

HUMAN RESOURCE MANAGEMENT

(PERSONNEL MANAGEMENT)

Meaning of Human Resource Management:

Human resources management (HRM) refers to the management of people in organisations. It is the systematic approach to achieve organisational objectives through the optimal use of skilled employees. It involves planning, assessing, evaluating, and developing human talent in the organisation.

Definition of HRM:

According to Stephan P. Robbins, “HRM is concerned with the ‘people’ dimension in management. It is a process of four functions Acquisition, development, motivation and maintenance of human resources”.

OBJECTIVES OR GOALS OF HRM:

- I.** To consider employees as human assets and human capital and not as costs.
- II.** To enable the firm assess and obtain the right number and type of employees at the right time.
- III.** To effectively use human resources to achieve organisational goals.
- IV.** To ensure that HR policies, systems and procedures are consistent with one another.
- V.** To align human resource goals with business strategy and objectives.
- VI.** To provide training and development to enable employees reach their full potential.
- VII.** To create strong value systems and create an environment of trust.
- VIII.** To encourage team work and co-operation among employees.
- IX.** To ensure fair wages, attractive incentives and rewarding good

Performance.

X. To provide stability of employment to employees.

CHARACTERISTICS /FEATURES/NATURE OF HRM:

COMPREHENSIVE IN NATURE:

Human resource management covers all employees of an organisation. It applies to employees in all categories and position. It covers employees both in the organised sector and the unorganised sector.

CONTINUOUS FUNCTION:

As long as organisations exist, they require human resource management. As organisations expand, diversify or retrench, human resource functions have to be performed without any break. As completion increases, employees have to be trained on new skills.

PEOPLE FUNCTION:

Human resource management is concerned with the human factor in organisations. It focuses on the attitude, behaviour, perceptions, and emotions of employees. It involves acquiring, developing, compensating and motivating human talent to perform better.

ARTS AND SCIENCE:

HR is both an art and science. It is an art because managing people requires a creative and innovative approach. It is a science because it requires consistent application of theory.

SERVICE FUNCTION:

HRM serves the other functional departments. It is a staff function. The HR Manager has line authority in his department, but has staff authority over other departments.

CHALLENGING:

The needs and ambitions of employees are changing. Attitudes, behaviour, and perception of employees are not the same. Acquiring and retaining talent has become difficult because of the variety of career options. All these make human resource management a challenging function.

IMPORTANCE TO THE INDIVIDUAL:

Every employee is unique in terms of skills and abilities. Employee's expectations from the job and performance levels are not the same. Therefore HR policies and programs have to be designed to improve employee satisfaction and growth.

MULTIDISCIPLINARY ACTIVITY:

HR is a multi-disciplinary activity. It draws inputs from psychology, sociology, economics, mathematics, statistics etc.,

ACTION ORIENTED:

HR uses policies, rules, systems and procedures, but it gives importance to action. The focus is not only on creation of policies but more importantly on its implementation.

GOAL ORIENTED:

Human resources management is performance and goal oriented. It aims to encourage and enable employees to maximise their potential. Its objective is to develop human capital to achieve organisational goals in efficient manner.

FUNCTIONS OF HRM:

- 1) Managerial Functions
- 2) Operative Functions
- 3) Advisory Functions

1) Managerial Functions

- A. **PLANNING:** Planning is deciding what should be done and who should do it. In the HR function, planning is related to deciding on personnel policies and procedures. It involves human resource planning, planning for recruitment, selection, training, motivating and career growth.
- B. **ORGANISING:** HR manager has to bring together the resources required to achieve them. Organising involves:
- (a) Identifying the work to be performed and grouping them into functions or positions.
 - (b) Assigning activities to different groups
 - (c) Delegation of authority and responsibility
 - (d) Co-ordinating the activities of individuals and groups.
- C. **Staffing:** The success of an organisation depends on the skills and performance of its employees. It is recruitment and selection which ensures that the organisation has the right type of talent. They should be motivated to improve performance and provided career growth opportunities.
- D. **Directing:** It refers to leading, guiding and motivating employees to perform better and achieve organisational goals. The HR Manager:
- (a) Leads, directs and commands his subordinates
 - (b) Supervises their work and points out areas of improvement.
 - (c) Motivates them to improve productivity.
 - (d) Guides to achieve organisational objectives.
- E. **Co-ordinating:** It refers to blending of effort to ensure achievement of objectives. The HR manager has to efficiently co-ordinate the various activities of HR. He also has to co-ordinate with managers of other functional areas.

