UNIT-I

Introduction of HRM

Introduction to HRM-Definition, importance, HR functions. Line Managers, New Approaches to Organizing HR, HR Score Card. Human Resource Information System (HRIS), e-HRM.

Introduction to HRM-Definition

The success of any organization depends upon how it manages its resources. While several resources are the non–human resource such as land, capital, and equipment, it is the human resource and its management which is at the heart of an organization's success.

Human Resource (HR) refers to all the people who work in an organization called **personnel**. Human Resource Management refers to the organizational function which includes practices that help the organization to deal effectively with its people during the various phases of the employment cycle. HRM is management function concerned with hiring, motivating, and maintaining people in an organisation. It focuses on people in the organisation.

According to **Edwin B. Flippo**, "Human resource management is the planning, organizing, directing, and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and societial objectives are accomplished."

IMPORTANCE OF HUMAN RESOURCE MANAGEMENT

1. Quality of work-life

Quality of work refers to the overall quality or productivity of employees at their workplace. It tells about the employee's impression of the physical and psychological productivity of employees at the workplace.

The HR manager makes conscious efforts to maintain the quality of work at the workplace as it is directly related to employee productivity. This can be done by reducing the work-life stress and workload, providing rewards and recognition as well as any other financial benefits if possible.

2. Meeting demand and supply gap for human resources

Besides maintaining the physical resources in an organization, an HR manager ensures that appropriate human resources in an organization. They are responsible for finding the right fit for the organization to ensure high performance and productivity. This can be done through campus placements and other recruitment drives whenever needed. Also, unproductive employees can be laid off from the organization.

3. Training and overall development

Training and development are the continued efforts of any organization to boost employee productivity and performance. Spending money on training and development is an investment for an organization that will generate good future returns. This investment not only benefits employees but is also a major benefit for organizations in improving productivity scale.

Training can be provided to new employees in the organization as well as to old employees to boost their productivity. These training sessions teach decision-making skills, leadership skills, building thought processes etc.

4. Employee motivation and retention

The major task of Human resource management is to build a sense of belongingness in employees. It is essential to motivate each employee so that they can work to their full potential. This can be done with the help of employee recognition programs.

An employee getting recognition gets a purpose for their job, therefore motivating them to do better next time. Another method is to provide them with regular monetary benefits such as meal coupons and gift cards.

5. Building a healthy work culture

Healthy work culture plays an important part in any organization. The workplace should be safe, comfortable and valued for employees. It is needed to bring the best out of employees.

HR makes sure that the work culture is democratic and transparent. Employees should be provided with the power to present their ideas and point in the organization. This culture is found to be best for employees as well as organizations. The more happy the employees are, the more will be their productivity.

6. Employee wages and salaries

Appropriate compensation is necessary for employees so that they can feel the job's worth. Compensation may be in the form of wages, additional benefits and perks or travel packages etc.

7. Maximizing profit and productivity

Human resource management helps to ensure how much personnel are required in which department. It also ensures that enough opportunities should be provided to existing employees of the organization for their growth and career opportunities.

Such employees who work to achieve their personal growth are directly related to the growth of the organization. Thereby minimizing the cost and maximizing productivity.

8. Strategy Management

Human resource is an important aspect of any organization. HR managers work on and manage all the strategies laid out by top management and industry experts. It also takes part in the corporate decision and strategy making for all the employees in achieving their goals or targets.

9. Establishing corporate image

Every organization must have a good brand image in the industry. HRM plays an important role in building the brand image of an organization in front of external and internal stakeholders. Moreover, employees would be more willing to work for an organization which possesses a good image in the market.

Functions of Human Resource Management

Human Resource Management functions can be classified into the following three categories.

- Managerial Functions,
- Operative Functions, and
- Advisory Functions.
  A. **The Managerial Functions** of Human Resource Management are as follows:

  1. Human Resource Planning - In this function of HRM, the number and type of employees needed to accomplish organizational goals are determined. Research is an important part of this function, information is collected and analysed to identify current and future human resource needs and to forecast changing values, attitudes, and behaviour of employees and their impact on the organization.

  2. Organizing - In an organization tasks are allocated among its members, relationships are identified, and activities are integrated towards a common objective. Relationships are established among the employees so that they can collectively contribute to the attainment of the organization's goal.

