

## UNIT-I CHAPTER 9

# FUNDAMENTALS OF HUMAN RESOURCE MANAGEMENT

## INTRODUCTION

The human resource is the important component in any organization. It is the scarcest and most crucial productive resource that creates the largest and long lasting reward for an organization. Human resource resides in the knowledge, skill and motivation of people. The Success, growth and developments of organizations depend on the quality of work force they possess. It only through the human resource all other resources are actively utilized leading to the efficient and effective running of an establishment. This chapter clearly examines the Fundamentals of Human Resource Management.

### I. Choose the Correct Answers

- Human resource is a \_\_\_\_\_ asset.**
  - Tangible
  - Intangible
  - Fixed
  - Current
- Human Resource management is both \_\_\_\_\_ and \_\_\_\_\_**
  - Science and art
  - Theory and practice
  - History and Geography
  - None of the above
- Planning is a \_\_\_\_\_ function.**
  - Selective
  - Pervasive
  - Both a and b
  - None of the above
- Human resource management determines the \_\_\_\_\_ relationship.**
  - Internal, external
  - Employer, employee
  - Owner, Servant
  - Principal, agency
- Labour turnover is the rate which employees \_\_\_\_\_ the organization.**
  - Enter
  - Leave
  - Salary
  - None of the above

### ANSWERS

1	b	2	a	3	b	4	b	5	b
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### II. Very Short Answer Questions:

- Give the meaning of Human Resource.**
  - Human resources are the people who make up the workforce of an organization, business sector, or economy.
  - Human Capital is sometimes known as Human Resources.
- What is human resource management?**
  - The branch of management that deals with managing human resource is known as Human Resource Management.
  - Human Resource Management is a function of management concerned with hiring, motivating and maintaining people in an organization.
  - If focuses on people in an organization.
- State two features of HRM.**

**Universally relevant:**

  - Human Resource Management has universal relevance.
  - The approach and style varies depending the nature of organization structure and is applicable at all levels.

**Goal oriented:**

    - The accomplishment of organizational goals is made possible through best utilization of human resource is an organization.

**4. Mention two characteristics of Human Resource.**

- ❖ Human resource is the only factor of production that lives.
- ❖ Human resource created all other resources
- ❖ It is only the labour of employees that is hired and not employee himself.

**5. List the functions of HRM.**

The functions of human resource management may be classified as under:

- ❖ Managerial function – Planning, Organising, Directing, Controlling
- ❖ Operative function - Procurement, Development, Compensation, Retention, Intergration, Maintenance

**III. Short Answer Questions:****1. Define the term Human Resource Management.**

- ❖ According to Dale Yoder Human Resource Management as "the effective process of planning and directing the application, development and utilization of human resource in employment".
- ❖ Flippo defines Human Resource Management as "the personal function that is concerned with

the procurement, development, compensation, integration and maintenance of personnel of an organization for the purpose of contributing towards the accomplishment of that organization's major goals or objectives"

**2. What are the features of Human resources?**

The following are the features of Human Resources

- ❖ Human resource is the only factor of production that lives
- ❖ Human resource created all other resources
- ❖ It is only the labour of employees that is hired and not the employee himself
- ❖ Human resource exhibits innovation and creativity
- ❖ Human resource alone can think, act, analyse and interpret
- ❖ Human resource are emotional beings
- ❖ Human resources can be motivated either financially or non-financially
- ❖ The behaviour of human resources are unpredictable
- ❖ Over years human resources gains value and appreciates
- ❖ Human resource are movable
- ❖ Human resource can work as a team

**3. Give two points of differences between HR and HRM.**

Sl.No	Basis of Difference	Human Resource	Human Resource Management
1.	Nature	It is a wing of HRM that keeps focusing on the growth and development part of the organizations man power	It is a branch of management, which is concerned with making the best possible use of enterprise's human resources, by providing better working conditions, to the employees
2.	Time	It is not a continuous process. Depends upon the attitude of the employees it may vary.	It is a continuous process. The HR manager has to deal with different kind of people