F. Controlling: It involves setting standards, measuring performance, comparison of performance with standards, identifying deviations and taking corrective action. The HR manager evaluates and controls the performance of HR department.

G. Innovation: The environment in which firms operate keeps changing. There are many complex challenges that a HR Manager has to face. He should adopt a creative approach and implement new ideas. He should be prepared to try out new approaches.

H. Decision Making: The HR manager should take decision in a prudent manner. He should get inputs, consider all alternatives and evaluates them before taking a decision. After a decision is taken, it has to be communicated to employees.

2) Operative Functions:

A. Recruitment: It involves encouraging potential candidates to apply for jobs. Selection involves conduct of tests and interviews to select the right person. After selection, the next step is induction and placement.

B. Development: Development of human resources is an important function of the management. The human resources department designs on the job and off the job training. Training is provided to impart new skills and update existing skills of employees.

C. Compensation: This involves determining fair wages based on nature of the job, legal provisions, wages of competitors and capacity to pay. Employees can be compensated through monetary and non-monetary incentives.

D. Maintenance: Employees should be provided safe, healthy and convenient working conditions. Good working conditions would improve morale, motivation and efficiency of employees. The HR department takes steps to provide welfare facilities such as canteens, recreation, transport,

education for children, and housing, insurance and medical facilities.

- E. Motivation:** The human resource manager designs various financial and non-financial rewards to motivate employees.
- F. Personnel records:** The human resource department maintains records relating to recruitment and selection, training, compensation, transfer, promotion, labour turnover and personnel policies of the organisation.
- G. Separation:** When employees retire or die while in service the HR manager should ensure that retirement benefits are settled. In case of retrenchment, he can take steps for outplacement of employees.
- H. Industrial Relations:** The human resource manager takes steps to maintain healthy industrial relations. He has good knowledge of labour laws and involves in collective bargaining, joint consultation and settlement of disputes.

3) Advisory Functions

- A. Top Management:** The HR manager provides advice to the top management for preparation and implementation of HR policies and programmes. He suggests measures for achieving good human relations and improving morale and motivation.
- B. Department Heads:** The HR manager provides advice to the departmental heads on human resource planning, job analysis and design, recruitment, selection, training and appraisal.

SCOPE OF HRM:

- i. Human resource planning:** Human resource planning is the primary activity of human resource management. All human resource management activities start with human resource planning. It is the process of identifying current

and future human resource requirements of an organisation.

- ii. **Job analysis:** Job analysis is the systematic process of collecting complete information about a job. The organisation determines the nature of jobs, duties and responsibilities. Then it decides the qualifications and skills required by an employee to perform a particular job.
- iii. **Recruitment and selection:** Based on job analysis, the firm plans for recruitment and selection. Recruitment involves all steps to encourage potential candidates to apply for jobs. Selection refers to conduct of tests and interviews to choose the most suitable candidate.
- iv. **Induction:** After selection of employees, they are inducted into the company. In the induction program, employees are informed about the history of the organisation, its values, culture, ethics, role, responsibilities and career growth path.
- v. **Training and Development:** Employees need to be trained to improve their skills and abilities. The HR department identifies the training needs of employees and designs suitable training programs.
- vi. **Performance appraisal:** It is conducted to assess the performance of employees. It serves as the basis for increments, promotions, incentives, transfers and demotion.
- vii. **Compensation Management:** The HR department designs the compensation structure and benefits. It has to decide the basis and incentives to be provided to employees at various levels.
- viii. **Motivation:** Employees have to be motivated to improve performance and productivity. The HR department has to design performance incentives and rewards to motivate employees. There should be financial and non-financial incentives to improve motivation.

