UNIT 1 INTRODUCTION TO HUMAN RESOURCE MANAGEMENT
MODULE - 1
UNIT 1 INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

1.0 INTRODUCTION

Human resource management (HRM) is concerned with the ‘people’ dimension in management. HRM is the term increasingly used to refer to the philosophy, policies, procedures and practices relating to the management of people within organizations. Since every organization 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 organization are essential to achieving organizational objectives. Those organizations that are able to acquire, develop, stimulate and keep outstanding workers will be both effective and efficient. Those organizations that are ineffective or inefficient risk the hazards of stagnating or going out of business. Human resource thus, creates organizations and makes them survive and prosper. If human resources are neglected or mismanaged, the organization is unlikely to do well.

1.1 UNIT OBJECTIVES

After going through this unit you will be able to:

- Understand the Objectives of Human Resource Management
- Appreciate the Importance and Changing Role of HRM
- Know the Origin and Growth of HRM in India
- Understand the Reasons for the Slow Growth of HRM in India
- Explain the Factors Impeding the Growth of HRM in India
- Explain the Evolving Role of HR Man in India
- Understand HR Audit, its needs, scope and process
1.2 WHAT IS HRM?

1.2.1 Definitions of HRM

According to Ivancevich and Glucck, “Human resource management is the function performed in organizations that facilitates the most effective use of people (employees) to achieve organizational and individual goals”.

Byars and Rue say that “Human resource management encompasses those activities designed to provide for and co-ordinate the human resources of an organization”.

According to Dale Yoder “the management of human resources is viewed as a system in which participants seeks to attain both individual and group goals”.

According to Flippo, HRM is “the planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and reproduction of human resources to the end that individual, organizational and societal objectives are accomplished”.

In the words of Michael J Jucious, Human Resource Management “may be defined as that field of management which has to do with planning, organizing 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; (c) objectives of society are duly considered and served”.

1.2.2 Objectives of HRM

Objectives are pre-determined goals to which individual or group activity in an organization is directed. Objectives of HRM are influenced by organizational objectives and individual and social goals. Every organization has some objectives and every part of it should contribute directly or indirectly to the attainment of desired objectives. Objectives determine the character of an organization and serve as the basis for voluntary co-operation and co-ordination among employees. Objectives also provide benchmarks or standards of evaluating performance. The primary aim of HRM is the promotion of effectiveness of the employees with performance of their allotted duties by the substitution of co-operation in the common task in place of the suspicions and hostility which have so long been characteristic of relations between employees and employers. According to Indian Institute of Personnel Management, “Personnel management (Human Resource Management) aims to achieve both efficiency and justice, neither of which can be pursued successfully without the other. It seeks to bring together and develop an effective organization, enabling the men and women who make up an enterprise to make their own best contribution to its success both as an individual and as a member of a working group. It seeks to provide fair terms and conditions of employment and satisfying work for all those employed”.

Objectives of human resource management are derived from the basic objectives of an organization. In order to achieve organizational objectives integration of employer’s interest and employee interests is necessary. The objectives of human resource management may be summarised as follows:

(a) To improve the service rendered by the enterprise through building better employee morale, which leads to more efficient individual and group performance. Thus, HRM seeks to manage change to the mutual advantage of individuals, groups, the organization and society.

(b) To establish in the minds of those associated with the enterprise - employees, shareholders, creditors, customers and the public at large - the fact that the enterprise is rendering the best service of which it is capable and distributing the benefits derived from there fairly and contributing to the success of the enterprise.

(c) To create and utilise an able and motivated workforce, to accomplish the basic organizational goals.
(d) To recognise and satisfy individual and group needs by providing adequate and equitable wages, incentives, employee benefits, social security, challenging work, prestige, recognition, security, status etc. Thus an organization can identify and satisfy individual and group goals by offering appropriate monetary and non-monetary incentives.

(e) To employ the skills and knowledge of employees efficiently and effectively i.e., to utilise human resources effectively in the achievement of organizational goals.

(f) To strengthen and appreciate the human assets continuously by providing training and developmental programmes. Training and development helps the organization attain its goals by providing well-trained and well-motivated employees.

(g) To maintain high employee morale and sound human relations by sustaining and improving the various conditions and facilities.

(h) To enhance job satisfaction and self-actualisation of employees by encouraging and assisting every employee to realise his full potential.

(i) To provide facilities and conditions of work and creation of favourable atmosphere for maintaining stability of employment.

(j) To recognise and satisfy individual needs and group goals by offering appropriate monetary and non-monetary incentives.

(k) To develop and maintain a quality of work life (QWL) which makes employment in organization a desirable personal and social situation.

Maximum individual development, desirable working relationship and effective utilisation of human resources are the primary goals of HRM. Management has to create a conducive environment and provide necessary prerequisites for the attainment of the objectives of HRM.

1.2.3 Scope of HRM

The scope of Personnel Management is indeed vast. All Major activities in the working life of an employee – from the time of his entry into an organization until he leaves the organization come under the preview of Personnel Management. The figure below explains the vast scope of personnel management.
Human Resource Management embraces a very wide field of activities. The scope of HRM is so wide and varied that the HR department and the personnel executives typically perform a variety of roles in accordance with the needs of a situation. The HR manager plays multiple roles like the role of a researcher, role of a counsellor, role of a bar gainer, role of a mediator, role of peacemaker, role of a problem solver etc. The functional areas of Human Resource Management as outlined by Northcott are: (a) Employment; (b) Selection and Training; (c) Employee Services; (d) Wages; (e) Industrial Relations; (f) Health and Safety; (g) Education.

It has therefore, been rightly observed by Peter Drucker that “Management is a multipurpose organ which has three jobs, two of which are directly related to personnel: managing a business; managing managers; and managing workers and the work”. The personnel executives play an important role in a business organization. They not only help in determining the rules of the organization, but also play a powerful role in interpreting and applying the rules of the system itself. He is expected to enjoy the confidence of both the management crucial to the efficient and effective operation of the Business Organization. The focus of human resource management is on people at work. It is indeed a wide area and covers a broad spectrum of activities. A manager, whether he is in charge of a production or a marketing function, deals with human beings and gets his job done through and with people.

1.3 IMPORTANCE OF HRM

Human resources, along with financial and material resources contribute to the production of goods and services in an organization. Physical and monetary resources, by themselves, cannot improve efficiency or contribute to an increased rate of return on investment. It is through the combined and concerted efforts of people that monetary and material resources are harnessed to achieve organizational goals. But these efforts, attitudes and skills have to be sharpened from time to time to optimise the effectiveness of human resources and to enable them to meet greater challenges. This is where HRM plays a crucial role. The significance of HRM can be discussed at four levels:

(a) Corporate   (b) Professional   (c) Social   (d) National

(a) Corporate

Good human resource practices help in attracting and retaining the best people in the organization. Planning alerts the company to the types of people it will need in short, medium and long run. HRM can help an enterprise in achieving its goals more efficiently and effectively in the following ways:

- Attracting and retaining talent through effective human resource planning, recruitment, selection, compensation and promotion policies;
- Developing the necessary skills and right attitudes among the employees through training;
- Securing co-operation of employees through motivation; and
- Effectively utilising the available human resources.

