

# Human Resource Management

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***Dedicated to***

**University of Sri Jayewardenepura  
for her constant noble service to higher education and  
human development by being one of the leading universities  
in Sri Lanka**

(Specially written to commemorate Golden Jubilee of the University)

Human Resource Management

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# Brief Contents

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<b>Part I</b>	<b>Introduction 1</b>
	Chapter 1 Human Resource Management 2
	Chapter 2 Human Resource Department 34
<b>Part II</b>	<b>Employment Planning 66</b>
	Chapter 3 Job Design 67
	Chapter 4 Job Analysis 111
	Chapter 5 Human Resource Planning 139
<b>Part III</b>	<b>Staffing 172</b>
	Chapter 6 Recruitment 173
	Chapter 7 Selection 209
	Chapter 8 Hiring 305
	Chapter 9 Employee Induction 329
<b>Part IV</b>	<b>Human Resource Development 365</b>
	Chapter 10 Employee Performance Evaluation 366
	Chapter 11 Training and Development 447
	Chapter 12 Career Management 526
<b>Part V</b>	<b>Rewards Management 565</b>
	Chapter 13 Pay Management 566
	Chapter 14 Employee Welfare Management 614
	Chapter 15 Management of Incentives 645
<b>Part VI</b>	<b>Employee and Labour Relations 676</b>
	Chapter 16 Employee Movements 677
	Chapter 17 Health and Safety Management 727
	Chapter 18 Employee Discipline Management 773
	Chapter 19 Grievance Handling 815
	Chapter 20 Labour-Management Relations 850
<b>Part VII</b>	<b>Strategic Aspects of Human Resource Management 901</b>
	Chapter 21 Strategic Human Resource Management 902
	Glossary 967
	Subject Index 985

# Contents

---

Preface, xvi

Acknowledgement, xix

Part I Introduction, 1

**1. Human Resource Management, 2**

Organizations, 3

Two central economic challenges, 3

Definite process, 4

Human resource management, 4

A model of human resource management, 7

Responsibility for functions of HRM, 15

Importance of human resource management, 17

Viewpoints of human resource management, 21

Fields of human resource management, 25

*Summary*, 28

*Review and discussion questions*, 29

*Case: SLT to introduce a new HR Management Culture*, 30

*Critical incident: National Carrier in Crisis*, 31

*Skill builder 1*, 32

*Skill builder 2*, 32

*References*, 33

**2. Human Resource Department, 34**

Why is a separate department for HRM?, 34

Organization of a human resource department, 35

Bases of departmentalisation, 38

Role of human resource department, 42

Staffing the human resource department, 46

Centralisation and decentralisation in the human resource department, 52

Specific roles of the department of human resources, 56

*Summary*, 58

*Review and discussion questions*, 59

*Case: Elegant Garments SL Company*, 60

*Critical incident 1: The Birth of a HR Department*, 61

*Critical incident 2: HR Decision Making at M Company*, 62

*Skill builder 1*, 63

*Skill builder 2*, 63

*References*, 64

## Part II      Employment Planning, 66

### 3.    Job Design, 67

- Definition, 67
- Importance of job design, 69
- Techniques of job design, 71
- Elements of job design, 81
- Alternative work schedules, 88
- Summary, 100*
- Review and discussion questions, 101*
- Case: Setting the Question Paper, 102*
- Critical incident 1: Hard Work, 107*
- Critical incident 2: Better Jobs for Whom? 108*
- Skill builder 1, 109*
- Skill builder 2, 109*
- References, 109*

### 4.    Job Analysis, 111

- Definition, 111
- Importance and uses of job analysis, 112
- Process of job analysis, 116
- Possible behavioural problems at job analysis, 132
- Competency approach to job analysis, 134
- Summary, 135*
- Review and discussion questions, 135*
- Case: The Reluctant Receptionist, 136*
- Critical incident: What to do? 137*
- Skill builder, 138*
- References, 138*

### 5.    Human Resource Planning, 139

- Definition, 139
- Importance of human resource planning, 141
- Human resource planning process, 143
- Forecasting demand for HR, 144
- Estimate HR supply, 153
- Compare forecast demand with estimated supply and decide strategies, 159
- Assess HRP effort, 161
- Principles of HRP, 162
- Summary, 163*
- Review and discussion questions, 164*
- Case: X Development and Administration Department, 165*
- Critical incident: Human Resource Planning-What Is That? 167*
- Skill builder 1, 168*

*Skill builder 2, 169*  
*Skill builder 3, 170*  
*References, 170*

### **Part III      Staffing, 172**

#### **6.      Recruitment, 173**

Definition, 173  
Importance of recruitment, 174  
Recruitment process, 176  
    Identify job vacancies, 177  
    Ascertain job requirements, 177  
    Consider factors affecting recruitment, 179  
    Prepare job application form, 183  
    Select the method (s) of recruitment, 188  
    Implementation, 195  
    Evaluate recruitment effort, 196  
Increasing job applicants, 198  
Recruitment officer, 198  
*Summary, 199*  
*Review and discussion questions, 200*  
*Case: University Recruitment, 201*  
*Critical incident 1: The Ethics of Headhunting, 202*  
*Critical incident 2: All in One, 204*  
*Skill builder 1, 205*  
*Skill builder 2, 207*  
*Skill builder 3, 208*  
*References, 208*

