



CHAPTER

NATURE AND SCOPE OF HUMAN RESOURCE MANAGEMENT

INTRODUCTION

Information technology (IT) — a wonderful creation of man-brought significant shifts in our day to day life. Indian software professionals made significant strides in the information technology industry of USA. Employees of Rourkela Steel Plant turned the loss-making unit into a profit making company. Similarly, employees of TISCO, acquired core competencies for their company which was affected by dumping of steel from China. Most of the public sector companies like Hindustan Machine Tools Ltd. (HMT), and Hindustan Cables Ltd., (HCL) became sick. Thus, the people make or mar an organisation. How to induce the people to make an organisation but not to mar it? Every company or organisation is deeply interested in having an answer to this question. The answer to this question centred around the following areas:

- Getting the people who can make an organisation.
- Enabling those people to acquire required capabilities to make a successful organisation.
- Motivating them to contribute their resources continuously for running the organisation successfully.

We need to know an important concept i.e., *human resources*. People with required skills to make an organisation are generally referred to as *human resources*.

Meaning of Human Resources

According to Leon C. Megginson, the term human resources (HR) can be thought of as "the total knowledge, skills, creative abilities, talents and aptitudes of an organisation's workforce, as well as the value, attitudes and beliefs of the individuals involved." The term human resources can also be explained in the sense that it is a resource like any natural resource. It does mean that the management can get and use the skill, knowledge, ability etc., through the development of skills, tapping and utilising them again and again by developing a positive attitude among employees. The aspect of 'attitude' among the human resources aspects gained significance alongwith globalisation (see Box 1.1).

Box 1.1: Positive Attitudes Make An Organisation

The process of liberalisation, globalisation and the consequent competition made the business organisations to realise that the persons with positive attitude have self commitment and motivation and are loyal to the organisation. They see the positive aspects and serve the customers. Organisations having employees with positive attitude have become market leaders. Hence, it is suggested that:

- ❖ Having the right attitude elevates your attitude.
- ❖ Try to maintain a positive outlook and strive to adopt an attitude of gratitude.
- ❖ Right attitude improves your aptitude.

Managing of these human resources deals with the above areas and also provides an answer to the question referred above. Now, we shall discuss the meaning of human resources management (HRM) and other areas:

Meaning and Definition of HRM

In simple sense, human resources management means employing people, developing their resources, utilising, maintaining and compensating their services in tune with the job and organisational requirements with a view to contribute to the goals of the organisation, individual and the society.

Michael J. Jucius defined Personnel Management as "the field of management which has to do with planning, organising, directing and controlling the functions of procuring, developing, maintaining and utilising a labour force, such that the —

- (a) Objectives for which the company is established are attained economically and effectively,
- (b) Objectives of all levels of personnel are served to the highest possible degree, and
- (c) Objectives of society are duly considered and served."

According to Pulapa Subba Rao, human resources management (HRM) is managing (planning, organising, directing and controlling) the functions of employing, developing, compensating and utilising human resources, resulting in the creation and development of human and industrial relations which would shape the future policies and practices of human resource management, with a view to contribute proportionately (due to them) to the organisational, individual and social goals.

Having discussed the meaning of HRM, now we shall discuss the similar terms of HRM.

Similar Terms: Various terms are used to denote human resources management. These terms are: labour management, labour administration, personnel management, personnel administration, human capital management, human asset management, employment administration, employee-employer relations, union management relations, industrial relations and the like.

Under the labour management concept, the employees are treated just like a commodity which can be purchased, used and thrown. Therefore, it deals with employment, wages and firing. The concept of industrial relations deals with relations among employees, trade unions, employers and the government. Therefore, it covers trade unions, disputes, grievances, discipline, collective bargaining and participative management.

The latest term in this direction is Human Resources Development (HRD). Some view that HRM and HRD are one and the same. In fact, some organisations changed their personnel management department as Human Resources Management Department, while other organisations changed them as Human Resources Development Department. But HRD is the developmental aspect of HRM. Thus, HRD is a part of HRM. HRD deals with the training, management development, career planning and development and organisation development.

The most prominent and the closest one to the term human resources management is personnel management.

Differences between Personnel Management and Human Resources Management

Personnel Management is different from Human Resources Management. Personnel means persons employed. Hence, personnel management views the man as economic man who works for money or salary. Human resources management treats the people as human beings having economic, social and psychological needs. Thus, HRM is broader in scope compared to personnel management (See Box 1.2). John Storey differentiated personnel management from human resources management. Exhibit 1.1 presents the differences between these two.

Box 1.2: Treat the Employees as Human Beings.... at IVS...

Mr.Bhat, Personnel Manager of IVS Group approached the Managing Director and appraised him of the absence of Mr.Perumal, Driver for the past 30 days and requested him to approve the show-cause notice to be served to Mr.Perumal as per the Labour Rules in force.

The Managing Director said to Mr.Bhat: when Mr.Perumal, has been absent for the total month, your duty is in Mr.Perumal's house but not in the company. Go immediately to Mr.Perumal's house and report to me before 5 p.m. today.

Mr.Bhat went to Mr.Perumal's house and found that Mr.Perumal has been in distress as he has been trying to mobilise Rs.one lakh to get the treatment to his sick wife in a reputed hospital in Chennai. Mr.Bhat alongwith Mr.Perumal met the M.D. of the company at 3.00 p.m. and appraised him of the reason for his distress and absenteeism for a month.

The M.D. immediately contacted the hospital and informed them that the company will pay Rs.one lakh tomorrow and asked them to conduct the surgery on Mr.Perumal's wife tomorrow itself.

The M.D. ordered Mr.Bhat to arrange to issue a cheque for Rs.one lakh and also pay Rs.10,000 to Mr.Perumal to meet incidental expenses as grant. Mr.Perumal was surprised at the decision of the M.D. and emotionally touched his feet. The M.D. told Mr.Bhat, problems of our employees are our problems, treat them as human beings.

This news spread in the entire company within no time and the employees felt highly secured. The productivity level in the company doubled in the following month itself.

