

Managing Human Resource: Introduction

Human resource management is considered as support activity in an organization but without this activity existence of the organization cannot be imagined. Human resource is one of the factors of production like Money, Machine, Material or Land, Capital, technology. Without the presence of the human resource other resources will remain unutilized. Even in fully automatic factories, humans are required to operate and regulate the automation. Although due to mechanization we observe some negative effect on employment but still demand for human resource will never be ended.

Concept

As we have discussed that factors of production can be divided in to three categories.

1. Human Resources
2. Physical Resources
3. Financial Resources

1. **Human Resources** We have already discussed above that human or human resource are people who work in an organization and help in the production process or in achieving the organizational goals. Key issues which we deal with human resources are numbers of staff by function, location, grade, experience, qualification, remuneration, motivation, engagement etc.
2. **Financial Resources** Financial resources concern with the ability of the business to "finance" and support its adopted strategy. Key issues which are dealt with the financial resources are Existing finance funds, Cash balances, Bank overdraft, Bank and other loans, working capital (e.g. stocks, debtors) already invested in the business etc.
3. **Physical Resources** Physical resources cover a wide range of operational resources concerned with the physical capability to execute a strategy. These include Production facilities, location, plant layout, Current production processes - quality; method & organization, Marketing facilities, Distribution channels, Information technology etc.

In the absence of any of the above resources production cannot takes place. We need capital to start the business and to procure the raw material. For the hiring of human resources financial resources are required.

Physical resources are required by the human resources to initiate and finish the production process. For example, for the production there will a manufacturing unit, machines, raw material, tools etc be required.

For the proper and optimum utilization of Physical & Financial resources, Human Resources will be required. It is not possible to raise the funds without the humans and it not possible to operate the machines without the help of humans. During the industrial revolution in seventeenth century, managers found out that human resources require special attention in comparison to other resources. That is why they called human resources as 'personnel'. In English personnel means 'Staff'.

Initially, specially before the 1980s management of Human Resource was known as Personnel Management only. After the introduction of the concept of Human Resource Development (HRD), Personnel Management developed as Human Resource Management. In personnel management, there were only few activities related to managing the human resources like hiring, firing and remunerating to the human resources. As time passed many activities were included in the scope of Human Resource Management like, Recruitment, selection, training & development, performance management, compensation management etc. Now a day's, Human resource management has become a vital supporting function of any organisation regardless the size of the firm. An organisation, whether formal or informal is composed of people who come from different strata of a society, geographical areas, cultures, etc. These Human resources exhibit the total skills, creative abilities, attitude, aptitude of an organisation. In addition to this, the values, attitude and beliefs of the individuals involved with it. The quality and quantity of human resources are modified by environmental factors such as education, training and development.

Evolution/ Development of Human Resource Management

The beginning of HRM can be traced from Kautilya's period, Kautilya's wrote a book named as 'Arthashastra' where he mentioned 'shrenis' (division of work) along with strict terms of payment of wages based on quality and quantity of work. He also mentioned about labour welfare in his book.

A formal beginning of HRM in India was made in 1929, when Royal Commission on labour was not set up by any other authority but it was set up by the Government of India, produced a report after two years and mentioned the appointment of labour officer. These practices were initiated in the year of 1947 when first Factories Act came in the existence. After the Second World War, these labour officers got new designation called as 'labour welfare officer'.

With the enactment of Industrial Disputes Act, 1947, welfare officers were made responsible for handling disputes pertaining to the condition of services, wages, leaves, retirement benefits, etc. The Factories Act, 1948 laid down the duties and qualifications of labour welfare officers. During the Decade from 1960's to 1970's, there was growth in businesses, competition which led in attracting and retaining talented people. Hence, formulation of HR planning, employee selection, compensation management becomes part of the functions of labour welfare officer (personnel manager).

During the years of 1980's new functions of personnel management emerged like training and development, performance appraisal (HRD) Collectively, HRD and personnel management is called as Human Resource Management.

Human - refers to the skilled workforce in the organisation.

Resource - refer to limited availability or scarce.

