

Human Resource Management – I
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Lecture No. # 01
Nature and Scope of HRM

Good morning. So today, what is the topic? Topic is nature and scope of HRM, now we all know what is HRM? It is Human Resource Management. Now, when you say human resource, what do you understand by this human resource, it is something like money or some other asset, what do you understand by human resource? Manpower, so see his understanding is that it is a power, so whoever possesses a resource has a power with him, someone else says service, what exactly do you mean by service. Human resource, training people in a particular task, so what she feels is like a potential asset, once you train the asset it becomes productive, any other view on this? Human resource, you know we talk of land being a resource, labour being a resource, in the old days we used to call it labour, machinery being some resource if you own it.

So, do you own the human resource? Land you can own, machinery you can own, material you can own, can you own the human resource; that means, a kind of slave, you own me for instance? No, it is in a different context. What is that context? Just like you own land, you certainly do not own a human resource, do you? We all agree, we do not own. At one time, may be in the past in some societies even a human resource used to be owned like bonded labour or slavery.

Now a days, society does not permit that, it is wrong, so then what happens then, as an employer are you going to own the human resource? No, so therefore, how are you going to utilize that you do not own, you have to hire; that means, you enter into an agreement, kind of contract, and that agreement always comes why, because there is a mutual need. You would like to work for me and I want someone like you to work for me, may be your qualification, your experience or the type of attitude you have that in my opinion fit into my kind of organization, so we enter into a contract.

So, contract is what? We agree mutually that you will deliver X, Y, Z and I in return will deliver A, B, C that is a contract. Contract has a certain time period and it has some other terms and conditions like how much remuneration you will get, what are your rights and what are your responsibilities, likewise what are my rights and what are my responsibilities? So, you see in the modern organizational setup, managing a human being is managing of people whom you do not own, it is not a resource like land.

So, the point here you see is a little different, the way you will manage machines or money, you cannot manage human beings in the same manner. And therefore, some of the people now days they object in fact to this terminology, they say that you cannot say human resource, they are not resource in the same connotation as there are other classical resources like money, land and material, it is wrong to say human resource.

You should not say that because there is no ownership here, do you agree with that view? But anyway, whether we agree or not generally in industry now and in business, it has been accepted generally that human resource is a terminology which may be used in many organization. In fact, the department in your company which manages the people of the company, people management is often called the HR department - Human Resource department. Their role is to manage the people, any questions at this stage? Before this HR phenomenon, there used to be something called personnel management, have you heard about that, and is there any difference do you think or is just as a fashion, now a days we just call it its fashionable to say human resource management, and not personnel management.

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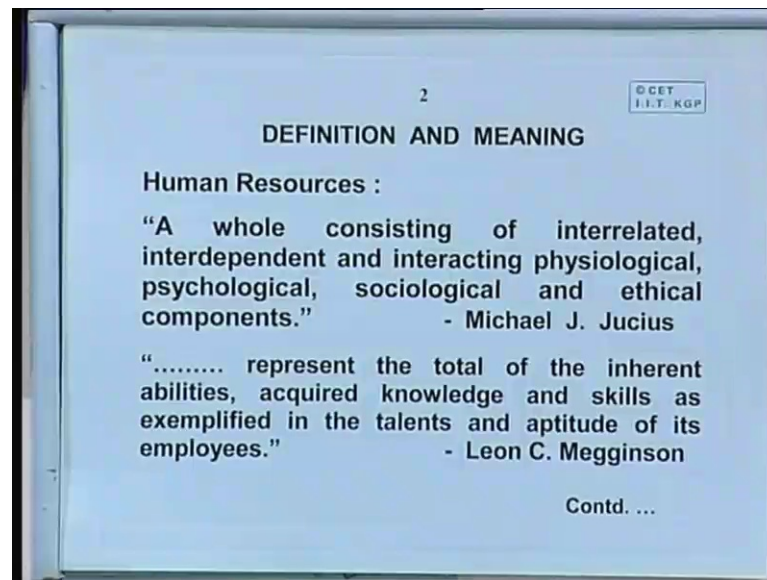
Good, see what he says, is there a kind of distinction in the management of people in terms of division of the work? The management of people may comprise of many assets or many facts, aspects of management, so he says the recruitment part of it is called personnel management, and the HRD is the training and development part of it. This is somewhat correct, but generally what is accepted, and we will see that later on is definition. Human resource and management concentrate not only on your contract; there is a contract between the employee and the management, but goes beyond that; beyond that means, it addresses you as an individual, not that collective body with whom you have a contract, clear or not clear?

