

HUMAN RESOURCE MANAGEMENT (HRM)

“Human resource management (HRM) is a strategic approach to managing employment relations which emphasizes that leveraging people’s capabilities is critical to achieving competitive edge and advantages, this being achieved and furnished through a distinctive set of integrated employment policies, programmes and practices”.

**By
Dr Tahir javed**

CHAPTER OBJECTIVES

- After studying this chapter, student should be able to:
 - 1. Explain the development of human resource management (HRM) and its practices**
 - 2. Define HRM and its relation to organizational management**
 - 3. Explain the central features of the contract in the employment relationship**
 - 4. Summarize the key HRM functions**
 - 5. Explain the theoretical issues surrounding the HRM debate**
 - 6. Appreciate the different approaches to studying HRM**

THE MEANING OF 'HUMAN RESOURCE'

In management terms, 'human capital' or 'human resources' refers to the traits that people bring to the workplace – intelligence, aptitude, commitment, tacit knowledge and skills, and ability to learn. But the contribution of this human resource to the organization is typically variable and unpredictable.

HUMAN PSYCHOLOGY ON WORKPLACE

- One set of perspectives, drawing on psychology, suggests that the behaviour of people in the workplace is a function of at least four variables:
“ability, motivation, role perception and situational contingencies” (McShane, 2006).

THE MEANING OF 'MANAGEMENT'

The term management may be applied to either a social group or a process. When applied to a process, management conjures up in the mind a variety of images of managerial work. Who is a manager? depends not upon the tasks people undertake but on their social position in the organization's hierarchy. A manager is an organizational member who is 'institutionally empowered to determine and/or regulate certain aspects of the actions of others' (Willmott, 1984, p. 350).

MANAGEMENT BY 4 DIMENSION

- **Management as science, politics, control and practice**
- **science** Successful managers are those who have learned the appropriate body of knowledge, skills and competencies
- **politics** Successful managers are those who can work out and cope with unwritten laws in the organization

MANAGEMENT BY 4 DIMENSION

- Practice Successful managers are those who can work out and cope with contradictory demands and pressures
- Control Successful managers are those who can exploit and control workers

Source: Based on Watson (1986) and Reed (1989)

REFLECTIVE QUESTION

- What do you think of these four perspectives of management? Do they help to explain managerial behaviour? Do they help us to understand the uncertainties and conics found in managing people?

EMPLOYMENT RELATIONSHIP

---Research into the has drawn attention to relations in the workplace oriented towards the:

- economic
- legal
- social
- psychological.

THE 'PSYCHOLOGICAL CONTRACT'

- **unwritten expectations and understandings of the two parties about their mutual obligations.** Rousseau (1995, p. 9) defines it as 'individual beliefs, shaped by the organization, regarding terms of an exchange agreement between individuals and their organization'. Most discussants view the concept as a two-way exchange of perceived promises and obligations. Guest and Conway (2002) have conducted empirical studies on the psychological contract and define it as 'the perceptions of both parties to the employment relationship – organization and individual – of the reciprocal promises and obligations implied in that relationship' (p. 22). At the heart of the concept of the psychological contract are levers for individual commitment, motivation and task performance beyond 'expected outcomes'.

EVOLUTION IN MANAGEMENT PRACTICES WITHIN AN ORGANIZATION

- The Classical approach
- Human Resource Approach
- Modern Approach

THE CLASSICAL APPROACH

The Classical perspective to management emerged during the nineteenth century and continued into the twentieth century.

Due to the new challenges that organizations faced, management sought methods of efficiency which included a rational and scientific approach.

THE CLASSICAL APPROACH INCLUDES THE FOLLOWING THREE THEORIES AND THEIR CONTRIBUTORS:

- Scientific Management by Frederick Taylor
- Administrative Principle by Henry Fayol
- Bureaucratic Organization by Max Weber

SCIENTIFIC MANAGEMENT (1856 – 1915)

BY FREDERICK W. TAYLOR



Scientific Management or Taylorism was a scientific method which was used to optimize the way in which tasks were performed thus improving the labour productivity. One of Taylor's philosophy was "In the past man must has been first. In the future, the system must be first."

