

MODULE: I

INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

Introduction

Human Resource Management (HRM) is an operation in companies designed to maximize employee performance in order to meet the employer's strategic goals and objectives. More precisely, HRM focuses on management of people within companies, emphasizing on policies and systems.

In short, HRM is the process of recruiting, selecting employees, providing proper orientation and induction, imparting proper training and developing skills.

HRM also includes employee assessment like performance appraisal, facilitating proper compensation and benefits, encouragement, maintaining proper relations with labor and with trade unions, and taking care of employee safety, welfare and health by complying with labor laws of the state or country concerned.

Human Resource Management

Human resource management (HRM or HR) is the strategic approach to the effective and efficient management of people in a company or organization such that they help their business gain a competitive advantage. It is designed to maximize employee performance in service of an employer's strategic objectives.

Nature of the human resource management

The nature of the human resource management has been highlighted in its following features:

1. **Inherent Part of Management:** Human resource management is inherent in the process of management. This function is performed by all the managers throughout the organisation rather than by the personnel department only. If a manager is to get the best of his people, he must undertake the basic responsibility of selecting people who will work under him.
2. **Pervasive Function:** Human Resource Management is a pervasive function of management. It is performed by all managers at various levels in the organisation. It is not a responsibility that a manager can leave completely to someone else. However, he may secure advice and help in managing people from experts who have special competence in personnel management and industrial relations.

3. **Basic to all Functional Areas:** Human Resource Management permeates all the functional area of management such as production management, financial management, and marketing management. That is every manager from top to bottom, working in any department has to perform the personnel functions.
4. **People Centered:** Human Resource Management is people centered and is relevant in all types of organizations. It is concerned with all categories of personnel from top to the bottom of the organization. The broad classification of personnel in an industrial enterprise may be as follows: (i) Blue-collar workers (i.e. those working on machines and engaged in loading, unloading etc.) and white-collar workers (i.e. clerical employees), (ii) Managerial and non-managerial personnel, (iii) Professionals (such as Chartered Accountant, Company Secretary, Lawyer, etc.) and non- professional personnel.
5. **Personnel Activities or Functions:** Human Resource Management involves several functions concerned with the management of people at work. It includes manpower planning, employment, placement, training, appraisal and compensation of employees. For the performance of these activities efficiently, a separate department known as Personnel Department is created in most of the organizations.
6. **Continuous Process:** Human Resource Management is not a ‘one shot’ function. It must be performed continuously if the organizational objectives are to be achieved smoothly.
7. **Based on Human Relations:** Human Resource Management is concerned with the motivation of human resources in the organization. The human beings can’t be dealt with like physical factors of production. Every person has different needs, perceptions and expectations. The managers should give due attention to these factors. They require human relations skills to deal with the people at work. Human relations skills are also required in training performance appraisal, transfer and promotion of subordinates.

Scope of HRM

The scope of HRM is very wide. It consists of all the functions that come under the banner of human resource management. The different functions are as follows –

1. **Human Resources Planning:** - It is the process by which a company identifies how many positions are vacant and whether the company has excess staff or shortage of staff and subsequently deals with this need of excess or shortage.
2. **Job Analysis Design:** -
Job analysis design is a process of designing jobs where evaluations are made regarding the data collected on a job. It gives an elaborate description about each and every job in the company.

3. **Recruitment and Selection:** - With respect to the information collected from job analysis, the company prepares advertisements and publishes them on various social media platforms. This is known as recruitment.

A number of applications are received after the advertisement is presented, interviews are conducted and the deserving employees are selected. Thus, recruitment and selection is yet another essential area of HRM.

4. **Orientation and Induction:** - After the employees are selected, an induction or orientation program is organized. The employees are updated about the background of the company as well as culture, values, and work ethics of the company and they are also introduced to the other employees.
5. **Training and Development:** - Employees have to undergo a training program, which assists them to put up a better performance on the job. Sometimes, training is also conducted for currently working experienced staff so as to help them improve their skills further. This is known as refresher training.
6. **Performance Appraisal:** - After the employees have put in around 1 year of service, performance appraisal is organized in order to check their performance. On the basis of these appraisals, future promotions, incentives, and increments in salary are decided.
7. **Compensation Planning and Remuneration:** - Under compensation planning and remuneration, various rules and regulations regarding compensation and related aspects are taken care of. It is the duty of the HR department to look into remuneration and compensation planning.

