



UNIT IV

HUMAN RESOURCE MANAGEMENT



9

CHAPTER

FUNDAMENTALS OF HUMAN RESOURCE MANAGEMENT

கருமம் சிதையாமல் கண்ணோட வல்லார்க்கு
உரிமை உடைத்திவ் வுலகு.

—குறள் 578



COUPLET

The world is theirs (kings) who are able to show kindness,
without injury to their affairs, (administration of justice).



Learning Objectives

To enable the students to understand the

- Meaning and definition of Human Resource
- Characteristics of Human Resource
- Significance of Human Resource
- Meaning and definition of Human Resource Management
- Features of Human Resource Management
- Significance of Human Resource Management
- Functions of Human Resource Management

The human resource is the most important element in any organisation. The success, growth and development of organisations depend on the quality of work force they possess. It is only through the human resource all other resources are actively utilised leading to the efficient and effective running of an establishment. The significance of human resource is gaining momentum in recent years because of the growing global business leading to demand for quality workforce.



Chapter Synopsis

- 9.01 Meaning and Definition of Human Resource
- 9.02 Characteristics of Human Resource
- 9.03 Significance of Human Resource
- 9.04 Meaning and Definition of Human Resource Management
- 9.05 Features of Human Resource Management
- 9.06 Significance of Human Resource Management
- 9.07 Functions of Human Resource Management



9.01 Meaning and Definition of Human Resource

With the advent of globalisation, liberalisation and privatisation leading to advancement in information, communication and technology paved way for exhibiting the high level of innovation and creativity in human resource. In the current scenario unless the organisation recruits, selects and utilises high quality human resource the sustainability remains a question. In order to accomplish personal and organisational objectives the unique asset called human resource has to be appropriately placed and appreciated. In an organisation the human resource are the employees who are inevitable for the survival and success of the enterprise.

According to Peter.F.Drucker “Man, of all resources available to him, can grow and develop”

It is clear from the definitions that not all human beings are considered to be human resources but only those individuals who acquired the required skill sets, talents, knowledge, competencies and capabilities in the accomplishment of both individual and organisational objectives.

9.02 Characteristics of Human Resources

The unique, peculiar and distinctive features of human resources are as under:

- i. Human resource is the only factor of production that lives
- ii. Human resource created all other resources
- iii. It is only the labour of employees that is hired and not the employee himself
- iv. Human resource exhibits innovation and creativity
- v. Human resource alone can think, act, analyse and interpret
- vi. Human resources are emotional beings

- vii. Human resources can be motivated either financially or non financially
- viii. The behaviour of human resources are unpredictable
- ix. Over years human resources gains value and appreciates
- x. Human resources are movable
- xi. Human resource can work as a team

9.03 Significance of Human Resources

The vital resource namely human resource is significant because of the following reasons :

- i. It is only through human resource all other resources are effectively used
- ii. The sustainable growth of an organisation depends on the important resource human resource
- iii. Industrial relations depend on human resource
- iv. Human relations is possible only through human resource
- v. Human resource manages all other factors of production
- vi. The skill sets of the Human resources can be improved through training and development programmes
- vii. Human resource can be utilised at all levels of management
- viii. Human resources are well protected by legislative frameworks.

9.04 Meaning and Definition of Human Resource Management

The branch of management that deals with managing human resource is known as Human Resource Management. In order to achieve the personal and organisational objectives human resources are to be trained up and managed. In short, it is managing people of different strata for the accomplishment of the organisational goals. It includes the overall progress of the employee and the enterprise.



Human Resource Management is a function of management concerned with hiring, motivating and maintaining people in an organisation. It focuses on people in an organisation.

In the words of E.F.L. Brech HRM is that part of management process which is primarily concerned with the human constituents of an organisation.

9.05 Features of Human Resource Management

The following are the characteristics of human resource management :

- i. **Universally relevant** : Human Resource Management has universal relevance. The approach and style varies depending the nature of organisation structure and is applicable at all levels.
- ii. **Goal oriented** : The accomplishment of organisational goals is made possible through best utilisation of human resource in an organisation.
- iii. **A systematic approach** : Human resource management lays emphasis on a systematic approach in managing the tasks performed by human resource of an organisation. The two sets of functions performed are managerial and operative functions.
- iv. **It is all pervasive** : Wherever there is existence of human resource the effective management of the available human resource is very important especially in functional areas.
- v. **It is a continuous process** : As long as there is human resource in the running of an organisation, the activities relating to managing human resource exists.
- vi. **It is a dynamic activity** : Human resource management is not the same as that of other factors of production, as they have feelings and emotions which are to be handled with care and diligence to maximise its utilisation.
- vii. **It is an integrative tool** : The main idea behind managing the human resource is to motivate, participate and coordinate the available work force.
- viii. **Focuses on development** : Human resource management focuses on the development of manpower through training and development programmes. Honing of skills through training increases the effective use of the resource procured.
- ix. **Human resource management is both science as well as art** : As it relies on experiments and observations as well as effective handling of manpower it is both science and art.
- x. **It is interdisciplinary** : Human resource management makes use of concepts of different disciplines like sociology, psychology, economics etc. making it interdisciplinary.
- xi. **It is intangible** : Human resource management is a intangible function which can be measured only by results.

9.06 Significance of Human Resource Management

The strategic role of human resource management is the process of acquiring, training, appraising, and compensating employees, and attending to their labour relation, health, safety and fariness concerns.

There are various reasons why human resource management is important. They are as follows:

- i. **To identify manpower needs** : Determination of manpower needs in an organisation is very important as it is a form of investment. The number of men required are to be identified accurately to optimise the cost.
- ii. **To incorporate change** : Change is constant in any organisation and this change has to be introduced in such a way that the human resource management acts as an agent to make the change effective.