  3. Directing - Activating employees at different levels and making them contribute maximum to the organization is possible through proper direction and motivation. Taping the maximum potential of the employees is possible through motivation and command.

  4. Controlling - After planning, organizing, and directing, employees' actual performance is checked, verified, and compared with the plans. If the actual performance is found to deviate from the plan, control measures are required to be taken.

B. **The Operative Functions** of Human Resource Management are as follows:

1. **Recruitment and Selection** - Recruitment of candidates is the function preceding the selection, which brings the pool of prospective candidates for the organization so that the management can select the right candidate from this pool.

2. **Job Analysis and Design** - Job analysis is the process of describing the nature of a job and specifying the human requirements like qualifications, skills, and work experience to perform that job. Job design aims at outlining and organizing tasks, duties, and responsibilities into a single unit of work for the achievement of certain objectives.

3. **Performance Appraisal** - Human resource professionals are required to perform this function to ensure that the performance of employees is at an acceptable level.

4. **Training and Development** - This function of human resource management helps employees acquire skills and knowledge to perform their jobs effectively. Training and development programs are organized for both new and existing employees. Employees are prepared for higher-level responsibilities through training and development.

5. **Wage and Salary Administration** - Human resource management determines what is to be paid for different types of jobs. Human resource management decides employee compensation which includes - wage administration, salary administration, incentives, bonuses, fringe benefits, etc.

6. **Employee Welfare** - This function refers to various services, benefits, and facilities that are provided to employees for their well-being.

7. **Maintenance** - Human resources is considered an asset for the organization. Employee turnover is not considered good for the organization. Human resource management always tries to keep their best-performing employees with the organization.

8. **Labour Relations** - This function refers to human resource management interaction with employees represented by a trade union. Employees come together and form a union to obtain more voice in decisions affecting wages, benefits, working conditions, etc.

9. **Personnel Research** - Personnel research is done by human resource management to gather employees' opinions on wages and salaries, promotions, working conditions, welfare activities, leadership, etc.,. Such researches help in understanding employee satisfaction, employee turnover, employee termination, etc.

10. **Personnel Record** - This function involves recording, maintaining, and retrieving employee-related information like - application forms, employment history, working hours, earnings, employee absents and presents, employee turnover, and other data related to employees.

C. The Advisory Functions of Human Resource Management are as follows:

Human Resource Management is expert in managing human resources and so can give advice on matters related to human resources of the organization. Human Resource Management can offer advice to:

1. **Advised to Top Management**
The personnel manager advises the top management in the formulation and evaluation of personnel programs, policies, and procedures.

2. **Advised to Departmental Heads**
The personnel manager advises the heads of various departments on matters such as manpower planning, job analysis, job design, recruitment, selection, placement, training, performance appraisal, etc...

LINE MANAGERS

- Line managers, also known as **front-line managers or direct managers**, are typically responsible for managing and overseeing the day-to-day operations of a
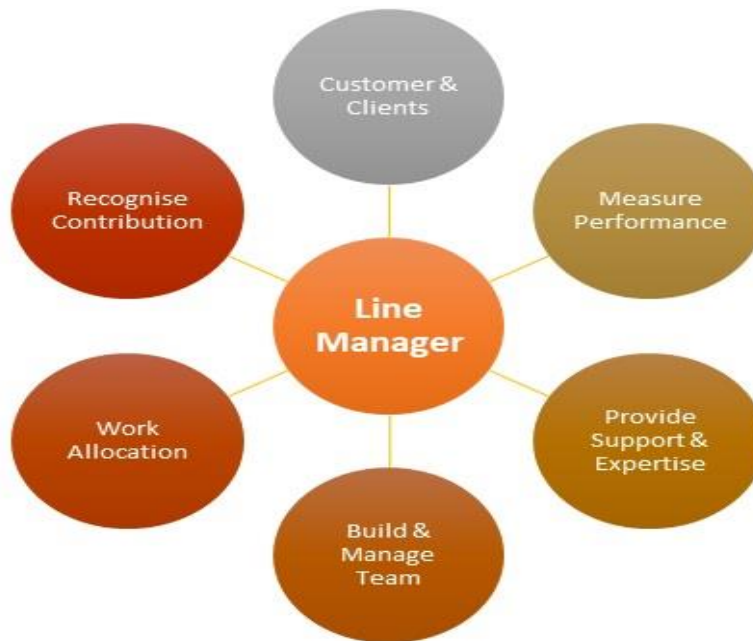
  team or department within an organization.

