

UGC NET - HUMAN RESOURCE MANAGEMENT SAMPLE THEORY

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CONCEPT AND PERSPECTIVE IN HUMAN RESOURCE MANAGEMENT

Human resource management deals with the “people” dimension in management. Byars and Rue, say “Human Resource Management encompasses those activities designed to provide for and coordinate the human resources of an organization”.

HRM is a process that consists of four functions- acquiring, developing, motivating and retaining human resources. The acquisition function starts with planning (for the number and categories of employees required) and ends with staffing. The development function has three dimensions - employee training, management development, and career development. The motivation function includes identifying the individual motivational needs of employees, and identifying ways to motivate them. The retention function is concerned with providing a conducive work environment to the employees and nurturing them to make them feel committed and attached to the organization.

These four functions and their constituent sub-functions have changed over the years, in response to changes in the social and political environment of business, and as a result of new developments in management thought.

HISTORY OF HUMAN RESOURCE MANAGEMENT

There is vast difference between modern HRM and the personnel management that was prevalent decades ago. By the end of the twentieth century, the managerial philosophy that has defined the personnel function has undergone radical changes. Over the past eighty years, the scientific management approach and the human relations approach appeared and then disappeared too. The human resource approach has gained prominence in the recent times. These approaches are :

(A) SCIENTIFIC MANAGEMENT APPROACH

Fredrick Taylor, who is widely considered to be the father of scientific management, focused on the study of motions that were required for each job, the tools used, and the time needed to accomplish each task. The scientific management approach resulted in work methods and techniques that emphasized employee output. Taylor’s time-and-motion studies replaced “rule-of-the thumb” work methods with the “one best way” to accomplish a task.

During the early years of the twentieth century, managers embraced the concept of the 'economic man', which suggested that a worker was basically motivated by economic gain and that financial incentives alone could maximize the worker's output. It was this concept that led Taylor to propose the differential piece-rate system where workers get a higher rate of pay for every unit of output that exceeds the daily output standard.

(B) HUMAN RELATIONS APPROACH

The Hawthorne studies, conducted during the 1930s and 1940s, forced organizations to shift their attention from the scientific management approach to the human relations approach. Although the human relations approach was instrumental in improving the work environment for many workers, it was not very successful in increasing their productivity and improving job satisfaction. The reasons for this were:

- This approach was based on an oversimplified concept of human behavior in an organizational setting. The assumption by the management that "a happy worker is a hard worker", is now found to be valid only for a part of the workforce.
- The human relations approach did not recognize individual differences. Each employee is unique and his or her wants, need and values would be different. Moreover, something that motivates one worker may not have the same impact on another worker.
- The approach did not recognize the need for a job structure. It did not give adequate importance to procedures, standards and work rules that would steer employees towards the achievement of organizational goals.
- The approach failed to recognize other factors that could influence employee satisfaction and productivity, like performance management, career development, job enrichment and career planning.

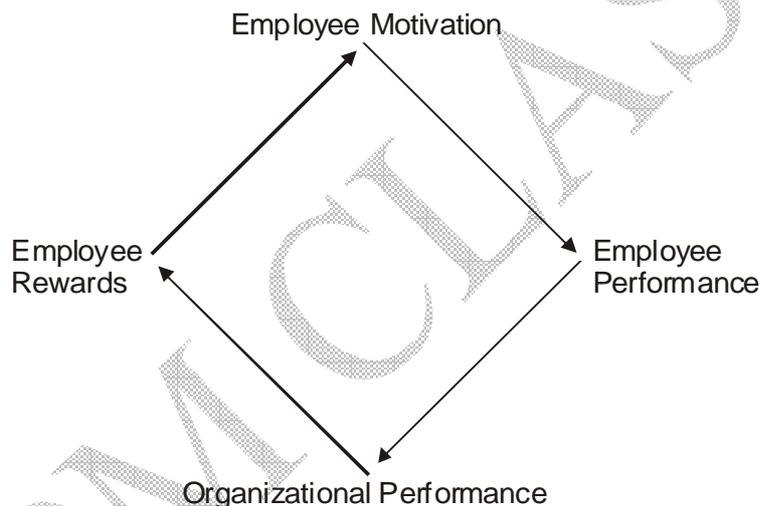
(C) HUMAN RESOURCES APPROACH

The human resources approach, which treats the organizational goals and employee needs as being mutual and compatible, and which can be pursued in unison.