#### **7.      Selection, 209**

Definition, 209  
Importance of selection, 210  
Inputs and requirements to selection, 213  
Selection methods, 216  
    Evaluation of employment applications, 216  
    Employment tests, 219  
        Types of tests, 221  
        Intelligence tests, 221  
        Achievement tests, 229  
        Aptitude tests, 230  
        Personality tests, 238  
        Properties of a good employment test, 241  
Interviews, 249  
    Types of interviews, 249

- The interview as an assessment method, 253
- Interview process, 261
  - Conspicuous reliability and strategies for its improvement, 268
- Background investigation, 270
- Medical examination, 278
- Assessment centres, 280
- Selection process, 283
- Ideal profile matching model, 285
- Summary*, 291
- Review and discussion questions*, 292
- Case: Selection at MM Paints (Pvt) Company*, 293
- Critical incident 1: The Employment Interview*, 296
- Critical incident 2: The Super Management Trainee*, 297
- Critical incident 3: Not Qualified Suitably*, 298
- Skill builder 1*, 299
- Skill builder 2*, 299
- Skill builder 3*, 301
- Skill builder 4*, 302
- References*, 303

## **8. Hiring, 305**

- Definition, 305
- Importance of hiring, 305
- Hiring process, 307
- Probationary period, 316
- Post-employment vetting, 320
- Summary*, 321
- Review and discussion questions*, 321
- Case: The Engineer*, 322
- Critical incident 1: Termination*, 326
- Critical incident 2: Probationary-Sup Manager*, 326
- Skill builder*, 327
- References*, 328

## **9. Employee Induction, 329**

- Definition, 329
- Importance of employee induction, 331
- Induction process, 335
- Principles of employee induction, 346
- Induction and socialisation, 349
- Summary*, 353
- Review and discussion questions*, 354
- Case: Bullying at Work on the First Day!* 355
- Critical incident: First Day*, 361



*Skill Builder, 363*  
*References, 364*

## **Part IV Human Resource Development, 365**

### **10. Employee Performance Evaluation, 366**

Definition, 366  
Importance of EPE, 368  
A model of EPE, 372  
EPE policies, 375  
PE criteria and standards, 381  
PE methods, 388  
PE form and procedure, 406  
Training of evaluators, 409  
PE discussion, 413  
PE review and renewal, 420  
Some issues of PE, 423  
*Summary, 438*  
*Review and discussion questions, 438*  
*Case: Self Evaluation, 439*  
*Critical Incident: The Scheme, 442*  
*Skill builder, 443*  
*References, 444*

### **11. Training and Development, 447**

Definition, 447  
Education, training and development, 450  
Why is T&D necessary? 452  
Purposes of training and development, 454  
Learning, learning curves & learning principles, 457  
Methods of training, 663  
Systematic training and training process, 473  
    Identify training needs, 475  
    Prioritize training needs, 479  
    Establish training objectives, 486  
    Determine training evaluation criteria, 487  
    Make other-related training decisions, 488  
    Implementation, 491  
    Evaluate the success of training, 492  
Responsibility for training in an organisation, 499  
Development of competencies, 500  
HR development through character building, 508  
*Summary, 517*  
*Review and discussion questions, 518*

*Case: Supervisory Training Course, 519*  
*Critical incident: The Impatient Trainer, 521*  
*Skill builder 1, 522*  
*Skill builder 2, 522*  
*References, 524*

## **12. Career Management, 526**

Definition, 526  
Importance of career management, 528  
Responsibility of career management, 529  
HR department and career management, 531  
Career planning and development: an individual approach, 536  
Individual issues in career management, 544  
*Summary, 547*  
*Review and discussion questions, 547*  
*Case 1: What may be the Next? 548*  
*Case 2: An Outstanding Graduate in HRM, 555*  
*Case 3: An Excellent Professional in HRM, 557*  
*Case 4: An Outstanding Professional in HRM, 558*  
*Case 5: Retired on the Job, 560*  
*Critical incident: Developing Careers for Whom, 561*  
*Skill builder 1, 562*  
*Skill builder 2, 562*  
*References, 563*

## **Part V Rewards Management, 565**

### **13. Pay Management, 566**

Definition, 566  
Objectives of pay management, 568  
Importance of pay management, 569  
Equity issue in pay management, 570  
Factors affecting pay, 573  
Pay management process, 575  
Job evaluation, 576  
Pay survey, 595  
Job pricing, 598  
Adjustment of individual pays, 601  
Challenges of pay management, 603  
*Summary, 607*  
*Review and discussion questions, 608*  
*Case: Our Sir, 609*  
*Critical incident: Brawn rather than Brain, 611*  
*Skill builder, 612*