(b) Professional

Effective management of human resource helps to improve the quality of work life. It contributes to professional growth in the following ways:

- Providing maximum opportunities of personal development of each employee;
- Allocating work properly and scientifically; and
- Maintaining healthy relationships between individuals and groups in the organization.

(c) Social

Sound human resource management has a great significance for society. Society, as a whole is the major beneficiary of good human resource practices.

Check Your Progress

1. Define HRM.
2. What are the goals of HRM?
3. What is the significance of HRM?
• Employment opportunities multiply.
• Scarce talents are put to best use.
• Organizations that pay and treat people well, are always ahead of others and deliver excellent results.
• Maintain a balance between the jobs available and job seekers in terms of numbers, qualifications, needs and aptitudes.
• Provides suitable employment that gives social and psychological satisfaction to people.

(d) National
Human resources and their management plays a vital role in the development of a nation. There are wide differences in development between countries with similar resources due to differences in the quality of their people. Development of a country depends primarily on the skills, attitudes and values of its human resources. Effective management of human resources helps to speed up the process of economic growth which in turn leads to higher standards of living and fuller employment.

1.4 THE CHANGING ROLE OF HRM

The challenge of HR managers today is to recognise talent and nurture the same carefully and achieve significant productivity gains over a period of time. The enterprise is nothing but people. Some will be intelligent, others not so intelligent; some are committed to jobs, others are not; some will be outgoing others reserved and so on. “The point is that these differences demand attention so that each person can maximise his effectiveness and so that the society as a whole can make the wisest use of its human resources”.

The role of an HR manager is shifting from a protector and screener to the planner and change agent. In present day competitive worlds, highly trained and committed employees are often a firm’s best bet. HR professionals can help an organization select and train employees for emerging roles. Only people who are involved and intelligent can make a difference. Charles Creer has pointed out that “in a growing number of organizations human resources are now viewed as a source of competitive advantage ……Increasingly it is being recognised that competitive advantage can be obtained with a high quality workforce that enables organizations to compete on the lines of market responsiveness, product and service quality, differentiated products and technological innovations”.

In the future, the principal issues will be how the HRM function can transform its outlook from a traditional to a modern one: from being functionally-oriented internally focused, reactive, activity driven, centralised and control-oriented to being business-oriented, customer-focused, proactive, effectiveness, driven, decentralised and empowerment-oriented.

Moreover, organizations will need to be concerned with extended their recruiting efforts, developing careful screening procedures, training employees to adapt to change, providing appropriate and sufficient educational programmes and accounting for their investment in recruiting, selecting and training employees. The new generation of employees will weigh salary and benefits packages against their personal need and values. Therefore, compensation and benefits packages will offer greater flexibility in order to meet individual needs.

1.5 FUNCTIONS OF PERSONNEL MANAGEMENT

Personnel Management involves two categories of functions:
(a) Operative Functions  (b) Managerial Functions.

(a) Operative Functions
The operative functions essentially belong to such activities concerned with procuring, developing compensating, utilizing and maintaining an efficient work force.

Check Your Progress
4. Explain the challenges faced by HR managers today.
5. Explain the Composition of a HR Department in a Large Organization?
(i) **Procurement:** Procuring means recruiting the required number of employees with due qualifications and experience keeping in view the importance of achieving the objectives set before the organization. It is mainly concerned with hiring the right people, in the right place, at the right time. It includes activities like manpower planning, selection and placement.

(ii) **Development:** Development means activities meant to increase the efficiency and skills of the workers through training and education of employees. It includes activities like training, seminars, group discussions, education etc.

(iii) **Compensating:** Includes activities which deal with the method and standard of remuneration and terms of employment.

(iv) **Utilizing:** Utilizing means using the services of the employees to the best possible extent. It includes incentive schemes and includes schemes for sharing the profits from higher productivity.

(v) **Maintaining:** Aims at maintaining good working conditions for the employees. It includes preparation and implementation of health schemes, safety systems etc.

(b) **Managerial Functions**

The managerial functions include activities like planning, organizing, and co-ordinating, directing and controlling the employees. These functions are common to all managers and therefore known as managerial functions. In other words, they are performed by all types of managers including personnel managers.

(i) **Planning:** When management is reviewed as a process, planning is the first function performed by a manager. The work of a personnel manager begins with developing a personnel programme. This is done through planning. A plan is a pre-determined course of action to accomplish the set objectives. It specifies what and how operative personnel functions are to be performed.

(ii) **Organizing:** While planning decides what management wants to do, organizing provides an effective machine for achieving the plans. Organizing calls for grouping of personnel activities, assignment of different activities to different individuals.

(iii) **Co-ordination:** Co-ordination is concerned with harmonious and unified action directed towards a common objective. It ensures that all groups and persons work efficiently, economically and in harmony. Person-to-person communication is most effective for co-ordination.

(iv) **Directing:** Direction involves managing managers, managing workers and the work through the means of motivation, proper leadership, effective communication as well as co-ordination. A personnel manager must develop the ability to command and direct others.

(v) **Motivating:** Motivation is a managerial function to inspire and encourage people to take required action. Motivation involves guiding and supervising the personnel. Motivation is the key to successful management of any enterprise. A personnel manager must inculcate (persuade; inspire) in the workers a keen appreciation of an organization's policies. Motivation can set into motion a person to carry out certain activity. He must guide employees towards improved performance and motivate them to work with zeal and confidence.

(vi) **Controlling:** Control is the process of measuring actual results with some standard of performance, finding the reason for deviations of actual from desired result and taking corrective action when necessary. Thus, controlling enables the realization of plans.

The significance of these two varieties of functions is that one function cannot work without the other. The personnel manager has to blend the two to the desirable extent.
1.5.2 Personnel Management Policies

A policy is a statement or general guidelines for employees to make decision in respect to any course of action. Personnel policies provide guidelines for a variety of employment relationships and identify the organisation’s intentions in recruitment, selection, development, promotion, compensation, motivation etc. According to Armstrong personnel policies “are continuing guidelines on the approach the organisation intends to adopt in managing its people. They define the philosophies and values of the organisation on how people should be treated and from these are derived principles upon which managers are expected to act when dealing with personnel matters”.

The objectives of HR or personnel Policies is described by Peter Drucker in the following words “The management must gear its policies and objectives in such a fashion that the employees perform their work and do their assigned tasks……It implies also a consideration of human resources as having, unlike any other resources, personality, citizenship, control over where they work, how much and how well…..And it is the management, and management alone, that can satisfy these requirements”.

