

**Subject: Management**

Production of Courseware

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**Paper: 1**

**Human Resource Management**

**Module: 1**

**Introduction to HRM: Meaning, definition, scope, objectives and functions of Human Resource Management**



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Items	Description of Module
<b>Subject Name</b>	Management
<b>Paper Name</b>	Human Resource Management
<b>Module Title</b>	Introduction to HRM: Meaning, definition, scope, objectives and functions of Human Resource Management
<b>Module Id</b>	Module No.1
<b>Pre-Requisites</b>	Basic knowledge of what personnel management is
<b>Objectives</b>	To study the basic concepts of HRM
<b>Keywords</b>	Human resource, Employee, Motivation, Planning, Industrial relations, Recruitment.

## QUADRANT-I

Module 1: Introduction to HRM: Meaning, definition, scope, objectives and functions of Human Resource Management
1. Learning Outcome
2. Introduction
3. Meaning and definition of HRM
4. Scope of HRM
5. Objectives of HRM
6. Functions of HRM
7. Summary

### 1. Learning Outcome:

After completing this module the students will be able to:

- Understand the meaning and definition of HRM.
- What is the scope of HRM.
- Describe the Objectives of HRM.
- Understand the functions of HRM.

### 2. Introduction



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Why name human resource management?

Human: refer to the skilled workforce in the organisation.

Resource: refer to limited availability or scarce.

Management: refer to maximise or proper utilisation and make best use of limited and a scarce resource.

The success of any organization depends upon how it manages its resources. While several resources are non human resource such as land, capital and equipment, it is the human resource and its management which is at the heart of an organization's success.

Human Resource (HR) refers to all the people who work in an organization called *personnel*. Human Resource Management refers to the organizational function which includes practices that help the organization to deal effectively with its people during the various phases of the employment cycle. HRM is management function concerned with hiring, motivating, and maintaining people in an organisation. It focuses on people in the organisation.



Source : <http://thesis.tcdhalls.com/images/hrm-thesis.jpg>

1.1 According to **Lawrence Appley**, *“Working with, for and through people is the way in which a manager accomplishes his job. Maintaining good human resources is a Manager’s responsibility. Providing human satisfaction from work output and relationship is a Manager’s obligation.”*

1.2 In the words of **Mr. NR Narayana Murthy, Chairman Emeritus, Infosys**, *“You must treat your employees with respect and dignity because in the most automated factory in the world, you need the power of human mind. That is what brings in innovation. If you want high quality minds to work for you, then you must protect the respect and dignity.”*

1.3 In the words of **John F. Kennedy**, *“Our progress as a nation can be no swifter than our progress in education. The human mind is our fundamental resource.”*

### 3. Meaning and Definition

Essentially, the Human Resource Management (HRM) is a management function that deals with recruiting, selecting, training and developing human resource in an organization. It is concerned with the “people” dimension in management. It includes activities focusing on the effective use of human resources in an organization. It is concerned with the development of a highly motivated and smooth

functioning workforce. It also includes planning, acquiring, developing, utilising and maintaining ‘human resources’ in the achievement of organizational goals.

3.1 According to **Edwin B. Flippo**, “*Human resource management is the planning, organizing, directing, and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and societal objectives are accomplished.*”

3.2 **The Indian Institute of Personnel Management** defines HRM as, “*Human resource management is a responsibility of all those who manage people as well as being a description of the work of those who are employed as specialists. It is that part of management which is concerned with people at work and with their relationships within an enterprise. It applies not only to industry and commerce but to all fields of employment.*”

3.3 According to **Tead and Metcaff**, “*Human resource management is the planning, supervision, direction and co-ordination of those activities of an organization which contribute to realising the definite purpose of that organization, with an animating spirit of co-operation and with a proper regard for the well-being of all the members of the organization.*”

3.4 **Milkovich and Boudreau** view HRM as, “*A series of integrated decisions that form the employment relationship; their quality contributes to the ability of the organizations and the employees to achieve their objective.*”

It is thus clear that human resource management is a specialized knowledge and practice concerned with the management of human resources in an organization. It constitutes a significant activity of the management. It attracts and selects capable men, organises them in productive groups, develops their potential, gives them necessary motivation and maintains their high morale.



