

COURSE: PRINCIPLES OF HUMAN RESOURCE MANAGEMENT

LECTURE 1: INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

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Lecture learning outcomes:

At the end of the lecture, you will be able to:

- i. Understand the concept of human resource management
- ii. Discuss the nature of HRM
- iii. Examine the difference between personnel management and HRM

INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

Human resource is the most important asset of any organisation and unlike other resources the human resources could be developed and increased to a limitless extent. Human resources mean the energies, skills, knowledge and physical strength of the people at work. Human resources comprise the value of the productive capacity of entire work force of any organisation. To be specific human resource refer to the aggregate of knowledge, skill, experience and health of employees working in any organisation. And development of human resource accounts for the development of human side of the organization.

HRM is concerned with the human beings in an organization ie the management of man. HRM is the study of activities regarding people working in an organization. It is a managerial function that tries to match an organization's needs to the skills and abilities of its employees.

HRM is the process of managing people of an organization with a human approach. Human resources approach to manpower enables the manager to view the people as an important resource. It is the approach through which organization can utilize the manpower not only for the benefits of the organization but for the growth, development and self satisfaction of the concerned people. Thus, HRM is a system that focuses on human resources development on one hand and effective management of people on the other hand so that people will enjoy human dignity in the employment.

It is a function concerned with hiring, training, motivating, developing and maintaining workforce in an organisation. Human resource management ensures satisfaction of employees so as to get maximum contribution of employees for the achievement of organisational objectives.

According to **Armstrong (1997)**, Human Resource Management can be defined as a strategic approach to acquiring, developing, managing, motivating and gaining the commitment of the organization's key resource- the people who work in and for it.

According to Dale Yoder, the management of human resource is viewed as a system in which participants seek to attain both individual and group goals.

According to Flippo, HRM is the planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and reproduction of human resources to the end that individual organizational and societal objectives are accomplished.

It is important to note that, of all the factors of production namely M's of Management i.e. Materials, Machinery, Money, Methods and Men, Man occupies an important place. The other (four) 4 M's by themselves will not help the organization to achieve its goals unless there is an effective coordination and utilization of human resources. Rensis Libert says, all the activities of monetary and material resources are utilized for organizational objectives. Without human efforts, organizations cannot accomplish the objectives. Rensis Likert rightly observes that All the activities of any enterprise are initiated and determined by the persons who make up that institution, plants, offices, computers, automated equipment, and all else that make a modern firm uses are unproductive except for human effort and direction of all the tasks of management, managing the human component is the central and most important task, because all else depends on how well it is done.

Human resources management (HRM) is a management function concerned with hiring, motivating and maintaining people in an organization. It focuses on people in organizations. Human resource management is designing management systems to ensure that human talent is used effectively and efficiently to accomplish organizational goals.

HRM is the personnel function which is concerned with procurement, development, compensation, integration and maintenance of the personnel of an organization for the purpose of contributing towards the accomplishments of the organization's objectives. Therefore, personnel management is the planning, organizing, directing, and controlling of the performance of those operative functions (Edward B. Philippo).

According to the Inancevich and Glueck, "HRM is concerned with the most effective use of people to achieve organizational and individual goals. It is the way of managing people at work, so that they give their best to the organization".

According to Dessler (2008) the policies and practices involved in carrying out the "people" or human resource aspects of a management position, including recruiting, screening, training, rewarding, and appraising comprises of HRM.

HRM, therefore, refers to the management of people in organizations. It comprises of the activities, policies, and practices involved in obtaining, developing, utilizing, evaluating, maintaining, and retaining the appropriate number and skill mix of employees to accomplish the organization's objectives. The goal of HRM is to maximize employees' contributions in order to achieve optimal productivity and effectiveness, while simultaneously attaining individual objectives (such as having a challenging job and obtaining recognition), and societal objectives (such as legal compliance and demonstrating social responsibility).

Simply, Human Resource Management (HRM) can be defined as the art of procuring, developing and maintaining competent workforce to achieve the goals of an organization in an effective and efficient manner.

Since mid 1980's Human Resource Management (HRM) has gained acceptance in both academic and commercial circle. HRM is a multidisciplinary organizational function that draws theories and ideas from various fields such as management, psychology, sociology and economics.

There is no best way to manage people and no manager has formulated how people can be managed effectively, because people are complex beings with complex needs. Effective HRM depends very much on the causes and conditions that an organizational setting would provide. Any organization has three basic components ie People, Purpose, and Structure. In 1994, a noted leader in the human resources (HR) field made the following observation:

Yesterday, the company with the access most to the capital or the latest technology had the best competitive advantage. Today, companies that offer products with the highest quality are the ones with a leg up on the competition; But the only thing that will uphold a company's advantage tomorrow is the caliber of people in the organization.

