

COURSE: PRINCIPLES OF HUMAN RESOURCE MANAGEMENT

LECTURE 3: IMPORTANCE AND FUNCTIONS OF HRM

LECTURER: DR LUCY KARIMI KIRIMA

Lecture learning outcomes:

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

- i. Discuss the importance of Human Resource Management
- ii. Examine the functions of Human Resource Management

IMPORTANCE AND FUNCTIONS OF HUMAN RESOURCE MANAGEMENT

Human Resource Management has come to be recognized as an inherent part of management, which is concerned with the human resources of an organization. Its objective is the maintenance of better human relations in the organization by the development, application and evaluation of policies, procedures and programs relating to human resources to optimize the contribution towards the realization of organizational objectives.

HRM is the philosophy of people management based on the belief that human resources are extremely important for sustained business success. An organization acquires competitive advantage by using its people effectively and utilizing their expertise to meet clearly defined objectives. HRM is aimed at recruiting capable, flexible and committed people. Managing and rewarding their performance and developing key competencies.

IMPORTANCE OF HUMAN RESOURCE MANAGEMENT

Human Resource Management is related with effective utilization of human resources. The importance of HRM can be discussed as:

1. *Concerned with individual organization:*

- (a) Procurement of required talents through recruitment, selection, placement, inducting, training, compensation and promotion policies.
- (b) Secures co-operation of all employee of the organization for achieving goals.
- (c) Proper utilization of human resources for the success of the enterprise.
- (d) Ensure a future team of efficient competent workers required for the organization. It can help the organization in accomplishing its goals by :
 - Creating right attitude among the employees through effective motivation
 - Utilizing effectively the available resources
 - Securing willing co-operation of the employees for achieving goals of the enterprise and fulfilling their own social and other psychological needs of recognition, love, affection, belongingness, esteem and self actualization.

2. *Significance for Individual Enterprise:* It can help the organization in accomplishing its goals by:

- Creating right attitude among the employees through effective motivation;
- Utilizing effectively the available goals of the enterprise and fulfilling their own social and other psychological needs of recognition, love, affection, belongingness, esteem and self-actualization.
- Dynamic and growth - oriented organization do require effective management of people in a fast - changing environment. Organizations flourish only through the efforts and competencies of their human resources. Employee capabilities must continuously be acquired, sharpened, and used.
- Any organization will have proper human resource management to improve the capabilities of an individual; to develop team spirit of an individual and the department; and to obtain necessary co - operation from the employees to promote organizational effectiveness.

3. *Professional Importance*

Professional competency among employees can be achieved through the following ways.

- (a) Human resource management provides maximum opportunities to employees for their personnel development.
- (b) Providing healthy relationship among employees
- (c) Proper allocation of work among employees.
- (d) Providing training facilities for the individual development of employees.

By providing healthy working environment, it promotes team work among the employees. This is done by

- Maintaining the dignity of the employees as a —human being!;
- providing maximum opportunities for personal development;
- Providing healthy relationship between different work groups so that work is effectively performed;
- Improving the employees' working skill and capacity;
- Correcting the errors of wrong posting and proper reallocation work.

4. *Social Importance*

HRM is important in social perspective. It includes the following aspects:

- Human resource management enhances the dignity of labour.
- Provides suitable job to suitable person and it will help to satisfy the psychological and social satisfaction of employees.
- Helps to provide reasonable compensation to workers, which leads them to have a good standard of living.
- Helps to maintain a balance between jobs and job seekers in terms of numbers, qualification, aptitude etc.
- Takes health and safety measures which ensures physical and mental health of the employees.
- Proper management of personnel, enhances t dignity by satisfying social needs. This it does by maintaining a balance between the jobs available and the job seekers according to the qualification and needs providing suitable and mist productive employment, which might bring psychological satisfaction;
- Making maximum utilization of the resource in an effective manner and paying the employee a reasonable compensation in proportion to the contribution made.

