Changing Dimensions of HRM Functions: An Evaluation

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Abstract

The present research paper is an attempt to analyses the changing dimensions of human resource management in the present era right from its evolution. There has been drastically change in the dimensions of Human Resource Management from the personnel management to e-human resource management and strategic human resource management. The research has tried to find out different dimensions in the human resource management function. It is review paper where secondary data has been used. The researchers have found that after the evolution of Personnel management the functions of HRM have now changed to large extent.

I. INTRODUCTION

Human Resource Management’s role in organizations has been evolving dramatically in recent years. Performing clerical duties such as record keeping, paper pushing and file maintenance were the days of Personal Management Department which are over now. HRM is increasingly receiving the attention as a critical strategic partner, assuming stunningly different, far reaching transformational roles and responsibilities. Thus, an organisation cannot build a good team of working professionals without good Human Resources. HRM or human resource management has been widely defined by scholars as a strategic function that encompasses management of its critical human assets for gaining competitive advantage in a dynamic business environment. HRM is the function performed in organizations that facilitates the most effective use of people to achieve organizational and individual goals (John Ivancevich and Glueck, 1989). The concept that ‘human resource’ is a valued asset that can help tide an organization over turbulent waters has been very aptly realized in the recent times of economic turmoil by businesses worldwide.

The Michigan school (Fombrun et al., 1984) believed that HR systems and the organization structure should be managed in a way that is congruent with organizational strategy, also therein termed as the ‘matching model’; the emphasis was on understanding the entire cycle of Human Resource Management beginning with selection, to effective appraisal, giving rewards to developing high quality employees in the long term perspective. Round the same time period, the Harvard school of thought (Beer et al., 1984) developed the ‘Harvard Framework’ (Boxall, 1992) that first held the belief of considering a long term perspective of people management as potential assets than merely variable costs. Beer et al., 1984 went on to state: ‘Human resource management involves all management decisions and action that affect the nature of the relationship between the organization and its employees – its human resources.’ They were also the first to believe that line managers should accept the responsibility for alignment of competitive organizational strategies and personnel policies rather than totally depending only on personnel managers for effective management of its people.

Literature review related to the study and understanding of Human Resource Management in the Indian context has been primarily based on the post-liberalization period. The focus has been on understanding what HRM means in the Indian context across the industries (Singh, 2005; Rao T. V., 2009), how this particular discipline is helping firms cope against MNC competition (Som, 2002, 2006, 2008), cross – cultural context in terms of comparison with the US and UK (Amba-Rao, 1994, 2000; Budhwar et al., 1997, 2001, 2003, 2004).

However most of the literature has been generic in nature studying the Indian context of HRM across all spectrums of the Indian industry with considerable less focus on understanding the specific aspect of this particular discipline to the Indian industrial sector. Evidence of little research and review on this specific sector has addressed major issues related to values (Sinha, 1980, 1988, 1990; Singh, 1990 ), leadership (Sinha, 1984) and performance management (Amba-Rao.,2000; Rao S., 2007) or has been based in understanding union and industrial relation issues (Flagan and Deshpande, 1996; Ramaswamy and Schiphorst, 2000; Bhattacharjee, 2001; Bhandari and Heshmati, 2005; Bhandari, 2010) with less focus on understanding issues of organization, management and impact of HRM particularly on functioning in the industrial sector.

This paper addresses gaps in research related to study and understanding of Human Resource Management in the context of Indian Organisations.
Through literature review (secondary data), and help of prevalent cases we tried to study the different dimensions. The paper draws on prevailing for better understanding and, opening of avenues towards further empirical research in this yet untapped sector.

**Need and significance of the research:** HRM explores issues not only in the perspective of the individual employee and their employer, but in circumstance of the wider workplace, the labor market and economic powers shaping the type of work, technological improvement, employment rules and societal trends. The world of work is fast changing so an understanding of how this all affects the way people are managed in the workplace is of tremendous importance theoretically and practically.