When I address you as an individual, what are the things I look for? I look for your well being also apart from my fulfilling the terms of the contract, I also look at you beyond that, I say all right, I am giving him the salary, he's doing the work, and there is no breach of contract. But after all he is a human being, he has got his needs, wants, aspirations, motivational aspects, am I looking at that or I am looking at him as a pay slip number?

Do you know all of us have a pay slip number in any organization and in some organization like educational institution we have a number, don't we have a number, roll number is it not, always you write name, roll number. And in large organizations, it also happens that people are more or less reduced because their large numbers not to names, but they are reduced to numbers, department it may be alpha numeric numbering code, department N E and you will be N E 1001.

So, you see the dehumanization, you are reducing a human being into a number, so in the extreme (()) of the term - it means personnel management deals with a contract. Contract which is something impersonal written on paper away from the focus of the human being, whereas HR Management, the focus is on the human being, of course there is a contract too, that is not for the main focus. Main focus is you address as an employer, holistically who are the human beings here and how you can fulfill their aspiration and in turn, it is believed employers would be HR and not PM - Personnel Management. They believe that, in return the employers will be so well motivated that they will give you something beyond the contract, what they have not contracted to do they will delight you, they will give you more than you expect, any questions?

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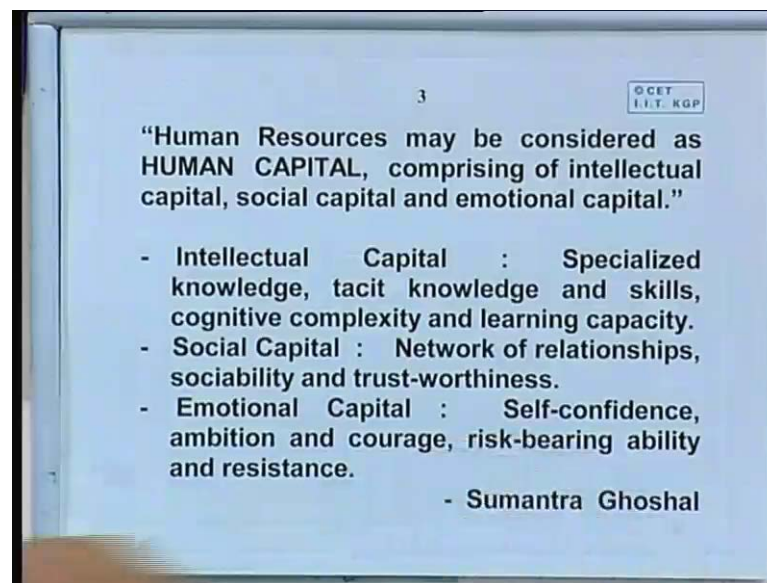
So, nature and scope of HR; now there are many scholarly definitions for HRM, here is one, but before they say HRM, they talk of the human resource which we talked about a little while ago, and that is a whole consisting of interrelated, interdependent and interacting physiological, psychological, sociological and ethical components. Nothing seems to be left out; it is a very comprehensive definition of human resource by Michael Jucius. Leon Megginson human resources represent the total of the inherent abilities, again total acquired knowledge and skills and exemplified in the talents and aptitude of its employees.

What is aptitude, is it same as attitude, no, what is aptitude then? Internal knowledge is that aptitude, how you see the things, reasoning power. Aptitude actually means your potential and ability to acquire some knowledge or some skills. When you have aptitude tests, we try to find out whether you have an aptitude for manual dexterity letters you are good at doing things with fingers or you have an aptitude for pattern recognition that is aptitude.