Objective

The primary objective of HRM is to ensure the availability of a competent and willing work force to an organization. Beyond this there are other objectives, too. Specifically, HRM objectives are four folds- societal, organizational, functional, and personal.

- a) **Societal Objectives:** To be ethically and socially responsible to the needs and challenges of the while minimizing the negative impact of such demands upon the organization. The failure of organizations to use their resources for the society's benefit in ethical ways may lead to restrictions. For example, the society may limit HR decisions through laws that enforce reservation in hiring and laws that address discrimination, safety or other such areas of societal concern.
- b) **Organizational objectives:** To recognize the role of HRM in bringing about organizational effectiveness. HRM is not an end in itself. It is only a means to assist the organization with its primary objectives. Simply stated, the department exists to serve the rest the organization.

- c) **Functional Objectives:** To maintain the department's contribution at a level appropriate to the organization's needs. Resources are wasted when HRM is either more or less sophisticated to suit the organization's demand. The department's level of service must be tailored to fit the organization it serves.
- d) **Personal objectives:** To assist employee in achieving their personal goals, at least insofar as these goals enhance the individual's contribution to the organization. Personal objectives of employees must be met if workers are to be maintained, retained and motivated. Otherwise, employee performance and satisfaction may decline and employees may leave the organization.

Importance of Human Resource Management

Human Resource Management (HRM) is a modern approach of maintaining people at workplace which focuses on acquisition, development, utilization and maintenance of human resource. HRM is development oriented. It is concern of managers of all level and provides space for employee involvement, performance and growth. Several companies nowadays prefer HRM to personnel management because HRM plays vital role in maintaining quality team of working experts. Besides, it has several importance which are discussed below

1. **To maintain quality of work life:** - Quality of work life is the perception of employees regarding the relationship between working condition with management. Simply, it is the relationship between employees and total work environment. Quality of work life is concerned with the employee's perception of physical as well as psychological wellbeing at workplace and it can be obtained by maintaining work autonomy, work freedom, job recognition, belongingness, rewards, etc.
2. **To increase productivity and profit:** - Human resource management ensures right quality and quantity of personnel in workplace, apart from which, it creates opportunities to facilitate and motivate individual and group of employees to grow and advance their career. Motivated employees work hard to meet their personal career goal which directly influences productivity of organization. Minimizing cost and maximizing profit is the essence of productivity.
3. **To produce employees who are easily adaptable to change:** - Human resource management performs various functions, among which training and development of employees is one of the vital ones. Training and development programs keep employees updated with skills necessary to adjust with alteration of organization's environment, structure and technology.



4. **To match demand and supply of human resource:** - Human resource management probes existing human resource in certain interval of time to identify if the company has adequate number of workers or not. In case when company has inadequate human resource, human resource management performs activities like recruitment and selection to balance the need. In the same way, it lay-off inefficient employee in case when the company has excessive employees.

5. **To retain employees and motivate them to accomplish company's goal:** - Utilizing human resource



to their fullest and maintaining them in the company for a long term is a major function of human resource management. Under this function, HRM performs tasks like providing fringe benefits, compensation and rewards to the deserving employees. These activities do not only help in retaining employees in the company but also in achieving

organization's goal effectively.

6. **To recognize merit and contribution of employee:** - Human resource management performs timely appraisal of employee's performance in order to recognize excellent and poor workers. The excellent workers are then rewarded as a return for their contribution.

7. **To create a feeling of belongingness and team spirit in the employee:** - Human resource management designs job on the basis of teamwork. As teamwork demands contribution from every team member, HRM focuses on making each and every employee feel valued so that employee contributes best from their side

8. **To sustain business in the market:** - Human resource management makes sure that the company has the best employee because promising employees are capable of taking their company ahead in the race by delivering excellent results. This guarantees organization's success and stability in future.

