PERSONNEL AND HUMAN RESOURCE MANAGEMENT

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The Lotus
Feet of
Goddess
Sri Sarada Devi
Preface to the Fifth Edition

Intensified competition among domestic private and public sector companies and multinational companies consequent upon globalisation, economic boom and recessionary conditions along with the changed demographic factors like increase in women employees, aging populations, shortage of talented employees and adapted mindset and attitude of the people brought paradigm shifts in organisational and competitive strategies. Different competitive strategies need distinctive techniques of human resource management. In fact, effective strategy implementation depends on the strategic human resource management. Thus, appropriate human resource management assumes greater significance after globalisation and consequent economic boom and recession. Now, most of the organisations recognised the emerging vitality of appropriate human resource management based on organisational strategies and placed human resource issues at strategic level in the organisational hierarchy.

The overwhelming response from the Students, Lecturers, Professors and Heads of various Business Schools and Human Resource Management Departments/Divisions of various universities in India, Papua New Guinea and other countries to the earlier editions of my book on “Personnel and Human Resource Management” inspired me and my publishers to bring this revised edition. In fact, the students’ community across India, Papua New Guinea and other developing countries persuaded me to revise this book as soon as possible in view of the student-friendly approach, wide coverage, comprehensive treatment and lucid language presentation followed in the earlier editions.

This book is endowed with latest information, developments and data on human resource issues and decision-making in multiple modes like updated text, boxes, figures, tables, exhibits and cases.

Many students particularly from Executive MBA students and HRM students of the School of Business Administration, UPNG, Papua New Guinea and students from other universities across the developing countries provided online feedback as well as persuaded me to bring this edition. I immensely thank them for their support and encouragement. I am grateful to the teachers who provided to me the comments for upgrading the book. Particularly, I would like to express my gratitude to Prof. Albert C. Mellam, Vice-Chancellor, University of Papua New Guinea, Papua New Guinea and Prof. M. Gangadhara Rao, my teacher and the former Vice-Chancellor, GITAM University.

Mr. Niraj Pandey, Mrs. Ujjwala Pandey, Mr. Anuj Pandey, Mr. Vijay Pandey, and Ms. Nimisha of Himalaya Publishing House Pvt. Ltd. have provided immense support in bringing this revised edition. I thank all of them immensely.

My wife Mrs. Pulapa Rama Devi, was put in inconvenience during the period of writing this book. I express my gratitude to her.

I request the students, teachers and other readers to write to me with their comments and suggestions via e-mail.

Port Moresby, Papua New Guinea
12th April 2014

Pulapa Subba Rao
pulapas@rediffmail.com
Preface to the Fourth Edition

Globalisation and information technology along with changed priorities and attributed value additions of business houses and individual employees brought significant changes in the human resource policies and practices. In addition, several changes have taken place in the practices of human resource management in Indian organisations due to the recent economic recession across the globe. In addition, the overwhelming response of the students and faculty to the third edition of this book inspired me to revise and bring out the fourth revised edition.

The current edition is characterised by the additions in the following chapters:

- Chapter 2: Environmental Analysis
- Chapter 3: Team Analysis and Flexible Job Environment
- Chapter 8: Strategic Approach to Performance Management
- Chapter 9: Audiovisual Methods and E-Training
- Chapter 16: Sixth Pay Commission
- Chapter 25: Employers’ Organisations
- Chapter 26: Employee Counselling and Mentoring
- Chapter 28: Recent Industrial Conflicts
- Chapter 29: Co-determination
- Chapter 33: Employer’s Brand, Competency Mapping, HR Matrix, BPO-HR Issues

Many students particularly from Business Schools in India and Papua New Guinea provided me an opportunity to revise this book. I immensely thank them for their support and encouragement. I am grateful to the teachers who provided to me the comments for upgrading the book. Particularly, I would like to express my gratitude to the University of Papua New Guinea (UPNG) and Sri Krishnadevaraya University, India for providing me an opportunity to revise this book. My special thanks are due to Prof. Albert C. Mellam, Executive Dean, School of Business Administration, University of Papua New Guinea, Papua New Guinea and Prof M. Gangadhara Rao, my teacher and the Vice-Chancellor, GITAM University, India.

Mr. Niraj Pandey, Mrs. Ujjwala Pandey, Mr. Anuj Pandey, Mr. Vijay Pandey, Mr. Krishna Poojari, Mr. S.K. Patil, Mrs. Ivy Lewis, Mr. F. Lewis, Ms. Poopathi, Ms. Nimisha and Ms. Kalpana of Himalaya Publishing House have provided immense support in bringing this revised edition. I thank all of them immensely.

My wife Mrs. Pulapa Rama Devi, daughter Hima Bindu and son Tej Kumar were put in inconvenience during the period of revising this book. I express my gratitude to them.

I request the students, teachers and other readers to write to me with their comments and suggestions via e-mail.

Port Moresby, Papua New Guinea
21st December 2008

– Pulapa Subba Rao
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Contents

Chapter 1  Nature and Scope of Human Resource Management 1 - 27

- Meaning of Human Resources  
- Meaning and Definition of HRM  
- Functions of HRM — Managerial Functions — Operative Functions  
- Nature of HRM  
- Scope of HRM  
- Importance of HRM  
- Role of HRM  
- Systems Approach to Study HRM  
- Objectives of HRM  
- Organisation Design and Live and Staff  
- HR Manager — Role — Qualifications and Qualities — Careers in HRM  
- Evolution, Origin and Development of HRM  
- Questions for Discussion

Chapter 2  Human Resource Management: Environment and Strategies 28 - 43

- Introduction  
- What is Strategy?  
- What is Strategic Management?  
- Strategic Management Process  
- Corporate Level Strategies — Strategic Human Resource Issues  
- Organisational and Human Resource Strategies — Merger and Acquisition Strategies  
- SBU Level Strategies  
- Questions for Discussion

Chapter 3  Job Analysis, Team Analysis and Flexible Job Environment 44 - 66

- Job Design — Approaches — Options: Job Rotation — Job Enlargement — Job Band width — Job Enrichment — Team work  
- Job Analysis — Need — Team Analysis — Process — Information  
- Job Description — Characteristics — Contents — Steps  
- Job Specification — Information • Uses of Job Analysis  
- Team Design and Team Analysis  
- Job Sharing  
- Telecommuting  
- Ergonomics  
- Employee Empowerment  
- Questions for Discussion.

Chapter 4  Human Resources Planning 67 - 81

- Strategic planning-Basis for HRP  
- Meaning and Objectives of HRP  
- Benefits of HRP  
- Factors Affecting HRP  
- Process of HRP — Analysing the corporate and unit level strategies — Demand forecasting — Supply forecasting — Estimating the net human resource requirements — Action plan for redeployment, retrenchment etc. — Forecast the future supply from all sources — Action plan for Outsourcing, Recruitment etc. — Plan to modify organisational plan  
- Problems of HRP  
- Recent Trends in HRP  
- Questions for Discussion

Chapter 5  Recruitment 82 - 95

- Definition and objectives of recruitment  
- Strategic management and recruitment — Company strategies and recruitment strategies — Recruitment policy — Centralised and decentralised recruitment  
- Searching for prospective Employees/Sources of Recruitment — Traditional sources — Modern sources — Stimulate the candidates to apply for a job — Traditional Techniques — Modern Techniques  
- Factors affecting recruitment  
- Applicants' pool  
- Assessment of Recruitment Programme  
- Questions for Discussion

Chapter 6  Selection, Placement and Induction 96 - 114

- Placement — Problems — Making Effective  
- Induction — Objectives — Advantages  
- Questions for Discussion

Chapter 7  Human Resource Development 115 - 131

- Significance of HRD  
- Concept of HRD — Features of HRD  
- Scope of HRD  
- Need for HRD  
- HRD objectives  
- HRD Framework — Techniques of HRD — Outcomes of HRD  
- Functions of HRD Manager  
- HRD Tasks of Line Manager  
- Attributes of an HRD Manager  
- Questions for Discussion
Chapter 8  Performance Appraisal  
- Strategic Management and Performance Appraisal  
- Meaning, Need and Purposes  
- Appraisers  
- Result Method, Productivity Measures, The Balance Scorecard  
- Managerial Appraisal  
- Uses of Performance Appraisal  
- Problems of Performance Appraisal  
- Recent Developments  
- Legal Issues in Performance Management  
- Questions for Discussion

Chapter 9  Employee Training  
- Meaning  
- Assessment of training needs  
- Training methods  
- On-the-Job Methods: Job Rotation, Coaching, Job Instruction, Step-by-Step, Committee Assignments, Internship  
- Off-the-Job Methods: Vestibule Training, Role Playing, Lecture, Conference/Discussion, Programmed Instruction  
- Training procedure  
- Training Within Industry  
- Advantages of training  
- Evaluation of training programme  
- On-Line Training, Special Aspects of Training — Team Training  
- Questions for Discussion

Chapter 10  Management Development  
- Introduction  
- Objectives of, Need for and Principles of Management Development  
- Methods of Management Development  
- On-the-Job Methods: Coaching, Job Rotation, Under Study, Multiple Management  
- Training and Development for International Assignments  
- Selection of Techniques  
- Electronic MDPs  
- Evaluation of MDPs  
- Questions for Discussion

Chapter 11  Career Planning and Development  
- Career Planning — Meaning — Need for — Process  
- Succession Planning  
- Career Development — Steps — Career Development Actions — Advantages  
- Recent Developments  
- Questions for Discussion

