

## Lesson: 1

### *Nature, philosophy, need, objectives and evolution of Human Resources Management*

**Contents:**

**Definitions**  
**Schools of thought**  
**History**  
**Importance**  
**Core values**  
**Philosophy**  
**Objectives**

## Learning Objective this Unit

By the end of this Unit, you should be able to:

- Give concise definitions for HRM.
- 1. Clearly articulate the HRM philosophy.
- 2. Describe the various models/maps of HRM.
- 3. Know the history behind HRM.

MS 22B - Eddie Corbin, Lecturer

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### *Lesson 1: Nature, philosophy, need, objectives and evolution of Human Resources Management*

Whenever you see a balance sheet of a company , you see the assets and liabilities which are usually the material elements.

Can you name the company that puts human resources as assets in balance sheet and started the tradition of considering their employees as appreciating assets?  
You will be surprised, but it is true.

Any guesses?

### **It is Infosys!!!!**

You all know that it is a very successful company, and the success has come with just not planning and utilization of material resources, but with *Human resources*, as they are the most valuable assets for any organization.

So you see how important people are in delivering the best of whatever the organisation stands for??? Yes, we are going to begin our first lesson of the session with this positive energy 'cause it is you "the people" who is going to make the difference in whatever profession or field you go to!!

It is clear to you from the above slide what all we will be dealing with. Let me specify again for your sake. In this lesson, we would start to know the beautiful subject, like

- What is HRM?
  - What are the schools of thought?
  - Why study HRM?
  - Where do the fundamental concepts of HRM come from?
  - What are the core values behind HRM? And, what is the philosophy behind HRM? Is HRM a coherent and integrated approach to managing people?
  - Is HRM here to stay or is it just another management fad? What are the Objectives of HRM?

### **What is HRM?**

Let us understand it by dividing the term into its subparts.

- Human – people, us
- Resource – assets/costs for organizations
- Management – co-ordination and control to achieve set goals But humans, unlike other resources in the context of work and management, cause problems.

But why do we need to be managed? Since we all know we naturally are matured and educated people. NO! it is not always so. Because we disobey, misunderstand, answer back, challenge, have our own ideas about how things might be done and have varying degrees of interest and motivation. Remember we talked about individual and group difference in behaviour in the last semester. This presents a challenge to management in terms of securing effective control.

The solution to this problem could be many. For one, we could as well eliminate human element from the workplace. What do you think?? Automated work organisations!! Automation and use of technologies may replace or reduce significance of people in some circumstances. But it may actually also require highly skilled and trained people to design, maintain and operate the technology. And just how far can people be replaced by machines anyway?

Machines could be used to tightly specify and control how people work - the classic assembly line model. This may facilitate efficiency and control but can also lead to alienation, resistance and conflict

Another alternative is to seek to maximise commitment of people by organising work and creating attitudes and behaviour which generate best outcomes. Thus, *HRM is basically a search for “best practices” to generate high levels of employee commitment and performance.* But organisational practices may cause difficulties – down/right sizing or less secure employment seems to sit uneasily against this rhetoric of HRM.

Storey has identified two broadly contrasting pictures of HRM

- Emphasis on people as costs and resources to be worked to secure maximum efficiency. It is called the “ **Rational or economic view of employment**” where the basic approach is *Control and compliance*
- Emphasis on people as resources to be invested in to generate high commitment and involvement. This is the “ **Social or psychological view of employment**” and it emphasises on **commitment** of the people working together as an organisation both - *Hard and Soft*.

This is a very broad generalisation and practice is more mixed but it helps distinguish tendencies A Textbook Definition **Bratton and Gold** define HRM as:

*“... a strategic approach to managing employment relations which emphasises that leveraging people’s capabilities is critical to achieving sustained competitive advantage, this being achieved through a distinctive set of integrated employment policies, programmes and practices”.* (p7)

From this definition, we can easily deduce certain key words which can give us an idea of what the features of HRM are. They are:

- ❖ **Strategic** i.e. planned, deliberate, seeking to achieve set objectives
- ❖ **Capabilities** i.e. people or resources with potential (knowledge, skills, attitudes) which can be developed to contribute to organisational success.
- ❖ **Competitive advantage** – by tapping into and developing these capabilities organisations give themselves an edge over their rivals
- ❖ **Integrated** – that the range of things under HRM (recruitment, selection of employees, their training and development, how they are rewarded) is looked at together not as separate things.

