

**D.N.R.COLLEGE, (AUTONOMOUS): BHIMAVARAM**  
**DEPARTMENT OF MANAGEMENT STUDIES**



**HUMAN RESOURCE MANAGEMENT**  
**II SEMESTER**

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## **CP - 203, HUMAN RESOURCE MANAGEMENT MBA II SEMESTER eNOTES**

**UNIT-I:**Introduction: Definition and Functions of HRM; Principles of HRM; Changing Environment of HRM; Challenges; Ethical Aspects of HRM.

### **INTRODUCTION**

#### **HUMAN RESOURCE MANAGEMENT**

Human resources may be defined as the total knowledge, skills, creative abilities, talents and aptitudes of an organization's workforce, as well as the values, attitudes, approaches and beliefs of the individuals involved in the affairs of the organization. It is the sum total or aggregate of inherent abilities, acquired knowledge and skills represented by the talents and aptitudes of the persons employed in the organization.

The human resources are multidimensional in nature. From the national point of view, human resources may be defined as the knowledge, skills, creative abilities, talents and aptitudes obtained in the population; whereas from the viewpoint of the individual enterprise, they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employees.

Human Resource Management has come to be recognized as an inherent part of management, which is concerned with the human resources of an organization. Its objective is the maintenance of better human relations in the organization by the development, application and evaluation of policies, procedures and programs relating to human resources to optimize their contribution towards the realization of organizational objectives.

### **DEFINITIONS**

“**Human Resource Management** is the function performed in organizations' that facilitate the most effective use of people (employees) to achieve organizational and individual goals”.

- Ivancevich and Glueck

**Human Resource Management** as “planning, organizing, directing, controlling of procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are achieved.”

- **Edwin Flippo**

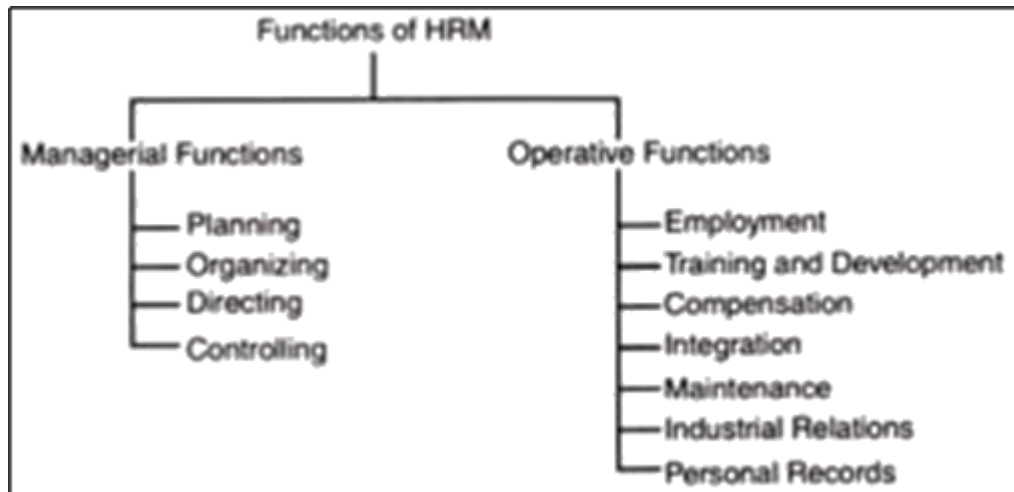
“**Human Resource Management** encompasses those activities designed to provide for and co-ordinate the human resources of an organization”.

- **Byars and Rue**

## **FUNCTIONS OF HUMAN RESOURCE MANAGEMENT**

Functions of Human Resource Management Includes:

- **Managerial Functions**
- **Operative Functions**



### **Managerial Functions Includes:**

**1. Planning:** One of the primary functions where number & type of employees needed to accomplish organizational goals are determined. Research forms core HRM planning which

also helps management to collect, analyze and identify current plus future needs within the organization.

**2. Organizing:** Organization of the task is another important step. Task is allocated to every member as per their skills and activities are integrated towards a common goal.

**3. Directing:** This includes activating employees at different levels and making them contribute maximum towards organizational goal. Tapping maximum potentialities of an employee via constant motivation and command is a prime focus.

**4. Controlling:** Post planning, organizing and directing, performance of an employee is checked, verified and compared with goals. If actual performance is found deviated from the plan, control measures are taken.

### **Operative Functions Includes:**

**1. Employment:** Employment is the agreement which is performed between employer and employee which determines the task, the job role, the way of service and the contribution the employer must provide to the organization. Based on the job role and various other aspects a certain amount of remuneration and facilities is decided by employee which is provided in exchange of his service.

**2. Training and Development:** It refers to educational activities within a company created to enhance the knowledge and skills of employees while providing information and instruction on how to better perform specific tasks. It also prepares employees for higher level responsibilities.

**3. Compensation:** Compensation refers to the remuneration that an employee receives in return for his/her services to the organization. Compensation management is an integral part of human resource management and helps in motivating the employees and improving organizational effectiveness.

**4.Integration:** This tries to integrate the goals of an organisation with employee aspirations through various employee-oriented programmes, like redressing grievances promptly, instituting proper disciplinary measures, empowering people to decide things independently, encouraging a participative culture, offering constructive help to trade unions etc.

**5.Maintenance:** Minimizing employee turnover and sustaining best performing employees within the organization is the key. Minimizing ROI within HR department is also a key goal for Human resource management team.

**6.Industrial Relations:** Labour relation is regards to the workforce who work within a trade union. Employees in such domain form a union/group to voice their decisions affectively to the higher management.