9. **To resolve conflicts:** - In any company, either big or small, conflicts may arise between any parties/group. Conflicts are inevitable and they should not be ignored. Human resource management acts as a consultant to sort out such conflicts timely and conduct other organizational activities smoothly.

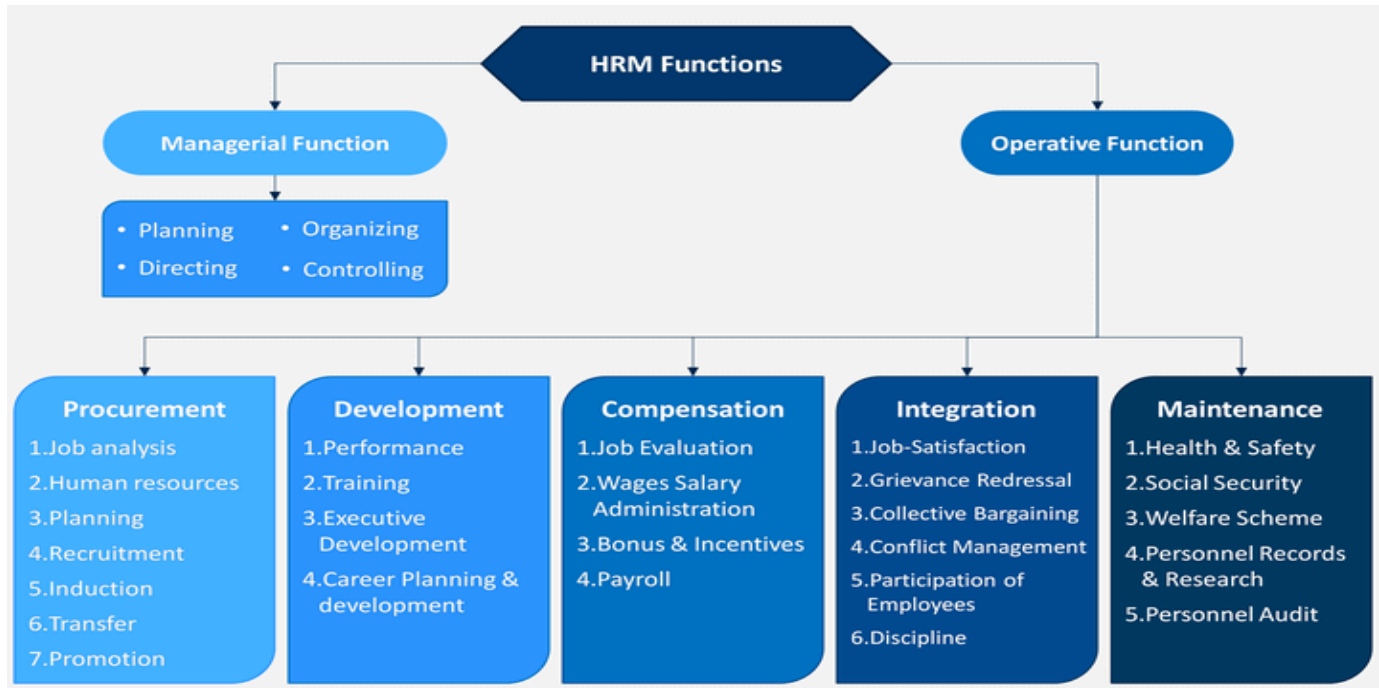


10. **To develop corporate image:** - Every company should maintain good public image in order to sustain in the market. Any individual would like to work for companies which are known for moral and social behavior. On the other hand, companies that do not treat their employees in a good manner can run through employee deficiency and even collapse.

Functions of HRM

We have already defined HRM. The definition of HRM is based on what managers do. The functions performed by managers are common to all organizations. For the convenience of study, the function performed by the resource management can broadly be classified into two categories, viz.