- **They are directly involved in executing the organization's goals and objectives at the operational level and are essential for the smooth functioning of the organization**

- Line manager is a person or employee of an organization who directly supervises one or more employees and is in charge of all the individuals working in the same or different department.

- The line manager reports to the person in a position ranking higher to him.

- They can be team leads, supervisors or managers.

KEY ASPECTS OF LINE MANAGERS

- **SUPERVISION**: Line managers supervise and oversee the work of individual team members or a group of employees within their department. They ensure that tasks are completed efficiently and according to established standards.

- **TEAM LEADERSHIP**: They provide leadership to their team, guiding and motivating employees to achieve team goals and meet performance targets.

- **RESOURCE MANAGEMENT**: Line managers manage resources such as budget, equipment, and **personnel** within their department to ensure **optimal utilization and efficiency**.

- **PERFORMANCE MANAGEMENT:** They monitor and assess the performance of their team members, providing feedback, coaching, and support to improve performance and address any issues.

- **OPERATIONAL DECISION MAKING**: Line managers make **day-to-day decisions** related to their department's operations, including resource allocation, workflow management, and resolving operational issues.

- **COMMUNICATION**: They facilitate communication within their team and between their team and other departments or higher management, ensuring clear understanding of goals, expectations, and organizational updates.

- **EMPLOYEE DEVELOPMENT**: Line managers are often involved in employee development activities such as training, skill development, and career progression planning within their team.

- **IMPLEMENTATION OF POLICIES AND PROCEDURES**: They ensure that organizational policies, procedures, and guidelines are implemented and followed within their department.

  HR SCORE CARD

- An HR Scorecard is a strategic tool used by Human Resources departments to measure and track their performance and contribution to organizational goals and objectives.

- It serves as a framework for aligning HR activities with business outcomes and demonstrating the value HR adds to the organization.

- One of the key problems that HR has been facing in the past decades is the perception that HR doesn't add to the company strategy.

- The HR scorecard, first published about by Becker, Huselid & Ulrich in their 2001 book that bore the same title, aims to solve this.

- The HR scorecard is a strategic HR measurement system that helps to measure, manage, and improve the strategic role of the HR department.

- The HR scorecard is meant to measure leading HR indicators of business performance.

- Leading indicators are measurements that predict future business growth.

- These are called HR deliverables.

- They are also known as HR metrics, and more specifically HR KPIs, as they are metrics that are linked to the business strategy.

  THE KEY COMPONENTS INCLUDED IN AN HR SCORECARD

- Key Performance Indicators (KPIs): These are specific metrics that measure various aspects of HR performance. KPIs can be categorized into different areas such as recruitment and retention, employee engagement, training and development effectiveness, HR operational efficiency, and compliance.

- Strategic Objectives: These are the high-level goals or outcomes that HR aims to achieve in alignment with the overall organizational strategy. Strategic objectives could include improving employee retention rates, enhancing diversity and inclusion

efforts, fostering a culture of innovation, or aligning workforce capabilities with future business needs.

- **Metrics and Targets**: Each strategic objective is accompanied by specific metrics (KPIs) that quantify progress towards achieving the objective. Targets or benchmarks are set for these metrics to indicate what level of performance is considered successful.

- **Initiatives and Actions**: HR Scorecards often include initiatives or action plans that outline the steps HR will take to achieve the strategic objectives and meet the established targets. These initiatives may involve implementing new HR programs, improving existing processes, or addressing specific challenges identified through data analysis.

- **Data Collection and Analysis**: Data is critical for an HR Scorecard to be effective. HR departments collect and analyze data related to employee demographics, performance, turnover rates, training outcomes, employee satisfaction surveys, and other relevant metrics. This data provides insights into trends, identifies areas for improvement, and supports decision-making.

- **Reporting and Communication**: HR Scorecards are typically presented in a visual format (e.g., dashboard or scorecard) that allows stakeholders, including senior management and department heads, to quickly understand HR's performance and contributions. Regular reporting and communication ensure transparency and accountability.