Mr.Bhat then understood that his company follows human resources policy, but not personnel policy and therefore, he should be a HR Manager.

✓ DIFFERENCES BETWEEN PERSONNEL MANAGEMENT AND HRM**Exhibit
1.1**

<i>Dimension</i>	<i>PM</i>	<i>HRM</i>
Beliefs and Assumptions		
Contract	Careful delineation of written contracts.	Aim to be 'beyond contract' 'can do' outlook,
Rules	Importance of devising	impatience with 'rule'
Guide to Management action	Clear rules/mutuality procedures.	'Business-need'
Behaviour referent	Norms/customs and practise	Values/Mission
Managerial task vis-a-vis labour	Monitoring	Nurturing
Nature of relations	Pluralist	Unitarist
Conflict	Institutionalized	De-emphasised
Strategic Aspects		
Key relations	Labour management	Customer
Initiatives	Piecemeal	Integrated
Corporate plan Marginal to	Central to	
Speed of decision	Slow	Fast
Line Management		
Management role	Transactional	Transformational leadership
Key managers	Personnel/IR Specialists	General/business/line managers
Communication	Indirect	Direct

Standardization	High (E.g., Parity an issue)	Low (Eg.'parity' not seen as relevant)
Prized management skills	Negotiation	Facilitation
Key Levers		
Selection	Separate, marginal test	Integrated, key task
Pay	Job evaluation (fixed grades)	Performance-related
Conditions	Separately negotiated	Harmonization
Labour management	Collective bargaining contracts	Towards individual contracts
Thrust of relations with stewards	Regulated through facilities and training	Marginalized (with exception of some bargaining for change models)
Job categories and grades	Many	Few
Communication	Restricted flow	Increased flow
Job design	Division of labour	Teamwork
Conflict handling	Reach temporary truces	Manage climate and culture
Training and development	Controlled access to courses	Learning companies
Foci of attention for interventions	Personnel procedures	Wide ranging cultural structural and personnel strategies
(Source: John Storey, "Managing Human Resources", Beacon Books, New Delhi, 1997, p.35.)		

FUNCTIONS OF HRM

The functions of HRM can be broadly classified into two categories, viz., (i) Managerial functions and (ii) Operative functions.

I. Managerial Functions

Managerial functions of personnel management involve planning, organising, directing and controlling. All these functions influence the operative functions (Fig. 1.1).

Functions of HRM

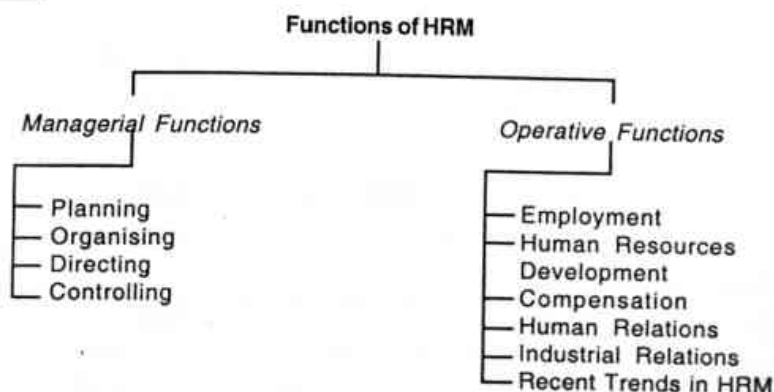


Figure 1.1

(i) **Planning:** It is a predetermined course of action. Planning pertains to formulating strategies of personnel programmes and changes in advance that will contribute to the organisational goals. In other words, it involves planning of human resources, requirements, recruitment, selection, training etc. It also involves forecasting of personnel needs, changing values, attitudes and behaviour of employees and their impact on the organisation.

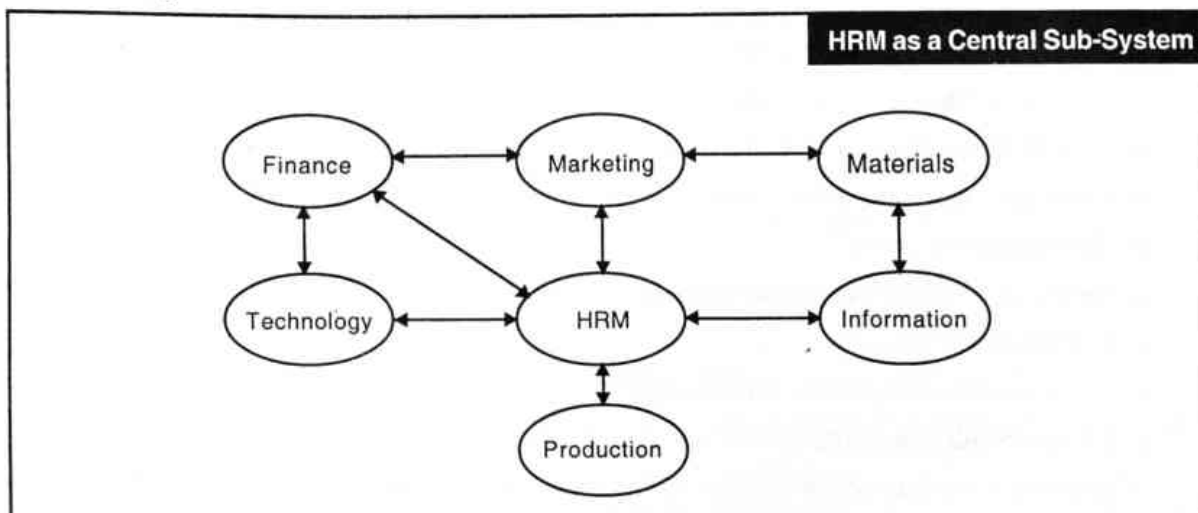
(ii) Organising: An organisation is a means to an end. It is essential to carry out the determined course of action. In the words of J.C. Massie, an organisation is a *"structure and a process by which a co-operative group of human beings allocates its task among its members, identifies relationships and integrates its activities towards a common objective."* Complex relationships exist between the specialised departments and the general departments as many top managers are seeking the advice of the personnel manager. Thus, an organisation establishes relationships among the employees so that they can collectively contribute to the attainment of company goals.

