

Lesson - 1

PERSONNEL MANAGEMENT

1.0 Objectives:

On completion of this lesson, you should be able to understand:

- * importance of Personnel Management
- * significance
- * definitions
- * functions of Personnel Management
- * objectives, qualities of Good Personnel Manager
- * evolution and growth.

Structure:

- 1.1 Introduction**
- 1.2 Importance and Significance**
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1.1 Introduction:

Personnel Management is a comparatively new and rapidly growing profession in India. Employees 'on the job' inter-personnel relations is the primary concern of the Personnel Management. The main objective of an efficient personnel department should be supportive to the growth of an organisation. A Manager achieves results through the people, by the people and for the people. According to this statement, every Manager in the organisation is a personnel man and his objectives, aspirations, interest, fears, decisions, intelligence, creativity, innovation, loyalty, devotion, needs and the zeal to work in the organisation determine the ultimate success or failure of an

organisation. Motivating employees, cultivating the desired habits, development of internal drive, inspiration, encouragement among the people are the job of personnel executives. Personnel Management is that part of management which is concerned with the human constituents of an organisation. Personnel Management is a science and art, which control labour and is also known by various names such as Labour Management, Man-Management, Personnel Administration, Industrial relations or Industrial Management.

1.2 Importance and Significance:

Realising the importance of Man Management, a leading industrialist of America remarked, “we do not manufacture automobiles, aeroplanes, refrigerators, radios, Televisions but we manufacture men and they, in tune, manufacture the goods”. The aim of Personnel Management is to make the optimum use of Personnel Power of the employees and to get cooperation from one and all. Personnel Management is an approach, an established system, a technique and a philosophy of Management.

Significance:

During the recent years, people working in our industries have received growing attention for their well being. It has been realised that there is a need to maintain harmony between the two principal factors of production, namely, capital and work force. The efforts have been made to find a way out from the clash of interest characterised as present day personnel relations. The industrial harmony cannot be realised by sheer exercise of authority. It cannot be enforced from outside rather it must come voluntarily from within. To achieve this, there should be some real common interests among management and the workers.

Good industrial reactions are by far the greatest asset of an organisation. Labour in the unit of industrial production has an important place. Labour coordinates all other factors of production towards more production and lesser cost resulting in more profits. Personnel Management is that part of management which is primarily concerned with the task of managing the personnel and human relationships with an organisation.

1.3 Definitions:

There are number of definitions of Personnel Management. Some of the authorities on Personnel Management have defined in the following manner:

Edwin. B. Flippo states: “Personnel Management is the planning organising, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organisational and societal objectives are accomplished”.

Dale Yoder states: “It is that phase of management which deals with the effective control and use of man power as distinguished from other sources of power”.

E.F.L. Brench states: Personnel Management is that part of Management process which is primarily concerned with the human constituents of an organisation.

The Indian Institute of Personnel Management (now National Institute of Personnel Management) observes that. “Personnel Management, Labour Management or Staff Management means quite simply the task of dealing with human relationships within organisation.

Lawrence Appley, former President of the American Management Association, has perhaps given the best possible definition of Personnel Management. According to him, "It is a function of guiding human resources into a dynamic organisation that attains its objectives with a high degree of morale and to the satisfaction of those concerned. It is concerned with getting results through people".

1.4 Concept of Personnel Management:

On the basis of the various definitions given above, a few basic facts and characteristics may be noted about Personnel Management.

First: Personnel Management is concerned with managing people at work. Such people or personnel does not simply refer to "rank and file employees" or "unionized labour" but also includes "higher personnel" and "non-unionized labour".

Second: It is concerned with employees both as individual as well as a group, the aim being to get better results with their collaboration and active involvement in the organisation's activities i.e. it is a function or process or activity aiding and directing workmen and women in maximising their personnel contribution.

Third: Personnel Management is concerned with helping the employees to develop their potentialities and capacities to the maximum possible extent, so that they may derive great satisfaction from their job. This task takes into consideration four basic elements, namely, the capacities, interests, opportunities and personality of employees.

1.5 Objectives of Personnel Management:

According to **Michael J. Jucius**, Personnel Management should aim at:

- a) attaining economically and effectively the organisational goals.
- b) Serving to the highest possible degree the individual goals, and
- c) Preserving and advancing the general welfare of the community.

To put it in another way, Personnel Management has three pronged obligations. It must satisfy the employees by supplying them income, power, prestige, creative satisfaction or a combination of these. It must satisfy the owners by maximising their economic efficiency. And it must satisfy the community and society at large by supplying goods and services as efficiently as possible and by preserving and advancing goodwill, morale, loyalty and its reputation. This is not an easy task, for the three sets of goals are intertwined in such a way that the neglect of any one can destroy or injure the others.