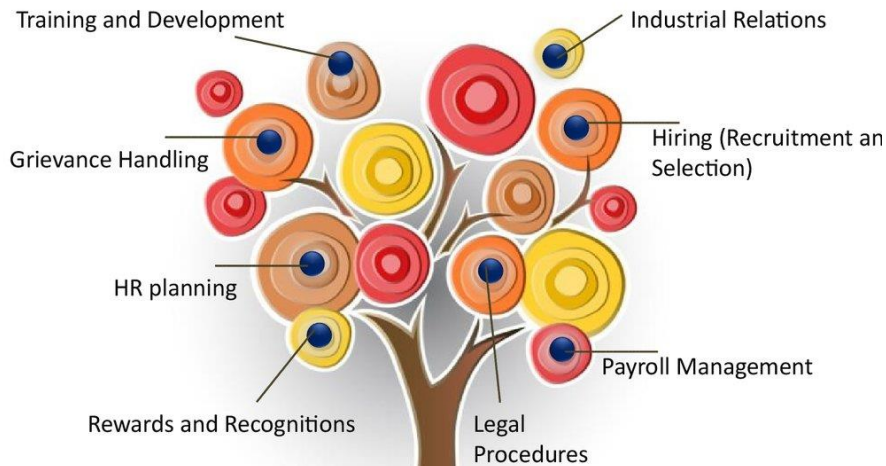
Source: <https://vacancycentre.com/wp-content/uploads/2015/03/human-resource-management-malta-hr-consultancy.jpg>

## 4. 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 until he or she leaves- come under the purview of HRM.

### Scope of Human Resource Management

The scope of HRM covers but is not limited to the following functions:



**Therefore, HRM is about developing and managing harmonious relationships at workplace and striking a balance between organizational goals and individual goals.**

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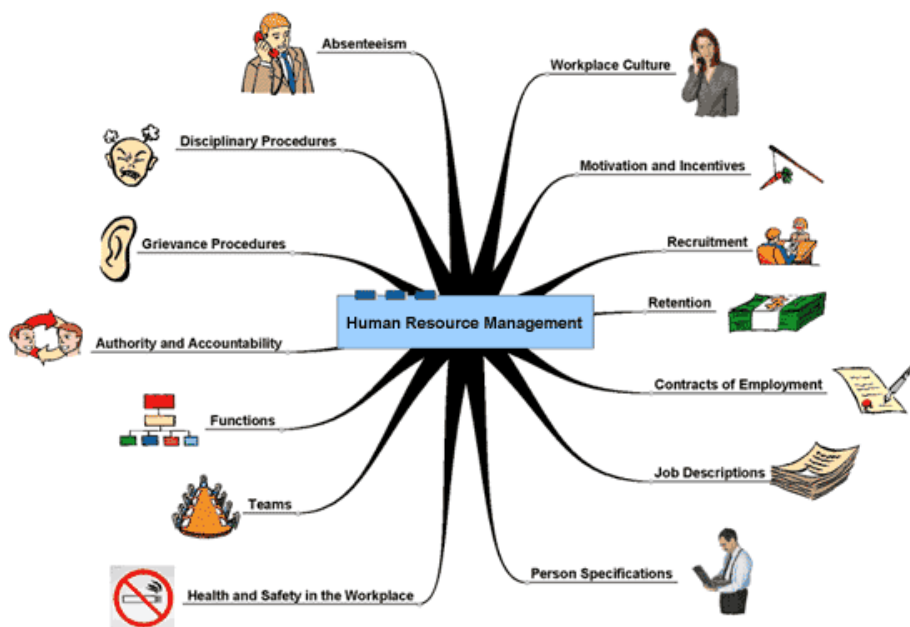
4.1. According to **Dale Yoder**, the scope of human resource management consists of the following functions:

- 4.1.1. Setting general and specific management policy for organisational relationships, and establishing and maintaining a suitable organisation for leadership and co-operation.
- 4.1.2. Collective bargaining, contract negotiation, contract administration and grievance handling.
- 4.1.3. Staffing the organisation, finding, getting and holding prescribed types and number of workers.
- 4.1.4. Aiding in the self-development of employees at all levels providing opportunities for personal development and growth as well as for acquiring requisite skill and experience.
- 4.1.5. Developing and maintaining motivation for workers by providing incentives.
- 4.1.6. Reviewing and auditing manpower management in the organisation.
- 4.1.7. Industrial relations research - carrying out studies designed to explain employee behavior and thereby effecting improvement in manpower management.

4.2. **The Indian Institute of Personnel Management** has described the scope of human resource management into the following aspects:

- 4.2.1. **The Labour or Personnel Aspect:** It is concerned with manpower planning, recruitment, selection, placement, induction, transfer, promotion, demotion, termination, training and development, layoff and retrenchment, wage and salary administration (remuneration), incentives, productivity, etc.
- 4.2.2. **The Welfare Aspect:** This aspect is concerned with working conditions and amenities such as canteens, creches, rest rooms, lunch rooms, housing, transport, education, medical help, health and safety, washing facilities, recreation and cultural facilities, etc.
- 4.2.3. **The Industrial Relations Aspect:** This is concerned with the company's relations with the employees. It includes union-management relations, joint consultation, negotiating, collective bargaining, grievance handling, disciplinary actions, settlement of industrial disputes, etc.