**Literature Review:**

As the high-commitment perspective on HRM has developed since the 1980s so has the role of HR managers and specialists. The HR profession has undergone a significant transformation reflecting the increased responsibility placed upon it to deliver improvements in workspace performance; a ‘mission’ at odds with the traditional outsider status of the personnel functions. In line with the movement of HRM to centre stage in its perceived ability to contribute to the sustained competitive advantage of the organization, the HR function in some organisations has shifted from a predominant emphasis on operational issues to a more strategic focus (Francis and Keegan, 2006). Stanton and Coovrt (2004) suggest that the HR function can be divided in three broad, interlocking functional areas.

- **Administrative** – People management has grown from sociology, more emphasis on collective labor force and understanding companies as social systems within a extensive political and economic perspective. So, not focusing on each employee’s relationship with company, there is more anxiety for cooperative employment relationship between trade unions, company management and government. Glinow et al. (2002) studied status of HRM function differs across countries, also size of organisations, ownership type, credibility that HR function has in that country and power tends to reside within companies. The degree to which HR responsibilities are trusted to line managers also varies between countries (Lucas and Curtis, 2006). Larsen and Brewster (2003) studied that decentralization to line managers in UK and Ireland was less in compare to other EU countries, i.e. Denmark and Finland. The degree of decentralization in a country inclines to reflect organized framework within which organisations operate, i.e. complication of employment legislature which determines extent to which an employer desires decisions to be made by HR experts rather than line managers. Recent studies have noted a developing international tendency towards more devolution.

- **Financial** – HR specialists research, recommend, and manage the organization’s use of economic rewards and privileges.

- **Performance** – Greater HR attention on strategic issues emphasises the significance of the last of these three areas of activity and stresses the contribution of HRM towards the accomplishment of organisational objectives through the innovative strategy and execution of value-adding procedures and practices. A study of senior HR practitioners (CIPD, 2003a) supports the impress that HRM is becoming an added noticeable feature of organisational strategic decision-making. The study found that nearly three-quarters of respondents described that impact of HR practitioners on high-ranking colleagues had increased in current years. About seventy percent reported that their CEO trusts HR is key person to play in achieving business outcomes. For long time, HR leaders have been examining for ‘a seat at the table’ – to be taken really in executive suite as a key contributor to overall direction and mission of business. HR head is regarded as strategic partner to business, and in most organizations he reports straight to the CEO or head of enterprise (Accenture, 2006: 1).

The rising effect of HRM within companies is also reflected in changing role of HR practitioners. This is demonstrated in boost of HR specialists to thinking performers (CIPD, 2008a) by the Chartered Institute of Personnel and Development. The promotion of this theory points towards the wider expansion of HRM as exposed in following description of thinking performer as someone who:

1. Deliberately seeks to contribute to essential organisational purposes
2. Emphasizes the compliance role of HR function when it is essential, however fully appreciates that to do so is not a enough condition of HR.
3. Challenges the way in which things are done, to find solutions that are less costlier better, and faster.
4. Keeps in touch with their ‘customers’ through networking in order to recognize the business better, reacts to response and proactively.

Measurement of HR roles of business organizations are not much researched up to now. So this area has wider scope of research. HR leaders are continually looking for to improve insight into workers effectiveness (Bonadio, 2009). The key findings are significance of strategic cross – functional metrics, and need for a single, fully connected people management platform to drive continuous workforce and business improvement. Cooke(2007), highlighted workplace strategies as integration of HR and technological capabilities. Farh et.al.(1995) recognized major social and economical tendencies that directly affect the management of HR and discussed the key implications of these trends with respect to personnel planning, training and compensation, recruitment and selection.

