Human Resource Management (HRM)

Human Resource Management is managing, i.e., planning, organising, directing, and controlling the functions of employing, developing, and compensating human resources, resulting in creating and developing human relations and the utilisation of human resources to contribute to the accomplishment of individual, organisational, and social objectives.

Objectives of HRM

The primary objective of HRM is to ensure the right people are in the right job so that the objectives of the organisation can be effectively achieved.

Classification of HRM

HRM can be classified into the following categories:

- **Personal**: Training & Development, Placement, Compensation, Performance Appraisal, Follow-up action
- **Organisational**: HR Planning, Selection, Inter-personal Relations, Assessment
- **Social**: Legal Compliance, Benefits, Union-management Relations

Scope of HRM

Human Resource Planning, Job Analysis, Acquisition of HR, Training & Development, Performance Evaluation and Review, Compensation and Other Benefits, Safety and Health Provisions, Organisation Development

Functions of HRM

A. Managerial Functions: Planning, Organising, Staffing, Directing, Coordinating, Controlling
B. Operational Functions: Procurement, Development, Compensation, Integration, Maintenance

Qualities of an HR Manager

- **Personal Qualities**: Intelligence, Education, Discriminating, Educational
- **Professional Qualities**: Ability to listen, Human Psychology, Technical & Managerial Skills, Social Justice

Duties and Responsibilities of HR Manager

Job Analysis, Recruitment, Placement, Training and Development, Performance Appraisal, Compensation, Promotion, Transfer, Demotion, Grievance Redressal, Conflict Management, Employee Discipline

Human Resource Planning (HRP)

Human Resource Planning (HRP) is a process of determining and assuming that the organisation will have an adequate number of qualified persons available at the proper times, performing jobs that meet the needs of the enterprise and provide satisfaction for the individuals involved.

Need and Importance of HRP

1. To meet the shortage of experienced and skilled employees in the organisation.
2. It works as a cost-saving device.
3. Provides manpower without interruption (e.g., situations like retirement, death, retrenchment).
4. Adapts to changes in technology (e.g., production, marketing, privatisation, globalisation).
5. To deploy and redeploy the existing workforce.
6. To comply with government employment policies.
7. To provide suitable working conditions as demanded by workers' unions.
8. Provides SWOT analysis of the workers.
9. Helps face competition in the market.
10. Aids in the growth and development of the organisation.

HRP Process

The process of human resource planning helps in the acquisition and utilisation of human resources, which makes the manager's task easier. The HRP process involves the following steps:

1. **Analysis of Organisational Plans & Objectives**
2. **Analysis of HRP Objectives**
3. **Forecast Human Resource Requirement (Demand for HR)**
4. **Assessment of Supply of HR**
5. **Matching the Demand and Supply of HR**
6. **Follow-up Action**

PESTEL Analysis

- **Political**, **Economic**, **Social**, **Technological**, **Environmental**, **Legal**

Factors Affecting HRP

A) Internal Factors:

1. Company Policy, 2. HR Strategy, 3. Job Analysis, 4. Quality of Information System, 5. Marketing Policy, 6. Trade Unions

B) External Factors:

1. Government Policy, 2. Level of Economic Development, 3. Business Environment, 4. Level of Technology, 5. International Sources, 6. Outsourcing

Barriers of HRP

- Perceptions of Top Management, Problem of Demand and Supply of HR, Fluctuation in Technology, Conflict of Quantity and Quality, Absence of Reliable Data

Recruitment

After determining the human resources requirement for the enterprise, the process of recruitment is the first step in the process of filling a vacancy. It enables the management of the enterprise to select and employ required employees for various types of jobs.