GENERAL CONCEPT OF SCIENTIFIC MANAGEMENT

- Develop a standard method for performing a task and train workers to use these methods.
(Managers developed precise procedures based each organizational task)
- Provide workers with the proper tools needed to work.
- Selected employees were chosen for specific tasks.
(Workers that were stronger both mentally and physically were assigned specific tasks)
- Wage incentive were provided when output was increased.
(Employees were motivated to increase their output with the use of additional benefits)

DISADVANTAGES OF SCIENTIFIC MANAGEMENT

- Workers felt exploited because their social aspect of life was disregarded.
(Workers were treated as machines and not humans)
- Management stereotyped workers and did not allow them to prove their skills in other areas.
- Workers were not allowed to form innovative ways to perform their tasks.

ADMINISTRATIVE PRINCIPLE BY HENRY FAYOL (1841 – 1925)



This theory dealt with the entire organization (both workers and management) which functioned with four basic principles. Which are:

- **Unity of command** – Each person receives order from **only** one superior.
- **Division of work** – Specialization and efficiency were incorporated in workers.
- **Unity of direction** – Related activities were grouped under one manager.
- **Scalar Chain** – is the organizational structure which starts from the CEO's to the labourers.

ADMINISTRATIVE PRINCIPLE OR FUNCTION OF MANAGEMENT

The five basic functions or elements of management (*Management Process*) are:

- Planning
- Organizing
- Controlling
- Coordinating
- Commanding (*leading/directing*)

BUREAUCRATIC ORGANIZATIONS BY MAX WEBER (1864 – 1920)



- Weber's theory concentrated on the fact that positions should be structured where there must be a clear line of authority (hierarchy) and all persons must be selected by competency for the job and promotion (promotion based on achievement and a specialized division of labour) also, a formal structure and position rather than an individual.

VIEWS AND MISCONCEPTIONS OF BUREAUCRATIC ORGANIZATIONS

- Good bureaucracy removed or reduced opportunities for corruption, favouritism and arbitrary exercises of power (instead of bribing a single official, you now have to bribe several officials) .
- Sometimes extra paperwork is added to a system.
- Identified bureaucracy with any large organization.
- Sometimes bureaucracy would be mistaken for civil service (governmental organizations) but actually is being used at various types of organizations.
- Bureaucracy is inflexible.

HUMAN RESOURCE APPROACH

- The Human Resource perspective to management suggested that jobs should be designed to meet higher levels needs by allowing workers to use their full potential.
- **Human Resource Approach includes the following three theories and their contributors:**
 - The Hawthorne Studies by Elton Mayo
 - The Maslow Theories of Human's Need
 - Mc Gregor's Theory (x y theory)

FROM MAYO'S INVESTIGATIONS THE FOLLOWING CONCLUSIONS WERE MADE:

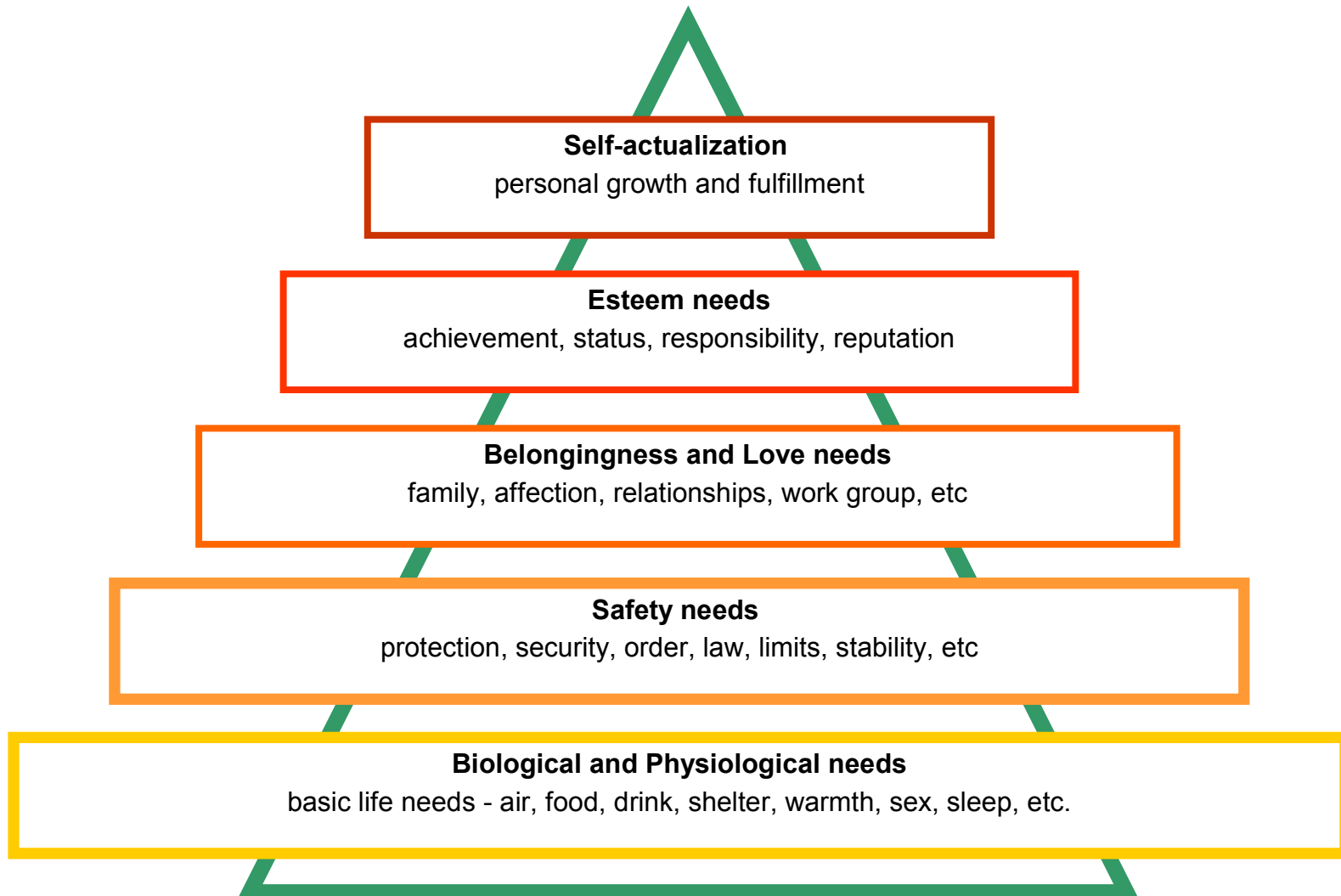
- Work is a group activity.
- The social world of an adult is primarily patterned by their work activity.
- The need for recognition, security and belonging is more important than physical conditions of the work environment.
- A complaint is commonly a symptom manifesting disturbance of an individual's current position.
- An employee is a person whose attitudes and effectiveness are conditioned by social demands from both outside and inside work

