CHAPTER - II

THE THEORETICAL REVIEW AND DIFFERENT CONCEPTS AND TERMS OF PERSONNEL MANAGEMENT

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THE THEORETICAL REVIEW AND DIFFERENT CONCEPTS AND TERMS OF PERSONNEL MANAGEMENT

2.1 INTRODUCTION

Personnel management may be described as that part of the management process, which is primarily concerned with the human side of an organisation. Since the objective of business can only be realised through the efforts of its employees, the administration of personnel strives to secure the greatest efficiency of the labour force. The working efficiency of employees depends upon a number of conditions, such as employment of the right person, attainment of the employees' satisfaction and maintenance of interest and loyalty of the workers. Personnel administration and management aims at keeping contented the work force which may lead to fuller co-operation on the part of the employees. It also attempts at the material and moral wellbeing of the employees with a view to improve efficiency. In the words of R.M. Aldrich - "Its object is the maintenance of human relationships on a basis of which by consideration of the well-being of the individual, enables all those engaged in

the undertaking to make their maximum personal contribution to the effective working of that undertaking"[1]

In every business entity personnel management is present in one form or the other. For example, in a small scale industry the personnel function is often carried out by the owner. He hires, fires and promotes individuals according to his capacities and needs. But in large and more complex firms, the owner seldom has the time to attend to all the personnel functions, and is often given a separate organisational status.

2.2 DEFINITIONS OF PERSONNEL MANAGEMENT :

The concept of personnel management has been defined differently by different experts. Following are some of the selective definitions of personnel management—

(1) "Personnel administration is a code of the ways of organising and treating individuals at work so that they will each get the greatest possible realisation of their intrinsic abilities, thus attaining maximum efficiency for themselves and their group, and thereby giving to the enterprise of which they are a part, its determining competitive advantage and its optimum results"[2]

- THOMAS G. SPATES

(2) "Personnel Management is an extension of general management, that of prompting, and stimulating every employee to make fullest contribution to the purpose of the business."[3]

- C. H. NORTHCOTT.

(3) "Manpower management is the function or activity aiding and directing, working men and women in maximising their contributions and satisfaction in employment. It helps workers - including all those who work from unskilled common labourer to corporation, president or public administrator combine their efforts with those of others in providing the services and produces we all want."[4]

- DALE YODER

(4) "It is concerned with the planning organising, directing and controlling of the procurement, development, compensation integration of people for the purpose of contributing to organisation, individual and social goals."[5]

- EDWARD B FLIPPO.

2.3 FEATURES OF PERSONNEL MANAGEMENT

On the basis of various definitions given above, few facts and characteristics may be pointed out about personnel management.

(1) It is concerned with individual, as well as group.

(2) It is concerned with helping the employees to develop their potentialities and capacities to the full, so that they may derive the greatest satisfaction from their work.

(3) It covers all levels of personnel blue collar (like craftsmen, foremen, operator and labourers) and white collar (like professional, technical, managers, clerks and sales workers.)

(4) Personnel management is inherent in all organisations and it is of a continuous nature.

(5) Personnel management is concerned with getting willing co-operation of the people for the attainment of the desired goals.

(6) It includes functions like planning, directing controlling and recruitment, selection, development, utilisation, accommodations, compensations etc.

Taking the above characteristics into consideration it may be observed that personnel management is an approach, a point of view, a new technique of thinking and philosophy of management, which is concerned not only with managing people, but also solving the human problems of "an organisation".

2.4 ASPECTS OF PERSONNEL MANAGEMENT

Following are the aspects of personnel management.

(1) THE WELFARE ASPECT :

This aspect is concerned with working conditions and amenities such as canteens, creches, housing, personal problems of employees, school and recreation facilities.

(2) THE LABOUR OR PERSONNEL ASPECT :

This aspect is concerned with recruitment, placement of employees, remuneration, promotion, incentive, productivity, etc.

(3) THE INDUSTRIAL RELATION ASPECT :

This aspect is concerned with trade union negotiations, settlement of industrial disputes, joint consultation and collective bargaining. All these aspects are concerned with human element is industry.

2.5 OBJECTIVES OF PERSONNEL MANAGEMENTS

Perhaps the most fundamental factor in a personnel programme, next to basic philosophy, is that of objectives. Organisational goals or objectives refer to the predetermined aims or ends which individual or group activity in an organisation seeks to accomplish. Objectives normally form a network of desired results in

any enterprises or organisation and they are interlocked with one another.

