

Industrial Management

Unit-2 Management & Human Resources

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Functions of Management, Taylor's Scientific Management Theory, Fayol's Principles of Management, Social responsibilities of Management,

Introduction to Human resources management: Nature of HRM, functions and importance of HRM.

In This Unit We Cover the Following Topics

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2.1 INTRODUCTION TO MANAGEMENT

The management is an art of coordinating and getting work done through others. The management provides new ideas and vision to the organization. The various functions of management include planning, organizing, motivation, directing, coordination and control all functions. Management carries out the policies of administration through the framework of the organization.

Importance/Characteristics of Management

1. Management guides & controls the activities of man-power for the optimum utilization of company resources, such as men, materials, money, machines, methods, etc.
2. Management creates a vital, dynamic and life giving force to the enterprise.
3. Management coordinates activities of different departments in an enterprise and establishes team-spirit among the different persons.
4. Management provides new ideas and vision to the organization to do better.
5. Management tackles business problems and provides a tool for the better way of doing things.
6. It is by management only that we can meet the challenge of change.
7. Management provides stability to the enterprise by changing and modifying the resources in accordance with the changing environment of the society.
8. Management is goal oriented. It achieves the organizational goals through coordination of the efforts of the personnel (employees).
9. Management is process comprising of functions such as planning, organizing, staffing, directing and controlling.
10. Management is a unifying force. It integrates human and other resources to achieve the desired objectives.
11. Management is an art because it requires actual work to be done through other people.

Functions of Management

Planning

- Planning is a process by which a manager anticipates the future and discovers alternative courses of action open to him.
- Planning is the systematic way of making decisions today which will affect the future, e.g., what will be done in future, who will do it and where it will be done.
- Without proper planning, the activities of an enterprise may become confused, haphazard and ineffective. For example, if a refrigerator making concern does not plan in advance – how many refrigerators and of what capacities are to be made before the summer starts and thus it does not procure necessary materials, tools, supplies and personnel in time, it cannot reach the production targets and hence may not run profitably.

Organizing

- Organizing is the process by which the structure and allocation of jobs is determined.
- Organizing means organizing people, materials, jobs, time, etc., and establishing a framework in which responsibilities are defined and authorities are laid down.

Staffing

- Staffing is the process by which managers select, train, promote and retire their subordinates.
- Staffing involves the developing and placing of qualified people in the various jobs in the organization.

- Staffing is the continuous process. The aim is to have appropriate persons to move into vacated positions or positions newly created in the enterprise.

Directing

- Directing is the process by which actual performance of employees is guided towards the objectives of the enterprise.
- Directing involves motivating, guiding and supervising subordinates towards company objectives.
- Directing involves functions such as – Leadership, Communication, Motivation, and Supervision.

Controlling

- Controlling is the process that compares the actual performance with the expected or standard performance and finding out the deviations in it in order to achieve the pre-determined goals of the enterprise.
- Controlling involves the taking of corrective actions as required to overcome the deviations in actual performance hindering the accomplishment of objectives.

2.2 PRINCIPLES OF MANAGEMENT

Henri Fayol listed 14 principles of management on the basis of his experience. They are:

Division of Work→ The division of works means dividing the workers on the principle that different workers are best fitted for different jobs depending upon their personal aptitude and skills. Division of work leads to specialization. The main advantage of division of work is that the quality of the product is improved.

Authority & Responsibility→ An executive can justify with his responsibility only when he has proper authority. Responsibility without authority or vice versa is meaningless.

Discipline→ Discipline is necessary for efficient functioning of all enterprises. This is a respect for agreements that are directed at achieving obedience and the outward marks of respect.

Unity of Command→ Unity of command means that employees should receive orders and instructions from only one boss or supervisor. This means that an employee should work under only one boss or supervisor.

Unity of Direction→ Unity of direction implies that there should be one plan and one head for each group of activities having the same object.

Subordination of individual to general interest→ The interests of an individual person should not be permitted to supersede (surpass or replace) upon the general interests of the enterprise. This is necessary to maintain unity and to avoid friction among the employees.

Remuneration→ Remuneration is the price paid to employee for the services rendered by him to the enterprise. It should be fair and should bring maximum satisfaction to both employee & employer.