- Eliminating waste or improper use of human resource, through conservation of their normal energy and health.
- By helping people make their own decisions, that are in their interests
- Maintaining a balance between the jobs available and the jobseekers, according to the qualifications and needs
- Providing suitable and most productive employment, which might bring
- psychological satisfaction

7. *National Importance*

Effective management of human resources will speed up the economic growth of nation. This in turn leads to better standard of living and more job opportunities.

Human Resource Management has a place of great importance. According to **Peter F. Drucker**, —The proper or improper use of the different factors of production depend on the wishes of the human resources. Hence, besides other resources human resources need more development. Human resources can increase cooperation but it needs proper and efficient management to guide it. Importance of personnel management is in reality the importance of labour functions of personnel department which are indispensable to the management activity itself. Because of the following reasons human resource management holds a place of importance.

1. It helps management in the preparation adoption and continuing evolution of personnel programmes and policies.
2. It supplies skilled workers through scientific selection process.
3. It ensures maximum benefit out of the expenditure on training and development and appreciates the human assets.
4. It prepares workers according to the changing needs of industry and environment.
5. It motivates workers and upgrades them so as to enable them to accomplish the organisation goals.
6. Through innovation and experimentation in the fields of personnel, it helps in reducing costs and helps in increasing productivity.
7. It contributes a lot in restoring the industrial harmony and healthy employer-employee relations.
8. It establishes mechanism for the administration of personnel services that are delegated to the personnel department. Thus, the role of human resource management is very important in an organisation and it should not be undermined especially in large scale enterprises. It is the key to the whole organisation and related to all other activities of the management i.e., marketing, production, finance etc.

Human Resource Management is concerned with the managing people as an organizational resources rather than as factors of production. It involves a system to be followed in business firm to recruit, select, hire, train and develop human assets. It is concerned with the people dimension of an organization. The attainment of organizational objectives depends, to a great extent, on the way in which people are recruited, developed and utilized by the management. Therefore, proper coordination of human efforts and effective utilisation of human and others material resources is necessary.

- Making maximum utilization of resources in an effective way and paying a reasonable compensation.
- Maintaining a balance between the jobs available and the jobseekers, according to the qualifications.
- Eliminate improper use of HR
- Providing suitable and most productive employment which gives job satisfaction.

- Provide healthy work relationships, so that the work is effectively performed.
- Maintaining the dignity of the employees as human beings.
- Improving the employees working skills and capacity.
- Providing maximum opportunities for development.
- Proper allocation of work to people and avoiding wrong postings.
- Creating right attitude among the employees through effective motivation

HRM is more relevant in today's context due to the following compulsions:

1. *Change Management*: Today, terms such as Learning organization, managing organizational change, change agents and the like are being increasingly encountered. It is now an accepted fact that any organization can survive in today's socio-economic environment only if it is proactive to environment changes. Advances in information technology too are focusing organizations to change the very way of thinking.

2. *Competence*: It is often said, Give a man a job that he excels at and he would not have to work. In the organizational context, it may not be always feasible to allocate tasks to individuals at which each one excels, but competence can be enhanced for specific tasks through well-designed training programmes. It is equally important to take note of the interests of the individual.

It is easier to train in tasks closer to inherent liking. It is, however, seen that many managers do not realize the importance of this aspect and would prefer sub-optimal performance from an employee rather than spare him for training/ retraining because in the latter case the employees would not be available for work during that manager's tenure. What is not appreciated is that without the required competence, an employee would either shirk from the assigned tasks or would do a lousy job. After a while such an employee would attempt recognition through destructive means because he is unable to make a mark as a good performer.

3. *Commitment*: The extent to which the employees are committed to work and organization has a significant bearing on an organization's performance. Commitment levels can be assessed in a number of ways. One can make use of informal interviews and questionnaires, statistics on absenteeism, grievances, and

voluntary separations. Transparency in organizational functioning, employees' perception of various HRM policies, channels of communication, and role models played by superiors strongly influence employee commitment.