MASLOW'S THEORY OF HUMAN'S NEEDS

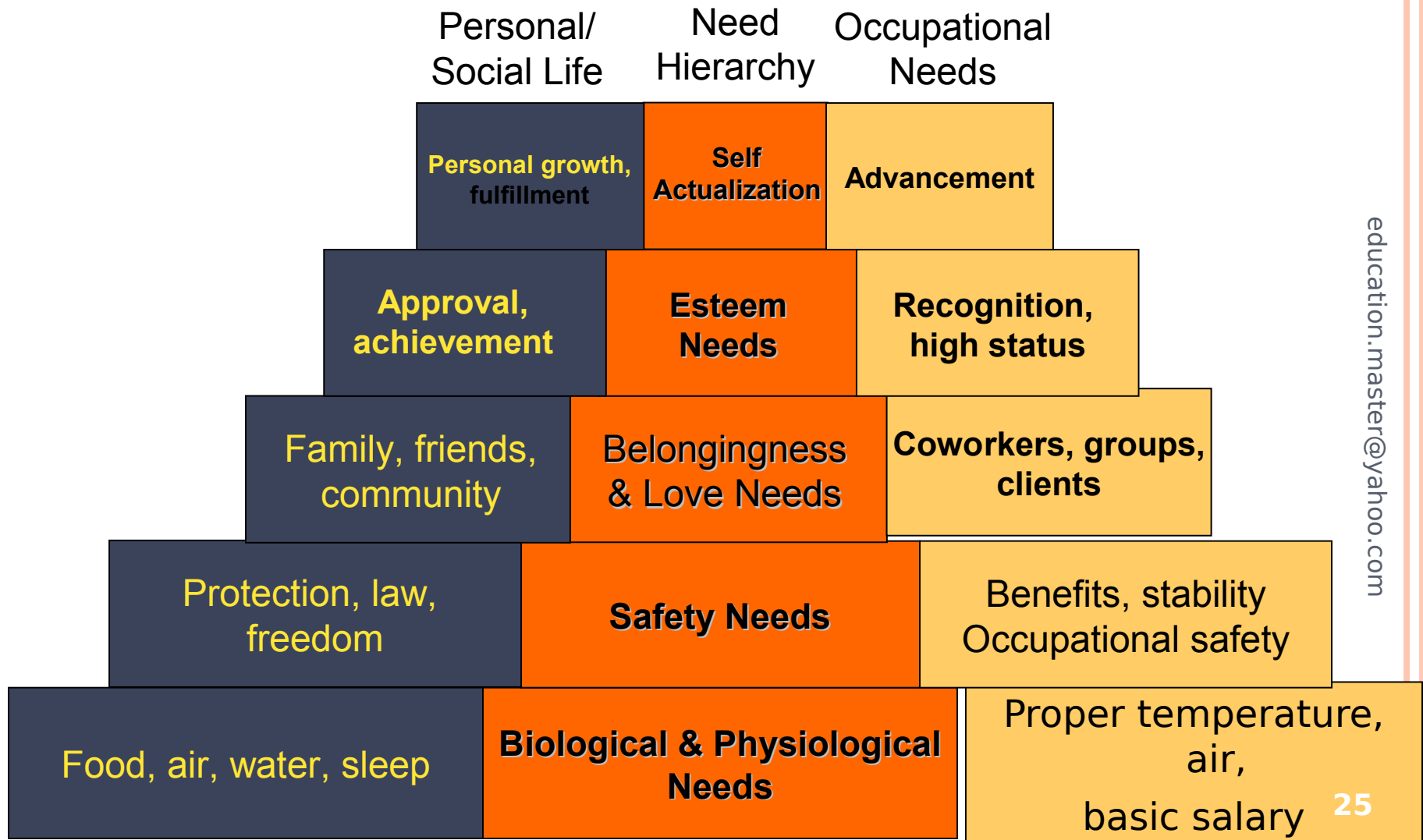


- Maslow's hierarchy of needs is a theory in psychology that contends, each of us is motivated by needs. Our most basic needs are inborn, having evolved over tens of thousands of years. Abraham Maslow's Hierarchy of Needs helps to explain how these needs motivate us all.
- Maslow's Hierarchy of Needs states that we must satisfy each need in turn, starting with the first, which deals with the most obvious needs for survival itself. Only when the lower order needs of physical and emotional well-being are satisfied are we concerned with the higher order needs of influence and personal development. [See additional motivational theory lecture](#)

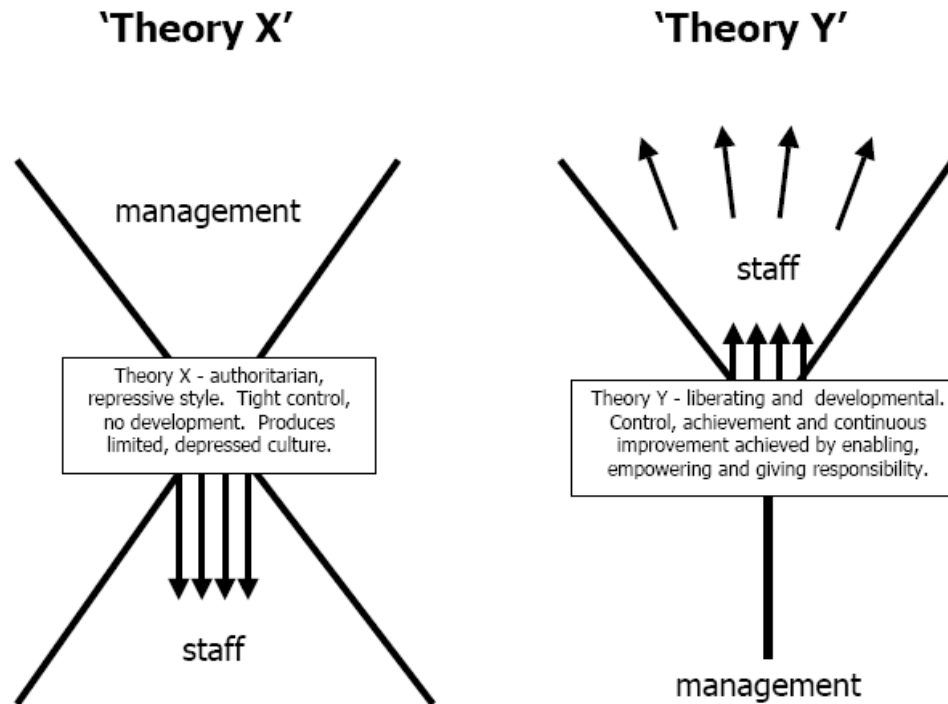
MASLOW'S HIERARCHY OF NEEDS



MASLOW'S HIERARCHY OF NEEDS



THEORY X AND THEORY Y MANAGEMENT



COMPARISON & CONTRAST OF MANAGEMENT THEORIES

Theory X

- Motivation style-
Threats and disciplinary action are used more effectively in this situation, also monetary gain.
- Leadership-
Authoritarian
- Power & Authority-
Arrogant, one way communicator
- Conflict-
Intolerant
- Performance Appraisals-
Appraisals occur on a regular basis

