


Subject: Human Resource Management

Production of Courseware

 - Content for Post Graduate Courses



Paper 05: Research Methodology
Module 01: An Introduction to Business Research



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Items	Description of Module
Subject Name	Management
Paper Name	Research Methodology
Module Title	AN INTRODUCTION TO BUSINESS RESEARCH
Module ID	Module 1
Pre-Requisites	Understanding the nature of business research
Objectives	To study the types of research and process of business research
Keywords	Descriptive, Exploratory, Conclusive, Ex-post facto research

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QUADRANT –I

1. Module : An Introduction to Business Research
2. Learning Outcome
3. Introduction
4. What is Research?
5. What is Business Research
6. Types of Research
7. The Research Process
8. Research Applications in business Decision Making
9. Features of a good research study
Summary

1. Module: An Introduction to Business Research

2. LEARNING OUTCOME:

After studying this module, you shall be able to

- Know the nature of business research
- Understand the types of research
- Comprehend the research process
- Understand the research applications in business decision-making
- Become aware of the features of good research study

3. Introduction

Several authors have described research differently. It often starts with a problem or a question in order to seek answers to questions with the application of systematic and scientific methods. Thus, research is the scientific and systematic approach towards definite investigation necessitating formulation of hypothesis, collection of data on relevant constructs, analysis and interpretation of results and reaches the conclusions as solution of generalizations.

The main objectives of research are to get familiarity with a phenomenon, find out the association or independence of an activity and identify the characteristics of an individual or a group of activities and the frequency of their occurrence.

4. What is Research?

Research is an implement that is building block and a sustaining pillar of every discipline-scientific or otherwise- that one understands of. Here we focus on the process of business research. The premise of decision-oriented enquiry is vast and may range from the simplistic view involving compilation and validation of information, to an exhaustive theory and model construction. To distinguish between non-scientific and scientific method, we would consider some definitions of research.

Lundberg (1942) made one of the earliest distinctions who stated 'Scientific methods consist of systematic observation, classification, and interpretation of data'. Obviously, this process is one in which nearly all people engage in their daily life. The main difference between routine generalizations and the conclusions usually recognized as the scientific method rests on the degree of formality, strictness, verifiability, and general validity of the latter'

Fred Kerlinger (1986) also endorsed the thought and stated that 'Scientific research is a systematic, controlled and critical examination of propositions about several phenomena'

Grinnell (1993) put simply and stated', The word research is composed of two syllables, re and search. The dictionary defines the former as a prefix meaning again, anew or afresh and the latter in the form of a verb meaning to examine precisely and carefully, to test and try, or to probe. Together they make a noun describing a careful, systematic study and investigation in some field of knowledge, undertaken to establish facts or principles'

Thus, business research is an unbiased, structured, and sequential method of investigation, aimed at a clear implicit or explicit business objective. This enquiry might lead to validating existing postulates or arriving at new theories and models.

The most important and difficult task of a researcher is to be as objective and neutral as possible. The allurements to skew the results in the hypothesized direction needs to be refrained from at all costs. Magazine articles and newspaper surveys aiming to prove a point might want to skew the opinion polls in favor of the Capitalists or the Republicans, or on the need for reservation versus no reservation in educational institutions but a researcher has to collect and demonstrate the findings of the research as objectively as possible.

5. What is Business Research?

Easterby-Smith et al. (2002) stated business research must have some practical consequences, either immediately, when it is directed for the solution of an immediate business problem or when the theory or model developed can be implemented and tested in a business situation. The business demands that managers and researchers work towards a goal-whether immediate or futuristic, else the research ceases to have significance in the field of management.

The fundamental value of business research is that it curtails uncertainty by providing information that improves the decision-making ability. It identifies problem or opportunities, select and implement a course of action and evaluate the adopted course of action.



(Adapted from blog.fqculbrary.info)

6. Types of Research

Based on the objectives of the research, the research can be classified into:

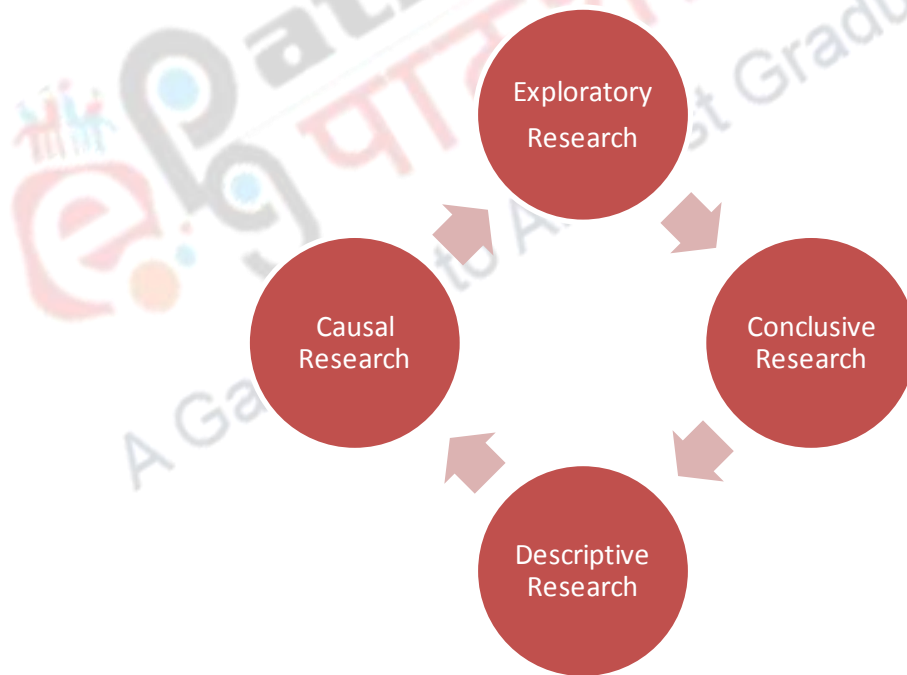


Figure 1 Types of Research

6.1 Exploratory Research

The exploratory research goes beyond description and undertakes to explain the reasons for the phenomenon that the descriptive study merely observed. In such a study, the researcher makes use of theories or hypotheses to determine the factors that made a certain phenomenon to occur.

The lack of structure and flexibility characterize the research design for exploratory research. This research design is diagnostic in nature and is generally used for the development of hypothesis concerning possible problems and opportunities. Exploratory research provides insight and understanding of the problems. Exploratory research includes secondary data sources, opinion of experts, surveys, in-depth discussions, case studies and observations. In most of the times, conclusive research follows exploratory research for conducting more accurate analysis and drawing conclusion.



(Adapted from butlerscientifics.com)

6.2 Conclusive Research

Conclusive research is usually more formal and structured as compared to exploratory research. Conclusive research is used to supply information for the assessment of alternative courses of action. This type of research can be sub-categorized into (a) Descriptive research and (b) Casual or experimental research. Conclusive research includes Descriptive research with Cross-sectional or Time series or Longitudinal or Case studies methods and Causal or experimental research with the Designs of Experiments. Descriptive research is used to describe marketing phenomena while attempting to decide the association among different variables. It also seeks to predict future marketing phenomenon. The cross-sectional design particularly applied in descriptive research, a sample of population elements is taken at one time. In descriptive research both case study and statistical study can be made use of. Further, in a longitudinal research design a definite sample of population elements is ascertained again and again.

6.2.1 Descriptive Research

Descriptive research is a fact finding investigation aimed at describing the characteristics of the state of affairs as it exists. It attempts to uncover answers to the questions who, what, when, where and how. A descriptive study may necessitate collection of data and the creation

of research variables or may involve the interaction of two or more variables, may or may not have the potential to draw inferences. Business organizations preserving databases of their employees, customers and suppliers keep significant data to conduct descriptive studies utilizing internal information. 'This sort of study is generally admired in business research because of its versatility across disciplines.' Across organizations, descriptive studies create a vast appeal to the managers for planning, monitoring and evaluating.

6.2.2 Ex-post facto/ Causal Research

Casual research seeks to reveal cause and affect relations. A good casual research design seeks to minimize the interference of external variables that is an important part of marketing research activity of a firm. They are highly structured and need a rigorous sequential approach to sampling, data collection and data analysis. The design of the study takes on a critical significance here. To establish a reliable and testable relationship between two or more constructs or variables, the other influencing variables must be controlled so that their impact on the effect can be eliminated or minimized. For example, to study the impact of flexible work policies on turnover intentions, the other intervening variables, of age, marital status, organizational commitment and job autonomy would need to be controlled. This kind of research, like pure sciences research, needs experiment to establish causality. In most of the situations, it is quantitative requiring statistical testing of the information collected.

7. The Research Process

The research process follows a number of steps.



Figure 2 Research Process

7.1 Identifying the Research Problem

The beginning of research is identifying and knowing the research problem, the sort of information required to solve the problem, the parts of the related information already existing, the literature available for an in depth background study of the problem. The research problem for study must be selected with care. The task is a complex one although it may not appear to be so. Every researcher needs to identify his own salvation for research, as problems cannot be borrowed. Defining a research problem is really a difficult task that must be tackled wisely to avoid the confusion faced in a research operation. The common approach is that the researchers themselves present a question and establish techniques and procedures for highlighting the question concerned. Formulating the research problem suitably is an important part of a research and must in no case be accomplished in a hurry.

7.2 Developing Research Design

The research design is the plan of action for accomplishing objectives and answering the research question. The availability of large number of methods, techniques, procedures, protocols and sampling plans may complicate the choice of a research design. For example, a researcher may determine for a secondary data study, case study, survey, experiment, or simulation. If a survey design is selected, it needs to be determined whether it should be administered by mail, computer, telephone or personal interview, all relevant data is collected at one time or at regular intervals, the kind of structure of the questionnaire or the qualifications interview guide should possess, the wording of the questions employed and the scaling of the responses open-ended or closed ended, the means of achieving the reliability and validity of the measures. It is also to be determined whether the characteristics of the interviewer will influence responses to the measurement questions, kind of training the data collectors should receive, a sample or a census is to be taken, the type of sampling to be considered. These issues represent only few of the decisions to be made when just single method is selected.

7.3 Sampling Design

Next step in formulating the design is to identify the target population and select the sample if a census is not taken up for study. The research must decide how many people to contact interview and who the respondents will be; number of events to observe; or the number of records to inspect. A sample is a representative portion of the target population. When researchers undertake sampling studies, they usually estimate population values and test statistical hypotheses.

The sampling process must ensure that every element of the population target find same probability of selection if probability sampling is applied. In case on non-availability of an alternative, a non-probability sampling may be applied.

7.4 Collection of Data

The collection of data may take place from a simple observation at one location to an important survey of multinational corporations in different countries. The method selected will determine the method of data collection. Questionnaires, standard tests, observational forms, laboratory notes, and instrument calibration logs are among the devices applied to record raw data.

A researcher has to plan for collection of secondary data, primary data or both, as may be required. Primary data provides the original information for purposes whereas secondary data consists of information that already collected.

The researcher would either select one of the methods or both depending on the nature of the study, the objectives of the study, availability of financial resources, availability of time available and the desired degree of accuracy required.