(iii) Directing: The next logical function after completing planning and organising is the execution of the plan. The basic function of personnel management at any level is motivating, commanding, leading and activating people. The willing and effective co-operation of employees for the attainment of organisational goals is possible through proper direction. Tapping the maximum potentialities of the people is possible through motivation and command. Co-ordination deals with the task of blending efforts in order to ensure successful attainment of an objective. The personnel manager has to co-ordinate various managers at different levels as far as personnel functions are concerned.

(iv) Controlling: After planning, organising and directing various activities of personnel management, the performance is to be verified in order to know that the personnel functions are performed in conformity with the plans and directions of an organisation. Controlling also involves checking, verifying and comparing of the actuals with the plans, identification of deviations if any and correcting of identified deviations. Thus, action and operation are adjusted to pre-determined plans and standards through control. Auditing training programmes, analysing labour turnover records, directing morale surveys, conducting separate interviews are some of the means for controlling the personnel management function and making it effective.

II. Operative Functions

The operative functions of human resources management are related to specific activities of personnel management viz., employment, development, compensation and relations. All these functions are interacted with managerial functions. Further, these functions are to be performed in conjunction with management functions as shown in Figure 1.2.



**Figure
1.2**

1. Employment: It is the first operative function of Human Resources Management (HRM). Employment is concerned with securing and employing the people possessing the required kind and level of human resources necessary to achieve the organisational objectives. It covers functions such as job analysis, human resources planning, recruitment, selection, placement, induction and internal mobility.

(i) *Job Analysis*: It is the process of study and collection of information relating to the operations and responsibilities of a specific job. It includes:

- Collection of data, information, facts and ideas relating to various aspects of jobs including men, machines and materials.
- Preparation of job description, job specifications, job requirements and employee specifications which will help in identifying the nature, levels and quantum of human resources.
- Providing the guides, plans and basis for job design and for all operative functions of HRM.

(ii) *Human Resources Planning*: It is a process for determination and assuring that the organisation will have an adequate number of qualified persons, available at proper times, performing jobs which would meet the needs of the organisation and which would provide satisfaction for the individuals involved. It involves:

- Estimation of present and future requirements and supply of human resources based on objectives and long range plans of the organisation.
- Calculation of net human resources requirements based on present inventory of human resources.
- Taking steps to mould, change and develop the strength of existing employees in the organisation so as to meet the future human resources requirements.
- Preparation of action programmes to get the rest of human resources from outside the organisation and to develop the human resources in terms of existing employees.

(iii) *Recruitment*: It is the process of searching for prospective employees and stimulating them to apply for jobs in an organisation. It deals with:

- Identification of existing sources of applicants and developing them.
- Creation/identification of new sources of applicants.
- Stimulating the candidates to apply for jobs in the organisation.
- Striking a balance between internal and external sources.

(iv) *Selection*: It is the process of ascertaining the qualifications, experiences, skills, knowledge etc., of an applicant with a view to appraising his/her suitability to a job. This function includes:

- Framing and developing application blanks.
- Creating and developing valid and reliable testing techniques.
- Formulating interviewing techniques.
- Checking of references.
- Setting up a medical examination policy and procedure.
- Line manager's decision.
- Sending letters of appointment and rejection.
- Employing the selected candidates who report for duty.

(v) *Placement*: It is the process of assigning the selected candidate with the most suitable job in terms of job requirements. It is matching of employee specifications with job requirements. This function includes:

- Counselling the functional managers regarding placement.
- Conducting follow-up study, appraising employee performance in order to determine employee adjustment with the job.
- Correcting misplacements, if any.

(vi) *Induction and Orientation*: Induction and orientation are the techniques by which a new employee is rehabilitated in the changed surrounding and introduced to the practices, policies, purposes and people etc., of the organisation.

- Acquaint the employee with the company philosophy, objectives, policies, career planning and development, opportunities, product, market share, social and community standing, company history, culture etc.
- Introduce the employee to the people with whom he has to work such as peers, supervisors and subordinates.
- Mould the employees attitude by orienting him to the new working and social environment.

2. Human Resources Development: It is the process of improving, moulding and changing the skills, knowledge, creative ability, aptitude, attitude, values, commitment etc., based on present and future job and organisational requirements. This function includes:

(i) *Performance Appraisal*: It is the systematic evaluation of individuals with respect to their performance on the job and their potential for development. It includes:

- Developing policies, procedures and techniques.
- Helping the functional managers.
- Reviewing of reports and consolidation of reports.
- Evaluating the effectiveness of various programmes.

(ii) *Training*: It is the process of imparting to the employees technical and operating skills and knowledge. It includes:

- Identification of training needs of the individuals and the company.
- Developing suitable training programmes.
- Helping and advising line management in the conduct of training programmes.
- Imparting of requisite job skills and knowledge to employees.
- Evaluating the effectiveness of training programmes.

(iii) *Management Development*: It is the process of designing and conducting suitable executive development programmes so as to develop the managerial and human relations skill of employees. It includes:

- Identification of the areas in which management development is needed.
- Conducting development programmes.
- Motivating the executives.
- Designing special development programmes for promotions.
- Using the services of specialists, and/or utilising of the institutional executive development programmes.
- Evaluating the effectiveness of executive development programmes.

(iv) *Career Planning and Development*: It is the planning of one's career and implementation of career plans by means of education, training, job search and acquisition of work experiences. It includes internal and external mobility.

(v) *Internal Mobility*: It includes vertical and horizontal movement of an employee within an organisation. It consists of transfer, promotion and demotion.

(vi) *Transfer*: It is the process of placing employees in the same level jobs where they can be utilised more effectively in consistence with their potentialities and needs of the employees and the organisation. It also deals with:

- Developing transfer policies and procedures.
- Guiding employees and line management on transfers.
- Evaluating the execution of transfer policies and procedures.

(vii) *Promotion*: It deals with upward reassignment given to an employee in the organisation to occupy higher position which commands better status and/or pay keeping in view the human resources of the employees and the job requirements.

