

FACULTY OF JURIDICAL SCIENCES

Lecture-4



Evolution 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.

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

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.

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.

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 behavior. 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 behavior entered the field of management of personnel.

6. Behavioral Science Era:

In contrast to human relations which assume that happy workers are productive workers, the behavioral scientists have been goal and efficiency- oriented and considers understanding of human behavior 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 behavioral 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 behavior of individuals within organizations. As against human relations model, they have given the concept of human resource model.

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 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'.