**1.5 HR Management Dimensions**

**1.5.1 Personnel Management to Human Resource Management**

**Personnel Management** - PM is basically an administrative record-keeping function, at operational level. PM tries to keep fair terms and conditions of employment, although at same time, efficiently managing personnel activities for individual departments etc. It is expected that results from providing justice and
achieving efficacy in management of personnel activities will outcome ultimately in attaining organizational success. Broadly, ‘personnel management’ may be described as: All management decisions and actions that directly affect people as members of the organisation rather than as job-holders. The origins of traditional concept of PM can be drawn to the post World War One ‘welfare tradition’ of concern for the basic needs of employees. The developing and mature phases of PM from the 1940s to the 1970s saw an rise in the status and professionalization of the personnel function, particularly in relation to industrial relations matters.

1.5.1.1 Pre–World War II
Prior to World War II, the personnel function was mainly involved in clerical record keeping of employee data. During this period, prevailing management philosophy was known as “scientific management.” Scientific management was to get the best out of employee productivity. It was supposed that there was one finest way to do any work, and this finest way was determined through time and motion studies that examined the most efficient usage of human capabilities in production process. The work could be divided into parts, and the number of tasks to be completed by a employee during an average workday could be calculated. These outcomes formed the basis of piece-rate pay methods, which were seen as the most effectual way to motivate employees at that time. At that time, there were only few government influences in employment relations; so, employment terms, conditions and practices were left to the owners of the organization. Consequently, abuses such as unsafe working conditions and child labor were common. Some organizations set up labor welfare and administration departments to look after the welfares of workers by maintaining data on health and safety in addition to recording hours worked and payroll. Record keeping is one of main functions built into design of HRIS today; but, there were no IT services to automate the records at that time.

1.5.1.2 Post–World War II (1945–1960)
The deployment and utilization of labor during war had a large effect on development of personnel function. Managers understood that employee productivity and motivation had a major impact on the profitability of firm. The human relations drive after the war focused that employees were inspired not just by salary but also by psychological and social factors, such as getting recognition for work accomplished. Due to need for classification of large numbers of persons in military during the war, systematic efforts initiated to classify workers around professional categories in order to advance recruitment and selection process. These job description classification structures could also be used to suitable compensation programs, evaluate distinct employee performance, and provide basis for termination. Because of rude labor practices prior to war, employees started making trade unions, which played an significant role in negotiating for better employment terms and conditions. Personnel departments had more record keeping and reporting to government agencies. Because of these trends, the personnel department had to start specialist divisions, for example benefits, recruitment, training, labor relations, and government relations. With its expanding and changing role, the personnel department started keeping growing numbers and types of employee data. Computer technology initiated to emerge as a conceivable way to store and retrieve employee information. Computers were being used for billing and inventory control, but there was little use in the personnel function except for payroll. Large firms began harvesting benefits of computer technology to keep track of employee compensation, but this function was normally outsourced. It is essential to realize that computer technology was just start to be used at this time, and it was too complex and costlier.

1.5.1.3 Social Issues Era (1963–1980)
In this period an exceptional increase in amount of labor legislature in the US, legislature that directed various parts of employment relationship, for example ban of discriminatory practices, facility of retirement benefits and tax regulation. Consequently, the personnel department was loaded with additional accountability of judicial compliance that requisite collection, analysis, and reporting of huge data to statutory authorities. In this era Personnel departments were beginning to be renamed HR departments and field of HRM was evolved. Growing need to be in compliance with many employee protection laws made managers conscious of importance of the HRM function. Effective practices in HRM were starting to affect the “bottom line” of organizations, so there was a significant growth of HR departments, and technology had progressive to point where it was beginning to be used. Consequently, there was an growing demand to adopt computer technology to process employee data more effectively. These trends give rise to in explosion in number of vendors who could assist HR departments in automating their programs in terms of software.

Also, computer technology was delivering better productivity at lesser costs. These technology developments and improved vendor activity led to development of a comprehensive management information system (MIS) for HRM. The decreasing costs of computers versus the growing costs of employee salary made acquisition of Computer based HR systems (HRIS) an essential business decision. Labor costs also increased in this era, which put burden on personnel managers to validate cost increases against productivity improvements. With increased emphasis on empowerment and employee participation, the personnel function changed into a “protector” rather than a “caretaker” function, shifting emphasis away from upkeep to development of employees.

