

### Chapter Highlights

Human Resource in Development, Human Resource Management (HRM) and Development of Human Resources, Functions of HRM, Objectives of HRM, Principles of HRM, Importance of HRM, Management Vs. HRM, Organization For HRM, Transformation of Personnel Management into HRM, Modern Trend in HRM Output, Change, Interdependence between the Firm and the Society, The People-Productivity-Quality Balance, Desire for Meaningful Work, Approaches to Managing Human Resources, HRM Practices in Bangladesh, Questions to Answer, Indicate True or False.

### 1.01 Human Resource in Development

One of the most important resources of an organization is its people. Employees supply the talent, skills, and creativity and exert the effort and leadership that contribute to the level of performance of the organization.

Effective use of human resources leads to a number of consequences like helping the firm to achieve its objectives, increasing employee job satisfaction, providing the firm with well-trained and motivated employees and developing quality of work life which makes employment personally and socially desirable. Carnegie, the great U.S. industrialist, understood the potential contribution of human resource. This is apparent from his observation and remark : "Take away all my machines, factory buildings, money, materials and all other assets but leave me my manpower, I shall be able to rebuild my business empire in a few years."

*Carnegie, the great U.S. industrialist, understood the potential contribution of human resource.*

Economists have long been stressing four factors of production namely, land, labour, capital and organization. In the recent past, management (i.e. setting corporate missions, goals and objectives and formulating corporate policy and strategy for action plans in order to achieve the desired results) has emerged as the fifth factor of production. Concern of management is resource mobilisation, resource utilisation and resource protection in order to ensure highest possible productivity from a given quantity of resource. Socrates emphasized knowledge seeking, Einstein stressed imagination, Islam stresses knowledge seeking from cradle to grave while Hinduism stresses life-long education. Scientists have been conquering nature. Rockets have been landed on the moon, ballistic missiles destroy distant targets in minutes, E-mail message is exchanged between Dhaka and New York in seconds. These are the blessings of innovative, inquisitive and knowledge searching human mind.

*Concern of management is resource mobilization which can be ensured through human resources.*

*Allah, the Almighty, has endowed human beings with power inherent in them which if nursed, nurtured, cultivated, developed and sharpened can unveil the secrets of nature.*

*Human beings become human resources when their skills and abilities are developed to undertake some productive activities which are useful to them and to their society.*

*Administrative or managerial skill formation occurs through training, education, and development of the personnel.*

Organizations are floated by human beings. Some rise to the heights of achievements; some rise but fall subsequently. Nations rise and fall in the path of civilization. McLelland in his study of achieving societies found that nations with people who get satisfaction by doing jobs efficiently and effectively stay on in this onward march towards progress and prosperity. Islamic thinkers noted, individuals who view assigned duty as 'Ebadat' are crowned with success. Allah, the Almighty, has endowed human beings with power inherent in them which if nursed, nurtured, cultivated, developed and sharpened can unveil the secrets of nature. About 40% of the verses of Al-Quran are related to science and technology. According to Hirts, among the greatest leaders of mankind the world has ever seen, number one is the Prophet of Islam (The Hundred) who emphasised upon the development of the horizon of knowledge of human resources.

Progress of nations occur through developmental activities, initiated by governmental organizations, private business houses or welfare bodies. These are conceived, floated and managed by their sponsors who are human beings. They plan, organize, direct, lead, co-ordinate and control their activities designed to achieve their targeted goals and objectives. Success or failure is determined by the quality of policies and strategies formulated and followed by their captains. Significance of managerial competence is apparent but it is rare. English poet aptly remarked, "water, water everywhere, but not a drop to drink". The poet indicated that water of all bodies is not drinkable. So is true for human beings. In Bangladesh, we have more than 150 million people but all of them do not constitute human resource. Human beings become human resources when their skills and abilities are developed to undertake some productive activities which are useful to them and to their society. So human beings are transformed into human resources first and then the question of their management comes. Paucity of competent managerial manpower is the greatest hurdle that hinders our growth.

A gem is not a resource unless it is brought to use for productive purpose, a rose flower does not become an asset unless its beauty is enjoyed by the people. In the same way, a person on his/her very recruitment into the organization is not an asset capable of running the organization or a part of it by skillful discharge of his/her administrative or managerial responsibilities. Administrative or managerial skill formation occurs through training, education, and development of these personnel. **Training** refers to imparting of job related skills and knowledge while **education** involves acquisition of generalized knowledge, assisting in broadening the horizon of mind and **development** implies the growth and advancement of individual talents, attitudes and personality traits for a more rewarding job (Habibullah, Administrative Capital Formation, COTA Bulletin, GOB).

Managerial skills are required in all kinds of organizations : business and non-business, public or private. Professional economists and seasoned business leaders view it as crucial in a nation's social, cultural, economic and political development. Managerial skill is equated by some scholars with enriching managerial ingenuity.

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## 1.02 Human Resource Management (HRM) and Development of Human Resources

"Management of human resources is that function of all enterprises which provides for effective utilization of people to achieve both the objectives of the enterprise and the satisfaction and development of the employees." (Glueck, Management)

We may, therefore, view human resource management as human capital formation and managing its use in the development process of the firm. Economists view capital formation as an addition or increment to the existing stock of capital assets of a firm or of a nation. In the language of the economists, "Capital is the produced means of production." A capital asset is something which can be used as instrument of production or distribution. Administrative capital formation (administration and management skills are two terms used in management literature interchangeably) means formation or creation of skills, knowledge, ideas, values and desires in the people posted in administrative or managerial positions requiring serious contemplation, commitment and devotion for effective planning, organizing, directing, leading, controlling and co-ordinating activities designed to achieve goals and objectives of their organizations. Any man or woman can not assemble material and human resources and husband them effectually without needed skills and knowledge. A person develops when he is inducted into the growth process. Social conditioning is needed for fitting him into the organization. This growth process emanates from contact with new ideas (Schneider B., Dilemma of Management).

*We may view human resource management as human capital formation .*

*A person develops when he is inducted into the growth process.*

Review of the progress and economic prosperity of developed countries tends to show that they obtained full benefits from their physical resources by managing man's ingenuity to them. This realisation led Harbison and Myers to conclude that none of the factors like capital, natural resources and international aid is more important in the development process than the management of an efficient pool of well-trained, well-educated and highly developed manpower (Harbison & Myers; Education, Manpower and Economic Growth).

