Understanding of Contemporary Human Resource Management

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1.1 Concepts and Definitions:

In recent era human resource management (HRM) got a considerable popularity and attraction among corporates. Chief operation officers of corporate world are enthusiastically engaging in HRM to understand its financial worth for the organizations. Human resource management (HRM) is a set of formal systems of an organization that ensures the most effective and efficient use of available human capital for the attainment of organizational objective. Human Resource management has become the best source for organizational competitive advantage.

Although the focus of human resources (HR) is the development of human capital, the significance of HR's contributions is now more apparent. HR's traditional function to provide advice, service and control to other areas of the organization has expanded and developed a more global, strategic character.

HRM deals with the human beings in an organization. "The management of man" is a very important and challenging job because of the dynamic nature of the people. No two people are similar in mental abilities, tacticians, sentiments, and behaviors; they differ widely also as a group and are subject to many varied influences. People are responsive, they feel, think and act therefore they cannot be operated like a machine or shifted and altered like template in a room layout. They therefore need a tactful handing by management personnel' (Dr.S.Ganesan, International Journal of Business and Administration Research).

Review

HRM is the process of managing the organizational staff with a human approach. This approach about organizational staff enables the manager to view the people as an important asset of the organization. Through this approach an organization can utilize its staff not only for the benefits of the organization but for the growth, development and self-satisfaction of the staff. Human Resources Management is concerned with the "people" dimension in management. Since every organization is made up of people acquiring their services, developing their skills, motivating them to high level of performance and ensuring that they continue to maintain their commitment to the

organization are essential to achieve organizational objectives. This is true regardless of the type of organization, government, business, education, health, recreation or social action. Getting and keeping good people is critical to the success of every organization, whether profit or non-profit, public or private.

It is concerned with the people dimension in management of an organization. Since an organization is a body of people, their acquisition, development of skills, motivation for higher levels of attainments, as well as ensuring maintenance of their level of commitment are all significant activities. These activities fall in the domain of HRM.

1.2 Personnel Management and Human Resource Management

 Contemporary Human Resource Management, as a part and parcel of management function, underscores strategic approach to management in areas of acquisition, motivation, and management of people at work.

Human Resource Management derives its origin from the practices of the earlier personnel management, which assisted in the management of people in an organization setup. Human Resource Management leverages setting up the systems and procedures for ensuring efficiency, controlling and providing equality of opportunities for all working for the organization.

Human Resource Management (HRM) differs from Personnel Management (PM) both in scope and orientation. HRM views people as an important source or asset to be used for the benefit of organizations, employees and society. It is emerging as a distinct philosophy of management aiming at policies that promote mutuality-mutual goals, mutual respect, mutual rewards and mutual responsibilities. The belief is that policies of mutuality will elicit commitment, which in turn, will yield both better economic performance and greater Human Resource Development (HRD). Though a distinct philosophy, HRM cannot be treated in isolation. It is being integrated into the overall strategic management of businesses. Further, HRM represents the latest term in the evolution of the subject.

There are several similarities between Human Resource Management (HRM) and Personnel Management (PM);

(a) Both models emphasize the importance of integrating personnel/HRM practices with organizational goals.

(b) Both models vest Personnel/HRM firmly in line management.

(c) Human Resource Management (HRM) and Personnel Management (PM) both models emphasize the importance of individuals fully developing their abilities for their own personal satisfaction to make their best contribution to organizational success.

(d) Both models identify placing the right people into the right jobs as an important means of integrating personnel/HRM practice with organizational goals.

1.3 Evaluation and History of Human Resource Management

The role of the HR professional is evolving in ways that are significant but not yet completely defined. How can HR professionals adapt as their traditional role changes and expands? According to HRM experts, the following transitions are necessary (Bates 2002):

- Move beyond the basics of HR knowledge and develop a greater understanding and awareness of business functions and costs.
- Be ready to develop new skills and take on new responsibilities as previous HR administrative tasks are outsourced and automated.
  "Those who aspires to leadership roles within the profession will have to become more strategic, and proactive [and] more involved in overall business of their employer, say the experts"

In fulfilling their organizational responsibilities, HR staff has typically provided three types of support: service, control and advice. The relative importance of these three support types varies based on the organization.