- This function covers the formulating of equitable, fair and consistent promotion policies and procedures.
- Advising line management and employees on matters relating to promotions.
- Evaluating the execution of promotion policies and procedures.

(viii) *Demotion*: It deals with downward reassignment to an employee in the organisation.

- Develop equitable, fair and consistent demotion policies and procedures.
- Advising line managers on matters relating to demotions.
- Oversee the implementations of demotion policies and procedures.

(ix) *Retention and Retrenchment Management*: Employers prefer to retain more talented employees while they retrench less talented employees. Employers modify existing human resource strategies and craft new strategies in order to pay more salaries, provide more benefits and create high quality of work life to retain the best employees. And managements pay less to the less talented employees and plan to retrech the misfits as well as unwanted employees depending upon the negative business trends.

(x) *Change and Organisation Development*: Change implies the creation of imbalances in the existent pattern or situation. Organisation development is a planned process designed to improve organisational effectiveness and health through modifications in individual and group behaviour, culture and systems of the organisation using knowledge and technology of applied behavioural sciences.

3. Compensation: It is the process of providing adequate, equitable and fair remuneration to the employees. It includes job evaluation, wage and salary administration, incentives, bonus, fringe benefits, social security measures etc.,

(i) *Job Evaluation*: It is the process of determining relative worth of jobs.

- Select suitable job evaluation techniques.
- Classify jobs into various categories.
- Determining relative value of jobs in various categories.

(ii) *Wage and Salary Administration*: This is the process of developing and operating a suitable wage and salary programme. It covers:

- Conducting wage and salary survey.
- Determining wage and salary rates based on various factors.
- Administering wage and salary programmes.
- Evaluating its effectiveness.

(iii) *Incentives*: It is the process of formulating, administering and reviewing the schemes of financial incentives in addition to regular payment of wages and salary. It includes:

- Formulating incentive payment schemes.
- Helping functional managers on the operation.
- Review them periodically to evaluate effectiveness.

(iv) *Bonus*: It includes payment of statutory bonus according to the Payment of Bonus Act, 1965 and its latest amendments:

(v) *Fringe Benefits*: These are the various benefits at the fringe of the wage. Management provides these benefits to motivate the employees and to meet their life's contingencies. These benefits include:

- Disablement benefit.
- Housing facilities.
- Educational facilities to employees and children.
- Canteen facilities.
- Recreational facilities.
- Conveyance facilities.
- Credit facilities.
- Legal clinics.
- Medical, maternity and welfare facilities.
- Company stores.

(vi) *Social Security Measures*: Managements provide social security to their employees in addition to the fringe benefits. These measures include:

- Workmen's compensation to those workers (or their dependents) who involve in accidents.
- Maternity benefits to women employees.
- Sickness benefits and medical benefits.
- Disablement benefits/allowance.
- Dependent benefits.
- Retirement benefits like provident fund, pension, gratuity etc.

4. Human Relations: Practicing various human resources policies and programmes like employment, development and compensation and interaction among employees create a sense of relationship between the individual worker and management, among workers and trade unions and the management.

It is the process of interaction among human beings. Human relations is an area of management in integrating people into work situations in a way that motivates them to work together productively, co-operatively and with economic, psychological and social satisfaction. It includes:

- Understanding and applying the models of perception, personality, learning, intra and inter-personal relations, intra and inter-group relations.
- Motivating the employees.
- Boosting employee morale.

- Developing the communication skills.
- Developing the leadership skills.
- Redressing employee grievances properly and in time by means of a well formulated grievance procedure.
- Handling disciplinary cases by means of an established disciplinary procedure.
- Counselling the employees in solving their personal, family and work problems and releasing their stress, strain and tensions.
- Providing a comfortable work environment by reducing fatigue, monotony, boredom and industrial accidents.
- Improving quality of work life of employees through participation and other means.

5. Industrial Relations: The term 'industrial relations' refers to the study of relations among employees, employers, government and trade unions. Industrial relations include:

- Indian labour market
- Trade unionism
- Collective bargaining
- Industrial conflicts
- Workers' participation in management and
- Quality circles.

6. Recent Trends in HRM: Human Resources Management has been advancing at a fast rate. The recent trends in HRM include:

- Quality of work life
- Total quality in human resources
- HR accounting, audit and research and
- Recent techniques of HRM.

NATURE OF HUMAN RESOURCES

People in any organisation manifest themselves, not only through individual sections but also through group interactions. When individuals come to their workplace, they come with not only technical skills, knowledge etc., but also with their personal feelings, perception, desires, motives, attitude, values etc. Therefore, employee management in an organisation does mean management of not only technical skills but also other factors of the human resources. (See Box 1.3).

Box 1.3: People Come to MICO with their Values and Motives too...

The CEO of MICO says: Employees of our company are highly skilled, talented and knowledgeable. But the value system of most of them is such that they do not speak until we repeatedly request them to offer their ideas. Their motive is only to offer a suggestion when it is sought. When I ask them, "Why don't you speak freely, as you speak with your family members?", they reply that suggestion offered in the company without sought is just like paying the money without buying.

Complex Dynamism

A close observation of employees reveals that they are complex beings, i.e., (i) economic, (ii) physiological, (iii) psychological, (iv) socio-logical and (v) ethical beings. The proportions or intensities of these dimensions

of the human factor in employment may differ from one situation to another but the fact remains that these are the basic things of the human factor in organisations. Undoubtedly, the physical and mental attributes of human resources are highly pertinent to organisational performance and productivity.

A Social System

Human resources management is relatively new and developed as a part of management (concerned with the management of human resources). In its simple terms, personnel management is the task of dealing with human relationships, moulding and developing the human behaviour and attitude towards the job and organisational requirements. The HR manager involves himself in administering a social system. In this process, the manager has to see that the economic satisfaction for a reasonable livelihood, the social satisfaction of working together as members of a group and individual job satisfaction of a worker are attained.