*None of the factors like capital, natural resources and international aid is more important in the development process than the management of an efficient pool of manpower.*

Research works done elsewhere noted positive correlation between the quality of a nation's manpower utilization and its economic development. This prompted economists to have a fresh look at manpower and attach importance to the management of human resource as a form of capital (Leon C. McGinson, Personnel : A Behavioral Approach to Administration).

*Two-thirds of the year to year increases in productivity of the U.S.A is attributable to growth in human knowledge, ideas, skills and ingenuity.*

Economists now emphasise upon investment both in education and physical capital. Reference is often made to the productivity upsurge in the U.S.A. According to Theodore Schultz, two-thirds of the year to year increases in productivity of the U.S.A is attributable to growth in human knowledge, ideas, skills and ingenuity. In 1960, as President of American Economic Association, Schultz chided economists for not treating human resource explicitly as a form of capital and result of investment (Investment in Human Capital, American Economic Review, March 1961). Another economist M. J. Rathbone reported, "the most important capital that a nation can possess is the skill which its people carry in their heads." It is mentionable that Schultz, Rathbone, and other economists stressed the word 'well' before education and training. They focussed on not half-hearted memorised education as we have in our education system.

*Manpower in the economic sense is the skill required for productive work*

Education and training needs of modern society are too dynamic and often too expensive to be left to informal arrangements. Hence most governments are now coming up with plans and programs to produce and maintain manpower needs of development process. Policy makers have been addressing seminars and conferences highlighting the significance of education and human resource development. Educationists have been urging us to take lessons from research of Wert in whose words, "Manpower in the economic sense is the managerial, scientific, engineering, technical, craft, and other skills which are employed in creating, designing, developing, managing and operating productive and service enterprises and institutions".

*Apparently, if we cannot manage our human resource appropriately we can hardly develop anything of great significance.*

Social and political mobilisation help people to behave and participate responsibly as citizens in the political process. From social and cultural point of view, human resource management prepares people to lead better life by getting rid of ignorance, prejudices and superstitions. Cown and O'donnell noted interrelationship between social change, politics, economics and education. Goals of a modern society are political, social and economic. Human resources management is a necessary requirement for achieving all of these. Edward Shils appropriately said, education creates modernity in policy, economy, society, and culture.

Apparently, if we cannot manage our human resource appropriately, we can hardly develop anything of great significance, no matter whether in the area of national unity, higher living standard or modern socio-economic system. We should talk less about what forefathers achieved, rather we need to think more about what we can learn from management and economic literature.

We have examples of nations before us who used concepts of human capital and investment in human resource. Our students have read Adam Smith who emphasized importance of education (The Wealth of Nations). His concept of fixed capital includes the acquired and useful abilities of all the inhabitants of the society. Alfred Marshall also considered educational expenses as "national investment". He opened reader's eyes by his observation, "the most valuable of all capital is that invested in human beings" (Principles of Economics, McMillan Co.). North America, Russia and Japan have put great stress on development of human resources. Barbara Barden showed that sixty percent of economic growth of the West during recent decades resulted from the effects of education and research (American Economic Review).

*Sixty percent of economic growth of the West during recent decades resulted from the effects of education and research*

Western nations have taken the words of John Kenneth Galbraith who got interested in human resource development and stated categorically that a well trained and well-educated workforce is a nation's greatest form of capital (Men and Capital, Saturday Evening Post). Conclusions of Galbraith and Schultz were corroborated by the research findings of Eli Ginberg of Columbia University. He found that human resources are the key to economic development (Man and His Work, California Management Review).

*A well trained and well-educated workforce is a nation's greatest form of capital*

Ingredients of our human resource like inherent abilities, skills, experiences, knowledge and other attributes are partly wasted due to poor personnel practices. Need for effective use of human resource is apparent. Once an economist reported, "One female Japanese worker can produce more than what can be produced by five Bangladeshi male workers.". Many of the employers and their supervisory people do not know— (a) the potentialities of their people, (b) techniques of developing human resource, (c) techniques of using human resource, and (d) the art of maintaining quality of human resource.

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The education system in Bangladesh is oriented more to the perpetuation of traditional values and skills rather than preparing students for changes and for problem solving which is a pre-condition for development. According to Hagen, societies composed of such individuals are susceptible to economic development (E. E. Hagen, On the Theory of Social Change). Developing countries like Bangladesh need teachers, engineers, doctors, technicians, judges, economists, managers, journalists and lawyers for which Leibenstein suggested recasting their education system.

### 1.03 Functions of HRM

Human resource management performs quite a few useful functions in order to achieve its objectives. These functions have been categorized by Decenzo and Robins as :

**1. Acquisition :** The acquisition function begins with HR planning. Relative to human resource requirements, we need to know where we are going and how we are going to get there. This includes the estimation of demands and supplies of labor. Acquisition also includes the recruitment, selection, and socialization of employees.

**2. Development :** The Development function can be viewed along three dimensions. The first is employee training, which emphasizes skill development and the changing of attitudes among workers. The second is management development, which concerns itself primarily with knowledge acquisition and the enhancement of an executive's conceptual abilities. The third is career development, which is the continual effort to match long-term individual and organizational needs.

**3. Motivation :** The motivation function creates an inner urge to perform and begins with the recognition that individuals are unique and that motivation techniques must reflect the needs of each individual. Within the motivation function, alienation, job satisfaction, performance appraisal, behavioral and structural techniques for stimulating worker performance, the importance of linking rewards to performance, compensation and benefits administration, and how to handle problem employees are reviewed.

**4. Maintenance :** The final function is maintenance. In contrast to the motivation function, which attempts to stimulate performance, the maintenance function is concerned with providing those working conditions that employees believe are necessary in order to maintain their commitment to the organization.

*Human resource policy is concerned with acquisition, training, development, and utilization of human resources*

## Human Resource Management

Within the confines of the four functions—acquisition, development, motivation, and maintenance—many changes have occurred over the years. What once was merely an activity to find a warm body to fill a vacancy has become a sophisticated process of finding, developing, and retaining the best qualified person for the job. But this metamorphosis did not occur overnight. It is the result of many changes in management thought, society, and the workers themselves.

