

human resources always in an ever-changing complex business environment, attracting and retaining qualified and competent employees have become a real challenge of the day for the managers. The 'rule of thumb' has become obsolete and redundant. The need of the new perspective is to have right people for right jobs. This mantra offers organisations an edge, which management experts term as 'competitive advantage' or 'core competency' to survive and thrive in the competitive business environment. The same gives genesis to the concept of HRM in business organisations.

The main objective of this chapter is to present a perspective for human resource management in the Indian context. Accordingly, the meaning, objectives, scope and functions of HRM become the subject matter of this chapter. The chapter also sets tone for discussion in the subsequent chapters of the book.

1.1 MEANING AND DEFINITION

Before we define HRM, it seems pertinent to first define the term 'human resources'. In common parlance, human resources means the people. However, different management experts have defined human resources differently. For example, Michael J. Jucius³ has defined human resources as "a whole consisting of inter-related, inter-dependent and interacting physiological, psychological, sociological and ethical components". According to Leon C. Megginson⁴ "From the national point

of view, human resources are knowledge, skills, creative abilities, talents, and attitudes obtained in the population; whereas from the view-point of the individual enterprise, they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitude of its employees".

*Sumantra Ghosal*⁵ considers human resources as human capital. He classifies human capital into three categories—intellectual capital, social capital and emotional capital. Intellectual capital consists of specialized knowledge, tacit knowledge and skills, cognitive complexity, and learning capacity. Social capital is made up of network of relationships, sociability, and trustworthiness. Emotional capital consists of self-confidence, ambition and courage, risk-bearing ability, and resilience."

Now it is clear from above definitions that human resources refer to the qualitative and quantitative aspects of employees working in an organisation.

Let us now define human resource management.

In simple words, HRM is a process of making the efficient and effective use of human resources so that the set goals are achieved. Let us also consider some important definitions of HRM.

According to *Flippo*⁶, "Personnel management, or say, human resource management is the planning, organising, directing and controlling of the procurement, development, compensation, integration, maintenance, and separation of human resources to the end that individual, organisational and social objectives are accomplished".

The National Institute of Personnel Management (NIPM) of India⁷ has defined human resource/personnel management as "that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective team, with due regard for the

The relationship between the work force and the management as well as employment contracts. Especially in the case of employees and management see and treat each other as pluralism is respected as a social value and tradition. On the contrary, HRM emphasizes open-endedness in the exigencies of business, conflict is viewed as a necessary inter-personal relations rather than structure. HRM seeks to motivate employees and constantly

2. PM does not focus on strategic management. Its function is mainly reactive. It does not view labour-management relations as a present organisational needs but as a process which also seeks to release the inner potential of employees.
3. The edifice of PM is built on the basis of collective relations. Thus, employees get standardized relations. Pay is linked with contribution. HRM seeks to develop the individual development for the organisation. HRM seeks to use the full potential of employees in developing organisation.

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According to *Decenzo and Robbins*⁸, “HRM is concerned with the people dimension in management. Since every organisation is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organisation are essential to achieving organisational objectives. This is true, regardless of the type of organisation—government, business, education, health, recreation, or social action”.

Thus, HRM can be defined as a process of procuring, developing and maintaining competent human resources in the organisation so that the goals of an organisation are achieved in an effective and efficient manner. In short, HRM is an art of managing people at work in such a manner that they give their best to the organisation for achieving its set goals.

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 3. The edifice of PM is built on the collective agreement. Employees get standardized rewards based on performance of collective relations. Thus, performance is linked with contribution made by the employee. HRM seeks to develop the competence and development for the organisation, and performance is linked with contribution made by the employee. HRM seeks to use the full potential of human resources in developing organisational competence.
- Some authors have developed the

Dimensions
a. Nature of relations
b. Perception of conflict
c. Contract
d. Role of procedure
e. Planning perspective
f. Acceptability

1.3 OBJECTIVES

The primary objective of HRM is to ensure the availability of right people for right jobs so as the organisational goals are achieved effectively. This primary objective can further be divided into the following sub-objectives:

1. To help the organisation to attain its goals effectively and efficiently by providing competent and motivated employees.
2. To utilize the available human resources effectively.
3. To increase to the fullest the employee's job satisfaction and self-actualisation.
4. To develop and maintain the quality of work life (QWL) which makes employment in the organisation a desirable personal and social situation.
5. To help maintain ethical policies and behaviour inside and outside the organisation.
6. To establish and maintain cordial relations between employees and management.
7. To reconcile individual/group goals with organisational goals.

Werther and Davis¹² have classified the objectives of HRM into four categories as shown in table 1.2.