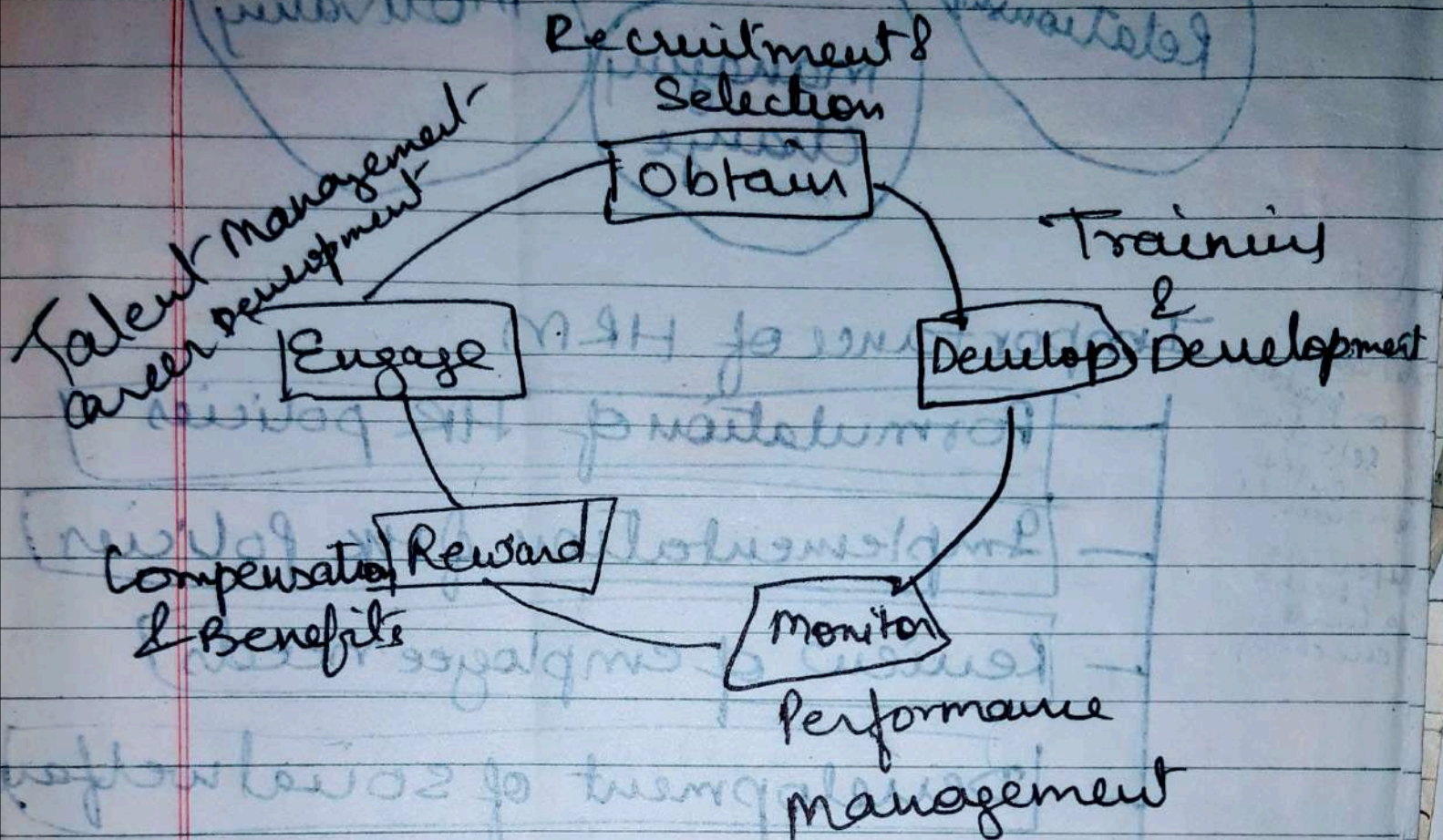
Management - refers to maximize or proper utilization and make best use of limited resource.

All together the core purpose of HRM is to make efficient use of existing human resource in the organisation.

It is the art of procuring, developing and maintaining competent workforce to achieve organizational goals efficiently.

It is that part of management process which is concerned with the management of human resource in an organization.

Definition



HRM

"Employing people, developing their resource, utilizing maintaining and compensating their services in tune with the job and Organization requirements"