1.5.1.4 Cost-Effectiveness Era (1980 to the Early 1990)
With increasing market competition from emerging Asian and European economies, U.S. and other MNCs increased their focus on cost reduction by automation and other productivity improvement methods. With regard to HRM, the increased administrative burden increased the need to fulfill a rising number of legislative needs, though the overall functional emphasis moved from employee administration to employee development and involvement in organization. To improve effectiveness in service delivery by value added services and cost reduction, the HR departments came in pressure to harness technology that was becoming more powerful and cheaper. Furthermore, there was an increasing
recognition within management that people costs were a very significant portion of a company’s budget. Some companies estimated that these costs were as high as 80% of operating costs. Consequently, there was a growing demand on HRM function to cost justify their employee programs and services. Even small firms could afford computer-based HR systems to be cost-effective. The usual management thinking regarding the use of computers in HR was not that their use would result not only in a reduction in the number of employees count needed in HR departments but that employee actions and time could be shifted from transactional record keeping to further transformational activities that would add value to company. This change in function of HRM could then be clearly measured in terms of cost-benefit ratios to “bottom line” of company.

1.5.1.5 Technological Advancement Era and the Emergence of Strategic HRM (1990 to Present)

The economic landscape experienced drastic changes through the 1990s with increasing globalization, technical innovations, and hyperactive competition. Business process reengineering workouts developed more common and frequent, consequential in numerous initiatives, for example the rightsizing of employee counts, decreasing the bureaucracy of organizational structures, making autonomous work teams, declining layers of management and outsourcing. Organizations realize that creative and innovative employees who hold key to organizational familiarity offer a sustainable modest benefit because, contrasting other resources, the intellectual capital is tough for competitors to imitate. The increased usage of technology and transformed focus of HRM function, which moved to adding value to organization’s service or product, directed to emergence of HR department as a strategic partner. Researchers progressively highlight the “best-fit” approach to Strategic HRM as opposite to “best-practice” approach to Strategic HRM. The attainment of Strategic HRM is depending on various factors, for example size, occupational category, national and organizational culture, and business strategy and industry type.

The emphasis on cost effectiveness has sustained to present time, broadened and deepened further with growing global competitiveness. The current development related to role of HRM in Strategic HRM has been application of HRIS-enabled “Six Sigma” procedures to HRM. Most experts associate Six Sigma with General Electric, as the company was first main user of Six Sigma approach. Six Sigma denotes to streamlining operations over business process reengineering and has been planned around five key processes—defines measure, analyze, improve, and control (DMAIC). The DMAIC methodology uses a variety of statistical tools to reengineer business processes, develop decision making, and recover customer service. A critical feature of HRIS in supporting execution of strategic plans is using it to make decisions about human capital programs, employees, and initiatives.

1.5.2 Strategic Human Resource Management

It is a complex process which is continually developing and being discussed. Strategic HRM is a general methodology to the strategic management of HR in accord with objectives of organization on forthcoming way it desires to take. It is an approach that describes how organization’s targets will be attained through people with help of HR strategies, policies and practices. It provides basis for strategic analyses in which examines of the organizational context and current HR practices lead to picks on strategic policies for improvement of HR strategies.

In a study of HRM in multidivisional organizations, Purcell and Ahlstrand (1994) claim that what really determines HR strategy will be determined by judgments at all three stages and by the capability and leadership style of local administrators to follow through objectives in the perspective of specific environmental circumstances. Analysis of Case study has, though, highlighted the difficult nature of the strategic choice model structure. Other portion of the strategic HRM discussion has intensive on the combination or ‘fit’ of HR strategy with business strategy. The theory of addition has three features: the connecting of HR policies and practices with strategic management procedure of the organization, the internalization of significance of HR on the part of line managers the incorporation of the workforce into organization to foster assurance or ‘identity of interest’ with strategic objectives. This method to SHRM has been denoted to as ‘matching’ model.