A Challenging Task

The HR manager plays a crucial role in understanding the changing needs of the organisation and society. Further, he faces some challenging tasks in attaining the employee, organisational and societal objectives with the available resources. In addition to it, the technological developments increasing educational standards etc., further complicate the role of the personnel manager. Hence, the modern HR manager should equip himself with good knowledge of disciplines, viz. Economics, Commerce, Management, Sociology, Psychology, Engineering, Technology and Law.

SCOPE OF HUMAN RESOURCES MANAGEMENT

The scope of human resources management in the modern days is vast. In fact, the scope of HRM was limited to employment and maintenance of and payment of wage and salary. The scope gradually enlarged to providing welfare facilities, motivation, performance appraisal, human resources management, maintenance of human relations, strategic human resources and the like. The scope has been continuously enlarging.

The scope of Human Resources Management includes:

- Objectives of HRM
- Organisation of HRM
- Strategic HRM
- Employment
- Development
- Wage and salary administration/compensation
- Maintenance
- Motivation
- Industrial relations
- Participative management and
- Recent developments in HRM.

Having discussed the scope of human resources management, now we shall discuss the importance of human resources management.

✓ IMPORTANCE OF HUMAN RESOURCES MANAGEMENT

Human resources play a crucial role in the development process of modern economics. Arthur Lewis observed, "there are great differences in development between countries which seem to have roughly equal resources, so it is necessary to enquire into the difference in human behaviour." It is often felt that though the exploitation of natural resources, availability of physical and financial resources and international aid play prominent roles in the growth of modern economies, none of these factors is more significant than efficient and committed manpower. It is in fact said that all development comes from the human mind.

Human Resources in the Nation's Well-being

A nation with abundance of physical resources will not benefit itself unless human resources make use of them. In fact, human resources with right attitude are solely responsible for making use of national resources and for the transformation of traditional economies into the modern industrial and knowledge economies (See Box 1.4).

Box 1.4: Significance of Right Attitude of the workers at Glaxo and Godrej

In the words of Thyagarajan, Managing Director, Glaxo, "organisations that have world class ambitions will need to have right attitude workers." As Adi B. Godrej, Chief Executive Officer, Godrej puts it, "all corporate strengths are dependent on right attitude people."

Man vis-a-vis Machine

Most of the problems in organisational sections are human and social rather than physical, technical or economic. No industry can be rendered efficient, so long as the basic fact remains unrecognised that it is principally human. It is not a mass of machines and technical processes but a body of men.

HRM and General Management

Management of an organisation in modern economies is not only complex and sophisticated but it is also vital influencing the economic growth of a country.

One of the fundamental tasks of management is to manage human resources in the service of the economic objectives of the enterprise. Successful management depends not solely, but significantly upon the ability to predict and control human behaviour.

Human Resources System is a Central Sub-system

Human resources system in an organisation is not only a unique sub-system but a principal and central sub-system and it operates upon and controls all other sub-systems (See Fig. 1.2) "Personnel management is a major pervasive sub-system of all organisations."

Social significance: Proper management of personnel enhances their dignity by satisfying their social needs. This is done by: (i) maintaining a balance between the jobs available and the jobseekers according to the qualifications and needs; (ii) providing suitable and most productive employment, which might bring them psychological satisfaction; (iii) making maximum utilization of the resources in an effective manner and paying the employee a reasonable compensation in proportion to the contribution made by him; (iv) eliminating waste or improper use of human resources, through conservation of their normal energy and health and (v) by helping people make their own decisions that are in their interests.

Professional significance: By providing a healthy working environment, it promotes team work in the employees. This is done by (i) maintaining the dignity of the employee as a 'human-being'; (ii) providing

maximum opportunities for personal development; (iii) providing healthy relationship between different work groups so that work is effectively performed; (iv) improving the employees' working skill and capacity; (v) correcting the errors of wrong postings and proper reallocation work.

Significance for individual enterprise: It can help the organisation in accomplishing its goals by: (i) creating right attitude among the employees through effective motivation; (See Box 1.4) (ii) utilising effectively the available human resources and (iii) securing willing co-operation of the employees for achieving goals of the enterprise and fulfilling their own social and other psychological needs of recognition, love, affection, belongingness, esteem and self-actualisation.

ROLE OF HUMAN RESOURCES MANAGEMENT

Human Resources Management plays the most crucial role in the management of an organisation. Human resources play crucial role in the conversion process of inputs into outputs. Product design, quality maintenance, rendering services etc., depend upon the efficiency of human resources. Similarly, human resources plays critical role in marketing the products and services. Human resource also plays significant role in managing finances and managing information systems. Role of HR at TCS is presented in Fig. 1.3.