Primary data can be collected through experiment or survey method. If the researcher performs an experiment, he needs some quantitative measurements, the data with which he investigates the relationship contained in research hypothesis. But in the case of a survey, data can be collected by

either one or more methods out of questionnaire, telephonic or personal interview and observation methods.

7.5 Analysis of Collected Data

Raw data are exceptionally useful for making management decisions, Managers require information. Researchers create information by data analysis involving reduction of accumulated data to a manageable size, making summaries, searching for patterns, and employing statistical techniques. Scaled responses on questionnaires and experimental instruments often demand the analyst to obtain various functions, and relationships among variables. Further, researchers need interpret these findings in the light of the research questions and check the consistency of the results with respect to hypotheses and theories

The data analysis involves different steps include coding, editing, tabulation, analysis, and interpretation.

7.6 Preparation of Research Report

Ultimately, it is essential to prepare a report and convey the findings and recommendations to the manager for the purpose of decision-making. The organization of the report and the style of writing differ according to the targeted audience, the juncture and purpose of the research. The results of applied research may be communicated in a conference call, a letter, a written report or an oral presentation and at occasion all of them. The design, sampling plan and statistical techniques for analyzing the data assist to establish the researcher's credibility. Thus, the researcher must exactly evaluate the manager's needs throughout the research process and incorporate this understanding in the final product, the research report.

Taking the objectives of the study into consideration, the researcher should make the study report. The findings should be written in a concise, simple and objective-oriented manner.

At a minimum, a research report should contain these sections:

- An executive summary of synopsis of the problem, findings and recommendations
- An overview of the research: background of the problem, literature summary, methods, procedures and conclusions.
- Must incorporate a section including implementation strategies in respect of the recommendations
- A technical appendix with all the material necessary to replicate the project
-

8. Research Applications in Business Decision-Making

It is an established fact that research assists in business decisions and further in different functional areas of management. Business managers in human resources, production, marketing or finance regularly face situations that require effective and actionable decision making. Most of these decisions require addition information which can best be addressed by research.



Figure 3 Research Applications in Business Decision Making

8.1 Marketing

Marketing is one of the areas of business where research is the lifeline. It is carried out on a wide variety of topics and is conducted by the organization as well as outsourced to research agencies. Broader industry or product-category specific studies are also carried out by market research agencies which assist in business decisions. There are various issues which require attention for research including market potential analysis, market segmentation, demand estimation, market structure analysis and business trend analysis. An organization also carries out researches related to product, pricing, promotion and place. These days with the increase in competition and the need to retain customers, customer relationship management, satisfaction, and loyalty have been added to the areas in which significant research is being carried out.

8.2 Human Resource Management

Human resource management and organizational behavior involve basic research as a lot of academic and macro level research may be adapted and implemented by organizations into their programs and policies. Applied HR research is more predictive and solution oriented. There are a number of academic and organizational areas which attract more research. Such areas include performance management, organizational climate, talent and aptitude analysis, organizational change management, employee selection and staffing, organizational planning and development, job analysis, performance appraisal, recognition and reward studies, compensation analysis, training and development, employee relationship analysis, negotiation and wage settlement, turnover and attrition and work life balance studies.

Critical success factor analysis and employer branding are some emerging areas in which HR research is being carried out.

8.3 Financial and accounting research

The area of financial and accounting research is so vast that it is difficult to provide a framework of the research areas. However, there are some prevalent research issues including asset pricing, corporate finance, capital markets, takeovers and mergers, financial reporting, the impact of factors on returns, financial derivatives, credit risk modeling, corporate decision-making analysis, investment risk appraisal, analysis of corporate financial reporting behavior, accounting based values, evaluation and usage of accounting information by investors and evaluation of management compensation schemes, analysis of audit regulations, analysis of audit methodologies, corporate governance, accountability of audit committees, risk estimation and analysis, business policy and merchant banking.

8.4 Production and operation management

Production and operation management is the area of research which quantifies implementation of the research results on huge cost and process implications. Research in this area is highly focused and problem analysis, specific. The decision areas in which research studies are carried out include product/service design and development, resource allocation and capacity planning, demand forecasting and decision analysis, production scheduling and material requirement management, work design planning and monitoring, project management and maintenance management studies, logistics and supply chain and inventory management analysis, quality estimation and assurance studies including total quality management and quality certification analysis, just in time technology and economic order quantity are topics adapted by organizations for optimizing operations.

8.5 Cross functional research

Since business management is an integrated amalgamation of all these and other areas sometimes requires a unified thought and approach to research. These studies require an open orientation where experts from across the disciplines contribute to and gain from the study. For example, an area such as new product development requires the commitment of the marketing, production and consumer insights team to exploit new opportunities. Other areas requiring cross function efforts are corporate governance and ethics, technical support systems, enterprise resource planning systems, knowledge management, data mining and warehousing are integrated areas requiring research on managing coordinated efforts across divisions.

9. Features of a Good Research Study

Research is a method of arriving at solutions to our professional dilemmas. This method of enquiry varies from structured method on the basis of observations and impressions to the strictly scientific and quantifiable method. Irrespective of the method of enquiry, it must adhere to certain established criteria to be called as business research. For a research to be of value and to authenticate or contribute to the body of knowledge, it must possess the following features:

1. It must have clearly stated purpose that is implicit as when the purpose is to develop a new system of inventory management or explicit to establish quality standard for the service delivery model in model mobile eye care unit. This not only refers to the objective of the study, but also precise definition of the scope and domain of the model, quality standards, inventory management- need to be defined in clear and precise terms.
2. It must observe a system follow a detailed plan for examining the research problem. The source from which information is to be collected about quality standards inventory model has to be listed. In case the data is to be collected from a sample of suppliers, retailers and pathologists for investigating the gaps in the current inventory model, the detailing of how representativeness of the sample to the total population is to be ensured along with estimated error has to be specified.

The systematic conduct also requires that the steps in the research process are interconnected and follow a sequence.

3. The selection of techniques of collecting information, sampling plans and data analysis techniques must be supported by a logical justification. In case you are selecting a secondary data source only or going for an online survey, or rather than going to pathologists going to the ENT specialists for your hearing aid study, the reason for doing so, along with a clear demonstrable link to the research purpose is an absolute must.
4. The results of the study must be presented in an unbiased, objective and neutral manner. The significant findings can, at best, be supported by past research, research approach and limitation, or by expert opinion. The researcher's own judgments and biases should not be revealed at any cost, even when the scope of the study remains providing recommendations.
5. The research that you undertake can never be fruitful if it corners or if it exploits the rights of the respondents. Thus, the research at every stage and at any cost must maintain the highest ethical standards. For example, for the hearing aids study, if through the survey identify the pivotal influence of the pathologist in the hearing aid purchase decision; the pathologists could be given a commission for bad mouthing the competitor's products to steer the customers towards our product even when there is a delay in delivery, thus improving our profits, without any major changes implemented in the faulty inventory report. But this would be unethical.
6. The reason for a structured, ethical, justifiable and objective approach is the fact that the research carried out by us must be replicable. This means that the process followed by us must be 'reliable', i.e. in case the study is carried out under similar constraints and conditions it should be able to reveal similar results. We are not talking about identical results as there is a contribution of extraneous and chance factors which will be discussed in subsequent chapters.

Summary

Research is a quintessential tool, no matter what the field of learning is. It takes on special significance in the area of management as it would aid in more informed decisions-making by business managers. The researcher might carry out a basic or an applied research based on his orientation. Basic research is carried out for the purpose of adding to the body of management science and usually does not have immediate utility. On the other hand, applied research is more problem-centric and is focused towards a specific business problem to which the manager-researcher is seeking an answer.

There are other categorizations for classifying business research. Exploratory research is usually preliminary, loosely designed study carried out to get the actual study perspective. On the other end of the continuum are conclusive research studies, which are clearly designed and follow a sequential progression to arrive at concrete findings. Conclusive research can be of two types – descriptive or causal studies. Descriptive studies are formulated to describe the environment/population under study in comprehensive detail and by following a predefined structure. Causal research studies are the most scientific in nature as they are designed to study a cause and effect relationship in a controlled environment. These studies are basically predictive in nature.


Any research study usually follows a structured, sequence of steps including developing and defining the research problem, formulating the study hypothesis, developing the study plan or proposal, identifying the research design, designing the sampling approach, conceptualizing and developing the data collection plan, executing data analysis, working out data inference and conclusions, compiling and preparing the research report. Each of these reports requires a formal and well defined approach.

In the area of business management, each of the disciplines such as marketing, finance, human resources and operations have adapted and modified the research process to develop models and approaches which are unique and customized to the applications. This could be as simple as customer feedback or as complex as a highly structured and quantitative demand forecasting and analysis. For any research to be recognized as significant and contributing to the field of management, it must follow some basic tenets, i.e., it must be unbiased and systematic in conduction. It must have a clearly defined agenda or purpose and if the study conditions are explicitly followed, the findings obtained should be replicable.



Subject: Human Resource Management

Production of Courseware

 - Content for Post Graduate Courses



Paper 05: Research Methodology
Module 02: Formulation of Research Problem



ज्ञान-विद्वान विमुक्तये



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Items	Description of Module
Subject Name	Management
Paper Name	Research Methodology
Module Title	FORMULATION OF RESEARCH PROBLEM
Module ID	Module 2
Pre-Requisites	Understanding the formulation of research problem
Objectives	To study the formulation of research problem
Keywords	Research variables, dependent, extraneous, intervening

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QUADRANT –I

1. Module : Formulation of Research Problem
2. Learning Outcome
3. Nature of Research Problem
4. Process of Problem Identification
5. Components of a well-defined Problem
6. Theoretical Foundation and Model Building
7. Statement of Research Objectives
8. Summary

1. Module 2: Formulation of Research Problem

2. LEARNING OUTCOME:

After studying this module, you shall be able to

- Know the nature of research problem
- Understand the process of problem identification
- Comprehend the components of a well defined problem
- Understand the theoretical foundation and model building
- Become aware of the statement of research objectives

3. Introduction

The research really begins when the researcher perceives some problem demanding a solution falling within the area of the general topic he selects. This general area of interest merely defines the range of subject matter within which the researcher has to see and pose a specific problem of research. The general area only demarcates where to seek for the problem without specifying the exact problem. Some practical concern or some scientific or intellectual interest may suggest the general area/topic of a study. The scientific curiosity may prompt the interest of the researcher in some general subject-matter about which little is known or a phenomenon already studied to a certain extent. In this case the researcher may be concerned to specifying more exactly the conditions that influence a particular phenomenon in specific way

4. Defining the Research Problem

A research problem needs to be identified and clearly defined. Bryman, Alan defined the research problem as a statement, a field of concern, a condition to be made better, a difficulty to be removed, or a disturbing question in scholarly literature, in theory or in practice that points to the need for purposeful comprehension and deliberate investigation. 'The research problem defines the goal of the research in clear terms. Without a clear cut idea of the goal to be achieved, research task would become a worthless exercise. A research like any other human activity is goal directed.

'It is not always possible for a researcher to design his problem in a simple, clear and complete manner. He may often have only a rather general, diffuse, even confused notion of problem. It may even taken an investigator's years of exploration, thought and research before he is in a position explicitly say what queries he has been seeking answers to'

The statement of the problem is one of the most important parts of research. The difficulty or impossibility in the satisfactory statement of a research problem does not justify that the researcher ignores the desirability and necessity of stating a research problem. The fundamental principle is that if one desires to find a solution for a problem, one must well understand the problem. It can be stated that a larger portion of the solution to a problem lies in knowing the problem it that the researcher is attempting to do. And the rest lies in knowing what a problem is.