Diagrammatically the HRM functions may be demonstrated as under :

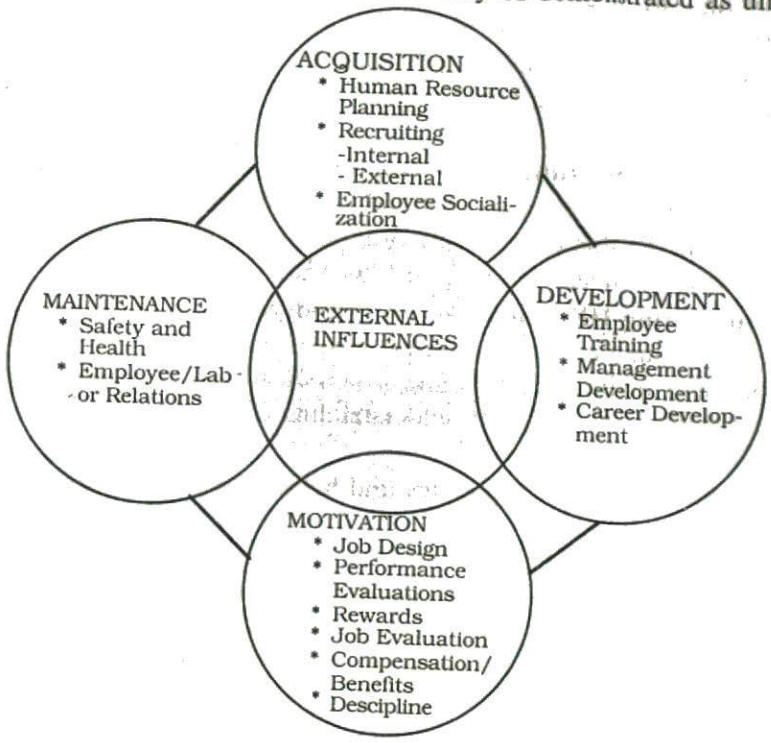


Figure 1-1: Functions of HRM

Source : Decenzo and Robins, "Personnel /Human Resource Management", 3rd edition [New Delhi : Prentice-Hall of India p. 13.]

### 1.04 Objectives of HRM

The needs and desires of the employers and also of the employees have been rapidly changing over the decades and for various practical reasons the human resources have become the most important of all the resources used in industries and utilities of all types. In the light of this background, HRM's objectives have been expanding all these decades. Let's examine some of them as under :

- 1. Helping the organisation reach its goals :** HRM, like any other areas of management in an organisation, exists to achieve the goals of the organisation first and if it does not meet this purpose, HR department (or for that matter any other unit) will wither and die.

2. **Developing and maintaining a quality of work life** : It makes employment in the organisation a desirable personal and social situation. Without improvement in the quality of work life, it is difficult to improve organisational performance.
3. **Effective utilization Human Resources** : The primary purpose of HRM is to make people's strengths productive and to benefit customers, stockholders and employees.
4. **Providing the organisation with well-trained and well-motivated employees** : HRM requires that employees be motivated to exert their maximum efforts, that their performance be evaluated properly for results and that they be rewarded on the basis of their contributions to the organisation.
5. **Increasing to the fullest the employee's job satisfaction and self-actualisation** : It tries to prompt and stimulate every employee to realise his potential. To this end suitable programmes have to be designed aimed at improving the quality of work life (QWL).
6. **Communicating HR policies to all employees** : It is the responsibility of HRM to communicate in the fullest possible sense both in tapping ideas, opinions and feelings of customers, non-customers, regulators and other external public as well as in understanding the views of internal human resources .
7. **To help maintain ethical policies and behaviour** : This is important to be ensured by the employers and the employed both. HRM helps to maintain it. The Chief of HR department in a large American Corporation put it thus : HRM's purpose is to practice morality in management in preparing people for change, dealing with dissent and conflict, holding high standards of productivity, building acceptance of standards that determine progression and adhering to the spirit and letter of high professional conduct.

The above mentioned objectives should ultimately lead to employee satisfaction and fulfillment. This is however easier said than done. Unless HR people are thoroughly conversant with the social, legal and economic trends in the economy, managing people in today's world of work would always prove to be a ticklish affair. (V.S.P. Rao, Human Resource Management, p.b.)

### 1.05 Principles of HRM

Employers and employees of an organization to-day constitute a coalition government in which the society is also a partner. So the interests of the parties have to be harmonized. Unhappy parties may develop passive attitude. Human resource management has its focus mainly on balancing the needs, goals, objectives and values of both employers and employees. Policies form rules of conduct and they should be based on the following principles :

*Human resource management has its focus mainly on balancing the needs, goals, objectives and values of both employers and employees.*



- *Putting right man in the right place* by a careful program of selection procedure and placement to make sure that the new recruit is physically, mentally, and psychologically fit for the job to be performed. This is needed for the new employee to develop and grow.
- *Training the new recruits* for developing technical competence to perform so that they can discharge their duties and responsibilities efficiently.
- *Transforming the organization into a coordinated entity* of different departments permitting reduction of interpersonal and inter-departmental frictions and conflicts.
- *Ensuring employee security* with opportunity, incentive and recognition, thereby encouraging employees to stick to their jobs in the hope of advancement in the firm and thereby reducing turnover and loitering.
- *Supplying proper equipment* and promoting right conditions of work to facilitate production at lowest possible cost.
- *Ensuring production and distribution of superior quality goods* and services for catering to the rising and changing requirements of the consuming public.
- *Rewarding star performers.* Reward should be earned, not given.
- *Providing participation in decision making* and ensuring transparency in communication.

In effect, human resource policies aim at ensuring equity and justice to all employees irrespective of sex, caste, religion, culture and colour through provisions for adequate remuneration and scope for growth in disciplined and planned way.

### **1.06 Importance of HRM**

HRM has gained in importance over the last three decades.

The factors behind are :

- Job requirements have changed : since 1970s legal and also industrial requirements of HRM have changed much. Jobs have also changed. They have become more technical and require employees with greater skills. Furthermore, job boundaries are becoming blurred. Now workers are working on project teams with various people from across the organization. Others may do the majority of their work at homes and rarely see any of their co-workers. Moreover, global competition has increased the importance of organizations improving the productivity of their work force. This has resulted in the need for HRM specialists trained in psychology, sociology, organization and work design and law.

*HRM has gained in importance over the last three decades.*

*HRM has to ensure that the best qualified candidates are selected*

### ❑ Finding, Developing and Maintaining Best qualified candidates :

HRM has to ensure that the best-qualified candidates are selected without regard to race, religion, color, sex, disability or age. HRM also ensures training and development of employees and emphasises upon continuing personal development of each employee. HR professionals are also experts in so structuring the environment that induces workers to stay with the organization, while simultaneously attracting new applicants.