For example, if you recruit and select people you should have a clear idea of how you see them developing and contributing to the performance of the organization. Isn't it ?? This *Employment Relationship* has several dimensions to it:

1. *Economic* – pay in exchange for effort
  - We sell ourselves to survive and prosper
  - We enter the “labour market” to be bought
  - We try to improve our price in various ways. But there is a supply and demand aspect
  - We bring potential effort which needs control

2. *Legal* – employment laws, rights and responsibilities on both sides – contractual relationship although formality of the contract can vary Freely entered into But is it that free and equal?  
Employment rights may help redress the balance between individual and organisations (as does collective association or unions)
3. *Social* – Work is social because it involves various degrees of integration with others:
  - Some of this is formally required
  - Some is just “natural”
  - Influence of social on individual
  - In work, social relations are structured
4. *Psychological* – mutual expectations and obligations - beyond the formal contract  
What do you expect your employer to provide beyond the wage – effort bargain?  
What is reasonable in terms of this bargain?

To understand what human resource management more clearly, we should first review what managers do. Dessler has defined the concept by relating the HRM field with five basic functions all managers perform: planning, organizing, staffing, leading, and controlling. In total, these functions represent the management process. Some of the specific activities involved in each function include:

- ❖ *Planning*: Establishing goals and standards; developing rules and procedures; developing plans and forecasting-predicting or projecting some future occurrence.
- ❖ *Organizing*: Giving each subordinate a specific task; establishing departments; delegating authority to subordinates; establishing channels of authority and communication; coordinating the work of subordinates.
- ❖ *Staffing*: Deciding what type of people should be hired; recruiting prospective employees; selecting employees; setting performance standards; compensating employees; evaluating performance; counseling employees; training and developing employees.
- ❖ *Leading*: Getting others to get the job done; maintaining morale; motivating subordinates.
- ❖ *Controlling*: Setting standards such as sales quotas, quality standards, or production levels; checking to see how actual performance compares with these standards; taking corrective action as needed.

### **Point to Ponder:**

### **Is co-ordination a separate function or is it a part of all the functions mentioned above?**

Thus, **Human resource management** refers to the practices and policies you need to carry out the people or personnel aspects of your management job.

Other thinkers like, **David. A. Decenzo & Stephen P.Robbins** have defined it as “ A process consisting four functions- acquisition, development, motivation, and maintenance of human resources.”

**Institute of personnel management, London, UK:** “ Personnel Management is that part of management concerned with the people at work and with their relationship into an effective organisation; the men and women who make up an enterprise and having regard

for the well-being of the individual and of working groups, to enable them to make their best contribution to its success.”

**Edward Flippo** refers to it as, “Personnel management is the planning, organising, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the objectives are accomplished”

The meaning and prevalence of HRM are topics that continue to attract debate and disagreement. As a consequence, practitioners and textbook authors use a diverse and sometimes contradictory range of interpretations. We find that HRM has a variety of definitions but there is general agreement that it has a closer fit with business strategy than previous models, specifically personnel management.

Paradoxically, attempts to define HRM too precisely seemed to have resulted in confusion and contradiction rather than clarity. However, and perhaps only for the moment, HRM has the advantage of appearing to be contemporary and innovative. This is particularly the case in comparison with personnel management. Nevertheless, personnel departments have refused to go away. A casual examination of job advertisements in the press will reveal that applications are still to be sent to 'Personnel Managers', 'Personnel Departments', and even 'Staffing Officers'. At the same time, advertisements for 'human resource' jobs are common - particularly at a senior level - even if applications are to be sent to the Personnel Office!

### **Schools of thought:**

It is evident, therefore, that defining and accepting HRM comes down to a matter of opinion - or vested interest. Indeed, some interpretations have a strong constituency. It can be seen that each of these views has a natural audience able to identify their own interests with a particular interpretation.

If you yourself read a few books and will find accounts stressing one of the following:

- **HRM is really personnel management**  
Human resource management is a modernized form of 'personnel', repackaged to enhance the status of personnel managers. It has a hard edge, entitling HR managers to the same respect as finance professionals. HRM is based on integrated and coherent recruitment, assessment and development programmes. It is sophisticated, requiring rigorous training under the auspices of a professional body or university.
- **HRM is a strategic model**  
It employs the techniques of strategic management for the utilization of human resources. It focuses on senior managers' concern with achieving objectives and containing costs. HRM aims for a seamless link between business policy and recruitment, performance assessment, reward management, development and dismissal. HRM is a mechanism for control and the exercise of power by top management. It encourages employee attitudes and behaviour which are consistent with business goals. HRM is just one aspect of a senior manager's strategic repertoire. It requires a wide appreciation of the industry and the organization and fits resource-based theories which are familiar from business strategy literature. This interpretation owes its inspiration largely to the Michigan model.