4. *Congruence of objectives*: Even well-qualified and committed employees could pursue goals at variance to the organizational objectives. It is, therefore, essential that all newcomers to the organization are properly socialized into the existing community and are made aware to the organizational values, work ethos, customs and traditions. It is important that they know what the organization stand for and what it wants to achieve and in the process, what is expected from each individual, so that he can find reason and meaning for his existence in the organization. This exercise is commonly referred as socialization.

5. **Motivation**: Another aspect of human behavior is the employee's willingness to work and the desire to constantly improve his performance. There are different schools of thought on motivation but essentially, all agree that work is not inherently distasteful. People want to contribute to meaningful goals, particularly, those they have in setting. Most people can exercise far more creativity, self-direction and self-control than their present jobs demand. It is, however, necessary to create an environment in which all members can contribute to the limits of their ability. Subordinates must be encouraged to participate in the process of decision-making, continually broadening self-direction and self-control as this would not only lead to direct

improvement in operating efficiency but would also ensure their grooming for higher responsibilities.

Human Resource Management Functions

1. Managerial Functions:

The Human Resource Manager is a part of the organisational management who performs the basic managerial functions of planning, organising, directing and controlling in relation to the department.

- a. **HR Planning:** To get things done through the subordinates, a manager must plan ahead. Planning is necessary to determine the goals of the organisation and lay down policies and procedures to reach the goals. For a human resource manager, planning means the determination of personnel programs that will contribute to the goals of the enterprise, i.e., anticipating vacancies, planning job requirements, job descriptions and determination of the sources of recruitment.

The process of personnel planning involves three essential steps.

- Firstly, a supply and demand forecast for each job category is made. This step requires knowledge to both labour market conditions and the strategic posture and goals of the organisation.
- Secondly, net shortage and excess of personnel by job category are projected for a specific time horizon.
- Finally, plans are developed to eliminate the forecast shortages and excess of particular categories of human resources.

In this function of HRM, the number and type of employees needed to accomplish organizational goals is determined. Research is an important part of this function, information is collected and analyzed to identify current and future human resource needs and to forecast changing values, attitude, and behaviour of employees and impact on organization.

b. Job Analysis and Design - Job analysis is the process of describing the nature of a job and specifying the human requirements like qualification, skills, and work experience to perform that job. Job design aims at outlining and organizing tasks, duties, and responsibilities into a single unit of work for the achievement of certain objectives.

c. Recruitment and Selection - Recruitment of candidates is the function preceding the selection, which brings the pool of prospective candidates for the organization so that the management can select the right candidate from this pool.

The aim of staffing is to provide a sufficient supply of qualified individuals to fill jobs in an organization. Job analysis, recruitment and selection are the main functions under staffing. Workers job design and job analysis lay the foundation for staffing by identifying what diverse people do in their jobs and how they are affected by them.

d. Job analysis is the process of describing the nature of a job and specifying the human requirements such as knowledge, skills, and experience needed to perform the job. The end result of job analysis is job description. Job description spells out work duties and activities of employees.

e. Organizing:

Once the human resource manager has established objectives and developed plans and programs to reach them, he/she must design and develop organisation structure to carry out the various operations.

The organization structure basically includes the following:

- Grouping of personnel activity logically into functions or positions
- Assignment of different functions to different individuals
- Delegation of authority according to the tasks assigned and responsibilities involved
- Co-ordination of activities of different individuals

In an organization tasks are allocated among its members, relationships are identified, and activities are integrated towards a common objective. Relationships are established among the employees so that they can collectively contribute to the attainment of organization goal.

Directing:

The plans are to be put into effect by people. But how smoothly the plans are implemented depends on the motivation of people. The direction function of the personnel manager involves encouraging people to work willingly and effectively for the goals of the enterprise.

In other words, the direction function is meant to guide and motivate the people to accomplish the personnel programs. The personnel manager can motivate the employees in an organisation through career planning, salary administration, ensuring employee morale, developing cordial relationships and provision of safety requirements and welfare of employees.