HR is a **service**-oriented function with a diverse customer base. This customer base includes upper management, line management, employees, peers, departments, legal and regulatory agencies, vendors, applicants, retirees and families of employees. An example of HR's service role is answering employee questions concerning benefit packages.

Control involves reviewing and measuring employee performances to monitor how well they meet the goals and needs of the organization. Controls are used to evaluate supervisory and employee performance, to correct deficiencies and to motivate employees. An example of HR's control function is designing a new performance appraisal system.

HR professionals **advise** and assist line managers. This process involved gathering facts, diagnosing problems, providing solutions and offering objective assistance and guidance on employee-related problems. An example is providing a line manager with specific policy and procedure steps for dealing with employee grievances. Rather than managing the situation personally, the HR professional gives responsibility to the line managers and provides the assistance they need to increase productivity and work satisfaction.

1.4 HR Today: An Expanded Role

Many HR professionals still fulfill the roles of service, control and advice. However, the scope of those roles in many organizations now has a stronger strategic focus. HR professionals today often balance the following three major responsibilities;
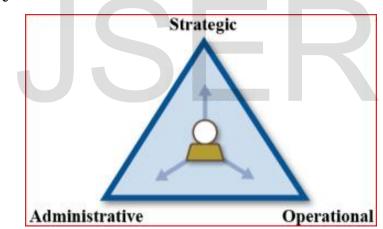
- Strategic
- Operational
- Administrative

Figure 1-1. HR's Current Expanded Role

1.4.1 Strategic

HR's strategic role requires a long-term and forward-thinking focus. HR professionals can help the organization create the right culture and build the right structure. Strategic HR activities include the following;

- Help the organization prepare for change.
- Forecast needs for specialized skills and knowledge that will be required to achieve
  strategic goals.

- Manage talent.

- Restructure the organization.

- Develop performance management systems that support strategic objectives.

1.4.2 Operational

The operational role of HR involves both the development and deployment of HR policies to ensure successful implementation of HR strategy (which was set at the strategic level). By fulfilling its operational role, HR supports the attainment of organizational objectives and goals. The development of HR policies includes activities such as recruiting for current job openings, resolving employee complaints and communicating with employees. For example, part of the organizations' strategy could involve building a globally based and culturally diverse workforce. HR could use nontraditional sources for recruitment and could require specific job skills such as proficiency in other languages. HR professionals could also increase employee engagement by the following two actions;

- Help employees develop better communication skills and channels.
- Develop and carry out employee involvement strategies.

In the deployment of HR policies, line managers are usually the people who apply these policies in their local management. Therefore, at the operational level, HR professionals need to work closely with the line managers to effectively deliver HR practices to the employee. The HR practices deployed to employees should be consistent with the organization's intended policies; this approach allows employees to attain sufficient knowledge, skills and abilities to perform their roles. Perhaps more importantly, effective deployment of HR practices can strongly motivate employees to support the goals of the organization.

1.4.3 Administrative

Administrative responsibilities are treated as less important to allow HR professionals to focus on the expanding roles that contribute more directly to the organization's financial goals. HR's administrative role focuses on dealing with compliance issues and record keeping. Human resource information systems (HRIS) can help with this role. HRIS applications manage HR data, such as employee records, and create compliance reports. These responsibilities are made easier by technology. For example, many employees keep their own information up-to-date by using self-

service computer stations. Human resource information systems are discussed in more detail later in this section.

Some administrative functions are not considered core HR functions and are outsourced to third-party providers, which are used in place of doing the work internally. Examples of outsourced functions include the following;

- **Administration:** Outsourced functions include benefits plan administration, payroll administration and background checks.
- **Recruiting:** Vendors such as staffing agencies are used to source, screen and recommend potential employees for placement.
- **Health care:** Medical examinations are outsourced to third-party providers rather than retaining professional medical staff within the organization.
- **Training:** Third-party providers develop and deliver training programs.
- **Compensation:** Organizations outsource salary and benefits surveys to third-party providers.
- **Legal:** Organizations hire attorneys as outside counsel rather than retaining attorneys on staff.