And what is attitude? You all know what are attitude, values and attitudes, so attitude is what? It is a judgmental or evaluative frame of mind or state of mind in relation to some person, some object, some episode, some principle, and it is based on certain value, what core values you have that shapes your attitude. Example, if your value is that every employer has a duty and responsibility to give safe working conditions that is your value.

Because, you feel that they are duty bound, then your attitude will be that if he has not given you very good conditions, he is not a good employer. On the other hand, if your attitude is that employer is by and large, we will try to make maximum profits. So, anything which grows against maximum profits they may not provide, so whatever they provided be happy with it, you see the different attitude is based on the values, so any questions?

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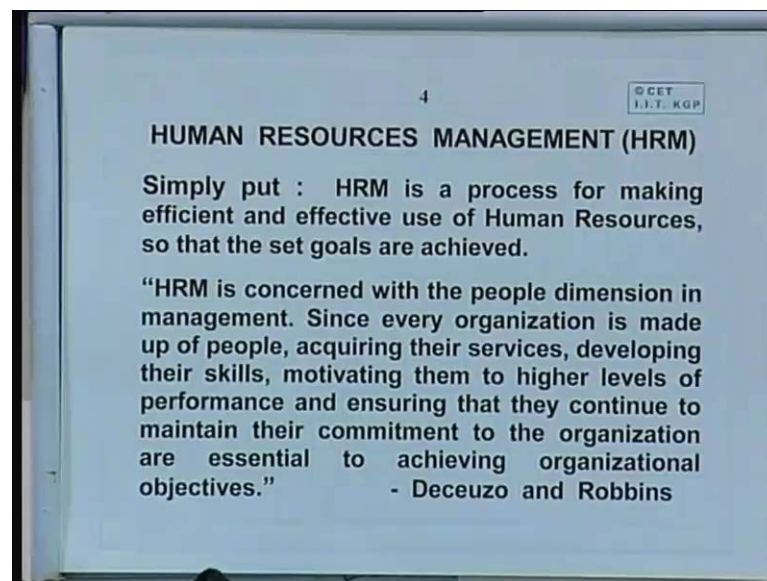
Now, here is another view which he said sometime is not accepted nowadays, human resources may be considered as human capital, so he is making an analogy, capital means - money or any other asset, so he says is just like any other asset, you may consider it as. Comparing that this human capital is a conglomeration or it is comparing of many things intellectual capital, social capital, and emotional capital. Now, when you say capital, automatically it has a connotation of meaning, and what is that? That is an asset, what is the connotation of asset? That it may be used to multiply many other things to earn something beyond.

So, if you have a capital of 1 lakh of rupees, what is the meaning of that word capital? What is it conveys to you? That the capital is capable of multiplying, sometimes we use a term dead asset, and what does it mean? That is you are negating the whole idea of an asset, you have gold lot of jewelery and is locked up in the locker, you only take it out two or three times a year when there a wedding function is the gold earning anything,

nothing much. So, we call it a dead asset, but you convert it into money by shares of good companies and the share prices increase and from time to time, they give you bonus shares, what is happening? Your capital is multiplying.

So, this is the view of Dr. Samantha Ghoshe, intellectual capital is specialized knowledge, passive knowledge and skills cognitive complexity and learning capacity and social capital is network of relationships. Sociability and trust-worthiness as social capital very important for inter personal relationships emotional capital is self confidence ambition and courage risk bearing ability and resistance, why resistance? Resistance to change may be in an organization you as the management, you are thinking of bringing in change and the people there human capital as you are saying you resist that change also or may cooperate, so that is another perspective is another view of this definition of human resources, any questions?

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So, now having seeing what human resources are, we come to human resources management HRM. So, simply put HRM is a process for making efficient and effective use of human resources, so that the set goals are achieved again. We are seeing this in the past that in management terms we use is, what efficient and effective sometimes not to mean the same thing.