The human resources approach is based on a number of principles, some of which are:

- Employees are assets to an organization. The time and resources employed in managing and developing them are an investment that the organization makes for better returns in the present and in the future.
- Policies, programs and practices must cater to the needs of employees and should help them in their work and also in their personal development.
- It is necessary to create and maintain a conducive work environment, to encourage the employees to develop and harness their knowledge and skills for the benefit of the organization.

HR policies and practices should be in alignment with the goal of balancing individual and organization needs. This can be achieved through a mutual process where the organization and the employees help each other to achieve their goals, as represented in Figure.



FUNCTIONS OF HUMAN RESOURCE MANAGEMENT

HRM functions can be broadly classified into two categories:

- (i) Managerial functions
- (ii) Operative functions

(I) MANAGERIAL FUNCTIONS

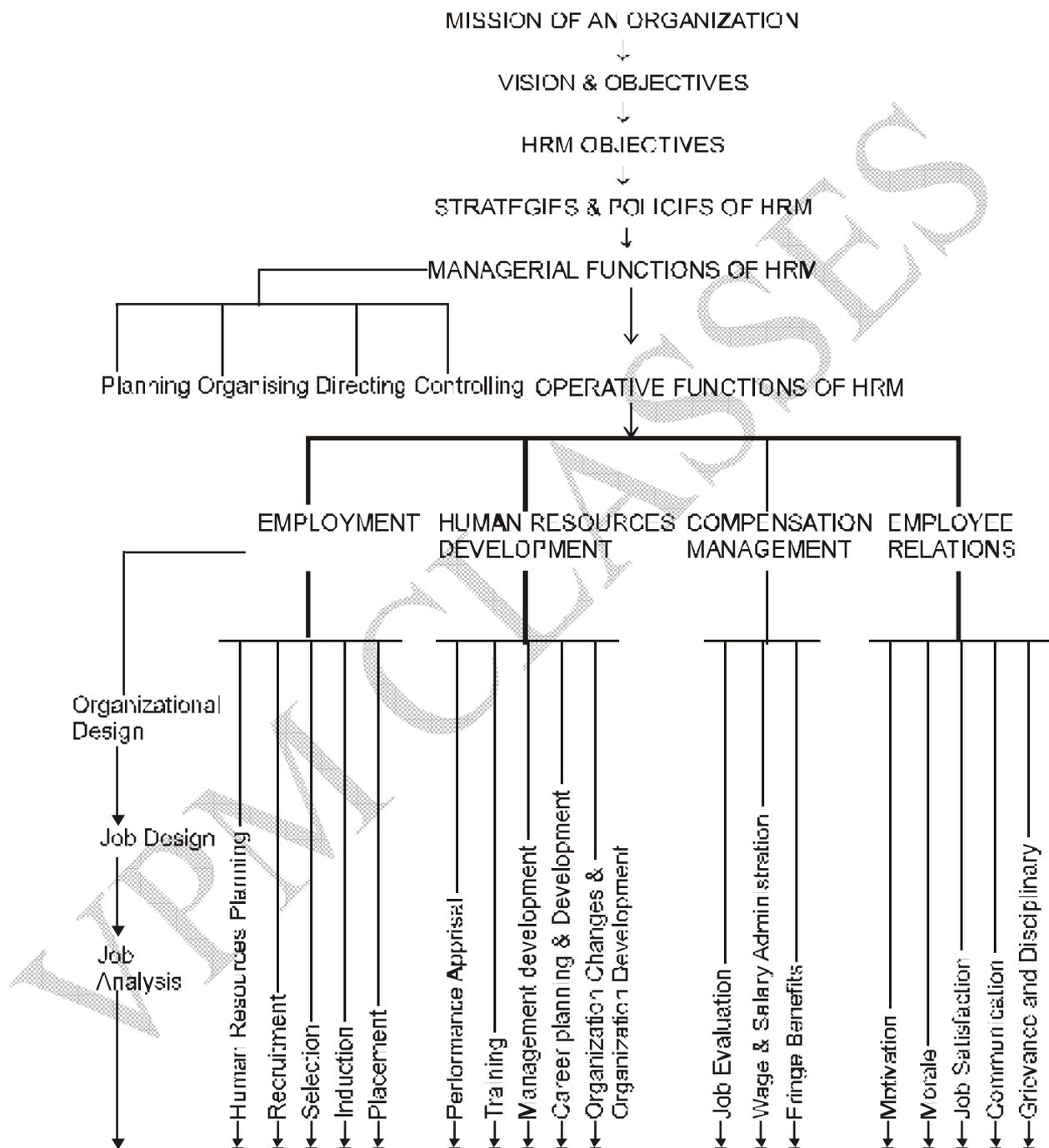
Managerial functions of the human resource department are planning, organizing, staffing, directing and controlling. All these functions have an impact on the operative functions, as shown in Figure.

