



# A Review On Human Resource Management (HRM)

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## Abstract

Human Resource Management (HRM) is a critical function in organizations that focuses on recruitment, management, and providing direction for the people who work in the organization. This review aims to synthesize existing literature on HRM, examining its evolution, core functions, and the challenges faced by organizations in managing human capital in a dynamic global business environment. Key themes discussed include progress of human resource management thought, recruitment and selection, training and development, performance management, employee relations, and the impact of technology and globalization on HRM practices. The goal is to offer insights into how HRM contributes to organizational goals and address future trends that could shape HR practices.

## **Keywords**

Human Resource Management, Evolution of Human Resource Management, Recruitment, Training, Performance management, Challenges

## **1. Introduction**

Human Resource Management (HRM) plays a pivotal role in determining an organization's success. HRM encompasses a wide array of functions, including hiring, training, development, compensation, and employee relations. The strategic alignment of HRM with business objectives is crucial for gaining a competitive edge. Over time, HRM has evolved from a transactional and administrative role into a more strategic and integral part of organizational development. This paper provides a review of the core HRM functions, modern challenges, and future trends. The role of HRM has evolved significantly from a focus on personnel administration and industrial relations to becoming a strategic partner in organizational development.

## **2. Historical Evolution of HRM**

The origins of HRM date back to the early 20th century, where it was primarily concerned with administrative tasks related to employee welfare, labour relations, and compliance with labour laws. During the industrial revolution, the focus shifted towards efficiency, job specialization, and managing large workforces.

In the mid-20th century, the term "personnel management" began to evolve into "human resource management" as organizations recognized the importance of treating employees as valuable assets rather than mere cogs in a machine. HRM gained a strategic focus in the 1980s, linking human capital with organizational success. With globalization and technological advancements, HRM has continued to adapt to new challenges.

The stages in which human resource management practices have developed from the time of the industrial revolution to the present can be divided into the following categories:

1.

Industrial Revolution Era  
19th Century

2.

Trade Union Movement Era  
close to the 19th century

3.

Social Responsibility Era  
beginning of the 20th century

4.

Scientific Management Era  
1900-1920s

5.

Human Relation Era  
1930s-1950s

6.

Behavioural Science Era  
1950s-1960s

7.

Systems and contingency approach Era  
1960 onwards

8.

Human Resource Management Era  
1980 onwards

Figure 1: Evolution of Human Resource Management

The beginning of that era is shown by the classification of the different stages of growth of human resource management according to time. Every period has prioritised a different method of managing employees in the workplace. There has been overlap between various eras, thus a new one does not necessarily mark the total end of the previous one.

**2.1. Industrial Revolution Era:** The industrial revolution, which began in Western Europe and the United States in the 1850s, marked the beginning of the systematic development of HRM. The invention of equipment and the application of mechanical energy to production processes were the main drivers of the industrial revolution, which also saw the rise of the idea of a factory with a big workforce cooperating. The outdated cottage system was replaced by the factory system. Many changes were brought about by the industrial revolution, including enormous numbers of people working in centralised areas, mechanised production processes, worker migration from places of origin, and indirect interactions between workers and factory owners.

Three systems of human resource management (HRM) were created to handle personnel in the industrial revolution manufacturing system: hiring, training, and controlling. However, the master-servant relationship was central to the fundamental theories of labour management.

**2.2. Trade Union Movement Era:** Soon after the industrial system was established, labourers began banding together according to shared interests to create what became known as workers' groups, or trade unions. These associations' main goals were to protect the interests of their members and resolve issues that came mostly from the exploitation of child labour, lengthy workdays, and unfavourable working conditions.

Subsequently, other parts of the job, such as pay and economic difficulties, employee services and perks, etc., also became problematic. These labour organisations initiated various forms of protest, including walkouts, slowdowns, strikes, boycotts, and more, in order to get their demands met. Due to the trade unions' actions, employers were compelled to implement systems for handling employee grievances, arbitrate disputes between employers and employees, increase employee benefit plans, provide more time for vacation and holidays, clearly define job responsibilities, grant seniority-based job rights, and establish fair and reasonable wage structures.