Internal Sources/Methods:

- Present Employees, Employee Referrals, Former Employees, Previous Applicants

External Sources/Methods:

- Employment Exchange, Advertisements, Employment Agency, Professional Association, Campus Recruitment, Walk-in/Write-in, Head Hunters, Deputation, Word-of-mouth, Raiding

Recruitment Process

- Recruitment Planning, Strategy Development, Searching, Screening, Evaluation and Control

Factors of Recruitment

Internal Factors:

- Employer's Brand, Company's Pay Package, Quality of Work Life, Organisational Culture, Career Planning, Growth Rate of the Company, Role of Trade Unions, Goodwill of the Company, Cost of Recruitment, Company's Name and Fame

External Factors:

- Socio-economic Condition, Demand and Supply Condition, Employment Condition, Labour Market Condition, Political and Legal Factors, Government Policy - Reservation Rule

Effective Recruitment

- I. Well-defined recruitment policy
- II. A good organisation structure
- III. Well-defined procedure for locating potential job seekers
- IV. A suitable method of evaluation
- V. Timely modification of the process according to the requirement

Selection

Selection is the process of securing relevant information about an applicant to evaluate their qualifications, experience, and other qualities with a view to matching these with the job requirements. In other words, selection is choosing the appropriate candidate from a number of prospective candidates.

Factors Affecting Selection Decisions: A) Profile Matching, B) Organisational and Social Environment, C) Successive Hurdles, D) Multiple Correlation.

Steps/Procedure of Selection: A) Preliminary Screening, B) Application Blank or Form, C) Written Examination, D) Preliminary Interview, E) Group Discussion, F) Tests, G) Final Interview, H) Medical Check-up, I) Reference Checks, J) Placement/Appointment.

Environmental Factors Influencing Selection

Internal Environment Factors:

- Size of the Company, Type of Organisational Structure, Job Design, Complexity, Technical Volatility, Attitude and Seriousness of Managers, Personal Prejudice, Nepotism and Favouritism

External Environment Factors:

- Labour Laws, Government Rules, Regulations and Policies, Influence of Politicians in Recommending Candidates, Labour Market Conditions, Culture of the Country, Reservation Policy, Influence of Trade Unions

Training

Training is the organised procedure by which people acquire knowledge and skills to perform a particular job.

Characteristics:

- Organised Procedure, For the People, Acquire Knowledge and Skill, Definite Purpose

Objectives of Training:

- Prepare Employees for the Job, Employees Become More Productive, Create Second Line Managers, Managers Become More Flexible

Areas of Training:

- Policy and Procedure, Specific Skill, Human Relations, Managerial Training, Problem Solving

Methods of Training:
On-the-Job Training Methods:
- Job Rotation, Coaching, Training by Experienced Workers, Training by Supervisors, Demonstration & Examples, Simulation, Apprenticeship, Job Instruction

Off-the-Job Training Methods:
- Vestibule Training, Role Playing, Lecture, Conference, Seminar or Team Discussion, Case Studies, Programmed Instruction, Retraining

Training Process:
- Preparing the Instructor, Preparing the Trainee, Ready to Teach, Presenting the Operation, Follow-up Action

Importance of Training:
- Increased Productivity, High Employee Morale, Reduced Supervision, Self-Development, Organisation Stability

Wage & Salary
Wage: The remuneration paid by the employer for the services rendered hourly, daily, weekly, or for a certain amount of work.
Salary: The regular payment that an employee receives from their employer in exchange for their work or services. It is typically paid on a periodic basis, such as monthly, and is usually expressed as an annual sum, which is then divided into these regular intervals for distribution.

Key Terms:
- The distinction between wage and salary is often blurred in modern human resource approaches, where all employees are treated as human resources. These terms can be used interchangeably.
- Earnings, Nominal Wage, Real Wage, Take-home Salary, Minimum Wage, Statutory Minimum Wage, The Living Wage, The Fair Wages, Incentive Wage, Wage Rate, Standard Wage Rate.

Need for Sound Salary Administration
- I. Most employees' satisfaction and work performance are based on pay.
- II. Internal inequalities in pay are more serious to certain employees.
- III. Employees compare their pay with that of others.
- IV. Employees act only on gross external inequities.
- V. Employee comparison of pay is uninfluenced by levels of aspiration and pay history.
- VI. Employees compare the pay of different employees with their skill, knowledge, performance, etc.

Objective of Wage and Salary Administration
- I. To acquire qualified, competent personnel
- II. To retain the present employees
- III. To secure internal and external equity
- IV. To ensure desired behaviour
- V. To control labour and administrative costs
- VI. To protect the public as progressive employers
- VII. To pay according to the content
- VIII. To facilitate payroll
- IX. To simplify collective bargaining
- X. To promote the organisation

Importance of Wage and Salary Administration
- I. Attracting and Retaining Talent
- II. Employee Motivation and Satisfaction
- III. Equity and Fairness
- IV. Compliance with Laws and Regulations
- V. Cost Control
- VI. Employee Performance and Productivity
- VII. Employee Engagement and Loyalty
- VIII. Organisational Reputation
- IX. Succession Planning
- X. Legal Protection

Principles of Wage and Salary Administration
- I. Wage and salary plans and policies should be sufficiently flexible.