Centralization of Authority→ In an organization, the authority should be centralized for the best overall performance. The authority should not be dispersed (distributed) among different sections.

Scalar Chain→ Scalar chain means that there should be an unbroken line of authority and command through all levels from the highest (general manager) to lowest ranks (employee). The managers should be regarded as a chain of superiors.

Order→ This means that everything (e.g., materials) and everyone (human being) has his place in the organization.

Equity of Treatment→ Equity of treatment means that the manager of the organization should deal with the subordinates with kindness and justice. This will make employee more loyal and devoted towards his duties and management.

Stability→ Instability is the result of bad management. The stable and secure work force is an asset to the enterprise. For example, an average employee who stays with the organization for a longer time is much better than outstanding employees who merely come and go.

Initiative→ Initiative is one of the keenest satisfactions for an intelligent employee.

Esprit de corps→ This principle of management emphasizes the need for team work among the employees.

2.3 SCIENTIFIC MANAGEMENT

As a term scientific management was first used in U.S.A. in 1910 by Louis Brandies. As a process, it was first visualised in U.K. in 1832 by Charles Babbage. The utility of scientific methods to problems of management was first of all introduced by F.W. Taylor in America (1865-1915). He is regarded as a "*father of scientific management*".

Scientific management may be defined as the "Art of knowing exactly what is to be done and the best way of doing it".

Scientific management is the result of applying scientific knowledge and the scientific methods to the various aspects of management and the problems that arise from them.

It tries to make the best use of production resources (men, materials, machines, capital etc). It discovers the economical and efficient methods of production so as to reduce effort and eliminate wastage of time and motions. It provides right man for the right job through scientific selection and training of workers, shop supervisors etc.

2.4 PRINCIPLES OF SCIENTIFIC MANAGEMENT

Taylor through his principles of scientific management initiated a system in which there would be an effective and fruitful co-ordination and co-operation between the management and the workers.

Development of science for each element of work→ Analyse the work scientifically, rather than using thumb rule. It means that an attempt is made to find out what is to be done by a particular worker, how he is to do it, what equipment will be necessary to do it. This information is provided to the worker so as to reduce wastage of time, material etc. and improve the quality of work.

Scientific selection, placement and training of workers→ This principle states that select the workers best suited to perform the specific tasks, and then train them within the industry in order to attain the objectives of the enterprise. This eliminates the possibility of misfits in the organisation and ensures better working. Workers should also be trained from time to time to keep them informed of latest development in the techniques of production.

Division of Labour (Separation of planning function from doing function)→ Division of work in smaller tasks and separation of thinking element of job from doing element of the job. This is the principle of specialisation. It is essential for efficiency in all spheres of activities as well as in supervision work. To be more effective and efficient, Taylor, the founder of scientific management introduced functional organisation, in which one foreman was made in charge for each function.

Standardization of methods, procedures, tools and equipment→ Standardisation helps in reducing time, labour and cost of production. The success of scientific management largely depends upon standardization of system, tools, equipments, and techniques of production.

Use of Time and Motion Study→ Taylor introduced time and motion study to determine standard work. Taylor undertook studies on fatigue incurred by the workers and the time necessary to complete the task.

Taylor suggested that for increasing production rate, the work of each person should be planned in advance and he shall be allotted a definite work to complete by a given time by using a pre-determined method.

Differential Wage System→ Taylor's Differential Piece Rate Scheme provides an incentive for a worker to achieve high level of optimum output. It distinguishes the more productive workers from less productive workers and motivates them to produce more. Taylor believed that if labour is suitably rewarded and is satisfied with job, he will work whole heartedly to achieve the objectives of the enterprise.

Co-operation between Labour and Management→ Scientific management also strives to get the thinking of management changed so as to make the management feel that mutual respect and cooperation between the workers and the management helps in providing proper and effective leadership. The labour starts thinking that it is their work and they must put their heart and soul in the work assigned to them. In fact the main job of scientific management is to revolutionize the mind of both workers and management for mutual benefit and also for the benefit of the enterprise.