Depending on the business process used in the organization, HR staff may complete some or all of the following tasks when working with third-party providers;

- Prepare requests for proposals (RFPs).
- Solicit bids to provide services.
- Review the responses.
- Select the providers.
- Manage the relationship.
- Ensure performance by establishing metrics.

1.5 Objectives of HRM

The primary objective of HRM is to ensure the availability of competent and willing workforce for an organization. Beyond this, there are other objectives too. Specifically, HRM objectives are four fold: Societal, Organization, Functional and personal.

- **Personal Objectives;**

To assist Employees in achieving their personal goals, at least in so far as these goals enhance the individual's contribution to the organization. Personal objectives of employees must be maintained, retained and motivated.

- **Functional Objectives;**

To maintain the contribution of department at an appropriate level organization should fulfill the needs. Resources are wasted when HRM is either more or less sophisticated to suit the organizations demands.

- **Organizational Objectives:**

To recognize the role of HRM in bringing about organizational effectiveness, HRM is not an end in itself but it is only a mean to assist the organization with its primary objectives organization.

- **Societal Objectives:**

To be ethically & socially responsible for the needs and challenges of society while \ minimizing the negative impact of such demands upon the organization to use their resources for society's benefits in ethical ways may lead to restriction.

- **Other objectives:**

Accomplish the basic organizational goals by creating and utilizing an able and motivated workforce

To establish and maintain organizational structure and desirable working relationships among all the members of the organizations;

Develop co-ordination among individual and group within organization to secure the integration of organization

- To create facilities and opportunities for individual or group development so as to match it with the growth of the organization
- To attain an effective utilization of human resources in the achievement of organizational goals.
- To identify and satisfy individual and group needs by providing adequate and equitable wages, incentives, employee benefits and social security and measures for challenging work, prestige, recognition, security, status

- To maintain high employees morale and human relations by sustaining and improving the various conditions and facilities
- To strengthen and appreciate the human assets continuously by providing training and development programs.
- To consider and contribute to the minimization of socio-economic evils such as unemployment, under employment, inequalities in the distribution of income and wealth and to improve the welfare of the society by providing employment opportunities to women and disadvantaged sections of the society.
- To provide an opportunity for expression and voice management.
- To provide fair, acceptable and efficient leadership.
- To provide facilities and conditions of work and creation of favorable atmosphere for maintaining stability of employment.
- To create & utilize an able & motivated work force Establish & maintain sound organizational structure Create facilities attain an effective utilization Identify & satisfy individual & group needs
- Maintain high employee morale Training & development Opportunity for expression Provide fair, acceptable and efficient leadership Facilities and conditions.

1.6 Functions 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

1.6.1 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. Moreover, HR Planning forecast demand and supplies and identify sources of selection. HR Planning develops strategies both long-term and short-term, to meet the man-power requirement.

1.6.2 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.

1.6.3 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.

1.6.4 Training and Development: This involves an organized attempt to find out training needs of individuals to meet the knowledge and skill which is needed not only to perform current job but also to fulfill the future needs of the organization.

1.6.5 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.

1.6.6 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.

1.6.7 Employee Assistance: Each employee is unique in character, personality, expectation and temperament. By and large each one of them faces problems every day. 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.

1.6.8 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.

1.6.9 Personnel Research and Information System: Knowledge on behavioral science and industrial psychology throws better insight into the workers expectations, aspirations and behavior. Advancement of technology of product and production methods have created working environment which are much different from the past.

1.7 New Competencies for the HR Profession

HR's expanded role has led to the need for new competencies for the HR profession. The 2007 Human Resource Competency Study (HRCS) reported six core competencies that are demonstrated by successful HR professionals (Society for Human Resource Management, Staffing the Human Resource Function 2011):

- **Credible activist:** An HR professional who offers a point of view and challenges assumptions. **Cultural steward:** An HR professional who helps shape an organization's culture.
- **Talent manager/organizational designer:** An HR professional who contributes to both talent management and organizational design.
- **Strategy architect:** An HR professional who recognizes business trends and makes changes happen.
- **Business ally:** An HR professional who understands and contributes to the success of the organization.
- **Operational executor:** An HR professional who manages people and implements the organization's policies.

