

Unit - 1 : Introduction to Human Resource Management

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1.0 Objectives

After studying this unit, you will be able to:

- Understand the basic concepts of human resource management (HRM).
 - Explain what human resource management is and how it relates to the management process.
 - Provide an overview of functions of HRM.
 - Describe how the major roles of HR management are being transformed.
 - Explain the role of HRM in the present millennium.
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1.1 Introduction

Human beings are social beings and hardly ever live and work in isolation. We always plan, develop and manage our relations both consciously and unconsciously. The relations are the outcome of our actions and depend to a great extent upon our ability to manage our actions. From childhood each and every

individual acquire knowledge and experience on understanding others and how to behave in each and every situations in life. Later we carry forward this learning and understanding in carrying and managing relations at our workplace. The whole context of Human Resource Management revolves around this core matter of managing relations at work place.

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, 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.

That predicted future is today's reality. Most managers in public- and private sector firms of all sizes would agree that people truly are the organization's most important asset. Having competent staff on the payroll does not guarantee that a firm's human resources will be a source of competitive advantage. However in order to remain competitive, to grow, and diversify an organization must ensure that its employees are qualified, placed in appropriate positions, properly trained, managed effectively, and committed to the firm's success. 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).

1.2 Opening Case

On October 3, 2003, Anant Dalvi and Akhtar Khan, who worked as contract workers in Tata Electric Company until they were laid off in 1996, doused themselves with kerosene and set themselves ablaze even as their co-workers protested before the company's offices. While Dalvi died on the spot, Khan died a few days later.

The Tata Electric Company said they were no longer on their payroll and were not permanent workers. Employees union had taken up their case and filled petition in the Labour Court before their contracts were terminated. The court directed the company not to terminate their services without following the due process of law. Despite this their services were terminated on June 30, 1996.

The company union promised the workers that they would renegotiate. Yet on the night before they killed themselves when Khan and Dalvi spoke to the union leader Shinde, they were told that nothing more could be done for them. It is this that led them to take their lives. Dalvi has been in service as a peon for 17 years and Khan had been employed for 19 years. But their services were not regularized. Such workers draw salary much less than the permanent employees.

This is an example of the problem that comes under the purview of Human Resource Management- the main concept elaborated in this chapter.

1.3 What is Human Resource Management?

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.

1.3.1 Definitions of HRM

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 Invancevich 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.

Generally HRM 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).

In short 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.

1.4 Nature of HRM

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 non-business 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.

1.5 Scope of HRM

The scope of HRM is indeed vast. All major activities in the working life of a worker – from the time of his or her entry into an organization until he or she leaves the organizations comes under the purview of HRM. The major HRM activities include HR planning, job analysis, job design, employee hiring, employee and

executive remuneration, employee motivation, employee maintenance, industrial relations and prospects of HRM.

The scope of Human Resources Management extends to:

- All the decisions, strategies, factors, principles, operations, practices, functions, activities and methods related to the management of people as employees in any type of organization.
- All the dimensions related to people in their employment relationships, and all the dynamics that flow from it.