Principle of Management by Exception→ In order to make effective utilisation of time of top managers, Taylor suggested that only major or significant deviations between the actual performance and standard performance should be brought to the notice of top management. Top management should pay more attention to those areas of work where standards and procedures could not be established and where there is a significant variation between standard performance and actual performance.

2.5 ADMINISTRATIVE MANAGEMENT THEORY (HENRI FAYOL AND OTHERS)

Administrative theory of management was initiated by H. Fayol, a French Engineer-cum-Manager in Europe. Sheldon, Mooney and Reiley, H. Simon, L.F. Urwick, L. Gulic, C. Barnard were the followers of Fayol and they contributed a lot to the administrative theory of management. H. Fayol is called as a *father of Modern Management*. He established the pattern of management and the pyramidal form of organisation. He pointed out that technical ability is more dominating on the lower level of management whereas managerial ability is more important on the higher level of management.

Henri Fayol analysed the process of management and divided the activities of an industrial undertaking into six groups

1. Technical activities (production, manufacture, adaptation)
2. Commercial activities (purchasing, selling and exchange)
3. Financial activities (optimum use of capital)
4. Security (protection of property and persons)
5. Accounting (stock taking, balance sheet, costing, statistics)
6. Managerial (planning, organising, commanding, co-ordinating and controlling)

In 1916, H. Fayol described a number of Management/Organisation principles in his book- General and Industrial Management. These principles constitute the theory of management or administration of business enterprises. They are as described below:

Division of Work→ This is the principle of specialization. Division of work should be according to work, department, job etc. Both technical and managerial activities can be performed in the best manner only through division of labour and specialization. It can ensure maximum productivity and efficiency in all spheres of activity.

Authority and Responsibility→ The right to give order, the right to command, is called *authority*. The obligation to accomplish objectives or expected results or performance is called *responsibility*.

sponsibility. They are inter-related and exist together. In any management process, delegation of power, utilisation of authority and fixation of responsibility are key to success.

Discipline→ No organisation can work smoothly without discipline, it is the very core of administration. The rules, regulations, policies and procedures must be honoured by all the members of organisation. Discipline is imposed by administration. It requires good superiors at all levels, clear and fair agreement on rules, regulations, procedures. There must be penalties (punishment) for non-obedience or indiscipline.

Unity of Command→ In order to avoid confusion and conflict, each individual should receive orders and instructions only from one superior and should be accountable to one superior only. Unity of command provides responsible leadership, better guidance and direction, good co-ordination and disciplined performance.

Unity of Direction→ All members of an organisation must work together to accomplish common or same objectives. Their efforts shall be directed towards one common super goal.

Emphasis on Subordination of Personal Interest to General or Common Interest→ It means that the common interest of the organisation must be given more importance than the interest of the individual. The organisation will collapse when personal interest become supreme than the general interest.

Adequate Remuneration to Personnel→ The persons working in the organisation should be paid suitably and adequately. This will help to maintain their interest in the work and the enterprise. Exploitation of employees in any manner must be eliminated. A wage policy should be based on adequate financial and non-financial incentives.

Centralisation→ The decision for centralisation would naturally vary from organisation to organisation. However, there must be a good balance between centralisation and decentralization of authority and power. Extreme centralization and decentralisation must be avoided.

Scaler Chain or Line of Authority→ An organisation chart should be prepared for better communication and effective co-ordination. It shows the flow of authority and responsibility from top to bottom.

Order→ "A place for everything and everything in its place" is a best norm for material management, which also holds goods from management of men also, that is, 'a place for everyone and everyone in his place'. This is essential for successful execution of orders received from the top. Order or system alone can create a sound organisation and efficient management

Equity→ An organisation consists of human beings, a group of people working together for some common objectives of the enterprise. Hence, there should be equity, justice and kindness on the part of managers to create loyalty and devotion among subordinates. Unbiased, meaningful and equal treatment should be the motto of a management in its relations with employees.

Stability of Workers→ Security of income and employment is a pre-requisite of sound organisation and management. This will reduce unnecessary labour turnover, and increase efficiency by having stable working force.

Initiative→ This principle allows subordinates to utilize their initiative. Initiative is a freedom to think plan and to execute. The employees should be allowed to take initiative, of course, under watchful eyes. Initiative brings self-confidence in a worker which is essential for improving efficiency of the organisation.