- II. Job evaluation must be done scientifically.
- III. Wage and salary administration plans must always be consistent with overall organisational plans and programmes.
- IV. Wage and salary administration plans and programmes should be in conformity with the social and economic objectives of the country.
- V. Wage and salary administration plans and programmes should be responsive to the changing local and national conditions.
- VI. These plans should simplify and expedite other administrative processes.

Recent Trends in Salary Administration and Wage Calculation
- Broad Banding, Pay for Competence or Knowledge/Skill, Team Rewards

Fringe Benefits
These are extra benefits provided to workers other than the usual compensation paid in the form of wage or salary.

Types of Fringe Benefits:
- Payment for Time Not Worked, Health Benefit, Sickness Benefit, Maternity Benefit, Disablement Benefit, Dependents Benefit, Life Insurance, Medical Benefit, Accommodation, Hotels and Temporary Accommodation, Car Fringe Benefit, Property Fringe Benefit, Other Fringe Benefits

Performance Appraisal: After the training process completes the next work with the management is appraise the performance of the employee. Performance appraisal is the step where the management finds out how effective it has been at hiring and placing employee's .If any problem arises and identified, steps can be taken to communicate with the employee. Performance appraisal enables the management to evaluate the efficiency and competency of a worker for which he or she has been placed.

Definition: It is the process of evaluating the performance and qualifications of the employee in terms of the requirements of the job for which he is employee.

Characteristics: - I. It is a systematic process, II. It is a continuous process, III. It provides information, IV. Takes corrective action, V. Achievement of objective
Functions of Performance Appraisal:- I. Provides feedback, II. Changes behavior, III. Helps the managers, IV. Develop superior subordinate relation.

Performance Appraisal Process: Appraisal of employee is not an easy task. It requires a number of steps in order to make it more appropriate and accurate. The steps are:-
I. Establishment of Standard, II. Communicating Standards, III. Measure Actual Performance, IV. Compare the Actuals with the Standards, V. Discussing the Appraisal, VI. Follow-up Action

Methods of Performance Appraisal
- **Traditional Methods:** A) Graphic Rating Scales, B) Straight Ranking Method, C) Man to Man Comparison/Paired Comparison Method, D) Forced Distribution Method, E) Grading Method, F) Checklist Method, G) Essay Form Appraisal, H) Group Appraisal Method, I) Confidential Report
- **Modern Methods:** A) Behaviorally Anchored Rating Scales (BARS), B) Assessment Centers, C) Human Account Asset Method, D) Management By Objective (MBO), E) 360-Degree Performance Appraisal

Industrial Relation: It is concerned with the systems and procedures used by the unions and management to determine the reward for effort and other conditions of employment, to protect the interest of the employees and their employers and to regulate the ways in which the employers treat their employees .

Characteristics of IR: 1. It is an outcome of the employment relationship in an industrial enterprise. 2. It develops the skills and methods of adjusting to and cooperating with each other. 3. It creates complex rules and regulations to maintain harmonious relations. 4. There is involvement of government to shape industrial relations through laws, rules, agreements, awards, etc. 5. Important factors are employees and their organizations, employers and their associations, and the government.

Factors Affecting Industrial Relations: 1. Institutional factors, 2. Economic factors, 3. Technological factors, 4. Social and cultural factors, 5. Political factors, 6. Governmental factors.

Three actors of IR are employees and their organizations, employers and their organizations, and the government.

Objectives of IR:- IR of a country is in fawned a lot with political government. As Govt. changes from time to time the objective of IR also changes. Broadly the objectives of IR are two categories.
I. Primary objective: Primary objectives of IR have laid down in Industrial policy Resolution .These objectives are:-
A) Improve the economic condition of the workers. B) State control over Industrial undertakings.
C) Socialization and Rationalization of Industries. D) Create a proprietary interest among the workers.
II. Secondary / Auxiliary objectives:
A) Establish good relationship between employee and employer. B) Avoid industrial conflict.

