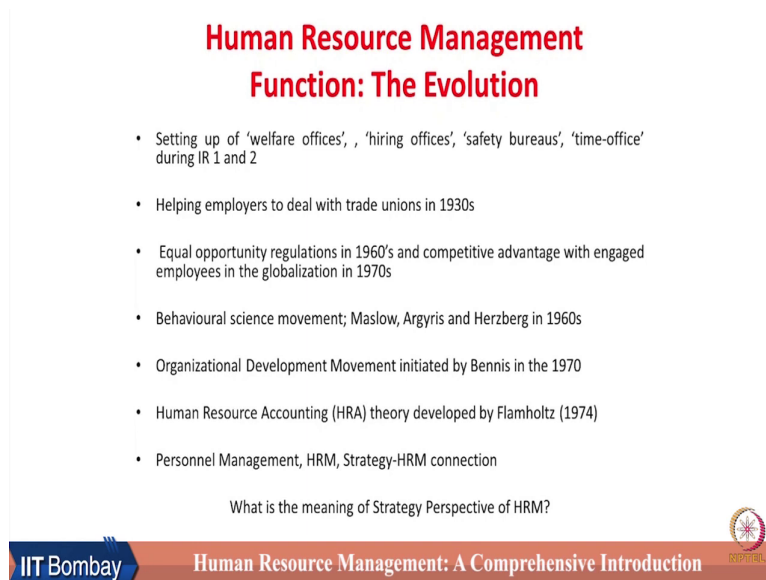


**Advances in Strategic Human Resource Management**  
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**Strategic Human Resource Management (SHRM) and People Competency**  
**Maturity Model**  
**Lecture - 01A**  
**The Evolution and Role of HR Function**

[FL]. Welcome to the course. Human Resource Management, as a function has evolved through many stages in last 150 years.

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**Human Resource Management**  
**Function: The Evolution**

- Setting up of 'welfare offices', , 'hiring offices', 'safety bureaus', 'time-office' during IR 1 and 2
- Helping employers to deal with trade unions in 1930s
- Equal opportunity regulations in 1960's and competitive advantage with engaged employees in the globalization in 1970s
- Behavioural science movement; Maslow, Argyris and Herzberg in 1960s
- Organizational Development Movement initiated by Bennis in the 1970
- Human Resource Accounting (HRA) theory developed by Flamholtz (1974)
- Personnel Management, HRM, Strategy-HRM connection

What is the meaning of Strategy Perspective of HRM?

**IIT Bombay** **Human Resource Management: A Comprehensive Introduction**

If we look at the very early science of the human resource management function, in the business organizations or in the workshops and factories, we can look at the examples of the

‘welfare offices’, ‘hiring offices’, ‘safety bureau’, ‘time-offices’. They were set up at the time of industrial revolution 1 and industrial revolution 2.

These offices were mainly related to ensuring the safety measures or some of the important facilities important for the workers or employees in any organization. In 1900, hiring became and it was recognized as a very important function, and for that hiring offices started to get established in factories, workshops, and offices.

In 30s, we see that as aftermath of the Bolshevik revolution and emergence of the labor as a very powerful force in a society, we see the emergence of the trade unions. So, in the 30s, the job of dealing with the trade unions also fell in the lap of a function. Today, which we call human resource management.

There were some major changes and development in the form of introduction of equal opportunity regulation in 1960s. That was very important, that came as a very important responsibility of HR function because now it was the very important duty of HR function to ensure that there is no discrimination in the recruitment process in offices, in factories, and at work place.

In 70s, the strategic management and the concern for getting competitive advantage in the increasing globalizing world became a prominent concern. As a result of that, HR function, at that time it used to be called administrative function, or industrial relation function, or sometime called personal management.

For them, it became an important responsibility to keep the employees engaged in their work and committed to their work and organization. That was the moment in the 70s. In between, behavioural science movement also played a very important role in emergence of human resource management function.

With the Hawthorne experiment conducted under the leadership of Elton Mayo, we came to know the importance of relationship, importance of giving autonomy, importance of giving facility, and importance, most importantly importance of giving attention to the employees.

And that was a significant landmark step in the movement called human relation movement. Which emphasized on the humane aspect, aspect related to relationship, aspect related to care, concern and attention and their importance at work place because that has, that those were found to be very significantly affecting the productivity of the employees.