### ❑ HR is the Best of all Resources :

*HR is now regarded as the most important of all resources of an enterprise.*

Now-a-days, professionals in the human resource area are important elements in the success of any organization. Their jobs require a new level of sophistication that is unprecedented. Their status in the organization has also elevated. HR is now regarded as the most important of all resources of an enterprise. Balance sheet of some companies also show the value of human resource. More the value of HR of an enterprise, the stronger it is in competition with other enterprises of similar nature. Realizing the importance of HR, once Carnegie said "Take my money, my machine and all that I have but leave me with my men, I shall be able to build up an enterprise again within shortly."

### ❑ Managing Changes with People :

*HRM must be forward thinking.*

Clearly HRM has a significant role in to-day's organizations. HRM must be forward thinking. They must take the lead in assisting good achievement with the "people" component of the organization. Under the guidance of HRM, employees of an organization can assist it in gaining and maintaining a competitive advantage. Attracting and maintaining such employees require HRM to have policies and practices that such employees desire. HRM will also recommend and implement changes regarding HR where necessary.

## 1.07 Personnel Management Vs. HRM

*During the past 90 (ninety) years general awareness has developed about the significance of human factors.*

We have already discussed changes that have been shaping the nature of corporate management. Since management principles are universally applicable, the changes have affected managerial attitudes in non-corporate non-business and even in educational institutions. During the past 90 (ninety) years general awareness has been developed about the significance of human factors. This has raised the status of personnel management. Pressure has been applied on managers to change negative attitude in this regard, particularly after the first world war and the emergence of Taylor with his Scientific Management philosophy.

*In spirit personnel administration was a part of Taylor's scheme.*

In spirit personnel administration was a part of Taylor's scheme. His plea for mental revolution implying change of heart of employees (that is the interest of workers) was not readily accepted by the factory owners. Paternalistic philosophy of management after the first world war and consequent emphasis on employee welfare helped to bring personnel management into limelight. The great depression of the early thirties and resultant labour legislations enhanced the functions of personnel management and the emerging social changes strengthened personnel man's role.

Besides, increasing attention of hiring and training of disadvantaged groups as part of social responsibility of business firms gave impetus to upgrading personnel men's functions. This augmented the development of personnel management as a formal functional area of administration. Personnel courses in management dates from 1915 in Dartmouth college. First text book on Personnel Administration by Ordway Tead appeared in 1920. Personnel Diploma was offered in 1946 by newly started School of Industrial and Labour Relations department of Cornell University.

Personnel courses in management dates from 1915 in Dartmouth college.

### 1.08 Organization For HRM

Organization has big impact upon its human resource development and managerial activities. Organization structure influences personnel activities within the department as well as its relation with others whom it is to serve. There may be three types of organization structure.

- (a) **Line type** : It is the oldest and simplest type. It provides clear and unbroken chain of authority from top to the bottom. A line organization is usually divided into production, marketing, finance, departments, each headed by a departmental chief having full authority over all the activities of his department.
- (b) **Functional type** It is a type in which function is the point of concentration rather than direct line of authority. All the activities of the firm are grouped into certain categories like production, marketing, finance and personnel and put under the charges of specialists. Functional design is based on division of work and benefits of specialisation are made available to all departments.
- (c) **Line and staff type** This is a combination of both line and staff styles. This is most widely used in complex organizations. Head of a line department such as production can concentrate on the main functions of his/her unit and can rely on the services of the specialist staff for advice. S/he can however accept or reject staff service.

Line managers operate their functions to get the job done while the function of staff is to aid them by providing professional and technical advice. Two types of staff are there :

(i) **Personal staff** : They help the manager to carry out those parts of his duties which he cannot delegate to others. The example of such staff may be: personal secretary to managing director or a university vice-chancellor.

(ii) **Specialised staff** : They may be engineers, accountants, financial analysts etc. who counsel, advice and help the line people. So personnel manager or human resource manager, whatever job title they may bear; are assigned specialised services in acquiring, developing, using, maintaining and retaining people in the firm.

## 1.09 Transformation of Personnel Management into HRM

*Owen was an exception among the factory owners who, in general, viewed workers no better than beast of burden.*

Today Human Resource Management is a prestigious area of learning. This elitist status has been attained over the years through widening and diversifying the activities performed by the personnel department. This process started in the 18th century and got expedited in the 19th century. Robert Owen, a Scottish Textile Mill owner was the pioneer who built model village in the neighbourhood of his mill for providing decent health and sanitation facilities, started schools for the workers and their children. Owen was an exception among the factory owners who, in general, viewed workers no better than beast of burden. Uprooted rural people were pushed by poverty into the factory as wage earners and herded into ugly and overcrowded premises and forced to work in appalling conditions. There was no personnel department in the U.S.A. before 1900.

*Taylor conceived of the worker as economic man and his plan had no specific reference to Personnel Management.*

Scientific Management, innovated by F.W. Taylor, provided for selection and placement of right workers in the right jobs and emphasised upon Time Study, Motion Study and payment of 'Fair' wages. Taylor thought that this will remove conflict between labour and management resulting in increased output, higher wages and bigger profits. Taylor conceived of the worker as economic man and his plan had no specific reference to Personnel Management. Economic man concept visualized working to be stimulated by economic incentives. However, his suggestion for the creation of Employment Bureau in the Planning Department for worker selection and record keeping contained seeds for Personnel Department. There was a "welfare work" movement initiated by religion and philanthropy advocates aimed at improving living conditions of the poor and unfortunate people. This helped growth of Personnel Department. Factory owners made available medical care, recreational facilities and financial assistance for their workers.

*"Personnel Management" began around 1920 particularly due to Government pressure and labour legislation.*

Around 1900, industrialists began to employ staff members specializing in labour matters. The designation "Personnel Management" began around 1920 particularly due to Government pressure and labour legislation. The purpose was to ensure productive use of available manpower for the factory owners. In the U.S.A. and the U.K. testing of ability and intelligence of the workers commenced around 1910. Protective labour laws were passed regulating wages, hours of work, social security and workman's compensation. Growth of Personnel Management as a profession was aided by professional organization. In 1918, Industrial Welfare Society (IWS) was formed in the U.K. to foster and promote development of welfare aspects of industrial management. Industrial Fatigue Research Board (IFRB) was formed in 1918. This body studied psychological and physical problems of workers in the factory environment.

In 1921, National Institute of Industrial Psychology (NIIP) was formed as a non-profit organization to undertake research on Industrial Psychology and it made investigation on selection, testing, interview techniques and training methods. Workers' Welfare Institute (WWI) started functioning in 1924 in developing training schemes for personnel officers. In 1931, it was renamed as Institute of Labour Management (ILM) to cater to the needs of changing personnel functions. Increased attention to industrial manpower was given when Elton Mayo came with his social man concept after Hawthorne study of the twenties. Social man recognized factory premise as a social system under which workers wanted to enjoy socializing and social interaction.