People at work

The principal component of an organization is its human resources 'of people at work'. Human resources can be defined as the knowledge skills, creative abilities, talents and aptitudes obtained in the population; whereas from the viewpoint of the individual enterprise, they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employees. Jucius calls these resources, human factors', which refer to a whole consisting of inter-related, inter-dependent and inter-acting physiological, psychological, sociological and ethical components.

It is the human resource which is of paramount importance in the success of any organization, because most of the problems in organizational settings are human and social rather than physical, technical or economic. Failure to reorganize this fact causes immense loss to the nation, enterprise and the individual. In the words of Oliver Sheldon he says, "No industry can be rendered efficient so long as the basic fact remains unrecognized that it is principally human". It is not a mass of machines and technical processes, but a body of men. It is not a complex of matter, but a complex of humanity. It fulfills its function not by virtue of some interpersonal force, but a human energy. Its body is not an intricate maze of mechanical devices but a magnified nervous system.¶

People at work' comprise a large number of individuals of different sex, age, socioreligious group and different educational or literacy standards. These individuals in the work place exhibit not only similar behavior patterns and characteristics to a certain degree, but they also show much dissimilarity. Each individual who works has his own set of needs, drives, goals, and experiences. Each has his own physical and psychological traits. Each human being is not only a product of biological inheritance but also a result of interactions with his environment. Family relationships, religious influences, racial or caste backgrounds, educational accomplishment, the application of technological innovations, and many other environmental influences affect the individual as he works. Among the environmental factors that influence work behavior are various organizational elements (authority relationships, organizational goals, procedures, rules and policies: informal

group relationship, the type and manner of supervision received by the employee, etc.). People come to work with certain specific motives to earn money, to get employment, to have better prospect in future, to be treated as a human being while at the place of work. They sell their labour for reasonable wage/ salary and other benefits. It is these people who provide the knowledge and much of the energy through which organizational objectives are accomplished.

The management must, therefore, be aware not only of the organizational but also employee needs. None of these can be ignored. The achievements for the organizations, the people at work, the people who manage them (i.e., managers themselves), and other groups of the public (such as the consumers, shareholders, the entrepreneurs, the governments, the suppliers, etc.) are possible through a concerted effort.

1. The employee develops four dimensional relationships:
2. those between management and workers;
3. those among the workers themselves;
4. those among the managerial personnel;
5. those among different members of the organization and the community.

In other words, the employee develops human relations the purpose of which is not to enable him to discover clever techniques for winning friends and influencing people through personality development; nor to enable him to manipulate people as though they are puppets, but to assist him in working more effectively with other people in organization.

Nature of HRM

Human Resource Management is the process of bringing people and organization together so that the needs of each are met. It is that part of the management process which is concerned with the management of human resources in an organization. It tries to secure the best from people by winning their whole-hearted co-operation. In short, it may be defined as the art of procuring, developing and maintaining competent work force to achieve goals of an organization in an effective and efficient way.

Human Resource management is concerned with the most effective use of people to achieve organizational and individual goals. It is a way of managing people at work, so that they give their best to the organization. It has the following features:

1. Action Oriented: Human Resource management focuses attention on action, rather than on record keeping, written procedures or rules. The problems of employees at work are solved through rational policies.
2. Individuality Oriented: It tries to help employees develop their potential fully. It encourages them to give out their best to the organization. It motivates employees through a systematic process of recruitment, selection, training and development coupled with fair wage and policies.
3. Integrating Mechanism: Human Resource Management tries to build and maintain cordial relations between people working at various levels in the organization. In short, it tries to integrate human aspects assets in the best possible manner in the service of an organization.

4. Pervasive Force: Personnel Management is pervasive in nature. It is present in all enterprises. It permeates all levels of management in an organization.
5. Auxiliary Service: Personnel departments exist to assist and advise the line or operating managers to do their personnel work most effectively. Human Resource manager is a special advisor.

HRM is based on certain principles and policies which helps the organization to achieve its objectives.

1. HRM is a pervasive function – It suggest that HRM is not associated to a single department, instead it is a broader function and is spread throughout the organisation, which manages all type of employees/people from lower level to top level departments of the organisation.
2. HRM is people oriented – The main core or concern for HRM is the People or human resource. Human resource management works with and for people.
3. It acts as a bridge which brings people and organisation together to achieve individual and organisational goals.
4. HRM is continuous activity – As HRM needs to continuously train, develop, or replace to meet the growing level of competition and changes in the market. Hence, it is a continuous activity.
5. The HRM is a part of management function. Issues like hiring, training, development, compensation; motivation, communication, and administration of employees are taken care by Human resource management.
6. The main aim of HRM is optimum utilization of employees.