Esprit de Corps (Team spirit)→ According to this principle *Union is strength*. Management should not adhere the principle of "divide and rule" instead it should try to achieve co-operation and team spirit in the employees. Pride, loyalty, and sense of belonging is essential for efficient working and the prosperity of the organisation.

2.6 CONTRIBUTION OF FRANK GILBRETH

1. Frank Gilbreth and Lillian Gilbreth (1868-1924) did a lot of work in order to improve work methods and thus to discover best way of doing a job.
2. In 1917 Gilbreth defined motion study, "as the science of eliminating wastefulness resulting from unnecessary, ill-directed and inefficient motions'. He is regarded as a *father of motion study*. He developed 'principles of motion economy'.
3. In 1921, he introduced process chart.
4. He also identified Therbligs - the fundamental motions involved in doing an activity.
5. He developed micromotion study, invented cycle graph, chrono-cyclegraph and flow diagrams.
6. Frank and Lillian Gilbreth carried out studies on fatigue caused to the industrial worker and its elimination. They concluded that fatigue can be reduced considerably by allowing rest periods, planning seating arrangement, improving working conditions and by using principles of motion economy.

2.7 MANAGEMENT TOOLS

There may be management situations in which all the needed data for solving a problem is not readily available. In such cases, it is necessary to go beyond the analytical approach and use the design approach for solving problems. The tools that are used effectively for solving management problems are known as management tools. Following are the management tools:

Affinity Diagrams

The affinity (similarity) diagrams is a very simple technique which is based on group work. Every participant writes down his/her ideas, options and facts relating to a broad problem. The data is gathered and organized for problem understanding. Once the problem is identified, generation of solution will be easy.

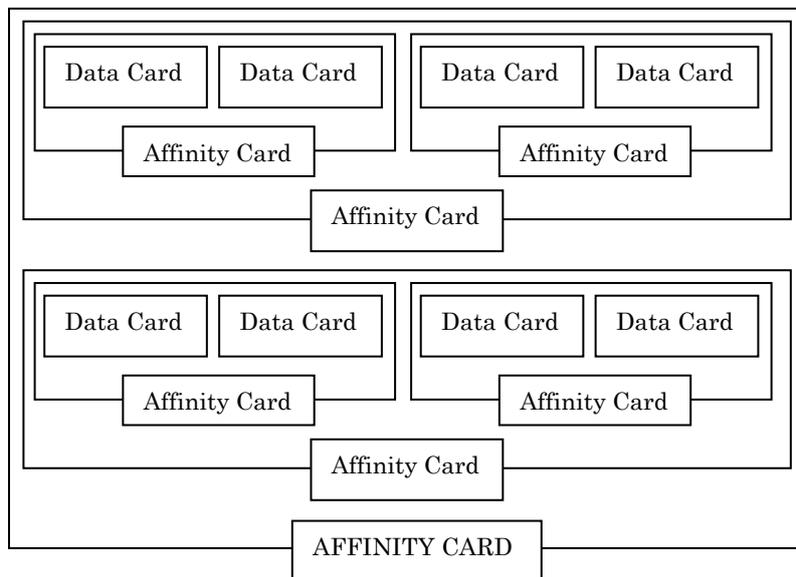


Diagram 2.1 Affinity diagrams

The following steps are used in this technique:

1. Decide the topic on which confusion exists, for example lack of productivity or how to improve the English language speaking skills of students, etc.
2. Select a team of right people. The team must have common goals and interest. The purpose is to find the solution of the problem.

3. Allow each member to write down as many contributing factors as possible to the problem on a data card. The contributing factors may be facts, opinions, and ideas and should be written on separate cards.
4. Spread the cards randomly on a table with written matter facing up side. Now ask the team to logically group the cards.
5. Pick out the pairs of cards which have natural affinity (similarity) and arrange them side by side.
6. Combine the statements of these two cards and form a single sentence. Write down this statement in a separate new card. This is known as affinity card. This is done for all pairs of cards having natural affinity.
7. Continue the same steps for all affinity cards. Pair the similar affinity card together.
8. Form a new affinity card with a sentence, which reflects both the cards.
9. The above procedure is repeated till all the cards are joined and a single or a couple of statements emerge.
10. Discuss the changes and generate the solution of problems.