C) Enhance the economic for workers. D) Provide an opportunity for workers to participate in the management.
E) Increase productivity in the organization. F) Avoid unwarranted interference of the govt.
G) Establish Industrial Democracy on the basis of worker partnership. H) Socialize the Industrial activity in the state.

Functions of IR:
I. Communication is to be established between workers and the management in order to bridge the traditional distrust between the two.
II. To establish rapport between managers and the managed.
III. To ensure creative contribution of trade unions to avoid industrial conflict and to safeguard the interests of workers on the one hand and the management on the other hand, to avoid unhealthy, unethical atmosphere in an industry.
IV. To lay down such considerations that may promote understanding, creative and co-cooperativeness to raise industrial productivity, to ensure better workers participation.

Importance of IR: In order to maintain good and positive relations between the employee and employers. IR plays a dominant role in the organizations. Their importances are as follows:-
I. Keep industrial peace, II. Promote industrial democracy, III. Reward for workers, IV. Benefit to management, V. Improves productivity

Reasons for poor IR include 1. nature of work, 2. dissatisfactory compensation, 3. inactive trade unions, and 4. an un-conducive organizational climate.

How to make sound IR:- Sound IR is a necessity for the growth and development of the organization. Developing and maintaining a good IR requires constant and deliberate effort towards this direction. The following points should be looked into for maintaining a sound IR. 1. mutual trust, 2. democratic trade unions, 3. Industrial peace, 4. a professional approach, and 5. feedback and control.

Approaches to industrial relations include 1. Psychological approaches, 2. Sociological approaches, 3. human relation approaches, 4. Gandhian approaches, 5. Dunlop's approaches, 6. Marxist approaches, and 7. HRM interactive approaches.

Industrial Dispute: Industrial dispute (ID) is any dispute or difference between employers and employers or between employers and workman or between workman and workman which is connected with the employment or non-employment or the terms of employment and condition of employment of any person.

Nature of Industrial Dispute: 1. The dispute must affect the interest of a large number of workman. 2. The dispute must be taken by the Industry union. 3. The grievance must turn an individual complaint to a general complaint. 4. There must be some nexus between the union and the dispute.

The forms/types of industrial dispute (ID) include: **I.** Strike, which can take various forms such as A) Economic Strike, B) Stay Away Strike, C) Stay-in or Sit-down Strike, D) Tools-down or Pen-down Strike, E) Token or Protest Strike, F) Lightning or Wildcat Strike, G) Go Slow Strike, H) Hunger Strike, I) General Strike, and J) Sympathetic Strike.
II. Gherao **III.** Lock-out **IV.** Picketing **V.** Boycott

Reasons of Industrial Dispute:
- Economic Reasons: Salary and wages, dismissal and retrenchment, bonus, dearness allowance, working condition, automation, other reasons.
- Non-Economic Reasons: Non-recognition of unions, poor leadership, political interference, nepotism.

Preventive Measures of ID: Labour welfare officer, tripartite and bipartite bodies, standing orders, grievance procedure, joint consultation, collective bargaining, strong trade unions, labour co-partnership and profit sharing, joint consultations.

Settlement of ID: Investigation, mediation, conciliation, voluntary arbitration, compulsory arbitration/adjudication.

Workers Participation in Management (WPM): International Labour organization has defined workers participation in management . "As association of workers and their representatives with the decision making process, ranging from exchange of information, consultation decision and negotiations to more institutionalized forms such as the presence of workers members on management or supervisory boards or even management by workers themselves".

Objectives of WPM: 1) To promote increased productivity for the advantage of the organization, workers, and society. 2) To provide a better understanding to employees about their role and place in the process of attainment of organizational goals. 3) To satisfy the workers' social and esteem needs. 4) To strengthen labor-management cooperation and thus maintain industrial peace and harmony. 5) To develop social education for effective solidarity among the working community. 6) An ideological point of view to develop self-management in industry. 7) An instrument for improving the efficiency of the company and establishing harmonious industrial relations. 8) To build the most dynamic human resource. 9) To build the nation through entrepreneurship and economic development.