The formulation of the objectives of an organisation is necessary for the following reasons :

(1) Human beings are goal-directed. People must have a purpose to do some work.

(2) Objectives serve as standards against which performance is measured of employees.

(3) The setting of goals and their acceptance by employees promotes, voluntary co-operation and co-ordination as a result of which the self-regulated behaviour is achieved.

(4) The objectives stand out as guidelines for organisational performance. They help in setting the pace for action by participants.

Main objectives of personnel management are stated as follows.

(1) To maintain good relationships within the organisation.

(2) To enable each person to make his maximum personal contribution to the organisation as a member of the working group.

(3) To achieve these things through respect for human personality and the wellbeing of the individual.

Ralph C. Davis has divided the objectives of an organisation into two categories.[6]

A) PRIMARY OBJECTIVES, AND

B) SECONDARY OBJECTIVES.

(A) PRIMARY OBJECTIVES :

In the first instance they relate to the creation and distribution of some goods or services. The goal of personnel function is the creation of a work force with ability and motivation to accomplish the basic organisational goals.

Secondly, they relate to the satisfaction of the personal objectives of the members of an organisation through monetary and non-monetary devices.

Thirdly, they relate to the satisfaction of the community and social objectives such as, serving the customers honestly, promoting a higher standard of living in the community, protecting women and children and providing for aged personnel.

B) SECONDARY OBJECTIVES :

The secondary objectives aims at achieving the primary objectives economically efficiently and effectively. The fulfillment of the primary objectives is contingent upon :

(1) The economic need for, or usefulness of the goods and services required by the community/society.

(2) Conditions of employment for all the members of an organisation which provide for satisfaction in relation to their needs, so that they may be motivated to work for the success of the enterprise.

(3) The effective utilisation of people and materials in productive work.

(4) The continuity of the enterprise.

2.6 IMPORTANCE OF PERSONNEL MANAGEMENT

An organisation, whether a business or an individual enterprise, needs for its growth, furtherance, development, continuance and survival, four important 'M's namely Money, Material, Machinery and Men.

In the words of Oliver Sheldon, "No industry can be rendered efficient so long as the basis fact remains unrecognised that, it is principally human. It is not mass of machines and technical processes, but a body of men."[7]

The management of men is a challenging task because of the dynamic nature of the people. No two persons are similar in mental abilities, traditions, behaviour. They differ widely also as a group.

The importance of personnel management can be discussed from three stand points viz. social, professional and individual enterprise.

A) SOCIAL SIGNIFICANCE OF PERSONNEL MANAGEMENT:

Personnel management satisfies social needs of persons by -

(1) Providing suitable employment;

(2) Making maximum utilisation of the resource in an effective manner; and

(3) Eliminating waste or improper use of human resources.

B) PROFESSIONAL SIGNIFICANCE :

Healthy working environment is provided by -

(1) Maintaining the dignity of the employee as a human beings;

(2) Providing maximum opportunities for personal development;

(3) Providing healthy relationship between different work groups.

(C) SIGNIFICANCE FOR INDIVIDUAL ENTERPRISE :

Personnel management secures willing co-operation of the employees for achieving goals of the enterprise and fulfilling their own social and other psychological needs

of recognition, affection, belongingness, esteem, and self actualisation.

2.7 DIFFERENT APPROACHES TO PERSONNEL MANAGEMENT

In recent years a number of approaches have developed to explain the nature of the concepts, theory and techniques underlying managerial practice because of the extraordinary interest in management. The managerial attitude towards labour or workers has been termed as personnel philosophy in the area of personnel management. Different approaches have been adopted by the management in dealing with their employees.

(1) COMMODITY APPROACH TOWARDS LABOUR :

This was the traditional approach towards workers. The observation that wages were high, when labour was scarce in relation to demand and were low when labour was in excess of demand gives rise to the idea that labour was like a commodity and it can be bought like other commodities. In this approach money was accepted as the only motivator for more work.

(2) THE PROTECTIVE APPROACH :

After first World War, employers began to realise that welfare of employees had a direct effect upon their productivity. Hence, various facilities like first-aid, safety, lunch rooms, rest-rooms were introduced to provide

the welfare facilities. It was considered as a duty of the employer and the employer who was not providing these facilities was considered as backward.