HR or personnel policies are required in the following areas:
- Acquisition of Personnel
- Training and Development.
- Appraisal and compensation of Human Resources.
- Human resource mobility
- Working conditions and work schedules and
- Industrial Relations.

1.5.3 Role of a Personnel Manager

The functions of the personnel manager are very comprehensive and varied. They are determined and influenced by factors such as size, nature and location of the business or industry. The Personnel Manager has been playing a variety of roles. In the modern era, he typically performs a variety of roles like a counsellor, a mediator, a problem solver and a change agent. According to Dale Yoder and Robert Nelson, these functions can be categorized into seven types:

1. Departmental Administration which looks after the planning, policy decision and general administration.
2. Employment of workers which include recruitment, selection and placement of workers; job analysis, job description, and performance appraisal.
3. Training and induction which include induction training and in service training.
4. Wage and Salary Administration which include wage payments, job evaluation, job analysis surveys etc.
5. Benefits and services which includes administration of various benefit schemes for employees like insurance, medical facilities, retirement benefits etc.
6. Collective bargaining which includes labour bargains with management to obtain its due share.
7. Personnel research which includes preparation of plans and their implementation.

All activities connected with employees of an organization and all decisions related to the human relations come within the functional areas of personnel management. It has now been fully recognized that the basic role of the Personnel Manager is “the management of manpower resources”. He undertakes all those functions which are concerned with “human element”. The role of Personnel Manager is ever expanding. As Prof. Chatterjee puts it: “The Personnel Man first appeared as a low powered functionary who was no better
than a files clerk or record keeper concerned with the payment of the dues of the worker .....Then came the next stage when he administered the welfare schemes which were being gradually provided for in the statutes. As the workers were organizing themselves into strong unions and industrial conflicts were multiplying the employer used the Personnel Man as a kind of trouble shooter or fire-fighting - either to advise him on how to find loopholes in labour laws .....or to come to a settlement where concessions were inexpiable...Gradually his work was realized as more of the nature of staff function rather than line function; and that he was an expert rather than a controller or manager of men”.

1.6 ORGANIZING THE HR DEPARTMENT

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

The people who work together for accomplishment of some common objectives require a definite structure through which they relate to each other and through which their efforts can be coordinated. According to Allen, “Organizing is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling the people to work most effectively together in accomplishing objectives”. Organizations are only a means to an end. They takes certain inputs from the environment and convert them into specified outputs desired by the society.

In its broadest sense, organizing can be thought of as the process of making the organization’s structure fit in with its objectives, its resources and its environment. Formal organization, called the superstructure of an enterprise, is the way it is departmentalised i.e., the way its human resources are grouped into different departments, divisions or sections. The formal organizations also describe how the departments are related to one another.

1.6.1 The Structure

The internal organization of the HR Department varies widely depending upon the nature and size of the enterprise, its management philosophy and its external environment. In a small firm, there may be an HR section within the office. In a medium-sized firm the HRM department may consist of HR Manager, Personnel Officers and Personnel Assistants or Clerks. But in a large organization, the HRM department may consist of several functionaries and below every officer there will be clerical staff.

Two issues become relevant in a discussion on organization of an HR department. They are (i) place of the HR department in overall set-up and (ii) composition of the HR department itself. Figure 1.1 shows HRM in a small scale unit.

```
MANAGER
  ↓
PRODUCTION MANAGER  SALES MANAGER  OFFICE MANAGER  ACCOUNTANT
  ↓
PERSONNEL ASSISTANT
```

Figure 1.1 Composition of an HR Department in a Small Organization
In this set-up, a low-placed employee may be entrusted with the task of attending to HR functions. However, a large HR department, is headed by General Manager under whom personnel manager, administration manager, manager industrial relations work. Figure 1.2 shows the composition of an HR department in a large organization.

![Composition of an HR Department in a Large Organization](image)

**1.6.2 Staff Role of HR Department**

It is said that HRM is a line manager’s responsibility but a staff function. Since management is getting things done through and with people, responsibility of managing people rests with line managers. The HR Department provides specialised advice, assistance and information to line executives so that they may concentrate on their respective functions. The staff role of the HR department in relation to other departments may be analysed as follows:

(a) **Policy Formulation**

HR department assists and counsels other departments in policy formulation. It prepares programmes concerning recruitment, selection, training, appraisal etc. of employees in consultation with other departments.

(b) **Advising**

The HR department advises all other departments in areas relating to the management of human resources, industrial relations etc. The department acts in an advisory capacity offering suggestions.

(c) **Assistance and Service**

The HR department provides secretarial and executive support services like securing and scrutinising applications, conducting tests and interviews, arranging orientation and training etc. It helps in developing collaboration between management and trade unions.

(d) **Monitoring and Control**

The HR department evaluates actual performance in the light of established personnel policies and procedures and suggests appropriate corrective actions whenever necessary. The department conducts personnel audit and helps other departments in proper implementation of personnel policies and programmes.

**1.7 ORIGIN AND GROWTH OF HR FUNCTION IN INDIA**

The history of the evolution and growth of HRM in India is not very old. The various stages in the growth of HRM are given below:

6. State the various stages in the growth of HR function in India.
7. What are the factors responsible for slow growth of HRM in India?
8. Which factors impeded the growth and progress of personnel management in India?
Human resource management in India dates back to the Report of the Royal Commission on labour in India (1929–31) which recommended the appointment of labour officers to deal with recruitment in order to check corrupt practices in industries in India particularly in areas of selection of workers. The Royal Commission observed that:

(i) The jobber should be excluded from the engagement and dismissal of labour and that, instead, a labour officer is appointed for the purpose;

(ii) The qualities required of a Labour Officer should be integrity, personality, energy and the gift of understanding individuals and he should have a linguistic facility. If he is of the right type, the workers will rapidly learn to place confidence in him and regard him as a friend;

(iii) All labour should be engaged by him, and none should be dismissed without consulting him; and

(iv) The Labour Officer should fulfil many duties and should particularly initiate and administer welfare measures.

(b) Appointment of Labour Officers
Labour officers were entrusted with the responsibility of promoting welfare activities. They functioned as industrial relations officers to handle grievances. The Bombay Mill Owners Association in Bengal appointed Labour Officers to settle grievances and disputes.

(c) The Second World War
During the second world war, the need for enlisting labour support for the war effort was considered imperative. These officers were generally entrusted with the handling of welfare and labour administration. They were to deal with working conditions, canteens, ration shops, recreation facilities, medical facilities, worker’s housing etc. The Second World War resulted in welfare officers being appointed by government as well as industry. The function of the welfare officers included welfare activities, personnel activities and industrial relations.

