

NOTES ON HUMAN RESOURCE  
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# ***EVOLUTION OF HUMAN RESOURCE MANAGEMENT***

## **EVOLUTION OF HUMAN RESOURCE MANAGEMENT**

Everything you need to learn about the evolution of HRM (human resource management.) Evolution of HRM over the period of time is important for understanding the philosophy, functions, and practices of HRM that are followed in different situations so that relevant HRM practices are evolved in the present situation.

HRM, being a part of management discipline, has followed the pattern of development of management because of the interrelationship of the problems of both the fields.

Human Resource Management (HRM) is relatively a very recent term considered for managing human resources in an organisation. HRM is still evolving to become an amalgam of organisational behaviour, personnel management, industrial relations and labour legislation.

### Historical Perspective of Human Resource Management

The term “human resource management” is of recent origin. In its modern connotation, it came to be used mainly from the 1980s onwards. During ancient times and for a long period in the medieval era, production of goods was done mainly by skilled artisans and craftsmen. They themselves owned the tools and instruments, produced articles and sold these in the market.

As such, the question of employer-employee or master-servant relationship did not arise in their cases. They managed their affairs themselves and with the help of the family members. However, many affluent craftsmen also employed apprentices and certain categories of hired labourers. There existed a very close relationship between the master craftsmen and the apprentices, and they themselves took care of the problems facing the apprentices and their family members.

A sort of human approach was involved in their relationship. After a prolonged period of training, many apprentices established their own enterprises, and many others remained attached with their master craftsmen on lucrative terms. During the medieval period, the skilled craftsmen also formed their guilds primarily with a view to protecting the interests of their respective trades.

These guilds also determined the price of their products, the wages of the journeymen and hired labourers, and regulated the terms and conditions of their employment. The ancient and a major part of the medieval period also witnessed prevalence of certain other distinct types of labourers. These comprised slaves, serfs and indentured labourers.

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A brief description of the manner in which they were treated and managed will be relevant for a proper understanding of human resource management in a historical perspective.

## **1. Managing Slaves:**

Slaves comprised an important source of manpower in almost all ancient civilisations. They could be sold and purchased like commodities. Their main purchasers were the wealthy rulers, landlords, tribal chiefs and affluent businessmen. The purchasers of slaves had a rather complete control over their slaves.

The masters of the slaves took a variety of arduous work from them such as carrying heavy loads, rowing ships and boats, construction of buildings and forts, digging canals, cattle-rearing and tillage of soil. The remuneration or compensation for their efforts comprised mainly food, shelter and clothing. The slaves were dealt with iron hands. They were subjected to strict supervision, and non-compliance of the orders of their masters or supervisors was generally punishable with physical tortures, and occasionally with mutilation of their limbs and even death sentence for grave offences.

## **2. Managing Serfs:**

Serfdom was widely prevalent in the feudal societies of the pre-and early medieval era. Serfs were engaged by landlords mainly in agricultural operations and allied activities. The landlords would usually give them a piece of land for their habitat and often, some land for their own cultivation. In many cases, a paltry sum of money was advanced to them in order that they could remain attached to their masters.

In lieu of these facilities, the serfs and their family members were required to serve their masters. The work assigned to serfs mainly comprised – tillage of soil, cattle-rearing, domestic work and similar other activities. Many landlords would also give them a meagre amount as wages, whether in cash or in kind. Usually, serfs could become free after returning to their masters the habitat, the piece of land and advances with interest. They could also be transferred to some other landlord on payment.

Under serfdom, some measure of personal relationship existed between the landlords and the serfs. Many landlords often tried to solve their genuine grievances and extended some help to those who were in distress. The feudal lords also occasionally gave some economic inducements to their serfs in the form of additional supply of food-grains and some money for their increased productivity and good behaviour.

Although the management of serfs was based on the principle of authoritarianism, the element of human treatment was often found in their relationship. With the abolition of the feudal system, serfdom also came to an end. However, some remnants of the past can still be found even today, especially in rural areas. The bonded labour system in India is comparable to the system of serfdom prevalent in European countries during the medieval period.

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## **3. Managing Indentured Labour:**

The system of indentured labour emerged primarily with the flourishing of mercantilism and advent of industrial revolution. The discovery of new lands through sea and land routes led to a substantial increase in the demand of European goods abroad, and at the same time, gave a fillip to the establishment of industries in the continent.

As a consequence, trade flourished leaps and bounds, and the mercantilists, taking advantage of the expanding markets, tried to accumulate as much wealth as possible. In their quest for maximising wealth, the mercantilists would offer attractive inducements to the artisans and skilled craftsmen for accelerating production of goods in demand. The artisans and craftsmen responded and they started engaging an increasing number of apprentices and hired labourers to cope with the demand of the products.