**4. What is the importance of Human resources?**

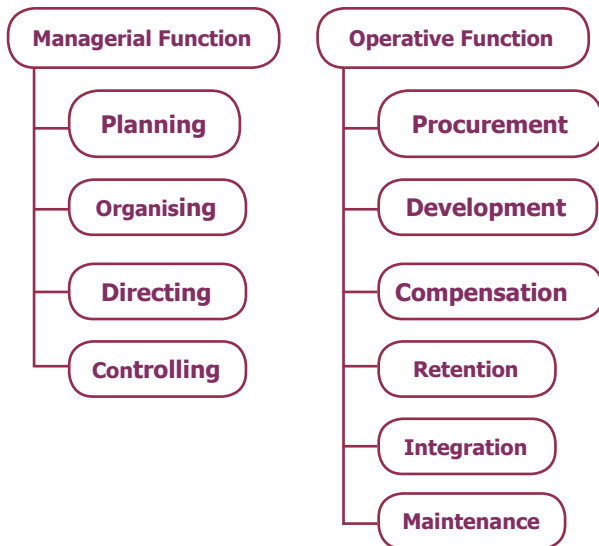
The vital resource namely human resource is significant because of the following reason:

- ❖ It is only through human resource all other resources are effectively used
- ❖ The sustainable growth of an organization depends on the important resource human resource
- ❖ Industrial relations depend on human resource
- ❖ Human relations is possible only through human resource
- ❖ Human resource manages all other factors of production
- ❖ The skill sets of the human resources can be improved through training and development programmes

- ❖ Human resources are well protected by legislative frame works.

## 5. State the functions of Human Resource Management.

The functions of human resource management may be classified as under:



### 1. Managerial Functions.

#### A) Planning-

- ❖ Planning is deciding in advance what to do, how to do and who is to do it. It helps in the systematic operation of business.
- ❖ It involves determination objectives, policies, procedures, rules, strategies, programs and budgets, It ensures maintenance of correct number of employees to carry out activities and also to formulate timely employee policies.

#### B) Organising

- ❖ It includes division of work among employees by assigning each employee their duties, delegation of authority as required and creation of accountability to make employees responsible.

#### C) Directing

- ❖ It involves issue of orders and instructions along with supervision, guidance and motivation to get the best out of employees.
- ❖ This reduce waste of time energy and money and early attainment of organizational objectives.

### D) Controlling-

- ❖ It is comparing the actuals with the standards and to check whether activities are going on as per plan and rectify deviations.
- ❖ The control process includes fixing of standards, measuring actual performance, comparing actual with standard laid down, measuring deviations and taking corrective actions. Supervision, reports, records and audit.

## II. Operating Function

### A) Procurement

- ❖ Acquisition deals with job analysis, human resource planning, recruitment, selection, placement, transfer and promotion

### B) Development

- ❖ Development includes performance appraisal, training, executive development, career planning and development, organizational development

### C) Compensation

- ❖ It deals with job evaluation, wage and salary administration, incentives, bonus, fringe benefits and social security schemes

### D) Retention

- ❖ This is made possible through health and safety, welfare, social security, job satisfaction and quality of work life.

### E) Integration –

- ❖ It is concerned with the those activities that aim to bring about reconciliation between personal interest and organizational interest

### F) Maintenance

- ❖ This encourage employees to work with job satisfaction, reducing labour turnover, accounting for human resource and carrying out audit and research.

## IV. Long Answer Questions:

### 1. Explain the unique features of Human Resource.

The unique, peculiar and distinctive features of human resources are as under

- ❖ Human resource is the only factor of production that lives

- ❖ Human resource created all other resources
- ❖ It is only the labour of employees that is hired and not the employee himself
- ❖ Human resource exhibits innovation and creativity
- ❖ Human resource alone can think, act, analyse and interpret
- ❖ Human resource are emotional beings
- ❖ Human resources can be motivated either financially or non-financially
- ❖ The behaviour of human resources are unpredictable
- ❖ Over years human resources gains value and appreciates
- ❖ Human resource are movable
- ❖ Human resource can work as a team

## 2. Describe the significance of human resource management.

The important of Human Resource Management are as follows:

### 1. To identify manpower needs:

- ❖ Determination of manpower needs in organization of manpower needs in an organization is very important as it is a form of investment.
- ❖ The number of men required are to be identified accurately optimize the cost.