*References, 612*

**14. Employee Welfare Management, 614**

Definition, 614

Importance of employee welfare, 616

Welfare services, 618

Statutory welfare, 625

Managing a welfare programme, 628

Principles of welfare management, 631

Welfare officer, 633

Administration of welfare services, 635

*Summary, 638*

*Review and discussion questions, 639*

*Case: Welfare of Water Machines Company, 639*

*Critical incident: Not Everything Goes as We Think It will, 641*

*Skill builder, 642*

*References, 643*

**15. Management of Incentives, 645**

Definition, 645

Importance of employee incentives plans, 646

Types of incentives, 648

    Individual incentives, 650

    Group incentives, 655

    Organisational incentives, 660

Requirements of a successful incentive plan, 662

Incentives for professional and senior managerial employees, 667

*Summary, 669*

*Review and discussion questions, 670*

*Case: The Merit Award, 670*

*Critical incident: Incentives at Karma Records, 672*

*Skill builder 1, 673*

*Skill builder 2, 674*

*References, 674*

**Part VI Employee and Labour Relations, 676**

**16. Employee Movements, 677**

Promotions, 677

    Definition, 677

    Importance of promotions, 678

    Methods of promoting employees, 679

    Criteria of promotions, 680

    Counting seniority, 684

Special problems arising from promotions,	685
Promotion scheme,	687
Transfers,	690
Definition,	690
Are transfers necessary?	691
Types of transfers,	692
Employer's right of transfers,	694
Elements of the function of transfers,	695
Layoffs,	697
Definition,	697
Some considerations,	698
Methods of layoffs,	699
Demotions,	701
Definition,	701
Reasons for demotions,	701
Managing demotions,	702
Dismissals,	703
Definition,	703
Cause of dismissal,	704
Principles of managing dismissals,	705
Terminations,	705
Definition,	705
Types and reasons for terminations,	706
Principles of managing terminations,	707
Retrenchments,	709
Definition,	709
Principles of managing retrenchments,	709
Retirements,	713
Definition,	713
Principles of managing retirements,	714
<i>Summary,</i>	715
<i>Review and discussion questions,</i>	716
<i>Case 1: Rupee Corporation,</i>	717
<i>Case 2: Transfers,</i>	719
<i>Critical incident 1: Order of Transfer,</i>	721
<i>Critical incident 2: A Refusal of Transfer,</i>	722
<i>Skill builder 1,</i>	722
<i>Skill builder 2,</i>	724
<i>References,</i>	725

## **17. Health and Safety Management, 727**

Definition,	727
Importance of occupational health and safety,	729
Hazards and factors affecting health and safety,	732

- Occupational accidents, 732
- Occupational diseases, 738
- Law quality of work life, 740
- Organisational stress, 741
- Strategies for improving health and safety, 742
- Managing stress: an individual approach: 5 Ds, 751
- Legal provisions of employee health and safety, 759
- Responsibility of health and safety, 764
- Summary*, 764
- Review and discussion questions*, 765
- Case: The Accident*, 766
- Critical incident 1: Bad Time*, 768
- Critical incident 2: Change of Rumwan*, 768
- Critical incident 3: A Burnout*, 769
- Skill builder 1*, 770
- Skill builder 2*, 771
- References*, 771

**18. Employee Discipline Management, 773**

- Definition of discipline, 773
- Importance of discipline, 774
- A framework of EDM, 776
- EDM objectives and disciplinary policy, 778
- Rules of behaviour, 778
- Penalties or sanctions, 782
- Communication and monitoring rule violations, 785
- Disciplinary investigation, 788
- Sanction determination and implementation, 797
- Informal talk/counselling, 799
- Progressive discipline, 802
- Review and renewal, 807
- Summary*, 810
- Review and discussion questions*, 810
- Case: Disciplinary Action*, 811
- Critical incident: Angry Driver*, 812
- Skill builder*, 812
- References*, 813

**19. Grievance Handling, 815**

- Definition, 815
- Importance of grievance handling, 817
- Causes of grievances, 819
- Knowing grievances, 820
- Methods of handling grievances, 821

Grievance settlement procedure, 823  
Principles of grievance handling, 827  
Tactical methods, 830  
Grievance handling system, 832  
A model of grievance handling programme, 836  
*Summary*, 839  
*Review and discussion questions*, 840  
*Case: Nilu's Dilemma*, 841  
*Critical incident 1: Permanency*, 844  
*Critical incident 2: From Meter Reader to Billing Officer*, 845  
*Skill builder*, 845  
*References*, 847

**20. Labour-Management Relations, 850**

Definition of labour-management relations, 850  
Importance of LMR, 855  
LMR framework, 857  
Trade unions, 858  
Collective bargaining, 860  
    Definition, 861  
    Subject matters of collective bargaining, 861  
    Types of collective bargaining structures, 863  
    Importance of collective bargaining, 863  
    Process of collective bargaining, 864  
    Essentials of successful collective bargaining, 871  
Joint consultation, 873  
Macro and micro requirements for enhancing LMR in Sri Lanka, 875  
Politicalisation and union multiplicity, 880  
Managerial attitudes towards labour unions: some suggestions, 885  
*Summary*, 891  
*Review and discussion questions*, 892  
*Case: Water Machines Company*, 892  
*Critical incident: Labour Tensions*, 895  
*Skill builder*, 896  
*References*, 896