From Elton Mayo, we have the work of Maslow, who worked on the motivation, Argyris who worked on the learning, Herzberg who again gave a hygiene, motivating in hygiene factors of motivation. These were the important thinkers who influenced in the 60s. These were the important thinkers who influence the emergence of human resource management in 1960s.

Application of the behavioural sciences and the tools and techniques emerging from that is the basis of organization development. The field of organization development though we started with the path making work of Kurt Lewin, who looked at the, who systematically studied the group dynamics in the national training laboratory or and the group dynamics centre.

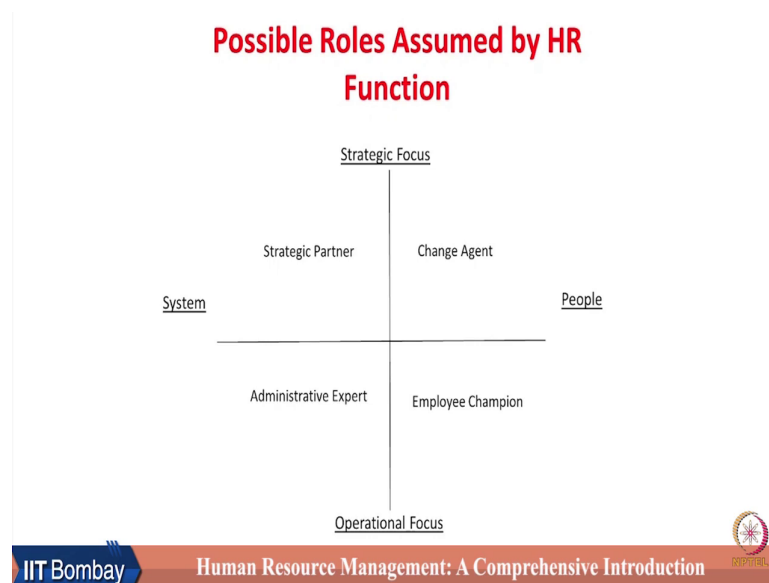
But Bennis, systematized the field of organization development and that also contributed immensely in the development of human resource management function. In the mid-70s, Flamholtz started a significant process of bringing human resources under the embed of some form of accounting. It was not typical financial accounting, but the Flamholtz, but the Flamholtz effort was aimed at giving the monetary value to the human resources.

After Flamholtz, their, after the work of Flamholtz, there are there were many other human resource accounting model developed like a Chow and Liu model or Jaggi model of human resource accounting. But that also gave a push to look at the human resource management function and their impact in more tangible ways.

So, this is how the emergence of human resource management function has come to the current stage, which is actually a combination of the personal management strategy, HRM connection, administrative function of the business organizations and industrial relations. We need to understand, what is the meaning of strategic perspective of HRM.

Because of late strategic perspective of HRM has gained a significant currency, and in fact, the importance and the contribution of HRM is now expressed in the form of strategic benefit or a strategic advantage.

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So, we will look at the strategic advantage and the strategic benefits of the HR function and how to examine that more and how the strategy in HR are closely connected. But before that

we need to understand what are the other different roles HR function can take up, in different organizations or in the same organization, maybe in the different stages of its development.

This typology was given by Ulrich. What he suggested that HR function can have very operational focus and it or it can have a strategic focus. HR function can also have more emphasis on the people and can have more concern for people or it can gear up more to sustain and maintain the system in organization.

At the cross section of these two continuum, we get 4 roles of HR function. What are those roles? First of these roles is can be called administrative expert. The administrative expert role of HR is the combination of the focus of HR function on creating system and having operational focus. Employee champion role emerges with the combination of the focus on the people or concern for people and maintaining the focus at the operational aspects of business.

Operational aspects are more related to efficiency and strategic aspect are more related to effectiveness. Operational focus or operational aspects are related to more related to short term objectives and strategic focus or strategic concerns are more related to long term objectives.

At the cross section of strategic focus and people focus, we get another role of HR which is called change agent. Importance of HR in terms of preparing organization to meet its strategic objective, we see the role of change agent. Change agent as a HR function as a change agent focuses on the development of people to embrace the change, to innovate, to change their behaviour, to build a new knowledge base, to meet the new challenges in emerging in the business environment.

The fourth role is called strategic partner. A strategic partner role of HR emerges at the cross section of strategic focus and system focus. HR function as a strategic partner looks at the long term objectives of the business organization. In fact, it is it geared up to achieve the business objectives in the medium and long term, and accordingly, it takes this terms.