### 2. To incorporate change:

- ❖ Change is constant in any organization and this change has to be introduced in such a way that the human resource management acts as an agent to make the change effective.

### 3. To ensure the correct requirement of manpower:

- ❖ At any time the organization should not suffer from shortage or surplus manpower which is made possible through human resource management.

### 4. To select right man for right job:

- ❖ Human resource management ensures the right talent available for the right job, so that no employee is either under qualified or over qualified.

### 5. To update the skill and knowledge:

- ❖ At any time the organization should not suffer from shortage or surplus manpower

which is made possible through human resource management.

- ❖ Managing human resource plays a significant role in the process of employee skill and knowledge enhancement to enable the employees to remain up to date through training and development programmes.

### 6. To appraise the performance of employees:

- ❖ Periodical appraisal of performance of employees through human resource management activities boosts up good performers and motivates slow performers.
- ❖ It helps the workforce to identify their level of performance.

### 7. To improve competitive advantage:

- ❖ Organizations with capable and competent employees can truly gain competitive advantage can truly gain competitive advantage in the globalized market.
- ❖ Higher the level of good performers greater the possibility of fast paced growth of the enterprise.

### 8. To provide incentives and bonus to best performers:

- ❖ It is the role of human resource management to recognize the best performers and to provide them with bonus and incentives as a form of appreciation for their work.
- ❖ This motivation can be either financial or non-financial

### 9. To determine employee commitment:

- ❖ Human resource management determines the level of commitment of employees to their work either through interview or questionnaire.
- ❖ The higher the possibility of the organization to be successful.
- ❖ This can be carried out through appropriate policies.

### 10. To emphasize socialization:

- ❖ Human beings are social animals and they are comfortable in the work place by maintaining cordial relationship with peers, subordinates and managers so as to contribute maximum to the organization.

**11. To promote favorable employee attitude:**

- ❖ Organizations are expected to provide a good work environment to secure favorable employee attitude towards the management.
- ❖ This can be accomplished through conflict resolution, counseling, grievance reprisals etc.

**12. To provide scope for collective bargaining:**

- ❖ Human resource management encourages workforce to form a union to represent their grievances and find early solution for their problems by collective representation.

**2. Elaborate on the managerial functions of Human Resource Management.**

**3. Managerial Functions.**

**E) Planning-**

- ❖ Planning is deciding in advance what to do, how to do and who is to do it. It helps in the systematic operation of business.
- ❖ It involves determination objectives, policies, procedures, rules, strategies, programmes and budgets, It ensures maintenance of correct number of employees to carry out activities and also to formulate timely employee policies.

**4. Differentiate HR from HRM**

Sl.No	Basis of Difference	Human Resource	Human Resource Management
1.	Nature	It is a wing of HRM that keeps focusing on the growth and development part of the organizations man power	It is a branch of management, which is concerned with making the best possible use of enterprise's human resources, by providing better working conditions, to the employees
2.	Time	It is not a continuous process. Depends upon the attitude of the employees it may vary.	It is a continuous process. The HR manager has to deal with different kind of people

**5. Discuss the operating functions HRM.**

**Operating Function**

- ❖ Procurement - Acquisition deals with job analysis, human resource planning, recruitment, selection, placement, transfer and promotion
- ❖ Development- Development includes performance appraisal, training, executive development, career planning and development, organizational development
- ❖ Compensation - It deals with job

**F) Organising**

- ❖ It includes division of work among employees by assigning each employee their duties, delegation of authority as required and creation of accountability to make employees responsible.