**Part VII Strategic Aspects of Human Resource Management, 901**

**21. Strategic Human Resource Management, 902**

Definition, 902  
Philosophy of HR, 904  
HRM and Competitive Advantage, 905  
Coherence, 914  
Integration with strategy and strategic needs, 915

Strategic management, 916  
Role of HRM in strategic management, 932  
A strategy-oriented HRM system, 934  
Evaluation of the success of HRM and the HR scorecard, 939  
*Summary*, 951  
*Review and discussion questions*, 952  
*Case: Strategic HRM in Academic Setting*, 953  
*Critical incident: The Impact of HR Department*, 964  
*Skill builder*, 964  
*References*, 965

Glossary, 967

Subject index, 985

## Preface

*I believe that Human Resource Management will play a key role in determining the success and progress of success of our employees, organizations and Sri Lankan society as a whole during this millennium.*

**The Author**

This book is on Human Resource Management (HRM), which is one of the most important functional fields of management of organizations today. HRM is a subject that is compulsory for managers irrespective of their fields of specialisation and interest. Also indeed, it is an important field of specialisation for those who wish to establish careers in human resources and personnel management. It is an exciting academic discipline and a practice as well.

Sri Lanka is a developing country where industrialisation is pacing ahead considerably. It is my firm belief that many of the problems being faced by Sri Lankan organizations have been caused by mal-human resource management. It is almost impossible to find problems in managing organisations which do not involve in human resource issues. This book is about how to effectively and efficiently utilize human resources in order to achieve goals of an organisation.

There are *seven reasons* for writing this book.

1. Management Education in Sri Lanka has been commenced nearly 50 years ago. Despite the long history of Management Education in Sri Lanka, Sri Lankan literature on fundamentals and functions of HRM in English is nil or negligible, and specially there is no single book on HRM in English Medium written by a Sri Lankan or by anyone relating to Sri Lankan context which can be used by the Sri Lankan student, Sri Lankan university teacher and the Sri Lankan manager. My basic objective of writing this book is to fill this gap to a significant extent.
2. Our students and even teachers find it difficult to understand fully the books written by foreign authors.
3. Many traditional topics in HRM such as job analysis, recruitment, hiring, welfare management, employee movements, health and safety management, employee discipline management, grievance handling and labour-management relations need to be Sri Lankan oriented by taking into account Sri Lankan Labour Laws and other specific cultural conditions. Hence there is an essential need to have learning and teaching materials, which match with Sri Lankan context. Consequently this book will improve quality and relevance of HRM education in Sri Lanka.
4. Many students in Sri Lanka are unable to find even foreign books to buy or read.



5. Current books being used by students and teachers of Management Studies are foreign books. Consequently a considerable amount of foreign exchange goes out of Sri Lanka in every year. To have a Sri Lankan text will have a positive impact on saving foreign exchange to a significant extent and of course I believe in that my book will give an encouragement to Sri Lankan academics to write books in English which is the language of Management Education (except a few programmes) in Sri Lanka. Postgraduate Education of Management in Sri Lanka is conducted in English.
6. This book will definitely increase the images of the Department of HRM, Faculty of Management Studies and Commerce, and the University of Sri Jayewardenepura.
7. The commemoration of 50<sup>th</sup> Anniversary of the University of Sri Jayewardenepura falls on February 2009. This book can be treated as a special contribution by the USJ to the society. In fact I have dedicated this book to the University.

The purpose of this book is to provide a systematic and rational understanding of HRM, both conceptual understanding and job-oriented practical understanding to the reader. It delivers a systematic and scientific approach to the analysis and handling of issues in HRM with special reference to Sri Lankan context. This book is not a mere collection of thoughts of various foreign authorities but a book based on a distinct model developed by my perspective of HRM. It has been written by using Process Perspective and System Perspective containing many original theoretical formulations.

I tried to write the book in a way that appeals to the person who has no or little competency of management of human resources. Also an attempt was made to present complex subject matters by simplifying English language with the intention of enhancing readability and ability of understanding of the reader. I believe in that the book has a balanced coverage of both traditional concerns and emerging concerns, and is highly readable and teachable. **Key features** of the book include the following:

1. Chapter objectives
2. Real-life examples
3. Actual experiences of the author as a Practitioner of HRM
4. Chapter summary
5. Review and discussion questions
6. Cases
7. Critical incidents
8. Skill builders
9. Chapter references
10. Glossary

Long – term success of this endeavour made by myself as the pioneer in Sri Lankan literature of HRM depends on the degree of increasing productivity of organizations and human development through the application of the competency acquired from this book. *May this book contribute to increase organizational productivity and success and then enhancement of standard of living of people!* This is my heart- felt wish.