A good problem statement should possess certain characteristics. One, the problem is stated in question form. What are the effects on job performance of different types of incentives? Second, the problem states a relation between variables, in this case between incentives and job performance.

Thus, a problem is stated in an interrogative form or statement that asks' what relation exists between two or more variables? The answer is what is being sought in the research. The problem statement relates incentives to job performance.

There are three features of good problems and problem statements. One, the problem should show a relation between two or more variables. Second, the problem should be clearly stated and evidently express in question form. Questions have the quality of posing problems directly. Third, the problem and the problem statement should be such as may be empirically tested. A problem that holds implications to be tested its stated relations is a scientific problem.



Figure 1 Research Problem

5. Process of Problem Identification

The process of problem recognition begins with the decision maker and a difficulty or decision dilemma that he/she might be encountered with. This is an action oriented problem that addresses the question of what the decision maker should do. Sometimes, this might be concerned with actual and immediate difficulty the manager is contending against (applied research) or gaps found in the existing knowledge (basic research). The broad decision problem has to be confined to information oriented problem which concentrates on the data of information needed to arrive at any useful inference.



Figure 2 Process of Problem Identification

5.1 Management decision problem

The process of problem identification commences with the identification and the acknowledging of the difficulty the business manager/researcher is faced with. If the manager is skilled enough and the nature of the problem requires to be resolved by him or her along, the problem identification process is handled by him or her, else he or she outsources it to a researcher or a research conducting agency. This stage asks the author to carry out a problem appraisal, which would involve a comprehensive audit of the origin and symptoms of the diagnosed business problem.

5.2 Discussion with subject experts

The next step involves looking at the problem from the right point of view holding conversation with industry experts and academic contributors. These persons have adequate understanding of the industry and the enterprise. These experts may be available within the company and outside the company. The information on the present and future scenarios is obtained with the assistance of semi-structured interview. Thus, the researcher must have a pre-decided questions related to the uncertainty experienced in problem formulation. The purpose of the interview is simply to get clarity on the problem area and not to reach any kind of conclusions or solutions to the problem. This data, however, is not sufficient in most cases while in other cases, accessibility to subject experts might be an extremely difficult task as they might not be available. The information should, in practice, be supplemented with secondary data in the form of theoretical as well as organizational facts.



Figure 3 Discussion with subject experts

5.3 Review of literature

A literature review is a comprehensive collection of the information obtained from both published and unpublished sources of data in the specific area in which the research is interested including newspapers, journals, reports, magazines, publications of government and autonomous organizations as well as computerized databases. The review of literature provides various perspectives and methodologies available to investigate the problem and identify potential variables that may need to be investigated. The survey might also uncover the fact that the research problem being considered has already been examined which might be useful in solving the decision dilemma. It also helps in narrowing down the scope of the study into a manageable research problem which is manageable, relevant, significant and testable.



Figure 4 Review of Literature

(Adapted from: blogs.hss.d.ac.uk.)

Once the data has been collected from different sources, the researcher must collate all information together in a cogent and logical manner instead of just listing the previous findings. The summary of earlier studies is presented in the research's own words. The conceptual and theoretical framework developed based on the previous studies provides the foundation for the statement of problem. The report should evidently cite the author and the year of the study in accordance with some authoritatively accepted form of citing reference and quoting from publications.

5.4 Organizational Context

The industry and the organization data are another important source of formulating the research problem. If the manager himself is the researcher himself, he might find it easy to get the data. However, in case the study is outsourced, the detailed background information of the organization must be compiled, as it serves as the environmental context in which research problem has to be defined. In case of basic research it may not be necessary to give the organizational context where the study is more generic. The organizational demographics encompassing origin and past history of the firm, its assets, size, nature of business, site location and resources, philosophy of management, its policies, organizational structure and the job descriptions must be included in the data.

5.5 Qualitative survey

Sometimes the interview, secondary data and information available within the organization might not be sufficient to formulate the research problem. In this situation, an exploratory qualitative survey might be required to get an insight into the behavioral or perceptual aspects of the problem. These might be based on small samples and might utilize of focus group discussions or pilot survey with the target population to assist disclose pertinent and topical issues which might have a significant influence on the problem definition.

5.6 Management Research problem

On the completion of the process of exploration of secondary review, interviews and the survey, the researcher arranges to focus and state the issues of concern, intended to be investigated further in the form of clearly-defined research problem. Simply stating the word 'problem' does not mean there is something incorrect that has to be rectified. It simply indicates the gaps in information or knowledge base accessible to the researcher. These might be the salient reasons for his incapacity to take the correct decision.

Second, the researcher might find the task of identifying all possible dimensions of the problem to be monumental and impossible.

For example, the perception of the consumer concerning the product, inefficient supply chain, pot holes in the distribution network, offering from the competitors or ineffective advertising may be responsible for lack of sales of a new product launch.

The researcher has to identify and refine the most likely reason of the problem and formalizing it as the research problem. Four preliminary investigative steps would be taken to achieve this.

The researcher must be able to isolate the underlying issues from the symptoms of the problem. For example, in the organic food, the manufacturer has an outlet in an up market in Delhi, and is constantly doing some attractive sales promotion but there is no substantial increase in sales. Here the real problem is lack of awareness and motivation on the part of the consumer about the benefits of organic food. Thus the low sales are primarily a result of absence of awareness and intention to purchase.

6. Theoretical Foundation and Model Building

A well-defined research problem comprises of the following components:

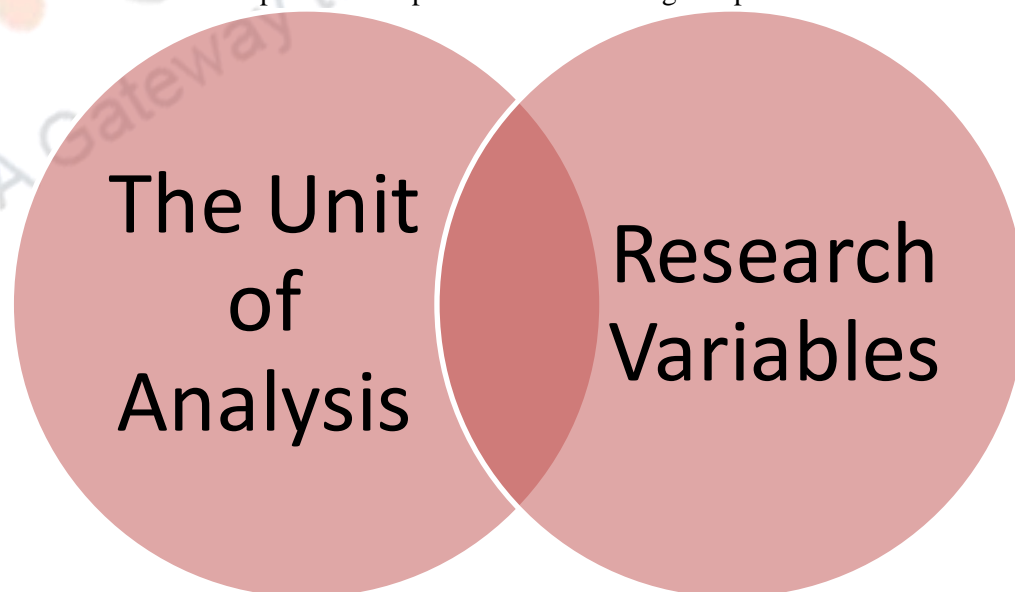


Figure 5 Components of Research Problem

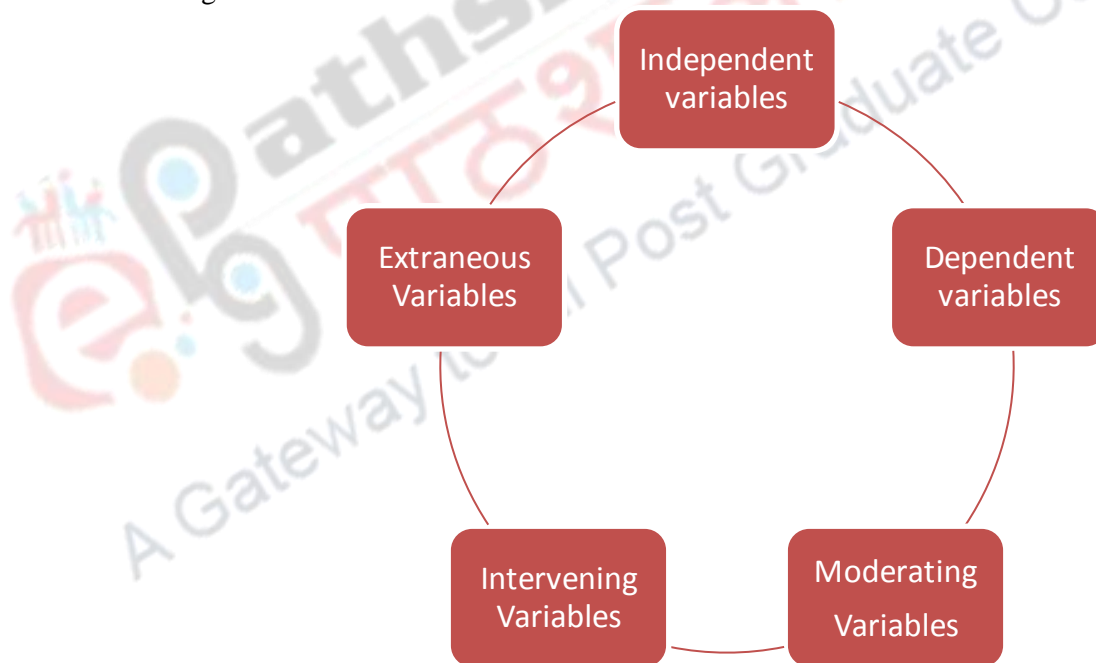
6.1 The unit of analysis

The researcher must specifically mention in the problem statement the individual (s) from whom the research information is to be obtained and to whom the research results will be applicable. This could be the whole organization or its segments like departments, groups or individuals. Thus, the information required for decision might sometimes require investigation at multiple levels.

6.2 Research variables

The identification of the key variables under the particular study is an important part of the research problem. To carry out an investigation, it becomes imperative to convert the concepts and constructs to be studied into empirically testable and observable variables. A variable is generally a symbol to which we allot numerals or values. A variable may be dichotomous in its nature. A dichotomous variable possesses only two values such as male-female or customer non-customer. Values that are able to fit into a prescribed number of categories are discrete variables, for example, very important (5) to very unimportant (1). There are still other variables that have an indefinite set, e.g., age, income, and production data.

There can be further five categories of variables depending on the role played in the problem being considered.



6.1.1 Dependent variable

The dependent variable is the most important variable to be studied and analyzed in a research study. The complete research process is engaged in either description of this variable or examining the probable causes of the observed effect. Thus, in essence, the dependent variable has to be reduced to a quantifiable and measurable variable. For example, in a study of the organic food, the purchase intentions of the consumer and the intentions of retailers in stocking as well as sales of organic food products in the domestic market could be treated as the dependent variable. In one study there might be more than one dependent variable.