Planning

Planning involves formulating the future course of action. to achieve organizational goals It also includes identifying human resource requirements and forecasting personnel needs, foreseeing the changes in employee attitudes and evolving effective ways of handling these changes.

Organizing

Organizing involves establishing an intentional structure of roles for people in an organization Structural considerations such as the chain of command, division of labor, and assignment of responsibility are part of the organizing function.



Staffing

This is the process of obtaining and maintaining capable and competent personnel in various positions at all levels. It broadly encompasses manpower planning, recruitment, selection, placement, induction and orientation, transfer, career progression and separation.

Directing

It is the process of directing all the available resources towards the common organizational goals. It also involves coordination between different departments to ensure maximum utilization of all resources including human resources.

Controlling

The measurement and rectification of activities to ensure that events conform to plans is known as controlling. This function measures performance against goals and plans, identifies deviations and by placing the process back on track, helps in the accomplishment of plans.

Auditing training programs, analyzing labor turnover records, directing morale surveys, and conducting exit interviews are different ways of controlling the HRM function.

(II) OPERATIVE FUNCTIONS

The operative functions of HRM are related to specific activities of HRM, viz., employment, development, compensation and employee relations.

The various operative functions of HRM are discussed below :

Employment

Employment is the first operative function of HRM. This involves procuring and employing individuals with suitable knowledge, skills, experience and aptitude necessary to perform various jobs. It includes functions such as job analysis, human resource planning, recruitment, selection, placement, and induction.

Job Analysis. Job analysis is the process by which the tasks which comprise the job are determined and the skills and abilities required to perform it successfully are identified. It involves :

- Preparing job description, job specification, job requirements and employee specification so that the HR manager can determine the nature, levels and quantum of human resources required.
- Providing the guides, plans, and basis of job design and redesign. It also forms the basis for all operative functions of HRM.

Human Resource Planning – Human resource planning involves forecasting the human resource requirements of an organization and the future supply of human resources, and making suitable adjustments between these two in correlation with organizational plans. It also involves assessing the possibility of developing the human resources to match the requirements, by introducing appropriate changes in the functions of HRM.

Recruitment – To a large extent, the effectiveness of an organization depends on the effectiveness of its employees. Hence recruitment of human resources becomes a significant HR function. Recruitment is the process of seeking and attracting prospective candidates against a vacancy in an organization.

Selection – The process of identifying and establishing the credentials of a candidate for a job to ensure success is referred to as selection.

Placement - After a selected candidate conveys his acceptance of the offer of employment made by an organization, his placement has to be decided based on the needs of the organization.

Induction – Introducing a new employee to the organization, its business, the organization culture, its values and beliefs, and practices and procedures is termed as induction.