Chapter 12  Promotion, Transfer and Demotion  
- Questions for Discussion

Chapter 13  Absenteeism and Labour Turnover  
- Absenteeism — Meaning — Types — Calculation of absenteeism rate — Causes — Categories  
- Measures to Minimise absenteeism  
- Labour Trunover — Meaning — Types — Computation  
- Effects of External Mobility  
- Controlling External Mobility  
- Questions for Discussion

Chapter 14  Management of Change and Development  
- Technology and Change  
- Managing Change  
- Resistance to Change  
- Approaches to Organisational Change  
- Organisation Development — Meaning — Characteristics — Values — Objectives  
- Organisational Culture  
- Questions for Discussion

Chapter 15  Job Evaluation  
- Meaning/Definitions of Job Evaluation  
- Objectives, Principles, Procedure  
- Methods/Techniques of Job Evaluation — Non-Quantitative (Ranking, Job Classification) — Quantitative (Points Rating, Factors Comparison)  
- Problems of Job Evaluation  
- Merit Rating  
- Questions for Discussion
Chapter 16  Wage and Salary Administration  222 - 243
- Definitions and Concepts  
- Objectives of Wages and Salary Administration  
- Factors Affecting Wage/Salary Levels  
- Wage Boards and Pay Commissions  
- Wage Incentives  
- Profit Sharing  
- Bonus  
- Managerial Compensation  
- Questions for Discussion

Chapter 17  Social Security and Welfare  244 - 255
- Need for Extending Benefits  
- Objectives of Benefits  
- Questions for Discussion

Chapter 18  Motivation and Job Satisfaction  256 - 264
- Definitions of Motivation  
- Objectives of Motivation  
- Job Satisfaction — Meaning — Factors of Job Satisfaction  
- Questions for Discussion

Chapter 19  Morale  265 - 271
- Definitions  
- Importance of Morale  
- Individual and Group Morale  
- Factors Affecting Morale  
- Measurement of Morale  
- Morale and Productivity  
- Warning Signs of Low Morale  
- Maintenance of Morale  
- Improvement of Morale  
- Questions for Discussion

Chapter 20  Communication  272 - 292
- Meaning  
- Purposes of Communication in HRM  
- Importance  
- Fundamentals of Communication  
- Functions  
- Process of Communication  
- MIS and Information Technology  
- Oral, Written and Non-Verbal Communication  
- Communication Channels and Network  
- Interpersonal Communication  
- Listening  
- Organisational Communication  
- Informal Communication/Grapevine  
- Barriers to Communication  
- How to make Communication Effective?  
- Ten Commandments of Effective Communication  
- Questions for Discussion

Chapter 21  Leadership  293 - 313
- Leadership — Effectiveness of Leaders — Development of Individuals — Building the Teams — Make the Vision Tangible  
- What is Leadership? — Mutual Influence of Leader and Follower — Leader's Power — Leader Vs. Manager  
- Leadership Styles — Styles based on Traditional Theories — Leadership Styles Based on Modern Theories  
- Qualities/Approaches of Outstanding Leaders  
- Leadership Skills  
- Questions for Discussion

Chapter 22  Work Environment, Industrial Accidents, Safety and Health  314 - 326
- Meaning  
- Fatigue — Implications — Symptoms — Causes — Types  
- Monotony  
- Boredom  
- Measurement  
- Industrial Accidents — Injury — Causes of  
- Employee Safety: Safety Committees  
- Industrial Health: Importance — Occupational Hazards and Risks  
- Questions for Discussion

Chapter 23  Indian Labour Market  327 - 333
- Meaning  
- Salient Features of Indian Labour Market  
- A Profile of Indian Managers  
- A Profile of Indian Workers  
- Organised and Unorganised Labour Markets in India  
- Bonded Labour  
- Child Labour  
- Questions for Discussion
Chapter 24  Industrial Relations  334 - 339

- Meaning of Industrial Relations
- Characteristics of Industrial Relations
- Factors of Industrial Relations — The Three Actors of Industrial Relations — Importance of Harmonious Industrial Relations — Objectives of Industrial Relations
- Functions of Industrial Relations
- Code of Industrial Relations
- Conditions for Congenial Industrial Relations
- Questions for Discussion

Chapter 25  Trade Unions and Employer's Association  340 - 357

- Trade unions: Meaning — Why do workers join unions
- Functions and Role of Unions: A ITUC, INTUC, HMS, BMS, HMP
- Unions structure — Trade Union (Amendment) Act, 2001
- Problems of Trade Unions — Why decline in unions after globalisation?
- Measures to strengthen Trade Union Movement in India
- Employment Organisation: Introduction — Public Sector Employers Organisation — Objectives and Function

Chapter 26  Grievance and Discipline, Counselling and Mentoring  358 - 373

- Employee Counselling Concept, types, objectives - mentoring: Meaning, Functions
- Questions for Discussion

Chapter 27  Collective Bargaining  374 - 379

- Definitions of Collective Bargaining
- Characteristics of Collective Bargaining
- Importance of Collective Bargaining
- Essential Conditions for the Collective Bargaining
- Functions of Collective Bargaining
- Collective Bargaining Process
- Collective Bargaining in India
- Recommendations of NCL
- Questions for Discussion

Chapter 28  Industrial Conflicts  380 - 388

- Definitions of a Dispute/Conflicts
- Causes of Industrial Conflicts
- Types of Industrial Conflicts — Man-days Lost Due to Strikes — Lockouts — Man-days lost due to Lockouts
- Consequences of Industrial Conflicts
- Prevention of Industrial Conflicts
- Settlement of Conflicts
- Questions for Discussion

Chapter 29  Participative Management, Quality Circles and Empowerment  389 - 402

- Co-determination — Autonomous Work Group — Socio-Technical System
- Workers' Participation in Management — Definition — Objectives — Forms: Works Committees, Joint Management Councils, Joint Councils, Shop Councils — WPM Scheme of 1975 — Performance Evaluation — Reasons for Limited Success — Suggestions for Success
- Quality Circles — Meaning — Objectives — Organisational Structure — Benefits of Quality Circles — Problems of Quality Circle
- Co-Determination
- Autonomous Work Group
- Industrial Democracy
- Socio-Technical System
- Suggestion Scheme
- Empowerment Meaning Important Similarities
- Questions for Discussion

Chapter 30  Work Life: Quality and Related Issues  403 - 410

- Quality of Work Life — Meaning — Specific Issues in QWL — QWL and Productivity
- Ergonomics
- Work Place Violence
- Sexual Harassment
- Alcoholism and Drug Abuse
- Questions for Discussion

Chapter 31  Total Quality and Human Resources Management  411 - 418

- Meaning and Definition
- Principles and Core Concepts of TQM
- HRD and TQM
- The Total Quality HR Strategies
- Questions for Discussion
Chapter 32  Human Resource Records, Accounting, Audit and Research  419 - 429
- Human Resource Records — Meaning and types of records — Importance of records — Essentials of good record — Purpose — Reports
- Human Resource Audit — Objectives — Need — Areas
- Human Resource Research — Characteristics — Objectives — Need — Approaches — Process

Chapter 33  Recent Techniques in HRM  430 - 446
- Employer’s Brand • Competency Mapping • HR Matrix • Attitudes, Emotions • Employee Referrals
- Business Process Outsourcing: HR Issues • Right Size of Workforce • Dual Career Groups
- Flexitime • Knowledge Management • Virtual Organisation and HRm • Learning Organisation

Chapter 34  Ethics in Human Resource Management  447 - 453
- Meaning of Ethics • Ethics in: Job Design • Human Resource Planning • Recruitment and Selection • Training and Development • Career Planning and Development • Employee Turnover • Wage and Salary Administration • Questions for Discussion

Chapter 35  International Human Resource Management  454 - 459
- Introduction • Global Recruitment • Global Selection Approach • Expatriates and International Adjustment • Cross-Cultural Training • Compensation • Women in International Business • Questions for Discussion

Chapter 36  E-Human Resources Management  460 - 464
- Introduction • E-business • Neural Networks — Aspects of E-HRM • E-Job Design and Analysis • E-Human Resource Planning • E-Recruitment • E-Selection • E-Performance Management • E-Training and Development • E-Composotion Management • E-HR Records • E-HR Information • E-HR Audit • Questions for Discussion

Appendix - I  Method of Case Analysis  465 - 466
- What is a Case? • How to Analyse a Case?

Appendix - II  Cases  467 - 471
(1) Low Salary for Nationals and High Salary for Expatriates for the Same Job = Halting the Wings of the Flights
(2) Telecommuting: Empty Cubicals vs. Beyond Job Design?
(3) Down Size or Up Size: Compliance to Strategy or Adjust the Strategy?
(4) Decide Now, But Do it Tomorrow!
(5) Treating the Employees as Human Beings and Cost on HR as Strategic Investment?
(6) An Ethical Dilemma
(7) Collective Bargaining vs. Individual Bargaining
(8) Do you Redress the Grievances of Employee’s Wife Too?