Interrelation Diagrams

The interrelation diagrams are also known as relations diagram. Interrelation diagram (ID) is used to find appropriate solutions of the problem by studying the relationship between various causes and effects. Therefore, this tool helps in identifying the relationship between different factors which cause a problem or issue. The following steps are used in this technique:

1. Appoint a team which agrees on the issue or problem statement.
2. State clearly the issue or problem. Write it on a card and place it at the centre of a board.
3. Ask the team members to think about the problem and provide various different causes cards for the problem.
4. Place these cards around the central problem. Now arrange the cards in such a manner that similar ones are placed together.
5. Determine if *cause-effect* relationship exist between any of the cards. If so, draw an arrow from the cause card to the *effect card*.
6. Cards that have most arrows going from them tend to be the *root causes*. Cards that have most arrows going to them are the *root effects*.
7. From the above discussion, the most important and root cause can be identified.

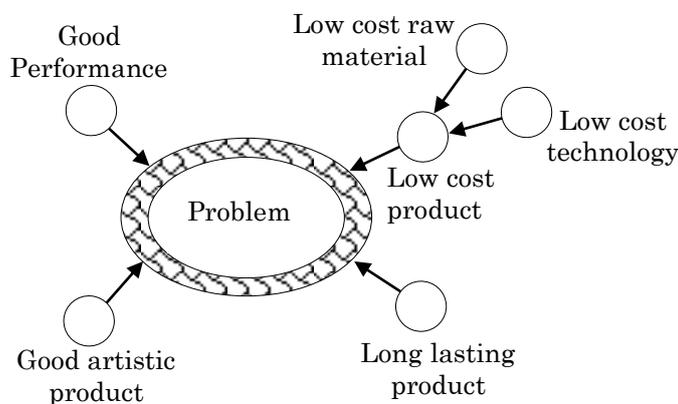


Diagram 2.2 Interrelation diagrams

Tree Diagrams

A tree diagrams is used to obtain best strategies for an objective. This is a technique which serves the purposes of developing the essential means to achieve an objective or goal. The chart

shows steps from the initial problem to the sequential development till the final conclusion. The chart look like a tree and hence called a tree diagram. Therefore, a tree diagram systematically shows the means and procedures necessary to successfully implement a given plan. The following steps are used in this technique:

1. Identify the problem. Write it on a card. This card is known as objective card.
2. Identify constraints to be taken care of and how the objective can be achieved. Note them on a separate card.
3. Allow the team to discuss the means of achieving the objectives. The members of the team will suggest the different methods. Select three or four methods. Write them on separate cards. These are known as primary cards. Place the primary cards on the right of objective card.
4. Considering different primary cards, discuss and identify various methods for achieving it. Write them on different cards. These are known as secondary cards. Arrange the secondary cards corresponding to a primary card.
5. Discuss secondary cards which will give many root causes of the problem. When appropriate one is selected and tackled, the problem will be solved.

Below figure shows a tree diagram constructed to analyze the monthly outgoings in a company.