Activating employees at different level and making them contribute maximum to the organization is possible through proper direction and motivation. Tapping the maximum potentialities of the employees is possible through motivation and command.

Controlling:

Controlling is concerned with the regulation of activities in accordance with the plans, which in turn have been formulated on the basis of the objectives of the organisation. Thus, controlling completes the cycle and leads back to planning. It involves the observation and comparison of results with the standards and correction of deviations that may occur.

Controlling helps the personnel manager to evaluate the control the performance of the personnel department in terms of various operative functions. It involves performance appraisal, critical examination of personnel records and statistics and personnel audit.

After planning, organizing, and directing, the actual performance of employees is checked, verified, and compared with the plans. If the actual performance is found deviated from the plan, control measures are required to be taken.

2. Operative Functions:

The operative functions are those tasks or duties which are specifically entrusted to the human resource or personnel department. These are concerned with employment, development, compensation, integration and maintenance of personnel of the organisation.

a. Employment:

The first operative function of the human resource of personnel department is the employment of proper kind and number of persons necessary to achieve the objectives of the organisation. This involves recruitment, selection, placement, etc. of the personnel.

Before these processes are performed, it is better to determine the manpower requirements both in terms of number and quality of the personnel. Recruitment and selection cover the sources of supply of labour and the devices designed to select the right type of people for various jobs. Induction and placement of personnel for the better performance also comes under the employment or procurement function.

b. Training and Development:

Training and development of personnel is a follow up of the employment function. It is a duty of management to train each employee properly to develop technical skills for the job for which he has been employed and also to develop him for the higher jobs in the organisation. Proper development of personnel is necessary to increase the skills in doing the jobs and in satisfying the growth need.

For this purpose, the personnel departments should device appropriate training programs. There are several on- the-job and off-the-job methods available for training purposes. A good training program should include a mixture of both types of methods. It is important to point out that personnel department arranges for training not only of new employees but also of old employees to update their knowledge in the use of latest techniques.

This function of human resource management helps the employees to acquire skills and knowledge to perform their jobs effectively. Training and development programs are organized for both new and existing employees. Employees are prepared for higher level responsibilities through training and development

c. Total Rewards

This function is concerned with the determination of adequate and equitable remuneration of the employees in the organisation of their contribution to the organisational goals. The personnel can be compensated both in terms of monetary as well as non-monetary rewards.

Factors which must be borne in mind while fixing the remuneration of personnel is the basic needs, requirements of jobs, legal provisions regarding minimum wages, capacity of the organisation to pay, wage level afforded by competitors etc. For fixing the wage levels, the personnel department can make use of certain techniques like job evaluation and performance appraisal.

Compensation in the form of pay, incentives and benefits are the rewards given to the employees for performing organizational work. Compensation management is the method for determining how much employees should be paid for performing certain jobs. Compensation affects staffing in that people are generally attracted to organizations offering a higher level of pay in exchange for the work performed. To be competitive, employers develop and refine their basic compensation systems and may use variable pay programs such as incentive rewards, promotion from within the team, recognition rewards, balancing team and individual rewards etc. This function uses rewards to motivate personnel to achieve an organization's goals of productivity, innovation and profitability. Compensation is also related to employee development in that it provides an important incentive in motivating employees to higher levels of job performance to higher paying jobs in the organization.

Benefits are another form of compensation to employees other than direct pay for the work performed. Benefits include both legally required items and those offered at employer's discretion. Benefits are primarily related to the area of employee maintenance as they provide for many basic employee needs.

d. Maintenance (Working Conditions and Welfare):

Merely appointment and training of people is not sufficient; they must be provided with good working conditions so that they may like their work and workplace and maintain their efficiency. Working conditions certainly influence the motivation and morale of the employees. These include measures taken for health, safety, and comfort of the workforce. The personnel department also provides for various welfare services which relate to the physical and social wellbeing of the

employees. These may include provision of cafeteria, rest rooms, counseling, group insurance, education for children of employees, recreational facilities, etc.