Subject Index  472 - 476
INTRODUCTION

Information technology (IT) — a wonderful creation of man — brought significant shifts in our day-to-day life. Indian software professionals made significant strides in the information technology industry of USA. Employees of Rourkela Steel Plant turned the loss-making unit into a profit-making company. Similarly, employees of TISCO, acquired core competencies for their company which was affected by dumping of steel from China. Most of the public sector companies like Hindustan Machine Tools Ltd. (HMT), and Hindustan Cables Ltd., (HCL) became sick. Thus, the people make or mar an organisation. How to induce the people to make an organisation but not to mar it? Every company or organisation is deeply interested in having an answer to this question. The answer to this question centred around the following areas:

- Getting the people who can make an organisation.
- Enabling those people to acquire required capabilities to make a successful organisation.
- Motivating them to contribute their resources continuously for running the organisation successfully.

We need to know an important concept, i.e., human resources. People with required skills to make an organisation are generally referred to as human resources.

Meaning of Human Resources

According to Leon C. Megginson, the term human resources (HR) can be thought of as "the total knowledge, skills, creative abilities, talents and aptitudes of an organisation’s workforce, as well as the value, attitudes and beliefs of the individuals involved." The term human resources can also be explained in the sense that it is a resource like any natural resource. It does mean that the management can get and use the skill, knowledge, ability etc., through the development of skills, tapping and utilising them again and again by developing a positive attitude among employees. The aspect of ‘attitude’ among the human resources aspects gained significance along with globalisation (See Box 1.1).

<table>
<thead>
<tr>
<th>Box 1.1: Positive Attitudes Make An Organisation</th>
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<td>The process of liberalisation, globalisation and the consequent competition made the business organisations to realise that the persons with positive attitude have self-commitment and motivation and are loyal to the organisation. They see the positive aspects and serve the customers. Organisations having employees with positive attitude have become market leaders. Hence, it is suggested that:</td>
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<tr>
<td>❖ Having the right attitude elevates your attitude.</td>
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<td>❖ Try to maintain a positive outlook and strive to adopt an attitude of gratitude.</td>
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<td>❖ Right attitude improves your aptitude.</td>
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Managing of these human resources deals with the above areas and also provides an answer to the question referred above. Now, we shall discuss the meaning of human resources management (HRM) and other areas:

**Meaning and Definition of HRM**

In simple sense, human resources management means employing people, developing their resources, utilising, maintaining and compensating their services in tune with the job and organisational requirements with a view to contribute to the goals of the organisation, individual and the society.

Michael J. Jucius defined Personnel Management as "the field of management which has to do with planning, organising, directing and controlling the functions of procuring, developing, maintaining and utilising a labour force, such that the —

(a) Objectives for which the company is established are attained economically and effectively,
(b) Objectives of all levels of personnel are served to the highest possible degree, and
(c) Objectives of society are duly considered and served."

According to Pulapa Subba Rao, human resources management (HRM) is managing (planning, organising, direct and controlling) the functions of employing, developing, compensating and utilising human resources, resulting in the creation and development of human and industrial relations which would shape the future policies and practices of human resource management, with a view to contribute proportionately (due to them) to the organisational, individual and social goals.

Having discussed the meaning of HRM, now we shall discuss the similar terms of HRM.

**Similar Terms:** Various terms are used to denote human resources management. These terms are: labour management, labour administration, personnel management, personnel administration, human capital management, human asset management, employment administration, employee-employer relations, union management relations, industrial relations and the like.

Under the labour management concept, the employees are treated just like a commodity which can be purchased, used and thrown. Therefore, it deals with employment, wages and firing. The concept of industrial relations deals with relations among employees, trade unions, employers and the government. Therefore, it covers trade unions, disputes, grievances, discipline, collective bargaining and participative management.

The latest term in this direction is Human Resources Development (HRD). Some view that HRM and HRD are one and the same. In fact, some organisations changed their personnel management department as Human Resources Management Department, while other organisations changed them as Human Resources Development Department. But HRD is the developmental aspect of HRM. Thus, HRD is a part of HRM. HRD deals with the training, management development, career planning and development and organisation development.

The most prominent and the closest one to the term human resources management is personnel management.

**Differences between Personnel Management and Human Resources Management**

Personnel Management is different from Human Resources Management. Personnel means persons employed. Hence, personnel management views the man as economic man who works for money or salary. Human resources management treats the people as human beings having economic, social and psychological needs. Thus, HRM is broader in scope compared to personnel management (See Box 1.2). John Storey differentiated personnel management from human resources management. Exhibit 1.1 presents the differences between these two.
Mr. Bhat, Personnel Manager of IVS Group approached the Managing Director and appraised him of the absence of Mr. Perumal, Driver for the past 30 days and requested him to approve the show-cause notice to be served to Mr. Perumal as per the Labour Rules in force.

The Managing Director said to Mr. Bhat: when Mr. Perumal, has been absent for the total month, your duty is in Mr. Perumal’s house but not in the company. Go immediately to Mr. Perumal’s house and report to me before 5 p.m. today.

Mr. Bhat went to Mr. Perumal’s house and found that Mr. Perumal has been in distress as he has been trying to mobilise ₹ one lakh to get the treatment to his sick wife in a reputed hospital in Chennai. Mr. Bhat alongwith Mr. Perumal met the M.D. of the company at 3.00 p.m. and appraised him of the reason for his distress and absenteeism for a month.

The M.D. immediately contacted the hospital and informed them that the company will pay ₹ one lakh tomorrow and asked them to conduct the surgery on Mr. Perumal’s wife tomorrow itself.

The M.D. ordered Mr. Bhat to arrange to issue a cheque for ₹ one lakh and also pay ₹ 10,000 to Mr. Perumal to meet incidental expenses as grant. Mr. Perumal was surprised at the decision of the M.D. and emotionally touched his feet. The M.D. told Mr. Bhat, problems of our employees are our problems, treat them as human beings.

This news spread in the entire company within no time and the employees felt highly secured. The productivity level in the company doubled in the following month itself.

Mr. Bhat then understood that his company follows human resources policy, but not personnel policy and therefore, he should be a HR Manager.

### DIFFERENCES BETWEEN PERSONNEL MANAGEMENT AND HRM

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<th>Dimension</th>
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<th>HRM</th>
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<td>Beliefs and Assumptions</td>
<td>Careful delineation of written contracts.</td>
<td>Aim to be ‘beyond contract’ ‘can do’ outlook, impatience with ‘rule’</td>
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<td>Contract</td>
<td>Clear rules/mutuality procedures</td>
<td>‘Business-need’</td>
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<td>Guide to Management action</td>
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<td>Managerial task</td>
<td>Monitoring</td>
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<td>Pluralist</td>
<td>Unitarist</td>
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<td>Institutionalised</td>
<td>De-emphasised</td>
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<td>Strategic Aspects</td>
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<td>Labour management</td>
<td>Customer</td>
</tr>
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<td>Initiatives</td>
<td>Piecemeal</td>
<td>Integrated</td>
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<td>Corporate plan</td>
<td>Marginal to</td>
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<td>Speed of decision</td>
<td>Slow</td>
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<td>Line Management</td>
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<td>Management role</td>
<td>Transactional</td>
<td>Transformational leadership</td>
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<td>Key managers</td>
<td>Personnel/IR Specialists</td>
<td>General/business/line managers</td>
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<td>Communication</td>
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**Exhibit 1.1**
Nature and Scope of Human Resource Management

FUNCTIONS OF HRM

The functions of HRM can be broadly classified into two categories, viz., (i) Managerial functions and (ii) Operative functions.

I. Managerial Functions

Managerial functions of personnel management involve planning, organising, directing and controlling. All these functions influence the operative functions (See Fig. 1.1).

(j) Planning: It is a predetermined course of action. Planning pertains to formulating strategies of personnel programmes and changes in advance that will contribute to the organisational goals. In other words, it involves planning of human resources, requirements, recruitment, selection, training etc. It also involves forecasting of personnel needs, changing values, attitudes and behaviour of employees and their impact on the organisation.
(ii) Organising: An organisation is a means to an end. It is essential to carry out the determined course of action. In the words of J.C. Massie, an organisation is a "structure and a process by which a co-operative group of human beings allocates its task among its members, identifies relationships and integrates its activities towards a common objective." Complex relationships exist between the specialised departments and the general departments as many top managers are seeking the advice of the personnel manager. Thus, an organisation establishes relationships among the employees so that they can collectively contribute to the attainment of company goals.

(iii) Directing: The next logical function after completing planning and organising is the execution of the plan. The basic function of personnel management at any level is motivating, commanding, leading and activating people. The willing and effective co-operation of employees for the attainment of organisational goals is possible through proper direction. Tapping the maximum potentialities of the people is possible through motivation and command. Co-ordination deals with the task of blending efforts in order to ensure successful attainment of an objective. The personnel manager has to co-ordinate various managers at different levels as far as personnel functions are concerned.

(iv) Controlling: After planning, organising and directing various activities of personnel management, the performance is to be verified in order to know that the personnel functions are performed in conformity with the plans and directions of an organisation. Controlling also involves checking, verifying and comparing of the actuals with the plans, identification of deviations if any and correcting of identified deviations. Thus, action and operation are adjusted to pre-determined plans and standards through control. Auditing training programmes, analysing labour turnover records, directing morale surveys, conducting separate interviews are some of the means for controlling the personnel management function and making it effective.

II. Operative Functions

The operative functions of human resources management are related to specific activities of personnel management, viz., employment, development, compensation and relations. All these functions are interacted with managerial functions. Further, these functions are to be performed in conjunction with management functions as shown in Figure 1.2.