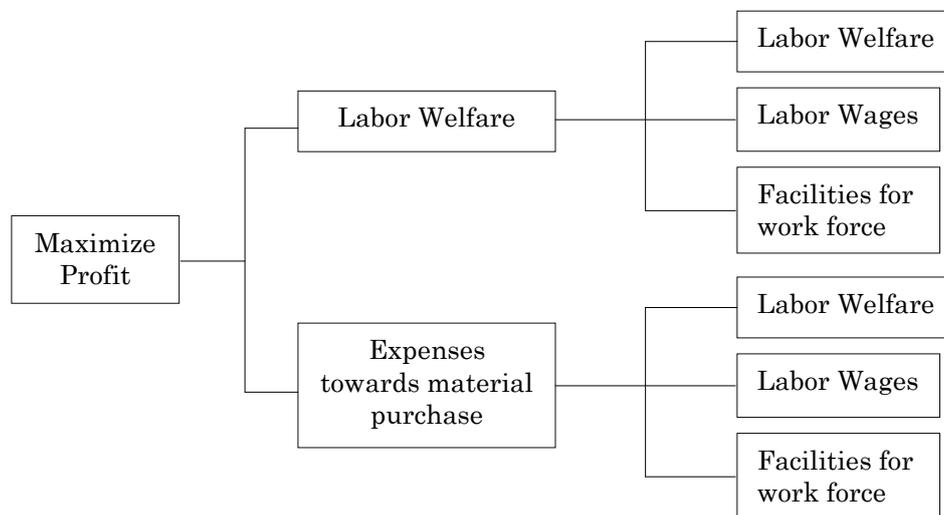


Diagram 2.3 Tree Diagram for Maximize Profit

2.8 HUMAN RESOURCE MANAGEMENT

HRM is the function within an organization that focuses on recruitment of, management of and providing direction for the people who work in the organization. Human Resource Management can also be performed by line managers. Human Resource Management is the organizational function that deals with issues related to people such as compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration, and training.

According to M. J. Jucious “The field of HRM involves planning, organization, directing and controlling functions of procuring, developing, maintaining and utilizing a labor force.”

According to Milkovich & Boudreau “Human Resource Management is a series of decision that affect the relationship between employee and employer it affects many constituencies and is intended to influences the effectiveness of employee and employer”.

Nature of Human Resource Management

Human Resource Management is a process of bringing people and organizations together so that the goals of each are met.

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The various features of HRM include:

- It is pervasive in nature as it is present in all enterprises.
- Its focus is on results rather than on rules.
- It tries to help employees develop their potential fully.
- It encourages employees to give their best to the organization.
- It is all about people at work, both as individuals and groups.
- It tries to put people on assigned jobs in order to produce good results.
- It helps an organization meet its goals in the future by providing for competent and well-motivated employees.
- It tries to build and maintain cordial relations between people working at various levels in the organization.

Features of Human Resource Management

Human resource management is concerned with most effective use of people to achieve organizational & individual goals. It has the following features

Pervasive force: HRM is pervasive in nature as it is present in every enterprise & at all level of management in an organization.

Action oriented: HRM focuses attention on action rather than record keeping, written procedures or any rules.

Individually oriented: It helps employees develop their potential fully & encourages them to give output their best to the organization & motivates them through systematic process.

People oriented: HRM in all about people at work both as group & individuals. It tries to put people an assigned job in order to produce good result.

Universal's Nature: HRM practices are prevalent in each and every organization whether it is public or private, government and non-government, educational or corporate, i.e., in almost every area. Its existence is not only limited to the personnel functions rather it is pervasive at all the functional areas, i.e. marketing, finance, production, etc.

Action-Oriented: The focus of HRM is on action rather than on keeping records, written procedures or rules. The issues of employees at the workplace are resolved with the help of rational policies.

Focused on People Dimension: HRM is basically focused on developing people at work both at individual and group level. It seeks to correlate the capabilities of employees with the requirement of the job. It constantly tries to motivate people for better performance and higher productivity.

Growth-Oriented: The main concern of HRM is to fully develop the capabilities of the employees and maintain the reward system according to the expectation of the employees. The reward system should constantly motivate the employees to achieve the standard performance. Training is also offered to employees so as to discover and develop their potential. Job rotation is also used to analyze the overall performance of the job.

Cordial Integration: The function of developing and re-structuring harmonious relation among human resources in the organization is performed by HRM. It coordinates and controls the human resources in the organization in such a manner so as to produce maximum results.

Challenging Function: Nature of people is very complex and dynamic. Hence, management of human resource demands very close supervision of the employees in the organization. It is very critical task to control and coordinate employees because of human factor. HR manager is required to be very careful while controlling and dealing without hurting their sentiments.

Supplementary Service: HR also plays a supportive role by assisting and advising operational/functional managers. As a specialist advisor, they supervise and guide other managers to achieve their personnel tasks in more effective manner.

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Scope of Human Resource Management

The scope of Human Resource Management refers to all the activities that come under the banner of Human Resource Management. These activities are as follows.