- **Continuous Improvement**: HR Scorecards are not static documents; they are reviewed and updated periodically to reflect changing business priorities, new challenges, and evolving HR practices.

  Continuous improvement involves revisiting KPIs, adjusting targets, and refining initiatives based on feedback and outcomes.

Definitions

1. "HRIS can be briefly defined as integrated systems used to gather, store and analyze information regarding an organization's human resources."

   -Hedrickson, 2003

2. "One which is used to acquire, store, manipulate, analyze, retrieve and distribute information about an organization's human resources."

   -Tannenbaum 1990

DEFINITION OF HRIS

- It is a systematic way of storing data & information for each individual employee to aid planning, decision making & submitting of returns and reports to the external agencies.

- A method by which an organization collects, analyses & reports the information about people and job.
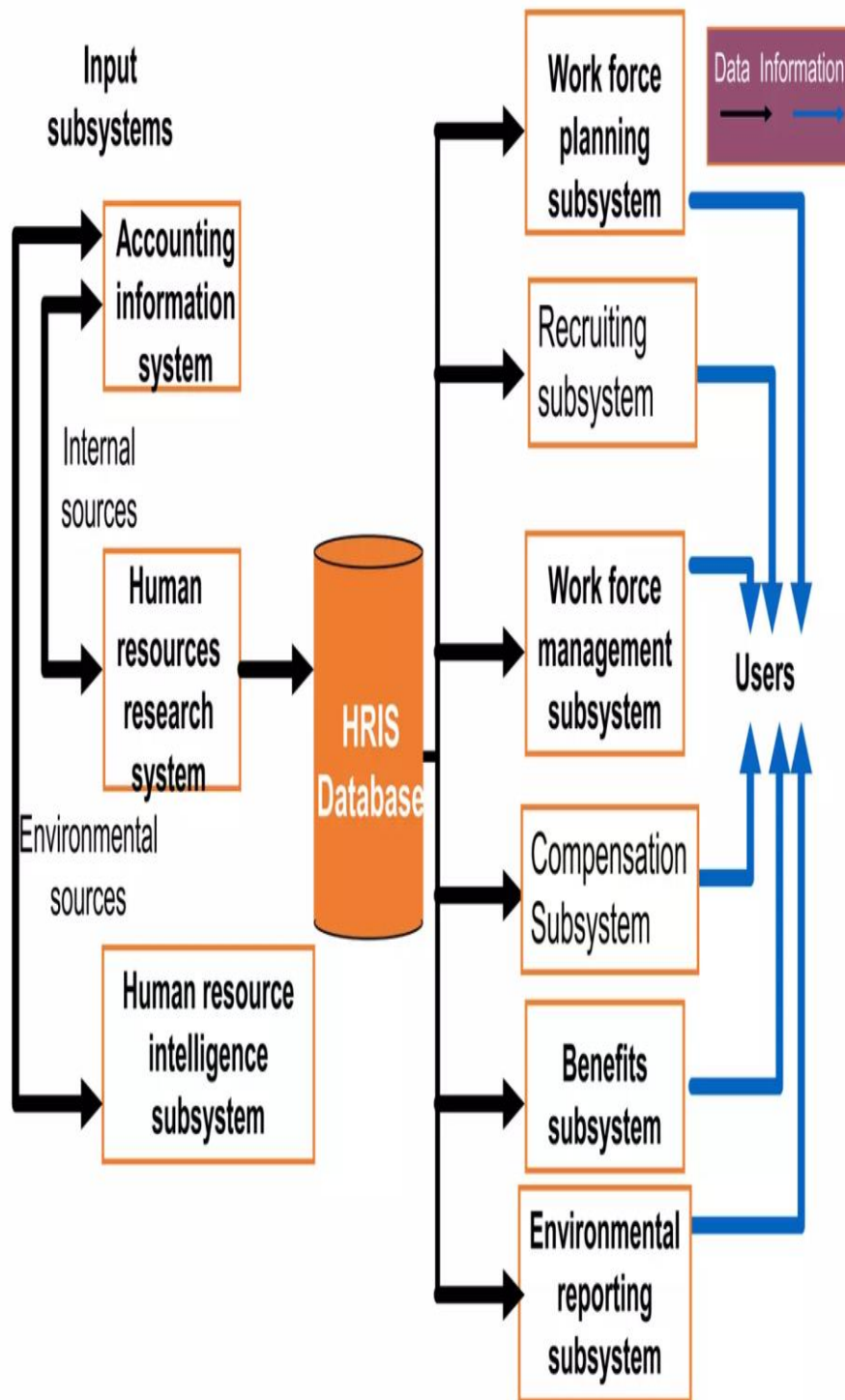
OBJECTIVE OF HR INFORMATION SYSTEM