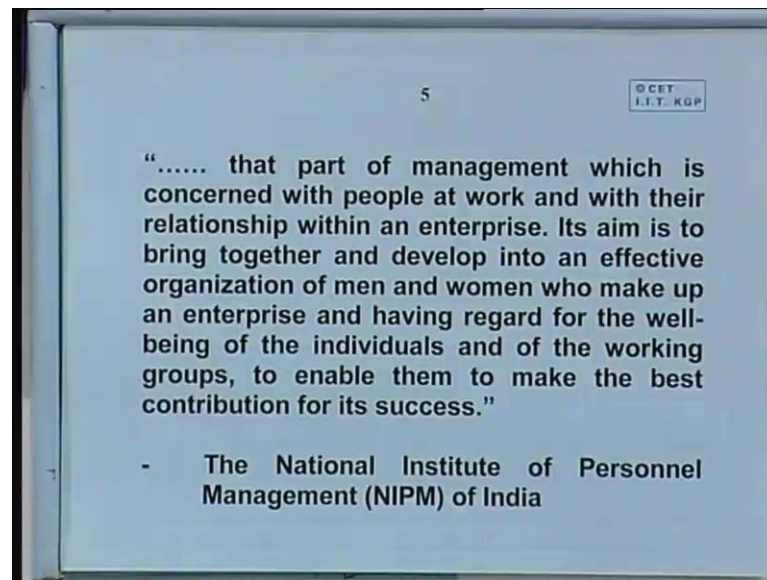
Do you remember how we have differentiated the concept of efficiency from effectiveness, anyone remembers, if I ask you, can you tell me the difference between

effectiveness and efficiency in an organization? Achieving a goal is being effective, achieving the goal economically is efficient, and would you accept that definition? Partly, why partly, why not fully? Because you think effectiveness means that it should have been in an efficient manner, is it? Well, effectiveness usually is meaning the mission as he said the goal, the tasks have you done it or not. If you do an excellent operation, you are a surgeon and you do it in a very, very, good efficient manner in the least time, least blood loss and so on, and you get full marks. So, very efficient operation, but the patient dies, what he is trying to say is the whole mission and the goal was that operation was not an end itself, operation was an enabling act to save a life, let us say or heal a person.

So, if the person died then the mission was ineffective, but the surgeon who performed it you cannot blame him, maybe there were other factors, he did it very efficient. So, we have said in organizations if each of the departments perform the work extremely, well and they do it at the least cost, quicker time, but ultimately the patient or rather the customer is not happy then, we say that, in that case there has been ineffectiveness, but efficiency has been there, clear or not? I think we discussed this earlier, and that is why in the organization structures, sometimes we change the structure from bureaucratic functional oriented structure, to a structure which is more of matrix nature, is it not, any questions?

So, HRM is concerned with the people dimension in management, since every organization is made up of people, acquiring the services, developing their skills, motivating them to a higher levels of performance and ensuring that they continue to maintain their commitment to the organization are essential to achieving organizational objectives. So, you can see that how we are approaching the human resource management from the point of view of human behavior, you know words like commitment, motivation, developing skills; developing skills would be giving a part of self actualization, motive. If you are in the organization where you feel that you are at a dead end, you are not going to learn anything more than you learnt in college, you will become de-motivated. So, organization will provide you with policies whereby, you can let us say take study, leave and go, and retain your job such policies, they are helping you to develop yourself.