1. Employment: It is the first operative function of Human Resources Management (HRM). Employment is concerned with securing and employing the people possessing the required kind and level of human resources necessary to achieve the organisational objectives. It covers functions such as job analysis, human resources planning, recruitment, selection, placement, induction and internal mobility.
(i) Job Analysis: It is the process of study and collection of information relating to the operations and responsibilities of a specific job. It includes:
- Collection of data, information, facts and ideas relating to various aspects of jobs including men, machines and materials.
- Preparation of job description, job specifications, job requirements and employee specifications which will help in identifying the nature, levels and quantum of human resources.
- Providing the guides, plans and basis for job design and for all operative functions of HRM.

(ii) Human Resources Planning: It is a process for determination and assuring that the organisation will have an adequate number of qualified persons, available at proper times, performing jobs which would meet the needs of the organisation and which would provide satisfaction for the individuals involved. It involves:
- Estimation of present and future requirements and supply of human resources based on objectives and long range plans of the organisation.
- Calculation of net human resources requirements based on present inventory of human resources.
- Taking steps to mould, change and develop the strength of existing employees in the organisation so as to meet the future human resources requirements.
- Preparation of action programmes to get the rest of human resources from outside the organisation and to develop the human resources in terms of existing employees.

(iii) Recruitment: It is the process of searching for prospective employees and stimulating them to apply for jobs in an organisation. It deals with:
- Identification of existing sources of applicants and developing them.
- Creation/identification of new sources of applicants.
- Stimulating the candidates to apply for jobs in the organisation.
- Striking a balance between internal and external sources.

(iv) Selection: It is the process of ascertaining the qualifications, experiences, skills, knowledge etc., of an applicant with a view to appraising his/her suitability to a job. This function includes:
- Framing and developing application blanks.
- Creating and developing valid and reliable testing techniques.
- Formulating interviewing techniques.
- Checking of references.
- Setting up a medical examination policy and procedure.
- Line manager’s decision.
- Sending letters of appointment and rejection.
- Employing the selected candidates who report for duty.

(v) Placement: It is the process of assigning the selected candidate with the most suitable job in terms of job requirements. It is matching of employee specifications with job requirements. This function includes:
- Counselling the functional managers regarding placement.
- Conducting follow-up study, appraising employee performance in order to determine employee adjustment with the job.
- Correcting misplacements, if any.
(vi) **Induction and Orientation:** Induction and orientation are the techniques by which a new employee is rehabilitated in the changed surrounding and introduced to the practices, policies, purposes and people etc., of the organisation.

- Acquaint the employee with the company philosophy, objectives, policies, career planning and development, opportunities, product, market share, social and community standing, company history, culture etc.
- Introduce the employee to the people with whom he has to work such as peers, supervisors and subordinates.
- Mould the employee's attitude by orienting him to the new working and social environment.

2. **Human Resources Development:** It is the process of improving, moulding and changing the skills, knowledge, creative ability, aptitude, attitude, values, commitment etc., based on present and future job and organisational requirements. This function includes:

   (i) **Performance Appraisal:** It is the systematic evaluation of individuals with respect to their performance on the job and their potential for development. It includes:

   - Developing policies, procedures and techniques.
   - Helping the functional managers.
   - Reviewing of reports and consolidation of reports.
   - Evaluating the effectiveness of various programmes.

   (ii) **Training:** It is the process of imparting to the employees technical and operating skills and knowledge. It includes:

   - Identification of training needs of the individuals and the company.
   - Developing suitable training programmes.
   - Helping and advising line management in the conduct of training programmes.
   - Imparting of requisite job skills and knowledge to employees.
   - Evaluating the effectiveness of training programmes.

   (iii) **Management Development:** It is the process of designing and conducting suitable executive development programmes so as to develop the managerial and human relations skill of employees. It includes:

   - Identification of the areas in which management development is needed.
   - Conducting development programmes.
   - Motivating the executives.
   - Designing special development programmes for promotions.
   - Using the services of specialists, and/or utilising of the institutional executive development programmes.
   - Evaluating the effectiveness of executive development programmes.

   (iv) **Career Planning and Development:** It is the planning of one's career and implementation of career plans by means of education, training, job search and acquisition of work experiences. It includes internal and external mobility.

   (v) **Internal Mobility:** It includes vertical and horizontal movement of an employee within an organisation. It consists of transfer, promotion and demotion.
(vi) **Transfer:** It is the process of placing employees in the same level jobs where they can be utilised more effectively in consistence with their potentialities and needs of the employees and the organisation. It also deals with:

- Developing transfer policies and procedures.
- Guiding employees and line management on transfers.
- Evaluating the execution of transfer policies and procedures.

(vii) **Promotion:** It deals with upward reassignment given to an employee in the organisation to occupy higher position which commands better status and/or pay keeping in view the human resources of the employees and the job requirements. This function covers:

- Formulating of equitable, fair and consistent promotion policies and procedures.
- Advising line management and employees on matters relating to promotions.
- Evaluating the execution of promotion policies and procedures.

(viii) **Demotion:** It deals with downward reassignment to an employee in the organisation.

- Develop equitable, fair and consistent demotion policies and procedures.
- Advising line managers on matters relating to demotions.
- Oversee the implementations of demotion policies and procedures.

(ix) **Retention and Retrenchment Management:** Employers prefer to retain more talented employees while they retrench less talented employees. Employers modify existing human resource strategies and craft new strategies in order to pay more salaries, provide more benefits and create high quality of work life to retain the best employees. And managements pay less to the less talented employees and plan to retrench the misfits as well as unwanted employees depending upon the negative business trends.

(x) **Change and Organisation Development:** Change implies the creation of imbalances in the existing pattern or situation. Organisation development is a planned process designed to improve organisational effectiveness and health through modifications in individual and group behaviour, culture and systems of the organisation using knowledge and technology of applied behavioural sciences.

3. **Compensation:** It is the process of providing adequate, equitable and fair remuneration to the employees. It includes job evaluation, wage and salary administration, incentives, bonus, fringe benefits, social security measures etc.

(i) **Job Evaluation:** It is the process of determining relative worth of jobs.

- Select suitable job evaluation techniques.
- Classify jobs into various categories.
- Determining relative value of jobs in various categories.

(ii) **Wage and Salary Administration:** This is the process of developing and operating a suitable wage and salary programme. It covers:

- Conducting wage and salary survey.
- Determining wage and salary rates based on various factors.
- Administering wage and salary programmes.
- Evaluating its effectiveness.
(iii) Incentives: It is the process of formulating, administering and reviewing the schemes of financial incentives in addition to regular payment of wages and salary. It includes:

- Formulating incentive payment schemes.
- Helping functional managers on the operation.
- Review them periodically to evaluate effectiveness.

(iv) Bonus: It includes payment of statutory bonus according to the Payment of Bonus Act, 1965 and its latest amendments.

(v) Fringe Benefits: These are the various benefits at the fringe of the wage. Management provides these benefits to motivate the employees and to meet their life’s contingencies. These benefits include:

- Disablement benefit.
- Housing facilities.
- Educational facilities to employees and children.
- Canteen facilities.
- Recreational facilities.
- Conveyance facilities.
- Credit facilities.
- Legal clinics.
- Medical, maternity and welfare facilities.
- Company stores.

(vi) Social Security Measures: Managements provide social security to their employees in addition to the fringe benefits. These measures include:

- Workmen's compensation to those workers (or their dependents) who involve in accidents.
- Maternity benefits to women employees.
- Sickness benefits and medical benefits.
- Disablement benefits/allowance.
- Dependent benefits.
- Retirement benefits like provident fund, pension, gratuity etc.

4. Human Relations: Practicing various human resources policies and programmes like employment, development, compensation and interaction among employees create a sense of relationship between the individual worker and management, among workers and trade unions and the management.

It is the process of interaction among human beings. Human relations is an area of management in integrating people into work situations in a way that motivates them to work together productively, co-operatively and with economic, psychological and social satisfaction. It includes:

- Understanding and applying the models of perception, personality, learning, intra- and inter-personal relations, intra- and inter-group relations.
- Motivating the employees.
- Boosting employee morale.
Nature and Scope of Human Resource Management

- Developing the communication skills.
- Developing the leadership skills.
- Redressing employee grievances properly and in time by means of a well formulated grievance procedure.
- Handling disciplinary cases by means of an established disciplinary procedure.
- Counselling the employees in solving their personal, family and work problems and releasing their stress, strain and tensions.
- Providing a comfortable work environment by reducing fatigue, monotony, boredom and industrial accidents.
- Improving quality of work life of employees through participation and other means.

5. Industrial Relations: The term ‘industrial relations’ refers to the study of relations among employees, employers, government and trade unions. Industrial relations include:

- Indian labour market
- Trade unionism
- Collective bargaining
- Industrial conflicts
- Workers’ participation in management and
- Quality circles.

6. Recent Trends in HRM: Human Resources Management has been advancing at a fast rate. The recent trends in HRM include:

- Quality of work life
- Total quality in human resources
- HR accounting, audit and research and
- Recent techniques of HRM.

NATURE OF HUMAN RESOURCES

People in any organisation manifest themselves, not only through individual sections but also through group interactions. When individuals come to their workplace, they come with not only technical skills, knowledge etc., but also with their personal feelings, motives, attitude, talent-job fit, values etc. Therefore, employee management in an organisation does mean management of not only technical skills but also other factors of the human resources. (See Box 1.3).