1) To provide accurate information about human resource and their functioning and relevant environmental factors
2) To provide relevant information
3) To provide timely information
4) To supply the desired information at a reasonable cost
5) To use the most efficient method of processing data

USERS OF HRIS

HRIS

| MANAGERS | HR PROFESSIONALS | EMPLOYEES |

IMPORTANCE OF HRIS

➢ Large amount of data and information to be processed.

➢ Project based work environment.

➢ Employee empowerment.

➢ Increase of knowledge workers & associated information.

➢ Learning organization

E-HRM
Introduction

❖ When HR department uses Internet and other related technologies to support their activities, the process is called as E-HRM (e stand for electronic).

❖ E-HRM is the complete integration of all HR systems and processes based on common HR data and information and on interdependent tools and processes.

❖ E-HRM can be defined as the planning, implementation and application of information technology for both networking and supporting the HR activities.

❖ Fully developed E-HRM can provide:
  ✓ data gathering tools,
  ✓ analysis capabilities, decision support resources for HR professionals to hire, pay, promote, terminate, assign, develop, appraise and reward employees.

- ❖ Within the system of eHRM, it is possible for managers to use desktop computers to organize and conduct appraisals, plan training and development, evaluate labor costs, and examine indicators for turnover and absenteeism.

- ❖ Employees can also use a system of eHRM to plan their personal improvement, apply for promotion and new jobs, and access a range of information on HR policy. Systems of eHRM are increasingly encouraged by dedicated software produced by private suppliers.
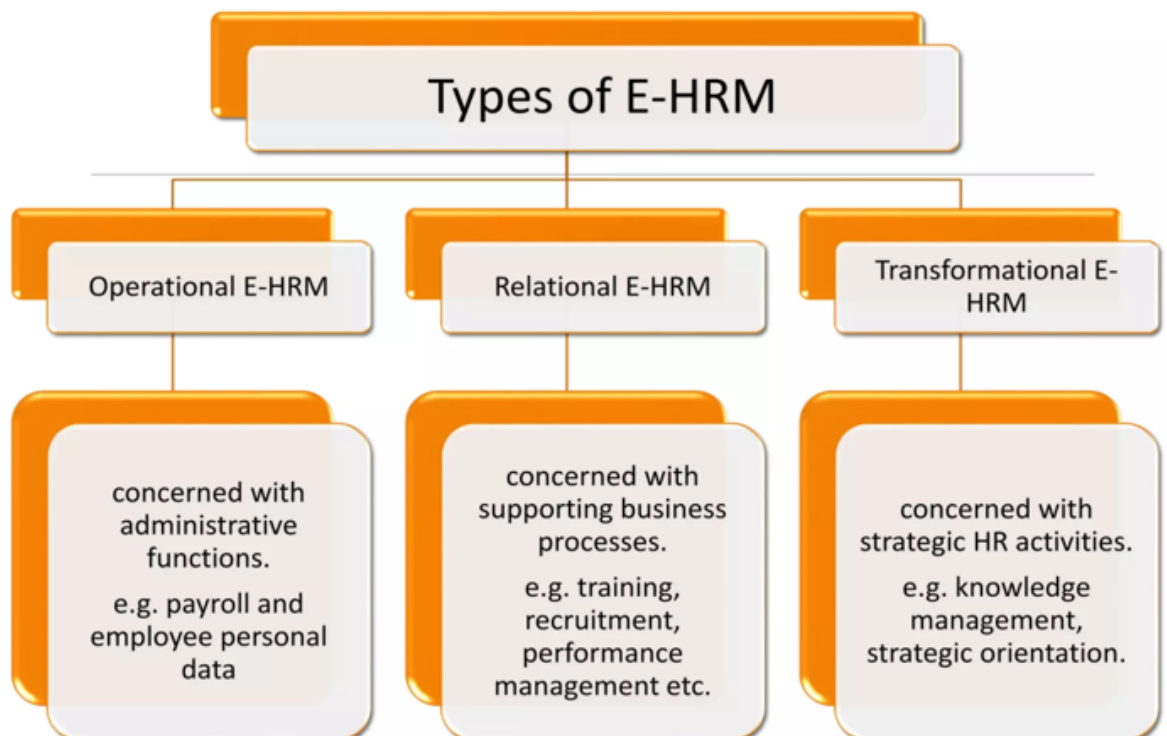
Definition