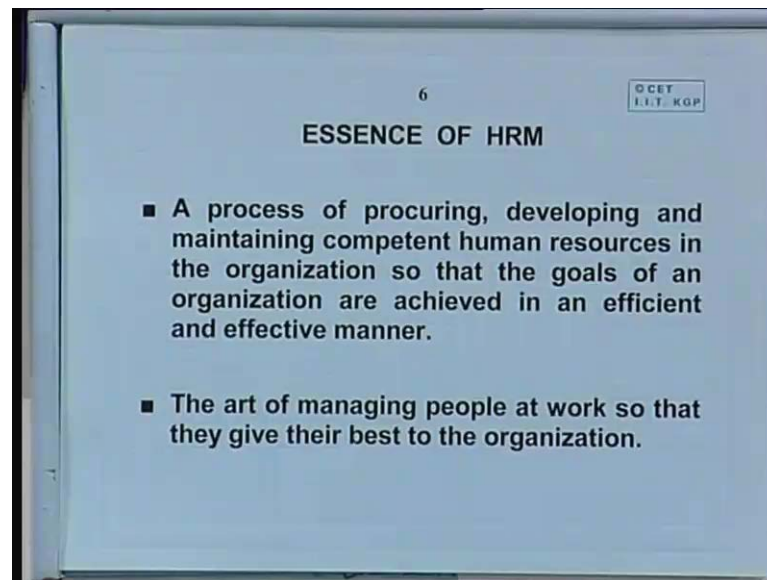
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So, therefore, these are very comprehensive definitions of human resource management which addresses individual people as individuals and not as mere numbers, here is another, and this is by the National Institute of Personal Management, let us see what they say. They take a personal management stands or they take a human resource management stands, 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 organization of men and women who make up an enterprise having regard for the well being of the individual and of the working groups to enable them, to make the best contribution for its success.

So, what is it more concerned with this definition, with the individual or the group, yes, groups or individual? Groups, so what is the kind of view this is taking, they are after all the National Institute of Personal Management, they seem to be taking a kind of pluralist we call it; that means, collective view that here is a body of people we have to manage them, so they are taking a group kind of perspective which is not what we said is a human resource kind of perspective. Human resource perspective is the human being, individual, so we can call it as unitarist not the pluralist.

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Now, it says essence of HRM, a process of procuring, developing and maintaining competent human resources in the organizations, so that the goals of an organization are achieved in an efficient and effective manner. So, the entire essence you can summarize here first is, it is a process of procuring; procuring means what? Recruiting, selecting, appointing, and then developing and maintaining – developing, how do you develop, so the next sequence is you having selected and appointed, you must induct them into the organization, orient them into what are the values of your organization and maintaining competent resources, how do you give competence? By training them, any companies they take engineers B tech or M tech, but they do not leave it as that they want to train them to their particular kind of operations. Say, the B tech that they have taken as a general degree, but this company is engaged in making switch gear, they have taken electrical engineer.

So, now, they will train them in competence of their line of business that is switch gear more in depth training about switch gear, and all this is for what of course, for achieving an efficient and effective manner, the organizations goals all right, and the art of managing people at work, so that they give their best to the organization.

Here again you have the PM concept that is personnel management concept or HR concept. HR because the PM concept says it is a contract really, you are supposed to do this job for getting this pay and you do the job, so you are fulfilling your contract. But,

HR says you are beyond that both on the part of the employer as well as on the part of the employee.

There are certain organizations usually organizations which are owner managed that is person who owns it manages it also, where they have what you call a paternalistic kind of management, paternalistic philosophy; that means, if you are loyal to me as an employee you do all your work whatever I ask you to do, I will in turn look after everything, when you are sick I will look after you, your family member, marriage of your children alright if you want money for that higher education for your children if you want to send them abroad, all these social and things which are included or which are the responsibilities of you as a family ahead I as an employee would look after that also, so this is a paternalistic, taking the responsibility.

So, what do you think is a better system, the professional system of contract or human resource approach? Human resource approach, but human resource approaches would you like to sell your soul to the employer, because you have to be loyal to him, absolutely loyal. You have to do what he says or you prefer a contract, you come you do your job efficiently earn your money and you lead your private life as you would like to lead.

So, you see there are issues which are quite complex, not simple issues, a paternalistic type of approach can impinge into privacy, can lead to regimentation which in turn can be viewed as removal of personal liberties of the individual and the other way round, but not necessarily. If it is possible to have a system of human resource management, which on the one hand has a good points of the paternal system embodied in it, and the good points of the professional system also, that is it gives the employee enough elbow room or space to have their private life. But, at the same time looks after not only his workplace needs, but his life needs to some extent, beyond his workplace, that is a kind of id - utopian employer, any comments views on this?