*Increased attention to industrial manpower was given when Elton Mayo came with his Social Man concept*

In 1946, Institute of Labour Management (ILM) was renamed as Institute of Personnel Management (IPM). After Second World War, there occurred steady change in the status and functions of personnel managers. Increased efforts were started in manpower planning and manpower development. Tasks of personnel managers widened with increased pace of technological changes. Personnel Management is now more involved in corporate planning and overall organizational development. Many companies have placed by now their personnel man on company board. U.S. corporations have replaced Personnel Department by Human Resource Management Department. Many firms used terms like Personnel Management, Labour Relations Management, *Manpower Management*, Labour Management, etc. Manpower Management is used to describe planning, direction and control of human resources. *Labour Management* is a synonymous term. *Labour Relations* has limited coverage having reference to union-management relations related to collective bargaining and day to day administration of agreement with unions. *Personnel Management* handles all the relationships that emerge in and grow out of employment. The term 'Employee Relations' became widely accepted with two major subdivisions — Human Resource Management and Labour Relations Management. Since these two functions are inseparable, they have been combined into *Human Resource Management*.

*After Second World War, there occurred steady change in the status and functions of personnel managers.*

*Personnel management handles all the relationships that emerge in and grow out of employment.*

Renaming of American Society of Personnel Management (ASPM) stimulated growth of interest in human resources. Further emphasis came when professional economists paid high tributes to well educated and well-trained manpower as catalytic agent in the growth process. Even in the seventies, human resource got lesser attention than finance or marketing.

*Professional economists paid high tributes to well educated and well-trained manpower as catalytic agent in the growth process*

*Universities and institutes offer courses on Human Resource Management and related areas*

Some 350 training organizations are at work in Bangladesh with Public Administration Training Centre (PATC) at the apex. Bangladesh Institute of Personnel Management has been at work over a decade. Its work cover specialized functions like training, industrial relations, employment welfare administration, etc. Bangladesh Management Development Centre (BMDC), now renamed as Bangladesh Institute of Management (BIM) runs diploma courses. Bangladeshi universities offer courses on HRM and related areas in the Department of Accounting, Marketing, Finance and Management. Recently syllabus and course contents have been modernized to keep pace with the changing environment — social, cultural, legal and technological.

*Well trained and highly tactful persons are needed to head personnel area because of its sensitiveness*

It may be noted that Personnel /Human Resource Department is a specialist service department concerned with formulating and introducing schemes and implementing them through monitoring of progress. Personnel department was to identify critical problem areas with respect to 'people' as well as to indicate accomplishments of tasks and objectives. Monappa and Sayaidana (Personnel Management, Tata, Mc-Graw Hill) rightly remarked, "personnel function is not a buffer, but very much a managerial function" So it is not an area where poor performers of the line management could be sent. Well trained and highly tactful persons are needed to head personnel area because of the sensitiveness of manpower planning, performance appraisal and grievance handling. Traditional line and staff difference have become blurred today. For example, in a training programme, lineman supplies inputs while staffman determines the course content.

*Management is the development of people, and not direction of things.*

Opening of Human Resource department signifies growing awareness of the importance of human factor in organizational performance. When 'Management' is defined as getting things done through other people occupying subordinate positions below a superior, getting things done by subordinates presupposes presence of skillful and competent personnel on the pay roll. Progressive entrepreneurs expect their managers to be competent trainers of their people. Lawrence Appley, President, American Management Association, had this in mind when he remarked, "Management is the development of people, and not direction of things. Management is Personnel Administration." Apparently Appley visualized crucial role for the staffman.

Competitiveness is getting keener day by day for survival. Many firms find it hard to exist even in the managerial economy of the West due to ineffective use of manpower resource. Employee attitudes, morale and job satisfaction have been receiving top priority to find out what is wrong. Human resource manager's main concern is to study conditions that are unobserved or unreported by the line officials. Human resource manager is a specialist having exposure to employed peoples' psychological moorings. Operating people keep close watch on such productive efficiency data as output per man hour, actual hours compared with standard hours, piece work earnings, labour costs, overhead costs and quality records but these do not always reflect employee morale and degree of team spirit. Morale and productivity are correlated. So human resource manager is concerned with raising of morale level. Job satisfaction is related to morale. Hence the human resource manager has to worry over increasing employee job satisfaction.

*Human resource manager is a specialist having exposure to employed peoples' psychological moorings.*

Employee turnover, absenteeism and loitering affect output. Human resource manager has to ponder over and devise ways and means to reduce them. This implies extended role of the human resource manager. He is more concerned about how to involve the employees in firm's work and use their talent, skill and creativity. His work goes beyond human resource planning, recruiting, selecting, appraising employee performance, training, motivating and disciplining to rule violation. He is to draw up orientation programmes for changing perceptions, attitudes and values of employees. His focus is on Edghar Shein's "model of unfreezing current values, injecting new values and refreezing the injected values for making them permanent features of employee' life. We may call this "Brain washing."

*Human resource manager is more concerned about how to involve the employees in firm's work and use their talent, skill and creativity.*

### **1.10 Modern Trend in HRM Output**

Effective managing of human resources would recognize the modern trend in the HRM output for change, interdependence, people-productivity-quality balance, meaningful activities, etc.

#### **a. Change**

Change best describes the nature of work and the work force, the role of government, and the role of management in the employment relations field. Automation and robotics now are commonplace in many industries. Women no longer represent exceptions in the executive work place. Flexible hours, flexible shifts, and flexible work arrangements become more common each day. Organizational pay and reward systems vary with the type of work, the type of worker, and the type of firm. Moreover, fringe benefits contain such variety that no two programs are alike.

*Flexible hours, flexible shifts, and flexible work arrangements become more common each day.*

*The government became active in the support of working men and women, and also assumed the role of protector of the environment as a representative of the people.*

*Economic historians like to remind us that most of the firms in the Fortune 500 companies did not exist 25 years ago, and there is every reason for the phenomenon to continue during the next 25 years.*

The government, which once assumed a hands-off posture in employment relations, has become very active in the support of the working men and women throughout the globe. A more balanced approach appeared during the second half of the last century and the heaviest involvement came during the last forty years or so. The government became active in support of the working people, and also assumed the role of protector of the environment as their representative. The vacillation of the government role is an expression of the political climate and the party in power, but the long-run trend is fairly clear. Work, a job, and the paycheck are such an integral part of modern economy that no society can ignore the impact. The government will play some role in the administration of the employment relations activity.