"**E-HRM** is the planning, implementation and application of information technology for both networking and supporting at least two individual or collective actors in their shared performing of HR activities."

Goals / objectives

❖ To improve the services related to HR department (both employees and management)

❖ To improve efficiency and cost effectiveness within the HR department

❖ To allow HR to become a strategic partner in achieving organizational goals

Types of E-HRM

Operational E-HRM

concerned with administrative functions.

e.g. payroll and employee personal data

Relational E-HRM

concerned with supporting business processes.

e.g. training, recruitment, performance management etc.

Transformational E-HRM

concerned with strategic HR activities.

e.g. knowledge management, strategic orientation.

Advantages of e-HRM

- ❖ Improves record keeping

- ❖ Good for routine tasks

- ❖ Improves accuracy and reduces human bias

- ❖ Maintains secrecy of staff in evaluation/feedback giving

- ❖ Time & recourses saver

- ❖ Organization system supportive

- ❖ Easy controlling approach

- ❖ Advancement of technology

Disadvantages of e-HRM

❖ High cost of implementation and maintenance

❖ High cost of training and development before adopting e-HRM

❖ Not much useful for small scale industries

❖ Human relations may be replaced with just technical & inorganic relations

❖ Reduces the need for managers to interact with staff (i.e. less face-time and increased risk of 'losing touch' with staff)

❖ Subject to corruption/hacking/data losses

E-HRM Activities

❖ e-Job design & Job analysis

❖ e- Human Resource Planning

❖ e-Recruitment

❖ e-Selection

❖ e-Performance Management

❖ e-Training & Development

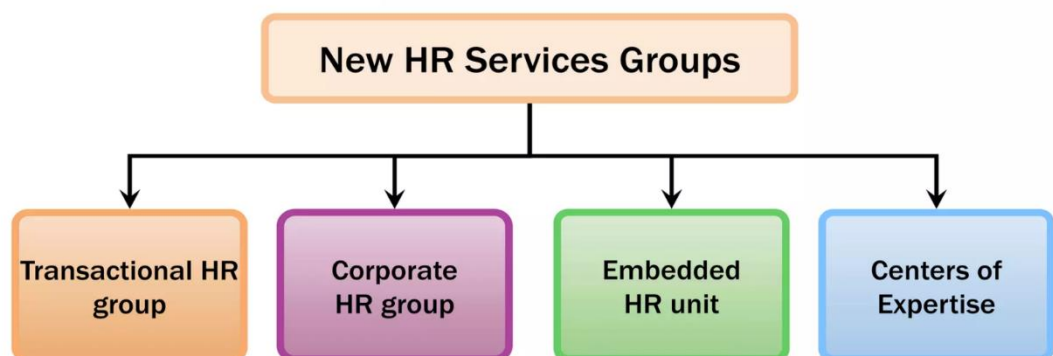❖ e-Compensation Management

❖ e-HR Records

Software useful for e-HRM

❖ ERP (Enterprise Resource Planning)

❖ SAP (System Approach & Product)

❖ HR payroll system

NEW APPROACHES TO ORGANIZING HR

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New Approaches to Organizing HR

- **Transactional HR group:** Focuses on using centralized call centers and outsourcing arrangements with vendors(benefits advisors) to provide specialized support in day to day transactional HR activities.
- **Corporate HR Group:** Focuses on assisting top management in big issues such as developing the long term strategic plans on the company
- **Embedded HR group:** Assigns HR generalists directly to departments to provide localized HRM assistance to the department needs.
- **The centers of expertise:** Are specialized HR consulting firms within the company, providing specialized assistance in areas such as organizational change