HRM is a management function that helps manager's to recruit, select, train and develop members for an organization. HRM is concerned with people's dimension in organizations.

The following constitute the core of HRM

1. HRM Involves the Application of Management Functions and Principles. The functions and principles are applied to acquiring, developing, maintaining and providing remuneration to employees in organization.
2. Decision Relating to Employees must be Integrated. Decisions on different aspects of employees must be consistent with other human resource (HR) decisions.
3. Decisions Made Influence the Effectiveness of an Organization. Effectiveness of an organization will result in betterment of services to customers in the form of high quality products supplied at reasonable costs.
4. HRM Functions are not Confined to Business Establishments Only but applicable to nonbusiness organizations such as education, health care, recreation and like. HRM refers to a set

of programmes, functions and activities designed and carried out in order to maximize both employee as well as organizational effectiveness.

Characteristics of HRM

1. HRM deals with the functions of planning, organizing, staffing, directing and controlling the manpower of the org. to achieve the goals.
2. It is a continuous process of enhancing the personality of an individual on the job as well as off the job, deals with the overall growth
3. HR to be treated as an asset which has the potential for growth and not just as a commodity of exchange.
4. HR is molded, controlled and directed in a way to achieve the goals and benefit the organization and the individual.
5. HR is concerned with recruitment, remuneration, promotions, incentives, industrial relations

Personnel Management VS Human Resource Management

Contemporary Human Resource Management, as a part and parcel of management function, underscores strategic approach to management in areas of acquisition, motivation, and management of people at work. Human Resource Management derives its origin from the practices of the earlier personnel management, which assisted in the management of people in an organisation setup. Human Resource Management leverages setting up the systems and procedures for ensuring efficiency, controlling and providing equality of opportunities for all working for the organisation.

Human Resource Management (HRM) differs from Personnel Management (PM) both in scope and orientation. HRM views people as an important source or asset to be used for the benefit of organisations, employees and society. It is emerging as a distinct philosophy of management aiming at policies that promote mutuality-mutual goals, mutual respect, mutual rewards and mutual responsibilities. The belief is that policies of mutuality will elicit commitment, which in turn, yield both better economic performance and greater Human Resource Development (HRD). Though a distinct philosophy, HRM cannot be treated in isolation. It is being integrated into the overall strategic management of businesses. Further, HRM represents the latest term in the evolution of the subject. There are several similarities between Human Resource Management (HRM) and Personnel Management (PM)

- (a) Both models emphasise the importance of integrating personnel/HRM practices with organisational goals.
- (b) Both models vest Personnel/HRM firmly in line management.
- (c) Human Resource Management (HRM) and Personnel Management (PM) both models emphasise the importance of individuals fully developing their abilities for their own personal satisfaction to make their best contribution to organisational success.
- (d) Both models identify placing the right people into the right jobs as an important means of integrating personnel/HRM practice with organisational goals.

Both the terms refer to the one and the same function of the management and that is managing the people at work. However, Human Resource Management is mainly focused on best utilizing the

man power by understanding their strength and weaknesses and engaging them in different occupations so that their productivity can be increased. Therefore, training and development and employee engagements are part of it. Personnel Management, on the other hand, is mainly concerned with maintaining good employee- employer relationship and activities connected with it.

Therefore, Personnel Management mainly works around Industrial/ Employee/ Labour Relations and activities connected with grievance handling, negotiations, enforcement of labour statute, looking after welfare of employees and so on. Personnel Management is thus basically an administrative record-keeping function, at the operational level. Personnel Management attempts to maintain fair terms and conditions of employment, while at the same time, efficiently managing personnel activities for individual departments among others. It is assumed that the outcomes from providing justice and achieving efficiency in the management of personnel activities will result ultimately in achieving organizational success.

Human resource management is the new version of personnel management. There is no any watertight difference between human resource management and personnel management. However, there are some differences in the following matters.