- Managerial functions, and
- Operative functions



(1) Managerial Functions:

- Planning:** - Planning is a predetermined course of actions. It is a process of determining the organizational goals and formulation of policies and programmes for achieving them. Thus planning is future oriented concerned with clearly charting out the desired direction of business activities in future. Forecasting is one of the important elements in the planning process. Other functions of managers depend on planning function.
- Organizing:** - Organizing is a process by which the structure and allocation of jobs are determined. Thus organizing involves giving each subordinate a specific task establishing departments, delegating authority to subordinates, establishing channels of authority and communication, coordinating the work of subordinates, and so on.
- Staffing:** - TOs is a process by which managers select, train, promote and retire their subordinates This involves deciding what type of people should be hired, recruiting prospective employees, selecting

employees, setting performance standard, compensating employees, evaluating performance, counseling employees, training and developing employees.

- d) **Directing/Leading:** - Directing is the process of activating group efforts to achieve the desired goals. It includes activities like getting subordinates to get the job done, maintaining morale motivating subordinates etc. for achieving the goals of the organization.
- e) **Controlling:** - It is the process of setting standards for performance, checking to see how actual performance compares with these set standards, and taking corrective actions as needed.

(2) Operative Functions:

The operative, also called, service functions are those which are relevant to specific department. These functions vary from department to department depending on the nature of the department Viewed from this standpoint, the operative functions of HRM relate to ensuring right people for right jobs at right times. These functions include procurement, development, compensation, and maintenance functions of HRM.

A brief description of these follows:

- a) **Procurement:** - It involves procuring the right kind of people in appropriate number to be placed in the organization. It consists of activities such as manpower planning, recruitment, selection placement and induction or orientation of new employees.
- b) **Development:** - This function involves activities meant to improve the knowledge, skills aptitudes and values of employees so as to enable them to perform their jobs in a better manner in future. These functions may comprise training to employees, executive training to develop managers, organization development to strike a better fit between organizational climate/culture and employees.
- c) **Compensation:** - Compensation function involves determination of wages and salaries matching with contribution made by employees to organizational goals. In other words, this function ensures equitable and fair remuneration for employees in the organization. It consists of activities such as job evaluation, wage and salary administration, bonus, incentives, etc.
- d) **Maintenance:** - It is concerned with protecting and promoting employees while at work. For this purpose virus benefits such as housing, medical, educational, transport facilities, etc. are provided to the employees. Several social security measures such as provident fund, pension, gratuity, group insurance, etc. are also arranged.

It is important to note that the managerial and operative functions of HRM are performed in conjunction with each other in an organization, be large or small organizations. Having discussed the scope and functions of HRM, now it seems pertinent to delineate the HRM scenario in India.

Human resource as an asset in organization

The human resources are the most important assets of an organization. The success or failure of an organization is largely dependent on the caliber of the people working therein. Without positive and creative contributions from people, organizations cannot progress and prosper. In order to achieve the goals or the activities of an organization, therefore, they need to recruit people with requisite skills, qualifications and experience. While doing so, they have to keep the present as well as the future requirements of the Organization in mind.

Recruitment and selection, as a part of effective Human Resource Management is the key to achieving a competitive advantage for an organization. Nowadays, one of the most important concerns for all the business is that of people. The emphasis is on having the right people in the right place at the right time. Seeking new employees is an essential element for each employer, not only in organizations where particular emphasis is placed on the company's human resources policy. Each employer wants to hire the most appropriate candidate for the job who not only has the right qualifications but whose personality will blend in well with the company's structure. The choice of the right people to form a team in organization is one of the most important factors leading to its success. Hence, to achieve this, a company has to pay a huge attention on the recruitment and selection process. Effective recruitment and selection procedures are vital in attracting and retaining high quality staff so every company should take them deeply into consideration. Moreover, human errors are much more expensive in comparison to such assets as land and capital, and often result in serious irreversible consequences.

Difference between Personnel Management and Human Resource Management

Basis Of Difference	Personnel Management	Human Resource Management
Meaning	The aspect of management that is concerned with the work force and their relationship with the entity is known as Personnel Management.	The branch of management that focuses on the most effective use of the manpower of an entity, to achieve the organizational goals is known as Human Resource
Nature	It is a routine function.	It is a strategic function.
Focus	Efficient management is given priority.	Human values and individual needs are given priority.