Box 1.3: Everyone is Awesome, So They can Hire the Very Best People to do Even the Most Mundane Jobs

“The worst part of working at Google, for many people, is that they are overqualified for their job. Google has a very high hiring bar due to the strength of the brand name, the pay and perks, and the very positive work culture. As a result, they have their pick of bright candidates, even for the most low-level roles.” “There are students from top 10 colleges who are providing tech support for Google’s ads products, or manually taking down flagged content from YouTube, or writing basic code to A/B test the color of a button on a site.”
Complex Dynamism

A close observation of employees reveals that they are complex beings, i.e., (i) economic, (ii) physiological, (iii) psychological, (iv) socio-logical and (v) ethical beings. The proportions or intensities of these dimensions of the human factor in employment may differ from one situation to another but the fact remains that these are the basic things of the human factor in organisations. Undoubtedly, the physical and mental attributes of human resources are highly pertinent to organisational performance and productivity.

A Social System

Human resources management is relatively new and developed as a part of management (concerned with the management of human resources). In its simple terms, personnel management is the task of dealing with human relationships, moulding and developing the human behaviour and attitude towards the job and organisational requirements. The HR manager involves himself in administering a social system. In this process, the manager has to see that the economic satisfaction for a reasonable livelihood, the social satisfaction of working together as members of a group and individual job satisfaction of a worker are attained.

A Challenging Task

The HR manager plays a crucial role in understanding the changing needs of the organisation and society. Further, he faces some challenging tasks in attaining the employee, organisational and societal objectives with the available resources. In addition to it, the technological developments increasing educational standards etc., further complicate the role of the personnel manager. Hence, the modern HR manager should equip himself with good knowledge of disciplines, viz., Economics, Commerce, Management, Sociology, Psychology, Engineering, Technology and Law.

SCOPE OF HUMAN RESOURCES MANAGEMENT

The scope of human resources management in the modern days is vast. In fact, the scope of HRM was limited to employment and maintenance of and payment of wage and salary. The scope gradually enlarged to providing welfare facilities, motivation, performance appraisal, human resources management, maintenance of human relations, strategic human resources and the like. The scope has been continuously enlarging.

The scope of Human Resources Management includes:
- Objectives of HRM
- Organisation of HRM
- Strategic HRM
- Employment
- Development
- Wage and salary administration/compensation
- Maintenance
- Motivation
- Industrial relations
- Participative management and
- Recent developments in HRM.

Having discussed the scope of human resources management, now we shall discuss the importance of human resources management.
Importance of Human Resources Management

Human resources play a crucial role in the development process of modern economics. Arthur Lewis observed, “there are great differences in development between countries which seem to have roughly equal resources, so it is necessary to enquire into the difference in human behaviour.” It is often felt that though the exploitation of natural resources, availability of physical and financial resources and international aid play prominent roles in the growth of modern economies, none of these factors is more significant than efficient and committed manpower. It is in fact said that all development comes from the human mind.

Human Resources in the Nation’s Well-being

A nation with abundance of physical resources will not benefit itself unless human resources make use of them. In fact, human resources with right attitude are solely responsible for making use of national resources and for the transformation of traditional economies into the modern industrial and knowledge economies (See Box 1.4).

Man vis-à-vis Machine

Most of the problems in organisational sections are human and social rather than physical, technical or economic. No industry can be rendered efficient, so long as the basic fact remains unrecognised that it is principally human. It is not a mass of machines and technical processes but a body of men.

HRM and General Management

Management of an organisation in modern economics is not only complex and sophisticated but it is also vital influencing the economic growth of a country.

One of the fundamental tasks of management is to manage human resources in the service of the economic objectives of the enterprise. Successful management depends not solely, but significantly upon the ability to predict and control human behaviour.

Human Resources System is a Central Sub-system

Human resources system in an organisation is not only a unique sub-system but a principal and central sub-system and it operates upon and controls all other sub-systems (See Fig. 1.2) “Personnel management is a major pervasive sub-system of all organisations.”

Social significance: Proper management of personnel enhances their dignity by satisfying their social needs. This is done by: (i) maintaining a balance between the jobs available and the jobseekers according to the qualifications and needs; (ii) providing suitable and most productive employment, which might bring them psychological satisfaction; (iii) making maximum utilisation of the resources in an effective manner and paying the employee a reasonable compensation in proportion to the contribution made by him; (iv) eliminating waste or improper use of human resources, through conservation of their normal energy and health and (v) by helping people make their own decisions that are in their interests.

Professional significance: By providing a healthy working environment, it promotes teamwork in the employees. This is done by: (i) maintaining the dignity of the employee as a ‘human-being’; (ii) providing
maximum opportunities for personal development; (iii) providing healthy relationship between different work groups so that work is effectively performed; (iv) improving the employees’ working skill and capacity; and (v) correcting the errors of wrong postings and proper reallocation work.

**Significance for individual enterprise:** It can help the organisation in accomplishing its goals by: (i) creating right attitude among the employees through effective motivation (See Box 1.4); (ii) utilising effectively the available human resources and (iii) securing willing co-operation of the employees for achieving goals of the enterprise and fulfilling their own social and other psychological needs of recognition, love, affection, belongingness, esteem and self-actualisation.

## ROLE OF HUMAN RESOURCES MANAGEMENT

Human Resources Management plays the most crucial role in the management of an organisation. Human resources play crucial role in the conversion process of inputs into outputs. Product design, quality maintenance, rendering services etc., depend upon the efficiency of human resources. Similarly, human resources plays critical role in marketing the products and services. Human resource also plays significant role in managing finances and managing information systems. Role of HR at TCS is presented in Fig. 1.3.

### SYSTEMS APPROACH TO STUDY HRM

System is a “particular linking of interrelated and interdependent components having a facilitating effect, on the carrying out of one or more processes.” Components in HRM are of various sub-systems like recruitment, development, compensation, social security measures, strategic issues, industrial relations etc. These components are interrelated as industrial relations is the outcome of HRM policies and practices. They are interdependent as the developmental activities depend on the type of candidates selected. These sub-systems are linked with each other based on the corporate level strategies and departmental level strategies. It has a facilitating effect on the process of contributing the human resources for the achievement of overall organisational goals.

Now, we present the approach of HRM followed in this book. Fig. 1.4 presents the Approach of HRM followed in this book. The logical first aspect to study HRM is its objectives. Therefore, now we shall study the objectives of HRM.
OBJECTIVES OF HUMAN RESOURCES MANAGEMENT

Objectives are pre-determined goals to which individual or group activity in an organisation is directed. Objectives of HRM are influenced by social objectives, organisational objectives, functional objectives and individual objectives (See Fig. 1.5). Institutions are instituted to attain certain specific objectives. The objectives of the economic institutions are mostly to earn profits, and that of educational institutions are mostly to impart education and/or conduct research so on and so forth. However, the fundamental objective of any organisation is survival. Organisations are not just satisfied with this goal. Further, the goal of most of the organisations is growth and/or profits.
The objectives of HRM may be as follows:

(i) to create and utilise an able and motivated workforce to accomplish the basic organisational goals.

(ii) to establish and maintain sound organisational structure and desirable working relationships among all the members of the organisation.

(iii) to secure the integration of individual and groups within the organisation by co-ordination of the individual and group goals with those of the organisation.

(iv) to create facilities and opportunities for individual or group development so as to match it with the growth of the organisation.

(v) to attain an effective utilisation of human resources in the achievement of organisational goals.

(vi) 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 etc.

HRM Objectives at Wipro

- To respect the individual, as people are the greatest assets.
- To govern individual and company relationships with the highest standard of conduct and integrity.
- To be close to the customer through employees.
- To achieve and maintain leadership in people management.

HRM Policies, Procedures and Programmes

After the establishment of objectives of HRM, human resources policies are to be formulated (See Fig.1.6). Policies are general statements that guide thinking and action in decision-making.

Definition of HRM Policy

A policy is a plan of action. Brewster and Richbell defined HRM policies as, “a set of proposals and actions that act as a reference point for managers in their dealings with employees”. “HR policies constitute guides to action. They furnish the general standards or bases on which decisions are reached. Their genesis lies in an organisation’s values, philosophy, concepts and principles”. HR policies guide the course of action intended to accomplish personnel objectives. Box 1.5 provides an example of HRM policy.

What is HRM Procedure?

Policies are general instructions whereas procedures are specific applications. A procedure is a well thought-out course of action. It prescribes the specific manner in which a piece of work is to be done. Procedures are called ‘action guidelines.’ They are generally derived from policies. Where policies define a broad field,
procedures show a sequence of activities within that area. The emphasis is on chronological, step-by-step sequence of required actions. For instance, a student is required to complete several itemized steps in order to register himself to complete several itemized steps for courses in a university. The basic purpose of a procedure is to spell out clearly the way one is to go about doing something.

Box 1.5: HRM Policy in Indian Railways

One of the personnel objectives of Indian Railways is to provide equal employment opportunities to the people of minority sections.

Personnel policy of Indian Railways relating to the above objectives is to fill 15 per cent and 7.5 per cent of the vacancies from those candidates belonging to Scheduled Castes and Scheduled Tribes respectively.

For instance the policy, referred to earlier, might be translated into action through the following procedure.

Further, HR rules and programmes help in translating procedures into concrete action. HR rule spells out specific required action or non-action allowing no discretion. For example, paying bonus of 8.33 per cent of the salary (consisting of pay plus dearness allowance) to all the confirmed employees who had completed minimum one year of continuous service as on March 31, 2014.

HR programmes are complex sets of goals, policies, procedures, rules, steps to be taken, resources to be employed and other elements necessary to carry out a given course of action. It can be said that rules and programmes are aids to policy.