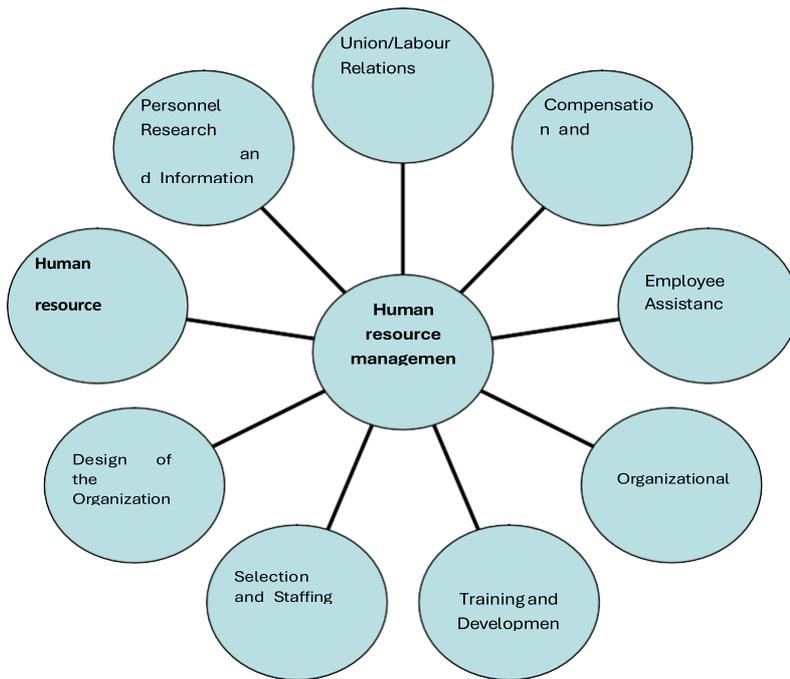


Figure 1.1: Scope of HRM

The scope of HRM is really vast. All major activities in the working life of a worker – from the time of his or her entry into an organization until he or she leaves it comes under the purview of HRM. American Society for Training and Development (ASTD) conducted fairly an exhaustive study in this field and identified nine broad areas of activities of HRM.

These are given below:

- Human Resource Planning
- Design of the Organization and Job
- Selection and Staffing
- Training and Development
- Organizational Development
- Compensation and Benefits
- Employee Assistance
- Union/Labour Relations
- Personnel Research and Information System

a) Human Resource Planning: The objective of HR Planning is to ensure that the organization has the right types of persons at the right time at the right place. It prepares human resources inventory with a view to assess present and future needs, availability and possible shortages in human resource. Thereupon, HR Planning forecast demand and supplies and identify sources of selection. HR Planning develops strategies both long-term and short-term, to meet the manpower requirement.

b) Design of Organization and Job: This is the task of laying down organization structure, authority, relationship and responsibilities. This will also mean definition of work contents for each position

in the organization. This is done by “job description”. Another important step is “Job specification”. Job specification identifies the attributes of persons who will be most suitable for each job which is defined by job description.

- c) **Selection and Staffing:** This is the process of recruitment and selection of staff. This involves matching people and their expectations with which the job specifications and career path available within the organization.
- d) **Training and Development:** This involves an organized attempt to find out training needs of the individuals to meet the knowledge and skill which is needed not only to perform current job but also to fulfil the future needs of the organization.
- e) **Organizational Development:** This is an important aspect whereby “Synergetic effect” is generated in an organization i.e. healthy interpersonal and inter-group relationship within the organization.
- f) **Compensation and Benefits:** This is the area of wages and salaries administration where wages and compensations are fixed scientifically to meet fairness and equity criteria. In addition labour welfare measures are involved which include benefits and services.
- g) **Employee Assistance:** Each employee is unique in character, personality, expectation and temperament. By and large each one of them faces problems everyday. Some are personal some are official. In their case he or she remains worried. Such worries must be removed to make him or her more productive and happy.
- h) **Union-Labour Relations:** Healthy Industrial and Labour relations are very important for enhancing peace and productivity in an organization. This is one of the areas of HRM.
- i) **Personnel Research and Information System:** Knowledge on behavioral science and industrial psychology throws better insight into the workers expectations, aspirations and behaviour. Advancement of technology of product and production methods have created working environment which are much different from the past. Globalization of economy has increased competition many fold. Science of ergonomics gives better ideas of doing a work more conveniently by an employee. Thus, continuous research in HR areas is an unavoidable requirement. It must also take special care for improving exchange of information through effective communication systems on a continuous basis especially on moral and motivation.

HRM is a broad concept; personnel management (PM) and Human resource development (HRD) are a part of HRM.

1.6 Objectives of HRM

The primary objective of HRM is to ensure the availability of competent and willing workforce to an organization. The specific objectives include the following:

- 1) Human capital : assisting the organization in obtaining the right number and types of employees to fulfill its strategic and operational goals
- 2) Developing organizational climate: helping to create a climate in which employees are encouraged to develop and utilize their skills to the fullest and to employ the skills and abilities of the workforce efficiently
- 3) Helping to maintain performance standards and increase productivity through effective job design; providing adequate orientation, training and development; providing performance-related feedback; and ensuring effective two-way communication.