Nature and Scope of Human Resource Management
(see figure 1.1). The same objectives and functions
these are discussed, in detail

Control
Human Resource Management Human Resource Management Human Resource Management System

Maintenance
Remuneration Motivation Health & Safety Social Security Industrial Relations Performance

est and lunch rooms, housing, transport, medical assistance, etc.
activities, etc.

3. Industrial Relations Aspects. This covers union-management relations, joint consultation, collective bargaining, grievance and disciplinary actions, settlement of disputes, etc.

1.5 FUNCTIONS

We have already defined HRM. The definition of HRM is based on what managers do. The functions performed by managers are common to all organizations. For the convenience of study, the functions performed by the human resource management can broadly be classified into two categories, viz. (1) managerial functions, and (2) operative functions (see fig. 1.2). These are discussed in turn.

Managerial Functions

Planning. Planning is a predetermined course of actions. It is a process of determining the organisational goals and formulation of policies and programmes for achieving them. Thus, planning is future oriented concerned with clearly charting out the desired direction of business activities in future. Forecasting is one of the important elements in the planning process. Other functions of managers depend on planning function.

Organising. Organising is a process by which the structure and allocation of jobs are determined. Thus, organising involves giving each subordinate a specific task, establishing departments, delegating authority to subordinates, establishing channels of authority and communication, coordinating the work of subordinates, and so on.

Fig. 1.2 : Functions of Human Resource Management

Staffing: This is a process by which managers select, train, promote and retire their subordinates. This involves deciding what type of people should be hired, recruiting prospective employees, selecting employees, setting performance standard, compensating employees, evaluating performance, counseling employees, training and developing employees.

Directing/Leading: Directing is the process of activating group efforts to achieve the desired goals. It includes activities like getting subordinates to get the job done, maintaining morale, motivating subordinates etc. for achieving the goals of the organisation.

Controlling: It is the process of setting standards for performance, checking to see how actual performance compares with these set standards, and taking corrective actions as needed.

Operative Functions

The operative, also called, service functions are those which are relevant to specific department. These functions vary from department to department depending on the nature of the department. Viewed from this standpoint, the operative functions of HRM relate to ensuring right people for right jobs at right times. These functions include procurement, development, compensation, and maintenance functions of HRM. A brief description of these follows:

Procurement. It involves procuring the right kind of people in appropriate number to be placed in the organisation. It consists of activities such as manpower planning, recruitment, selection, placement and induction or orientation of new employees.

Development. This function involves activities meant to improve the knowledge, skills, aptitudes and values of employees so as to enable them to perform their jobs in a better manner in future. These functions may comprise training to employees, executive training to develop managers, organisation development to strike a better fit between organisational climate/culture and employees.

Compensation. Compensation function involves determination of wages and salaries matching with contribution made by employees to organisational goals. In other words, this function ensures equitable and fair remuneration for employees in the organisation. It consists of activities such as job evaluation, wage and salary administration, bonus, incentives, etc.

higher order needs, individualisation of employee relations.

3. The main objective of HRM is to ensure the availability of right times so that the organisational goals are achieved effectively.
4. The scope of HRM consists of acquisition, development, human resources in the organisation.
5. The functions performed by human resource management are operative functions and operational functions.

KEY TERMS

Human Capital	Personnel
Human Resource Management	Quality
Organisational Culture	Training

REVIEW AND DISCUSSION

1. Define human resource management. How does it differ from personnel management?
2. "Human resource management is old wine in new bottle." Discuss.
3. Explain the objectives of HRM. How can they be achieved?
4. "There are two sets of human resource management functions: operative and operational." Discuss these functions.
5. Outline the scope of human resource management thought.

1. Quoted by C.B. Gupta: Human Resource Management (Reprint) 2002, p.13.

Maintenance. It is concerned with protecting and promoting employees while at work. For this purpose, various benefits such as housing, medical, educational, transport facilities, etc. are provided to the employees. Several social security measures such as provident fund, pension, gratuity, group insurance, etc. are also arranged.

It is important to note that the managerial and operative functions of HRM are performed in conjunction with each other in an organisation, be large or small organisations.

Having discussed the scope and functions of HRM, now it seems pertinent to delineate the HRM scenario in India. Accordingly, the next chapter is devoted to discuss evolution and environment of HRM in India.

1.6 SUMMARY

This summary is organised by the *learning objectives* given on page..1:

1. HRM is a process of procuring, developing, maintaining, and controlling competent human resources in the organisation so that the organisational goals are achieved in an effective and efficient manner.

...ment is reactive. human resource management is proactive. HRM emphasises on