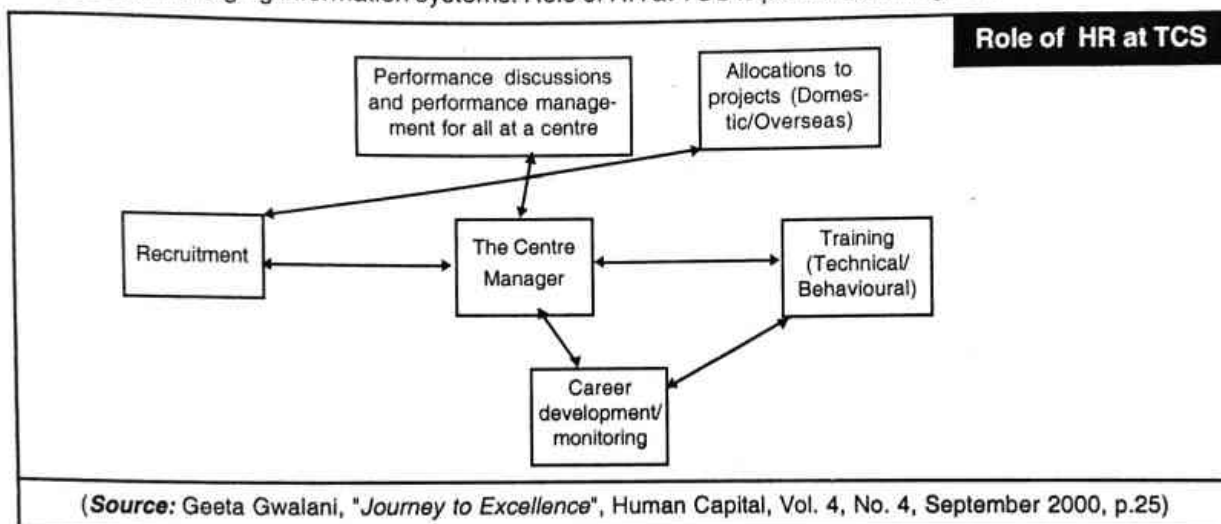


Figure 1.3

SYSTEMS APPROACH TO STUDY HRM

System is a "particular linking of interrelated and interdependent components having a facilitating effect, on the carrying out of one or more processes." Components in HRM are of various subsystems like recruitment, development, compensation, social security measures, strategic issues, industrial relations etc. These components are interrelated as industrial relations is the outcome of HRM policies and practices. They are interdependent as the developmental activities depend on the type of candidates selected. These subsystems are linked with each other based on the corporate level strategies and departmental level strategies. It has a facilitating effect on the process of contributing the human resources for the achievement of overall organizational goals.

Now, we present the approach of HRM followed in this book. Fig.1.4 presents the Approach of HRM followed in this book. The logical first aspect to study HRM is its objectives. Therefore, now we shall study the objectives of HRM.

Systems Approach to Study HRM**Objectives and Organisation of HRM****Strategic HRM****Employment**

- Job Design and Analysis
- Human Resources Planning
- Recruitment and Selection

Human Resources Development

- Performance Appraisal
- Training and Development
- Career Planning and Development
- Promotion, Transfer and Demotion
- Absenteeism and Labour Turnover
- Management of Change, Development and Culture

Compensation Management

- Job Evaluation
- Wage and Salary Administration
- Social Security and Welfare

Human Relations

- Motivation and Job Satisfaction
- Morale
- Communication
- Leadership
- Work Environment, Industrial Accidents, Safety and Health

Industrial Relations

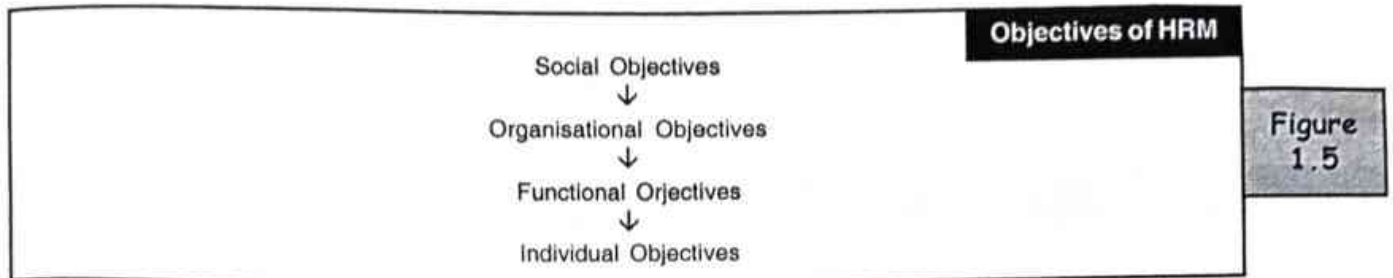
- Indian Labour Market
- Industrial Relations
- Trade Unionism
- Collective Bargaining
- Industrial Conflicts
- Workers' Participation in Management and Quality Circles

Recent Trends in HRM

- Quality of Worklife and Empowerment
- Total Quality HRM
- HR Accounting, Audit and Research
- Recent Techniques in HRM

Figure 1.4**OBJECTIVES OF HUMAN RESOURCES MANAGEMENT**

Objectives are pre-determined goals to which individual or group activity in an organisation is directed. Objectives of HRM are influenced by social objectives, organisational objectives, functional objectives and individual objectives (See Fig. 1.5). Institutions are instituted to attain certain specific objectives. The objectives of the economic institutions are mostly to earn profits, and that of educational institutions are mostly to impart education and/or conduct research so on and so forth. However, the fundamental objective of any organisation is survival. Organisations are not just satisfied with this goal. Further, the goal of most of the organisations is growth and/or profits.



The objectives of HRM may be as follows:

- (i) to create and utilise an able and motivated workforce, to accomplish the basic organisational goals.
- (ii) to establish and maintain sound organisational structure and desirable working relationships among all the members of the organisation.
- (iii) to secure the integration of individual and groups within the organisation by co-ordination of the individual and group goals with those of the organisation.
- (iv) to create facilities and opportunities for individual or group development so as to match it with the growth of the organisation.
- (v) to attain an effective utilisation of human resources in the achievement of organisational goals.
- (vi) to identify and satisfy individual and group needs by providing adequate and equitable wages, incentives, employee benefits and social security and measures for challenging work, prestige, recognition, security, status etc.

HRM Objectives at Wipro

- To respect the individual, as people are the greatest assets.
- To govern individual and company relationships with the highest standard of conduct and integrity.
- To be close to the customer through employees.
- To achieve and maintain leadership in people management.

HRM Policies, Procedures and Programmes

After the establishment of objectives of HRM, human resources policies are to be formulated (See Fig.1.6). Policies are general statements that guide thinking and action in decision-making.

Definition of HRM Policy

A policy is a plan of action. Brewster and Richbell defined HRM policies as, "a set of proposals and actions that act as a reference point for managers in their dealings with employees". "HR policies constitute guides to action. They furnish the general standards or bases on which decisions are reached. Their genesis lies in an organisation's values, philosophy, concepts and principles". HR policies guide the course of action intended to accomplish personnel objectives. Box 1.5 provides an example of HRM policy.

What is HRM Procedure?