- 4) Helping to establish and maintain a harmonious employer/employee relationship
- 5) Helping to create and maintain a safe and healthy work environment

- 6) Developing programs to meet the economic, psychological, and social needs of the employees and helping the organization to retain the productive employees
- 7) Ensuring that the organization is in compliance with provincial/territorial and federal laws affecting the workplace (such as human rights, employment equity, occupational health and safety, employment standards, and labour relations legislation). To help the organization to reach its goals
- 8) To provide organization with well-trained and well-motivated employees
- 9) To increase the employees satisfaction and self-actualization
- 10) To develop and maintain the quality of work life
- 11) To communicate HR policies to all employees.
- 12) To help maintain ethical polices and behavior.

The above stated HRM objectives can be summarized under four specific objectives: societal, organizational, and functional and personnel.

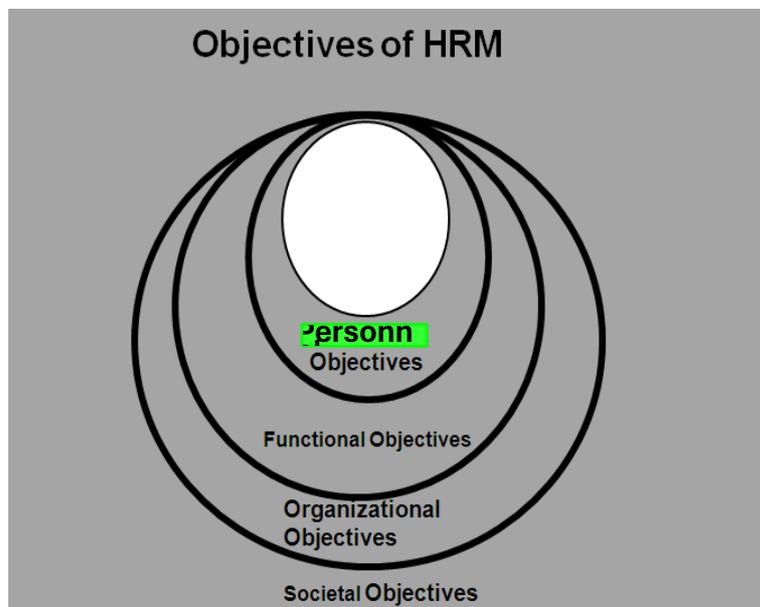


Figure 1.2: Objectives of HRM

- 1) **Societal Objectives:** seek to ensure that the organization becomes socially responsible to the needs and challenges of the society while minimizing the negative impact of such demands upon the organization. The failure of the organizations to use their resources for the society's benefit in ethical ways may lead to restriction.
- 2) **Organizational Objectives:** it recognizes the role of HRM in bringing about organizational effectiveness. It makes sure that HRM is not a standalone department, but rather a means to assist the organization with its primary objectives. The HR department exists to serve the rest of the organization.
- 3) **Functional Objectives:** is to maintain the department's contribution at a level appropriate to the organization's needs. Human resources are to be adjusted to suit the organization's demands. The department's value should not become too expensive at the cost of the organization it serves.

- 4) **Personnel Objectives:** it is to assist employees in achieving their personal goals, at least as far as these goals enhance the individual's contribution to the organization. Personal objectives of employees must be met if they are to be maintained, retained and motivated. Otherwise employee performance and satisfaction may decline giving rise to employee turnover.

Table 1.1 HRM Objectives and Functions

HRM Objectives		Supporting Functions
1.	Societal Objectives	Legal compliance Benefits Union- management relations
2.	Organizational Objectives	Human Resource Planning Employee relations Selection Training and development Appraisal Placement Assessment
3.	Functional Objectives	Appraisal Placement Assessment
4.	Personal Objectives	Training and development Appraisal Placement Compensation Assessment

1.7 Functions of HRM

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 (Table 1.1). For example personal objectives is sought to be realized through functions like remuneration, assessment etc.