6.1.2 Independent variable

An independent variable is a variable that influence or impact the dependent variable. For example, the consumers' attitude towards healthy lifestyle could impact their purchase intention of organic products. Thus, intention becomes the dependent variable and the attitude a the independent variable.

6.1 3 Moderating variables

These variables exert a strong uncertain impact on the relation between the independent variable and dependent variable. The expected relationship between the dependent and independent variable explain these variables they change the direction as well as the power of the association. In a study, the education and the level of income of the buyer might change the relationship between attitude and purchase intention. Here, education and level of income are the moderating variables.

6.1.4 Intervening variable

An intervening has variable has a temporal connotation to it. It generally follows the occurrence of the independent variable and is before the dependent variable. Tuckman (1972) defines it as that factor which influences the phenomenon observed but cannot be visualized, quantified, or manipulated; but its effects must be drawn from the effects of the independent variable and moderating variable on the observed phenomenon.

For example, an increase in job satisfaction of each individual worker, subsequent to the introduction of a flexi-time work schedule, which eventually affects the individual productivity, especially among women employees. Similarly, the introduction of an electronic advertisement for the new diet drink will result in increased brand awareness will in turn impact the sales of the product for a particular period.

6.1.5 Extraneous variables

The variables that could affect the hypothesized relationship but have not been included in the study are known as extraneous variables. Most often this would be attributed to the chance variation observed in the research. For example, family pressures, or nature of the industry could impact the flexi-time impact, but since these would be applicable to individual cases, they might not significantly impact the direction of the findings. However, if the effect is substantial, the researcher by using an experimental and a control group might try to negative their effect

7. Statement of Research Objectives

The research questions having been designed, they need to be broken down and as tasks or objectives to be accomplished for seeking the answers to the research questions. Now, the researcher draws the lay out for the proposed research. The research questions can be broken down into examining questions. If the proposal is for a causal study, the objectives can be formulated into a hypothesis.

On the basis of the framework of the study, the researcher enumerates the thrust areas of research. Sometimes, the major objectives of the study may be stated into sub-objectives which accurately mention the tasks to be accomplished.

The objectives are drawn from the problem statement, giving the sponsor particular and achievable goals. It is best to list the objectives have to be listed either in sequence of importance or from general to specific terms.

The remainder of the proposal is judged on the basis of research objectives. It is to be noted that each objective is discussed in the research design, data analysis and results sections.

Summary

The importance of the formulation of research problem cannot be overemphasized. It is not only critical to identify the decision to be made but also to formulate it in such a form that it can lend itself to scientific enquiry. This is a well-integrated, linked and stepwise process beginning by clarifying doubts and getting the research perspective on the basis of discussions with experts. These could be both industry and subject experts.

Next the researcher moves to getting the various perspectives of other researcher or theorists on the topic is to conduct a comprehensive examination of the previous studies. In case the research and is intended to be carried out in a particular industry or organization, it is critical to obtain a detailed dossier on the history and current practices of the organization. Some researchers also undertake a brief loosely-structured survey with respondents from the population to be studied to further fine-tune the statement of intent.

Now the researcher arrives at a clearly stated research problem that can lend itself to scientific enquiry. There are some essential elements of a typical research problem including specifying the unit of analysis, clear definition and categorization of the concept or constructs to be studied. At these stages, the researcher should be able to specify what is the causal or independent variable and which the effect on dependent variable understudy is. Also, it is best to acknowledge the effect or presence of any external variables which might have been a contingent effect on the cause and effect of relationship that is to e studied, further classified as moderator, intervening and extraneous variables.

It is advisable to the research to construct a model or theoretical framework based on the stepwise conceptualization that the researcher carried out in the process of problem formulation. This is a recommended but not necessarily an essential steps as some studies might be of a nature that the intent is to conduct the study and then arrive at a theory or a model. The research questions having been designed, they need to be broken down and as tasks or objectives to be accomplished for seeking the answers to the research questions. Now, the researcher draws the lay out for the proposed research. The research questions can be broken down into examining questions. If the proposal is for a causal study, the objectives can be formulated into a hypothesis.

Subject: Human Resource Management

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Paper 04: Human Resource Management
Module 01: An Introduction to Human Resource Management



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Items	Description of Module
Subject Name	Management
Paper Name	HUMAN RESOURCE MANAGEMENT
Module Title	AN INTRODUCTION TO HUMAN RESOURCE MANAGEMENT
Module ID	Module 1
Pre-Requisites	Understanding the Concept of Human Resource Management
Objectives	To study the concept, process and objectives of HRM
Keywords	Human Resource Management, Personnel Management, Process Systems

QUADRANT –I

Module : 1; AN INTRODUCTION TO HUMAN RESOURCE MANAGEMENT
1. Learning Outcome
2. Meaning of HRM
3. Scope of HRM
4. Objectives of HRM
5. Distinction between HRM and Personnel Management
6. Significance of HRM
7. Strategic role of HRM
8. Summary

1. Module 1: AN INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

2. Learning Outcomes:

After studying this module, you shall be able to

- Know the meaning of Human Resource Management
- Understand the scope of Human Resource Management
- Comprehend the objectives of Human Resource Management
- To know the strategic role of Human Resource management
- Understand the significance of Human Resource Management
- Become aware of the distinction between Personnel Management and HRM
- Learn the Strategic role of HRM

3. Introduction

Human resources management is thought of the philosophy, policies, procedures, and practices related to the management of people within an organization. In recent years, increased attention has been devoted to how human resources are managed in organizations. This increased attention comes from the realization that an organization's employees make able an organization to accomplish its goals. The management of human resources is critical to an organization's success. Organizations frequently aspire to be "world-class" or ranking among the foremost in the world. In the context of HRM, an HR group with a vision shared among its components and how best to serve them indicates world class. A service orientation and an inclination to be in association with constituents characterize the excellence in HRM.

4. Concept of HRM

Human Resource Management has been defined from different perspectives. We will discuss the definitions of Human Resource Management from three perspectives: Process-systems view, People Perspective and Management Perspective.

4.1 Process-systems view

French presents a process-systems view of human resources management. According to the process-systems view, human resource management is the planning involving a system, development and control of a network of interconnected processes influencing and entailing all members of an organization. These processes consist of human resources planning, job design and work process, staffing, training and development, appraisal and review of performance, compensation and reward, protection of employees and representation, and

organization improvement. To effectively manage these processes, the planning, growing in skills and implementation of human resources systems takes place through the joint attempt of all managers and human resource experts- and often all employees-in an organization. The purpose of the systems is to achieve organization-wide goals and contribute to organizational effectiveness and productivity.

4.2 People Dimension

Robbins considers human resource management from the “people” variable in management. ‘Since people cause every organization to exist, acquiring their services, causing their skills to grow, encouraging them to high levels of performance, and assuring that they maintain their commitment to the organization are necessary for the achievement of organizational objectives.’ This applies to all types of organizations whether government, business, education, health, recreation or social action. Acquiring and maintaining good personnel become critical to the success of every type of organizations, whether profit or nonprofit, public or private. The efficiency and effectiveness of an organization will depend upon the ability of an organization to acquire, develop, motivate and maintain outstanding persons. The ineffective or inefficient organizations encounter the hazards of stagnating or leaving the business. Survival of an organization needs competent managers and workers coordinating their efforts toward an ultimate goal.

4.3 Management Perspectives

Dessler defined human resource management in terms practices and policies needed to carry out the people or personnel aspects of management job. These include: performing job analyses, preparing plans for labor requirement and recruiting and selecting job candidates, providing orientation and training new employees, managing compensation, providing incentives and benefits, appraisal of performance, training and developing and creating employee commitment
Thus, the distinctive features of human resource management are:

1. Human resources are the only assets appreciate over a period while physical resources just depreciate with time.
2. Human resources alone can produce an output larger than the sum of inputs due to the creative skills of human.
3. The real worth of a physical asset depends upon the quality and caliber of the people working with it.
4. The flexibility of an organization relies more on people than any technical issues.

5. Scope of Human Resource Management

The scope of Human Resource Management covers a wide range of issues and is exhaustive. The knowledge of what HRM means and how it works is necessary for anyone employed in an organization. HR issues become significant wherever there is a group of workers. All managers perform the function of staffing as a managerial function directly or indirectly through the HR department. Thus, all managers perform the functions of HR managers since they take part in HR activities of recruitment, selection, training, induction, compensating and motivating the employees. They also get involved in industrial relations activities. Thus, every manager needs to know the scope and application of the personnel policies of their

organization to ensure that their personnel actions are in tune with the broad policies of the organization.

The understanding of the basics of HRM is crucial even to non-managerial employees who may be interested to know the effect of personnel policies of their organization on their own career growth and career development, compensation and training and development. In this way, the personnel aspects of management deal with the entire organization.

The American Society for Training and Development developed a model of HRM which integrates the nine sub-systems of human resource management including training and development, organization development, designing jobs, planning for human resource planning, selection and staffing, personnel research and information system, compensation and benefits, employee assistance and labor relations. These nine areas have been termed as spokes of the wheel shown in Fig.1. Each of these areas helps to make human resource outputs successful: (1) Quality of work life (2) productivity and (3) readiness for change. Every manager must remember these three basic objectives at the time of managing the human resources.

Quality of work life (QWL) implies a work environment where an employee's activities become more important. It involves implementing policies and procedures including autonomy, recognition, belong, development and external rewards that make the work more rewarding for the employee.

Productivity is related to the volume of product or service an organization produces.



Human Resource Management Model

(Source: American Society for Training and Development, Models for Excellence, 1983, p.23)

6. OBJECTIVES OF HUMAN RESOURCE MANAGEMENT

The American Management Association asserts the objectives of human resource management in the words, 'The aim of a business organization is the production of goods and services with the motive to earn profit to fulfill economic needs in such a way as to give satisfactory returns to economic and social suppliers both, owners and members of the organization, under prevailing conditions which provide the maximum conservation of human resources over a continuing period'.

National Institute of Personnel Management states the objectives of HRM as, 'Personnel management seeks to bring together and develop in an effective organization the men and women who make up an enterprise, enabling each to make his or her own best contribution to the success as a person and as a member of a working group. It seeks to provide fair terms and conditions of employment.

The common objectives of human resource management encompass the procurement and development of competent people, achieving desirable working environment and effective utilization of people to help in the attainment of organizational objectives. However, the objectives having special application to human resource management may include the following:

- i. To assist the organization in achieving its goals by acquiring and maintaining competent and motivated employees.
- ii. To utilize the knowledge, skills and talents of employees efficiently and effectively.
- iii. To acquire and maintain cordial human relations within the organization.
- iv. To ensure respect and dignity for human being and the well-being of each individual.
- v. To stimulate each person to contribute his maximum for the effective functioning of the organization.
- vi. To ensure fulfillment of various individual needs by providing adequate wages, fringe benefits, incentives and measures of social security.
- vii. To integrate the objectives of individuals with the objectives of the organization.
- viii. To develop and maintain quality of work life in the organization.
- ix. To ensure ethical personnel policies in the organization.

7. Distinction between HRM and Personnel Management

The two terms 'Human Resource Management' and 'Personnel Management (HRM)' are used interchangeably in practice. However, the terms differed in several respects.