Box 1.6: Get Things in Writing

“If you are in the process of gaining employment with Google, negotiate hard, be demanding, and make sure to get EVERYTHING in writing. Thus, make your negotiation as a rule for your contract. Google makes lots of vague promises, and seems to not deliver.” “In Zurich there is a quiet room where people go to relax, or take a nap. There are very nice looking fish tanks there and you can waste as much of your work time there, watching the fish do fishy things. There was a 100+ e-mails thread about removing the massage chairs from that room because some people allegedly were being kept from sleeping because the massage chairs were too noisy.”

Sources of Content for Formulating HRM Policies

Policies are formulated on the basis of material collected from different sources like:

- past experience of the organisation;
- existing practices and experiences in other organisations of the same nature or in the same geographical area or in the entire nation;
- attitudes, philosophies of the management at various levels, employees, trade unions, etc.;
- the knowledge and experience gained by all line managers and HR managers in handling personnel issues;
- organisational policies etc.

HR policies to be effective should be evaluated and controlled continuously.
ORGANISATION DESIGN AND LINE AND STAFF RELATIONSHIPS

Designing Organisational Structure

Organisations are economic and social entities in which a number of persons perform multifarious tasks in order to attain common goals. Organisations are effective instruments in that they help individuals accomplish personal objectives that they (persons) cannot achieve alone. According to Argyris, “organisations are usually formed to satisfy objectives that can best be met collectively.”

Organisation is only a means to an end. It takes certain inputs from the environment and converts them into specified outputs desired by the society. Organisation design deals with structural aspects of organisations. It aims at analysing roles and relationships so that collective effort can be explicitly organised to achieve the specific ends.

There is significant development in organisation design. Exhibit 1.2 presents these changes.

<table>
<thead>
<tr>
<th>CHANGES IN ORGANISATION DESIGN</th>
<th>Exhibit 1.2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1950s</strong></td>
<td><strong>2000s</strong></td>
</tr>
<tr>
<td>Multiple layers</td>
<td>Flat/Delayered</td>
</tr>
<tr>
<td>Manufacturing/Labour Intensive</td>
<td>Feed forward and very less control</td>
</tr>
<tr>
<td>Autocratic</td>
<td>Team focussed</td>
</tr>
<tr>
<td>Centralised</td>
<td>Adaptive/Mobility</td>
</tr>
<tr>
<td>Tightly held ownership</td>
<td>Flexible</td>
</tr>
<tr>
<td>Individual contributors</td>
<td>Decentralised</td>
</tr>
<tr>
<td>Narrow responsibilities</td>
<td>Externally focussed</td>
</tr>
<tr>
<td></td>
<td>Few Levels</td>
</tr>
<tr>
<td></td>
<td>Empowerment/ownership</td>
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<td></td>
<td>Pay the person based on merit</td>
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<td></td>
<td>Horizontal reinforces</td>
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<tr>
<td></td>
<td>Few rules</td>
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<td></td>
<td>Market-driven</td>
</tr>
</tbody>
</table>

(Adapted from Saurabh Rastogi, Grades to Bands, Human Capital, pp. 45-46.)

Steps in Designing Organisational Structure

The first step in organisation design is analysis of present and future circumstances and environmental factors. The next stage deals with detailed planning and implementation. Organisation analysis is the basis for organisation design and is the process of defining aims, objectives, activities and structure of an enterprise. Organisation analysis includes an analysis of the following aspects:

(i) External environment — economic, political, legal etc.
(ii) Overall aims and purpose of the enterprise — survival, growth, profit maximisation, wealth maximisation etc.
(iii) Objectives — specific aims or targets to be achieved.
(iv) Activities — assessment of work being done and what needs to be done if the company is to achieve its objectives.
(v) Decisions to be taken across horizontal and vertical dimensions.
(vi) Relationships — from the viewpoint of communications.
(vii) Organisation structure — includes grouping of activities, span of management, management levels etc.
(viii) Job structure — job design, job analysis, job description, job specification etc.

* Broad banding is a job hierarchy that contains a small number of levels or grades.
Nature and Scope of Human Resource Management

(ix) Organisation climate — working atmosphere of the enterprise. It includes teamwork and co-operation, commitment, communications, creativity, conflict resolution, participation, confidence and trust.

(x) Management style — includes *laissez-faire*, democratic, benevolent, autocratic.

(xi) Human resources — include availability of human resources marked by skill, knowledge, commitment, aptitude etc.

Formal relations are divided into line and staff relations and let’s look into these relationships in greater detail in the ensuing sections.

(i) Line and Staff Relationships: The relationship with which the managers in an organisation deal with one another are broadly classified into two categories, viz., line and staff. Line and staff are often used in ways that are loose and unclear. Attempts have been made in some organisations to dispense with them. Thus, operating managers/departments are frequently substituted for line and auxiliary and service departments are used for staff. Line and staff are characterised by relationship but not by departments. The important category of relationships is line relationship.

(ii) Line Relationship: The relationship existing between two managers due to delegation of authority and responsibility and giving or receiving instructions or orders is called *line relationship*. Thus, line relationship generally exists between a superior and an subordinate. Line refers to those positions of an organisation which have responsibility, authority and are accountable for accomplishment of primary objectives. Managers identified as line are not subject to command by staff position. In case of disagreement between line and staff, the line manager has the right to make final operating decisions.

Line authority represents uninterrupted series of authority and responsibility delegating down the management hierarchy. In other words, the Board of Directors delegates authority to the managing director who in turn delegates a part of his authority to the general manager. The general manager in turn delegates part of his authority to different departmental heads and through them to the supervisors. However, the line managers are completely responsible and accountable for the results achieved by the respective departments and sections. This does mean that though the authority is delegated, responsibility for action taken by a subordinate still rests with the superior.

The third kind of relationship is staff relationship.

(iii) Staff Relations: The staff concept is probably as old as organisation itself. It is virtually impossible for busy line managers to perform all their functions and concentrate on all activities including management of the people in their respective departments. This gives rise to securing advice and help from specialists. This creates staff relationships. The relationship between two managers is said to be a staff relation, when it is created due to giving and taking advice, guidance, information, help or assistance, counselling etc., in the process of attaining organisational goals.

Thus, staff managers analyse problems, collect information and develop alternative suggestions and help the line managers to make right decisions quickly. Staff control is monitoring and reporting, which brings the results of information to the attention of the line managers for action by the line. Thus, they reduce the workload of the line managers and allow them to concentrate on their operative issues.

Having discussed two concepts, it would be appropriate to apply the line and staff relationship to the organisation design.

Line and Staff Relationships in an Organisation

Organisation can also be structured on the basis of line and staff. As discussed earlier, line and staff are viewed as relationships but not by departments. Some functional managers have line relations with other managers whilst some other managers have staff relations with other managers in the organisation as shown...
Personnel and Human Resource Management in Figure 1.6. But those functional managers having staff relations may have line relations in relation to the subordinates. Thus, organisation structure is designed on the basis of line and staff relationship within the departmental structure. It is often regarded that the personnel manager has staff relation with other managers in an organisation. Now we discuss line and staff relationship and personnel management in an organisation.

**Line and Staff Relationships and HRM**

(i) Human Resources Management is a Line Responsibility: It is widely felt that “human resources management is a line manager’s responsibility but a staff function.” As discussed earlier, the responsibility of line managers is to attain effective goals of their respective departments by the proper management of materials, machine, money and men. Thus, management of four Ms which includes management of HR in their respective departments is the responsibility of the line management. Since management is getting things done through and by the people, responsibility of the management of these people rests with line managers. Attaining overall organisational goals is the responsibility of the general manager through proper management of HR and with the help of different heads of the departments. In turn, management of HR in different departments is the responsibility of heads concerned. In the same way, first level superiors are also responsible for managing the men of their respective sections in achieving their goals. Thus, personnel management is a responsibility of all line managers. It is in this sense, that every manager is a HR manager (See Box 1.7).

**Box 1.7: All Managers are Human Resource Managers at Infosys**

The CEO of Infosys says that their machines are human beings. Computers and software are tools in their hands, their finances are their employees and their employees are their human resources. In essence, all the resources of his company are human resources.

In addition, he says that all employees manage their human resources and other human resources. Thus, all the managers are human resource managers, as managing their team members is their responsibility.
(ii) Line Needs Assistance in Managing Men: In most of the organisations, Board of Directors delegate operative/technical responsibilities to managing directors and through them to the general managers. Different functional managers are delegated with the technical responsibility by the general manager. Since all these line managers have to concentrate on discharging technical/operative responsibility, they may not find time to discharge their responsibilities managing human resources. For example, the production manager has to concentrate on production activities and thus he may not find time to perform the various functions of HR management relating to employees of his own department. In such a situation, the line managers require help or advice relating to HR management of their respective departments.

(iii) Human Resources Management is a Staff Function: Since the top management believes that organisational ability depends on the sound management of human resources, it provides specialised assistance to line managers through HR managers. Thus, HR managers are created for the purpose of providing assistance, advice, information etc., to line managers in order to relieve them from the burden of management of HR and to allow them to concentrate on their technical operations. HR managers perform the various functions of HR management, viz., employment, training, development, wage and salary administration, motivation, grievance redressal, workers’ participation in management, collective bargaining etc. Thus, HR managers perform certain staff functions relating to management of HR like advising, assisting, guiding, suggesting, counselling and providing information to line managers. So, HR management is a staff function.