- **HRM is people management**

It covers all aspects of managing employees in its widest sense and emphasises the role of line managers in overseeing their own staff. From this perspective, HRM is a new generic label for all the techniques and tactics available to manage people. It concentrates on translating organizational objectives into operational achievement by winning employee commitment and gaining high-quality performance. HRM is practical and pragmatic. This interpretation derives from the Harvard model. However, as can be seen from much published material, and even university courses, there is a considerable risk that this approach can result in a loss of focus. The subject can easily be reduced to an incoherent and inconsistent collection of techniques and practices.

In fact, the value and popularity of HRM may derive from its openness to varied interpretations. It is possible to argue that the term is a useful, 'catch-all phrase, reflecting general intentions but devoid of specific meaning' (Guest, 1989b). This allows it to be applied in a variety of circumstances. Individual authors and practitioners interpret HRM according to their own background, interests and intended audiences.

Indeed, Keenoy and Anthony (1992: 238) consider that we should not look too closely: '...once we seek to explain HRM, to subject it to any analysis or criticism, it ceases to function as intended. Its purpose is to transform, to inspire, to motivate and, above all, to create a new 'reality' which is freely available to those who choose or are persuaded to believe. To explain it is to destroy it.'

## **History of Human Resource Management:**

We all are aware how the development of Human Resource Management took place, through our subjects in First Semester. The development of HRM has been slow but a steady process. Arguably, HRM has become the dominant approach to people management in most of the countries. However, it is important to stress that human resource management has not 'come out of nowhere'. HRM has absorbed ideas and techniques from a number of areas.

In effect, it is a synthesis of themes and concepts drawn from over a century of management theory and social science research. There is a long history of attempts to achieve an understanding of human behaviour in the workplace.

Throughout the twentieth century, practitioners and academics have searched for theories and tools to explain and influence human behaviour at work. Managers in different industries encounter similar experiences: businesses expand or fail; they innovate or stagnate; they may be exciting or unhappy organizations in which to work; finance has to be obtained and workers have to be recruited; new equipment is purchased, eliminating old procedures and introducing new methods; staff must be re-organized, retrained or dismissed. Over and over again, managers must deal with events which are clearly similar but also different enough to require fresh thinking.

We can imagine that, one day, there will be a science of management in which these problems and their solutions are catalogued, classified, standardized and made predictable. Sociologists, psychologists and management theorists have attempted to

build such a science, producing a constant stream of new and reworked ideas. They offer theoretical insights and practical assistance in areas of people management such as recruitment and selection, performance measurement, team composition and organizational design.

Many of their concepts have been integrated into broader approaches which have contributed to management thinking in various periods and ultimately the development of HRM.

### **Let us do a bit of recollection now.**

**The great Industrial Revolution:** As you all know brought in an era of Specialization in techniques. The rest is history. Jobs fragmentation, more stress on work specialization ear- marked the significance of this era. Development was fast. Scientific Management: Slowly , the rays of management started rising on the horizon of the economy. F.W.Taylor introduced the Scientific Management. More emphasis was laid on the increase in efficiency and right person for the right job. Training, task performance with economic rewards was given much importance.

Taylor believed in a combination of detailed task specifications and selection of the 'best man' for the job. It was the function of managers to think - workers were expected to do exactly as they were told. This, he felt, would result in the most efficient method of performing physical work. Additionally, he advocated premium payments as a means of rewarding the most effective (compliant) workers.

Taylor's ideas led on to:

- **Fordism** a philosophy of production based on the continuous assembly line techniques devised by Henry Ford. This methodology dominated worldwide manufacturing until the 1980s.
- **Time and motion** - stopwatch methods of measuring work, used to increase efficiency and minimize wasted time and effort.
- **Continuous improvement** - fundamental to Japanese production methods: using employee knowledge and ingenuity to continually refine product manufacture and development.

These practices require management control over the precise detail of work in order to maximise efficiency and gain competitive advantage. Inevitably, this is achieved at the expense of employees who sacrifice the freedom to control their own work.

'Scientific management', under any name, creates an inevitable tension between the rights and expectations of workers and management's need to gain ever greater quality and cost-effectiveness.