Personnel departments were once known division providing "Health and Happiness" to employees. The persons designated to occupy with personnel issues were often persons in later part of their services. The personnel department was considered as a place where less-performing employees could be assigned with minimal loss to the organization's continuing operations. People in the personnel department were thought as those assigned the responsibility for planning company picnics, vacation tours, and retirement celebrations. As an activity Personnel management, was seen as a necessary, but insignificant part of the organization.

As the field of management matured, greater stress was being placed on the workers. Recognition to performance of workers for the work they had done well could exercise influence on their productivity. Workers were becoming more demanding in their jobs; and society by enacting laws and legislation was making new demands on employees.

Events necessitated rectification in personnel practices. Organizations had to hire the best-qualified candidates needed to be trained to function effectively within the organization. The organization was bound to give a means of continuing the personal development of each employee. Practices were required to assure that the employees continued their productive affiliation with the organization. Work conditions had built such that the work environment encouraged workers to remain with the organization and at the same time attracted new aspirants to the organization. These activities brought to the conclusion that human resources of an organization must be management effectively.

The following are the major areas of difference between 'personnel management' and 'human resource management':

- i. Personnel management is a functional area of management while human resource management is a philosophy, the state of an attitude, an approach to the work, a policy for performance and a practice of rules and regulations.
- ii. Personnel management is confined to procurement and training of personnel, HRM is integrated with the corporate management.
- iii. Personnel management is related to managing personnel, human resource management represents the humanization of management.
- iv. Personnel management is mainly the concern of personnel manager, HRM is the concern of all managers in the organization.
- v. Personnel management is mainly involved in the formulation and administration of personnel policies and programs, HRM is concerned with the accomplishment goals and objectives of the organization.
- vi. HRM focuses on motivation, morale-boosting and job satisfaction, while personnel management emphasizes on recruitment, selection and performance appraisal of personnel.
- vii. Personnel management is concerned with the orderly way of administration, HRM is more interested in working with people, team-building and team-work.

Personnel Management vs. Human Resource Management

Dimension	Personnel Management	Human Resource Management
1. Philosophy	Employees are for rules and regulations	Rules and regulations are for the employees.
2. Nature	Restricted to procurement and training of personnel	Integrated with the corporate management
3. Communication	Slow	Fast
4. Decision-making	Slow	Fast
5. Approach	Task oriented	Fast
6. Job Design	Division of Labor	People oriented
7. Role of Management	Transactional	Team-work Transformational

8. Strategic Role of Human Resource Management

Personnel's long history as advisory function has not brought it good reputation. Some people are of the opinion that HR is strictly operational and that HR activities are not strategic at all. A more sophisticated opinion of HR is that its role is primarily to match the company's strategy with HR plans. HR's strategic role is to adjust individual HR practices to match special purpose corporate and competitive strategies and the human resource management system must be tailored to the demands of business strategy. From another angle, HR management is an equal partner in the strategic planning process. HR management's role is not just to suit its activities to the requirements of business strategy, nor, certainly, just to carry out operational day-to-day activities like assuring that employees are compensated. Instead, the need to forge a company's work force into a competitive advantage implies that human resource management must be equally associated in both the formulation and implementation of the company's corporate and competitive strategies.

8.1 HR's Role in Strategy Formulation

Formulating a company's corporate strategy requires identifying, analyzing and balancing two sets of forces: the opportunities and threats for the company in the external environment and the company's strengths and weaknesses. HRM can play a role in environmental scanning – in identifying and analyzing external opportunities and threats that may be crucial to the company's success. Similarly, HRM is in a unique position to supply competitive intelligence that may be useful in the strategic planning process. This may consist of details concerning advanced incentive plans being used by competitors, opinion survey of employees eliciting information about customer complaints, and information about pending legislation. HR also participates in the strategy formulation by supplying information regarding the company's strengths and weaknesses. For example, IBM's decision to acquire Lotus was perhaps prompted partially by IBM's inference that its own human resources were not sufficient to make the firm able to reposition itself as an industry leader in networking systems.

The strengths and weaknesses of a company's human resources can have a determining effect on the viability of the firm's strategic options. In such a situation, a company may prefer to build its new strategy around an HR-based competitive advantage. For example accounting and consulting firm Arthur Andersen developed unique human resource capabilities in training.

8.2 HR's Role in Strategy Implementation

HR can also play a pivotal role in the successful execution or implementation of a company's strategies. For example, Federal Express's competitive strategy is to differentiate itself by offering superior service to its customers and guaranteed on time deliveries. Since basically the same technologies are available to UPS, DHL, and Fed Ex's other competitors, it's Fed Ex's work force that necessarily provides Fed Ex with an important competitive advantage. This puts a premium on the firm's HR processes and on the firm's capability to generate commitment, customer-orientation and competence among the workforce. HR management also supports strategic implementation in the implementation of most firms' restructuring performance linked payment strategies, through outsourcing employees, reducing costs on health care and on employees retraining. And in an increasingly competitive global marketplace, instituting HR practices that create employee commitment and help improve a firm's responsiveness.

9. Significance of Human Resource Management

There may be a question as to why human resource management is studied. One will recognize that staffing the organization, designing jobs and teams, developing skills among employees, identifying approaches for improving their performance, and recognizing and rewarding employees are relevant to line managers as to HR managers.

To get work with people effectively, managers have to understand human behavior, and knowledgeable various systems and practices available to assist us build a skilled and motivated work force. At the same time, managers have to be aware of economic, technological, social, and legal issues that either facilitate or hinder efforts to achieve organizational objectives.


While people have always been central to organizations, now they have assumed even more crucial role in creating a firm's competitive advantage. Particularly in knowledge-based industries success increasingly depends on "people-embodied know-how". This consist the knowledge, skills, and abilities people of an organization possess. Management experts now realize that a firm's success depends on establishing a set of core competencies. Core competencies are an integrated knowledge set within an organization that differentiates it from its competitors and deliver value to customers. For example, McDonalds has developed core competencies in management efficiency and training. Core competencies tend to be limited in number, but they provide a platform for long-term technology innovation, product development, and service delivery.

Summary

- Human resources management is the planning and control of a complex of fundamental organizational processes influencing and involving all members of the organization including human resources planning, job and work design, job analysis, staffing, training and developing, appraisal and review of employees' performance, compensation and reward, employee protection and representation, and organization improvement. To further control and refine these processes, systems are continuously planned, developed and implemented frequently with the help of non-management employees.
- The scope of human resource management covers a wide range of issues and is exhaustive.
- The general objectives of HRM include the procurement and development of competent people, achieving desirable working environment and effective utilization of people to assist for the achievement of organizational objectives.
- Human resource management and the personnel management differ in terms of their philosophy, nature, decision-making, approach, job design and role of management.
- The human resource management plays a crucial role in the formulation and implementation of strategy in an organization.

Subject: Human Resource Management

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Paper 04: Human Resource Management
Module 03: Strategic Human Resource Management



ज्ञान-विज्ञान विमुक्तये



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Items	Description of Module
Subject Name	Management
Paper Name	HUMAN RESOURCE MANAGEMENT
Module Title	STRATEGIC HUMAN RESOURCE MANAGEMENT
Module ID	Module 3
Pre-Requisites	Understanding the Strategic Human Resource Management
Objectives	To study the concept, process and linkages of strategic HRM
Keywords	Strategy, Mission, Vision, Strategic HRM

QUADRANT –I

Module : 3; STRATEGIC HUMAN RESOURCE MANAGEMENT
1. Learning Outcome
2. Strategy
3. Strategic management
4. Process of strategic management
5. Approaches to strategic HRM
6. Linkages between HR plans and strategy
7. Integration of HR strategy with corporate planning
Summary

1. Module : Strategic Human Resource Management

2. LEARNING OUTCOME:

After studying this module, you shall be able to

- Know the meaning of Strategy
- Understand the concept of strategic management
- Comprehend the process of strategic management
- Understand the concept of strategic human resource management
- Know the linkage between HR Plans and Strategies
- Learn the integration of HR strategy and Corporate Planning

3. Introduction

Strategic Human Resource Management (SHRM) has drawn a great deal of attention in recent years, most remarkably in HRM, OB, and IR. SHRM is related with top management's approach to HRM as a critical strategic dimension influencing firm performance. Strategic human resource management increases productivity and the effectiveness of organizations. The execution of strategic human resource management in various organizations has evidences that when organizations employ such personnel practices, they are more likely to achieve their goals and organizational objectives.

4. What is a Strategy?

'Strategy is a unified, inclusive and integrating the whole plan that relates the strategic advantages of the firm to the challenges of the environment. It is planned to ensure that the basic enterprise objectives are achieved through proper execution by the organization.'

'Strategy establishes direction and scope of an organization in long run: ideally which matches its resources to the changing environment and specifically, its markets, customers, or clients so as to meet stakeholder expectations.'

5. Strategic Management

The notion of strategic management comprises of a set of decisions and actions resulting in formulation and implementation of a strategy to achieve the objectives of an organization.

John Pearce and Robinson defined strategic management, 'as a number of decisions and actions resulting in formulation and implementation of strategies aimed to achieve the objectives of an organization.'

According to Paine and Naumes, 'Strategic management involves decision-making and the tasks in an organization, that(1) have wider implication, (2) have a long time perspective and (3) apply critical resources for discerned opportunities or threats in a changing environment.

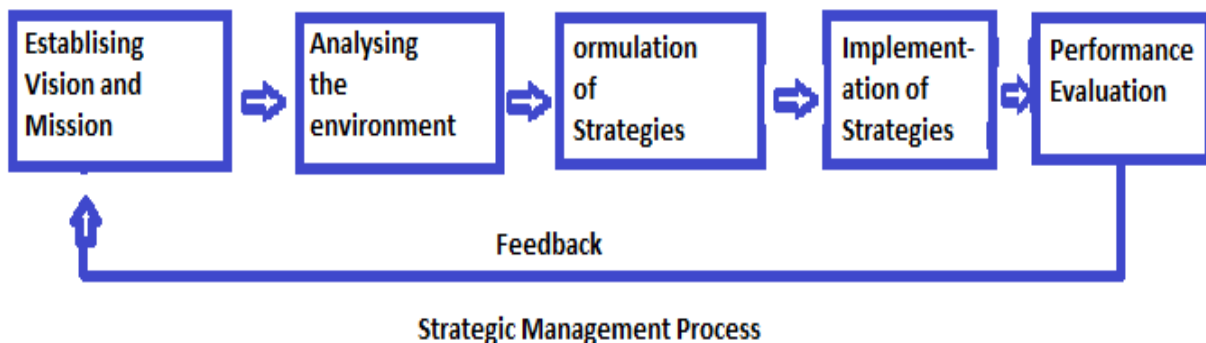
Glueck defined strategic management as 'a set of decisions and actions which leads to the development of an effective strategy or strategies to accomplish corporate objectives. The strategic management process is the way in which strategists establish objectives and make strategic decisions.