In addition to such competencies, HR professionals must have knowledge of other business processes in order to manage the organization's talent. For example, some organizations see strategic talent planning as a business process. Therefore, the HR professional must possess business and financial skills as well as process management skills (Society for Human Resource Management, More Than HR Competencies Needed to Manage Talent 2009).

1.8 Importance of Human Resource Management

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

- It helps management in the preparation adoption and continuing evolution of personnel programmes and policies.
- It supplies skilled workers through scientific selection process.

- It ensures maximum benefit out of the expenditure on training and development and appreciates the human assets.
- It prepares workers according to the changing needs of industry and environment.
- It motivates workers and upgrades them so as to enable them to accomplish the organization goals.
- Through innovation and experimentation in the fields of personnel, it helps in reducing casts and helps in increasing productivity.
- It contributes a lot in restoring the industrial harmony and healthy employer-employee relations.
- It establishes mechanism for the administration of personnel services that are delegated to the personnel department.

Thus, the role of human resource management is very important in an organization and it should not be undermined especially in large scale enterprises. It is the key to the whole organization and related to all other activities of the management i.e., marketing, production, finance etc.

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

1.9 HRM as Business Leader

The overall aim of modern human resource management is to ensure that the organization is able to achieve its objectives through its staff. In order to reach its objectives an organization needs not only qualified staff but also effective and efficient systems as well as access to and effective allocation of financial resources. Institutional development therefore involves not only putting the right person at the right place at the right time, but also that the organization provides a conducive and effective work environment and systems and that the organization has access to adequate financial resources.

In addition to human resources, the organization needs systems like computers and financial management system, transport to reach the client, medicines in a hospital, books in the school, etc.

Top management must reach a harmonious balance between all such resources and push and pull factors.

HRM should develop objectives for its activities linked to the overall objectives of the organization. The purpose of development of HRM objectives is to provide a direction for the HRM activities in an often turbulent environment so that, on the one hand, the business needs of the organization, and, on the other hand the individual and collective needs of its employees can be met by the development and implementation of understandable and effective HR policies and practices.

HR policies and practices are linked to the HRM strategy. An HRM strategy is mostly an attitude of mind, a belief in the advantages in clarifying aspirations and to make sure that what is planned is appropriate for the aims of that specific organization and that the various parts of the HR strategy in terms of policies and practices are integrated with each other.

An organization needs to have a client/recipient focus. This means that the organization should identify its clients/recipients (owners, government bodies or trustees, management, employees, customers, suppliers and public at large) and their needs in order to adapt to and satisfy them. An HRM strategy and objectives therefore should be closely connected to a clear identification of its clients/recipients as well as which products/services that shall be delivered.

1.10 Future Challenges for Managers

Because of continuous changing socio-economic, technological and political conditions, the human resource managers of the future shall have to face more problems in the management of labour. The human resource managers of today may find themselves obsolete in the future due to changes in environment if they do not update themselves some of the important challenges which might be faced by the managers in the management of people in business and industry are discussed below:

1.10.1 Increasing Size of Workforce: The size of organizations is increasing. A large number of multinational organizations have grown over the years. The number of people working in the organization has also increased. The management of increased workforce might create new problems and challenges as the workers are becoming more conscious of their rights.

1.10.2 Increase in Education Level: The governments of various countries are taking steps to eradicate illiteracy and increase the education level of their citizens. Educated consumers and workers will create very tough task for the future managers.

1.10.3 Technological Advances: With the changes coming in the wake of advanced technology, new jobs are created and many old jobs become redundant. There is a general apprehension of immediate unemployment. In the competitive world of today, industry cannot hope to survive for long with old technology. The problem, of unemployment resulting from modernization will be solved by properly assessing manpower needs and training of redundant employees in alternate skills.