This function refers to various services, benefits, and facilities that are provided to employees for their well being.

Human resource is considered as asset for the organization. Employee turnover is not considered good for the organization. Human resource management always try to keep their best performing employees with the organization.

e. Motivation:

Employees work in the organisation for the satisfaction of their needs. In many of the cases, it is found that they do not contribute towards the organisational goals as much as they can. This happens because employees are not adequately motivated. The human resource manager helps the various departmental managers to design a system of financial and non-financial rewards to motivate the employees.

f. Personnel Records:

The human resource or personnel department maintains the records of the employees working in the enterprise. It keeps full records of their training, achievements, transfer, promotion, etc. It also preserves many other records relating to the behaviour of personnel like absenteeism and labour turnover and the personnel programs and policies of the organisation.

g. Industrial Relations:

These days, the responsibility of maintaining good industrial relations is mainly discharged by the human resource manager. The human resource manager can help in collective bargaining, joint consultation and settlement of disputes, if the need arises. This is because of the fact that he is in possession of full information relating to personnel and has the working knowledge of various labour enactments.

The human resource manager can do a great deal in maintaining industrial peace in the organisation as he is deeply associated with various committees on discipline, labour welfare, safety, grievance, etc. He helps in laying down the grievance procedure to redress the grievances of the employees. He also gives authentic information to the trade union leaders and conveys their views on various labour problems to the top management.

This function refers to the interaction of human resource management with employees who are represented by a trade union. Employees comes together and forms an union to obtain more voice in decisions affecting wage, benefits, working condition, etc

h. Personnel Research - Personnel researches are done by human resource management to gather employees' opinions on wages and salaries, promotions, working conditions, welfare activities, leadership, etc.,. Such researches helps in understanding employees satisfaction, employees turnover, employee termination, etc.,.

i. Personnel Record - This function involves recording, maintaining, and retrieving employee related information like - application forms, employment history, working hours, earnings, employee absents and presents, employee turnover and other data related to employees.

j. Performance Appraisal - Human resource professionals are required to perform this function to ensure that the performance of employee is at acceptable level.

k. Separation: Since the first function of human resource management is to procure the employees, it is logical that the last should be the separation and return of that person to society. Most people do not die on the job. The organisation is responsible for meeting certain requirements of due process in separation, as well as assuring that the returned person is in as good shape as possible.

The personnel manager has to ensure the release of retirement benefits to the retiring personnel in time.

3. The Advisory functions of HRM is as follows:

Human Resource Management is expert in managing human resources and so can give advice on matters related to human resources of the organization. Human Resource Management can offer advice to:

a. Advise to Top Management

Personnel manager advises the top management in formulation and evaluation of personnel programs, policies, and procedures.

b. Advise to Departmental Heads

Personnel manager advises the the heads of various departments on matters such as manpower planning, job analysis, job design, recruitment, selection, placement, training, performance appraisal, etc

More so, Human resources management has an important role to play in equipping organizations to meet the challenges of an expanding and increasingly competitive sector. Increase in staff numbers, contractual diversification and changes in demographic profile which compel the HR managers to reconfigure the role and significance of human resources management. The functions are responsive to current staffing needs, but can be proactive in reshaping organizational objectives. All the functions of HRM are correlated with the core objectives of HRM as discussed:

1.) **Strategic HR Management:** As a part of maintaining organizational competitiveness, strategic planning for HR effectiveness can be increased through the use of HR metrics and HR technology. Human resource planning (HRP) function determine the number and type of employees needed to accomplish organizational goals. HRP includes creating venture teams with a balanced skill-mix, recruiting the right people, and voluntary team assignment. This function analyzes and determines personnel needs in order to create effective innovation teams. The basic HRP strategy is staffing and employee development.

2.) **Equal Employment Opportunity:**

Compliance with equal employment opportunity (EEO) laws and regulations affects all other HR activities.