Essential conditions for successful WPM: 1) The attitude and outlook of the parties should be enlightened and impartial to allow free and frank exchange of thoughts and opinions. 2) Both parties should have faith in the system and in each other, and be willing to work together. 3) Wide publicity should be made to ingrain the participative policy in the minds of those implementing the scheme. 4) It should be real and include issues

such as increased productivity, personnel development, and market expansion. 5) Participation must work as a complementary body for maintaining coordination in work. 6) A peaceful environment should be maintained to avoid disputes that could lead to unnecessary financial losses. 7) A democratic management process should be in place to implement participation at all levels. 8) Progressive personnel policies should exist for the growth of workers, along with proper policies for selection, promotion, compensation, rewards, and discipline. 9) Management must be prepared to share all relevant information, and workers must handle it with full confidentiality. 10) Follow-up action on the decisions of the participating forum should be ensured.

Methods/Schemes/Forms of WPM: There are different organizations forms of WPM follow by different organizations . It depends on the level of participation by the workers .Some of the methods are as follows. 1) Suggestion method, 2) Co-Partnership, 3) Works Committee, 4) Board Representation, 5) Joint Management Councils, 6) Joint Councils, 7) Unit Councils, 8) Plant Councils, 9) Shop Councils.

Merits of WPM: 1) Mutual understanding, 2) Increase employee efficiency, 3) Establish industrial peace, 4) Better decision making, 5) Improved quality, 6) Innovation and creativity, 7) Promotion of industrial democracy, 8) Welcomes changes, 9) Personal development, 10) Improved employee relation.

Demerits of WPM: 1) Slow decision making, 2) Confidentiality concerns, 3) Conflict and disagreement, 4) Lack of expertise, 5) Resistance from management, 6) Resource intensive, 7) Inefficiency, 8) Risk of unresolved issues, 9) Exclusion of certain employees, 10) Limited applicability.

Collective Bargaining: 1) Collective bargaining can be defined as a process of a situation in which the essential condition of employment can be determined by a bargaining process undertaken by representatives of a group of workers on one hand and one or more employers on the other. 2) Collective bargaining refers to the negotiations administration and interpretation of a written agreement between the representatives of the employees and the employers of the management related to conditions of employment.

Features of collective bargaining: 1) It is essentially a group action and is initiated by the representatives of workers, 2) It is a flexible process as it provides both parties a scope for compromise and facilitates a settlement environment, 3) It is a two-party process where both strive to arrive at an agreement for settling disputes, 4) It builds a sustainable relationship between the management and trade union with a common objective of resolving employee grievances and organizational problems, 5) It reflects the implementation of industrial democracy, 6) Workers are provided with the opportunity for self-governance.

Importance of collective bargaining:- 1) Establish uniform conditions of employment, 2) Secure prompt and fair redressal of grievances, 3) Avoid interruptions in work and increase productivity, 4) Promote industrial peace, 5) Lay down fair rates of compensation and norms of working conditions, 6) Employees cannot be exploited, 7) Promote industrial jurisprudence, 8) Achieve efficient operation of the organization, 9) Minimize arbitrary action by the management, 10) Promote stability and prosperity of the industry, 11) Provide methods for regulation of conditions of employment, 12) Develop interpersonal relationships.

Principles of Collective Bargaining: 1) The process should provide scope for union leaders to educate the management about the desires and grievances of employees, 2) It should also provide scope for the management to explain economic constraints in not accepting union proposals, 3) Both union leaders and management should approach collective bargaining with a view to find the best possible solutions, 4) Both parties should have respect for each other and the power to enforce mutually agreed-upon terms of the agreement, 5) Both parties should have the spirit to abide by the laws applicable to collective bargaining.

Collective bargaining process consists of several stages, each essential for reaching a mutually acceptable agreement between management and employees. 1) Prenegotiation, 2) Negotiators, 3) Negotiation, 4) Agreement, 5) Implementation.

Essential conditions for effective collective bargain: 1) Equal Bargaining Power, 2) Representable and cooperative trade union, 3) Mutual confidence, 4) Proactive and problem-solving approach, 5) Quick disposal, 6) Positive attitude of the parties to settle, 7) Mutual respect, 8) No unfair practices, 9) Give and gain, 10) Clarity of implications, 11) Continuous Dialogue, 12) Favourable political and social climate.