Because you will have to be dealing with this from two angles as employers when you are in a higher positions, and also the employees in all positions, whether high or low anyone who prefers the paternalistic, I call it the (()) system of managing human resources. You do as I say and I will look after you, do not worry just come and work here, all your needs I will take care of, No, some people are shaking their, why not all

your responsibilities are over, boss they will look after you, what is wrong in it? Totally control, why do you say control, because whenever you have some need he will give it, you mean that he will want his pound of flesh in return, totally control? Yes, you are in deep thought what do you think, these are issues you have to face soon when you get your M tech and go out, maybe we are all utopians we want the best of both the world's right. Whether we can get it or not depends on our internal locus of control, if you take the view is fate and destiny, where I get a job and where I spend my working life, all you can say that I look for employers to fit my definition, and I will try to get a job with those employers, so that I make my own destiny and fate, is it not? So it is your choice.

So, that is the essence of HRM and why we have been discussing this, for the last half an hour we are being touching upon these two kinds of opposites one is the personnel approach and the other is the human resource approach, so here is a little chart you see which is trying to summarize that.

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**HUMAN RESOURCES MANAGEMENT (HRM)
AND PERSONNEL MANAGEMENT (PM)**

COMPARISON

DIMENSIONS	PM	HRM
(a) Nature of relations	Pluralist	Unitarist
(b) Perception of conflict	Conflict is institutionalized	Conflict is pathologised
(c) Contract	Emphasis on compliance	Beyond contract commitment
(d) Role of procedures	Roles dominated	Culture and values dominated
(e) Planning perspective	Ad-hoc, reactive	Integrated, proactive
(f) Acceptability of unions	Acceptable	Not desirable

So, Human Resource Management HRM and Personnel Management PM, comparison dimensions. So, PM is pluralist as we have said, and HRM is Unitarist means individual - looking at the individual. Perception of conflict, this is another dimension, the old school you know personnel managers, their perception was that conflict is always there in the institutions, it is institutionalized, it is always there, so it has to be.

Remember, what we learnt about conflict, there certain views of schools of thought of conflict, remember, there is a traditional school of thought. We said traditional school which says conflict is always there, always bad, so whenever you have conflict in the organization get rid of it. And then we say there another school, we say conflict is inevitable you have to accept it and manage it, that is manages it so that it does not become destructive, does not become dysfunctional, but you contain it and manage it, but a good about it is inevitable, so, manage it.

And the third, what was the third school? It is necessary they say, you should welcome it, managers in fact should promote some sort of a conflict of course, constructive conflict why because, it gives the best out of people or takes the best out of their people, they perform best when there is some constructive tension conflict or competition.

Now, here it says conflict is institutionalized, so the traditional personnel management kind of views or the personnel managers would say conflict problem our job is to manage it problems will be there because conflicts are there that is their view. And what is the view of HRM conflict is pathologised, what does that mean, what is pathology? You have heard of pathologist, you have heard of pediatrician, what is pediatrician? Child specialist, pathologist testing, when you do diagnostic test try to diagnose, when you do that when someone has become sick or ill not normal.

So, the view pathologist mean, conflict is not always there, it should not be there, if it is there it must be treated and got rid of; that means, it is not normal, you see the other point of view, what they say is that what is normal is harmony people working together, this is the view we take and therefore, we try to treat. If there is a disharmony, now is it as same as the view - traditional view of conflict - that is bad, is it exactly the same view, what was the traditional view of conflict? Conflict is bad, moment it comes get rid of it, it is not really the same.

It says that conflict if it is there, it is not normal, what they say is, all organizations their view is would generally work in harmony, but if conflict comes and it will come, it is something which is aberration, it is not normal, therefore manage it. Like the view all human beings most of our life will be healthy, but sometimes we will fall ill, is there anyone who never falls ill in all his. No, he will fall ill, if he fall ill then, we will

diagnose we will take treatment. Now, you see the difference in the views, everyone sees that, so which view you are subscribing to.