**7.Personal Records:** This function involves recording, maintaining and retrieving employee related information including employment history, work hours, earning history etc.

## **PRINCIPLES OF HRM**

### **1. Principle of Scientific Selection:**

For the proper coordination between work and workers it is necessary to have a right person for the job so that the question of inability of the person will not arise and workers will be able to get and do work according to the interest. The candidates are to be selected as per their merit. Qualification, experience, and achievements of candidates in past are to be considered. The partial selection is to be avoided.

### **2. Principle of Effective Communication:**

There must be effective medium of communication between the management and the workers. Communication means that, orders of higher authorities are conveyed in a proper way. If this arrangement is not effective then there arises complex problems like mistrust, hatred and ill-will and this in turn affects the production of the organisation.

### **3. Principle of Maximum Individual Development:**

This principle stresses on the personnel development of every person working in an organisation. By this principle, workers are able to fulfil the objectives of an organisation with the minimum cost, hence giving them occasion to develop, themselves to the maximum extent of their capabilities. Their ability, productivity and efficiency could be used for the concerned objectives.

### **4. Principle of High Morale:**

It is essential to have a high morale for the workers organisation and work. With this purpose, ideal wage policy should be offered in the organisation. The high morale would be in position to create positive attitude and sense of motivation. There two things are very important for achieving the objective in time and more effectively.

### **5. Principle of Team Spirit:**

Team spirit must be developed in the workers. They should work collectively and they should feel collective responsibility for the execution of the objectives of the organisation, with this

intention, they must have the sense of the cooperation, unity and mutual trust. It is only team spirit that keeps the members united to shoulder the challenging tasks and fulfil them in time properly.

#### **6. Principle of Dignity of Labour:**

Personnel management should work specially on this principle so that the labourers feel proud of their work. Sentiments like 'work is worship' should be developed in them and for this they should be appraised with their work. With this purpose, the principles of the division of work and specialisation will prove helpful.

#### **7. Principle of Joint Management:**

This principle emphasises the idea of labour partnership in the business. In the age of industrial democracy, it is better to give to the labour his share in management. This creates responsibility in labour with increasing mutual faith and friendship. This will help to foster labour relations. The morale of people at lower level would be high and they would be satisfied. This situation can motivate them to give their best output at work.

#### **8. Principle of Contribution to National Prosperity:**

Personnel management should develop the sense of patriotism in labour by which organisation will be successful in achieving its objectives and success of individual organisation is ultimately the success of the nation as a whole. When everyone performs his task at full capacity then only the best result is possible. Collectively it would lead to prosperity of the national as a whole.

#### **9. Principle of Fair Reward:**

Labour should be given proper compensation for the work. This develops industrial peace. History itself shows that all strikes, lockouts and breakages in the Indian factories are because of the dissatisfaction of the workers arising mainly due to improper way of rewarding the workers for their work. The impartial approach should be there in selecting the candidates for reward. It should be on performance achieved basis.

### **10. Principle of Effective Utilisation of Human Resources:**

The development of personnel management is for the effective use of the human resources. It is needful that man should be thought as man. He should be asked to do the work that he can do and for his development proper training be provided. A sentiment of arbitrariness should be developed among them.



## **CHANGING ENVIRONMENT OF HRM**

Business environment is changing environment and so is HR environment. The changing environment of HRM includes work force diversity, economic and technological change, globalisation, organisational restructuring, changes in the nature of jobs and work and so on.

The five factors involved in the changing environment of HRM are as follows:

### **1. Work force Diversity:**

Diversity has been defined as any attribute that humans are likely to use to tell themselves, that person is different from me and, thus, includes such factors as race, sex, age, values, and cultural norms. The Indian work force is characterized by such diversity that is deepening and spreading day by day. However, increasing number of women in the work force has been necessitating the implementation of more flexible work scheduling, child care facilities, maternity and now paternity leave also and transfer to location of husband's place of posting.

Also, as the work force ages, employers will have to grapple with greater health care costs and higher pension contributions. On the whole, the increased diversity of work force will place tremendous demands on the HR management function.

### **2. Economic and Technological Change:**

Along with time, several economic and technological changes have occurred that have altered employment and occupational pattern. In India too, there is a perceptible shift in occupational structure from agriculture to industry to services. The New Economic Policy, 1991 has led to liberalization and globalization giving genesis to multinational organisations with their multicultural dimensions having certain implications for HRM.

Technology has become the hallmark of the modern organisations. As such, modern organisations have become the technology-driven organisations. So, to say, men are replaced by machinery

### **3. Globalization:**

Globalization increases competition in the international business. Firms that formerly competed only with local firms, now have to compete with foreign firms/competitors. Thus, the world has become a global market where competition is a two-way street.

Globalization has given genesis to the multinational corporations (MNCs). The MNCs are characterised by their cultural diversities, intensified competition, variations in business practices and so on. As an international business expert puts it, 'the bottom line is that the growing integration of the world economy into a single, huge market place is increasing the intensity of competition in a wide range of manufacturing and service industries.

#### **4. Organisational Restructuring:**

Organisational restructuring is used to make the organisation competitive. From this point of view, mergers and acquisitions of firms have become common forms of restructuring to ensure organisational competitiveness. The mega-mergers in the banking, telecommunications and petroleum companies have been very visible in our country. Downsizing is yet another form of organisational restructuring.

#### **5. Changing Nature of Work:**

Along with changes in technology and globalization, the nature of jobs and work has also changed. For example, technological changes like introduction of fax machines, information technology, and personal computers have allowed companies to relocate operations to locations with lower wages. There is also a trend toward increased use of temporary or part-time workers in organisations.