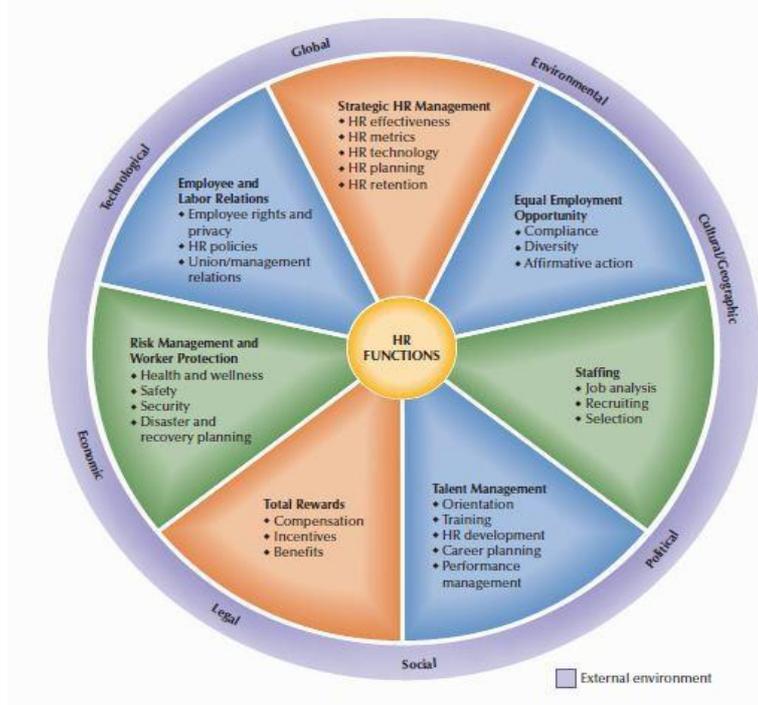


Figure 1.3 : Functions of HRM

HR management can be thought of as seven interlinked functions taking place within organizations, as depicted in Figure 1.3. Additionally, external forces—legal, economic, technological, global, environmental, cultural/geographic, political, and social—significantly affect how HR functions are designed, managed, and changed. The functions can be grouped as follows:

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 determines 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.

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

Staffing: 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 laid the foundation for staffing by identifying what diverse people do in their jobs and how they are affected by them.

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.

Through HR planning, managers anticipate the future supply of and demand for employees and the nature of workforce issues, including the retention of employees. So HRP precedes the actual selection of people for organization. These factors are used when recruiting applicants for job openings. The selection process is concerned with choosing qualified individuals to fill those jobs. In the selection function, the most qualified applicants are selected for hiring from among the applicants based on the extent to which their abilities and skills are matching with the job.

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.

Training and Development programs provide useful means of assuring that the employees are capable of performing their jobs at acceptable levels and also more than that. All the organizations provide training for new and in experienced employee. In addition, organization often provide both on the job and off the job training programmes for those employees whose jobs are undergoing change.

Likewise, HR development and succession planning of employees and managers is necessary to prepare for future challenges. Career planning has developed as result of the desire of many employees to grow in their jobs and to advance in their career. Career planning activities include assessing an individual employee's potential for growth and advancement in the organization.

Performance appraisal includes encouraging risk taking, demanding innovation, generating or adopting new tasks, peer evaluation, frequent evaluations, and auditing innovation processes.

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.

??? **Total Rewards:** 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.

??? **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.

??? **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.

1.8 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. Its objectives are: (a) effective utilization of human resources, (b) desirable working relationships among all members of the organizations, and (c) maximum individual development. Human resources function as primarily administrative and professional. HR staff focused on administering benefits and other payroll and operational functions and didn't think of themselves as playing a part in the firm's overall strategy.

HR professionals have an all encompassing role. They are required to have a thorough knowledge of the organization and its intricacies and complexities. The ultimate goal of every HR person should be to develop a linkage between the employee and organization because employee's commitment to the organization is crucial.

The first and foremost role of HR personnel is to impart continuous education to the employees about the changes and challenges facing the country in general and their organization in particular. The employees should know about the balance sheet of the company, sales progress, and diversification of plans, share price movements, turnover and other details about the company. The HR professionals should impart such knowledge to all employees through small booklets, video films and lectures.

The primary responsibilities of Human Resource managers are:

- To develop a thorough knowledge of corporate culture, plans and policies.
- To act as an internal change agent and consultant
- To initiate change and act as an expert and facilitator
- To actively involve in company's strategy formulation
- To keep communication line open between the HRD function and individuals and groups both within and outside the organization\
- To identify and evolve HRD strategies in consonance with overall business strategy.
- To facilitate the development of various organizational teams and their working relationship with other teams and individuals.
- To try and relate people and work so that the organization objectives are achieved efficiently and effectively.
- To diagnose problems and determine appropriate solution particularly in the human resource areas.
- To provide co-ordination and support services for the delivery of HRD programmes and services
- To evaluate the impact of an HRD intervention or to conduct research so as to identify, develop or test how HRD In general has improved individual and organizational performance.