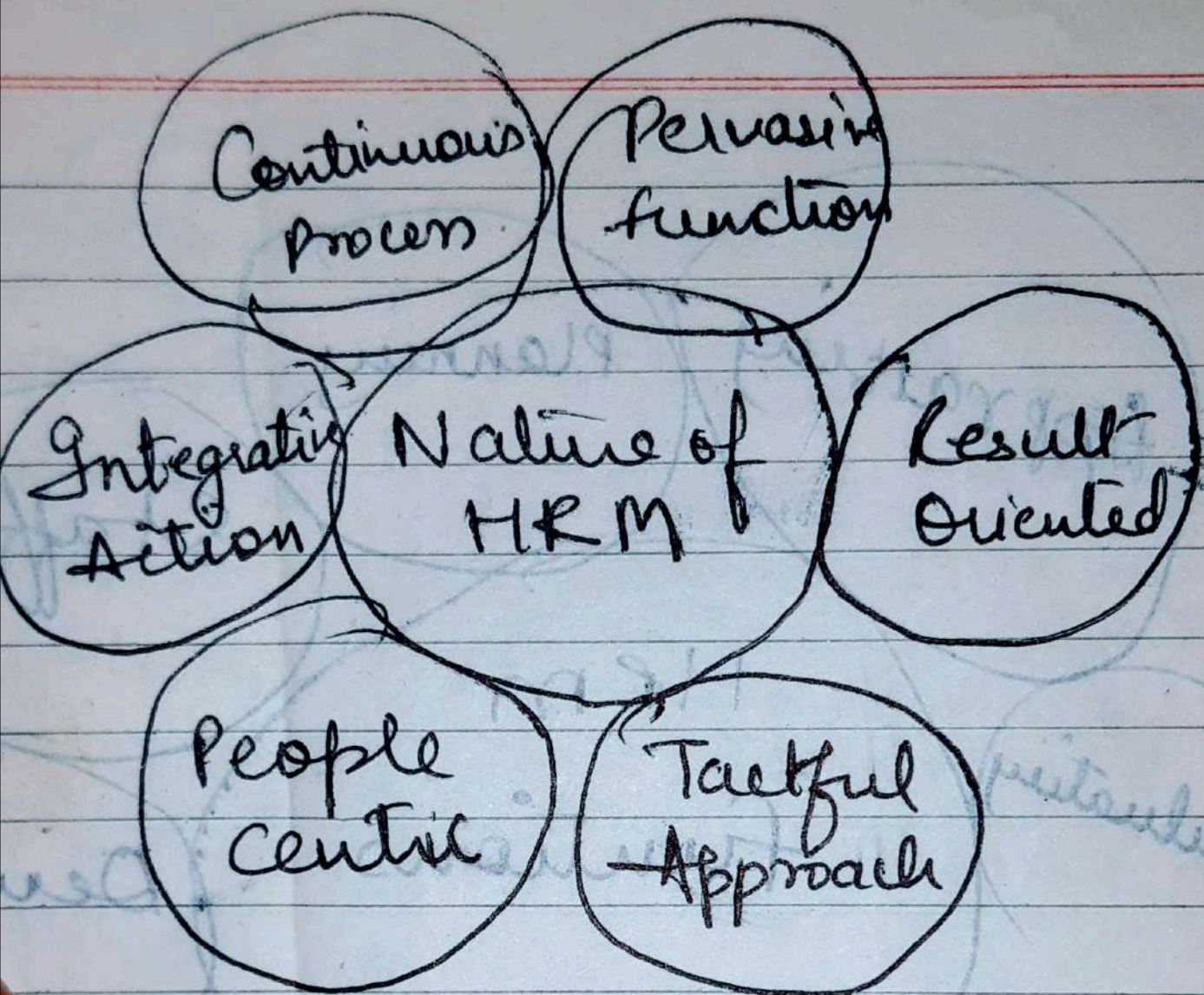
Definition of Human Resource Management

"HRM is a set of interrelated policies within a dialogical and philosophical ideas." - **J. Storey**

"HRM is a strategic coherent approach to the management of an organization most valued assets, the people working there who individually and collectively contribute to the achievement of his goal." - **M. Armstrong**

"Management is planning, organizing, directing, controlling of the procurement, development, compensation, integration, sentiments and separation of the human resource to the end that individual, organizational and social objectives accomplished." - **Edvin Flippo**

Nature of HRM,



Nature of HRM

HRM is ~~the~~ a process of bringing people and organisations together so that the goals of each are met.

The various features of HRM include:

- (1) It is pervasive in nature as it is present in all levels and in all enterprises & organisations.
- (2) Its focus is on results rather than on rules.
- (3) It tries to help employees develop their potential fully.
- (4) It encourages employees to give their best to the organization.
- (5) It is all about at work, both as individuals and groups.
- (6) It tries to put people on their jobs in order to produce goods.

(7) It helps an organisation meet its goals in the future by providing for competent and well-motivated employees.

(8) It tries to build and maintain cordial relations between people working at various levels in the organisations.

(9) It is a multi-disciplinary activity, utilizing knowledge and inputs drawn from psychology, economics etc.