Thus, HRM is identified with attempts to deal constructively with this tension through assertive, but non-autocratic, people management. It is also linked to the use of performance-related pay and other ways of rewarding appropriate behaviour.

**Labour :** Trends started changing rapidly. Workers started coming together to ask for their rights. Now tell me what happened due to this? Trade unions slowly emerged. Workers started their Union activities for getting good benefits; good pay, perks and improved welfare conditions.

We have seen in the earlier classes i.e. good and bad effects of Industrial Revolution. One of the major ill effects was the exploitation of labour. This led to unionization of labour movements.

An abridged version is given in the box below:

<b>Labour Movements worldwide.</b>
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Some of the developments are listed below.

**1. The period up to 1900:** The first trade union was formed in 1780 in USA.

During latter half of nineteenth century, rapid industrialisation has taken place, all over the world. The first attempt to organise Indian labour was made by N.M.Lokhande in 1890 when he formed Bombay Mill Association. However later on, till 1918, no series attempts were made to consolidate labour movement. Although some more unions were found in India, most of these remained as “welfare Association” and not as union as we understand by that term these days.

a) **Benevolent paternalisation:** White workers remained unorganised, some philanthropist organisation and individuals took on themselves the responsibility of protecting the interest of labour.

For example, Robert Owen in (1813) – a British businessman, took paternalistic attitude. He said, “The principal social and economic environments influence the physical, mental and psychological development of workers.” He had providing housing facilities, sanitation, and schools for children and adults. He also reduced the working hours from 11 to 10 hours. Above all he even abolished child labour. He called workers “vital machines”. He advocated better treatment would fetch better profits.

b) **Economic Depression (1893):** Great Depression of 1893 prevented further welfare movements alleviating the sufferings of workers.

c) **Indian Industrial scene:** Even though modern industry began to grow in Indian from 1850's, till the end of First World War, there was no industrial dispute or unrest of importance. By end of war, on account of high price rise and economic depression industrial unrest took place.

**Period 1900 to 1940:** Important events occurred during this period are given below:

- Workers welfare league of India are formed in UK in 1911 to protect labor interest and unity between British and Indian workers.
- Russian Revolution of 1917 and emergence of communist socialistic movement and unionism.
- Growth of Indian national movement and participation of industrial workers in this movement.
- Formation of ILO in 1919.
- First World War and favorable condition it created to unions.

Period 1940-1970:

1) **World war period:**

- Outbreak of Second World War and resignation of congress Ministry in India (1940).
- Strikes and lockout and reign of terror unleashed by British Government on Workers and unions opposing to British war efforts.
- 1942, for the first time, Tripartite labor conference was covered. This resulted in setting up a permanent. TLC consists of
  1. Plenary conference
  2. Standing labor committee.

2) **Post-war period:** This was the period, which saw favorable disposal towards labor.

Following events took place

- 1) 1947- India became independent socialistic democratic government was setup which favors labor.
- 2) 1947- India National Trade Union Congress (INTUC) was formed owing allegiance to congress party.
- 3) All types of workers, professionals, technicians, journalists and even got officers and teachers have organized unions. No. Of registered TU increased to 22,484 by 1971 with a total membership of 5.5 million.
- 4) In 1970, Communist party in Indian split into two CPI & CPM. CPM formed another TU called center of Indian Trade Union (CITU).

### **Modern Period after 1970:**

Trade Unionism and collective bargaining is an accepted phenomenon in India and world over. The problems and prospects of TU and labour force vary, between developed nations and developing nations.

Some of these issues are:

- i) Developing Nations like India:
  - Problem of unemployment and under employment.
  - Semi-skilled and manual labour in private and unorganised industries are enormously exploited.
  - Poor training leading to very low productivity
  - Multiple unionism, union rivalries and lack of union Leadership against frequent strikes and labour unrest, political interference and outside leadership are being resented by workers. Alienation between leaders and members often frustrate unionism.

**Human Factor:** Slowly the importance of human aspect began to dawn in the minds of the people. The fact that apart from economic incentives, human beings need satisfaction of social and psychological needs was realized and stressed upon.

. In Australia, New Zealand and - particularly - the UK, government-sponsored research by work psychologists during and after the first world war produced significant information on the relationship between boredom, fatigue and working conditions. They established that fatigue arose from psychological as well as physical causes. They demonstrated also that working longer hours did not necessarily increase productivity. Human factors psychologists established a tradition of performance measurement, job analysis and clarification of skill requirements. These underlie key HRM techniques such as competence assessment and selection methods.

