS OF HRM] --> B[MANAGERIAL]; A --> C[OPERATIVE]; B --> B1[1. PLANNING]; B --> B2[2. ORGANISING]; B --> B3[3. DIRECTING]; B --> B4[4. CONTROLLING]; C --> C1[1. EMPLOYMENT]; C --> C2[2. TRAINING AND DEVELOPMENT]; C --> C3[3. COMPENSATION]; C --> C4[4. APPRAISAL]; C --> C5[5. WORKING CONDITIONS]; C --> C6[6. MOTIVATION]; C --> C7[7. PERSONNEL RECORDS]; C --> C8[8. INDUSTRIAL RELATIONS]; C --> C9[9. SEPARATION];
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MANAGERIAL

1. PLANNING
2. ORGANISING
3. DIRECTING
4. CONTROLLING

OPERATIVE

1. EMPLOYMENT
2. TRAINING AND DEVELOPMENT
3. COMPENSATION
4. APPRAISAL
5. WORKING CONDITIONS
6. MOTIVATION
7. PERSONNEL RECORDS
8. INDUSTRIAL RELATIONS
9. SEPARATION

SCOPE OF HRM

- ▶ **Personnel or labour Aspect:** Recruitment, Selection, Placement, training, development, compensation, appraisal, promotion, transfer.
- ▶ **Welfare Aspect:** good working conditions, creches, canteen, housing, education, recreation
- ▶ **Industrial Relations Aspect:** employer-employee relations, trade union negotiations, settlement of industrial disputes, joint consultation and collective bargaining


IMPORTANCE OF HRM

- ▶ **Impact of liberalization and globalization**
 - ▶ **Importance for the organization**
 - ▶ **Importance for individuals**
 - ▶ **Importance for the Society**
 - ▶ **Importance for the nation**
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ROLE OF HR MANAGER

| Traditional Role | Changing Role |
|---|---|
| <ul style="list-style-type: none">➤ Policy Formulator➤ Advisory role➤ Linking Pin Role➤ Representative role➤ Fire Fighter or Mediator Role➤ Leadership Role➤ Welfare Role | <ul style="list-style-type: none">➤ Change Facilitator➤ Counsellor➤ Strategic Role➤ Miscellaneous Role |

COMPETENCIES OF HR MANAGER

- ▶ Competencies can be defined as demonstrable characteristics of a manager that enable his successful performance.
 - ▶ In other words competencies denote the attributes and behavior expected of a manager to perform his duties effectively
 - ▶ Henri Fayol has listed the following qualities of employees
 - Physical: health, vigour
 - Mental: ability to learn, judgement, adaptability
 - Educational:
 - Technical: peculiar to function
 - Experience: arising from work
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HUMAN RESOURCE COMPETENCY MODEL

| Business Mastery | HR Mastery | Change Mastery | Personal Credibility |
|--|--|---|---|
| <ul style="list-style-type: none">▪ Business Acumen▪ Customer Orientation▪ External Relations | <ul style="list-style-type: none">▪ Staffing▪ Performance Appraisal▪ Rewards System▪ Communication▪ Organisation Design | <ul style="list-style-type: none">▪ Interpersonal Skills▪ Problem-Solving Skills▪ Reward System▪ Innovativeness and creativity | <ul style="list-style-type: none">▪ Trust▪ Personal Relationship▪ Values and courage |


COMPETENCIES OF A SUCCESSFUL HR MANAGER

- ▶ **Broad Vision**
 - ▶ **Technical Competence**
 - ▶ **Human Relations Competence**
 - ▶ **Organizational Competence**
 - ▶ **Dynamic Personality**
 - ▶ **Communication Competence**
 - ▶ **Emotional Stability**
 - ▶ **Integrity**
 - ▶ **Problem Solving**
 - ▶ **Strategy Formulation Competence**
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HUMAN RESOURCE POLICIES

- ▶ Human resource policies lay down the decision making criteria in line with the overall purpose of the organization in the area of Human Resource Management.
- ▶ Characteristics of HR Policy
- ▶ Policy is an expression of intentions of top level management
- ▶ Policy is stated in broad terms
- ▶ Policy is long lasting
- ▶ Policy is developed with active participation of all executives
- ▶ Policy is in writing
- ▶ Policy is linked with objectives


NEED AND IMPORTANCE OF HR POLICIES

- ▶ **Facilitates decision making**
 - ▶ **Promptness of action**
 - ▶ **Consistency of action**
 - ▶ **Continuity and stability**
 - ▶ **Better control**
 - ▶ **Eliminates personal hunch and bias**
 - ▶ **Welfare of people**
 - ▶ **Confidence in employees**
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LIMITATIONS OF HR POLICY

- ▶ Policies are rigid and leave no room for initiative by employees
 - ▶ Policies may not cover all problems
 - ▶ Policies are not substitute of human judgement
 - ▶ Policies may not be everlasting and require changes over a period of time.
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PROCESS OF FORMULATION OF HR POLICIES

- ▶ Preliminary investigation
 - ▶ Environmental scanning
 - ▶ Identification of policy areas
 - ▶ Analysis of alternative policies
 - ▶ Participation of lower levels
 - ▶ Approval of top management
 - ▶ Implementation of policy
 - ▶ Policy appraisal
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AREAS OF HR POLICY

- ▶ **Acquisition Policies**
 - ▶ **Transfer and Promotion**
 - ▶ **Training and Development Policies**
 - ▶ **Compensation Policies**
 - ▶ **Maintenance and Welfare Policies**
 - ▶ **Integration and Human Relations Policies**
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ESSENTIALS OF SOUND HR POLICIES

- ▶ Policy must be preceded by a brief description of the situation which led to formulation of policy.
- ▶ Policy should be consistent with the overall organization's objectives
- ▶ It should give due regard to all the stakeholders like employers, employees and general public
- ▶ It should be broad, general and flexible
- ▶ It should be in writing
- ▶ It should be stated in broad terms and revised periodically
- ▶ It should be just, fair and equitable to internal as well as to the external groups
- ▶ It should be reasonable and capable of being executed
- ▶ There should be participation from all levels for its formulation