(d) Enactment of Industrial Disputes Act
The enactment of the Industrial Disputes Act 1947 made adjudication compulsory. This made the welfare officer handle disputes and adjudication relating to conditions of service, wages, benefits etc. The welfare officer thus became Industrial Relations Officers. As a result employers hired welfare officers with a legal background.

(e) Enactment of Factories Act
Sec 49 of the Factories Act 1948 made it obligatory for factories employing 500 or more workers to appoint welfare officers. A Welfare Officer had a list of duties laid down for him. He had to perform activities concerned with welfare, personnel administration and industrial relations.

(f) 1960 and After
Till 1960, recruitment was untouched by law but the rapid growth of industry and the consequent demand for skilled and semi-skilled workers led to the government to enact the Employment Exchange Act, 1959, to regulate recruitment of workers and the Apprentice Act, 1961 to regulate the training of workers to some extent.

Thus, Human Resource Management in India began with industrial discipline and getting rid of troublemakers. At a later stage personnel officers were appointed as “labour welfare officers” to satisfy statutory requirements. Later on the role of a personnel officer was converted into that of an “industrial relations officer”. Today his role is that of a “Human Resource Manager”. He to works in three areas of labour: welfare, industrial relations, and personnel administration.
1.7.1 Slow Growth of HRM in India

The following factors are responsible for the slow growth of HRM in India.

(a) Late Arrival of the Factory System

Human Resource Management is conditioned by industrial development. In India, modern industry started with the development of the railways. Even after the progress of industry, human resource management was unheard of. It was the Royal Commission of Labour which recommended in 1931, the appointment of Labour Officers to deal with the recruitment of labour and to settle their grievances. Thus, the slow growth of human resource management in India can be linked to the late arrival of large-scale industry.

(b) Low Status of the Industrial Worker

The Indian worker in the early days of industrialisation was illiterate. But over the years the profile of the industrial worker has changed. Now, his status is enhanced. As a result, the handling of labour has become more professional.

(c) Professionalisation of Human Resource Management

A professional subscribes to certain ethical standards. He is more loyal to the profession than to the employer. With the emergence of professional personnel managers, the growth of human resource management has accelerated. A professional has knowledge and judgement, which he uses to make his decision. He is not controlled or directed by his employer. Thus, professionalisation makes a business enterprise more efficient, dynamic and socially responsible. The growth of personnel management education in India has contributed to Professionalisation of human resource management.

(d) Social Responsibilities of Business

Employees should be treated as human beings and their co-operation must be achieved for the realisation of organizational goals. The business should fulfil the following obligations towards their employees:

(i) Fair Wages: Business should pay reasonable salaries so that their employee’s may lead a good life and satisfy their needs.

(ii) Adequate Benefits: Employees should be provided benefits like housing, insurance cover, medical facilities and retirement benefits.

(iii) Good Working Conditions: Good working conditions are necessary to maintain the health of the workers.

(iv) Opportunity for Growth: Business should give the employees opportunity to develop their capabilities through training and education.

(v) Recognition of Worker’s Rights: The business should recognise the worker’s right to fair wages, to form trade unions, to collective bargaining etc.

(vi) Co-operation: The business must win the co-operation of workers by creating the conditions in which workers are willing to put forward their best efforts towards the common goals of the business.

Therefore business organizations made a conscious attempt by contributing to the wellbeing and upliftment of the community in which it is situated.

(e) Change of Government Attitude

The relationship between the state and the economy has a chequered history since the days of the planner economist Adam Smith. During the time of Adam Smith, the doctrine of Laissez Faire was widely accepted as the guiding principle of economic activity. The State was expected to concern itself only with problems relating to law and order. It scrupulously avoided any interference in the working of private business. Laissez faire was the era of free enterprises. The doctrine of laissez faire was based on the assumption “that every individual acting as a rational being tries to get the greatest satisfaction from life for himself and in the process contributes towards the greatest possible satisfaction to society”. Thus,
the classical economist fondly believed that the principle of non-interference with the economic and business matters led to “the greatest good of the greatest numbers”.

Prior to Independence, the British Government followed a laissez-faire attitude to labour-management relations. But after Independence the National Government took upon itself the pledge to establish a welfare state. The Government therefore enacted many laws for the benefit of the workers.

### 1.7.2 Factors Impeding the Growth of HRM in India

The various factors which have impeded the growth and progress of Personnel Management in India, are:

(a) **Abundance of Cheap Labour**

In India, the main source of labour supply has been the growth of population. Modern industrial sector in India attracts labour from the agricultural sector. Industrial centres draw on their surrounding rural area for recruitment of workers. With rapid increase of population, low degree of industrialisation and widespread unemployment both in rural and urban areas, result in an abundant supply of labour to the industries. Since, labour is in abundance, good human relations are not necessary in India and there are arbitrary dismissals and lay offs.

(b) **Weak Labour Movement**

The Indian working class is generally passive and depends on outside politicians for leadership. This outside leadership has failed to understand the needs of the working class. Instead of awakening social consciousness among the workers the politicians in fact use the workers to achieve their political ends.

(c) **Highly Authoritarian Culture**

Indian society has a highly authoritarian culture. This makes the worker depend on his superiors. Freedom is not a value in India. This culture thus discourages participative style of management and free communication. These two conditions are the basis for ideal human relations, which is lacking in the Indian conditions.

(d) **Technological Backwardness**

Technological environment influences business in terms of investment in technology, consistent application of technology, and the effects of technology on markets. The immense technological progress in the west has raised the standard of living of their workers. This is not so with the Indian workers because of our technological backwardness. Technological progress has a very important role to play in the economic development of a country. No backward country can hope to march ahead on the road of economic development without adopting newer techniques of production.

(e) **Instability in Employment**

The Indian workers are attracted to the cities by the lure of higher wages but the instability of their employment, chronic housing shortage, and high rents prevents them from settling down and bringing their families from the village. Thus, the industrial worker would not remain in industry if the could secure sufficient food and clothing in the village. “They are pushed, not pulled to the city”.

(f) **Unhealthy Growth of Trade Unions**

The migratory character of Indian labour leads to unhealthy growth of trade unions. Many workers do not take an active part in the formation of unions and do not like to pay their subscriptions because they do not come to the cities to live permanently.