**Human relations.** In the 1920s and 30s researchers demonstrated that work performance and motivation did not depend simply on pay and discipline. People worked for many other reasons. They wanted to be involved in determining their own work conditions. They responded to encouragement and the interest shown by management. The Hawthorne experiments paved way for this thought.

Workers formed informal groups which established their own norms of behaviour, including acceptable levels of performance. Working groups exercised social pressure on their members to conform to these unconsciously determined rules. The human relations movement had considerable influence within US business schools such as Harvard which later developed a 'soft', humanistic interpretation of HRM.

**Behavioural science.** The human relations and human factors approaches were absorbed into a broad behavioural science movement in the 1950's and 1960's. This period produced some influential theories on the motivation of human performance. For example, Maslow's hierarchy of needs gave an individual focus to the reasons why people work, satisfying an ascending series of needs from survival, through security to eventual 'self-actualisation'.

In the same period, concepts of job design such as job enrichment and job enlargement were investigated. It was felt that people would give more to an organization if they gained satisfaction from their jobs. Jobs should be designed to be interesting and challenging to gain the commitment of workers - a central theme of HRM.

**Management by Objectives.** Based on work by Drucker in the 1950s, and further developed by McGregor, management by objectives (MBO) linked achievement to competence and job performance. MBO primarily focused on the individual, tying rewards and promotion opportunities to specific agreed objectives, measured by feedback from performance assessment. Individual managers were given the opportunity to clarify the purposes of their jobs and set their own targets. MBO developed into modern performance management schemes and performance-related pay.

**Contingency.** Many researchers found difficulty in applying academic theories to real organizations. The socio-technical school developed models of behaviour and performance which took into account the contingent variables, or 'it depends' circumstances, attached to particular work situations (Burns and Stalker, 1961; Woodward, 1980).

They argued that employees were part of a system which also included the equipment and other resources utilized by an organization. The system could not function optimally unless all its components - human and non-human - had been considered. The HRM concepts of coherence and integration derive, in part, from this line of thought.

**Organizational development.** Also drawn from the long tradition of organizational theory, organizational development (OD) took a pragmatic approach to change. Theory and practice were mixed in a tentative process called 'action research'. OD familiarized managers with the idea that changes in processes, attitudes and behaviour were possible and that organizations should be thought of as whole entities.

**Strategic management.** Directing people to achieve strategic objectives so that individual goals are tied to the business needs of the whole organization. Strategic management has become a dominant framework for organizational thinking since the second world war. It is based on concepts first used for large-scale military and space programmes in the USA. Frequently, it employs project and team-based methods for planning and implementation.

Lately, internal (including human) resources and key competencies have been identified as crucial elements of long-term competitive success. Strategic management has become the major unifying theme of undergraduate and - especially - postgraduate business courses.

***The concern with strategy distinguishes human resource management from personnel management!!***

**Leadership.** Many writers have concluded that a visionary leader is essential, particularly in developing and inspiring teams. McGregor's *The Human Side of Enterprise* (1960) linked leadership and management style to motivation. McGregor expressed the contrast between authoritarian people management ('Theory X') and a modern form based on human relations ideas ('Theory Y'). His ideas parallel 'hard' and 'soft' HRM.

Effective managers do not need to give orders and discipline staff; they draw the best from their people through encouragement, support and personal charisma. Later authors (such as Peters and Waterman, 1982) feature the leader's vision and mission as a quasi-religious means of galvanising worker commitment and enthusiasm.

**Corporate culture.** Deal and Kennedy (1982) popularized the belief that organizational effectiveness depends on a strong, positive corporate culture. They combined ideas from leadership theory and strategic management thinkers with prevailing beliefs about Japanese business success. Managers were exhorted to examine their existing organizational climates critically and work to change them into dynamic and creative cultures. The excellence movement inspired by Peters and Waterman (*In Search of Excellence*, 1982, and others) has been particularly influential with practising managers, despite criticisms of the research on which it was based.

Thus, the development in the management field after the human relations movement led to the new term called ***the human resources approach***, which has gained momentum ever since.

What does this approach states? It states that human beings are very valuable assets to the organization. Uniqueness amongst individuals was recognized. *Peoples involvement, commitment, potential development, good organisational culture were considered as important factors in HRM!!!*

## **Brief History of HRM in India**

In the year 1929 with the setting up of royal commission of labour? human resource management made its official presence felt in India. The commission submitted its report two years later appointment of labour officer was recommended in the report. Labour officers duties centered around working conditions and workers employment as well as dismissal.