## **Emergence of Modern Industrial Labour and Improvement of Status:**

Even during the periods when slavery and serfdom were rampant, there were various categories of workers who enjoyed a certain amount of freedom in the relationships with their employers. They were mainly skilled craftsmen and artisans and experienced apprentices. However, the composition of free workers materially changed with the spread of industrialisation and establishment of factories and other kinds of industrial and business establishments.

Industrialisation led to the congregation of a large number of workers at the same establishment owned by an individual employer or a company. The employers were generally interested in maximising their profits, and callously disregarded human aspects in managing the affairs of their enterprises.

The state also remained a mute spectator to the miseries and sufferings of the toiling masses of workers, primarily because of the widespread prevalence of the doctrine of individualism and laissez faire. These situations led to further deterioration in the conditions of industrial workers who had to face numerous problems in their employment.

Notable among these problems were low wages, excessive hours of work, hazardous and strenuous physical working conditions, instability of employment, and arbitrary treatment by supervisors and managers.

The industrial workers, sooner or later, came to realise that individually they might be dispensable to the employer, but collectively, they were indispensable as the running of the enterprise was in the interests of both. This realisation induced them to organise and pressurise the employers and the state to take positive steps to improve their conditions.

However, these early combinations received severe blows from the courts of law either under common law or under special statutes such as Combination Acts, 1799 and 1800 of England.

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The conditions, however, changed during the course of time. Certain notable developments relevant to the management of human resources included spread of democratic ideals and principles, growth of socialist ideas, emergence of the concept of welfare state, strengthening of workers' organisations, efforts of social reformers, and changes in the size and composition of the labour force.

These developments led to substantial changes in the attitude of the employers towards workers and the role of the state in regard to labour matters.

The state started enacting labour laws with a view to ameliorating physical working conditions at the place of work, laying down minimum standards in specified areas of terms and conditions of employment, making available to workers certain welfare amenities, adopting social security measures against certain contingencies such as disablement and death resulting from work-injuries, sickness and maternity and establishing workers' right to form trade union and bargain collectively with the employer.

The employers increasingly came to realise that their prerogatives of "hiring and firing" workers at their will and unilaterally laying down the terms and conditions of employment had been enormously encroached upon by union pressures and state intervention, and it would be difficult for them to manage their enterprises if they did not give due attention to human aspects in dealing with their workers.

These conditions have come to exist even today, but in a greatly modified form. Some of the more notable developments relating to human resources in modern perspective comprise – (i) substantial change in the composition of labour force with the entry of a large number of educated and highly skilled workers with specialisation, (ii) greatly improved status of all categories of employees, (iii) extensive state intervention in the domain of human resources, (iv) development of liberal attitude of employers towards employees with major attention on human aspects, (v) enhancement of strength and status of unions, and (vi) growing international deliberations and exchanges in human resources matters.

Evolution of Human Resource Management – From 19th Century till Recent Times: Different Eras of Human Resource Management

Identification of evolution of HRM over the period of time is important for understanding the philosophy, functions, and practices of HRM that are followed in different situations so that relevant HRM practices are evolved in the present situation. HRM, being a part of management discipline, has followed the pattern of development of management because of the interrelationship of **the** problems of both the fields.

Though HRM as a field of study has relatively recent origin, history of management of people in the organizations particularly in state administration, is quite old. However, these ancient developments could not create much impact on the recent development of literature and practices of HRM as these developments were concerned primarily to state administration.

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Some serious thoughts were applied towards the effective utilization of labour force in industrial organizations after the industrial revolution that started in 19th century. Since then, organized practices relating to management of people, initially labour force and subsequently managerial personnel also, started taking place and literature describing these practices started emerging.

From industrial revolution era to the present era, various stages to development of management of human resource practices may be classified as follows:

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 relations era— 1930s-1950s
6. Behavioural science era— 1950s-1960s
7. Systems and contingency approach era – 1960 onwards
8. Human resource management era — 1980 onwards

The classification of various stages of development of management of human resources in terms of period shows the beginning of that era. In each era, emphasis has been put on a particular approach of managing people at work. A succeeding era does not mean the complete end of preceding era but there has been overlapping in these.

Main features of these eras and the type of practices related to managing human resources are as follows:

## **1. Industrial Revolution Era:**

The systematic development of HRM started with industrial revolution that started during 1850s in Western Europe and USA. The industrial revolution consisted, essentially, the development of machinery, the use of mechanical energy in production processes, and consequently the emergence of the concept of factory with large number of workforce working together.