Different management gurus have deliberated different roles for the HR manager based on the major responsibilities that they full fill in the organization. Few of the commonly accepted models are enumerated below.

Pat Mc Lagan has suggested nine roles that are played by HR practitioners

1. To bring the issues and trends concerning an organization's external and internal people to the attention of strategic decision makers and to recommend long term strategies to support organizational excellence and endurance.
2. To design and prepare HR systems and actions for implementation so that they can produce maximum impact on organizational performance and development.
3. To facilitate the development and implementation of strategies for transforming one's own organization by pursuing values and visions.
4. To create a positive relationship with the customer's by providing them with the best services; to utilize the resources to the maximum and to create commitment among the people who help the organization to meet the customers needs whether directly connected or indirectly connected to the organization.
5. To identify the learning needs hence to design and develop structured learning programmes and materials to help accelerate learning for individuals and groups.

6. To enable the individuals and groups to work in new situations and to expend \and change their views so that people in power move from authoritarian to participative models of leadership.
7. To help employees to assess their competencies, values and goals so that they can identify, plan and implement development plans.
8. He also assists the individual employee to add values in the workplace and to focus on the interventions and interpersonal skills for helping people change and sustain change.
9. He assesses the HRD practices and programmes and their impact and to communicate results so that the organization and its people accelerate their change and development.

According to Dave Ulrich HR play's four key roles.

1. **Strategic Partner Role**-turning strategy into results by building organizations that create value;
2. **Change Agent Role**- making change happen, and in particular, help it happen fast
3. **Employees Champion Role**—managing the talent or the intellectual capital within a firm
4. **Administrative Role**—trying to get things to happen better, faster and cheaper.

The role HR in organizations has undergone an extensive change and many organizations have gradually oriented themselves from the traditional personnel management to a human resources management approach. The basic approach of HRM is to perceive the organization as a whole. Its emphasis is not only on production and productivity but also on the quality of life. It seeks to achieve the paramount development of human resources and the utmost possible socio-economic development.

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. The focus of each of them, as shown in Figure 1. is elaborated below:

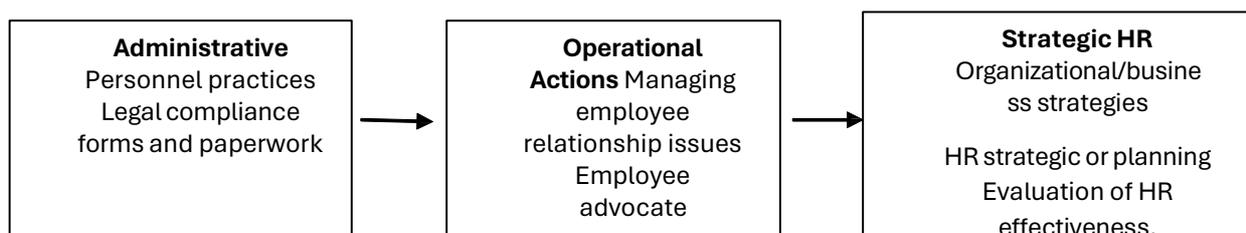


Figure 1.4 : Current Classification of HR roles

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, more 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.

Increasingly, many HR administrative functions are being outsourced to vendors. This outsourcing of HR administrative activities has grown dramatically in HR areas such as employee assistance (counseling), retirement planning, benefits administration, payroll services, and outplacement services.

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 not 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 cooperate 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 is 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. However, as Figure 1.4 indicates that 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. For example, it may cost two times key employees’ annual salaries to replace them if they leave. Turnover can be controlled through HR activities, and if it is successful in saving the company money with good retention and talent management strategies, those may be important contributions to the bottom line of organizational performance.