**G) Directing**

- ❖ It involves issue of orders and instructions along with supervision, guidance and motivation to get the best out of employees.
- ❖ This reduce waste of time energy and money and early attainment of organizational objectives.

**H) Controlling-**

- ❖ It is comparing the actuals with the standards and to check whether activities are going on as per plan and rectify deviations.
- ❖ The control process includes fixing of standards, measuring actual performance, comparing actual with standard laid down, measuring deviations and taking corrective actions. Supervision, reports, records and audit.

evaluation, wage and salary administration, incentives, bonus, fringe benefits and social security schemes

- ❖ Retention – this is made possible through health and safety, welfare, social security, job satisfaction and quality of work life
- ❖ Integration – It is concerned with the those activities that aim to bring about reconciliation between personal interest and organizational interest
- ❖ Maintenance – This encourage employees

to work with job satisfaction, reducing labour turnover, accounting for human resource and carrying out audit and research.

### Additional Questions:

#### I. CHOOSE THE CORRECT ANSWERS:

- The features of human resources are \_\_\_\_\_ in nature.  
a) Hetrogeneous                      b) Homogeneous  
c) Compliance                      d) None
- Identify the managerial function out of the following functions of HR managers.  
a) Procurement                      b) Development  
c) Organizing                      d) None
- Human resource management is normally \_\_\_\_\_ in nature.  
a) Combative                      b) Reactive  
c) Proactive                      d) None
- Human Resource process includes \_\_\_\_\_.  
a) Role clarity                      b) Work Planning  
c) Better Communication                      d) All of the above
- Mr.X a manager of the company delegates the responsibility of a project to Mr.Y his subordinate. Mr.X involved in \_\_\_\_\_ function of the management process  
a) Planning                      b) Organising  
c) Controlling                      d) All of the above
- \_\_\_\_\_ refers to the management of people in an organization.  
a) HR                      b) HRM  
c) HRD                      d) All the above
- The Operative functions are known as \_\_\_\_\_ functions.  
a) Management                      b) Administrative  
c) Advisory                      d) None
- The human resource functions has social and \_\_\_\_\_ objectives.  
a) Informative                      b) Customer oriented  
c) Financial                      d) Ethical

- HRM is the systematic approach to accomplish organizational goal through most advantageous use of \_\_\_\_\_.  
a) Technology                      b) Machines  
c) Skilled Employees                      d) Funds

- The HR manager focuses his attention in providing and improving welfare facilities for \_\_\_\_\_.  
a) Customers                      b) Stake Holders  
c) Employees                      d) All of the above

- Assertion (A): One can not be sure about the quality of appraisal on the basis of length of service.

Reasoning (R): Initial appraisal and promotional appraisal are done separately and differently since the length of service is different.

- (A) (R) is correct but (A) is not correct.  
(B) (A) is correct but (R) is not correct.  
(C) (A) and (R) both are correct.  
(D) (A) and (R) both are not correct.

- Statement (i): Labour always get a major share of productivity gains.

Statement (ii): Partial stoppage of work by workers amounts to strike.

- (A) Statement (i) is true but (ii) is false.  
(B) Statement (ii) is true but (i) is false.  
(C) Both statements are true.  
(D) Both statements are false.

- Statement (I): Job evaluation is a technique of assessing the worth of each job in comparison with others throughout an organization.

Statement (II): Job evaluation and job rating are one and the same for employees' appraisal purposes.

Codes:

- (A) Statement (I) is correct, but Statement (II) is incorrect.  
(B) Statement (II) is correct, but Statement (I) is incorrect.  
(C) Both the Statements (I) and (II) are correct.  
(D) Both the Statements (I) and (II) are incorrect.



**14. Assertion (A): Merit rating of an employee is the process of evaluating the employees performance on the job in terms of the requirements of the job.****Reason (R): Employees' merit rating is a technique for fair and systematic evaluation of an employee's capacities and abilities and performance on the specific job.****Codes:**

- (A) Both (A) and (R) are correct, and (R) is the right explanation of (A).  
 (B) Both (A) and (R) are correct, but (R) is not the right explanation of (A).  
 (C) Both (A) and (R) are incorrect.  
 (D) (R) is correct, but (A) is incorrect.