Theory Y

- Motivation style-
Rewarding
- Leadership-
Participative
- Power & Authority-
The manager would take suggestions from workers, but would keep the power to implement the decision
- Conflict-
Workers might be given the opportunity to exert "Negotiating" strategies to solve their own differences
- Performance Appraisals-
Promotions also occur on a regular basis.

SUMMARY & CONCLUSIONS

With respect to overall management style, McGregor's Theory X and Theory Y managers seem to have a much more formal leadership style and managers seem to have different views of the workers, while their views of the tasks remains the same in both cases: that is, one of specialisation, and doing a particular task.

Albeit that Theory Y suggests that the workers would become very good at their particular tasks, because they are free to improve the processes and make suggestions. While the Theory X worker is said to require force, threats, and possibly even disciplinary action.

SUMMARY & CONCLUSIONS

Theory Y are, again, self motivated, this allows them to focus on the task, and also their role within the company. Their desire is to be more productive and enable the company to succeed. Theory X workers, on the other hand, seem to have just enough self motivation to show up at work, punch the time clock, as it were, and do only that which is necessary to get the job done to minimum standards.

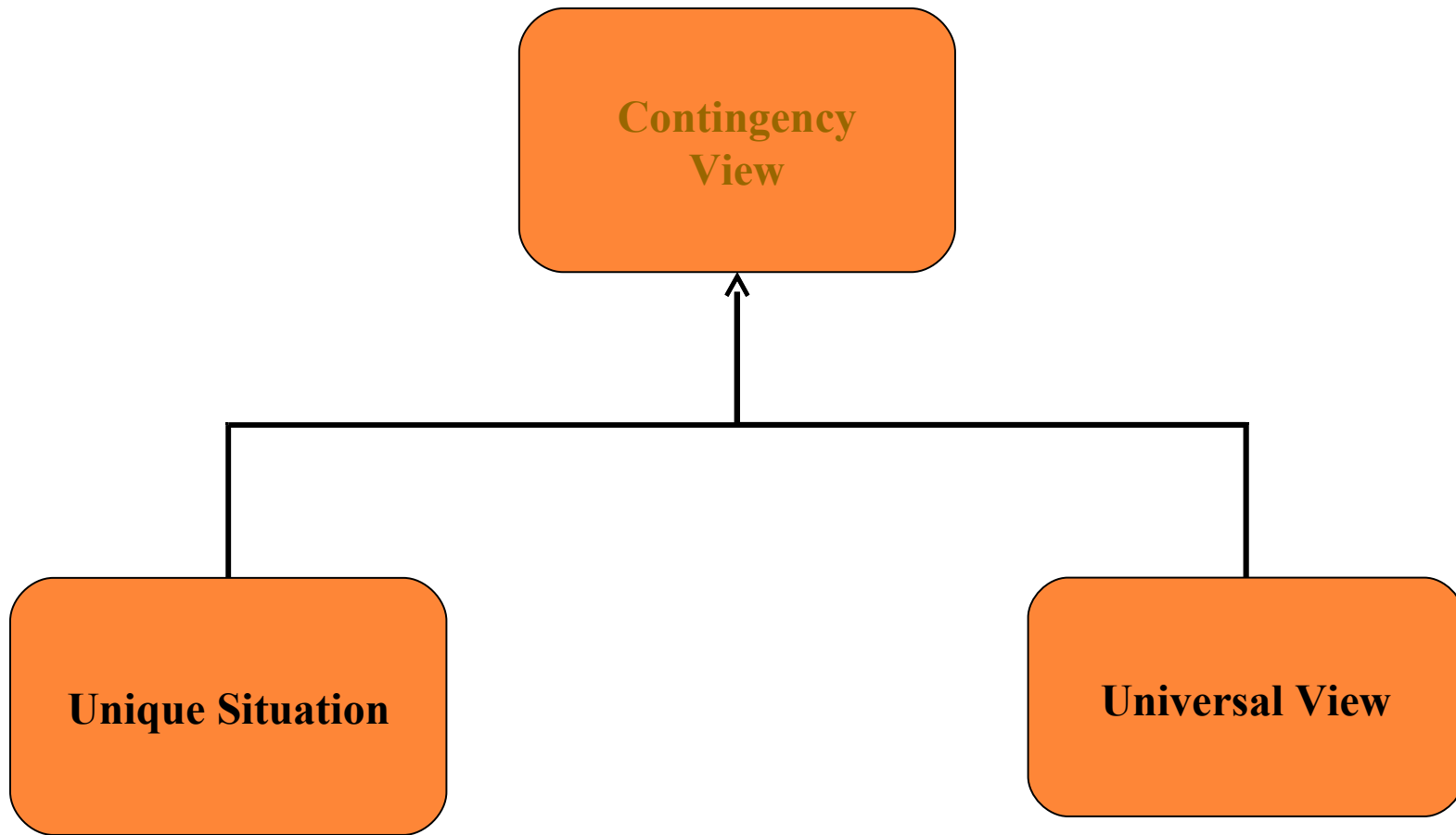
MODERN APPROACH TO MANAGEMENT

- Elements of various perspectives, mostly the humanistic perspective evolved into what is known as the Modern Approach to management.
- **Modern Approach includes the following three theories and their contributors**
 - Open Systems
 - Contingency Thinking
 - Lessons from the Japanese management style (theory z)

CONTINGENCY PERSPECTIVE

- The contingency approach to management is an extension of the humanistic perspective which is based on the idea that in an organization there is no one best way in the management process (planning, organizing, leading, and controlling) to successfully resolve any tailored circumstances; because organizations, people, and situations vary and change over time. Thus, the right thing to do depends on a complex variety of critical environmental and internal contingencies.

CONTINGENCY PERSPECTIVE OF MANAGEMENT



Their important contribution to this approach was as follows:

- The more dynamic and diverse the environment, the higher the degree of both differentiation and integration required for successful organization.
- Less changeable environments require a lesser degree of differentiation but still require a high degree of integration.

IMPORTANCE OF CONTINGENCY

- The more differentiated an organization, the more difficult it is to resolve conflict.