The role of HR as a *strategic business partner* is often described as “having a seat at the table,” and contributing to the strategic directions and success of the organization. That means HR is involved in *devising* strategy in addition to *implementing* strategy. Part of HR’s contribution is to have financial expertise and to produce financial results, not just to boost employee morale or administrative efficiencies. Therefore, a significant concern for chief financial officers (CFOs) is whether HR executives are equipped to help them to plan and meet financial requirements.

However, even though this strategic role of HR is recognized, many organizations still need to make significant progress toward fulfilling it. Some examples of areas where strategic contributions can be made by HR are:

- Evaluating mergers and acquisitions for organizational “compatibility,” structural changes, and staffing needs
- Conducting workforce planning to anticipate the retirement of employees at all levels and identify workforce expansion in organizational strategic plans
- Leading site selection efforts for new facilities or transferring operations to international outsourcing
- locations based on workforce needs
- Instituting HR management systems to reduce administrative time, equipment, and staff by using HR technology
- Working with executives to develop a revised sales
- compensation and incentives plan as new products

It is the era when for the competitive triumph of the organization there is a need to involve HRM significantly in an integrated manner, which demands such capabilities from the HR specialists.

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’s (Strategy, Structure and Systems) and the four Soft S’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.*

1.9 HRM in the New Millennium

Human Resources have never been more indispensable than today. The competitive forces that we face today will continue to face in the future demanding organizational excellence. In order to achieve this extended quality, organization’s need to focus on learning, quality development, teamwork, and reengineering. These factors are driven by the way organizations implement things and how employees are treated.

1. HR Can Help in Dispensing Organizational Excellence: To achieve this paradigm shift in the organization excellence there is a need for organizations to reform the way in which work is carried out by the Human Resource department. By designing an entirely new role and agenda that results in enriching the organization’s value to customers, investors and employees, HR can help in delivering organizational

excellence. This can be carried out by helping line managers and senior managers in moving planning from the conference room to the market place and by becoming an expert in the way work is organized and executed.

HR should be a representative of the employees and should help the organization in improving its capacity

for change. HR will help the organizations in facing the competitive challenges such as globalization, profitability through growth, technology, intellectual capital, and other competitive challenges that the companies are facing while adjusting to uncontrollably challenging changes in business environment. The novel role of HR is to rapidly turn strategy into action; to manage processes intelligently and efficiently; to maximize employee contribution and commitment and to construct favorable conditions for flawless change.

2. Human Resource Should be a Strategy Partner: HR should also become a partner in strategy executions by propelling and directing serious discussions of how the company should be organized to carry out its strategy.

Creating the conditions for this discussion involves four steps. First HR need to define an organizational architecture by identifying the company's way of doing business. Second, HR must be held responsible for conducting an organizational audit. Third, HR as a strategic partner needs to identify methods for restoring the parts of the organizational architecture that need it. Fourth and finally, HR must take stock of its own work and set clear priorities. In their new role as administrative experts they will need to shed their traditional image and still make sure all routine work for the company is done well.

3. HR Accountability Should be Fixed to Ensure Employee Commitment: HR must be held accountable for ensuring that employees feel committed to the organization and contribute fully. They must take responsibility for orienting and training line management about the importance of high employee morale and how to achieve it. The new HR should be the voice of employees in management discussions. The new role for HR might also involve suggesting that more teams be used on some projects or that employees be given more control over their own work schedules.

4. The New HR Must Become a Change Agent: The new HR must become a change agent, which is building the organization's capacity to embrace and capitalize on change. Even though they are not primarily responsible for executing change it is the duty of the HR manager to make sure that the organization carries out the changes framed for implementation.

5. Improving the Quality of HR: The most important thing that managers can do to drive the new mandate for HR is to improve the quality of the HR staff itself. Senior executives must get beyond the stereotypes of HR professionals as incompetent support staff and unleash HR's full potential

6. Change in Employment Practices: The balance sheet of an organization shows human resource as an expense and not as a Capital. In the information age, it is perceived that the machines can do the work more efficiently than most people however; technology to work is dependent on people.

The challenges for Employment Practice in the New Millennium will require that there should be strategic involvement of the **people and labour-management partnerships** as they both have to take organization ahead.

7. Benchmarking Tool Must be Mastered by HR Professionals: HR professionals must master benchmarking, which is a tool for continuous improvement- directing the human side associated with the strategic path adopted by the organization. Through this, HR department will start appreciating the changes happening within and outside the environment while expanding the knowledge about how to add value to decision making at the highest level of the organization.