The factory system replaced the old cottage system. Industrial revolution brought out a number of changes like centralized work locations with large number of workers working together, mechanized production process, migration of workers from their place of origin, and indirect contact between factory owners and workers.

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In order to manage people in the factory system of industrial revolution, three systems of HRM were developed- recruitment of workers, training for workers, and control of workers. However, the basic philosophy of managing workers revolved around master-servant relationship.

## **2. Trade Union Movement Era:**

Shortly after the emergence of factory system, workers started to organize themselves based on their common interests to form workers' associations which were subsequently known as trade unions. The basic objectives of these associations were to safeguard interest of their members and to sort out their problems which arose primarily because of employment of child labour, long hours of work, and poor working conditions.

Later, other aspects of work such as economic problems and wages, employee benefits and services, etc. also became issues. These trade unions started such weapons as strikes, slowdowns, walkouts, boycotts, etc., for the acceptance of their demands.

These activities of the trade unions forced owners and managers to adopt employee grievance handling systems, arbitration as a means of resolving conflicts between owners/managers and workers, disciplinary practice, expansion of employee benefit programmes, holiday and vacation time, clear definition of job duties, job rights through seniority, and installation of rational and defensible wage structures.

## **3. Social Responsibility Era:**

In the first decade of 20th century, some factory owners started adopting a more humanistic and paternalistic approach towards workers. Paternalistic approach to labour management is based on the philosophy that labour is just like a child and owner is just like a father and the owner should take care of his labour just like a father takes care of his children.

Those industrialists who adopted paternalistic approach offered a number of concessions and facilities to labour force like reduced number of work hours, improved facilities at workplace, model villages to workers, etc. All these practices led to the development of social welfare aspect of labour management.

Many critics to paternalistic approach viewed that this approach was adopted to overcome the problems posed by labour union movement as plenty of trade unions emerged which frequently interrupted work performance. Employers observed that workers were going out of their control and to overcome this problem, they implemented welfare scheme. Thus, this was a compulsion rather than a philosophy.

## **4. Scientific Management Era:**

Around the beginning of 20th century, Taylor started to find out 'one best way of doing thing' based on time and motion studies. On the basis of his experiments, he was able to increase workers' productivity considerably and wrote many papers based on these experiments and a book on scientific management.

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The main principles of scientific management are:

(i) Replacing rule of thumb with science, (ii) harmony, not conflict, (iii) cooperation, not individualism, and (iv) development of each and every person. Scientific management techniques relevant to management of workers are- functional foremanship, standardization and simplification of work, and differential piece wage system.

## **5. Human Relations Era:**

Around 1920s, management researchers gave a close look at the human factor at work and the variables that affected people's behaviour. Before that, Hugo Munsterberg wrote a book on 'Psychology and Industrial Efficiency' which suggested the use of psychology in the field of personnel testing, interviewing, attitude measurement, learning, etc.

This brief period was termed as 'Industrial Psychology Era'. In 1924, a group of professors from Harvard Business School, USA, began an enquiry into the human aspects of work and working conditions at Hawthorne plant of Western Electric Company, Chicago.

They conducted researches from 1924 to 1932 and arrived at the conclusions that productivity of workers depended on- (i) social factors at the workplace, (ii) group formation and group influence, (iii) nature of leadership and supervision, and (iv) communication.

They concluded that in order to have better productivity, management should take care of human relations besides the physical conditions at the workplace. Consequently, the concepts of social system, informal organization, group influence, and non-logical behaviour entered the field of management of personnel.

## **6. Behavioural Science Era:**

In contrast to human relations which assume that happy workers are productive workers, the behavioural scientists have been goal and efficiency- oriented and consider understanding of human behaviour to be the major means to that end. They have tried several sophisticated research methods to understand the nature of work and the people in the work environment.

The contribution of behavioural scientists to management practices consists primarily of producing new insights rather than new techniques. It has developed or expanded a useful way of **thinking** about the role of the manager, the nature of organizations, and the behaviour of individuals within organizations. As against human relations model, they have given the concept of human resource model.

Major conclusions of the contributions made by behaviouralists are as follows:

i. People do not dislike work. If they have been helped to establish objectives, they will want to achieve them. In fact, job itself is a source of motivation and satisfaction to employees.