The PM kind of view or the HR kind of view, HR kind everyone likes to be the HR kind that is why even companies which do not practice HR, let me tell you they are quietly changing the name and saying HR department, because you cannot change human beings. There are many human beings in the HR department, and in the other department maybe including the CEO who believes in PM method, but he puts HR Method to attract young people like you know, this is the HR department which is very modern looks after you right ideas.

So, we have a term which we say some things are politically correct or politically incorrect, so this is a politically correct view now. HR but don't get fooled, every company has HR, but many companies do not practice HR, they do not believe in it, they believe in PM.

Next is contract, we talked about that isn't it, so emphasis on compliance inspector, you have a contract have you done it, what is your contract? You will come in at 9 o'clocks and you will go out at 5 o'clocks, so have you come in at 10 o'clocks, breach of contract not compliance or you have left early and the other view is beyond contract commitments.

So, today you have some problem, your child is not well take half day off is all right, but tomorrow there is a deadline to meet because there is a big tender with a deadline and we have to submit that tender. You may have to work the whole night through not as per contract, but this is the view, so it goes both sides when it is your need we look after, when it is our need you must look after.

Role of procedures - in this dimension you see - roles dominated culture and values dominated, what is the role boss and subordinate that is a role, you play the role each one of us, most of us unless we are very, very, junior, we are also a boss to some people, at the same time we have our own boss, and we have to play the role different roles in different cases, but what is culture and value dominated, it means that your role then take a back seat, and in your day to day relationships in the workplace and also outside the workplace. What you are looking at then is more the inter-relationships or the

interactions or the relationships which are made out of cultural value not, so much the role values.

So, the line between the boss and the subordinate is not in the foreground, in the background isn't it, there are many formalized institutions where you have to be very formal because, the role of boss and subordinate is very predominant. Example, our own IIT here is it not, but there are some institutions in some other cultures may be in America where they are not so, students will come and they will not, so much as by your leave they will just come with a coca cola in their hand, the glass walk and sit there at the back and may be put their feet also, maybe I am exaggerating, but accepted that here if the instructor comes everyone stands up.

So, here the role of instructor student is very much in the foreground, does it mean someone who come with coca cola is a bad student or is being disrespectful, not necessarily, culturally there they are focusing more not on the role, but on the cultural aspects.

Planning perspective, ad-hoc and reactive, and for HRM integrated and proactive, what does in ad-hoc and reactive? That mean you wait for some problems to come, some issues to develop, do you think that unless there are issues everything is all right, but is it all right always. If there are no issues and no problem, if the factory is running there no strike, no assault, no overt indiscipline, do you think we are happy, we should be happy factory is running well No, you will take precaution, but why if it is running well everything is ok. Where the question of precaution it may happen in future, but what is happening now, is everything ok that is my question.

People are working is it ok, some may say it is not because, they are not working at their full potential, their productivity could be improve much further, but there are no problem, there are no slogan shouting, there are no go slow, there is no indiscipline on the surface, everything seems to be ok. So, there no cause for management to intervene, we wait moment there is some cause then we call, so reactive. We react we do not pro act, what is proactive? Last year's our productivity was 80 percent in the factory, now this year people let us set a target because, competitors should not overtake us.

So, let us decide and agree that we will make it 85 percent this year, let us set the target what are you doing, pro acting is there a problem? No not yet. But as had said in the

future there may be competitors may go ahead, so you pro act, so that is the proactive. And integrated not ad-hoc, integrated means what? It looks at the whole company, not only one department or one part integrated.

Acceptability of unions; very important this PM acceptable HRM not desirable, why do you think? I thought HRM people are very liberal why should they say unions are not desirable, yes taking care of all the needs, he is right, because is mutually exclusive in principle what is union's role, what is it suppose to do, interest of the people. What is the management is looking after the interest of the people, not as a contract, but holistically everything, where is the role of the union, could we accept that view.