1. Personnel management is a traditional approach of managing people in the organization. Human resource management is a modern approach of managing people and their strengths in the organization.
2. Personnel management focuses on personnel administration, employee welfare and labor relation. Human resource management focuses on acquisition, development, motivation and maintenance of human resources in the organization.
3. Personnel management assumes people as an input for achieving desired output. Human resource management assumes people as an important and valuable resource for achieving desired output.
4. Under personnel management, personnel function is undertaken for employee's satisfaction. Under human resource management, administrative function is undertaken for goal achievement.
5. Under personnel management, job design is done on the basis of division of labor. Under human resource management, job design function is done on the basis of group work/team work.
6. Under personnel management, employees are provided with less training and development opportunities. Under human resource management, employees are provided with more training and development opportunities.
7. In personnel management, decisions are made by the top management as per the rules and regulation of the organization. In human resource management, decisions are made collectively after considering employee's participation, authority, decentralization, competitive environment among others
8. Personnel management focuses on increased production and satisfied employees. Human resource management focuses on effectiveness, culture, productivity and employee's participation.
9. Personnel management is concerned with personnel manager. Human resource management is concerned with all level of managers from top to bottom.
10. Personnel management is a routine function. Human resource management is a strategic function.

Role of human resource management

As profesoor Chatterjee puts in: The personnel man first appeared as a low powered functionary who was no better than a files clerk or record keeper concerned with the payment of the dues of the workers. Out of this arose a kind of role as a liaison man or channel of communication between the boss and the man. To start with he was essentially an odd-job-man. Then came the next stage when he administered the welfare schemes which were being gradually provided for in the statutes. As the workers were organizing themselves into strong unions and industrial conflicts were multiplying the employer used the Personnel Man as a kind of trouble shooter or fire-fighting-either to advise him on how to find loopholes in the labour laws or other statutes so that the union demands could be resisted with a measure of legitimacy or to come to a settlement where concessions were inescapable. There was a tendency at this stage to make him responsible for handling all kinds of labour trouble. Gradually his work was realized as more of the nature of staff function rather than the line function; and that he was an expert rather than a controller or manager of men.

In the modern era, the HR Manager typically performs a variety of roles, such as the role of conscience, of a counselor, a mediator, a company spokesman, a problem-solver and a change agent. He performs many miscellaneous roles in accordance with the needs of a situation, such as:

1. **The Conscience Role:** Under this role, the HR Manager reminds the management of their moral and ethical obligations towards employees.
2. **The Counsellor Role:** Under this role he encourages the employees to meet him frequently for consultation and discussion of their mental, physical and career problems and at times even their family problems.
3. **The Mediator Role:** Under this role, he tries to settle disputes between labour and management as also those between an individual and a group. He is not only a peace maker but also serves as a liaison and communicating link.
4. **The Spokesman Role:** under this role, he works as a spokesman for or as a representative of his organization. This he is able to do as he deals intimately with many key organizational activities and functions and has a better overall picture of his company's operations.
5. **The Problem-Solver Role:** He is a problem-solver in respect of issues involving human resource management and overall long-range organizational planning.
6. **The Change- Agent Role:** He serves as a change agent in respect of introduction and implementation of major institutional changes. It has been now fully recognized that the basic role of the Human resource manager is the management of manpower resources. Such management is concerned with leadership both in group and individual relationship, and labour management relations.

It effectively describes the process of planning and directing the application, development and utilization and is now considered as one of the four main functions, viz. finance, production, marketing and human relations. The functions of the HR Manager are very comprehensive and varied and are determined and influenced by such factors as the size, nature and location of organization, business or industry, its short and long term objectives, nature of industry and product, market conditions, degree of competitiveness among rivals, economic, cultural, political and legal environment, the structure of the executive and administrative officers, the mental makeup of the HR Managers, and the over-all organizational philosophy of business. The HR Manager undertakes all those functions which are concerned with Human elements or relations in organization as well as in material elements. Whatever items are listed therein (as the functions), the main objective is to see that human resources are purposefully utilized for the optimum good

of the organization and there should be meaningful co-operation for achieving the objectives of management. Expertise is brought together in a scientific manner and attitudes so created that motivate the group to achieve the organizational goals economically, effectively and speedily, and also fulfill and satisfy its physiological, psychological and social needs and realize its potential abilities.

The role of a HR Manager has been expanding and is strengthened by greater interest shown in human relation problems by specialists such as behavioral scientists, industrial engineers, social psychologists, labour and legal advisers, industrial and computer technologists- all of whose researches have enriched the field of HR Management, its functions change the nature making them wide and humanitarian.

The ideal HR Manager is not a decision maker but a counselor ,not a collector of responsibilities but an advisor to help line management make more reliable personnel decisions. In any enterprise it is these line men who determine the personnel climate for the entire organization. If the HR Man can meet the challenge of staff role then he would make the most effective contribution to industry.

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