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- ii. Most people can exercise a great deal of self-direction and self-control and generate more creativity than required in their current job. Therefore, their untapped potential remains unutilized.
- iii. Managers' basic job is to use untapped human potential in the organization.
- iv. Manager should create a healthy environment wherein all persons can contribute to the best of their capacity. The environment should provide a healthy, safe, comfortable, and convenient place to work.
- v. Managers should provide opportunity for self-direction by their subordinates and they must be encouraged to participate fully in all important matters.
- vi. Operating efficiency can be improved by expanding subordinate influence, self-direction, and self-control.
- vii. Work satisfaction may improve as a 'by-product' of subordinates making full use of **their** potential.

Behavioural science era led to the development of two-way communication, participation of employees in decision making, joint goal-setting, group dynamics, management development, and management of change in the organization. These contributions of behavioural science era are backbone of behavioural approach of human resource management even in the present context.

## **7. Systems and Contingency Approach Era:**

Systems and contingency approach has attracted maximum attention of thinkers in management in the present era. It is an integrated approach which considers management of human resources in its totality based on empirical data. The basic idea of this approach is that analysis of any object must rely on a method of analysis involving simultaneous variations of mutually-dependent variables. This happens when systems approach is applied in managing human resources.

## **8. Human Resource Management Era:**

When the factory system was applied in production, large number of workers started working together. A need was felt that there should be someone who should take care of recruiting, developing, and looking after welfare of these workers. For this purpose, industrial relations department came into existence in most of the large organizations which was concerned mostly with workers.

However, as the time passed and the complexity of managing human resources in large business organizations increased, the scope of industrial relations department was extended to cover supervisory staff and subsequently managerial personnel. Industrial relations department was named as personnel department.

With the increasing competition for market share, competition for resources including human talents, and increased knowledge in the field of managing human resources, people were not treated merely as physiological beings but socio-psychological beings as a prime source of organizational effectiveness and

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large organizations changed the nomenclature of their personnel department to human resource 'department to reflect the contemporary view.

Even the American Society for Personnel Administration, the largest professional association in the field of human resource management, changed its name to the Society for Human Resource Management in 1990. At the academic level, similar pattern was followed and the title of personnel management course was changed to human resource management. Since then, the expression is gradually replacing the hackneyed term 'personnel management'.

## **History of Modern Human Resource Management**

### **1. Early Philosophy (Before 1900):**

The history of modern Human Resource Management began with the efforts of Robert Owen. Owen is called the founder of Human Resource Management. In 1813, he wrote a book, A New View of Society. In it he propounded the need for better industrial relations and improvements in the service conditions. His attitude towards workers was very cordial, liberal and paternalistic.

He got good houses constructed for his workers by the side of his factory. He eliminated child labour and provided healthy working conditions. J.S. Mill, Andrew Yule and Charles Bewarage, contemporaries of Robert Owen, developed Human Resource Management as a science and supported the idea of wage incentives, profit sharing and labour welfare, etc.

### **2. Efficiency and Productivity Movement (1900-1920):**

During the last year of the 19th century arrived the age of efficiency and productivity movement. The two decades from 1900 to 1920 were the years of scientific management movement. Taylor's Scientific Management Thought was accepted during this period. Taylor opposed the idea of trade unionism and workers' organization.

The main contribution of these two decades has been the increase in the size of units, introduction of scientific thinking into actions, job analysis, standards costing, scientific selection and training of workers and the idea of mental revolution.

### **3. Period of Welfarism and Industrial Psychology (1920- 1930):**

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Up to 1925, the Human Resource Management had taken a definite form. Staff line organization became the basis of Human Resource Management. The opposition of scientific management movement by workers introduced the need of industrial psychology.

Industrial psychologists developed many new techniques like psychological testing, interviewing, workers training and non-financial incentives. They helped to give a professional form to Human Resource Management. The Human Resource Management began to be realized as a profession and a specialist's function.

## **4. Period of Human Relations (1930-1950):**

When Prof. Elton Mayo and his companions conducted Hawthorn experiments, it was the beginning of recognition of the fact that human resources have greater influence on production than other physical resources. A worker must be treated as a human being. His social, psychological and moral instincts should be fully recognized by the management.

Due to these experiments the commodity concept of labour changed to social concept. The decade of 1940-1950 was very important for the development of Human Resource Management. During that decade, many new techniques were developed for the selection, training and induction of workers. The human resource philosophy became people-oriented. Trade unions flourished and provision of fringe benefits for the workers became common.

## **5. Modern Times (After 1950):**

The history of Human Resource Management since 1950 up to current times is the age of modern developments. It is the period of the citizenship concept of labour where the workers have full right to be consulted in determining the rules and regulations under which they work.