(g) **Migratory Characteristic of Indian Labour**

As a result of migration, the Industrial worker finds himself in an unfamiliar environment. Due to lack of houses, workers are forced to leave their families in villages. Separation from families leads to promiscuity, prostitution, venereal diseases and even AIDS. To compound the problem, the health of the worker is subjected to severe strain due to many reasons like change in climate, working and living conditions etc.
1.7.3 Evolving Role of HR Man in India

In India the personnel man has passed through various stages in the past. Perhaps the earliest recognition of the need for such an individual was the institution of the Labour Officer. The trends today indicate that the personnel management function will have to become more sophisticated to meet the challenges posed to the personnel man. The personnel man has been playing a variety of roles at different stages. A brief view of the historical perspective can provide a better picture of the role of the personnel man in India. However, it has to be stated that the role at different stages has always been set up by the top management. The evolving roles of the Personnel Man in India are:

(a) Origin of Human Resource Management in India

The origin of Personnel Management in India can be traced back to the recommendations of the Royal Commission on Labour in India (1929–31). The Royal Commission emphasised recruitment and dismissal as the primary responsibilities of the labour officer. According to the Royal Commission on Labour, the Labour officer – “should be subordinate to no one except the general manager of the factory and should be carefully selected ……No employee should be engaged except by the labour officer personally, in consultation with departmental heads, and none should be dismissed without his consent, expect by the manager himself, after hearing what the labour officer has to say……is of the right type, the workers will rapidly learn to place confidence in him as their friend”. The employers however, were indifferent to the recommendation of the Royal Commission and the British Government in India had to take the initiative. The Government passed THE BOMBAY DISPUTES CONCILIATION ACT 1934, which provided for the appointment of a government labour officer to deal with labour grievances. Employers in Bombay and other parts of India soon followed the example set by the British Government in India.

(b) The Police Man

The labour officer, at this stage, was also visualised as having to perform police functions as the position between the employers and workers was often viewed as a law and order problem. Thus, the earliest role that the personnel man played was that of a policeman. This was so because the Management believed the average employee disliked work, avoided responsibility and therefore needed to be directed, controlled and coerced. A man was needed to discipline and control employees on behalf of the management. The personnel man took over the job. Do’s and don’ts were laid down and the personnel man became a watchdog for enforcement of prescribed regulations.

(c) The Welfare Man

Subsequently, the labour officer’s function changed from mere employment function to welfare activities after the enactment of the Factories Act 1948. The Factories Act created the institution of labour welfare officers making it compulsory for factories with 500 or more workers to employ the prescribed number of welfare officers. Efforts are now afoot (preceding/before) to amend and enlarge the duties of the welfare man. This was so because, voluntarily provided welfare was not found adequate and thus, the welfare officer had a list of duties laid down for him.

(d) The Law Man

With the acceptance of the ideal of Welfare State, laws and regulations were enacted to define the rights of employees and to limit the employer’s prerogatives. Legal knowledge thus becomes a preferential attribute to the personnel man. He was assigned the task of issuing charge sheets and holding enquiries. He was called upon to assess the legal obligation of the management and to represent the management in the case of industrial disputes.

(e) The Liaison Man

Someone was required to deal and negotiate with the union on behalf of the management. Industrial relations become important with the advent of the trade union. The personnel man became a shock absorber. He was given the difficult task of bringing two opposite parties to the negotiating table and act as a liaison man.
(f) The HR Man

A gradual shift of emphasis from that of a liaison man to personnel administration has taken place. The function of a personnel manager includes in addition to labour, welfare, industrial relations and personnel administration. An organization must look forward to the needs of its personnel. It must provide training facilities, motivate employees to put their best effort and do manpower planning and development. Thus, more competent managers will be needed for the future.

1.7.4 HRM Model

In recent years there has been relative agreement among HRM specialists as to what constitutes the field of HRM. The model developed by the American Society for Training and Development (ASTD) identifies nine human resource areas:

(a) Training and Development
(b) Organization Development
(c) Organization/Job Design
(d) Planning
(e) Selection and Staffing
(f) Personnel Research and Information Systems
(g) Compensation/Benefits
(h) Employee Assistance
(i) Union/Labour Relations.

(a) Training and Development

Organizations and individuals should proceed together for their survival and attainment of mutual goals. Employee training is a specialised function and is one of the fundamental operative functions of HR management. Training improves, changes, and moulds the employee’s knowledge, skill, behaviour, aptitude and attitude towards the requirements of the job and the organization. Training bridges the gap between job requirements and employee’s present specifications.

Management development is a systematic process of growth and development by which managers develop their abilities to manage. It is a planned effort to improve current or future managerial performance.

(b) Organization Development

Management can effectively meet challenges of change through a systematic and planned change effort. Organization development is the modern approach to management of change and human resource development. According to Dale S. Beach, organization development is “a complex educational strategy designed to increase organizational effectiveness and wealth through planned intervention by a consultant using theory and techniques of applied behavioural science”. Organization Development (OD) concentrates on people dimensions like norms, values, attitudes, relationships, and organizational climate. The OD efforts broadly aim at improving the organizational effectiveness and job satisfaction of employees. Humanising the organizations and encouraging personal growth of individual employees can attain these aims.

(c) Organization/Job Design

Organization design deals with structural aspects of organizations: it aims at analysing roles and relationships so that collective effort can be explicitly organized to achieve specific ends. The design process leads to development of an organization structure consisting of units and positions. There are relationships involving exercise of authority and exchange of information between these units and positions.

Michael Armstrong has defined job design as “the process of deciding on the content of a job in terms of its duties and responsibilities; on the methods to be used in carrying out the
job, in terms of techniques, systems and procedures and on the relationships that should exist between the job holder and his superiors, subordinates and colleagues”. Thus, job design is the process of determining the specific tasks and responsibilities to be carried out by each member of the organization. It has many implications for HR management. Both the content and one’s job and the ability to influence content and level of performance affect a person’s motivation and job satisfaction.

(d) Planning
Human resource planning may be defined as the process of assessing the organization’s HR needs in the light of organizational goals and making plans to ensure that a competent, stable workforce is employed.

The efficient utilisation of organizational resources—human, capital and technological—does not just happen without the continual estimation of future requirements and the development of systematic strategies designed towards goal accomplishment. Organizational goals have meaning only when people with appropriate talent, skill and desire are available to execute the tasks needed to realise those goals.

(e) Selection and Staffing
After identifying the sources of human resources, searching for prospective employees and stimulating them to apply for jobs in the organization, the management has to perform the function of selecting the right employees at the right time. The selection process involves judging candidates on a variety of dimensions, ranging from the concrete and measurable, like years of experience, to the abstract and personal, like leadership potential. To do this, organizations rely on one or more of a number of selection devices, including application forms, initial interview, reference checks, tests, physical examinations and final interview. All selection activities, from the initial screening to the physical examination if required, exist for the purpose of making effective selection decisions. Each activity is a step in the process that forms a predictive exercise—managerial decision makers seeking to predict which job applicant will be successful if hired. “Successful”, in this case, means performing well on the criteria the organization uses to evaluate personnel.

It is important to have a good organization structure, but it is even more important to fill the job with right people. Staffing includes several sub-functions:

(i) Recruitment or getting applications for the job as they open up.
(ii) Selection of the best qualified from those who seek the jobs.
(iii) Transfers and promotions
(iv) Training those who need further instruction to perform their work effectively or to qualify for promotions.