- Where the environment is uncertain, the integrating functions
tend to be carried out by middle and low-level managers where the environment is stable, integration tends to be achieved at the top end of the management hierarchy.

JAPANESE MANAGEMENT STYLE

THEORY Z

McGregor, identified a negative set of assumptions about human nature, which he called Theory X. He asserted that these assumptions limited the potential for growth of many employees.

McGregor presented an alternative set of assumptions that he called Theory Y and were more positive about human nature as it relates to employees. In McGregor's view, managers who adopted Theory Y beliefs would exhibit different, more humanistic, and ultimately more effective management styles and Theory Y became a well-known prescription for improving management practices.

JAPANESE MANAGEMENT STYLE THEORY Z

- Concerns about the competitiveness of U. S. companies led some to examine Japanese management practices for clues to the success enjoyed by many of their industries. This led to many articles and books purporting to explain the success of Japanese companies. It was in this atmosphere that Theory Z was introduced into the management lexicon.

THE KEY FEATURES OF JAPANESE INDUSTRIAL ORGANIZATIONS, ACCORDING TO OUCHI ARE AS FOLLOWS:

- Offer lifetime employment (at least for their core workers).
- Promote from within.
- Insist on mandatory retirement of core workers at age 55.
- Employ a large number of temporary employees mostly women.
- There is a high degree of mutual trust and loyalty between management and employees.

THE KEY FEATURES OF JAPANESE INDUSTRIAL

- Career paths are non-specialized with life-long job rotation as a central feature of career development.
- Decision making is shared at all levels.
- Performance appraisal is long term (ie the first appraisal takes place 10 years after joining the company).
- There is a strong sense of collective responsibility for the success of the organization.
- And cooperation effort rather than individual

In his view, this requires a new philosophy of managing people based on a combination of the following features of Japanese management:

- Lifelong employment prospects
- Shared forms of decision-making
- Relationship between boss and subordinate based on mutual respect

OUCHI THE INTRODUCTION OF THEORY Z

According to **Ouchi** approaches into Western firms requires the following strategy:

- Adoption of a “Top down” approach, based on definition

of the new philosophy agreed and supported by the organization’s top management.

- Implementation of the new approach should be carried

through on the basis of consultation and communication

with the workforce and with full training support to develop relevant skills for managers, supervisors and their teams.