1.5.3 e-Human Resource Management

In this we use IT ,mainly web services to implementing HR services. In 2005 according to Gueutal and Stone): “Things will look a bit different here. No longer will you deal with an HR professional.” organizations acceptance an e-HRM method do not simply apply technology in care of HR but in its place see technology as permitting the HR function to be done contrarily by changing “flows of information, social interaction patterns, and communication procedures”.

We can define e-HRM is general and emphasize the Internet-supported way of performing HR activities. e-HRM uses IT in a dual manner: First, technology assists as a medium with goal of linking and incorporation in a office or on different countries. Second, technology assists actors by partly or completely – replacing for them in performing HR activities. Hence, IT serves furthermore as a tool for job fulfillment. The common execution of tasks through at least two performers’ points out that sharing of HR tasks is an added feature of interaction and networking. E-HRM is multilevel phenomenon; there are collective performers i.e. groups, organizational units and whole organizations.

“Virtual HRM” denotes to technical refereed schemes of dissimilar internal and external performers providing secure with the HR services required without the presence of a traditional HR department. “Web-based HRM” joins the theory to Internet technologies. e-HRM, is particularly web-orientated, also contains additional technologies like networked ERP-Systems.

1.5.4 How Is the HRM Function Changing?

The administrative work of the HRM function is decreasing, it moves to as a change agent, strategic business partner and employee supporter is increasing.HR managers have challenge to move their attention from regular operations to strategies for future and making non HR managers to improve and
The result for evaluating the relationship between HRM and business strategy is to reflect this question: Why the HRM functions transformed in companies? “What is HR doing to assure that right person with the right skills are doing the right work in the jobs that are essential for the execution of corporate strategy?” HR Managers realize HRM as vibrant device for organizations to gain a modest advantage over domestic and overseas competitors. We trust this is because HRM practices are related to organizations success in meeting competitive challenges.

<table>
<thead>
<tr>
<th>Time Frame</th>
<th>Personnel / Human Resource Primary Areas of Focus</th>
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</thead>
<tbody>
<tr>
<td>1920s</td>
<td>• Miscellaneous employee-related tasks</td>
<td>1990s</td>
<td>• Policies and procedures manuals</td>
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<td></td>
<td>• Recruiting, screening and referring applicants</td>
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<td>• Employee handbooks</td>
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<td></td>
<td>• Record keeping</td>
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<td>• Equal employment opportunity</td>
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<td></td>
<td>• Compliance with government regulations</td>
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<td>• Affirmative action</td>
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<tr>
<td></td>
<td>• Recruitment and social programs</td>
<td></td>
<td>• HRM</td>
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<tr>
<td></td>
<td>• Affirmative action</td>
<td></td>
<td>• Organizational development</td>
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<tr>
<td></td>
<td>• Company policies and forms</td>
<td></td>
<td>• Career planning</td>
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<td></td>
<td>• Collective bargaining negotiations</td>
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<td>• Employee attendance</td>
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<td></td>
<td>• Administration</td>
<td></td>
<td>• Disciplinary procedures</td>
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<td></td>
<td>• Labour relations</td>
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<td>• Employment - and termination - at - will</td>
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<td></td>
<td>• Psychological testing</td>
<td></td>
<td>• Benefits</td>
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<td></td>
<td>• Training</td>
<td></td>
<td>• Electronic requirement</td>
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<tr>
<td></td>
<td>• Compensation</td>
<td></td>
<td>• In addition to all of the above:</td>
</tr>
<tr>
<td></td>
<td>• Auditing social legislation</td>
<td></td>
<td>• Work life programs</td>
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<tr>
<td></td>
<td>• Safety</td>
<td></td>
<td>• Diversity</td>
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<tr>
<td></td>
<td>• Exempting hiring</td>
<td>2000</td>
<td>• Workplace literary</td>
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<td></td>
<td>• Ergonomic opportunities</td>
<td></td>
<td>• Contingent workers</td>
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<tr>
<td></td>
<td>• Wage and salary administration</td>
<td></td>
<td>• Alignment with business side of an organization</td>
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<td></td>
<td>• Performance appraisal system</td>
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<tr>
<td></td>
<td>• Performance evaluation</td>
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<td></td>
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<tr>
<td></td>
<td>• Employee/employee relation programs</td>
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Schuler (1990) focused that the HR function had an opportunity to move from existence an ‘employee advocate’ to a ‘member of the management team’. Schuler’s interpretation was that this is required HR specialists to be concerned with the bottommost line, earnings, organizational effectiveness and business survival. In actual fact, line and general managers have been contributory in the acceptance of HRM, frequently pushing changes through in spite of the resistance of personnel professionals (Storey, 2001, p.7). Drastic changes in industrial organizations and supportive, largely traditionalist, governments encouraged a transformed confidence in the power of managers to manage.