8. Aligning Human Resources to Better Meet Strategic Objectives: Too often organizations craft their strategy in a vacuum. Some organizations don't even include key people during strategy formulation resulting in lacunae between the actual problems and the solutions implemented- as critical inputs are not sought from those individuals who are supposed to implement the new strategies.

A past CEO of Sony once said that organizations have access to the same technology and the same information. The difference between any two organizations is the “people” - the human resource. Empowering the workforce is an essential tool for aligning human resources with the achievement of corporate objectives. It is the duty of HR manager to hire talented human resource and to provide them with a positive environment where they will be able to utilize their skills and potentials and to create an environment in which these individuals are comfortable taking risks.

9. Promote From Within and Invest in Employees: Promoting employees from within sends a powerful message that the organization’s employees are valued. New blood and fresh ideas often come from newcomers to the organization. To avoid stagnation of the firm, new ideas and approaches are critical. Yet to improve employee morale, promoting individuals from within the organization is essential. This communicates that the organization values their employees and invests in their human resources.

10. Review the Recruitment and Selection Process: A key element of human resource planning is ensuring that the supply of appropriate employees (with the right skill mix) is on board when needed. This requires a proactive approach whereby the organization anticipates its needs well in advance. It is important to identify the competencies being sought. That is, the criteria upon which selection decisions are to be made should be decided in advance. A firm must identify those skill sets required by employees to be successful. Charles O’Reilly suggests that companies should hire for attitude (perhaps even more so than technical skills). That is, the fit of the individual with the values of the organization and the culture of the firm should also be considered when selecting employees. This has been referred to as the person-organization- fit. It is no longer enough to simply consider the person’s fit (and technical skill set) with the job. Part of the employee’s fit with the organization should focus on the core values and beliefs of the organization. This will increase employees’ contributions to the overall success of the organization if they already embrace the core values of the organization prior to their selection

11. Communicate Mission and Vision: If employees are expected to contribute to the attainment of the organization’s strategic objectives, they must understand what their role is. This can be achieved in part by clearly communicating the mission and vision statements of the firm. The old adage is certainly true. If a person does not know where he or she is going, any road will get him or her there.

The mission communicates the identity and purpose of the organization. It provides a statement of who the firm is and what their business is. Only those employees who understand this purpose can contribute to the fullest extent possible. The vision statement provides a picture of the future state of the firm. It should be a stretch to attain. This keeps all the organization’s employees pulling in the same direction with a common end point. It is much easier to align human resources with corporate objectives when these employees are familiar with the mission and vision of the firm.

As the mission and vision statements are articulated, organizational members begin to more closely embrace their very meaning on an individual level. These statements provide a road map leading employees down the road to achieve organizational objectives. Employees then identify how they can contribute their unique talents toward the attainment of these goals.

12. Use Teams to Achieve Synergy: Synergy can be concisely defined as “two plus two equals five”. In other words, the whole is greater than the sum of the parts. So much more can be achieved as people work together. Through the effective use of teams, organizations can often achieve synergy. Team goals, however, must be aligned with the organization’s strategic objectives. Aligning team objectives with overall corporate objectives ensures that people are working toward the same goal

1.10 Summary

It is critical that today's organizations align their human resources to better meet strategic objectives. A failure to do so results in wasted time, energy, and resources. Organizations are more likely to achieve this alignment with their corporate objectives when they review their recruitment and selection processes for fit, communicate the mission and vision statements, use joint goal setting, design an appropriate reward system, empower the workforce, promote and develop from within, and use teams to achieve synergy. Human Resource Management is the management function that helps the managers to plan, recruit, select, train, develop, remunerate and maintain members for an organization. HRM has four objectives of societal, organizational, functional and personal development. An organization must have set policies; definite procedures and well defined principles relating to its personnel and these contribute to the effectiveness, continuity and stability of the organization.

1.11 Self Assessment Questions

1. Define HRM? What are its functions and objectives?
 2. Elaborate about the nature of HRM and its relevance in present scenario.
 3. Explain the role of HR manager in HRM.
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1.12 Reference books

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