All of us are aware of the famous world wars during World War II the scope of the labour office duties widened. Medical activities, recreational activities and housing were included in their duties. The welfare aspect of the employees was becoming popular and its started gaining momentum. The title of welfare officer was designated to labour officer.

Further acts like industrial disputes act of 1946, factories act 1947, increased the scope of functions by giving more responsibilities relating to wage fixation, leave management, bonus policies and retirement benefits.

Constant plans, policies for the growth and development in 1960 and 1970's led to tremendous growth of business, cut throat competition and size increase. The economic panorama under went tremendous change. The need for the retention of talented people started gaining significance.

What did this lead to? You may be wondering this led to the formation of policies of on human resources. Humans i.e., persons are very valuable assets. Managing human resources became a very vital activity for the management. Selection procedures, training programmes, appraisal systems, and mobility and compensation management became an integral part of duties of works manager who now began to be known as personal manager.

With the increasing importance of human resources personnel functions extended to management of human resources and personal function became human resources management function. The era of human resources gained momentum since 1980's and it is still moving towards the peak. HR is a very crucial aspect of modern management.

Now, why humans need to be given so much important so much importance?

Let me tell you there are four factors of production, which you are all very much aware of. These are land, labour, capital and organization. The most crucial factor of production is the human factor. The other three factor of production Viz labour, capital and organization are coordinated by human assets for the achievement, development and the growth of organizations.

Despite the variations in the nature of organization (Which vary from concern to concern), ever changing economic, social and cultural scenarios one fact remains stable. It is the fact that human resources are the heart and soul of every organization and the success or failure of organization depends on these precious humans.

Human resource management is very complex job. You may be wondering why?

It is complex because it studies the human dimension, which is very dynamic by nature. Considering all the facts one can define human resource management as a series of

functions activities and programmes which are developed and carried out in order to maximize both employees effectiveness and organizational growth.

## Point to ponder

### Why do we need to study the history of HRM?

Let us now understand the Need for HRM.....

- ▶ **Line managers responsible for effective use of people in organization**
- ▶ **Need to understand human behaviour**
- ▶ **Need to be knowledgeable about systems and processes that help build a committed workforce**
- ▶ **Need to be aware of constraints**

This is interesting!! You all must have pondered on this question for every course even for the last semester's courses. Isn't it so? Yes!! It is not only important, but I should say it is imperative. Do you remember why did you study Organisational Behavior in the first place????

It's a direct link, which relates organisational behaviour principles to management principles. Also, You all have knowledge of the management functions; for effective implementation, you all need, starting now, to hone your skills so that you get the work done with the minimum of resources!! Thus, you need to have knowledge of HRM to perform the POSDCoRB functions well using the OB principles.

Secondly, as you will be experiencing as progress through your later lesson in the rest of the course, that an organisation can achieve a competitive edge through effective and efficient HR MANAGEMENT. For example, if the right people are recruited at the right time , right place, right job then you do not face any problem. Because if the 'people' part is right, the rest of 4 m's will be utilised to the fullest. But for this, one needs to be knowledgeable of the systems and processes that can create the environment for the same.

Last but not the least, as we are to deal with people(beware!!) we need to be aware of the constraints that can accompany while working with people. This we have already discussed earlier in the lesson. So you know, why you as managers should know and practice HRM.

Therefore, HRM is very important to us for the following reasons:

#### 1.Development and Growth of the organisation:

HRM paves way for development and growth in the organisation. But how? Can you come out with some answers? By improving the individual capabilities, acquiring necessary cooperation and developing teamwork HRM makes sure that the organization develops and grows well. Goals of the organization are met by HRM by effective motivation and excellent utilization of employees.

## **2. Creation of healthy culture in the Organization:**

HRM creates and maintains excellent culture in the organization and it makes people develop and grow.

## **3. Maintenance of Human Resources:**

The development, care of Human Resources is done by the HRM.

4. The concept of Human beings is a very crucial and vital factor of production, HRM is gaining more and more importance day by day. It also has important implication in societal development also. IT IS THE HEART AND SOUL OF MODERN MANAGEMENT.

