



# HRM ENVIRONMENT PART 2

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*Presented by:-Pushpanjali  
Singh, Guest faculty*

*Department of management  
MMHA&PU .*

# EXTERNAL ENVIRONMENT

External environment also exerts considerable influence on HRM. External environment includes economic, political, technological and demographic factors.

# 1.ECONOMIC FACTORS

- Economic forces such as growth rate and strategy, industrial production, national and per-capita incomes, money and capital markets, competitions, industrial labour and globalization have impact on HRM policies. Growing unemployment and reservations in employment also affect the choice for recruitment and selection of employees in organizations.

## 2. POLITICAL FACTORS

- The total political environment is composed of legislature, executive and judiciary and all of them have impact on placement, training retention and maintenance of employees.

# 3. TECHNICAL FACTORS

Technology is a systematic application of organized knowledge to practical tasks. Technological advances affect the HR functions in several ways. Technology makes the job more intellectual or upgraded. Secondly, it renders workers dislocated, if they do not equip themselves to the job. Thirdly, job becomes challenging for the employees who cope with the requirements of technology. Further, technology reduces human interaction at the work place. Finally, job holders become highly professionalized and knowledge based in the job they perform.

# 4.DEMOGRAPHIC FACTOR

- Demographic variables include sex, age, literacy, mobility, etc., All these have different dimensions in employment and placement.