Functions of collective bargaining: 1) Increase Economic Strength, 2) Establish uniformity in conditions of employment, 3) Fair redressal of grievances, 4) Lay down norms of working conditions and fair wages, 5) Achieve efficient functioning of organisation, 6) Stimulate the stability and prosperity of the organisation, 7) Provides methods of regulation of working conditions, 8) It provides solution to problems, 9) Provides flexibility to adopt changes, 10) Develop new procedures to cater to the needs of an ever-changing environment, 11) Works as a vehicle of industrial peace and extends democratic principles, 12) Builds up a system of industrial Jurisprudence.

Causes for the limited success of collective bargaining in India: 1) Problems with Unions, 2) Problems from Government, 3) Legal Problems, 4) Political interference, 5) Attitude of Management.

Suggestions for the effective functioning of collective bargaining: 1) Change in attitude of both parties, 2) Efficient at plant level, 3) Concentrate on differences, 4) Rely on facts, 5) Avoid unfair labour practices, 6) Written agreement, 7) Honour the agreement, 8) Provision of arbitration.

Employee Discipline: Discipline refers to a condition or attitude, prevailing among the employees with respect to rules and regulation of an organisation. It simply means working, cooperating and behaving in a normal and orderly way, as responsible person would expect an employee to do.

Objectives of Employee Discipline: To obtain a willingly acceptance of rules, regulation and procedures of organisation, To impart an element of uniformity despite of several differences in behavioural pattern in organization, To develop a spirit of tolerance and willingness to make adjustment, To give direction and responsibility, To increase the working efficiency and moral of employees.

Aspects/approach of discipline:
Positive Aspect/Approach:- Focuses on fostering a supportive and respectful environment that encourages learning and personal growth. By adopting a positive approach to discipline, an environment that promotes personal development, learning, and the overall well-being of individuals within the community can be made.
Negative Aspect/Approach:- It involves punitive measures and an authoritarian stance, often focusing on punishment rather than teaching and guidance. A negative approach to discipline may yield short-term compliance but often fails to address the underlying issues and can contribute to a negative culture within a community.

Indiscipline: Indiscipline means disorderliness, insubordination and not following the rules and regulations of an organisation. The symptoms of indiscipline are change in the normal behaviour, absenteeism, apathy, go slow at work, increase in grievances, poor performance etc.

Causes of Indiscipline: 1) Non-placement of the right person on the right job, 2) Undesirable behavior of senior officers, 3) Faulty evaluation of persons and situations by executives, 4) Lack of proper communication in the organization, 5) Weak and incompetent leadership, 6) Lack of properly drawn rules and regulations, 7) Divide and rule policy by management, 8) Workers' personal problems like fear, lack of confidence, inability to adjust in organizational environment, 9) Lack of good working environment or conditions, 10) Wrong judgments by supervisors and top management.

Disciplinary Procedures: 1) Issuing a letter of charge through the employee calling upon him for explanation, 2) Consideration of the explanation, 3) Show-cause notice, 4) Holding of a full-fledged enquiry, 5) Considering the enquiry proceedings and findings for making final order of punishment, 6) Follow-up.

Approaches to Discipline: 1) Human relations approach, 2) Human resources approach, 3) Group discipline approach, 4) Leadership approach, 5) Judicial approach.

Principles of Natural Justice: 1) The delinquent employee must be indicated in unambiguous terms about the charge leveled against him/her, 2) The delinquent employee must be given an opportunity for conducting his/her defense, i.e., by cross-examination of the witnesses, 3) The enquiry should be fair and the enquiry officer should be impartial, 4) The evidence should be put forward in the presence of the employee charged, 5) Punishment should be proportionate to the misconduct committed.

Types of Punishment: 1) Oral warnings, 2) Written warnings, 3) Suspension, 4) Loss of privileges and fines, 5) Punitive suspension, 6) Withholding of increments, 7) Demotion, 8) Termination.

Rewards of Discipline: 1) Career Advancement or Progression, 2) Skill Development, 3) Enhanced Productivity and Efficiency, 4) Increased Job Satisfaction, 5) Stronger Reputation and Credibility, 6) Reduced Stress and Better Work-Life Balance, 7) Personal Growth and Confidence, 8) Higher Income Potential, 9) Improved Professional Relationships, 10) Financial Rewards and Incentives.