## **Core values of HRM:**

### **The core values of HRM states that**

1. Human beings are the crucial aspects of every organization. The greater is the commitment of the human resources the more successful is the organization.
2. An individual is a whole person. He brings all aspects of his personality, attitudes, traits and behavior to the work place.
3. All people represents the organization. The building, equipment and other resources productive only because they are being handled by the hyper energetic force of humans.
4. People are different from each other. They vary in abilities, nature, personality, religion etc. people are also influenced by social economic and environmental factors.
5. Human resources have to be acquired, developed and motivated to give higher performances and also must be retained.
6. The success of an organization depends upon the satisfaction of organizational needs and employees needs. There are various levels of hierarchical levels in an organisation. The people who manage (i.e., the managers), and people who are at work (subordinates). The effective coordination and commitment between managers and subordinates is essential for organizational success. Apart from that healthy relationships are to be maintained with consumers, shareholders, entrepreneurs, governments and suppliers.
7. Human relations enable people to work effectively in an organization with other people in organization.

## Point to ponder:

**Is the personal life of a person related to his professional life?**

### The philosophy of HRM: -

HRM is climbing up the peak of humanitarianism with its distinct policies and programmes. HRM insists on mutuality.

Now tell me what does the term *mutuality mean*?

*Mutuality is the common feeling felt by one another as you are all aware the organization where the mutuality exists will flourish and grow.*

#### *The mutuality relates to*

1. Mutual goal:- The organization and individuals depend on each other. The organization needs individuals for fulfillment of their goals and individual needs organization to develop and grow. HRM states that these mutual goals if well integrated make the overall system work with effectiveness.

2. Mutual respect:- This is very crucial aspect. Do you agree so? Yes there is one famous proverb which brings out the importance of respect by stating that “Give respect and take respect”. HRM believes that individuals need to be respected. Respect among the members leads to a healthy culture and climate.

3. Mutual rewards:- HRM believes in the mutual reward system both individuals and organizations need to be rewarded. Organizations reward is development and growth. Individual rewards are monitoring and non monitoring. This reward system paves way for effectiveness and efficiency.

4. Mutual Responsibilities:- The individuals in the organization are responsible mutually. This sense of responsibility will lead to effective utilization of team work and leads to excellent growth.

Point to ponder

### **What does this mutuality lead to?**

It will elicit commitment. We have already done about organizational commitment in the first semester while doing organization behavior. Commitment is essential and modern managements are striving to maintain a highly committed work force because commitment amongst work force leads to excellent economic performance and wonderful human resource development.

## **Objectives of Human Resource Management: -**

What are the objectives of the human resource management?

A very good question indeed it makes us all to think and analyze. All of us have our individual goals and objectives in the life. Similarly HRM does believes in having its goals. Now any one of you can tell me what would be the goals?

We will analyze them one by one

1. The first and foremost objective of human resource management is to have a highly committed, eligible, talented, and happy workers.
2. Development of employees:- An employee does not come alone into the organization. What does he bring? He brings with himself abilities, attitude, behavior, personality etc..

Individual has the objective of enhancing his personal growth. He seeks the organization for realization of his personal growth. Organization needs employees for fulfillment of organization objectives. There is an element of mutuality of interests here. Individual and organization need each other for fulfillment of their objectives.

There is a need for encouragement of employees in an organization to develop and grow. If sufficient is given for growth it will leads to the efficient working, proper maintenance, motivation and retention of work force.

If the personal growth of employees are hindered absenteeism, turnover will increase and performance and satisfaction will come down. Hence HRM aims and strives for the development of the employees.

3. Growth and development of the organization:-

HRM objective is to bring about the overall development and growth of the organization. The HRM department serves all the department of the organization. Behavior analysis of employee is focused at individual, group, and organizational levels. Integration of individuals and groups is done in an organization structure is maintained. Overall the objective of organizational development is kept at the forefront.

4. The development of HR function and climate:- The objective of HRM is to develop an effective HR function for development and maintenance of human functions. HRM also has the objective of maintaining an excellent HR culture.

What do you understand by culture?

Culture is our philosophies, faith and beliefs. By organization culture we mean the philosophies, practices and the codes of practices which are prevalent in the organization. A culture with innovative ideas and opportunities for humans to develop and grow will pave way for all round development of humans and organization. The objective of HRM is to develop HR function is according to the organizational needs and see that good culture is established in the organization.

5. Objectives for the welfare of the society:- Our society as you know very well consists of all our systems and their beliefs. Every organization faces the societal impact. HRM seeks to do

maximum good to the society and also tries to minimize the effects of the so called social events.

Why do we need the social objectives?