Importance and Need for Proper Staffing: There are a number of advantages of proper and efficient staffing. These are as under:

(i) It helps in discovering talented and competent workers and developing them to move up the corporate ladder.
(ii) It ensures greater production by putting the right man in the right job.
(iii) It helps to avoid a sudden disruption of an enterprise’s production run by indicating shortages of personnel, if any, in advance.
(iv) It helps to prevent under-utilisation of personnel and the resultant high labour cost and low profit margins.
(v) It provides information to management for internal succession of managerial personnel in the event of an unanticipated turnover.

(f) Personnel Research and Information Systems
The term research means a systematic and goal-oriented investigation of facts that seeks to establish a relationship between two or more phenomena. Research can lead to an increased
understanding of and improvement in HRM practices. Managers make decisions and solve problems. To make decisions about personnel and to solve HR problems, managers gather data and draw conclusions from them. Research can lead to an increased understanding of and improvement in HRM practices. In fact, engaging in some type of research into what is happening in the HRM discipline can be viewed as necessary for one’s survival as a manager over the long term. Research can additionally help managers answer questions about the success of programs such as those for training and development—for which they may bear responsibility.

(g) Compensation/Benefits
Wages and salaries—(the payment received for performing work) are a major component of compensation and reward process which is aimed at reimbursing employees for their work and motivating them to perform to the best of their abilities. In addition to pay, most employees receive benefits such as ESI, leave travel concession, and non-financial rewards such as security, recognition and privileges. Although individual employees value pay differently in relation to other work rewards, for most people the pay received for work is a necessity.

Determining wage and salary payments is one of the most critical aspects of HRM because:
(i) the organizations’ reward system has such a profound effect on the recruitment, satisfaction and motivation of employees, and
(ii) wage and salaries represent a considerable cost to the employer.
A carefully designed wage and salary program that is administered according to sound policies and consistently applied rule is essential if human resources are to be used effectively to achieve organizational objectives.

(h) Employee Assistance
Employee assistance focuses on providing personal problem solving, counselling to individual employees.

(i) Union/Labour Relations
Unions are born because employees are frustrated in achieving important goals on an individual basis and unionising is the only countervailing technique available to achieve these goals. The establishment of good labour relations depends on constructive attitude on the part of both—the management and the union. The constructive attitude in its turn depends on all the basic policies and procedures laid down in any organization for the promotion of healthy industrial relations.

1.7.5 Environmental Influence on HRM
Personnel managers cannot perform their job in vacuum as a number of environmental factors affect HRM. Environment furnishes the macro context and the organization is the micro unit. Of primary importance here are the external influences of economic conditions, labour markets, laws and regulations and labour unions. Each of these external factors separately or in combination can influence the HRM function of any organization. Changes in the external environment have a profound impact on the personnel. These changes include technological obsolescence, cultural and social changes, and policies of the Government.

The external environment consists of factors that affect an organization’s human resources from outside it. Let us examine these factors in detail:

(a) Technological Innovation
Rapid technological changes and innovations are taking place all over the world. As a result of these, technical personnel are increasingly required. Hence, procurement of technically skilled employees is necessary to match the changing job requirements.
(b) Economic Factors
Economic conditions influence financial “health” of the organization. Under favourable economic conditions, expansion of existing programs and creation of new programs are very likely. With less favourable or deteriorating conditions, contraction or cancellation of some programs may be necessary. Thus, a number of economic factors affect human resources management of an organization by influencing its operations.

(c) Employees’ Organizations
Employees’ organizations have mustered strength to match the growth of industrialisation. Labour unions seek to bargain with management over the terms and conditions of employment for their members. As a consequence, most HR activities are subject to joint decision-making when employees are represented by unions.

(d) Labour Markets
In labour markets, organizations seek employees (demand for labour), and individuals offer their services to organizations (supply of labour). Labour supply and demand have implications on all activities, but particularly for compensation and external staffing. Moreover, they are generally not subject to organizational control, thereby creating potential turbulence and uncertainty for HR management.

(e) Changing Demand of Employers
Organizations also undergo changes and consequently their demands on employees also change. The technological revolution and stiff business competition demands that the existing employees adapt to every changing work situation and learn new skills, knowledge etc., to cope up with the new changes.

(f) Legal Factors
One of the most important external factors that affect HRM is the legal environment. The management cannot handle the human resources at will. It has to manage its employees according to the legislation enacted by the government at the centre and the states.

_The Important Legislations Enacted in India Affecting HRM are:_ Factories Act, Trade Unions Act, Workmen’s Compensation Act, The Payment of Wages Act, The Minimum Wages Act, Payment of Gratuity Act, and The Maternity Benefit Act. The government is the custodian of industrial and economic activities.

(g) Human Resource in the Country
The structure, values and the level of education of human resources in the country influence the HRM function of any organization. The influence of manpower in the country can be studied through:

(i) change in the structure of employment with the entry of workforce with different backgrounds.

(ii) changes that have taken place in the structure of the workforce over the years and led to the emergence of new values in organizations.

(iii) increased level of formal education which has led to changes in the employee attitude. Well-educated employees always challenge and question the management’s decisions and want a voice in the company’s affairs affecting their interest.

Thus, many environmental factors affect the performance of specific tasks of HRM. Changes in the internal and external environmental factors complicate the job both of line and personnel managers in overseeing the contributions of human resources. Considering the complexities and challenges in the HRM now and in near future managements have to develop sophisticated techniques and competent people to manage personnel on sound lines.

1.8 HR AUDIT

_Conscept:_ HR records provide information regarding the utilisation of human resources in an objective way. However, in most cases, these are not sufficient. A critical evaluation of
NOTES

manpower programmes is required to identify the areas where improvements are needed and to set things in order. Audit is an important aspect of managerial control. It involves examination and verification of accounts and records. Human resource audit implies a critical examination and evaluation of policies, programmes and procedures in the area of HR management. It is a periodic review to measure the effectiveness of HR management and also to determine further steps for a more effective use of human resources.

An audit is a review and verification of completed transactions to see whether they represent a true state of affairs of the business or not. Thus, an HR audit refers to:

(i) the measurement of the effectiveness of the HR management’s mission, objectives, strategies, policies, procedures, programmes and activities; and thereafter
(ii) the determination of what should or should not be done in the future,

HR audit involves a formal, systematic and in-depth analysis, investigation and comparison. The primary aim of HR audit is to determine whether the personnel policies and practices are consistent with organisational objectives. It also determines how effectively the personnel policies and programmes have been implemented.

Human resource audit is well practiced in developed countries. In India, we do not have a full audit like financial audit of the Human Resource activities in an organization.

1.8.1 Objectives of Human Resource Audit

According to Gray R.D, “the primary purpose of personnel audit is to know how the various units are functioning and how they have been able to meet the policies and guidelines which were agreed upon; and to assist the rest of the organization by identifying the gap between objectives and results for the end-product of an evaluation should be to formulate plans for corrections or adjustments”.