Human resources planning: Human resource planning or Human Resource Planning refers to a process by which the company to identify the number of jobs vacant, whether the company has excess staff or shortage of staff and to deal with this excess or shortage.

Job analysis design: Another important area of Human Resource Management is job analysis. Job analysis gives a detailed explanation about each and every job in the company.

Recruitment and selection: Based on information collected from job analysis the company prepares advertisements and publishes them in the newspapers. This is recruitment. A number of applications are received after the advertisement is published, interviews are conducted and the right employee is selected thus recruitment and selection are yet another important area of Human Resource Management.

Orientation and induction: Once the employees have been selected an induction or orientation program is conducted. This is another important area of Human Resource Management. The employees are informed about the background of the company, explain about the organizational culture and values and work ethics and introduce to the other employees.

Training and development: Every employee goes under training program which helps him to put up a better performance on the job. Training program is also conducted for existing staff that have a lot of experience. This is called refresher training. Training and development is one area where the company spends a huge amount.

Performance appraisal: Once the employee has put in around 1 year of service, performance appraisal is conducted that is the Human Resource department checks the performance of the employee. Based on these appraisal future promotions, incentives, increments in salary are decided.

Compensation planning and remuneration: There are various rules regarding compensation and other benefits. It is the job of the Human Resource department to look into remuneration and compensation planning.

Motivation, welfare, health and safety: Motivation becomes important to sustain the number of employees in the company. It is the job of the Human Resource department to look into the different methods of motivation. Apart from this certain health and safety regulations have to be followed for the benefits of the employees. This is also handled by the HR department.

Industrial relations: Another important area of Human Resource Management is maintaining co-ordinal relations with the union members. This will help the organization to prevent strikes lockouts and ensure smooth working in the company.

Function of Human Resource Management

Managerial Functions Manager's first and foremost job is to manage people. All the managers regardless of their departments carry-out managerial functions. Managerial functions of human resource management are as follows:

Planning: It is concerned with pre-planning of activities to be done in future. It is the process of taking any action after thinking about it. Planning is related to strategy formulation of personnel programmers and changes in advance that will help in the achievement of organizational goals. HRP, hiring, selection, T&D are some of the HR functions which require planning, etc.

Organizing: It is the procedure of aligning people and other resources so that they can work collectively to achieve a goal. For this, firms generally need to establish relationships among the employees so that they can mutual contribute to fulfill the organizational goals.

Directing: Directing is concerned with telling employees to perform a specific task and make sure the work done is as per the given directions. The voluntary and effective cooperation of employees for the fulfillment of organizational goals is possible through right direction. It is the responsibility of the human resource management to motivate, develop communication network, integrate people, maintain discipline and resolve employee grievances in a quick and proper way.

Coordinating: Coordination among the people is essential at all levels of management. Achievement of organizational objectives is possible only through the coordination among groups and their activities. Developing, interpreting, and reviewing policies and programmers of employees is the sole responsibility of human resource department. The last decisions may be taken by the line managers but personnel department can give suggestions for improvements.

Controlling: Controlling is the process of examining and verifying if everything is as per the set plans standards. Some of the means through which human resource management function and be controlled and made effective are auditing of training programmers, analysis of labor turnover records, directing morale surveys, conducting separate interviews.

Operational Functions: Operational functions are special activities which human resource people have to perform for each and every department of the organization. These are the regular functions of the human resource department. It focuses on all activities of the organizational workforce from their HR planning till their exit.

Employment: It deals with acquiring and hiring the potential candidates for the attainment of objectives of the organization. Job analysis, manpower planning, recruitment, selection, induction, and placement, etc. Are the activities which are included in the employment function?

Human Resource Development: HRD is the procedure of building and transforming the knowledge, skills, creativity, attitude, etc., according to the existing and upcoming requirements of the job and organization. It consists of performance evaluation, training and development, career planning and development, etc.

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Compensation: Compensation is about motivating employees by providing them reasonable and satisfactory remuneration so that they can work more effectively. Employee benefits, bonus, incentives, and social security benefits are the components of compensation package. Job evaluation and wage and salary administration are the processes of compensation management.