- ix. Health, welfare and safety:** Health, welfare and safety of employees is an important responsibility of the HR department. The government the legislation to ensure health, welfare and safety. The HR function has to ensure that all regulations are complied with.
- x. Industrial relations:** Healthy relations between management and workers are essential for success of an organisation. Poor industrial relations results in strikes, lockouts, damage to equipment, property and affects production. An important function of HR is enabling better understanding and relationships.
- xi. Employee counselling:** Employees may face problems in their personal and professional life. The human resource function provides guidance and counselling to employees. Through counselling, employees are guided to find solutions to their problems.
- xii. Personnel Research:** It helps to understand employee psychology and perception of HR practices. Personnel research reveals the level of job satisfaction, commitment, morale and motivation. It assesses the strengths and weakness of a firm's HR policies.
- xiii. Information Systems:** HRIS is an integration of HR and MIS. It enables HR manages to effectively perform HR functions using technology. It is career planning, safety and industrial relations.
- xiv. Organisation Development:** Organisations need to have a systematic and planned effort to manage change. OD focuses on values, beliefs, norms and organisational climate. It aims at improving organisational effectiveness and job satisfaction of employees. Through motivating employees, and organisation can achieve those aims.

PRINCIPLES OF HRM

1. **Comprehensiveness:** Human resource management is a comprehensive function. Its functions include manpower planning, recruitment, selection, placement, training, compensation, training, appraisal, motivation, career growth and separation.
2. **Cost-effectiveness:** The remuneration paid by the firm should be fair and competitive to attract the best talent. Rewards and incentives should be provided to encourage performance.
3. **Control:** There should be strong and effective control systems. They are essential to ensure that performance is according to plans. It would ensure that quality and productivity are maintained at high levels.
4. **Coherence:** The objectives of the HR department should be in tune with the vision and mission of the organisation. They should not be in conflict with each other.
5. **Communication:** It is considered as the life as the life blood of organisations. There should be open and free flow of communication among all levels and divisions. Policies, objectives and orders should be known to all for efficient functioning.
6. **Creativity:** Organisations operate in a challenging environment and face complex problems. They have to creatively use their human talent to overcome problems and achieve success. They need to find unique methods to improve the efficiency of human resource management.
7. **Competence:** The organisation has to improve the competence of its employees. The competence of a firm depends on the competence of its employees. If employee competence improves, the organisations would be able to better achieve its objectives.
8. **Credibility:** The organisation should enjoy the trust of its stakeholders and society. The top management must enjoy the

trust of employees. They should practice what they preach and provide a clear direction to employees.

9. **Change:** Since the business environment is changing, business need to change. Those businesses which adapt to change enjoy better success HRM should focus on continuous change and development.

10. **Commitment:** Every organisation has goals and objectives. Achievement of goals depends on the loyalty and dedicated efforts of employees HRM should motivate and improve commitment of employees to achieve organisational goals.

Difference between Personnel management and Human Resource Management:

Meaning of personnel management:

Personnel management effectively describes the processes of planning and directing the application, development and utilisation of human resource in employment.

Differences

➤ Approach

In case of Personnel management is a traditional approach of managing people.

But

In case of Human resource management is the modern approach of Managing people.

➤ Function

In case of Personnel management is a routine function.

But

In case of Human resource management is a strategic function.

- Core organisational activities

In case Personnel management is not concerned with core

Organisational activities and functions independently.

But

In case of Human resource management is integrated with core organisational activities.

- Nature

In case of Personnel management is reactive in nature.

But

In case of Human resource management is pro- active in nature.

- Role

In case of Personnel management plays a transactional role.

But

In case of Human resource management plays a transformational role.

- Scope

In case of Personnel management scope include personnel administration, employee welfare and labour relations.

But

In case of Human resource management scope covers acquisition, development, maintenance and motivation of human resources.

- Importance

In case of Personnel management gives importance of norms, traditions and customs.

But

In case of Human resource management gives importance to the values and mission of the organisation.

➤ Job design

In case of Personnel management job design is based on division of labour.

But

In case of Human resource management job design is based on team work.

➤ Performance

In case of Personnel management improved performance is caused by satisfaction and morale.

But

In case of Human resource management better performance is the source of satisfaction and morale.

➤ Promotion

In case of Personnel management promotions are based on seniority and appraisal.