However, responsibility for the management of personnel still rests with line managers. Thus, HR management is a line management responsibility but a staff function (See Box 1.8).

**Box 1.8: HR Manager in Satyam is a Specialist**

<table>
<thead>
<tr>
<th>Human Resources Manager, Satyam Computers, proudly says, he performs more critical functions of:</th>
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<tbody>
<tr>
<td>Resources Match</td>
</tr>
<tr>
<td>Resources Allocation</td>
</tr>
<tr>
<td>Employee Development</td>
</tr>
<tr>
<td>Employee Retention</td>
</tr>
</tbody>
</table>

Though all the software managers manage their team members, the HR Managers perform more critical and specialist functions of HRM.

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**ROLE OF HUMAN RESOURCES MANAGER**

Human Resources Manager plays a vital role in the modern organisation. He plays various strategic roles at different levels in the organisation. The roles of the HR Manager include roles of conscience, of a counsellor, a mediator, a company spokesman, a problem solver and a change agent.

(i) **The Conscience Role:** The conscience role is that of a humanitarian who reminds the management of its morals and obligations to its employees.

(ii) **The Counsellor:** Employees who are dissatisfied with the present job approach the HR manager for counselling. In addition, employees facing various problems like marital, health, children education/marriage, mental, physical and career also approach the HR managers. The HR Manager counsels and consults the employees and offers suggestions to solve/overcome the problems.

(iii) **The Mediator:** As a mediator, the HR manager plays the role of a peace-maker. He settles the disputes between employees and the management. He acts as a liaison and communication link between both of them.
(iv) **The Spokesman:** He is a frequent spokesman for or representative of the company.

(v) **The Problem-solver:** He acts as a problem solver with respect to the issues that involve human resources management and overall long range organisational planning.

(vi) **The Change Agent:** He acts as a change agent and introduces changes in various existing programmes.

He also performs various other roles like welfare role, clerical role and fire-fighting role as indicated in Fig. 1.7.

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**The Role of the Personnel Manager**

![Figure 1.7](image_url)

**As a Specialist**

The HR department has staff relationship with other departments/managers in the total organisation. The personnel department is responsible for advising management from the Managing Director to the lowest line supervisor in all areas relating to HR management and industrial relations. HR department also performs various functions of employment, training and development. It represents the management in many of the relationships that affect the organisation as a whole. It is also responsible for representing various workers' problems to the management.

HR department generally acts in an advisory capacity; it provides information, offers suggestions and is not responsible for the end results. The HR managers must exercise control very tactfully in order to win the confidence and co-operation of all line managers. They have to persuade line managers to work with staff specialists and not against them. The authority of the HR manager should derive from concrete HR policies and programmes and from the advantages and result of accepted specialised knowledge.

(i) **As a Source of Help:** In certain situations (when line managers lack skill or knowledge in dealing with employee problems), experienced HR managers assume line responsibility for HR matters. But it may be
resented by the very managers who ought to seek staff assistance in meeting their HR responsibilities. They should earn the reputation and confidence of line managers of being a source of help rather than a source of threat to line managers. Staff assistance is likely to be effective when it is wanted rather than imposed.

(ii) As a Change Agent: HR Manager should work as an enabler and change agent regarding HR areas and he should be familiar with different disciplines like management, technology, sociology, psychology and organisational behaviour as organisational adaptability, viability and development are dependent on human resources development. So, the HR manager should work as a consultant of an organisational development by providing necessary information and infrastructure to the line managers. Thus, the role of HR managers is more concerned with providing information and offering advice to the decision-makers rather than making decisions.

(iii) As a Controller: Nevertheless, it is still true that effective HR executives advise on policies, help managers in implementing their programmes and provide services, exercise monitoring and control functions sparingly.

QUALIFICATIONS AND QUALITIES OF HUMAN RESOURCE MANAGER

The functions of HR management vary from organisation to organisation both in nature and degree. So, the qualifications required of a HR manager differ from organisation to organisation depending on its nature, size, location etc. However, the qualifications and qualities which will be applicable in general can be summarised as follows:

1. **Personal Attributes:** The HR manager, as in case of any other manager, must have initiative, resourcefulness, depth of perception, maturity in judgement and analytical ability. Freedom from bias would enable the HR manager to take an objective view both, of the management and workers. They must thus have intellectual integrity. Moreover, the HR manager should be thorough with labour laws. An understanding of human behaviour is essential to the HR manager. He must be familiar with human needs, wants, hopes and desires, values, aspirations etc., without which adequate motivation is impossible.

The Personnel Manager should also possess other personal attributes like:

(i) **Intelligence:** This includes skills to communicate, articulate, moderate, understand etc., command over language, mental ability and tact in dealing with people intelligently, including the ability to draft agreements, policies etc.

(ii) **Educational Skills:** HR manager should possess learning and teaching skills as he has to learn and teach employees about organisational growth, need for and mode of development of individuals etc.

(iii) **Discriminating Skills:** He should have the ability to discriminate between right and wrong, between just and unjust, merit and demerit.

(iv) **Executing Skills:** He/she is expected to execute the management’s decisions regarding personnel issues with speed, accuracy and objectivity. He/she should also be able to streamline the office, set standards of performance, co-ordinate, control etc.

Further, the HR manager is expected to have leadership qualities: deep faith in human values, empathy with human problems, foreseeing future needs of employees, organisation, government, trade unions, society etc.

(v) **Experience and Training:** Previous experience is undoubtedly an advantage provided the experience was in an appropriate environment and in the same area. Training in psychological aspects, labour legislations and more specifically in HR management and general management is an additional benefit. Experience in an enterprise in some other executive capacity can also help towards an appreciation of the general management problems and a practical approach in meeting HR problems.
(vi) **Professional Attitudes:** Finally, professional attitude is more necessary particularly in the Indian context. The HR managers' job, as in the case of other managers, is getting professionalised. He should have patience and understanding, ability to listen before offering advice. As mentioned earlier, he should have the knowledge of various disciplines like technology, engineering management, sociology, psychology, philosophy, human physiology, economics, commerce and law. He must be able to couple his social justice with a warm personal interest in people which must be secured by an uncommon degree of common sense.

(vii) **Qualifications:** Qualifications prescribed for the post of HR manager vary from industry to industry and from State to State. These qualifications have been undergoing several changes from time to time. However, the qualifications prescribed by various organisations include MBA with Human Resources Management Specialisation, MHRM, MA (IR & PM), MPM and PGDPM.

**Careers in HRM**

Candidates, after completing HRM courses and related courses successfully, can pursue a variety of careers in HRM area. Employees already working in various organisations at clerical level also acquire qualifications in HRM in addition to fresh candidates. These candidates are elevated to supervisory/officers' level. The fresh candidates, if selected are placed in the junior management level in HR department and the fresh candidates from premier institutions like XLR, TISS, IIMs etc. are placed in the middle level in HR department. The HR executives in the middle level are promoted to the senior level in the HR department and then to the General Management level in the organisation.

- **Supervisors'/Officer Level:** HR jobs at this level include HR Officers, Industrial Relations Officers, Labour Welfare Officers, Welfare Inspectors, Human Resource Managers, Wage/Salary Officers etc. These jobs are for the internal promote who acquire the HRM qualifications like one-year diplomas in PM & IR or in HRM or in HRD. Employees at this level mostly deal with the data, ground level implementation activities etc.

- **Junior Management Level Jobs:** Candidates with MBA (HRM) qualification MHRM qualification, MA(PM & IR) qualification are placed at junior management level. Employees at this level deal with the co-ordination activities.

- **Middle Management Level Jobs:** Candidates with post-graduate qualification from premier institutions and promotes from the junior management level are placed at this level. Employees at this level coordinate the activities of various HR functions, implement the HR strategies etc. In some organisations, employees at this level also head the HR departments at the regional office level or subsidiary office level etc.

- **Senior Management Level:** Employees working at the middle level management in HR departments in various organisations are either promoted to this level or selected for this level. Employees at this level formulate HR strategies, participate in the top level deliberations while formulating corporate level strategies. HR managers at this level are heads of HR departments.

- **General Management Level:** Some of the efficient managers at the senior management level are placed as the General Manager/President/CEO of the company.

**EVOLUTION AND DEVELOPMENT OF HRM**

The history of development of HR management in India is comparatively of recent origin. But Kautilya had dealt with some of the important aspects of human resources management in his "Arthasastra," written in 400 B.C. Government in those days adapted the techniques of HRM as suggested by Kautilya. In its modern
sense, it has developed only since independence. Though the importance of labour officers was recognised as early as 1929, the appointment of officers to solve labour and welfare problems gained momentum only after the enactment of the Factories Act of 1948. Section 49 of the Act required the appointment of Welfare Officers in companies employing more than 500 workers. At the beginning, Government was concerned only with limited aspects of labour welfare. The earliest labour legislation in India dealt with certain aspects of Indian labourers (Regulation of Recruitment, Forwarding and Employment) sent to various British colonies in 1830. Important phases of evolution of HRM are presented in Exhibit 1.3.