This book will be a highly teachable text for teachers of HRM, specially in Sri Lanka. The book can appropriately be utilized for certificate, diploma, degree, postgraduate diploma and master's degree in HRM. Of course all of the contents of this book are not appropriate for certificate and diploma programmes in HRM. Based on the book it may be possible to design five specialised degree courses such as employment planning, staffing, human resource development, rewards management and employee and labour relations for degree level. For the master's degree, two courses i.e., HRM: Theory and Practice I (from Chapter 1 to Chapter 10) and HRM: Theory and Practice II (from Chapter 11 to Chapter 21), may be designed basing on the book. Another approach to teaching at degree level based on this book is to offer two courses on HRM. First course is labelled as *Human Resource Management* while second course is labelled as *Advanced Human Resource Management*. First course may be designed so as to include Chapters from 1 to 20 (excluding Chapter 12, Chapter 15 and Chapter 21). Final sections and skill aspects of the Chapters are not covered under the first course as they are to be included under the second course. In addition second course contains the Chapters excluded from the first course.

Any suggestions for the improvement of the book are welcome.

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---

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In an e-mail received on 18/02/2009 (at 5:18 PM) by the author from a Human Resource Manager namely Purna Chandrasoma who is unknown to him (even he does not know whether this manager is a male or a female) the following had been written:

*“As a HR practitioner first let me convey my heartfelt congratulations to you for bringing out a very detailed & a comprehensive book on HR Mgmt to the Sri Lankan audiences. We can be justifiably proud as a nation for this unprecedented feat and thank you for undertaking this mammoth & Herculean task, single handedly. ...”*

# **Part I**

## **Introduction to HRM**

1. Human Resource Management
2. Human Resource Department

# Chapter 01

## Human Resource Management

The first Chapter of this book is for presenting an introduction to Human Resource Management (HRM) which is critical in running organisations smoothly and improving them further in order to enhance the standard of living of people.

### Chapter Objectives

After studying this Chapter successfully, you should be able to:

1. **Define** what Human Resource Management is.
2. **Analyse** generic purpose, strategic goals, objectives and functions of HRM.
3. **Know** a model of HRM.
4. **Understand** who are responsible for performance of HRM functions.
5. **Explain** the importance of HRM.
6. **Argue** that every manager is a human resource manager.
7. **Describe** HRM viewpoints and their considerations.
8. **Classify** HRM functions into five fields of HRM.

Ultimate purpose of an economy or a nation is better **standard of living** of its people. Every nation/economy attempts to achieve a better standard of living in the period of time being considered compared with the past period of time. Generally standard of living refers to the level of well-being enjoyed by people by fulfilling their needs (which are legally and morally acceptable). People have a huge number of various needs including physical needs such as food, drinks, clothes and shelters. You are aware that these needs of people are unlimited, various, and complex. Most of the goods and services which are needed to meet these unlimited and various needs of people are produced by organisations. There are some individuals who produce goods and services individually, not organisationally. Examples include a farmer who produces paddy, a doctor who gives medical treatments, and a teacher who teaches a subject. However, these goods and services too come to the consumers through organisations. There are some goods and services (e.g. producing a train, producing an aeroplane, developing a graduate, providing social security, and providing an insurance), which cannot be produced by one individual at all and therefore, organisations will be indispensable for the purpose. Current economy in which we live is extremely complicated. As an economy we face various challenges. Our nation has to face a number of challenges such as increasing population, production and distribution of various things including food and drinks, alleviating the gap between the rich and the poor and eradication of poverty, reducing unemployment rate,

prevention of diseases and recovering patients, controlling inflation, searching new sources of energy for sources being depreciated, providing safety and security, and other unknown challenges. A nation faces these challenges through the creation of organisations. A nation does need organisations which produce goods and services that are needed by its people to meet their numerous needs.

## Organisations

An organisation means a formal group of two or more people who function in an official structure that was set up purposefully to accomplish a certain goal or goals (common). An organisation is defined by Stoner, Freeman and Gilbert (1995) as two or more people who work together in a structured way to achieve a specific goal or set of goals. From Wright (1973), Werther, Davis, Schwind, Das and Miner (1985) quote that organisations are the most inventive social arrangements of our age and of civilization, and it is a marvel to know that tens of thousands of people with highly individualized backgrounds, skills, and interests are coordinated in various enterprises to pursue common institutionalized goals. Organisations were created and will be created for the purpose of meeting needs and challenges of people/nation. Most of the food people consume, the clothes people wear, beverages people have, the vehicles people use, computers people use, and books people read are products of organisations. A person who lives in the modern civilization will become a member of various organisations (e.g. school, temple, workplace, death donations society etc.) in order to achieve various purposes throughout his/her life, and also he/she will have to deal with various organisations (e.g. hospital, police station, railway station, bank etc.) in order to meet various needs though he/she is not a member of those organisations. Modern economy/nation is operated by a group of various organisations that differ in terms of goals, size and complexity. What will happen if the working of this group of organisations ceases, or is destroyed? Modern sophisticated society will become destitute, confused, uncivilised, and even paralysed completely. For example, if organisations engaged in distributing essential food items, providing electricity, exchanging information, transportation of goods and people, caring health, and providing education stop their activities for several days, existence/living of everyone will fall into a terrible plight within a short time.