**2.3. The Social Responsibility Era:** During the first ten years of the 1900s, some industrial owners began to treat their employees more humanistic. The idea that labour is like a kid and its owner is like a father, and that the owner should take care of his labour in the same way as a father takes care of his children, is the foundation of the paternalistic approach to labour management. The industrialists that took a paternalistic stance gave the labour force certain benefits and concessions, such as shorter workweeks, better facilities at the workplace, worker-only model communities, etc. The growth of the social welfare component of labour management was facilitated by all of these techniques.

**2.4. Scientific Management Era:** Taylor began using time and motion studies to determine the "one best way of doing thing" at the start of the 20th century. He was able to significantly raise worker productivity thanks to his studies, and he used the results to write a book on scientific management as well as other papers.

The fundamental tenets of scientific management are (i) replacing common sense with evidence, (ii) emphasising peace over conflict, (iii) cooperation over individualism, and (iv) fostering the growth of every single person. Three scientific management strategies that are pertinent to worker management include: differentiated piece wage systems, standardisation and simplification of work, and functional foremanship.

**2.5. Human Relations Era:** In the 1920s and early 1930s, management scholars closely examined how people behaved and the factors that influenced them. Prior to that, Hugo Munsterberg wrote a book titled "Psychology and Industrial Efficiency" in which he recommended using psychology to learning, attitude assessment, hiring, and other areas.

The short time frame was dubbed the "Industrial Psychology Era." A group of Harvard Business School professors in the United States started investigating the human aspects of work and working conditions at the Western Electric Company's Hawthorne facility in Chicago in 1924.

Between 1924 and 1932, they carried out studies and came to the following conclusions: (i) workplace social variables, (ii) group formation and impact, and (iii) worker productivity (iv) communication; (iii) the character of supervision and leadership. They came to the conclusion that management needed to address interpersonal issues in addition to the physical aspects of the workplace if they wanted to increase productivity. As a result, the fields of informal organisation, group influence, social system, and non-logical behaviour found their way into people management.

**2.6. Behavioural Science Era:** Behaviour scientists have been goal and efficiency-oriented, and they see understanding human behaviour as the primary means to that objective. This is in contrast to human relations, which assumes that happy workers are productive workers. They have experimented with a number of cutting-edge research techniques to better understand the nature of work and the individuals that work there. Behavioural scientists don't really provide new methodologies to management practices; instead, they contribute fresh insights. It has created or broadened an insightful perspective on the function of managers, the structure of organisations, and the conduct of individuals inside them. They have presented the idea of the human resource model in opposition to the human relations paradigm.

The following are some key findings from this era contributions:

- i.** People don't detest their jobs. They will desire to accomplish their goals if they have received assistance in setting them. In actuality, jobs themselves provide employees with a sense of fulfilment and motivation.
- ii.** The majority of people possess a high degree of self-direction, self-control, and creativity that goes beyond what is needed for their current position. As thus, their unrealised potential stays unrealised.
- iii.** Utilising the organization's unrealised human potential is the fundamental duty of managers.
- iv.** The manager should foster a positive atmosphere where everyone is able to contribute to the fullest extent possible. A convenient, safe, cosy, and healthful place to work should be provided by the surroundings.
- v.** Supervisors have to provide their staff members the freedom to make decisions for themselves and must push them to take an active role in all significant decisions.
- vi.** By increasing subordinate influence, self-direction, and self-control, operating efficiency can be increased.
- vii.** When subordinates utilise their full potential, work happiness may increase as a "by-product".

The era of behavioural science brought about the development of group dynamics, two-way communication, employee involvement in decision-making, collaborative goal-setting, management development, and change management inside the organisation. Even in the current setting, the behavioural approach to human resource management is based on these contributions from the behavioural science era.