4.) **Talent Management and Development:** Beginning with the orientation of new employees, talent management and development includes different types of training. Orientation is the first step towards helping a new employee to adjust himself to the new job and the employer. It is a method to acquaint new employees with particular aspects of their new job, including pay and benefit programmes, working hours and company rules and expectations.

This function monitors employee performance to ensure that it is at acceptable levels. This strategy appraises individual and team performance so that there is a link between individual innovativeness and company profitability. Which tasks should be appraised and who should assess employees' performance are also taken into account.

6.) **Risk Management and Worker Protection:** HRM addresses various workplace risks to ensure protection of workers by meeting legal requirements and being more responsive to concerns for workplace health and safety along with disaster and recovery planning.

7.) **Employee and Labor Relations:** The relationship between managers and their employees must be handled legally and effectively. Employer and employee rights must be addressed. It is important to develop, communicate, and update HR policies and procedures so that managers and

employees alike know what is expected. In some organizations, union/management relations must be addressed as well. The term labour relation refers to the interaction with employees who are represented by a trade union. Unions are organization of employees who join together to obtain more voice in decisions affecting wages, benefits, working conditions and other aspects of employment. With regard to labour relations the major function of HR personnel includes negotiating with the unions regarding wages, service conditions and resolving disputes and grievances.

Role of HRM

The role of HRM is to plan, develop and administer policies and programs designed to make optimum use of an organizations human resources. It is that part of management which is concerned with the people at work and with their relationship within enterprises.

Current Classification of HR roles:

According to R.L Mathis and J. H. Jackson (2010) several roles can be fulfilled by HR management. The nature and extent of these roles depend on both what upper management wants HR management to do and what competencies the HR staff have demonstrated. Three roles are typically identified for HR.

1.Administrative Role of HR:

The administrative role of HR management has been heavily oriented to administration and recordkeeping including essential legal paperwork and policy implementation. Major changes have happened in the administrative role of HR during the recent years. Two major shifts driving the transformation of the administrative role are: Greater use of technology and Outsourcing.

Technology has been widely used to improve the administrative efficiency of HR and the responsiveness of HR to employees and managers. Moreover; HR functions are becoming available electronically or are being done on the Internet using Web-based technology. Technology is being used in most HR activities, from employment applications and employee benefits enrollments to e-learning using Internet-based resources. (Source: Mathis R. L. & Jackson J. H. {2010}: Human Resource Management Thompson / South Western.)

2. Operational and Employee Advocate Role for HR:

HR managers manage most HR activities in line with the strategies and operations that have been identified by management and serves as employee “champion” for employee issues and concerns. HR often has been viewed as the “employee advocate” in organizations. They act as the voice for employee concerns, and spend considerable time on HR “crisis management,” dealing with employee problems that are both work-related and non work-related.

Employee advocacy helps to ensure fair and equitable treatment for employees regardless of personal background or circumstances.

Sometimes the HR’s advocate role may create conflict with operating managers.

However, without the HR advocate role, employers could face even more lawsuits and regulatory complaints than they do now.

The operational role requires HR professionals to co-operate with various departmental and operating managers and supervisors in order to identify and implement needed programs and policies in the organization. Operational activities are tactical in nature.

Compliance with equal employment opportunity and other laws are ensured, employment applications are processed, current openings are filled through interviews, supervisors are trained, safety problems are resolved and wage and benefit questions are answered. For carrying out these activities HR manager matches HR activities with the strategies of the organization.

3. Strategic Role for HR:

The administrative role traditionally has been the dominant role for HR. A broader transformation in HR is needed so that significantly less HR time and fewer HR staffs are used just for clerical work.

Differences between the operational and strategic roles exist in a number of HR areas. The strategic HR role means that HR professionals are proactive in addressing business realities and focusing on future business needs, such as strategic planning, compensation strategies, the performance of HR and measuring its results. However, in some organizations, HR often does not play a key role in formulating the strategies for the organization as a whole; instead it merely carries them out through HR activities. Many executives, managers, and HR professionals are increasingly seeing the need for HR management to become a greater strategic contributor to the business success of organizations. HR should be responsible for knowing what the true cost of human capital is for an employer.