So, when your manager **you will** see that no union comes in the factory, but for that you have to walk your talk, is not easy **alright** to avoid exploitation, there are always bosses who try to take advantage, if there is no check and balance. So, it is very difficult to do, but in concept if truly you practice HR, that is human resource kind of management instead of PM, then there should be no need for union, any questions?

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(g) Level of Trust	Low	High
(h) Key relation	Labour – Management	Customer
(i) Management's role	Transactional	Transformational
(j) Basis of job design	Division of labour	Teams
(k) Key people	PM / IR specialists	Line people and general managers
(l) Skill acquisition	Training & Development	Learning Organization
(m) Reward management	Standardized job evaluation	Performance related

Source : D. E. Guest - Human Resource Management and Industrial Relations, Journal of Management Studies, 1987, Vol. 24, pp. 503-522

These are some other dimensions you see, Level of trust, Key relation, Management's role, Basis of job design, Key people, Skill acquisition, Reward management, any question about all, these dimensions? Key people, PM stroke I R specialists, here line people and general managers what does that mean? When you take you have to see it

against what is the perspective of personnel management and what is the perspective of human resource management.

Personnel are reactive, something happens, something goes wrong, you have to sort it out. So, PM and I R specialists they must know the labour laws, they must know, what are the industrial disputes act? What is the workers compensation act? And they may be well versed in this, what is the factory's act? What are the conditions? Which you are supposed to provide and line people and managers, do they know all these laws and acts, they do not know; they are supposed to know marketing operations, they are line people isn't it.

And where are they going to focus, here since they are focusing on individuals and the individuals are working in which department, in the HR department or PM department, No, few individuals are there, but the bulk of the individuals are in the operating departments. So, if they are in the operating department in a HR kind of a philosophy who should be looking after the individual, line people and general managers, because they are their employees, think about it, you are **say** manufacturing manager and you have five hundred people with you, anything goes wrong are you going to immediately throw your hands up and say look I do not know you have to go to personnel department, because they are your people, you should be concerned with it.

So, the key people here are line people and general managers, because management of people is done by whom? Where are most of the people? They are in the operating departments, and personnel department. People are more of a specialist nature; therefore, they are specialists, any other points where you want clarification?

Learning organization: Learning organization and training and development, learning organization means that, as organization experiences many difficulties or has many triumphs it should be documented, so that not only one department knows about what has happened, but it spreads into the larger body of the organization. And therefore, nowadays what they try to do for organization to learn, you must disseminate all the knowledge, which is coming in various parts of the organization, disseminate it widely throughout the organization.

And one way to do is to work in teams, to work in task force - that is if you have a project alright, instead of the project department having the responsibility to do it, you

assemble a task force it is for the project, what are the kind of knowledge and skill which are required. And if these are available in marketing department you tell them that, you give me for one year or six months one good person, if it is the HR department takes from them. So, you build a team with gross functional expertise, when you build a team with that expertise for executing a certain project, during the execution of the project the team members keep learning something about the other department's work also.

So, we have a automatically mechanism, is there for dissemination of the information or whatever be there, that is a learning organization we call it, in essence is whatever knowledge or expertise or skill is available in any part of the organization should be disseminated and dispersed and diffused into all parts of the organization. So that, the entire mass of people in the organization, the whole they can also take part in the learning process and why? Because, that way the organization becomes so much, the better more productive and therefore, can perform its goals beat the competition and be better.

Do you agree with it, I think **it is** it is something which we intuitively we accept, because when you are totally compartmentalizing department, what are you doing? You are learning more and more about less and less till you learn everything about, about nothing isn't it; that is extreme specialization that is a joke. You do PHD, do post doctorate after that, then continue to do research, but on only one area, say you are doing medical research just one limited area so much, so you stop reading any books magazines, watching t v, finally you know nothing, except that one little specialty, which we do not encourage in IIT. You must have breadth courses apart from your depth courses, so any questions; otherwise we take a break of five minutes, thank you.