The analysis of the above definitions puts forward the following elements of strategic management:

- (i) **Analysis and diagnosis:** It involves determining environmental problems and opportunities and internal strengths and weaknesses, recognizing problems and/or opportunities and assessing information needs to solve the problems and heuristics for evaluating the information.
- (ii) **Choice:** relates to generating alternative solutions to the problem, assessing them and choosing the best ones.
- (iii) **Implementation:** Involves making the strategy work by erecting the structure to act as the foundation for the strategy and developing appropriate plans and policies.
- (iv) **Evaluation:** Involves review of results and future possibilities, determining whether the strategy is working and taking steps to make it work.

6. Process of Strategic Management

The process of strategic management of an organization consists of steps as shown in Fig.3.1



6.1 Vision and Mission

The strategic management process requires a clear vision and mission statements for an organization. The three components of business vision include core values, core purpose, and visionary goals. The vision statement of the organization conveys the future it envisages and the goal to accomplish in the near and distant future. Similarly, its mission statement pronounces the purpose of the organization. In fact,

the mission statement assists the organization link its activities to the needs of society and legitimize its existence.

In strategic management, the mission and vision provide the essential supporting structure for strategic planning within the organization. In fact, it gives the direction to the whole organization and helps the decision-makers to determine the priority of their activities. At the first stage of the strategic management process, the managers assess their positions and responsibilities connected to the vision, mission and goals of the organization. While the vision and mission of an organization remain unaltered, its strategies can be accommodated with the environmental changes.

6.2 Scanning the Environment

Environmental analysis demands collecting, analyzing and providing information for tactical or strategic purposes. A successful strategy depends to a great extent on the ability of the managers to analyze the environment with accuracy. It is necessary for managers to be aware of the external environment and to utilize their knowledge of the environment as a critical input for strategic planning. While scanning the environment, managers look for changes in the environment and assess their impact on the organization.

Environment analysis can be divided into two categories: external analysis and internal analysis. External analysis refers to the analysis of the changes in the external environment and the consequent threats and opportunities for the organization. A correct assessment of the prospective changes in the environment will equip the organization to face such changes effectively. Internal analysis identifies the existing strengths and weakness of the internal factors like production facilities marketing techniques, management competencies, HR skills, and strategic choices in achieving the strategic goals of the organization. While analyzing the environment, an organization may choose for ad hoc scanning, in which it prefers a short term and occasional scanning of the environment, especially when it faces a crisis. Alternatively, it may also opt for continuous scanning, in which the environment is analyzed on a continuous basis on different parameters.

6.3 Strategy Formulation

The strategy formulation involves determining the courses of action suitable for achieving organizational objectives. After understanding the likely changes in the environment, the managers should develop a range of strategic alternatives to deal with the critical issues of the market. While choosing the best strategy, the organization should assess its internal strengths and weaknesses in the background of the opportunities and threats which it has identified in the market.

Although each organization can develop its own alternatives depending on its situation, there are three strategies called “generic strategies” which can be useful for a wide range of organizations. These generic strategies are formulated at the corporate, business and functional levels of an organization, respectively. An organization can choose from these strategies and adopt the same in its own situation.

6.4 Strategy Implementation

The strategy implementation requires the chosen strategy to be put into action. Then, it decides the changes required in the system for the effective implementation of the

formulated strategy. In the strategy implementation stage, organizations mostly concentrate on the techniques required for effective execution of strategies. In this regard, they may undertake activities like enhancing organizational capabilities, mobilizing resources, training and motivating HR resources, establishing an information and control system, revamping the work ethos and culture, and ensuring the appropriate leadership.

Generally, the implementation encompasses developing the capacities of the organization to accomplish the strategy efficiently, (ii) distributing the scarce resources among the strategically significant activities, (iii) establishing the necessary policies and practices that support strategy execution; and (iv) developing the affirmative organizational culture and responsive leadership.

6.5 Performance Evaluation

The final stage in strategic management process is performance evaluation. There exists a gap between the formulation and implementation periods of a strategy. It is possible that during the intervening period the premises made at the time of strategy formulation may change. Since strategic management is a continuous process, it is essential for the managers to continuously assess the performance of each strategy after its execution. Based on the performance, the organization can bring about necessary changes in its future strategies. Organization may have to incessantly improve their strategies because the market conditions regularly change and better ways of performing existing activities may emerge. The existing managers may be replaced with those with new ideologies and orientation. The performance evaluation process usually consists of setting performance standards in the form of tolerance limits for every stage of the strategic management process and assessing the actual performance of the implemented strategies after a reasonable timeframe. The evaluation also requires comparing the actual performance of the strategies against the set standards to identify the performance gaps and initiating necessary adjustments, if the gap exceeds tolerance limits; like modifying the strategies, revamping performance objectives, bettering strategy execution and redefining business vision and mission, if necessary.

7. Strategic Human Resource Management

SHRM is a process which is regularly developing and being studied and discussed by academicians and commentators.

Strategic human resource management integrates customary human resource management actions within a firm's strategic planning and implementation. SHRM integrates human resource careful thoughts with other kinds of resources in the setting of goals and solving complex organizational problems (Legnick-Hal and Legnick-Hall, 1988). SHRM emphasizes the implementation of a set of policies and practices that builds employee pool of skills, knowledge, talents and abilities (Jackson and Schuler, 1995) that are relevant to organizational goals. A larger variety and more complex set for solving organizational problems are provided and the possibilities of attaining the goals of the organization are increased (Mechelin, 1996).

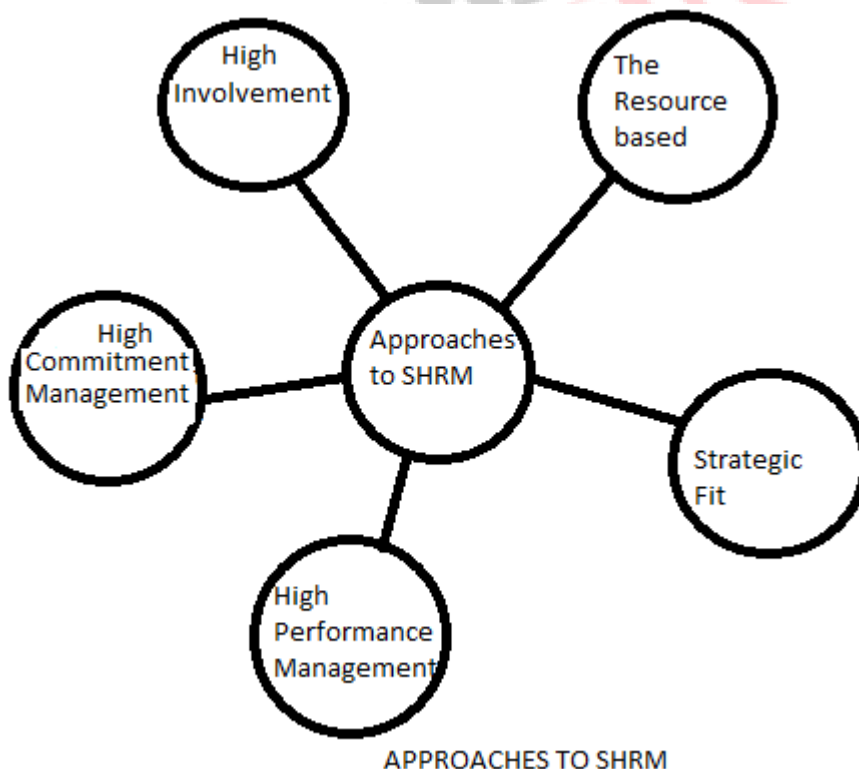
Wright and McMahan (1992) defined SHRM as 'a system relating to human resource suited to the requirements of the business strategy' and as 'the pattern of planned human resource activities directed to enable an organization to achieve its goals. (Miles and Snow, 1984). Although the difference between these two appears thin, the implications of the differences are considerable. Here, the first definition of human resource management is a 'reactive' management field in which human resource

management becomes an instrument to execute a strategy, in the latter definition it has a proactive function in which human resource activities really mould the business strategy (Sanz-Valle et.al,1999).

Strategic Human Resource Management may also be expressed as the 'organizational use of employees to acquire a competitive advantage over competitors and involves bring into a line initiatives encompassing the manner people are managed with organizational mission and objectives'. In flattened, downsized and high-performing organizations, highly trained and committed employees are often the key to firm's competitive position. Perhaps, the most drastic change in role of human resources today is its increasing involvement in formulating and implementing the company's strategy. Thus, SHRM can be considered as a usual approach to the strategic management of human resources in accordance with the intent of the organization relating to the future direction it wants to take

8. Approaches to Strategic Human Resource Management

There are five approaches to strategic HRM consisting of resource-based strategy (Barney, 1991), strategic fit, high-performance management, high- commitment management (Walton, 1985) and high-involvement management. These approaches are described below:



8.1 The resource-based approach

The basic purpose of resource-based HR strategy is to develop strategic capability – achieving strategic fit between resources and opportunities and getting additional

value from the effective distribution of resources. A resource-based approach addresses methods of enhancing the firm's strategic capability by developing managers and other staff who can think and plan strategically and understand the key strategic issues.

The resource-based approach rests on the faith that competitive advantage is acquired if a firm can secure and develop human resources that permit it to get knowledge or skill faster and make use of its learning more effectively than its rivals (Hamel and Prahalad, 1989). According to Barney (1995) 'Human resources comprise the experience, knowledge, judgment, propensity to take risk and prudence of people associated with the enterprise.' Kamoche (1996) advocates that: 'The resource-based approach visualizes the firm as a combination of resources and capabilities needed for competing in the market.'

The resource-based theory stresses that investment in people enhances their value in the firm. The strategic goal is to 'bring into existence firms which are more intelligent and possess flexibility more than their competitors' (Boxall, 1996) by hiring and augmenting more talented personnel and by enlarging their skills. The strategy is therefore related to the enhancement of the intellectual capital of the firm. Ulrich (1998) comments: 'Knowledge has proved to be a direct competitive advantage for business, selling ideas and relationships. The organizations have to assure that they have the capability to find, absorb, compensate and retain the competent people they need.'

Grant (1991) produced a convincing rationale for resource-based strategy. When the external environment is continuously changing, the firm's own resources and capabilities perhaps keep a much more firm basis on which to determine its identity. Therefore, defining a business based on of its capability may offer a more stable basis for strategy than defining a business on the basis of needs (eg markets) which the business attempts to satisfy.

The unequalled talents among employees, comprising superior performance, productivity, flexibility, innovation, and the capacity to provide high levels of customer service, are courses in which people contribute a critical component for the development of an organization's competitive position. Employees also provide the solution to managing the critical mutual dependence across functional areas and the important external relationships. One of the evident benefits arising from competitive advantage is based on the effective management of staff and such an advantage is challenging to imitate. A Business' HR strategies, policies as well as practices is an unparallel integration of processes, procedures, personalities, leadership styles, capabilities and the culture of an organization. One of the explanations to competitive advantage is the capacity to distinguish one's product or service from its competitors. Such differentiation can be attained by having HR strategies that ensure that the business has greater-quality people as compared to its competitors, by developing and nourishing the intellectual capital a business possesses and acts as a 'learning organization'.

8.2 Strategic fit

The HR strategy should be in tune with the business strategy (vertical fit). It would be better if the HR strategy is an integral part of the business strategy, assisting to the business planning process as it occurs. Vertical integration is necessary to provide alignment between business and human resource strategy. This will help in the accomplishment of the objectives of business strategy. Horizontal integration with other aspects of the HR strategy is needed so that its various components

fit together. The purpose is to adopt a coherent way to managing people where different practices are mutually assisting.