Policies are general instructions whereas procedures are specific applications. A procedure is a well thought out course of action. It prescribes the specific manner in which a piece of work is to be done. Procedures are called 'action guidelines.' They are generally derived from policies. Where policies define a broad field,

in Figure 1.6. But those functional managers having staff relations may have line relations in relation to the subordinates. Thus, organisation structure is designed on the basis of line and staff relationship within the departmental structure. It is often regarded that the personnel manager has staff relation with other managers in an organisation. Now we discuss line and staff relationship and personnel management in an organisation.

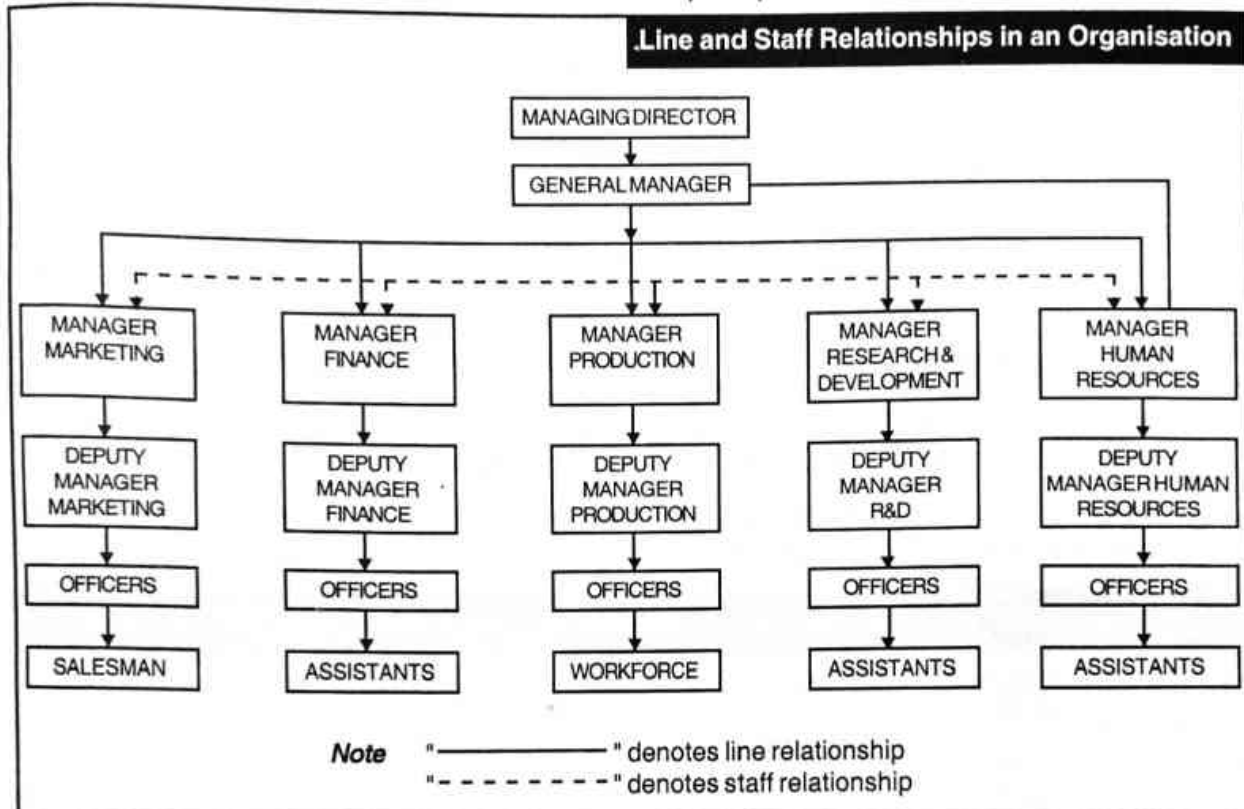


Figure 1.6

Line and Staff Relationships and HRM

(i) Human Resources Management is a Line Responsibility: It is widely felt that "human resources management is a line manager's responsibility but a staff function." As discussed earlier, the responsibility of line managers is to attain effective goals of their respective departments by the proper management of materials, machine, money and men. Thus, management of four Ms which includes management of HR in their respective departments is the responsibility of the line management. Since management is getting things done through and by the people, responsibility of the management of these people rests with line managers. Attaining overall organisational goals is the responsibility of the general manager through proper management of HR and with the help of different heads of the departments. In turn, management of HR in different departments is the responsibility of heads concerned. In the same way, first level superiors are also responsible for managing the men of their respective sections in achieving their goals. Thus, personnel management is a responsibility of all line managers. It is in this sense, that every manager is a HR manager (See Box 1.7).

Box 1.7: All Managers are Human Resource Managers at Infosys

The CEO of Infosys says that their machines are human beings. Computers and software are tools in their hands, their finances are their employees and their employees are their human resources. In essence, all the resources of his company are human resources.

In addition, he says that all employees manage their human resources and other human resources. Thus, all the managers are human resource managers, as managing their team members is their responsibility.

(ii) Line Needs Assistance in Managing Men: In most of the organisations, Board of Directors delegate operative/technical responsibilities to managing directors and through them to the general managers. Different functional managers are delegated with the technical responsibility by the general manager. Since all these line managers have to concentrate on discharging technical/operative responsibility, they may not find time to discharge their responsibilities managing human resources. For example, the production manager has to concentrate on production activities and thus he may not find time to perform the various functions of HR management relating to employees of his own department. In such a situation, the line managers require help or advice relating to HR management of their respective departments.

(iii) Human Resources Management is a Staff Function: Since the top management believes that organisational ability depends on the sound management of human resources, it provides specialised assistance to line managers through HR managers. Thus, HR managers are created for the purpose of providing assistance, advice, information etc., to line managers in order to relieve them from the burden of management of HR and to allow them to concentrate on their technical operations. HR managers perform the various functions of HR management viz., employment, training, development, wage and salary administration, motivation, grievance redressal, workers' participation in management, collective bargaining etc. Thus, HR managers perform certain staff functions relating to management of HR like advising, assisting, guiding, suggesting, counselling and providing information to line managers. So HR management is a *staff function*.

However, responsibility for the management of personnel still rests with line managers. Thus, HR management is a line management responsibility but a staff function (See Box 1.8).