**15. Statement I : It is no better to pay employees for little than to pay too much. Statement II. Competent employees will remain competent forever.**

- (A) Statement I is true, but II is false,  
 (B) Statement II is true, but I is false.  
 (C) Both the Statements I and II are true  
 (D) Both Statement I and II are false.

ANSWERS									
1	a	2	c	3	c	4	d	5	b
6	b	7	c	8	d	9	c	10	c
11	d	12	b	13	a	14	b	15	a

**II. Very Short Answer Questions:****1. What is meant by development in the concept of HRM?**

Development in the concept of HRM includes the following:

- ❖ Performance appraisal
- ❖ Training
- ❖ Executive development
- ❖ Career planning and development
- ❖ Organizational development

**III. Short Answer Questions:****1. Write a note on the Controlling function of a HR.**

- ❖ It is comparing the actual with the standards and

to check whether activities are going on as per plan and rectify deviations.

- ❖ The control process includes fixing of standards, measuring actual performance, comparing actual with standard laid down, measuring deviations and taking corrective actions.
- ❖ This is made possible through observation, supervision, reports, records and audit.

**IV. Long Answer Questions:****1. What are the Features of Human Resource Management**

The following are the characteristics of human resource management :

**i. Universally relevant :**

- ❖ Human Resource Management has universal relevance.
- ❖ The approach and style varies depending the nature of organisation structure and is applicable at all levels.

**ii. Goal oriented :**

- ❖ The accomplishment of organisational goals is made possible through best utilisation of human resource in an organisation.

**iii. A systematic approach :**

- ❖ Human resource management lays emphasis on a systematic approach in managing the tasks performed by human resource of an organisation.
- ❖ The two sets of functions performed are managerial and operative functions.

**iv. It is all pervasive :**

- ❖ Wherever there is existence of human resource the effective management of the available human resource is very important especially in functional areas.

**v. It is a continuous process :**

- ❖ As long as there is human resource in the running of an organisation, the activities relating to managing human resource exists.

**vi. It is a dynamic activity :**

- ❖ Human resource management is not the same as that of other factors of production, as they have feelings and emotions which are to be handled with care and diligence to maximise its utilisation.

**vii. It is an integrative tool :**

- ❖ The main idea behind managing the human resource is to motivate, participate and coordinate the available work force.

**viii. Focuses on development :**

- ❖ Human resource management focuses on the development of manpower through training and development programmes.
- ❖ Honing of skills through training increases the effective use of the resource procured.

**ix. Human resource management is both science as well as art :**

- ❖ As it relies on experiments and observations as well as effective handling of manpower it is both science and art.

**x. It is interdisciplinary :**

- ❖ Human resource management makes use of concepts of different disciplines like sociology, psychology, economics etc. making it interdisciplinary.

**xi. It is intangible :**

- ❖ Human resource management is a intangible unction which can be measured only by results.

**2. What are the Difference Between HRM and HRD**

**Human Resource Management (HRM)** is a branch of management; that is concerned with making best possible use of the enterprise's human resources, by providing better working conditions, to the employees.

It involves those activities that arrange and coordinates the human resources of an entity. Further, it aims at maintaining good relations at various levels of management.

On the other extreme, **Human Resource Development (HRD)** is a wing of HRM that keeps focusing on the growth and development part of the organisation's manpower

BASIS FOR COMPARISON	HRM	HRD
Meaning	Human Resource Management refers to the application of principles of management to manage the people working in the organization.	Human Resource Development means a continuous development function that intends to improve the performance of people working in the organization.
What is it?	Management function.	Subset of Human Resource Management.
Function	Reactive	Proactive
Objective	To improve the performance of the employees.	To develop the skills, knowledge and competency of employees.
Process	Routine	Ongoing
Dependency	Independent	It is a subsystem.
Concerned with	People only	Development of the entire organization.