8.3 High-performance management approach

High-performance management purports to make an impact on the performance of business through its people in different areas that result in increased shareholder value. High-performance management practices contain strict recruitment and selection procedures, wide ranging training and management development efforts, incentive pay systems and the processes of performance management.

US Department of Labor (1993) gave a popular definition of a high-performance work system featured by extensive systems for recruitment and selection, training and development efforts; formal procedures for information-sharing with the people in the organization; transparent job design; employees' participation processes; performance appraisals; properly functioning grievance redressal system; promotion and compensation plans providing for the recognition and financial rewarding of the high-performing employees.

8.4 High-commitment management approach

Another approach to strategic human resource management is the high commitment management approach. One of the characteristics of HRM is its emphasis on the significance of increasing mutual commitment (Walton, 1985). Wood (1996) described high-commitment management as: 'A form of management directed at drawing out a commitment so that behavior is basically self-regulated rather than sanctions and controls, and relationships in the organization rests on high levels of mutual trust.'

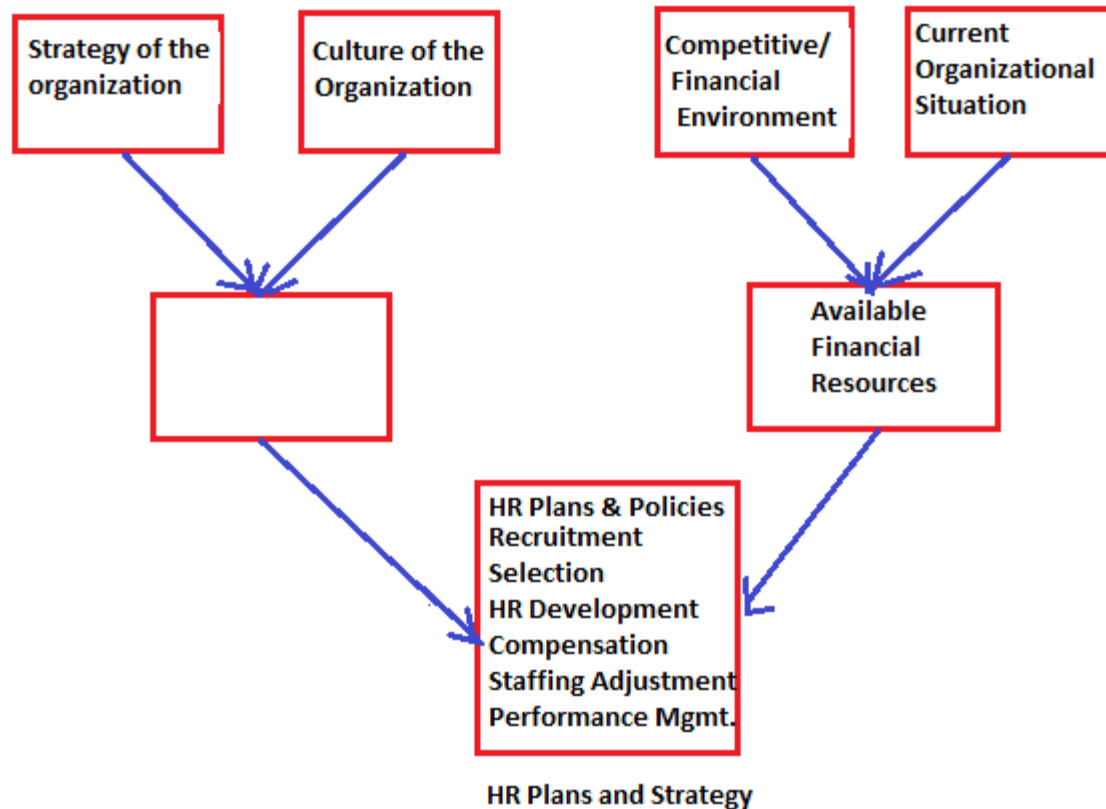
The approaches to achieve high commitment are: the development of career path and emphasis on training and commitment as highly valued features of employees in the organization; a high degree of functional flexibility with the giving up of potentially rigid job descriptions; the reduction of levels of hierarchies and the eliminating of status differentials; a heavy dependence on team structure for spreading information, structuring work and problem solving. Beer et al (1984) and Walton (1985)

8.5 High-involvement management

This approach treats employees as stakeholders in the enterprise whose interests are honored and who have a say on issues concerning them. It is concerned with communication and involvement. The purpose is to create a climate in which a dialogue between managers and the members of their teams continues in order to state expectations and disseminate information on the mission, values and objectives of the organization. This establishes mutual understanding for achievement of objectives and a design for managing and assisting people to grow ensure that it will be accomplished.

9. Linkage between HR Plans and Strategies

The strategic human resource management emphasizes on the need for alignment between HR functions and corporate strategy. HRM should focus on aligning its basic sub-functions to the corporate plan in the following three areas:



- Strategic
- Managerial, and
- Operational

9.1 Strategic

In this area, the focus is on the interface of the organization with the external ambience, the organization being the centre stage as a total entity. Long term issues get priority over short-term issues, impacting organizational performance. At this stage, the Director (HRM), being a representative of the top management of a company plays a significant role. The following strategic HR issues need to be addressed:

- Succession planning aimed at providing potential/trained managers on a continuous basis.
- Reward system aimed at identifying and deciding the most effective reward system that can motivate people at the time for giving of their best in the fulfillment of organization goals.
- Performance management involving the total management of organizational performance, including the measures of performance evaluation, should augment organizational performance for all time.
- Human resource planning includes defining the methods of forecasting of human resource requirements for future in quantitative and qualitative terms, so that the human resource available can match the needs of the company.

- (e) Training and development means drawing out a training and development plan for nurturing the growth of future workforce.

9.2 Managerial

This area involves refining the HR policy, practices/procedures and systems at senior management level. The long term plans as well as policy on HR are translated into specific systems, like designing a recruitment plan and selection methods, or designing a strategic reward and benefits system for staff, which match the corporate strategy. The new systems are designed in pursuance of the direction, objective, and guidance of the strategic management of the enterprise.

9.3 Operational

The operational area includes the operatives and the front line supervisors and others engaged in the production of goods and services. The sub-systems of HRM are so fine-tuned to the needs of the organization that the workflow is smooth. The staff is rewarded adequately as per the differentiated performance-based reward system in place.

Thus, strategic issues should be linked to the corporate strategic management plans at the strategic, managerial and operational levels.

10. Integration of HR Strategy and Corporate Planning

The business organizations feel that there should an integration of HR strategy with corporate plans. A strong link with strategy is considered to be the key difference between human resource management and previous philosophies of people management.

The alignment of HR strategy with corporate strategy addresses various fundamental issue:

- Can strategic human resource management be really achieved?
- Do HR managers participate in high-level decision-making?
- Are human resource issues given equal importance as financial, production or marketing issues?
- The manner in which human resource strategies and practices be adjusted to meet perceived threats and opportunities in a changing environment.

If people are really the greatest assets of an organization's, then their cautious selection, growth and deployment can enable acquire competitive advantage.

Strategic human resource management needs formulation of HR objectives, strategies and policies. These make able the provision of the skills and abilities required to meet the requirements of an organization's overall objectives. They can provide the framework which ensures that an organization's people needs are fulfilled. In modern organizations, information technology supports HR strategy as human resource information systems and human resource management systems.

Summary


- Strategic human resource management is related to top management's approach to HRM as a critical strategic variable influencing firm performance.

- Strategy settles the strategic moves and scope of an organization for the long term:
- Strategic management consists of decisions and actions arising from formulation and implementation of strategies established to achieve the objectives of an organization.
- The process of strategic management observes certain steps including establishing vision and mission, analyzing the environment, formulation of strategies and implementation of strategies and performance evaluation.
- Strategic Human Resource Management may also be expressed as the 'organizational use of employees to achieve a competitive advantage.



Subject: Human Resource Management

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Paper 04: Human Resource Management
Module 10: Challenges to Human Resource Management



ज्ञान-विज्ञान विमुक्तये



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Items	Description of Module
Subject Name	Management
Paper Name	Research Methodology
Module Title	CHALLENGES TO HUMAN RESOURCE MANAGEMENT
Module ID	Module 10
Pre-Requisites	Understanding the nature of Human Resource Management
Objectives	To study the current and future challenges to Human Resource Management
Keywords	Global competition, Corporate reorganization, Workforce diversity

QUADRANT –I

1. Module : Challenges to Human Resource Management
2. Learning Outcome
3. Human Resource Management
4. Current Challenges to HRM
5. Future Challenges to HRM
Summary

1. Module 10: Challenges to HRM

2. Learning Outcome

After studying this module, you shall be able to

- Know the Human resource management
- Understand current challenges to HRM
- Comprehend Future challenges to HRM
-

3. Introduction

There is no doubt that with the movement into the twenty first century the human resource management is facing some of the greatest challenges it faced since almost a century ago. This revived strength arises from various influences, such as the changing nature of the economy and government involving legal influences, new organizational structures, competition taking place globally, and the enhanced feeling that organizations are the means for accomplishing societal goals. Some of the factors have forced the transformation of human resource management from a thinly defined specialty into a more strategic function.

With the continuous changes in Human Resources Management (HRM), it's important that managers, executives and HR employees, specifically, understand the challenges that today's HRM group may encounter. While there are definitely other issues, these are usual to most of organizations and having policies established to ensure these challenges are met and make the workplace more settled and calm for everyone.

4. Current and Future Challenges to HRM

Several changes, taking place fast due to fluctuations in economies, domestic and global advancements are affecting human resources in wide ranging issues. The Survey of Global HR Challenges: yesterday, today and tomorrow, PricewaterhouseCoopers made for the World Federation of Personnel Management Associations (WFPMA), revealed several challenges for human resource management. The survey concluded that "despite national and regional differences, there was remarkable unanimity". The various challenges to human resource management may be categorized in three different categories: (a) Changing nature of work force (b) Social conditions and expectations (c) The Quality of work life, (e) The influences of the External Environment (e) Regulatory measures:

5. Changing Nature of Work Force

The changing nature of work force is depicted in fig.1



The Changing Nature of Work force

5.1 Work force Diversity

The changing nature of the workforce today is also big challenge for human resource management. The age, educational qualifications, gender, income, marital status, ethnicity, religion, sexual orientation etc. of workers constitutes the dimensions of workforce diversity. The proportion of women to men and the minorities in the work force has increased significantly. The increased diversity of the work force has caused organization to have a re-look at policies, practices and values. Understanding the challenges faced by the interaction of any of these diverse groups, as well as the needed openness of the company toward such groups will assist HR managers in training employees to work with diverse groups. Managing these changes involves managing cultural diversity and attaching value to diversity. The efforts are needed for appreciation and understanding of the physically challenged persons, women, minorities and older workers

5.2 Social conditions and expectations

The present social conditions are reflected in the worker's attitudes, values and expectations. Since the levels of education have gone up within the population, consequently, values and expectations among employees have also increased. This has led to an increased emphasis on participation by employees at all levels of management of enterprises. Previous notions of managerial authority are getting replaced by increased employee influence and greater job involvement, and faster means of upward communication. Employees also expect that the electronic and telecommunication revolutions will bring improvements in the work life. Innovations in communications and computer technology will increase the speed of change and as a result lead to many innovations in human resource management.