1.10.4 Changes in Political Environment: There may be greater Government's interference in business to safeguard the interests of workers, consumers and the public at large. Government's participation in trade, commerce and industry will also pose many challenges before management. The Government may restrict the scope of private sector in certain areas in public interest. It does not mean chances of co-operation between the Government and private sector are ruled out. In fact, there will be more and more joint sector enterprises.

1.10.5 Increasing Aspirations of Employees: Considerable changes have been noted in the worker of today in comparison to his counterpart of 1950s. The workers are becoming more aware of their higher level needs and this awareness would intensify further in the future workers.

1.10.6 Changing Psychosocial System: In future, organizations will be required to make use of advanced technology in accomplishing their goals while satisfying human needs. In the traditional bureaucratic model, the organizations were designed to achieve technical functions with a little consideration given to the psychosocial system. But future management would be required to ensure effective participation of lower levels in the management of the organization system.

1.10.7 Computerized Information System: In the past, the automation of manufacturing processes had a major effect upon the systems of production, storage, handling and packaging, etc. More recently, there has been and in the future there will be the impact of revolutionary computerized information system on management. This revolutionary development would cover two primary areas of personnel management which are as follows:

    a. The use of electronic computers for the collection and processing of data, and

b. The direct application of computers in the managerial decision making process.

1.10.8 Mobility of Professional Personnel: Organizations will expand the use of ―boundary agents‖ whose primary function will be achieving coordination with the environment. One interesting fact will be an increase in the mobility of various managerial and professional personnel between organizations. As individuals develop greater technical and professional expertise, their services will be in greater demand by other organizations in the environment.

1.10.9 Changes in Legal Environment: Many changes are taking place in the legal framework within which the industrial relations systems in the country are now functioning. It is the duty of the human resource or personnel executive to be aware of these changes and to bring about necessary adjustments within the organizations so that greater utilization of human resources can be achieved. This, indeed, is and would remain a major challenge for the personnel executive.

1.10.10 Management of Human Relations: On the industrial relations' front, things are not showing much improvement even after so many efforts by the government in this direction. Though a large number of factors are responsible for industrial unrest but a very significant cause is the growth of multiunions in industrial complexes having different political affiliations. Under the present conditions, it appears that inter-union rivalries would grow more in the coming years and might create more problems in the industry.

Management of human relations in the future will be more complicated than it is today. Many of the new generation of employees will be more difficult to motivate than their predecessors. This will be in part the result of a change in value systems coupled with rising educational levels. Greater skepticism concerning large organizations and less reverence for authority figures will be more common. Unquestioning acceptance of rules and regulations will be less likely.

1.10.11 Diversity and Inclusiveness: In management theory and business practice, the dealing with diversity, especially a diverse workforce, has played a prominent role in recent years. In a globalizing economy companies recognized potential benefits of a multicultural workforce and tried to create more inclusive work environments. However, "many organizations have been disappointed with the results they have achieved in their efforts to meet the diversity challenge" [Cox: 2001, *Creating the Multicultural Organization* (Jossey-Bass, San Francisco)]. Given the fact that diversity is essentially about cultural norms and values, appropriate reflection work becomes

a fundamental task to create a truly inclusive work environment where people from diverse backgrounds feel respected and recognized. Therefore, we focus in this article on the challenge of building an inclusive diversity culture showing that such a "culture of inclusion" has to be built on solid moral grounds.

1.10.12 Global Mindset: While there is strong agreement that globalization is spreading rapidly, there is no agreement on what globalization actually means and how it is measured. Giddens (1999) defines globalization as "the worldwide interconnection at the cultural, political, and economic level resulting from the elimination of communication and trade barriers." He further defines it as "…a process of convergence of cultural, political, and economic aspects of life" (reported in Inkpen & Ramaswamy, 2006, p. 13). Govindarajan and Gupta (2001) define globalization as "growing economic interdependence among countries as reflected in increasing cross-border flows of three types of entities: goods and services, capital, and know-how" (p. 4).

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