The concept of industrial democracy has imposed many new responsibilities upon the human resource managers of industrial houses. In modern times, Human Resource Management is widely accepted as an independent discipline. One finds two important developments during this period, after 1960, the Human Resource Management began to be realized as a behavioural science which centred completely on human elements with the study of organizational behaviour as its main crux.

After 1970s the belief of 'open social and industrial system' became very popular for business organizations. In modern times, Human Resource Management is fully recognized as a profession dealing with the management of human resources. These developments widened the scope of Human Resource Management.

Evolution of Human Resource Management – 3 Stages for the Growth of Human Resource Management

Historically, the beginning of HRM from the writing of Robert Owen, Charles Babbage and Henry Towde. Especially, the HRM growth was particularly marked in the inter-war era. It has branched out specifically

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along the domains of applied psychology and sociology. The latter in turn has evolved around the concept of the “welfare state”. While the former has proceeded as the behavioural science movement.

Human Resource Management (HRM) is relatively a very recent term considered for managing human resources in an organisation. HRM is still evolving to become an amalgam of organisational behaviour, personnel management, industrial relations and labour legislation.

Following stages explain the process involved for reaching to the current HRM stage:

## **1. Labour Welfare Stage:**

Formal beginnings of HRM may have emerged from industrial disputes and conflicts. An enquiry on determining reasons for industrial disputes and conflicts gave light to several problems related to living and working conditions of employees across industries. This enquiry highlighted limitations of businesses that perceived human resources as **machines** for obtaining increased productivity and more profits at lower costs.

Workers worked long hours in strenuous working conditions that led to the formation of trade unions. These trade unions focused on protecting and promoting workers’ interests but faced resistance from the management of businesses thus leading to industrial disputes and conflicts.

## **2. Personnel Management Stage:**

When labour welfare issues were provided legal assurances, organisations began focusing on behaviour of employees at all levels at an individual, group and overall organisational basis. A “Personnel” was appointed to manage the employee-employer relationship by managing issues related to human resource planning, recruitment and selection, training and development, performance and potential appraisal, promotions, transfers, quality of working life, compensation, compliances to labour laws and legislations.

## **3. HRM Stage:**

Human Resource Management or HRM is a mix of labour welfare and personnel management. HRM aims at maximising employee performance in accordance to the objectives set by an organisation. HRM is a result of increasing organisational size, changing social and cultural norms, easy access to information (via technology) and globalisation. Accordingly, it attempts to build worker-employees relationship more humanely through motivation, training and development, retention, worker protection, etc.

Also, under HRM, HR managers need to obtain and incorporate knowledge about possible changes that may affect the overall organisation. HR managers thus attempt to execute relevant strategies to ensure smooth transition of changes without **disturbing** inter-relationships and avoiding disputes/conflicts within an organisation.

Evolution of Human Resource Management – From 18th Century to the Modern Times

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In today's global and competitive environment, human resource is the key to efficient running and survival of an organisation. The concept of human resource management has emerged from the personnel management. The term personnel management has emerged in 1945 after the World War. During this stage, the personnel managers distinguished themselves from other managerial functions, and personnel function being declared as a separate managerial function.

At that time, the scope of personnel function was criticised due to the 'hire and fire' policy of the organisations. The concept of HRM has evolved through various stages of Industrial revolution, trade union, scientific management, Behavioural science and human relations. Hence, the concept HRM has gradually replaced the term Personnel Management. HRM is the most appropriate name to deal with human resource, as it highlights the significance of the human beings working in an organisation.

## ***HUMAN RESOURCE MANAGEMENT IN INDIA***

References about Personnel management in Arthashastra which indicates job description of supervisor and performance linked pay for gold smiths • Traditional craftsman goods shipped to Europe • Master servant relationship in 17th century

1828-Robert Owen father of co-operative movement wrote a book titled as "New view society"- Improving working conditions and work life of labourers

- After 1850 British rulers institutionalized for running the government which leads to personnel management system

1931-Role of Royal commission of labour • Industrial revolution • Awakening of labour • Government attitude towards labour

1941-First tripartite labour conference

1948-Factories Act, Cultural and social changes. Changes in social value of labour Changes in managerial value 1950-1969

III five year plans-Private and public sector projects

1990- Personnel management and IR in public sector undertakings

After 1990 the emphasis is shifted to human values and productivity through people • Role of Public sector companies like BHEL, SAIL and SBI

- 1995 Progressive efforts of in HR

- 1997- Focus on product and customer • Leading to customer satisfaction, bench marking, core competence, empowerment and learning organization.

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- Transition of HR Labour relations,
- Personnel management
- Human resources management
- Human capital management
- Strategic HRM