1.6 Growth of Personnel Management:

Nothing precisely can be said about the evolution of Personnel Management can be traced back to the end of last century. Before this, the development of this area was extremely slow. One can sub divide the evolution process of Personnel Management into following four periods:

- a) Before 19th Century
- b) First quarter of 20th Century.
- c) Second quarter of 20th Century.
- c) Current era (after 1950)

a) Before 19th Century:

It was **Robbert Owen** who can be regarded as the founder of Personnel Management. He wrote book "A New view of Society" where he has emphasised that there is a need for better labour relations, improvement in service conditions and cooperative labour movement. During this century, there has been enough emphasis on coordination and mutual welfare of labour management but there was no radical development due to lack of industrial development and growth.

b) First Quarter of 20th Century:

During this period, the emphasis was laid on Personnel Management because of the various problems arising due to the formation and development of labour unions. During this period, thoughts of **F.W. Taylor**, the Father of Scientific Management, were greatly appreciated. This quarter is responsible for introducing of new systems and also the large increase in the number of industries and their sizes. This, in turn, gave rise to complexity of work resulting in large aspirations of the work force because of the increase in production.

c) Second Quarter of 20th Century:

During this, revolutionary changes took place leading to a hierarchy system with definite norms in the organisation for the selection of the work force through different techniques like Psychological tests, interviews, group discussions etc. Norms were also designed for workers training and their welfare schemes. This period gave birth to the concept of human relations. It was in this period that **Elton Mayo** and his associates, initiated human relations in industry through various studies. After independence, a lot of effort has been made by the government and number of laws have been enacted in order to protect labour cause in the industry.

d) Current Era (After 1950):

After 1950, development of Personnel Management acquired a new profile of Professional Management, Personnel Management has now become an interdisciplinary knowledge, where industrial Psychology, behaviour Science, labour laws, labour legislation have been introduced. Personnel Management is now considered as science of Human Relations, Human Engineering, Organisational System and Design. The rapid growth of Personnel Management is because of the following reasons:

- a) Fast changes in Technology
- b) Industrial Revolution
- c) Positive findings of Social Sciences
- d) Complexity of Trade
- e) Awakening in Labour
- f) Government Attitude and Policies
- g) Cultural and Social Changes.
- h) Changes in the Social Value of Labour
- i) Changes in managerial views
- j) Changes in Organisational Setup.

An Industrial Revolution of 1950 has brought about specialisation and growth in the size of the organisations, awakening in labour, resulting in the formation of various labour organisations and federation. Cultural and Social changes are now very fast due to the changes in the educational background, changes in social values of labour and changes in the managerial view point etc. In addition to the above changes, there are fast changes in the form of business organisations, cooperation of science and industry and the control and coordination in industrial setups. Now the subject of Personnel Management has acquired considerable authority and is fruitfully, utilised for the welfare of personnel serving in the industry. This has acquired more dimensions, scope and significance in the wake of recent increase in industrial unrests.

1.7 Functions of Personnel Management:

Broadly speaking, experts have generally classified the functions into two major categories, viz - Managerial Functions and operative functions. Others have classified functions as general and specific functions, and yet others as "Personnel Administration Functions" and "Industrial Relations Functions". Functions have also been classified on the basis of the capacities; or on the basis of authority.

This type of classification of functions has been discussed in the following:

a) The General and Specified Functions:

Under "General" type of functions, the Personnel Management is required (i) to conduct personnel research, (ii) to assist in the programmes of personnel administration, (iii) to develop appraisal plans, (iv) to launch education and development programmes, (v) to develop a competent work force, and (vi) to establish and administer varied personnel services delegated to personnel department.

Under specific functions the Personnel Management may involve itself in areas of employment, safety, wage and salary, benefit schemes, community relations and advice and counselling the employees.

b) Personnel Administration & Industrial Relations Functions:

Personnel Administration functions relate to the functions of managing people from the lower to the upper level of the organisation and embraces policy determination as well as implementation of policies by the personnel at the lower levels. Accordingly, "Personnel Administration" refers to "creating, developing and utilising a work group" and involves all types of inter-personnel relationships between superiors and sub-ordinates".

The "Industrial Relation functions, on the other, are "not directly related to the function of 'Managing people', but refer to interactions between the management and representatives of the Unions". Such functions involve all activities of employer - employee relationship, such as organisation of the union members: negotiation of contracts, collective bargaining grievance handling, disciplinary action, arbitration, etc, - the purpose of all these being to prevent conflict between the two participants.

The above two functions are inter-related and inter-dependent and hence, the most common terms used is "Personnel Management/Administration and Industrial Relations".

c) Functions classified on the basis of capacity:

This classification has been adopted by **Saltonstall**. According to him. "Although Personnel

Managements" functions is the 'staff function', it also performs three roles, "Viz (i) He performs a line function not only because he directs the work in his own department but also in some service functions such as recruitment, administration of benefits, the plant canteen and allied activities (ii) He functions as a co-ordinator of personnel activities, in so far as he controls the functions of other departments (iii) He performs a typical staff function in the form of assisting and advising the line personnel to solve their problems.

d) Functions According to Degree of Authority:

Dale Henning and **French** made an interesting observation that "The personnel man is described in the text books and journals is like 'Abominable Snowman" much talked about but **Seldom** seen".