Function	Personnel administration, labor relation and employee welfare are major functions of personnel management.	Acquisition, development, utilization and maintenance of human resource are major functions of human resource management.
Objective	It manages people in accordance with organization's goal.	It determines human resource needs and formulates policies by matching individual's needs with
Perspective	It regards people as basic input to make desired output.	It regards people as strategic and valuable resource to make desired
Job design	Jobs are designed on the basis of division of labor.	Jobs are designed on the basis of teamwork.
Interest	Organization's interest is valued the most.	Interest of organization and interest of employee is harmonized.
Orientation	It is discipline, direction and control oriented.	It is development oriented. It provides space for employee involvement, performance and
Communication	Communication is limited, or even restricted.	Communication is open.
Emphasis	It emphasizes on adherence of rules and regulations and their	It emphasizes on combination of human energies and competencies.
Benefits	<ul style="list-style-type: none"> • Disciplined employees • Increased production 	<ul style="list-style-type: none"> • Committed human resource • Readiness to change • Increased production • Increased profit • Quality of work life
Result	Organizational goal is achieved and employers are satisfied.	Organizational goal is achieved and both employers and employees are

Roles and Qualities of HR Manager

Qualities of HR Manager



- **Organization:** - One of the most important characteristics of HR professionals is the ability to get organized. This includes strong time management skills and the ability to complete tasks efficiently. On a typical day, you'll be balancing a variety of different tasks, ranging from hiring and firing, dealing with employees' personal issues and creating recruitment strategies for open positions. Multitasking is key, as well as self-discipline. You'll need to set ethical and behavioral standards for others to follow, and make sure you are following them as well. HR professionals also manage deadlines and accomplish tasks quickly so that both employee and employer needs are met.

- **Ethics:** - In a lot of ways, the HR department of a company serves as its conscience. This means that you'll need to have a keen sense of ethics when it comes to confidential information and following company policies. HR professionals have to earn the trust of company employees and executives so that they can effectively do their job; honesty and discretion are key components of any successful HR department.



- **Communication:** - A primary function of all HR professionals is facilitating communication between employers and employees. This means that both your oral and written communication skills need to be sharp so that you can relay information clearly and effectively to employees at all levels. Part of the communication requirements also involves negotiation. During the hiring process, or when conflicts arise between employees, successful HR pros are able to help opposing groups compromise and find middle ground.



- **Problem Solving:** - In order for businesses to function at their best, the HR department must ensure that individuals with different personalities can work together civilly and accomplish company goals. Also, in order to accomplish the other tasks required of you as an HR professional, you have to be skilled at conflict management and diffusing tense or combative situations.



- **Expertise:** - Successful HR professionals are experts on their company's industry. This will enable you to make informed recruitment and hiring decisions, as well as have a context for company guidelines and policies. Sometimes it's easy to overlook the fact that HR professionals are business professionals as well. Just because you won't be working in the accounting department doesn't mean you don't need a clear idea of how your company works and the business processes that structure it.



- **Leadership:** - In many situations, employees look to HR professionals for answers and leadership. The nature of many HR positions is that you'll be seen as an expert on a wide variety of company-related topics, so you'll need to have the confidence to lead. This can mean anything from finding the answers to employee concerns to putting together a team to run a local 5K race for charity. The best HR professionals can balance being a friendly presence in the office with taking control and helping things run smoothly.



Role of HR Manager



1) Professional Development: - Closely related to training, developing your employees professionally is an added bonus for the employee as well as the organization. Enrolling the employee to attend conferences, trade shows, seminars etc. that may be in his personal interest will make the employee feel cared-for and a vital part of the organization, thus increasing employee engagement. It will

be beneficial to the organization by way of the employee's added skill set.

In short, it is a win-win. It is the HR head's job to get to know the employee's hobbies and areas of interest and look out for opportunities that will help them build onto those hobbies. For example, if an employee wants to master the technique of SEO, the HR could enroll him for seminars and conferences that talk on the same. However, this should not turn out to be a selfish attempt that benefits the organization only.