Box 1.8: HR Manager in Satyam is a Specialist

Human Resources Manager, Satyam Computers, proudly says, he performs more critical functions of:

- ❖ Resources Match
- ❖ Resources Allocation
- ❖ Employee Development
- ❖ Employee Retention

Though all the software managers manage their team members, the HR Managers perform more critical and specialist functions of HRM.

✓ ROLE OF HUMAN RESOURCES MANAGER

Human Resources Manager plays a vital role in the modern organisation. He plays various strategic roles at different levels in the organisation. The roles of the HR Manager include roles of conscience, of a counsellor, a mediator, a company spokesman, a problem solver and a change agent.

(i) The Conscience Role: The conscience role is that of a humanitarian who reminds the management of its morals and obligations to its employees.

(ii) The Counsellor: Employees who are dissatisfied with the present job approach the HR manager for counselling. In addition, employees facing various problems like marital, health, children education/marriage, mental, physical and career also approach the HR managers. The HR Manager counsels and consults the employees and offers suggestions to solve /overcome the problems.

(iii) The Mediator: As a mediator, the HR manager plays the role of a peace-maker. He settles the disputes between employees and the management. He acts as a liaison and communication link between both of them.

(iv) **The Spokesman:** He is a frequent spokesman for or representative of the company.

(v) **The Problem-solver:** He acts as a problem solver with respect to the issues that involve human resources management and overall long range organisational planning.

(vi) **The Change Agent:** He acts as a change agent and introduces changes in various existing programmes.

He also performs various other roles like welfare role, clerical role and fire-fighting role as indicated in Fig. 1.7.

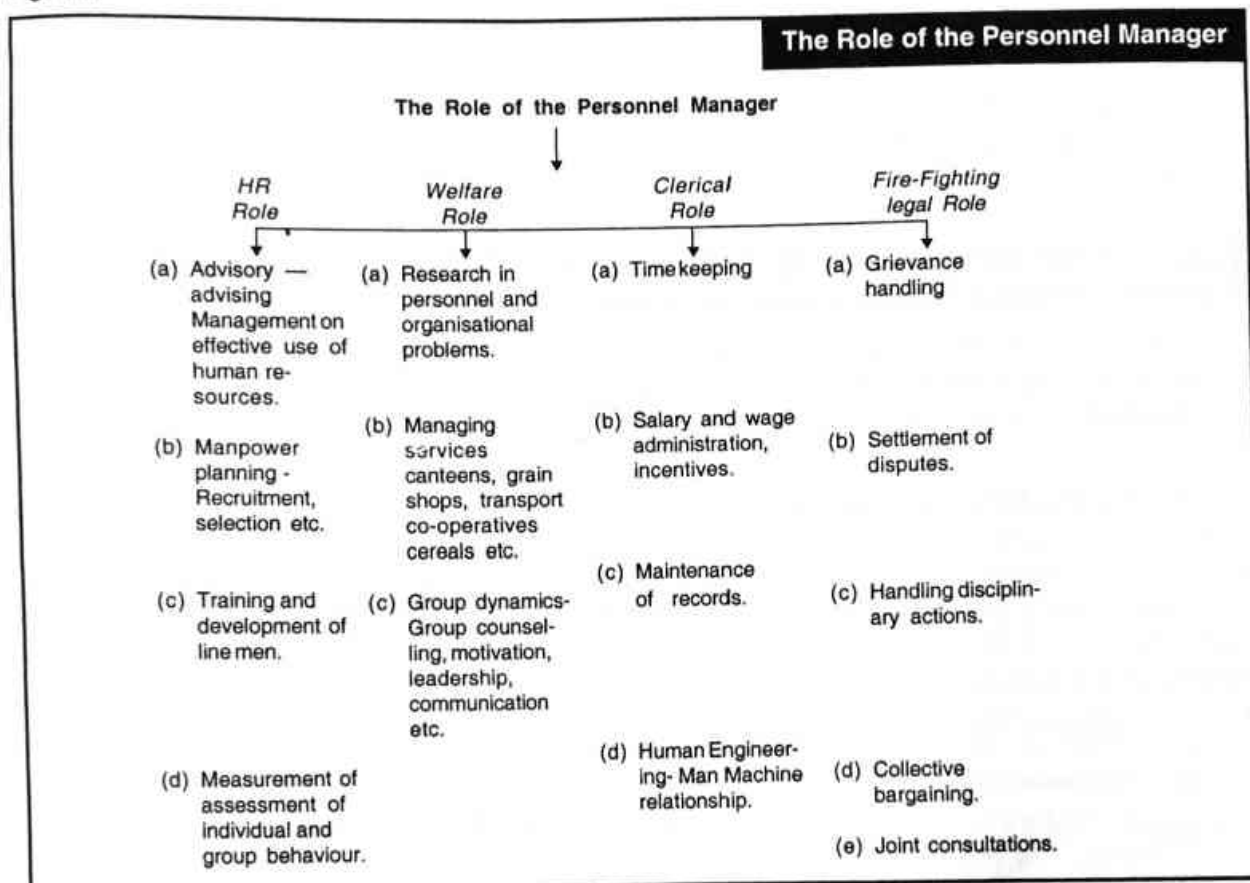


Figure 1.7

As a Specialist

The HR department has staff relationship with other departments/managers in the total organisation. The personnel department is responsible for advising management from the Managing Director to the lowest line supervisor in all areas relating to HR management and industrial relations. HR department also performs various functions of employment, training and development. It represents the management in many of the relationships that affect the organisation as a whole. It is also responsible for representing various workers' problems to the management.

HR department generally acts in an advisory capacity; it provides information, offers suggestions and is not responsible for the end results. The HR managers must exercise control very tactfully in order to win the confidence and co-operation of all line managers. They have to persuade line managers to work with staff specialists and not against them. The authority of the HR manager should derive from concrete HR policies and programmes and from the advantages and result of accepted specialised knowledge.

(i) **As a Source of Help:** In certain situations (when line managers lack skill or knowledge in dealing with employee problems), experienced HR managers assume line responsibility for HR matters. But it may be