All the above aspects are concerned with human element in industry as distinct from the mechanical element.



Source: [https://bitstoughtideas.files.wordpress.com/2012/01/hrm1map\\_small.gif](https://bitstoughtideas.files.wordpress.com/2012/01/hrm1map_small.gif)



## 5. Objectives of HRM

The primary objective of HRM is to ensure the availability of a competent and willing workforce to an organization. Apart from this, there are other objectives too.

Specifically, HRM objectives are four fold: societal, organisational, functional, and personal.

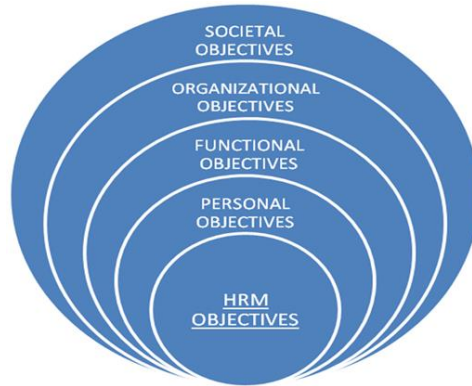


Figure 1 – Objectives of HRM

### 5.1. Societal Objectives

The societal objectives are socially and ethically responsible for the needs and challenges of society. While doing so, they have to minimize the negative impact of such demands upon the organisation. The failure of organisations to use their resources for society's benefit in ethical ways may lead to restrictions. For example, the society may limit human resource decisions to laws that enforce reservation in hiring and laws that address discrimination, safety or other such areas of societal concern.

### 5.2. Organisational Objectives

The organisational objectives recognise the role of human resource management in bringing about organisational effectiveness. Human resource management is not an end in itself; it is only a means to assist the organisation with its primary objectives. Simply stated the human resource department exists to serve the rest of the organisation.

### 5.3. Functional Objectives

Functional objectives try to maintain the department's contribution at a level appropriate to the organisation's needs. Human resources are to be adjusted to suit the organisation's demands. The department's level of service must be tailored to fit the organisation it serves.

### 5.4. Personal Objectives

Personal objectives assist employees in achieving their personal goals, at least in so far as these goals enhance the individual's contribution to the organisation. 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.

## 6. 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.

Human Resource or Personnel Department is established in most of the organisations, under the charge of an executive known as Human Resource/Personnel Manager. This department plays an important role in the efficient management of human resources.

Some of the major functions of human resource management are as follows:

- Managerial Functions
- Operative Functions
- Advisory Functions.