- 2) Appraisals:** - Since HRM is a body meant for the employees, carrying out timely performance appraisals is a given. Performance appraisals help in employee motivation by encouraging them to work to their fullest potential. It also enables to give them feedback on their work and suggest necessary measures for the same. This helps employees to have a clear view of what is expected of them and what they are delivering. They can thus, work well towards improving their performance and achieving targets.

The role of HR (especially the HR manager) in this would be to have a policy of generating timely appraisal reports and a review of the same by the authorities. The HR team should communicate

individually with employees and give a clear feedback or suggestion on their performance. A system to reward employees excelling at their work would help in employee motivation and thus garner a higher degree of productivity and employee engagement.

- 3) **Maintaining Work Culture:** - It is the duty of HR to maintain a healthy, safe, and fun work environment to ensure a level of comfort amongst the employees and eliminate any stressful or awkward atmosphere that may hinder the performance of the staff. It is vital to have an efficient work atmosphere, because an individual's performance is largely dependent on the surrounding he's working in.

It would be great to have an open-door policy up to some extent wherein employees can freely communicate and voice their opinions to be given consideration. The HR department's role is to be a friendly body with an open attitude. By communicating and treating every employee as equal, the HR can build a rapport with the employees. This goes a long way in increasing employee engagement and gives a higher job satisfaction.

- 4) **Resolving Conflicts:** - Where different people have different views, conflicts are almost inevitable. Whether the dispute is amongst two or more employees or between the employee and the management, an HR manager has the right to intervene and help map out a solution.

The HR should be available at the disposal of the conflicting parties and hear out their issues without being judgmental. Prior investigations are a must before passing any judgment. The HR head is not expected to discriminate or play favorites in this matter and always deliver an unbiased and practical decision. A reimbursement in case of any loss caused and strict actions against the defaulter should be practiced for effective conflict resolution by the HRM.

- 5) **Employee Relations:** - The Human Resources is called so because its major responsibility is dealing with the human part of the organization and this involves having great interpersonal skills. An HR manager who sits in the office all day will not turn out to be good at building connections with the employees and thus fail to serve the purpose of being an HR head. As an HR person, employees should feel comfortable coming up to you with their problems and for that, it is important that the HR team builds a good public image within the organization.

The HR team has to be proactive and know their employees. An HR personnel's job is not a desk job altogether. The HR head's role is to establish the trust and confidence of the employees and not have a "don't mess with me" demeanour. He should be looked upon as both an HR expert and an employee advocate.

- 6) **Rewards and Incentives:** - Rewarding the employees for a work well done imparts motivation and at the same time induces a desire to excel at tasks in hope of obtaining rewards. It serves as bait for inculcating a healthy competitive environment amongst employees to achieve targets and meet

deadlines. A reward need not be materialistic always. It could just be a word of appreciation in front of all coworkers for a menial task done with complete honesty.

However, with globalization and evolving trends, compensations like holiday packages, pay incentive, bonuses, and promotion are taking a backseat. If as an HR manager you are wanting to reward your employees efficiently, it's time you adapt new ways of awarding benefits such as flexible work times, paternity leave, extended holidays, telecommuting etc. These non-traditional rewards will prove fruitful not only in engaging existing workforce but also as an added benefit to attract new talent to your organization.

7) **Legal Knowledge:** - This may seem the least glamorous of all, but is an important aspect of the HRM. An HR manager should always be in compliance with the law. Whether it's drafting new policies or writing terms of a contract, it is the HR department's job to build guidelines keeping the laws in mind. This ensures an organization's continued growth and existence. While drafting policies, the HR should always ensure to be at an upper hand legally and keep the organization's practices in tune with the labor laws, tax laws, permissible working hours, minimum wages, and a no-discrimination policy.

8) **Organization:** - An HR head is responsible for organizing all functions of the organization. To start with, it includes employee on-boarding, i.e. welcoming new employees. It is a must for every HR head to carry out an induction for every new hire, and give them an orientation regarding the company policies and rules.