Policies and processes of HR are defined, designed and implemented in view of the medium and long term focus, and with the objective of developing and maintaining systems and processes within the organization. So, we come across these 4 roles of HR. Which one do you think is the most important role? The answer is no one role is the most important role. At different stages of the organization life cycle, and according to the demand of environment, different roles can be more sought after in business organizations.

For example, in the very beginning when an organization is just setting up a HR function to manage its personnel, they need to identify processes, systems and make rules and regulations. In that stage, administrative expert role is more important. As organization grows, many a time rules and regulations become obstacle in on the pathway to give best by their employees.

In that situation, HR has to come to the forefront and take care of the employees and it has to champion the cause of the employees. That time employee champion role becomes very prominent and very important. When organization has been set up, when the function, when the operations have begun and organization is looking at the long term of meeting the long term objectives, it is aiming at getting the competitive advantage or it is aiming at harnessing its competitive advantage.

When it is aiming at coming ahead of the competition in the market, then HR has to support the business by being a strategic partner. As a strategic partner, they need to help the business to translate the long term objectives into HR processes and systems. They also have to develop the HR processes and system, which can help the business to achieve its long term objectives.

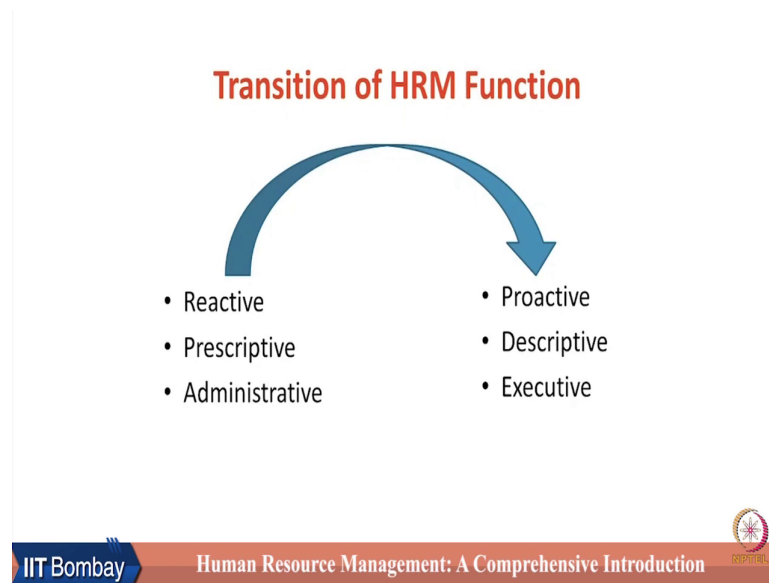
They need to develop systems and processes, so that the transaction cost involved in the day-to-day transaction of between the employer and employees can come down. And they help in making the organization a solid, well-functioning, well oil machinery, which can move towards the desirable objective, that role is played by the strategic partner.

In the process of development, in the process of functioning, an organization can achieve its objective, can grow, but all organization meet roadblocks or they are they face competition. Many a time, their functioning become less efficient and they many a time organizations are not able to cope up with the changes in the technological, political, social or global environment or business environment.

In order to make the organization cope up the challenges and to regain or gain its efficiency and effectiveness, HR has to play the role of change agent. In the role of change agent, they need to help the leadership to develop. They also need to help the business leadership to prepare their employees, prepare their team members, to look at the challenges, to understand the challenges and meet those challenges with full vigour, and employ the most optimum competency to regain or gain the competitive advantage.

So, you can see that according to the business environment and according to the life stage of the organization, the role of HR can change from strategic partner to change agent to administrative expert to employee champion. Ideally, HR has to play all the roles at the same time.

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In last few years, at least in particularly in 2 decades, the HRM function has transitioned and is supposed to transition from being reactive to proactive. That means, they may not keep looking at the lagging indicators, they need to look at the leading indicators, and proactively suggest the ways of enhancing productivity or enhancing the engagement of the employees to the management, to the business leader more proactively.

HR cannot just remain prescriptive; they need to actually set up the systems and processes and help the business to set up the systems and processes according to the nature of the people working in the organization. HR function has to also transition from being administrative, where the job is more giving instruction to executive, where the job of HR function is more hands on. Wherein, they look at the systems and processes and work in close contact with the other functions of organization.