But

In case of Human resource management is multiple career paths, it is based on skills, talent and commitment.

➤ Decisions

In case of Personnel management decisions are taken by the top management.

But

In case of Human resource management decisions are taken collectively.

➤ Communication

In case of Personnel management restricted flow of communication. It is direct communication.

But

In case of Human resource management free flow communication. It is indirect communication.

Human Resource Manager- Meaning

Human resource manager plays a key role in ensuring efficiency and growth of the organisation. He should possess multiple skills to discharge his functions in an effective manner.

DUTIES AND RESPONSIBILITIES OF HR MANAGERS:

- ❖ **Recruitment and selection:** Recruitment of employees, conduct of tests interviews and selection of employees. Conduct of orientation programs and induction of employees.
- ❖ **Training and development:** Identification of training needs, skills training management development and education.
- ❖ **Compensation:** Job description, job evaluation, wage and salary administration, executive compensation, incentives and benefits.
- ❖ **Benefits:** Profit sharing, insurance, provident fund, pension, gratuity.
- ❖ **Employee Relations:** Discipline, compliance with labour laws and labour relations.

QUALITIES OF HR MANAGERS

- i. **Knowledge:** He should be an expert in the field of HR. He should have good knowledge of concepts, principles and

practices of HR. Knowledge should be backed by practical experience.

- ii. **Intelligence:** It involves mental ability and ability to grasp things. There are many situations in which quick thinking and response is required. Therefore the HR manager should be able to rightly apply knowledge.
- iii. **Education:** He should be well educated and possess specialised skills in the human resources area. He should equip himself with the latest knowledge and update himself with modern trends.
- iv. **Communication skills:** The human resource manager should have effective communication skills. He should be able to clearly communicate his ideas and instructions. Communication skills would help to convince and motivate employees to perform better.
- v. **Fairness:** HR managers should display fairness and be impartial in their dealings. They should be objective in deciding on promotions, demotions, transfers and in matters of discipline.
- vi. **Tactfulness:** The HR manager should be tactful in his dealings. He should counter difficult problems and situations with calmness and poise.
- vii. **Creativity:** Creativity is an essential skill for the HR manager. He should be able to come up with creative solutions to complex problems.
- viii. **Executive skills:** This refers to proper implementation of management policies and plans. He should have attention to detail, allocate resources and delegate tasks to the right persons.

ROLE OF HR MANAGERS

1. **The counsellor:** The HR manager acts as a counsellor and provides counselling to employees. Employees discuss problem relating to health, emotions, finance, work, colleagues, family

etc., with the HR manager. He guides them to find suitable solutions.

2. **The Advisor:** The HR manager advises the management on human resource planning, recruitment, selection, training, appraisal, compensation and integration. He guides the management in preventing and solving industrial disputes.
3. **The Problem Solver:** Organisations face variety of problems which are complex in nature. The HR manager takes steps to anticipate and prevent problems in the HR area. He also gives ideas to solve problems faced by the organisation.
4. **The Welfare Role:** Welfare facilities improve the physical, Economic, intellectual and moral-wellbeing of workers. The HR manager focuses his attention in providing and improving welfare facilities for employees. He takes steps to provide facilities more than what is mandatory.
5. **The Mediator:** The HR manager acts as the link between management and workers. He conveys the problems of workers to management and the management thinking to workers. He plays the role of a peace keeper and resolves conflicts.
6. **The Liaison Officer:** The HR manager acts as the representative and spokesperson of the organisation. He interacts with various government authorities and represents the firm.
7. **The Conscience Keeper:** Every firm has legal, ethical and social obligations. The HR manager plays an important role in advising and insuring that the firm fulfils its obligation.
8. **Legal Role:** The HR manager should ensure that government rules and regulations relative to HR are followed. He plays an important role in collective bargaining, redressal of grievances, enforcing discipline and settling disputes.
9. **Capability Builder:** Capability represents aspects for which the firm is known and respected. It includes the identity and culture of a firm. The HR manager should take steps to identify and strengthen the capabilities of the firm.

10. **Change Agent:** The HR manager improves the firm's capacity to change. He communicates the need for change and overcomes resistance to change. He implements changes to make the firm flexible and responsive.