The HR personnel should also introduce the new employees to their colleagues and assign them a mentor. It also involves listing out job expectations and defining roles and responsibilities, thus getting the new employees in tune with the working of the organization. The HR personnel are also responsible for organizing and storing all employee data efficiently and keeping it secure.

9) **Management:** - Management is the most important job of an HR manager. It is what defines a good HR manager. Management extends right from managing employees to managing the employers and the whole HR department as well.

The role of an HR manager is to manage, create, implement and supervise policies/regulations, which are mandatory for every employee and also have knowledge of its appropriate functioning. Monitoring attendance and tracking leaves forms a major chunk of the HR management function. There should be a proper management of the clock-in/out time to avoid late arrivals and track overtimes and half-days. As mentioned before, the HR as a department should also be well managed by the HR head. If the HR department itself is in a state of chaos, it cannot serve as a peacemaker for the other departments.

10) **Payroll Management:** - Once all the attendance monitoring, leave tracking, clock in/outs etc is tracked and monitored, it's time for the most important aspect—calculating the payroll. Efficient calculation of

salaries, wage-cuts, reimbursements, and generation of pay slips amounts to the role of HR managers in payroll management.

The HR manager should maintain transparency and provide the employees with information as and when asked. The HR should ensure not only accurate calculations of salaries but also timely transfer of the same. They also have an obligation towards exiting employees in settlement of dues and compensations.

Strategic HRM

Strategic human resource management is the practice of attracting, developing, rewarding, and retaining employees for the benefit of both the employees as individuals and the organization as a whole. HR departments that practice strategic human resource management do not work independently within a silo; they interact with other departments within an organization in order to understand their goals and then create strategies that align with those objectives, as well as those of the organization. As a result, the goals of a human resource department reflect and support the goals of the rest of the organization. Strategic HRM is seen as a partner in organizational success, as opposed to a necessity for legal compliance or compensation. Strategic HRM utilizes the talent and opportunity within the human resources department to make other departments stronger and more effective.

Strategic HRM is an approach to making decisions on the intentions and plans of the organization concerning the employment relationship and its recruitment, training, development, performance management, record and employee relations strategies, policies and practices.

The key characteristics of strategic HRM are that it is integrated. HR strategies are generally integrated vertically with the business strategy and horizontally with one another. The HR strategies developed by a strategic HRM approach are essential components of the organization's business strategy.

Strategic HRM, therefore, is concerned with the following:

- Analyze the opportunities and threats existing in the external environment.
- Formulate strategies that will match the organization's (internal) strengths and weaknesses with environmental (external) threats and opportunities. In other words, make a SWOT analysis of organization.
- Implement the strategies so formulated.
- Evaluate and control activities to ensure that organization's objectives are duly achieved.

Organizational and HR Strategies



✓ **Strategic Alignment of HR**

HR executives are sometimes left to deal with only administrative functions, such as recruitment, performance measurement, training and compensation. These processes are important, but on their own, they don't show how an organization should plan for the human resources to deliver on its plans and ambitions. Empowering the HR department may add value to the organization's business strategy as it undertakes the functional activities in a manner that supports growth and success.

✓ **Delivering the Strategy**

An effective HR strategy that has clear links to the business strategy can enhance the organization to align its activities better with its human resources. An HR department that understands the demands of your business strategy can help the organization stay on track.

✓ **Effective Training and Development**

Organizations are affected by many external and internal factors that can change the nature of individual job roles and need for skill sets. An HR strategy linked to the organizational strategy is better placed to anticipate any such change.

✓ **Improved Recruitment and Retention**

Employees who are supported and trained in their jobs tend to be happier and more productive. Moreover, organizations with a positive reputation face fewer hurdles to effective recruitment. These factors are important elements in understanding why HR strategy must link to organizational strategy.

✓ **HR Drives Strategy**

HR strategy is at the center of an organization's overall capacity and capability. Having a clear concept of the employees and their different skills can help an organization have the required development and growth. Organizations see HR as a key driver of strategy and integral to their future success.