**2.7. Systems and Contingency Approach Era:** In the current era, management thinkers are paying close attention to systems and contingency approach. It's an integrated method that takes empirical data-based human resource management into account in its whole. This approach's fundamental tenet is that any examination of an item must be based on a technique that involves simultaneous modifications of variables that are mutually reliant on one another. When the systems method is used to manage human resources, this occurs.

**2.8. Human Resource Management Era:** A big number of workers began cooperating when the factory system was used in manufacturing. It was considered that someone needed to be in charge of hiring, guiding, and ensuring the wellbeing of these employees. In most major organisations, an industrial relations department was established primarily to address worker concerns. However, the industrial relations department's purview was expanded to include supervisory workers and then management personnel as time went on and the complexity of managing human resources in major commercial organisations grew. The personnel department was renamed as the industrial relations department.

Large organisations renamed their personnel department to the "human resource department" to reflect the modern perspective that people are socio-psychological beings rather than just physiological beings and are a major source of organisational effectiveness. This shift was brought about by increasing competition for

market share, competition for resources, including human talents, and increased knowledge in the field of managing human resources.

### **3. Theoretical Frameworks in Human Resource Management**

Several theoretical frameworks provide a foundation for understanding HRM practices. These frameworks help HR professionals design policies and strategies that align with organizational goals.

#### **3.1 The Harvard Model**

Developed by Beer et al. (1984), the Harvard Model emphasizes the importance of considering employees' needs and ensuring that HRM policies support both organizational goals and employee satisfaction. The model consists of four key HR policy areas: human resource flows, reward systems, employee influence, and work systems.

The Harvard Model is often associated with the “soft” approach to HRM, which prioritizes employee well-being and engagement as drivers of organizational success.

#### **3.2 The Michigan Model**

The Michigan Model, proposed by Fombrun, Tichy, and Devanna (1984), views HRM as a strategic tool for achieving organizational objectives. It emphasizes the alignment between HR practices and business strategy, focusing on four key areas: selection, appraisal, development, and rewards.

This model is more aligned with a “hard” approach to HRM, viewing employees as resources to be managed efficiently to achieve business outcomes.

#### **3.3 Resource-Based View (RBV)**

The Resource-Based View (RBV) suggests that an organization's competitive advantage comes from its ability to manage internal resources, including human resources, more effectively than its competitors. This theory highlights the importance of developing unique and valuable skills and capabilities within the workforce.

Organizations that invest in employee development and build a strong organizational culture are more likely to achieve sustainable competitive advantage.

### **4. Core Functions of HRM**

#### **4.1 Recruitment and Selection**

Recruitment and selection are central to HRM, as acquiring the right talent is critical for organizational success. The recruitment process involves identifying organizational needs, attracting qualified candidates, and selecting individuals whose skills and attributes align with the company's objectives. Various tools, including job portals, social media, and AI-driven recruitment software, have transformed the recruitment landscape.

#### **4.2 Training and Development**

Once employees are hired, training and development ensure they possess the skills necessary to perform their tasks efficiently. This function includes onboarding, technical skills training, leadership development, and continuous learning programs. Modern HRM emphasizes the importance of lifelong learning, encouraging employees to update their skills to keep pace with industry changes.

#### **4.3 Performance Management**

Performance management involves setting employee goals, monitoring progress, and providing feedback. Effective performance management systems are essential for aligning individual goals with organizational objectives. This function also encompasses performance reviews, rewards, and addressing performance issues.

## 4.4 Compensation and Benefits

Fair and competitive compensation is a key motivator for employees. HRM plays a critical role in designing compensation structures that align with industry standards while motivating employees. In addition to salaries, benefits such as healthcare, retirement plans, and wellness programs contribute to overall employee satisfaction.