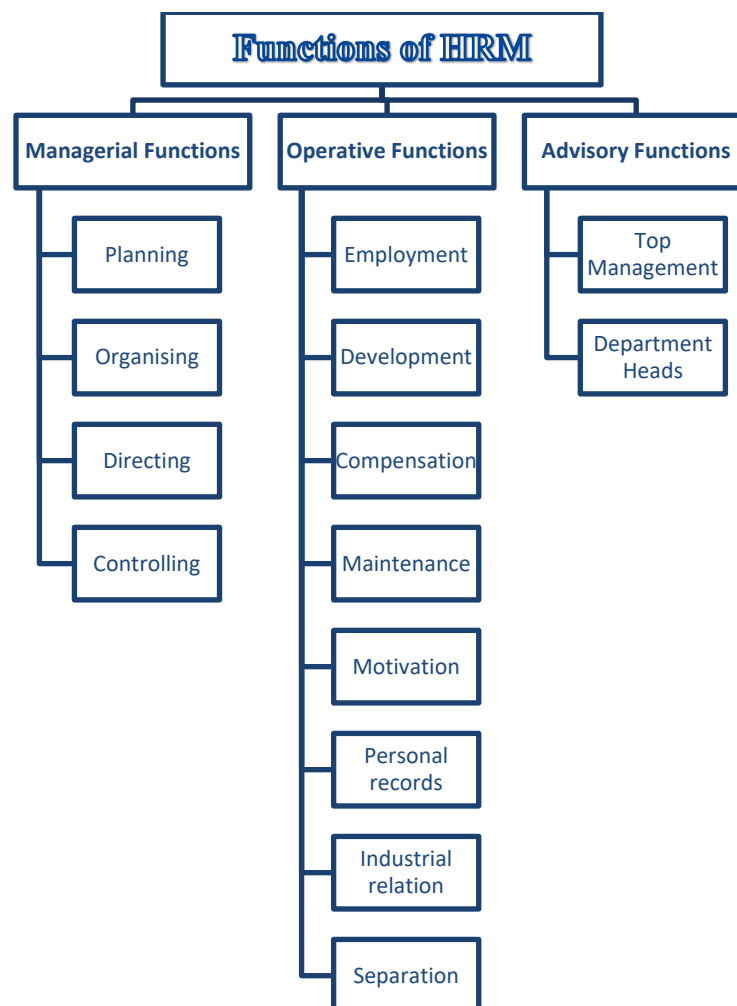


Figure 2 – Functions of HRM



## 6.1. Managerial Functions:

The Human Resource Manager is a part of the organisational management. So he must perform the basic managerial functions of planning, organising, directing and controlling in relation to his department. These functions are briefly discussed below:

**6.1.1. 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.

**6.1.1.1.** 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.

**6.1.1.2.** Net shortage and excess of personnel by job category are projected for a specific time horizon.

**6.1.1.3.** Plans are developed to eliminate the forecast shortages and excess of particular categories of human resources.

**6.1.2. Organizing:** Once the human resource manager has established objectives and developed plans and programs to reach them, he must design and develop organisation structure to carry out the various operations. The organisation structure basically includes the following:

**6.1.2.1.** Grouping of personnel activity logically into functions or positions;

**6.1.2.2.** Assignment of different functions to different individuals;

**6.1.2.3.** Delegation of authority according to the tasks assigned and responsibilities involved;

**6.1.2.4.** Co-ordination of activities of different individuals.

**6.1.3. 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.

The motivational function poses a great challenge for any manager. The personnel manager must have the ability to identify the needs of employees and the means and methods of satisfy those needs. Motivation is a continuous process as new needs and expectations emerge among employees when old ones are satisfied.

- 6.1.4. **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.

## 6.2. 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. The operative functions of human resource or personnel department are discussed below:

- 6.2.1. **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 their better performance also come under the employment or procurement function.

- 6.2.2. **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 their skills in doing their jobs and in satisfying their growth need.

For this purpose, the personnel departments will 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.

- 6.2.3. **Compensation:** 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 are their 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.

- 6.2.4. **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 well-being of the employees. These may include provision of cafeteria, rest rooms, counseling, group insurance, education for children of employees, recreational facilities, etc.

- 6.2.5. **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.

- 6.2.6. **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.

- 6.2.7. **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.

6.2.8. **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.

### 6.3. Advisory Functions:

Human resource manager has specialised education and training in managing human resources. He is an expert in his area and so can give advice on matters relating to human resources of the organisation. He offers his advice to:

6.3.1. **Advised to Top Management:** Personnel manager advises the top management in formulation and evaluation of personnel programs, policies and procedures. He also gives advice for achieving and maintaining good human relations and high employee morale.

6.3.2. **Advised to Departmental Heads:** Personnel manager offers advice to the heads of various departments on matters such as manpower planning, job analysis and design, recruitment and selection, placement, training, performance appraisal, etc.

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).

For example- Personal objectives is sought to be realized through functions like remuneration, assessment etc.

HRM Objectives	Supporting Functions
Societal Objectives	1. Legal compliance 2. Benefits 3. Union Management relations
Organizational Objectives	1. Human resource planning 2. Employee relations 3. Selection 4. Training and development 5. Appraisal 6. Placement 7. Assessment
Functional Objectives	1. Appraisal 2. Placement 3. Assessment
Personal Objectives	1. Training 2. Appraisal 3. Placement 4. Compensation 5. Assessment

Table 1- HRM Objectives and Functions



**Effective HRM Practices have a strong positive impact on the bottom line**

Source:[http://www.nicheconsulting.co.nz/images/HRM\\_impacts\\_on\\_bottomline\\_results.jpg](http://www.nicheconsulting.co.nz/images/HRM_impacts_on_bottomline_results.jpg).

## 7. Summary

Human Resource Management is the management function that helps the managers to plan, recruit, select, train, develop, remunerate and maintain members for an organization.

Maintaining good human resources is the manager's responsibility. Providing human satisfaction from work output and relationship is a manager's obligation

The scope of HRM is very large. All major activities in the working life of a worker i.e. from the time of his or her entry until he or she leaves the organisation comes under the purview of HRM.

HRM has four objectives of societal, organizational, functional and personal development.

HR manager performs three functions within organizations like managerial, operative and advisory functions.