(3) THE HUMANITARIAN OR SOCIAL APPROACH :

This approach came into existence due to materialistic approach of management. This approach states that factory is a social system and its employees are human beings having some human values.

During this approach, the workers movement became more organised and demanded more and more share in the development of the business.

(4) PROFIT SHARING :

This is too recent approach of personnel management. In this approach the workers are considered to be the partners of the enterprise. There is an agreement between the employer and the workers to share the profits of the organisation.

This approach shows that worker is not merely a cog of the machine, but his status has been increased to that of the partner of the organisation.

(5) COLLECTIVE BARGAINING :

Collective bargaining is another recent approach. In collective bargaining, the representative of the

management and the representative of the workers enter into an agreement on the matter for which there is disagreement between the two. The views of the workers are taken into consideration for solving any problem or dispute amicably and in a peaceful manner.

2.8 PRINCIPLES OF PERSONNEL MANAGEMENT :

There is absolutely essential need for certain guiding principles which assist the personnel executive in the formulation of personnel policies, procedures and programmes, as well as in solution of personnel problem.

(1) PRINCIPLES OF INDIVIDUAL DEVELOPMENT :

This principle offers full and equal opportunity to the individual to develop himself to his fullest potentialities.

(2)PRINCIPLES OF SCIENTIFIC SELECTION PROCEDURE:

This requires careful selection and use of personnel tools and techniques for scientific selection.

(3) PRINCIPLE OF INCENTIVE :

Incentives like monetary and non-monetary must appreciated.

(4) PRINCIPLE OF ADEQUATE COMMUNICATION :

The company policies, programmes, objectives and philosophy may be made known to the employees.

(5) **PRINCIPLE OF PARTICIPATION :**

Employees are offered opportunities to come up with their ideas, views and suggestions to improve various operations by developing sense of participation.

(6) **PRINCIPLE OF FAIR COMPENSATION :**

The wage and salary structure must be fair and equitable.

(7) **PRINCIPLE OF DIGNITY OF LABOUR :**

Merit, intelligence and effort must be the sole criteria for upward mobility.

(8) **PRINCIPLE OF TEAM SPIRIT :**

Policies and programmes must be so formulated that the different and diversified talents and efforts of individual are brought out and welded together in the group effort in the true spirit of togetherness. Where team work, co-operation and collaboration may be the guiding light.

(9) **PRINCIPLE OF LABOUR MANAGEMENT CO-OPERATION:**

The personnel specialist must assist top management in fostering organisation conditions that remove distracts between labour and management through proper communication creative, consultative and the integration of any conflict which enhance labour-management co-operation.

(10) PRINCIPLE OF CONTRIBUTION TO NATIONAL PROSPERITY :

Employees must be educated, through appropriate personnel programmes, to believe in the proposition that their contribution to the achievement of company goals will ultimately contribute to the economic development and property of the nation as a whole.

2.9 FUNCTIONS OF PERSONNEL MANAGEMENT

The management of manpower resource is the basic function of personnel management. Such management is concerned with leadership in both group and individual relationship and labour relations and personnel management.

The function of personnel management is very comprehensive and varied and they are determined by such factors as the size, nature, and location of the organisation, business or industry.

Broadly speaking, experts have generally classified the functions given above into two major categories namely,

A) MANAGERIAL FUNCTIONS

B) OPERATIVE FUNCTIONS.

A) MANAGERIAL FUNCTIONS :

Management is personnel administration. It is the development of people and not the direction of things. Managing people is the heart and essence of being a manager "Managerial functions involve what Luther Guleck calls POSDCORB i.e. Planning, Organising, Staffing, Directing, Co-ordinating, Reporting and Budgeting the work of those who are entrusted with the performance of operative functions."[8]

These functions are described in detail as follows :

(1) PLANNING :

Planning is a pre-determined course of action. According to Allen,"It is a trap laid to capture the future."[9] Terry is of the view that, planning is the foundation of most successful actions of any enterprise. In fact, "Planning today avoids crisis tomorrow". Planning is a hard job, for it involves the ability to think, to predict, and to come to decisions, dynamic fluid environment. They bridge the gap between where they are and where they want to go. For this purpose, they determine personnel programmes well in advance. This is also stressed by saying, "Good managers make things happen."[10]

(2) **ORGANISING :**

After a course of action has been determined, an organisation should be established to carry it out. An organisation is the wedding of authority and responsibility because, in its essentials, it consists of the assignment of specific functions to designated persons or departments, with authority to have them carried out, and their accountability to management for the results obtained.