- iii. **To ensure the correct requirement of manpower:** At any time the organisation should not suffer from shortage or surplus manpower which is made possible through human resource management.
- iv. **To select right man for right job:** Human resource management ensures the right talent available for the right job, so that no employee is either under qualified or over qualified.
- v. **To update the skill and knowledge:** Managing human resource plays a significant role in the process of employee skill and knowledge enhancement to enable the employees to remain up to date through training and development programmes.
- vi. **To appraise the performance of employees:** Periodical appraisal of performance of employees through

human resource management activities boosts up good performers and motivates slow performers. It helps the workforce to identify their level of performance.

- vii. **To improve competitive advantage:** Organisations with capable and competent employees can truly gain competitive advantage in the globalised market. Higher the level of good performers greater the possibility of fast paced growth of the enterprise.
- viii. **To provide incentives and bonus to best performers:** It is the role of human resource management to recognise the best performers and to provide them with bonus and incentives as a form of appreciation for their work. This motivation can be either financial or non financial.
- ix. **To determine employee commitment:** Human resource management determines the level of commitment of employees to their work either through interview or questionnaire. The higher the level of commitment the higher the possibility of the organisation to be successful. This can be carried out through appropriate policies.
- x. **To emphasise socialisation:** Human beings are social animals and they should be ensured that they are comfortable in the work place by maintaining cordial relationship with peers, subordinates and managers so as to contribute maximum to the organisation.
- xi. **To promote favourable employee attitude:** Organisations are expected to provide a good work environment to secure favourable employee attitude towards the management. This can be accomplished through conflict resolution, counselling, grievance reprisals etc.

xii. To provide scope for collective bargaining:

Human resource management encourages workforce to form a union to represent their grievances and find early solution for their problems by collective representation.

9.07 Functions of Human Resource Management

The functions of human resource management may be classified as under :

1. **Managerial function** - Planning, Organising, Directing, Controlling
2. **Operative function** - Procurement, Development, Compensation, Retention, Integration, Maintenance

Managerial Functions

- i. **Planning** - Planning is deciding in advance what to do, how to do and who is to do it. It bridges the gap between where we are and where we want to go. It helps in the systematic operation of business. It involves determination objectives, policies, procedures, rules, strategies, programmes and budgets. It ensures maintenance of correct number of employees to carry out activities and also to formulate timely employee policies.
- ii. **Organising** - It includes division of work among employees by assigning each employee their duties, delegation of authority as required and creation of accountability to make employees responsible.
- iii. **Directing** - It involves issue of orders and instructions along with supervision, guidance and motivation to get the best out of employees. This reduces waste of time energy and money and early attainment of organisational objectives.
- iv. **Controlling** - It is comparing the actuals with the standards and to check whether activities are going on as per plan and

rectify deviations. The control process includes fixing of standards, measuring actual performance, comparing actual with standard laid down, measuring deviations and taking corrective actions. This is made possible through observation, supervision, reports, records and audit.

Operating Functions

- i. **Procurement** - Acquisition deals with job analysis, human resource planning, recruitment, selection, placement, transfer and promotion
- ii. **Development** - Development includes performance appraisal, training, executive development, career planning and development, organisational development
- iii. **Compensation** - It deals with job evaluation, wage and salary administration, incentives, bonus, fringe benefits and social security schemes
- iv. **Retention** - This is made possible through health and safety, welfare, social security, job satisfaction and quality of work life
- v. **Integration** - It is concerned with the those activities that aim to bring about reconciliation between personal interest and organisational interest
- vi. **Maintenance** - This encourages employees to work with job satisfaction, reducing labour turnover, accounting for human resource and carrying out audit and research.

Key Words

Human resource	Workforce	Management
Training	Development	Contribution
System	Turnover	Conflict



For Future learning

1. Ensuring the quality of work force through quality assurance.
2. Describe two management techniques to improve job satisfaction.
3. To prepare Human Resource Planning Schedule.
4. Analyse the ways of forecasting Human resource requirements.
5. Evaluate the shortfalls of Human resource management and its consequence.



For Own Thinking

1. Identify points of differences between HRM and HRD.
2. Analyse the impact of Change Management.
3. Prescribe ways of resolving Conflict Management.
4. Project ways of having a control over the operation of Trade Unions.
5. Clearly specify the available Competency Mapping Process.



Exercise

I. Choose the Correct Answer

1. Human resource is a _____.
a) Tangible b) Intangible
c) Fixed d) Current
2. Human Resource management is both _____ and _____.
a) Science and art
b) Theory and practice
c) History and Geography
d) None of the above



3. Planning is a _____ function.

- a) selective b) pervasive
c) both a and b d) none of the above

4. Human resource management determines the _____ relationship.

- a) internal, external
b) employer, employee
c) Owner, Servant
d) Principle, Agent

5. Labour turnover is the rate at which employees _____ the organisation

- a) enter b) leave
c) Salary d) None of the above

Answers:

1	b	2	a	3	b	4	b	5	b
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II. Very Short Answer Questions:

1. What is Human Resource Management ?
2. State two features of HRM.
3. Mention two characteristics of Human Resource.
4. What are the managerial functions of HRM.

III. Short Answer Questions:

1. Define the term Human Resource Management.
2. What are the characteristics of Human resources ? (any 3)
3. What is the significance of Human resource? (any 3)

IV. Long Answer Questions:

1. Explain the characteristics of Human Resource (any 5).
2. Describe the significance of Human Resource Management (any 5).
3. Discuss the Operative functions HRM.