High levels of unemployment permitted managers to pick and select new workforces. Present employees felt pressurized to be flexible under the risk of losing their employments. Consequently, managers were able to project more competitive organizations with new practices of employment relations. Instead we can see an upsurge in flatter, task-oriented forms of organizations resourced in a flexible way such as part-time, short-term contract workers. The stage was set for Human Resource Management, which was given as a coherent and integrated philosophy by its inventors, covering every facet of people management (Beer et al., 1984, p.1). HR has changed over the last hundred years in response to substantial changes in the way organizations get their work through.
The advancement of business and the evolution of the HR Tag in Figure show how reactive the occupation has been to alterations in the social and economic realities of the period. Today, the challenge for HR is to define our own future based on the styles that are very likely now and to accelerate to the challenge of forming our own future.

### The Reactivity of HR in Its Evolution

<table>
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<tr>
<th>Period</th>
<th>Business Environment</th>
<th>Tag</th>
<th>Characteristics</th>
</tr>
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<tbody>
<tr>
<td>2000</td>
<td>Small Trade &amp; Services</td>
<td>Internal</td>
<td>Innovative and efficient in the HR issues</td>
</tr>
<tr>
<td>2005</td>
<td>Industrial Revolution</td>
<td>Labor Relations</td>
<td>Individual and identical parts</td>
</tr>
<tr>
<td>2010</td>
<td>Civil Service &amp; World War</td>
<td>Industrial Relations</td>
<td>Employee, privilege and more formal procedures</td>
</tr>
<tr>
<td>2015</td>
<td>Scientific Management &amp; MNE</td>
<td>Personnel Administration</td>
<td>Efficiency, accuracy, and more highly localized processes</td>
</tr>
<tr>
<td>2020</td>
<td>Human Rights &amp; Consent</td>
<td>Personal</td>
<td>Legal, acceptable, and reporting, “policy police”</td>
</tr>
<tr>
<td>2025</td>
<td>Human Relations, Memory Associations, Knowledge, Change, Economy</td>
<td>People</td>
<td>Relevance in a fast-changing world, motivation and “human relations” differs absorbed</td>
</tr>
<tr>
<td>2030</td>
<td>Internet Organisations</td>
<td>Human Capital</td>
<td>Organizational capability, Organization effectiveness</td>
</tr>
<tr>
<td>2035</td>
<td>Global Economy &amp; IT-Enabled Technologies</td>
<td>To Be Decided</td>
<td>HR: Rethinking, Focus on talent, Capability, Cline of thought: Needed to be</td>
</tr>
</tbody>
</table>

The HR priorities during these “bust” times were not conducive to discussions of talent and hot spots: They were more about survival and cost-cutting efficiencies. HR has reactively dealt with the evolving business issues but has rarely independently implemented “game changing strategies” for the function or for employees. HR too often reacts to a problem or request, and has too rarely anticipated issues and proposed solutions.

### REFERENCES