The change in management is more than the change expected from the sheer growth and complexity of industries and companies. Economic historians like to remind us that most of the firms in the Fortune 500 companies did not exist 25 years ago, and there is every reason for the phenomenon to continue during the next 25 years. The philosophies of management span the range of those who feel workers are economic factors to those who feel workers are the most important resource of a firm. Some managers view unions as an evil force, some believe that the unions perform an important and necessary role in the whole labor relations picture. In some firms, management attitudes still reflect those of the employers of early days; in other firms, attitudes change as each group of top managers creates its own unique style and philosophy. In all, however, the fact of change is pervasive.

#### **b. Interdependence (between the Firm and the Society)**

Firms throughout the world found during the past decades that they were part of a larger community or economic system—one that required an understanding of the interdependency of all the parts of the environment of the firm. An organization with strong market push but limited productive capacity, for example, found that an overstimulated customer group will turn to substitutes rather than be denied satisfaction: thus, sales go to the competitor. An organization unable to finance expansion or the purchase of updated equipment found itself with very expensive bills as interest rates zoomed during the last decades.



The firm plagued with worker unrest and distrust found the efforts to increase worker productivity being veiwed as job threatening and unwelcome by workers. Corporations with little trust and confidence from their community because of poor public relations practices of the past subsequently found limited response from media campaigns to buy their products. Firms that treated overseas markets as foreign, distant, or with a second-class priority discovered the difficulty of attaining respectability, growth, and penetration. Business story after business story told a similar tale: There is an interdependence of the parts of systems, be they economic or social. Attention is required for all the resources of an organization.

*There is an interdependence of the parts of systems, be they economic or social. Attention is required for all the resources of an organization.*

Interdependence is also demonstrated by the unemployment problems in many industries, especially the basic industries. Towns dominated by one or two large corporate employers faced economic hardships from layoffs, closings, and in some instances, move to other geographical sections of the country. All community services suffered from increased demands coupled with fewer resources. Cities, states, and sections of the country felt the corporate tie: a depressed economy usually meant a depressed society, and the strains and stresses of one became the strains and stresses of all.

*Depressed society, and the strains and stresses of one became the strains and stresses of all.*

Even though the standard of living in the industrialised countries rose higher, the quality of life fell due to pockets of real and persistent employment problems and at the heart of many of the best solutions is a job. Work has many positive meanings to people and the link between a healthy society and a healthy working population must become a high priority for administrators in both government and business. Wasted human resources at any level of the employment world represent an unwanted cost in both human and economic terms.

*The link between a healthy society and a healthy working population must become a high priority for administrators*

### **c. The People-Productivity-Quality Balance**

High worker productivity has been a goal of manufactures from the early days to the present. At first, it was thought that the answer lies in better work methods; then it was better engineered machinery; and finally, the workplace was viewed as the answer, as the assembly line expanded the productive capacity of factories. The new found production levels stimulated marketing techniques of mass distribution for mass production. Costs dropped, as did prices (so as to maintain the demand), and quality became a luxury for those who could not afford it. To people who never had much quality expectations, gave it a second place to just buying the product.

*High worker productivity has been a goal of manufacturers from the early days to the present.*

To many in the work force, the economic rewards of this mass productive system were not distributed fairly, nor was justice on the work floor always present. Labor unions became a compounding factor in the productivity objectives of industries during the first half of the twentieth century.

*Since the 1970s, competition came in the form of lower costs along with equal or better quality.*

Corporations spend millions of dollars for the training of managers in human relations for the purpose of improving work relationship, so that productivity gains of blue-collar workers would expand to the white-collar work population. Personnel departments dispensed many forms of motivational schemes, compensation, and fringe packages in an effort to capture the loyalties and energies of the working people. Since the 1970s, competition came in the form of lower costs along with equal or better quality. The quality option, once reserved for specialty goods or for those affluent enough to afford it, was now a part of the mass market, a market far more experienced than that of the earlier generations.

*Quality and dependability are prized today by consumers.*

Managers seem somewhat lost in the present people productivity-quality debate. They are conditioned by an organizational culture that moves instinctively toward lower costs through better utilization of machines or procedures. The results do not always give higher quality, and quality and dependability are prized today by consumers. Short-run, quick, simplistic, low-bid solutions seem inappropriate to the host of situations facing managers today. There seems to be a search for a better way of managing the human resources of an organization.

#### **d. Desire for Meaningful Work**

This last insight can be found to permeate all the history of work, but it frequently has been apparent only to those with an analytical eye. Perhaps the desire to do meaningful work took different forms of expression throughout time, or perhaps men and women came to the realization after certain basic economic and social justice issues were achieved or resolved. To manage effectively, however, executives must realize that others are like themselves; all want to engage in work that has meaning. These executives need also to realize that the meaning people seek in work is subject both to individual interpretation and to change over time.

*To manage effectively, however, executives must realize that others are like themselves; all want to engage in work that has meaning.*

The sum of these trends provides the framework of actions in the field of Human Resource Management (HRM). The HR manager must continually review the changes in the people from both the internal and external environments of the situation. S/he must also see, for example, that a compensation plan, well designed in the office but resisted by line managers and workers, will only result in a problem situation for all; that a training plan will fail if it does not include an understanding of the context in which workers must implement the plan; that union negotiations are doomed if they do not include the economic status of both the company and the work force plus the impact that the contract will have on the marketplace and the community. In all dealings HR managers must see the interdependence among all sets of factors; s/he must see that the internal environment of an organization plays a critical role in defining the potential and achievable results that a firm may reach in its attempts to take advantage of uniqueness in the external environment.

*In all dealings  
HR managers  
must see the  
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sets of  
factors*

If the HR manager can see the importance of change factors and the interdependency among factors when dealing with the human resource of an organization, simplistic and self-oriented perspectives may disappear. S/he may be less tempted to view her/ his company as the center of the universe, and thus be inclined to seek a larger perspective.

To aid management in this process of seeing possible organization responses to situations, we now turn to the ideas and concepts from the areas of strategy and policy. Managing human resources strategically is a necessity if firms are to survive in a competitive and changing world.

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### **1.11 Approaches to Managing Human Resources**

HR managers may follow any or a combination of the following three approaches to managing human resources.