The role of HR shifted from a facilitator to a functional peer with competencies in other functions and is acknowledged as an equal partner by others. The HR is motivated to contribute to organizational objectives of profitability and customer satisfaction and is seen as a vehicle for realization of quality development. The department has a responsibility for monitoring employee satisfaction, since it is seen as substitute to customer satisfaction.

According to McKinsey's 7-S framework model HR plays the role of a catalyst for the organization. According to this framework, effective organizational change is a complex relationship between seven S's.

HRM is a total matching process between the three Hard S (Strategy, Structure and Systems) and the four Soft S (Style, Staff, Skills and Super-ordinate Goals). Clearly, all the S's have to complement each other and have to be aligned towards a single corporate vision for the organization to be effective. It has to be realized that most of the S's are determined directly or indirectly by the way Human Resources are managed and therefore, HRM must be a part of the total business strategy.

Challenges of human resource management

Changes in socio-economic and political conditions are bound to bring about changes in the environment within the organizations. The personnel managers of today may find themselves obsolete because of the rapidly changing business environment, and therefore they should constantly update their knowledge and skills by looking at the organization's needs and objectives. Some of the important challenges are:

1. **Vision penetration:** Evolving the right vision is an entrepreneurial or top management function, but its utility increases immensely if it percolates, and is understood and accepted down the line. Vision not only provides the fuel and direction to business strategy, but also helps managers evaluate management practices and make decisions. Penetration of vision shall therefore become an important, integral part of man management in future.
2. **Internal environment:** Creating an environment, which is responsive to external changes, providing satisfaction to the members of the organization, and sustaining it through culture, useful traditions, practices, and even systems, will become another important dimension of managing managerial personnel.
3. **Change in industrial relations:** The practice of IR has undergone sea change. The notion that workers must be disciplined at the manager's will have to be buried. Development of workers may need simpler and appropriate inputs, but both the workers and managers must

be managed and developed by the same set of assumptions and HRM philosophy of the company.

4. **Building organizational capabilities:** The paradigm of managing managers would include not only assisting them to acquire new skills and knowledge and to evaluate environmental changes to evolve business strategies, but also to live in a psychological state of readiness to continually change.
5. **Increasing size of workforce:** The organizations are ever increasing in size and complexity, multiplying the number of people working therein. The management of an increased workforce poses serious problems and challenges especially since the workers are becoming more conscious of their rights.
6. **Changing psycho-social system:** In the traditional bureaucratic mode, the organizations were designed to perform technical functions with strict compartmentalization of work functions. But in future, human participation will be required not only in technical functions but also in establishing the democratic humanistic system.
7. **Satisfaction of higher level needs:** The workers are becoming much aware of their higher level needs. The awareness is likely to intensify further in the future workforce. Therefore managers would be required to evolve appropriate techniques of motivating the workers and getting work from them.
8. **Equalitarian social system:** Major developments that have taken place in the last four decades have been due to the desire of the organization's members to have greater say and influence in organizational functioning. Thus, contemporary organizations are putting lesser emphasis on the hierarchical structures and thus moving towards a more equalitarian social system. This is going to be more common in days to come.
9. **Technological advances:** In the wake of technological advances new jobs will be created and many jobs will become redundant. Unemployment resulting from modernization could be liquidated by properly assessing manpower needs and training of redundant employees in alternate skills.
10. **Computerized information system:** It will play a revolutionary role in managerial decision making. It will also have an increasing impact in coordination and at strategic levels.
11. **Changes in legal environment:** To meet with the increasing changes in the legal environment, necessary adjustments will have to be made so that greater utilization of human resources can be achieved.
12. **Management of human relations:** The new generation workforce comprising educated and conscious workers will ask for higher degree of participation and avenues for self-fulfillment. It is rather difficult to motivate many of the new generation workers than their predecessors. This is partly due to change in their value system and higher levels of professional competency.

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