Importance of Human Resource Management

Helps you achieve your objectives: The chief ground for human resource management to be important is that they help the company to achieve their objective on a regular basis by means of developing a positive attitude amongst the employees.

Design recruitment and training: They are significant because they cull the right kind of people during recruitment. They call for initiatives and design criteria which are best suited for a specific task.

Professional development is attained: The policies adopted by human resource management helps in providing excellent training for the employees. When such training is offered, they are developed professionally. Their talent can be used inside the system and also in other companies which one may intend to join in the future.

Performance appraisals are a good thing: The HRM motivates the employees by their performance assessment procedure. They help people to act according to their efficacy and also offer estimates to gain advances. The employee's performances according to their roles are monitored on a regular base.

The work atmosphere is maintained: Another important aspect to be glanced is that the workplace atmosphere and work culture are significant aspects which plays a central part in the operation of an employee. The human resource team offers a good working condition for the employees.

Enhances team work: The HRM helps individuals and trains them to play in a team; this perfect training makes employees better to exploit in a team. By this way team work is enhanced and employees learn to adjust and coordinate with their squad.

Handles disputes: There are a number of hassles and issues that may rise up during the track amongst the employer and employee in an organization. In such scenarios, the human resource department acts as a consultant as well as intercessor to set right those sorts of events. They first hear the grievances of the employees and sort them out by providing proper solution. Whenever mandatory, they also require immediate action.

Select the right employee: The human resource management follows a certain set of protocols to pick the correct candidate for a fixed task. Such sort of selection offers job satisfaction for the employee as they act in the proper class of occupation.

For handling payrolls: Either small business or large systems, human resource managements help in maintaining payrolls or handling open enrollment season each year. The employee's complete details regarding payments are taken charge by this squad. They too hire up the obligation to set the pay range within the establishment.

Minimizing employee recruitment cost: The cost of recruitment, replacement, training and ramp up time can be outrageous for organization especially for small businesses. But the HRM would design a well-structured recruitment and selection process which helps in minimizing the key expenses regarding job advertisements, training and enrolling new employees.

2.9 DIFFERENCE BETWEEN HRM AND PERSONNEL MANAGEMENT

According to some experts human resource management and personnel management are same and hence two terms can be used interchangeably. If a person gets a job of human resources, he

may be required to perform the duties similar to that of the personnel manager. In some organizations, a distinction is made, but there is a very nominal difference.

<i>Basis of Difference</i>	<i>HRM</i>	<i>Personnel Management</i>
Scope	It is broader in scope and also incorporates the tasks of personnel management.	It has a limited scope and is considered to be a part of HRM.
Respect for Employees	It views employees as important asset for the development of organization.	It views employees as a labor and utilizes them for the benefit of the organization.
Nature of Duties	More strategic in nature and is responsible for managing workforce as one of the primary resources that contributes to the success of an organization.	Personnel management includes administrative tasks that are both traditional and routine, dealing with payroll, complying with employment laws, and handling related tasks.
Organization Function	It is taken as an integral part of the overall company function.	It is an independent function of an organization.
Responsibility	The responsibility lies with all the organization's managers and its objective is to develop managers from various departments who are trained to take care of personnel-related tasks.	The sole responsibility lies only with the organization's personnel department.
Key Motivators	It views improved performance which results into employee satisfaction. Thus, they emphasize on ways to improve performance through work groups, effective strategies for meeting challenges, and job	It views, employee satisfaction and acts as a motivator to improve job performance. The tools used to motivate employees are compensation, bonuses, rewards, and simplifying the work responsibilities.
Management Role	The management style is transformational in nature which consists of setting goals and incentives to take the organization and the employees to next level of performance and success.	The management style is transactional in nature which focuses on maintaining the normal flow of operations in an organization. The employees are motivated by exchanging rewards for performance.
Rules	Adopts a can do attitude and is not controlled by rules and procedures.	A lot of importance being given to devising rules and procedures.
Guide to Management Action	The management takes decisions which are governed by business needs.	The management takes decisions which are directed by need to fulfill procedures.
Job Design	While designing jobs, emphasis is laid on team work and cooperation among the employees.	Job designing emphasizes on the division of labor which leads to specialization of tasks which each worker needs to do.