This social objectives are planned and needed to satisfy the ethical and social needs of the society. HRM has the societal objective of doing good to society, complying with legal formalities and building good industrial relations.

Let us understand the objectives and importance of HRM with the help of this slide:

## Why Does HR Matter?

- ✓ Source of competitive advantage
- ✓ Managing people for competitive advantage
  - ✓ Employment security
  - ✓ Selective hiring
  - ✓ Self-managed teams, decentralized decision-making
  - ✓ Relatively high compensation -- contingent on performance
  - ✓ Extensive training
  - ✓ Reduced status differentials
  - ✓ Information sharing

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Thus, you will notice how important the role of HRM is especially in the present context. Thus you have in this lesson dealt with the general brush up of the concept of HRM.

Now can you refurbish any one of them?

- What is HRM?
  - What are the schools of thought?
  - Why study HRM?
  - Where do the fundamental concepts of HRM come from?
  - What are the core values behind HRM? And, what is the philosophy behind HRM? Is HRM a coherent and integrated approach to managing people?
  - Is HRM here to stay or is it just another management fad? What are the Objectives of HRM?

### Assignments:

**1. Define HRM .Explain the nature and scope of HRM with special reference to Indian Context.**

**2.Analyse the case of an Indian organization and its HR history.**



## Getting to know HRM!!

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- What is Human Resource Management?
- What makes it Unique?
- How did it evolve?
- What is the Philosophy behind HRM?
- What are the Objectives of HRM?



## What is Human Resource Management?

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- Two questions:
  - Does it matter?
  - Why does it matter?
- What is HRM?
  - Organization's methods and procedures for managing people to enhance skills and motivation
  - Activities to enhance the organization's ability to attract, select, retain and motivate people



## What is HRM?

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- ❖ An integrated set of processes, programs, and systems in an organization that focus on the effective deployment and development of its employees.
- ❖ The concept of fit with the strategic thrusts of the organisation
- ❖ HR strategies exist to ensure that the culture, values, structure and processes of the organisation, and the quality, flexibility, motivation and commitment of its members to contribute fully to the achievement of its objectives... should match the business strategy



## What is HRM?

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- ❖ The attainment of business objectives through the contribution it makes to the creation of an environment in which people commit themselves to and effectively accomplish the tasks assigned to them.

(Nurse)



## What is HRM?

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- ❖ Strategic HRM is largely about integration; to ensure that HRM is fully integrated into strategic planning; that HRM policies cohere across policy areas and across hierarchies and that HRM practices are accepted and used by line managers as part of their everyday work.

(David Guest)



## What and Where are the Origins of HRM?

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- Has origins in USA back in the 1950's but did not gain wide recognition until beginning of 1980's.
- UK came on board in late 1980's.



## Why did HRM evolve?

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- Pressures in Product markets in USA during recession of 1980-82.
- Growing recognition in the USA that Trade Union influence in collective employment was reaching fewer employees.
- US economy challenged by Japan and others.



## Stages of Evolution

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- Industrial Revolution
- Labour Movements
- Human Relations
- Behavioural Sciences
- **Human Resource!**
- People Management



## Why HRM?

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- Source of competitive advantage
- Managing people for competitive advantage
  - Employment security
  - Selective hiring
  - Self-managed teams, decentralized decision-making
  - Relatively high compensation -- contingent on performance
  - Extensive training
  - Reduced status differentials
  - Information sharing



## Human Resources and Competitive Advantage

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- The basic idea: establishing and maintaining competitive advantage through **people**.
- Competitive advantage:
  - Valuable, rare, inimitable, nonsubstitutable
  - Achieved not through strategy, but **strategy implementation**



## Competitive Advantage Through People

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- Viewing the work force as an asset, not an expense
- The result:
  - Harder work, from increased involvement and commitment
  - Smarter work, through enhanced skills and competence
  - Lower overhead, by pushing responsibility downward
- High performance work systems



## WHY STUDY HRM?

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Line managers responsible for effective use of people in organization:

- ✓ Need to understand human behaviour
- ✓ Need to be knowledgeable about systems and processes that help build a committed workforce
- ✓ Need to be aware of constraints



## HRM OBJECTIVES...

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- Employee job satisfaction, self-actualisation and motivation
- Employee effectiveness and efficiency
- Improved quality (innovation & Creativity)
- Cost-effectiveness and competitiveness
- Labour flexibility



## HRM OBJECTIVES...

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- Rewards and incentives linked to performance
- More organic structures
- Recognition of human resource or people issues at the strategic level