HUMAN RESOURCES DEVELOPMENT

Human Resource Development (HRD) is the process of training and developing employees to improve and update their knowledge and skills, so as to help them perform their jobs better. The process also includes developing the attitudes, beliefs and values of the employees to match the organizational needs. HRD has to be a continuous process and should take into consideration both the present and future organizational requirements. HRD includes performance appraisal, training, management development, and career planning and development.

- **Performance Appraisal** – This is the process of evaluating the performance of an employee on the job and developing a plan for improvement. This includes an assessment of the strengths the weaknesses of the employee, and drawing up a development plan in consultation with him to prepare him for future tasks and responsibilities in the organization.

Training – Training is the systematic development of the knowledge, skills and attitudes. It is required to perform a given task or job successfully, in an individual.

Compensation

Compensation includes all the extrinsic rewards that an employee receives during and after the course of his job, for his contributions to the organization. Compensation encompasses base salary, incentives, bonus and benefits and is based on job evaluation. The principles of compensation payment are that it has to be adequate, equitable and fair to the employees. Compensation encompasses base salary, incentives, bonus and benefits and is based on job evaluation.

Job evaluation – It is a systematic determination of the value of each job in relation to other jobs in the organization, in the industry and in the market. In other words, job evaluation involves classifying a job based on its importance and its contribution to the organization and its requirements.

Wage and salary administration – The process of formulating and operating a suitable wage and salary program is known as wage and salary administration.

Incentives – Incentives are the rewards an employee earns in addition to regular wages or salary based on the performance of the individual, the team or the organization.

Bonus – Bonus is primarily a share in the surplus or bounty and is directly related to the organization's performance. In India, the payment of bonus is a very popular means of rewarding employees and is governed by The payment of Bonus Act 1965.

Fringe benefits – Fringe benefits are those monetary and non-monetary benefits given to employees during their employment, and sometimes, in the post-employment period also. These benefits are connected to employment with the organization and are not related to the employee's performance.

Employee relations

Employee relations deals with the employees in the organizational context, as a social group that contributes to the organization. It includes

- Increasing employee productivity;
- Keeping the employees satisfied and motivated;
- Developing team building, team management and leadership skills in employees;
- Designing and implementing a fast and suitable grievance management system;
- Ensuring discipline among the employees by prompt action to correct deviations;
- Supporting employees by counseling and developing them into complete individuals and responsible citizens;
- Enhancing the quality of work life and personal life of the employees.

HUMAN RESOURCES ACCOUNTING

Human resources accounting is defined as "accounting people as organizational resources. Human resources accounting is measurement of the cost and value of people for an organization." Human Resource Accounting helps management to value its human resources and use it with discretion and wisdom. It also provides essential information to the management to maintain and develop its important resources. Hence, human resources accounting is considered to be an appropriate control technique.

ROLE OF HR EXECUTIVES

HRM is a part of every manager's job. Let us look at the different roles and responsibilities of HR managers in this context. This specialist role of the HR manager takes a number of forms:

- Service Provider
- Executive
- Facilitator
- Consultant
- Auditor

The service provider

Managers need information to make decisions on various employee related issues like deployment of personnel. An HR specialist can help by providing information on market statistic of personnel availability, pay rates etc. HR specialists can also interpret the complex labor laws and legislations that are applicable in day-to-day work.

The executive

Though HRM is a part of every manager's job, yet HR specialists typically carry out certain HR activities like recruitment, compensation, etc.

The facilitator

A large number of organizational activities require an HR professional to play the role of a facilitator. For example, HR acts as a facilitator when training and development activities are planned and conducted and performance appraisals are done.

The consultant

Managers face many problems while supervising employees. Managers seek the advice of HR specialists to resolve such problems smoothly. Thus, the HR professional plays the role of an internal management consultant in this area.

The auditor

HR specialists are responsible for ensuring that all members of the management perform their respective roles concerned with the effective use of human resources.