In this function the personnel look into the things carefully, viz. establishment of disciplinary procedure, inter-departmental data gathering etc.,

Every manager in an organisation has to perform the personnel functions in one form or the other in order to get thing done through others.

Again the personnel functions can be classified as:

I. Managerial and

II. Operative

I. Managerial Functions:

The managerial functions mainly concerned with planning, organising, directing and controlling of various activities of personnel department.

II. Operative Functions:

The operative functions are those functions which are entrusted to the personnel department such as general supervision, employment, development motivation, communication, compensation, integration and maintenance of personnel of organisation. Personnel management deals with the managing of these functions efficiently and economically.

1.8 Personnel Manager - Functions:

Personnel Manager is one of the many specialists, who has been appointed in the organisation as a result of the growth of the organisation. He is assigned the personnel functions like recruitment, selection wage and salary, administration, promotion etc. The Personnel Department gives assistance or provides services to all other departments on the personnel matters. Personnel Manager functions are line functions when he is directly responsible for wage, administration, time office, canteen, induction training and for day-to-day negotiations with the union. But in relation to all other executives his position is of an advisory and when he provides services to other department his functions are staff functions.

1.9 Future of Personnel Management in India:

One can expect several cultural, social and economic changes of great significance in personnel management to sweep through the country in the coming years. With greater emphasis on human dignity and with a stronger and more enlightened labour movement, the tenets of the behavioural school will come popular and widespread. All this will create climate favourable for the growth and development of Personnel Management in India. As a consequence, the following

changes are likely to occur in the field of Personnel Management which give a new content and form to the job of a personnel manager.

1. Greater involvement in development planning:

Our future personnel man will have to be more of a development man than a mere administrator of personnel services. With this object he will have to get very much involved in basic organisational planning, keep pace with social, political and economic factors which can affect the internal situation of the company and advice management on the relationship between these factors and the achievement of organisational goals.

2. Change in Personnel Policies:

The ratio of educated to uneducated employed labour force has been growing in India in recent years. The aspirations and needs of educated people differ from those of uneducated people. Hence existing personnel policies and procedures, many of which were probably developed year ago when uneducated workers predominated, would no longer be adequate for a better educated work force which would demand greater autonomy and discretion in the workplace.

3. Change in Manpower:

Level of education of manpower will go up and it will become more mobile. On account of an easy access to better educational and employment opportunities, minority groups and scheduled castes and Tribes would become an important source of manpower in future with the result that the manpower planning of every organisation will have to take account of the potential availability of talent and ability in these groups.

4. Increasing Government Rule:

In future, there will have to be greater coordination between the private and public welfare programmes. The private industry will have to support government efforts to improve public education, training and unemployment.

5. New Work Ethic:

The Personnel Manager would be called upon to mobilise new work ethic by helping line managers in the setting up and enforcement of good quality standards.

6. Greater Importance of Occupational Health and Society Programmes

7. Better Performance appraisal devices and new forms of compensation.

1.10 Summary:

Personnel Management is an important activity which is an integral part of the total management system. A great deal of time, money and efforts are invested by all managers in this function as part of their managerial responsibility and position. It is a responsibility of the personnel department to monitor the entire human resource programmes, policies and practices in the ultimate analysis to guide, train, develop, coach and assist line managers in managing their work force within the framework of organisational philosophy, policies and procedures.

The Personnel Management has come to occupy the pivotal place in the management of any organisation because of the changing attitude of people, government policies, labour legislation and changing concept of quality of work and quality of working life.

From the above, it is obvious that personnel management is a major component of the broad

managerial function and has roots and branches extending throughout and beyond each organisation. It is a major sub-system of all organisations which are inter-related and inter-dependent. Every Personnel Manager's responsibilities include planning, for people, organising people; staffing with people, directing people; gaining the commitment, interest and effect of people; and applying controls to people.

1.11 Technical Terms:

1. Personnel - Staff-employed in a service or institution
2. Attitude - Position, behaviour
3. Centred - Mid point of anything pivot
4. Complexity - Involved.

1.12 Self-Assessment Questions:

1. Define Personnel Management and describe its objectives.
2. Personnel Management involves two categories of functions - Managerial and Operative". Describe these functions in detail.
3. Trace the evolution and growth of Personnel Management in India. Briefly describe the factors which have impeded the growth and progress of personnel function in India.
4. "Management of Personnel is a basic responsibility of every manager". Discuss.

1.13 Reference Books:

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3. K.K. Ahuja - *Personnel Management*; Kalyani Publishers, New Delhi, 2004
4. Tripathi - *Personnel Management, Industrial Relations*, Sultan Chand & Sons, New Delhi, 1996.

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