## Two Central Economic Challenges

**Success** of the nation for a certain period of time (acquiring the expected standard of living of people by utilising a fair amount of resources with a minimum amount of wastage) depends on successful workings of organisations. In other words, success of a nation is dependent upon sound organisations. It is possible to achieve needs of people through sound organisations. Needs of people will increase constantly in number and complexity. Hence, the nation expects to achieve needs of people in better way in the period of time under consideration compared with the past period of time. The nation expects to achieve needs of people in further better way for the next period of time. In other words, **progress of success** (going beyond the success

that is expected for a certain period of time) is expected. At the organisational level too this state is applicable. Assume an organisation engaged in manufacturing packets of full cream milk powder. The organisation expects to produce 5000000 packets annually to meet full cream milk powder need of a selected group of people. Achieving this amount of production is the success. It is forecast that demand for full cream milk powder in the next year will increase by 10%. The organisation will have to increase the amount of production by 10% to meet the forecast increased demand. Achieving this amount of production, i.e. 5500000 packets is the progress of success.

**While success depends on good organisations progress of success depends on better organisations.** Thus, a nation faces two central economic challenges:

1. to function organisations soundly to achieve expected success. In other words, how to run organisations smoothly to achieve the expected success?
2. to improve organisations continuously to achieve expected progress of success. In other words, how to improve the organisations to achieve the progress of success?

How does a nation face these two central economic challenges? They are faced through a definite process.

### Definite Process

A nation that operates rationally faces the two central economic challenges through a definite process what is called **Management**. Management refers to **Organisational Management** that is generally defined as the process of efficient and effective utilisation of resources in order to achieve goals of an organisation. In this process, organisations should establish goals which are to be achieved, and utilize efficiently limited resources to achieve the goals established. How to make organisations good to achieve success? The answer is through Good Management. How to make organisations better to achieve progress of success? The answer is through Better Management. Thus, while Good Management is indispensable to run an organisation soundly to achieve the success Better Management is indispensable to improve an organisation continuously to achieve progress of success. From traditional perspective and modern perspective as well with regard to Organisational Management it consists of several functional fields including Production Management (new label is Operations Management), Marketing Management, Financial Management, and Personnel Management (new popular label is Human Resource Management). **Human Resource Management (HRM)** is one of the most important functional fields of Organisational Management.

### Human Resource Management

Today Human Resource Management, which is a very significant functional field of Organizational Management, has evolved a very broad and profound management branch. It is HRM that deals with management of Human Resources in an



organisation. It is the human side of Organisational Management or Business Administration. HRM is also called by alternative names such as Personnel Management (PM), Manpower Management, People Management and Staff Management. Some studies indicate that PM differs from HRM and that is not discussed here as it is beyond the objectives of this Chapter. Various specialised academics and expert institutes have presented various definitions about what HRM means. Some of them are presented below.

1. *“Personnel is that function of all enterprises which provides for effective utilization of human resources to achieve both objectives of the enterprise and the satisfaction and development of the employees.”*- Glueck (1979, p.6)
2. *“Of great importance to organizations today is how to effectively use their human resources. Effective PM is the recognition of the importance of a company’s work force as vital human resources and the utilization of several functions and activities to ensure that they are used effectively and legally for the benefit of the individual, the organization and society.”*- Schuler and Youngblood (1986, p.6)
3. *“Personnel Management is a set of activities focusing on the effective use of human resources in an organization.”*- Mathis and Jackson (1988, p.11)
4. *“HRM is the effective management of people at work. It examines what can or should be done to make people both more productive and more satisfied with their working life.”*- Ivancevich (1992, p.3) & (2008)
5. *“HRM concerns the human side of the management of enterprises and employees’ relations with their firms.”*- Graham and Bennett (1992, p.3)
6. *“The term ‘personnel management’ is used to encompass those managerial actions concerned with the acquisition and utilization of labour services by any organization which pursues an economic purpose. The terms ‘labour management’ or ‘human resource management’ are sometimes used as substitutes, although they may be assigned subtly different meanings in some contexts. Nevertheless, the characteristic which distinguishes this management function from others is that it focuses squarely on the value of human resources to organizational activity.”*- Thomason (1998, p. 256)
7. *“HRM is the use of several activities to ensure that human resources are managed effectively for the benefit of the individual, society and the business.”*- Schuler (1998, p.122)