In the words of Drucker, "the right organisational structure is the necessary foundation, without it, the best performance in all other areas of management will be ineffectual and frustrated."[11]

(3) **DIRECTING :**

Directing the subordinates at any level is a basic function of the managerial personnel. According to McGregor,"Many managers would agree that the effectiveness of their organisation would be at least doubled if they could discover how to tap the unrealised potential present in their human resource." [12]

Directing is involved with getting persons together and asking them to work willingly and effectively for the achievement of designated goals. The decisions are taken by the top management, but only after consultation with the personnel department.

(4) **CO-ORDINATING :**

Refers to balancing, timing and integrating activities in an organisation, so that a unity of action in pursuit of a common purpose is achieved. In the words of Terry, "Co-ordination deals with the tasks of blending efforts in order to ensure a successful attain of a objective."[13]

Co-ordination in the management of personnel takes place at all levels, from the top management through to the supervisor and to those for whom he is responsible.

(5) **CONTROLLING :**

"This is the act of checking, regulating and verifying whether everything occurs in conformity with the plan that has been adopted, the instructions issued and the principles established."[14]

It is generally concerned with actions and remedial actions. "It is through control that actions and operations are adjusted to predetermined standards and its basis is information in the hands of managers."[15]

B) **OPERATIVE FUNCTIONS :**

The operative functions of personnel management are concerned with the activities specifically dealing with procuring, developing, compensating, integration and

maintaining an efficient work force. These functions are also known as service functions.

(1) **PROCUREMENT FUNCTIONS :**

It is concerned with the obtaining of proper kind and number of personnel necessary to accomplish an organisation's goals. It deals specifically with such subjects as the determination of manpower requirements, their recruitment, selection and placement induction, follow-up, transfers, lay offs, discharge and separation etc.

(2) **DEVELOPMENT FUNCTION :**

It is concerned with the personal development of employees by increasing their skill, through training so that job performance is properly achieved. Drafting and directing, training programmes for all levels of employees, arranging for their on the job training, holding seminars and conferences, providing for educational and vocational counselling and appraising employee potential and performance are undertaken under this function.

(3) **COMPENSATING FUNCTION :**

It is concerned with securing adequate and equitable remuneration to personnel for their contribution to the attainment of organisational objectives. Functions

related to wage surveys, establishment of job classifications, job descriptions and job analysis, merit ratings, the establishment of wage rate and wage structure, wage systems etc. fall under this category.

(4) MAINTENANCE FUNCTION:

It deals with sustaining and improving the conditions that have been established. Specific problems of maintaining the physical conditions of employees (health and safety measures) and employee service programmes are the responsibility of the personnel department.

(5) RECORD KEEPING :

Record-keeping is also an important function of personnel manager. In this system personnel manager collects and maintains information which is concerned with the staff of the organisation.

(6) PERSONNEL PLANNING AND EVALUATION :

Under this system different types of activities are evaluated such as evaluation of performance, personnel policy of an organisation and its practices, personnel audit etc.

7. PERSONNEL RESEARCH AND AUDIT :

It is also an important function of personnel management. This function is concerned with the research in newer motivational techniques and auditing its effect on the workers of the organisation etc.

2.10 CHALLENGES FOR PERSONNEL MANAGEMENT IN FUTURE

In the current traditions of India the Personnel Officer is not invested with the necessary authority to implement the decisions. Therefore he commands relatively less respect from workers and trade unions as well as from managerial staff.

In future, great scope exists for personnel officer in systematizing the operative functions, such as training, wage, salary administration, safety, health and welfare services, maintenance of personnel records and research.

It appears certain that in the coming years, in the recruitment of unskilled, semi-skilled and skilled categories of employment personnel officer would have a decisive role. While in the highly skilled and professional categories, his recommendations would carry weight.

In the sphere of training, induction and workers education his persuasive influences would command greater.

The Personnel Officer has a significant responsibility in developing a proper promotion plan. His role in improving productivity is of crucial significance and in the near future this function is bound to assume somewhat overriding importance.

Industrial Relations function of personnel management has assumed considerable importance in India and it is most likely to be so in future also.

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