The objectives of HR audit are:

1. to review the whole system of management programmes in which a management develops, allocates and supervises HR in an organization with a view to determine the effectiveness of these programmes. In other words, HR audit reviews the system of acquiring, developing, allocating and utilising human resources in the organization
2. to evaluate the extent to which line managers have implemented the policies and programmes initiated by top management and the HR department
3. to review the HR system in comparison with other organizations and modify them to meet the challenges of human resource management
4. to locate the gaps, lapses, shortcomings in the implementation of the policies, procedures, practices, directives of the HR department and to know the areas where non implementation and/or wrong implementation has hindered the planned programmes and activities
5. to evaluate the effectiveness of various HR policies and practices
6. to evaluate the HR staff, and
7. to seek answers to such questions as “what happened?” “why it happened?” or “why it did not happen?” while implementing policies, practices and directives in managing human resources.

1.8.2 Need for HR Audit

Though there is no legal obligation to audit HR policies and practices, some of the modern organizations do pursue it for the following reasons:

1. to increase the size of the organization and personnel in several organisations
2. to change the philosophy of management towards HR
3. to increase the strength and influence of trade unions
4. to change HR management philosophy and thereby personnel policies and practices throughout the world, and
5. to increase the dependence of the organization on the HR system and its effective functioning.

1.8.3 Qualitative and Quantitative Indicators for HR audit

The following table outlines the most commonly used qualitative and quantitative indicators of effectiveness classified by major functions. It should be remembered that these indicators are not foolproof and may not be dependable in all cases.

<table>
<thead>
<tr>
<th>Major Functions</th>
<th>Qualitative Indicators</th>
<th>Quantitative Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Procurement</td>
<td>Personnel inventory, replacement tables, organization planning, job descriptions and specification, source evaluation, exit interviews, induction programmes.</td>
<td>Turnover rates, selection rates, retrenchment, dismissal and lay-offs, recruitment time-lag and recruitment ratios</td>
</tr>
<tr>
<td>2. Utilisation</td>
<td>Identification of merits</td>
<td>Capacity utilisation, idle time, statistics, extra-time statistics, backlogs, turnover per employee, profits per rupee of personnel expenses etc.</td>
</tr>
<tr>
<td>3. Training and Development</td>
<td>Training programmes, supervisory and management development programmes, systematic promotions, career planning, formal appraisals</td>
<td>Time taken in training, apprentice ratios, scrap losses, productivity increases.</td>
</tr>
<tr>
<td>4. Compensation</td>
<td>Job evaluation programme, wage and salary surveys, complaint from employees about wage and salaries</td>
<td>Wage and salary differentials, benefit range and costs, number of employees earning bonus in excess of standard rate</td>
</tr>
<tr>
<td>5. Integration and Maintenance</td>
<td>House organ, employee handbook, employee voluntary participation in optional service programmes</td>
<td>Measured morale, measured communication, absenteeism and turnover rates, number of grievances, suggestion ratios, accident rates</td>
</tr>
<tr>
<td>6. Labour relations</td>
<td>Labour-management committees, contract interpretations, no strike clause</td>
<td>Work stoppages, grievances and their settlement, arbitrations, costs</td>
</tr>
</tbody>
</table>


18.4 Significance of HR Audit

Though there is no legal obligation to audit personnel policies and practices, informed employers voluntarily use it as a tool for evaluation and control of personnel function. Therefore, HR audit is used widely to check the organizational performance in the management of human resources. The significance of HR audit lies in the following:-

1. The management now feels that employee participation in organizational activities is essential for the success of the organization.
2. It provides the required feedback.
3. Rising labour costs and increasing opportunities for competitive advantage in human resource management. (?)

4. It can be used to avoid the intervention of Government to protect employee interests.

NOTES

### 18.5 Benefits of HR Audit

Keith Davis summarises the benefits of HR audit in the following ways:

- It identifies the contributions of the HR department.
- It improves the professional image of HR department.
- It encourages greater responsibility and professionalism amongst members of HR department.
- It classifies the HR department’s duties and responsibilities.
- It stimulates uniformity of personnel policies and practice.
- It identifies critical personnel problems.
- It ensures timely compliance with legal requirements.
- It reduces human resource costs.

<table>
<thead>
<tr>
<th>Major Areas</th>
<th>Levels and Examples of Audit Data</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level I Results</td>
</tr>
<tr>
<td></td>
<td>Level II Programmes and Procedure</td>
</tr>
<tr>
<td></td>
<td>Level III Policy</td>
</tr>
<tr>
<td>Planning</td>
<td>Personnel shortages, supplies, layoff etc</td>
</tr>
<tr>
<td>Forecasting</td>
<td>Time bound or network cost/benefit budget etc.</td>
</tr>
<tr>
<td></td>
<td>Explicit statement to provide inclusive plans for present and future</td>
</tr>
<tr>
<td>Staffing and Development</td>
<td>Recruitment costs; training cost, labour turnover etc</td>
</tr>
<tr>
<td></td>
<td>In-house and outhouse training programmes, guidance in careers etc</td>
</tr>
<tr>
<td></td>
<td>Non-discrimination etc.</td>
</tr>
<tr>
<td>Organising</td>
<td>Feedback, reader interest, extent of formal, organisation, reports records etc</td>
</tr>
<tr>
<td></td>
<td>Job definitions for individuals, departments, task forces, house organs etc</td>
</tr>
<tr>
<td></td>
<td>Encourages flexibility, reduces resistance to change, effective three-way communication etc</td>
</tr>
<tr>
<td>Motivation and Commitment</td>
<td>Productivity, performance norms comparative costs etc</td>
</tr>
<tr>
<td></td>
<td>Job enlargement; wage and salary administration, morale survey, exit interviews, fringe benefits etc</td>
</tr>
<tr>
<td></td>
<td>Gain high personal identification, ensure whole sale satisfaction</td>
</tr>
<tr>
<td>Administration</td>
<td>Suggestions, promotions, grievances, discipline, union-management cooperation</td>
</tr>
<tr>
<td></td>
<td>Consultative supervision; collective bargaining, union-management committees etc</td>
</tr>
<tr>
<td></td>
<td>Style adapted to changing expectations; participative involvement, collective bargaining etc.</td>
</tr>
<tr>
<td>Research and Innovation</td>
<td>Changes, experiments research reports, publications</td>
</tr>
<tr>
<td></td>
<td>R&amp;D approach in all areas; suggestion plans, etc</td>
</tr>
<tr>
<td></td>
<td>Test old and new theories; encourage creativity in management</td>
</tr>
</tbody>
</table>

1.8.6 Scope of HR Audit

The HR audit has a very wide scope. It assumes that the management of human resources involves much more than the practice of recruiting, hiring, retaining and firing employees. It examines the concept of ‘people management’ by supervisors at all levels. It covers areas like HR philosophy, policies, programmes, practices and personnel results. The National Industrial Conference Board of the United States states, “The top management is interested in auditing all the programmes relating to employees, regardless of where they originate, or the channels through which they are administered”.