8. *“HRM deals with the design of formal systems in an organization to ensure the effective and efficient use of human talent to accomplish organizational goals. In an organization, the management of human resources means that they must be recruited, compensated, trained and developed.”- Mathis and Jackson (2000, p.4)*
9. *“HRM encompasses those activities designed to provide, motivate and coordinate the human resources of an organization. The human resources of an organization represent its largest investment.”- Pattanayak (2000, p.7)*
10. *“HRM refers to the policies, practices, and systems that influence employees’ behaviour, attitudes, and performance.”-Noe, Hollenbeck, Gerhart and Wright (2007, p.5)*
11. *“Personnel Management is that part of the management function which is concerned with people at work and with their relationships within an enterprise. Its aim is to bring together and develop into an effective organisation the men and women who make up an enterprise and, having regard to the well-being of an individual and or working groups, to enable to make their best contribution to its success.” – The British Institute of Personnel Management (currently The Chartered Institute of Personnel and Development) (as in Graham and Bennett, 1992)*
12. *“Personnel Management is that part of the management function which is primarily concerned with human relationships within an organisation. Its objective is the maintenance of those relationships on a basis which, by consideration of the well-being of the individual, enables all those engaged in the undertaking to make their maximum personal contribution in the effective working of the undertaking.”- Indian Institute of Personnel Management, Calcutta (as in Tripathi, 1992)*

Viewing from these definitions, following common characteristics of HRM can be given:

1. HRM focuses on managing people.
2. It is managing people at work or employees who make up an organisation.
3. It exists within an organisation.
4. It generally attempts to serve for the organisation where it is practiced, employees working for it and society at large.
5. It is the human side of Business Administration.
6. It is a traditional functional field of Business Management.
7. It was traditionally termed as Personnel or Personnel Management.
8. It has a set of activities that focuses on effective use of employees for the accomplishment of organisational goals.
9. It is mainly concerned with human relationships within an organisation.
10. It has policies, practices and systems influencing employees.

## A Model of Human Resource Management

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### Definition

HRM is defined as follows:

**“HRM is the efficient and effective utilization of human resources to achieve goals of an organization.”**

According to the above definition of HRM,

(a) An **organization** means an economic and social entity composed of a group of people who interact with each other for the purpose of achieving a common goal. This organization may be either a profit organization or a non-profit organization. Also it may belong to public sector or private sector or cooperative sector.

(b) **Goals** refer to desired targets to be achieved in future. The basic goal of any organization should ideally be to serve the human society. If not, the existence of the organization will suffer or vanish after a short period. Basic goal of an organization is to fulfil human needs and upgrade standard of living of people. The fulfilment of all human needs is impossible for an organization. Therefore, what human need or needs to be fulfilled should be defined. Thus, by fulfilling certain human need/ needs the organization activates to enhance level of well-being enjoyed by people.

Instance: -To upgrade the standard of living of Sri Lankan people through the production and distribution of high quality dairy products.

In order to achieve the above-mentioned basic goal, the organization establishes specific goals. An organization may establish one or several or all of the goals mentioned below or other ones not mentioned here:

- To increase net assets of owners.
- To enhance employee development and satisfaction.
- To maximize customer satisfaction.
- To achieve cooperate growth.
- To increase market share.
- To fulfil social responsibility.
- To achieve financial stability.
- To increase quality of the product.

(c) **Human Resources (HR)** are employees who work for the organization being concerned. It is not an exaggeration that HR is the most significant resource

compared with other resources such as financial resources, physical resources etc. The overwhelming significance of HR is due to its unique characteristics, which are:

1. It is animate, active and living.
2. It has the ability to think, feel and react.
3. Its value appreciates with the passage of time (because of experience, training etc.).
4. It has the ability to influence on determining its cost (pay).
5. It has the ability to organize (as unions, teams etc.).
6. Its behaviour is complex and may be unpredictable.
7. It has the ability of creativity and innovation, which cannot be found in any other resources.
8. It makes decisions in respect of all other resources.

HR with the above mentioned unique characteristics in an organization could be divided into two groups such as managerial employees and non-managerial employees. Managerial employees generally make decisions and implement them through non-managerial employees.

(d) **Efficient utilization** of HR means optimum use of employees by eradicating (or minimizing) wastage. It denotes utilizing the right employees in the right number at the right cost. It involves fulfilment of activities by minimizing waste of available HR, as much as possible, in terms of number of employees, their efforts and total employee cost etc.

(e) **Effective utilization** refers to use of HR for organizational effectiveness, which is the extent to which goals of the organization have been realized. It involves utilization of employees so as to accomplish goals of the organization fully. It is possible for an organization to achieve efficiency by minimizing employment cost through reduction of employees in quantity and quality as much as possible. However, if the relevant activities and functions are not performed successfully and organizational goals are not attained such an efficiency will be meaningless. Hence efficiency should be reached so as to attain organizational effectiveness.

### The Generic Purpose

The generic purpose of HRM is to generate and retain an appropriate and contented human/ employee force, which gives the maximum individual contribution to organizational success. An appropriate employee force includes employees who possess knowledge, skills and attitudes that are necessary for attaining fully goals of the organization. The term '**Appropriate**' means **competent, motivated, committed** and **involved**. Contented refers to being **satisfied** and quite happy (enjoying higher level of well-being).