#### **Approach 1 : The Strategy Approach**

The industrial revolution and emerging factory system changed the nature of organizations. Managing a firm became more complex as machines and assembly lines had to be coordinated with the abilities and skills of workers from varied backgrounds. Corporations expanded their operations to all parts of the nation, and hence the size and physical distance among units created problems of communication, coordination, and resource allocation. Managers of these large firms applied tested engineering skills to the internal problems of organizations. Managerial efficiency got priority in order to cope up with external problems.

*Machines and  
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backgrounds.*

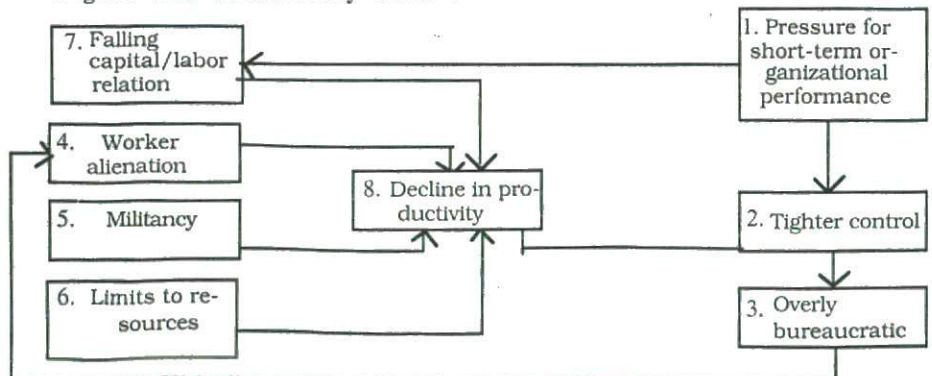
*Strategic managers change track in line with their markets, competition, and other relevant external factors.*

*The strategy approach acknowledges the importance of change and the importance of the interdependence of the organization to its surrounding world.*

Management scholars began researching this external-internal environmental relationship in the mid-1970s, and the language of management changed with this new focus. Strategy became the key buzzword for those activities by top management that dealt with the fit between the firm and its environment. Strategic managers change track in line with their markets, competition, and other relevant external factors. They also work to create an alignment of the organization's resources with the demands from the external environment. This alignment depends on the ways managers structure and arrange the internal resources of the organization.

The strategic management approach to running organizations is very straightforward. It definitely acknowledges the importance of change (especially in the external environment) and the importance of the interdependence of the organization to its surrounding world (i.e., the strategic fit). There is likewise a recognition of the interplay among a company's mission, strategies, and implementation. Like many management processes, however, the strategic management approach can become distorted by certain managerial obsessions: going by the "numbers," becoming overly dependent on quantification, or striving for short-term results only. This point is made graphically by Noel M. Tichy in a flowchart describing the "productivity problem." Notice in figure below that the response to the decline in productivity growth is for greater pressure for short-term organizational performance, accomplished through tighter control and emphasis on bureaucracy. Such efforts, according to Tichy, result in self-reinforcing cycles. Managerial actions give rise to greater worker alienation that feeds into a condition of lower productivity.

**Figure 1.1: Productivity Flow :**



Thus, the strategic process itself is not the magical answer to an organization's desire to be adaptive and successful in both the short and long run. Another approach for adapting to the problems of change, interdependence, and a balance between people and productivity comes from a best-selling book by Thomas J. Peters and Robert H. Waterman, Jr., *In Search of Excellence: Lessons from America's Best-Run Companies*.

### Approach 2 : The Excellent Company Approach

Authors Peters and Waterman, in their book, "In Search of Excellence", studied 62 companies in different industries: high-technology companies such as Digital Equipment, Hewlett-Packard, Intel and Texas Instruments; consumer goods companies such as Procter and Gamble, Chesebrough-Ponds, and Johnson and Johnson; general industrial goods companies like Caterpillar, Dana, and 3M (Minnesota Mining and Manufacturing); service companies such as Delta Airlines, Marriott, McDonald's, and Disney Productions; and resource-based companies such as Atlantic Richfield (ARCO), Dow Chemical, and Exxon.

Highlights from this book include statements like the following :

- [It is] attention to employees, not work conditions per se, that has the dominant impact on productivity.
- The Japanese have developed a "people" approach to the manufacturing of cars .
- [In the United States] companies overdo analysis (planning, finance and quantification).
- The "old rationality" has ceased to be a useful discipline.
- Loyalty and commitment through effective training, personal identification with the company's success and, most simply, the human relationship between employee and his supervisor, are the Japanese productivity secret.
- Trust people as adults; treat them as partners; treat them with dignity; treat them with respect; treat them as the primary source of productivity gain.
- Cost and efficiency, over the long run, follow from the emphasis on quality, service, innovativeness, result sharing, participation, excitement, and external problem-solving focus tailored to the customer. The revenue line does not come first.

Throughout the 360-page book, Peters and Waterman developed chapters around the eight attributes of the best-run companies :

1. Action oriented
2. Close to the customer
3. Autonomy and entrepreneurship
4. Productivity through people
5. Hands-on, value driven
6. Stick to the knitting
7. Simple form, lean staff
8. Simultaneous loose-tight properties (top companies are both centralized and decentralized)

*Action-oriented means problem solution rather than lengthy analysis*

These attributes need some elaboration. "Action oriented" means that higher priority is given to solving problems and implementing answers than to spending hours on sophisticated staff analysis. "Customer oriented" means unparalleled service and reliability; the best-run companies learn from the people they serve. They also encourage managers and other employees to be innovative, for the real strength of the company rests "in the respect for individuals." The rank and file are the root source of quality and productive gain.

*The best-run companies have managers who know their business*

The best-run companies have managers who know their business. Some worked on plant floors or in the stores; having tested the experience and valued it, they have made it part of their philosophy. This identification with knowing your business serves as a basis for any expansion or acquisition action. They stick to the knitting (i. e., stay close to business in which they have experience). Even though most of the companies are large, they use very simple organizational forms and keep expensive staffs at a minimum. Finally, these companies are decentralized so as to encourage autonomy and have decisions made as close as possible to where the action is, but they are also centralized so that core values are not eroded in levels upon levels of management and staff.

Peters and Waterman value the use of reason and quantification, forecasting, and cost control—but not as the only factors in the equation. They say the Americans tend to move (like animals under stress) too quickly to the simple, autocratic approaches when threatened. A look at another nation's response to threat may add insight into our search for a more realistic strategic approach to managing human resources.