## 4.5 Employee Relations

Maintaining healthy employee relations is another core function of HRM. This function involves conflict resolution, ensuring compliance with labour laws, promoting a positive work culture, and fostering employee engagement. Strong employee relations contribute to reduced turnover, improved morale, and increased productivity.

## 4. Challenges in Modern HRM

### 4.1 Technological Advancements

With the rise of artificial intelligence (AI), big data, and automation, HR professionals must navigate the challenges posed by technology. AI and machine learning are transforming recruitment processes, while HR analytics provides data-driven insights into workforce planning, engagement, and performance. However, there are challenges, such as potential biases in algorithms and the need for HR professionals to develop new technical skills.

### 4.2 Globalization

Globalization has led to more diverse and geographically dispersed workforces. This has created challenges related to managing cross-cultural teams, understanding international labour laws, and addressing issues related to remote working. Organizations must adapt to different cultural norms and expectations to ensure harmonious operations.

### 4.3 Diversity and Inclusion

Promoting diversity and inclusion has become a significant focus for HRM. Organizations are increasingly recognizing the value of diverse teams in fostering innovation and improving decision-making. However, achieving diversity requires deliberate strategies in recruitment, training, and workplace culture development. Inclusion efforts must ensure that all employees feel valued and empowered to contribute.

### 4.4 Employee Wellbeing and Mental Health

Modern organizations are placing more emphasis on employee wellbeing, including mental health. HRM is tasked with creating programs that address stress, burnout, and work-life balance. The COVID-19 pandemic underscored the importance of supporting employees' mental health, making it an ongoing priority for HR managers.

### 4.5 Legal and Ethical Considerations

HR professionals must stay abreast of legal regulations, including labour laws, anti-discrimination policies, and health and safety regulations. Ethical challenges, such as handling sensitive employee data, ensuring fairness in promotions, and maintaining transparency in organizational decisions, are also critical for HRM.

## 5. The Future of HRM

As the business environment continues to evolve, HRM must adapt to new trends and challenges. The future of HRM is expected to be shaped by:

- **Artificial Intelligence and Automation:** The use of AI in recruitment, training, and performance management will increase, with HR professionals acting as facilitators of human-AI collaboration.

- **Remote Work and Hybrid Models:** The shift to remote and hybrid work models will necessitate changes in how organizations manage and engage employees. HRM will need to focus on fostering collaboration and maintaining culture in virtual environments.
- **Sustainability and Corporate Social Responsibility:** HRM will play a critical role in aligning human resource strategies with sustainability goals, promoting corporate social responsibility (CSR), and ensuring that organizations contribute positively to society.
- **Employee Experience:** The focus will shift from employee engagement to the overall employee experience, including job satisfaction, personal growth, and meaningful work. Personalized employee experiences, driven by data analytics, will become the norm.

## 6. Conclusion

Human Resource Management remains a vital function in any organization, acting as the bridge between employees and the organization's strategic goals. As businesses evolve, so too must HRM practices. With advancements in technology, the growing importance of diversity, and the challenges posed by globalization, HR professionals must remain agile, forward-thinking, and proactive in addressing new challenges. Organizations that invest in robust HRM strategies will likely see long-term success, driven by an engaged and capable workforce.

Human Resource Management has evolved from a primarily administrative function to a critical driver of organizational success. By focusing on key functions such as recruitment, training, performance management, and employee relations, HRM ensures that organizations attract, develop, and retain top talent. The strategic alignment of HR practices with business goals allows organizations to achieve a competitive advantage and respond to the challenges of an increasingly complex global business environment.

As HRM continues to evolve, technology, employee well-being, and diversity and inclusion will be key areas of focus. HR professionals must remain adaptable and innovative, leveraging data-driven insights and technological tools to create a workforce that is engaged, productive, and aligned with the organization's strategic objectives. The future of HRM will undoubtedly bring new challenges, but it also offers opportunities for organizations to become more agile, resilient, and human-centered.

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