Workers at all levels now have more expectations about fair and orderly procedures for decision-making influencing the lives of employees.

Employers are taking initiatives to support employees' responsibilities. Once able to assume that the demands of male employees' home lives were taken care of by their wives, employers are now being pushed to pay attention to family issues, such as day care, sick children, elder care, schooling, and so forth resulting in that employees are enjoying more the opportunity to work at home.

5.3 The Quality of work life

Increasingly employees and managers are concerned about the quality of work life. Richard E. Walton provides eight criteria for assessing the quality of work life in an organization which include:

- Sufficient and fair compensation,
- Healthy and safe work environment
- opportunity to use and develop human capacities
- opportunity of continued growth and security,
- social integration in the work organization,
- constitutionalism,
- balance role of work and
- socially beneficial and responsible work

Workers at all levels in the work force keep high expectations about these criteria. These expectations affect how organizations specifically human resources are managed.

6. Influences of external environment

Several other forces, external to the organization, impact the management of human resources. These include:

6.1 Economic and political conditions

Economic and political factor nationally as well as internally exercise strong impact on human resource management. In a strong economy, organizations possess greater financial resources for pulling workers with competitive pay and benefits and for execution of training and development programs. On the other a hand, a weak economy inflicted by high inflation and lower productivity requires cost-effective management of human resources. These factors include:

6.1.1 Inflation, Energy Costs and Environmental Concerns

Inflation periodically affects different economies. Rising costs and prices cause a wide range of problems in human resource management including wage and salary structure.

6.1.2 Globalization

The global economy is creating a long term trend with penetrating and far-reaching implications for HR professionals. International competition in goods and services is compelling major economies to enter into a global tie ups. The United States is now one of a small and transforming group of economically strong countries. It is no longer an isolated national economy but a part of the world economic community.

As a response to increasing international competition, many international joint ventures have come into existence as a vehicle for enterprises to have international presence without establishing a wholly owned subsidiary

abroad. An IJV is accomplished when two or more companies from different countries form a new organization or partnership for the purpose of conducting a new business. As such, IJVs have become the most widespread form of multinational investment. More and more, HR professionals are becoming primarily responsible for helping to make the efforts at business globalization effective. The need to identify and place employees, mainly managerial and professional personnel, in foreign subsidiaries or joint ventures is one of the important challenges.

6.1.3 Technological trends

Changes in Technology will continue to make shift employment from some sorts of jobs to others while continuing to a rise in productivity. For example, telecommunication and internet has already made it relatively easy for many to work at home. There is continuous increase in the use of computer in designing and manufacturing systems plus robotics. Manufacturing advances are eliminating many blue-collar jobs, replacing them with knowledge workers. The pace of office automation is changing the ways office work is done.

Labor intensive jobs are decreasing while technical, managerial, and professional jobs are increasing. Redesign of Jobs and organizational structures, creation of new incentive and compensation plans are being established, new job descriptions written, and selection of new employee, performance evaluation, and conduct of training programs with the assistance of HR department.

Technology will also compel firms to become more competitive. Information technology has also speeded the fall of hierarchy. Managers now depend less and less on past chain of command approach to organizing. Every employee with a personal computer on his desk can access the firm's computer network and get needed information, HR plays an integral role in any such changes.

7. Organizational changes

Various organizational changes like corporate reorganization, change management, compensation and benefits, slower growth, recruiting skilled employees, need for training and development, leadership development and globalized work force have posed challenges for human resource management.

7.1 Corporate Reorganizations

Acquisitions and mergers along with other forms of corporate reorganizations were the chief characteristics of twentieth century business scenario. A corporation buying another, two corporations joining forces or companies undergoing massive reorganization was the more usual features. The reorganizations aimed to improve competitiveness, either by cutting layers of supervision and restructuring the work forces or by gaining scale economies through combining efforts. In fact, a recent survey of almost 300 HR specialists ranked organization restructuring as the second most important issue for the 1990s behind healthcare.

It is difficult to imagine circumstances that posed a greater challenge for human resource management than the reorganizations that have characterized the last fifteen years. Such reorganizations inevitably affect many organizational levels and employees. Furthermore, given the competitiveness of the situation decisions may be slow in coming. In the mean time, employees may not exactly know what role

they have to play in the new organizations. As a result of reorganizations, employees may face several changes concerning jobs, pay, benefits and compensation. The pace of corporate reorganization is not going to go down in the near future. One round on downsizing leads to further rounds. To a greater extent, corporations consider reorganizations as routine business transactions. Yet an important key to the success of almost any reorganization is the management of human resources.

7.2 Slower Growth

Reduced pace of growth in markets and, in some cases, declining markets has reduced opportunities for many organizations. One result of the changed circumstance was the greatly diminished opportunity for talented employees. In the past, newly hired hourly employees started in a routine but important job and then moved into other areas, usually within one year. With growth in a standstill, employees with many years of seniority had to remain in entry-level positions.

Of course, many of those pushed out of the organizations because of the massive lay-off that have dominated the news view others in situations of diminished opportunity as the fortunate ones. An HR survey of almost 600 organizations showed that between 60 and 70 percent of organizations were evaluating downsizing for their firms. The movement to a slower growth is a long-term trend driven by some of the changes taking place like the use of information technology in place of human resources, continued automation, requiring fewer workers, flatter organizations, with reduced layers between top and bottom, thus cutting out unnecessary managers, plant closure to bring production capacity in line with business realities, redesigning of the work force to be more flexible, as by using temporary workers. Thus, managing human resources in the face of slower or negative growth will be posing a significant challenge for the HR professionals into the next century.

7.3 Change Management

Change management is another challenge that HR departments are facing. The HR managers take measures to resolve with their own changing roles in corporate society, additionally to the changes in other jobs and the overlapping responsibilities. Knowing the change is the beginning towards embracing the change.

7.4 Compensation and Benefits

With a slow economy and tightening corporate investments, the issue of compensation and employee benefits is the issue that almost every business must be concerned with. The solution lies in to make mandatory changes in such a way that employees accept them, if not essentially hold similar opinion with them while providing morale boosting incentives whenever possible to make the changes less traumatic.

7.5 Recruiting Skilled Employees

In the times of declining employment, it would appear that identifying qualified workers would be simpler than ever. But that's seldom the case. Various industries are experiencing acute shortages for employees with employable skills and the training or degree required. This is true to health care as well as to technology and other areas as well, obligating many recruiters to look outside in their local market for hiring workers high in performance..

7.6 Training and Development

This is another challenge that HR managers must deal with more often. In an attempt to reduce costs of training, training itself often suffers. Yet the skills an employee requires must still be understood. Many companies are combating this challenge by providing eLearning opportunities that allow workers to get the required training with no the expenses for travel, on-site trainers, hours away from their jobs and costly materials.

7.7 Leadership Development

As the second of the biggest challenges for human resource management, development of leadership needs to be an important strategic initiative. HR professionals face the expectation of providing the organizational structures, processes of work, tools, and ideas to make the best selection and develop would be leaders of the organization. "Across the globe leadership development has been selected as a critical strategic initiative in order to ensure that the right employees are retained, that the organizational culture encourages performance from inside to gain a position in the market, and that managers are equipped to assume proactive leadership roles so that the organization is viable in the long term.' WFPMA reported.

7.8 Globalized Work force

One major HR challenge with globalized work force is formulating and implementing strategies for hiring and retaining employees for tomorrow's changing workforce.

A shrinking youth population in developed countries and high youth unemployment in developing countries is causing skills shortages. Older workers and more women are joining the workforce and cross-border migration is fulfilling these shortages. Demographic as well as cultural diversity continues to define the global workforce

Older workers have experience, but they also pose challenges for organizations, in terms of higher provisions for healthcare, providing flexible work times. This is further increased a global workforce that unites differing management and work styles on the basis of individual cultures. To identify the right job roles, design appropriate incentives system and retraining opportunities is another challenge. The challenge is same where gender is considered. Governments and companies are facilitating day-care centers and flexible work schedules.

Several organizations are using analytics for HR planning. To tackle coming skills shortages, HR can expand its use of analytics such as gender and other diversities to further know the structure of recruits and provide matching incentives.

The growth of liberal global trade, the use of communications technology and the growth of transnational companies are not likely to decline. Attracting global talent requires staying abreast of new strategies. Infosys decided to hire Chinese graduates and began to invite and teach a select group of Chinese scholar English language at its office in Mysore, India, permitting the company to recruit workers from a neighboring country in a cost-effective manner.

Today, technologies such as social media have acquired importance for recruiting, but the difficulty is to align these new strategies with business goals. A research group found that successful organizations are adopting a holistic approach to recruitment including company branding, screening, evaluation, hiring and on boarding, with technology helping at each stage.

Companies also face the need to develop the competence to evaluate skills across different talent sources and then designing training programs to fill skills gaps after employees are hired. In addition, they should understand to manage and incorporating multicultural employees into a whole. At the time, US company Upjohn merged with Swedish Phamarcia AB, no one anticipated the opposition to company-

administered alcohol-testing and smoking policies, which led to cost overruns, a delay in product launches and the ultimate sale of the company. These are just a few of the various challenges an HR department must be ready to tackle. Anticipating the type of situation that might arise is like to help to be better equipped in the event that it really occurs.

7.9 Knowledge work and human capital

The typical business is increasingly becoming knowledge based, an organization composed largely of specialists who direct and discipline their own performance, through organized feedback from colleges, customers and headquarters. For this reason, organizations are becoming more information based. As a result, the distinguishing characteristics of companies today and tomorrow, is the growing emphasis on human capital- knowledge, education, training, skills and expertise of a firm's workers, at the expense of physical capital like equipment, machinery, and the physical plant. The growing focus on education and human capital reflects several social and economic factors. For managers, the challenge of fostering intellectual or human capital lies in the fact that such workers must be managed differently. New human resource management systems and skills are required to select and train such employees and to foster their self-discipline and commitment.

7.10 Strategic focus of HRM

The most significant feature of HRM is the importance attached to strategic integration, which flows from top management's vision and leadership, and which requires the full commitment of people to it. This is a key policy goal for HRM, which is concerned with the ability of the organization to integrate HRM issues into its strategic plans, to ensure that the various aspects of HRM cohere, and to encourage line managers to incorporate an HRM perspective into their decision-making.

Summary

Several environmental, organizational, and cultural influences affect human resource management. The work force has more education, higher aspirations about participation, and more expectations about due process in the work situation. The increased diversity of the work force has caused organization to have a re-look at policies, practices and values. The social conditions are reflected in the worker's attitudes, values and expectations. Increasingly employees and managers are concerned about the quality of work life. Several other forces, external to the organization, impact the management of human resources. Economic and political factor nationally as well as internally exercise strong impact on human resource management. Inflation, energy cost and environmental concerns and globalization also affect the management of human resources. In addition, organizational changes in terms of globalized work force, corporate reorganizations, slower growth of industries, change management, compensation and benefits, recruiting skilled employees, training and development, leadership development and globalized workforce influence the management of human resources.