### Approach 3 : The Japanese Approach

During the early 1980s two news events occurred that demonstrate vivid differences in the ways that Japanese managers seem to value their human resources. The first news event, written by Douglas Waston of the Baltimore Sun, appeared in the July 4 issue of the Cincinnati Post and was entitled, "Japanese Success Secrets: Firm Succeeds Where U.S. Company Folded," Mr. Waston describes the success of Sharp Manufacturing Company of America, whose parent firm, Sharp Corporation, has its headquarters in Osaka, Japan. The Memphis, Tennessee plant of Sharp, opened in 1997, is succeeding where the U.S. born RCA Corporation closed a similar plant after prolonged labor strife.

*Japanese managers seem to value their human resources.*

The second article, by Jim Lewis UPI, also describes a Tennessee plant; this time the company is Nissan, auto manufacturer of Datsun. Unlike the first article cited, where the focus was on the Japanese management styles, this article focuses on a 26-year-old woman, Kathy Kyle. Miss Kyle, a material handler in the trim department, is at the lowest rung of the employee ladder. She and her fellow employees feel they do not need a union at the Smyrna, Tennessee location. The Datsun truck assembly plant is not a union plant but a company team. Nissan is trying to substitute the term teamwork for union, replacing one kind of loyalty with another.

*Nissan is trying to substitute the term teamwork for union, replacing one kind of loyalty with another.*

### 1.12 HRM Practices in Bangladesh

Competent manpower is necessary for economic, social, cultural and political development of a country. Competent manpower emerges from the system of education and training. We, in Bangladesh, are given higher education in colleges and universities and job training in training centres. There is provision to train us in jute technology, leather technology, agriculture, fishery, poultry, forestry, medicine, marine engineering, sugar technology, etc. Science laboratory and Bangladesh Rice Research Institute (BRRI) are there to innovate new ideas. There are about forty departments and thirty seven institutes in Dhaka University covering Science, Arts, Social Science and Business. The country has been producing economists, public administrators, teachers, engineers, doctors, technologists, managers, marketers, financial administrators, professional accountants etc. to meet the manpower needs of the growing economy.

*We, in Bangladesh, are given higher education in colleges and universities and job training in training centres.*

*There are now over 350 training institutes in Bangladesh to develop human resources*

Youth Ministry is running training courses to develop young people into entrepreneurs. Government officers are given training at Public Administration Training Centre (PATC). Bank people are trained at the Bangladesh Institute of Bank Management (BIBM) which also runs a program of Master Degree (MBM) to meet the needs of the emerging banking sector. Also there is Bangladesh Insurance Academy (BIA) to train and create human resource for the growing insurance companies. There is a government-run Industrial Relations Training Institute (IRTI) at Tongi to expose trade union leaders to the needs of competent human resource. Journalists also have the opportunity to learn the technique of information gathering and information processing. Bangladesh Management Development Centre (BMDC) was established to offer training facilities to government officials, autonomous body and sector corporation personnel. Now its name is Bangladesh Institute of Management (BIM). Govt. college teachers are trained at NAEM. Bangladesh Academy for Rural Development (BARD) at Comilla and Bogra are training up farmers and rural activists. There is Planning and Development Academy (PDA) at Nilkhet. There are now over 350 training institutes. Private entrepreneurs have also emerged in the area of training and management consulting which, according to renowned economist Prof. Muzaffar Ahmed, is a lucrative business today. Chambers of Commerce and Industries also run training programmes. Private universities have sprung up to meet the manpower needs of the growing economy.

*It seems a revolution has started in the education sector.*

It seems a revolution has started in the field of higher education. One is ready to spend lakhs of taka to have an MBA degree for his son or daughter from private University. To the guardians, money seems no problem. Huge sum is saved and spent for sending children to Europe, America or Australia. Foreign educational institutes are collaborating with local counter-parts to open training facilities in Bangladesh.

*Qudrat-E-Khuda Commission stressed job-oriented education so that productive activities can be promoted*

After the emergence of Bangladesh in 1971, big industries were nationalized. To meet their training needs, Kamruddin Committee was set up to suggest ways and means for upgrading the supervisory and managerial skills of the personnel employed. In 1972, Qudrat-E-Khuda Education Commission was formed to study the status of the country's education system. The Commission stressed job-oriented education so that productive activities can be promoted but implementation of the recommendations was delayed.



Then there was the Mofizuddin Commission. Subsequent Governments also experimented with the education policy. Shamsul Haque Commission (1999) recommended modernization and improvements in the contents of Qudrat-E-Khuda Commission in the light of recent technological developments. People are getting exposed to foreign ideas through mass media and computer technology. People's expectations for better living are running high. People are anxious to get better food, better clothing, better shelter, better amusement and better recreational facilities. Cars rather than babies are catching the imagination of the new generation.

*People are getting exposed to foreign ideas through mass media and computer technology.*

Yet there exists a management gap. Organizations seek men and women to plan, organize, direct and control managerial activities. Review of existing literature tends to show that performance of organizations in all sectors of Bangladesh is rather poor, product or service quality is not up to expectation. Customers are yet to receive desired recognition. Consumers' Associations of Bangladesh has been decrying producers. Sellers of goods and services do not view customers as stakeholders. Many mills and factories have become sick mainly because of lack of managerial and administrative competence.

*Review of existing literature tends to show that performance of organizations in all sectors of Bangladesh is rather poor because of lack of skilled manpower*

Sickness of schools, colleges, and public universities is reflected in poor performance in public examinations. Thousands get plucked at S.S.C, H.S.C, and also at degree levels. At the university level, hundreds get plucked or end up with third class in honours despite having first divisions and star marks at earlier stages. Public schools, colleges and universities give highly subsidized education. One is ready to pay thousands of taka per month at private universities and colleges in Dhaka city but resists raising tuition fees even slightly at the public universities. The matter dismayed even the country's Ex. President Justice Shahabuddin Ahmed (Presidential speech at FREPD). The President decried time and again the declining standard of quality of education. Fall of quality has also been mentioned by Public Service Commission and University Grants Commission (UGC).

*Sickness of schools, colleges, and public universities is reflected in poor performance in public examinations.*

In the area of human resource utilization, researchers Bala and Habib found little attempt to report financial performance to employees, though this could ensure transparency and develop employee loyalty to the firms. Haque and Hussain noted scope for improvement in the area of job satisfaction of industrial workers. Sabur in his study of Vegetable Marketing, observed high rate of wastage due to lack of training in the art of storing. Mannan Chowdhury depicted picture of slanted growth of entrepreneurial skills due to poor

*Most of the public sector managers have higher degrees but their education has very little relevance to their managerial job.*