### EVOLUTION OF HRM IN INDIA

<table>
<thead>
<tr>
<th>Period</th>
<th>Development Status</th>
<th>Outlook</th>
<th>Emphasis</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920s-1930s</td>
<td>Beginning</td>
<td>Pragmatism of capitalists</td>
<td>Statutory, welfare paternalism</td>
<td>Clerical</td>
</tr>
<tr>
<td>1940s-1960s</td>
<td>Struggling for recognition</td>
<td>Technical, legalistic</td>
<td>Introduction of Techniques</td>
<td>Administrative</td>
</tr>
<tr>
<td>1970s-1990s</td>
<td>Achieving</td>
<td>Professional,</td>
<td>Regulatory, conforming, imposition of</td>
<td>Managerial</td>
</tr>
<tr>
<td>1980s</td>
<td>Sophistication</td>
<td>Legalistic,</td>
<td>Standards on other functions</td>
<td>Executive</td>
</tr>
<tr>
<td>1990s</td>
<td>Promising</td>
<td>Philosophical</td>
<td>Human values, productivity through people</td>
<td></td>
</tr>
</tbody>
</table>


### RECENT DEVELOPMENTS

Recent developments in the area of human resources management include:

- Treating the employees as economic, social, psychological and spiritual men and women.

The important aspects of development of human resources management in India are shown in the Exhibit 1.4.

### DEVELOPMENT OF HRM IN INDIA

<table>
<thead>
<tr>
<th>Year</th>
<th>Nature of Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>1860</td>
<td>Employers’ and Workmen’s (Disputes) Act was passed. This Act was penal in character, laying down criminal penalties for breach of contract.</td>
</tr>
<tr>
<td>1881 to 1891</td>
<td>Factories Acts of 1881 and 1891 were passed showing concern for workers’ welfare. These Acts were limited to working hours of women and children.</td>
</tr>
<tr>
<td>1863 to 1901</td>
<td>The Assam Labour Acts passed between 1863-1901 were concerned with migration of labour.</td>
</tr>
<tr>
<td>1890</td>
<td>First Labour Organisation, i.e., Bombay Mill Hands’ Association was established.</td>
</tr>
<tr>
<td>1901</td>
<td>The Mines Act, concerned with the safe working conditions in the mines was passed in 1901.</td>
</tr>
<tr>
<td>1905</td>
<td>The Printers’ Union was established in Kolkata.</td>
</tr>
<tr>
<td>1907</td>
<td>The Postal Union was established in Mumbai.</td>
</tr>
<tr>
<td>Year</td>
<td>Event</td>
</tr>
<tr>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>1907</td>
<td>Fact Labour Commission submitted its report to the Government of India.</td>
</tr>
<tr>
<td>1911</td>
<td>Factories Act, 1911 was passed consequently upon the Report of Factory Labour Commission, 1907.</td>
</tr>
<tr>
<td>1915</td>
<td>Calico Mills in Ahmedabad provided welfare facilities by appointing a doctor and a nurse.</td>
</tr>
<tr>
<td>1918</td>
<td>Massive industrial unrest prevailed following the end of World War I.</td>
</tr>
<tr>
<td>1919</td>
<td>The All India Trade Unions Congress (AITUC) was formed.</td>
</tr>
<tr>
<td>1920</td>
<td>Mahatma Gandhi inaugurated the Union of Throstle Department workers. This Union later became the Ahmedabad Textile Labour Association.</td>
</tr>
<tr>
<td>1922</td>
<td>An All India Industrial Welfare Conference was conducted by Social Service League in Bombay. Representatives of the Government and employers attended the meeting. Subjects discussed were workers' education, sanitation, child welfare, trade unionism, housing etc.</td>
</tr>
<tr>
<td>1923</td>
<td>Strikes were organised when employers tried to reduce wages as a measure to reduce cost of living. Workmen’s Compensation Act was passed.</td>
</tr>
<tr>
<td>1924</td>
<td>Strikes were organised in Cotton Mills in Bombay against the management’s decision to withhold the annual bonus due to trade depression.</td>
</tr>
<tr>
<td>1926</td>
<td>Indian Trade Unions Act was passed with a provision of voluntary registration of the Unions basing on certain requirements and giving certain legal protection to officers and members of the Unions.</td>
</tr>
<tr>
<td>1928</td>
<td>Strikes were organised for nearly 5 months in Jamshedpur as a consequence of retrenchment of workers.</td>
</tr>
<tr>
<td>1929</td>
<td>Labour Officers were appointed at the main oil installations in Bombay and Calcutta to take complete charge of all matters of labour like recruitment, promotion, discipline, retirement etc.</td>
</tr>
<tr>
<td>1934</td>
<td>The Bombay Trade Disputes Conciliation Act was passed.</td>
</tr>
<tr>
<td>1935</td>
<td>Bombay Mill Owners’ Association reported to the Government that Government Labour Officer together with the Association Labour Officer was successful in improving industrial relations.</td>
</tr>
<tr>
<td>1936</td>
<td>The Payment of Wages Act (regulating the deductions from wages) was passed.</td>
</tr>
<tr>
<td>1937</td>
<td>Provincial Labour Legislations were passed in Bombay. For example, Bombay Industrial Disputes Act, Maternity Benefits Act, in Bengal etc.</td>
</tr>
<tr>
<td>1938</td>
<td>Bombay Mill Owners’ Association published a booklet called “Recommendations of Labour Matters”.</td>
</tr>
<tr>
<td>1939</td>
<td>Industrial Code under Bombay Industrial Disputes Act was constituted to settle the dispute under the standing procedure.</td>
</tr>
<tr>
<td>1940</td>
<td>Government of India convened Labour Ministers’ Conference which continued ever since with the representatives of employers and employees. Tata School of Social Work started in 1940 is providing training in social welfare.</td>
</tr>
<tr>
<td>1943</td>
<td>Tripartite Labour Conference recommended the setting up of a machinery to enquire into wages and earnings, employment, housing and social conditions.</td>
</tr>
<tr>
<td>1946</td>
<td>Report was submitted by Indian Labour Conference.</td>
</tr>
<tr>
<td>1947</td>
<td>Industrial Disputes Act was passed. Functions of Labour Officer were elaborated covering the recruitment and selection of unskilled labourers.</td>
</tr>
<tr>
<td>1948</td>
<td>Factories Act was enacted.</td>
</tr>
<tr>
<td>1959</td>
<td>The Employment Exchange (Compulsory Notification of Vacancies) Act was passed.</td>
</tr>
</tbody>
</table>
1961  The Maternity Benefit Act and the Apprentice Act were passed.
1965  An ordinance for regulating payment of bonus was issued in May 1965 and was later replaced by the Payment of Bonus Act, 1965 in September of that year.
1970  The Contract Labour (Regulation and Abolition) Act was passed.
1972  Payment of Gratuity Act was passed.
1972 to 1976  ILC did not meet during this period.
1980  Bonus was announced under Productivity Linked Bonus Scheme to the employees working in departmentally run Public Sector Undertakings like Indian Railways, Posts and Telegraphs.
1985  Ministry of Human Resources Development was set up in the Union Cabinet — Many organisations have started changing their personnel department as Departments of HRM and created HRD Departments.
1987  Emphasis has been shifted to various modern techniques of HRM.
1995  Emphasis has been shifted to human resources development (HRD).
1998  Emphasis on HRD, cultural diversity, teamwork and participative management has been continuing. Further, the emerging areas are total quality in management in HRM, empowering the employees and developing empowered teams and integrating HRM with strategic management as the top management realised that HRM is the core of competencies of the 21st century corporations.
1999  Second National Commission on Labour was setup to study the labour conditions.
2001  Emphasis has been on ‘smart sizing of the organisations’.
2002  Emphasis has been shifted to positive attitude of the candidate/employee rather than skill and knowledge.
2003  Shift from intelligence quotient (IQ) to emotional quotient (EQ).
2004  Shift from skilled workers to knowledge workers.
2005  Shift from hierarchical structure to flexible and virtual structures.
2006  HRM has become the core of strategic management level.
2007  The concept of HRM has been relegated to human capital management.
2008  Emphasis has been on retention management and development of own human resources by companies through alliances with universities/colleges.
2009  Continuation of job cuts, pay costs and lay-offs due to prolonged global recession and crisis.
2014  Emphasis is shifted to talent management and flexible human resource policies and practices.

QUESTIONS FOR DISCUSSION

1. “The HR manager is being paid by the management. Is he therefore a representative of the management or HR”. Discuss in detail.

2. Describe in brief the nature and scope for HR function in an organisation. What are the indicators of its working in an organisation?
3. Differentiate the terms personnel from human resources. What is Human Resources Management? Analyse the more comprehensive definition of Human Resources Management.

4. “Objectives of the HR management always contradict the objectives of the HR.” Elucidate the statement.

5. What is HR policy? Describe the important HR policies that affect the job of a HR manager.

6. How does HR function change as the firm grows in size? Briefly describe each stage of development.

7. Identify and discuss the managerial and operative functions of HR management.

8. “HR manager’s position in the company does not determine his voice in policy-making on HR matters.” Discuss.

9. Describe some of the problems that have often been characteristic of human resources departments in the past.

10. What changes in society and within the organisations have been instrumental in reshaping the HR role?

11. “HR management is a basic management pertaining to all levels and types of management.” Discuss.

12. “The objective of HR management in an organisation is to attain maximum individual development, desirable working relationship between employers and employees and effective inclusion of human resources as contrasted with physical resources.” Elucidate.

13. “HR administration is a line responsibility but a staff function.” Discuss.

14. What is line and staff? Explain the sources of conflict between line and staff.

15. Explain the qualities and qualifications necessary for a HR manager.

16. Compare critically the organisation charts of HR departments of two or three companies with model charts discussed in the book.