The major areas of HR audit include:
1. Programming, forecasting and scheduling to meet organization and personnel needs
2. Areas of recruitment, selection, careers, promotions, training and development
3. Areas of leadership, welfare, grievances, performance appraisal, employee mobility, and industrial relations

Yoder gives the following outline of the scope of HR audit – area wise and level wise.

1.8.7 HR Audit Process

The HR audit should do a thorough probe, evaluating HR policies, programmes, philosophy, practices and concepts and comparing with standards and with those of the personnel records of the said organization and other organizations. The level and depth of the audit should be decided in advance. Rao has included the following in an HR audit process.

1. Identify indices, indicators, statistical ratios and gross numbers in some cases
2. Examine the variations in time-frame in comparison with a similar previous corresponding period
3. Compare the variations of different department departments during different periods
4. Examine the variations of different periods and compare them with similar units and industries in the same region.
5. Draw trend lines, frequency distributions and calculating statistical correlations.
6. Prepare and submit a detailed report to the top management and to the managers at appropriate levels for information and necessary action.

1.8.8 Audit of HR Results

The real test of HR policies and programmes lies in the results achieved. Comprehensive policy statements and elaborate procedural manuals are useless unless they yield good results. In the audit of results, the HR audit may calculate ratios and percentages from personnel statistics. Such measurement will reveal useful trends in manpower utilisation.

HR audit is a comparatively new area of audit. Therefore, the HR auditor has no body of laws, regulations and standard practices to guide him. The HR auditor has to depend upon his own judgement and records available within the organization. Moreover, HR audit may become a fault-finding exercise. For example, wherever certain deficiencies are detected, the management and workers may start blaming each other. To avoid such situations, a forward looking approach is required.

1.8.9 Audit Report

After examining various aspects of human resource management, the HR auditor compiles his observations, analysis, findings and recommendations in the form of a report. There is no prescribed format of the report in case of HR audit. The audit has to examine the various HR reports, personnel policies and practices. The HR audit report is meant mainly for the top management. However, certain aspects of the report e.g. attitude survey and safety survey may be made available to employees. The report should be based solely on
the findings and it should be submitted within a reasonable time after the audit work is over. The following items should be contained in the report:

1. Table of contents
2. Preface, giving a brief statement of the objectives
3. Executive Summary, in which the entire report is summarised for the top executives; this should also contain the recommendations along with the factual information or findings.
4. The report proper, in which a major division is covered as a special section; a clear and in-depth analysis of the data and information, furnished area-wise or department wise. Each section should be complete, and should contain as many supporting data as are practical without making it too voluminous. Other data should be included in the appendix.
5. Summary, which is general in nature and is relevant to all the persons concerned. This is more detailed than the summary and conclusions at the end of the report.
6. Appendix, this includes supporting data and information which is not necessary in the main part of the report.
7. Bibliography, which refers to important books and journals which are necessary for future reading is included at the end.
8. Audit report should be signed by all members making the audit.

1.9 SUMMARY

Human resource management (HRM) is concerned with the “people” dimensions in management. If human resources are neglected or mismanaged, the organization is unlikely to do well. Objectives of HRM are influenced by organizational objectives and individual and social goals. Every organization has some objectives and every part of it should contribute directly or indirectly to the attainment of desired objectives. Human resources, along with financial and material resources contribute to the production of goods and services in an organization. The challenge of HR managers today is to recognize talent and nurture the same carefully and achieve significant productivity gains over a period of time. In India the personnel man has passed through various stages in the past.

1.10 ANSWERS TO ‘CHECK YOUR PROGRESS’

1. Human resource management is the function performed in organizations that facilitates the most effective use of people (employees) to achieve organizational and individual goals.
2. Maximum individual development, developing desirable working relationship and effective utilisation of human resources are the primary goals of human resource management.
3. The significance of human resource management can be discussed at four levels:
   (a) Corporate level  (b) Professional level
   (c) Social level  (d) National level

   (a) Corporate level  HRM can help an enterprise in achieving its goals more efficiently and effectively
   (b) Professional level  Effective management of human resource helps to improve the quality of work life.
(c) Social level  The society, as a whole, is the major beneficiary of good human resource practices.

(d) National level  Human resources and their management plays a vital role in the development of a nation. Effective management of human resources help to speed up the process of economic growth which in turn leads to higher standards of living and fuller employment.

4. The challenge of HR managers today is to recognise talent and nurture the same carefully and achieve significant productivity gains over a period of time. The enterprise is nothing but people. The role of a HR manager is shifting from a protector and screener to the planner and change agent. In present day competitive worlds, highly trained and committed employees are often a firm’s best bet. HR professionals can help an organization select and train employees for emerging roles.

5. The various stages in the growth of Human resource management is given below:

- The Report of the Royal Commission on Labour in India
- Appointment of Labour Officers
- The Second World War
- Enactment of Industrial Disputes Act
- Enactment of Factories Act

6. What are the factors responsible for slow growth of HRM in India?

- Late arrival of the Factory System
- Low Status of the Industrial Worker
- Professionalisation of Human Resource Management
- Social Responsibilities of business
- Change of Government Attitude

7. The origin of Personnel Management in India can be traced back to the recommendations of the Royal Commission on Labour in India (1929-31). The Royal Commission emphasised recruitment and dismissal as the primary responsibilities of the labour officer.

8. The evolving roles of the Personnel Man in India are:

   **Role as a labour officer**  emphasis on recruitment and dismissal as the primary responsibilities

   **Role as police man**  Do’s and don’ts were laid down and the personnel man became a watchdog for enforcement of prescribed regulations.
The law man With the acceptance of the ideal of Welfare State, laws and regulations were enacted to define the rights of employees and to limit the employer’s prerogatives.

The liaison man Some one was required to deal and negotiate with the union on behalf of the management.

The HR man A gradual shift of emphasis from that of a liaison man to personnel administration has taken place.

1.11 QUESTIONS AND EXERCISES

Short-Answer Questions
1. Define “HRM”. Outline its objectives.
3. What do you mean by the statement “HRM is a line manager’s responsibility but a staff function”.
4. What are the factors, which have impeded the growth and progress of Human Resource Management in India?
5. What is the future of personnel management in India?

Long-Answer Questions
1. Explain the objectives of human resource management. What is required to achieve these objectives?
2. Explain the importance of human resources in an industrial enterprise.
3. Explain with a diagram the composition of a HR department in a large organization.
4. How does the future look for a career in human resource management? Trace the evolution and growth of personnel management in India.
5. What is a HR audit? Explain the objectives of HR audit?
6. Explain the report of HR audit.

1.12 FURTHER READING