## Strategic Goals

There are several strategic goals of HRM in order to achieve the above-mentioned generic purpose. They are:

### 1. To improve Employee Productivity

Employee productivity is the relationship between employee inputs and outputs. It is the ratio of employee outputs to employee inputs within a certain period of time. The following formula can be used to calculate the employee productivity.

$\text{Employee productivity} = \frac{\text{Employee outputs (Number of units produced)}}{\text{Employee inputs (Number of employees)}}$
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This implies how many units of production one employee creates for a particular period of time. Expected employee productivity should be achieved within certain duration and also employee productivity improvement should be achieved (for the next period) for the progress of success. Simply productivity improvement means doing better on tomorrow than today.

### 2. Employee Development

Employee development denotes a broader meaning. It involves provision of opportunities as many as possible to accomplish employees' personal objectives, improvement of their career development or career path, and enhancement of their capabilities through the development of knowledge, skills and attitudes.

### 3. To increase Quality of Work Life (QWL)

QWL is a wide and abstract concept gross meaning of which is that all the employees have the opportunity of presenting their ideas, suggestions and opinions before making decisions which affect them. Schuler and Youngblood (1986,p.455) defines QWL as a situation in which all members of the organization, through appropriate channels of communication set up for this purpose, have some say about the design of their jobs in particular and the work environment in general. It is intended that the degree of employees' participation or involvement in making employment decisions is increased.

### 4. To ensure Legal Compliance

HR of the organization should be utilized so as to conform to various laws imposed by the government in relation to managing people. If legal compliance does not exist survival of the organization will jeopardize owing to incidences of diverse industrial conflicts such as strikes. Sri Lankan Government has imposed a set of labour laws some of which are given below:

- \* Shop and Office Employees Act

- \* Employment of Women, Young Persons and Children Act
- \* Industrial Disputes Act
- \* Termination of Employment of Workmen (special provision) Act
- \* Employees' Holidays Act
- \* Workmen's Compensation Act
- \* Wages Boards Ordinance
- \* Trade Unions Ordinance

HRM in an organization (specially private) should be performed in compliance with legitimate provisions imposed by the labour laws. For instance, if an organization requires a worker to work on a Full Moon Poya Day, the worker is to be paid at a rate not less than one and a half times his/her normal daily rate of payment according to the Shop and Office Employees Act. Another example, as per the same Act, a person who has not attained the age of fourteen years shall not be employed in or about the business of a shop or office.

### 5. To ensure Customer Compliance

Currently a growing number of organizations will have to comply with various prescriptions given by their important customers. For example, a very large customer of a garment manufacturing firm may require the management not to use employees continuously without giving at least one full day as a holiday per week. The organization will have to manage its employees so as to comply with this customer requirement. Firms engaged in security service will have to adhere to a set of special requirements given by their customers when managing employees.

### Objectives

When strategic goals of HRM are fulfilled, the fulfilment of the generic purpose of HRM occurs. The following objectives have to be accomplished in order to achieve strategic goals of HRM.

1. **To procure right people at the right time to do the right jobs.**  
Without procuring right people at the right time to do the right jobs, it is not possible to achieve any of the strategic goals mentioned above successfully. It is imperative that the organisation procures right people as employees at the right time to do the right jobs.
2. **To retrain the most (or at least more) appropriate employees (who produce desired performance) within the organization.**  
All the employees procured at the time of first employment may not be right performers after a certain time passes. An organisation that wishes to achieve success and progress of success does not opt to keep poor or wrong job performers and may have to terminate them. Of course it will have to keep the most appropriate employees who are excellent job performers within the organisation until such time that is possible (ideally until they retire).

3. **To get and improve Organizational Commitment of the employees.**

The organizational commitment refers to the relative strength of an individual's identification and involvement in a particular organization (Keliman, 2000). When an employee is committed to his/her organization, he/she identifies with the organization and becomes loyal to it.

4. **To generate and enhance Job Involvement and Organizational Citizenship of the employees.**

Job involvement is defined as the degree to which a person: chooses to participate in a specific job experience, considers the job to be a central life interest, and considers job central to his/her self-concept (Dunham, 1984). Deciding to participate in job; physical involvement in job; major satisfaction coming from job; living, eating and breathing on job; and referring to job in evaluating oneself are specific characteristics of job involvement. Organizational citizenship refers to the degree to which employees are willing to engage in non-official behaviours that help the organisation achieve its goals as they love or wish its success and progress. It involves a state in which an employee works for the benefit of the organization in addition to what he/she is supposed to perform on the job. Examples of such behaviours include helping others to perform their duties, working overtime willingly when necessary, and coming to work on a holiday for a special need of the organization by sacrificing a personal trip planned to go with family members. It is an objective of HRM to generate organizational citizenship within the employees of the organization and further it.

5. **To motivate employees.**

Motivation refers to the extent to which employees are willing to exert the necessary effort to perform their jobs well (Keliman, 2000). Through HRM it is expected to motivate employees to perform their duties of the jobs in the expected way.

6. **To enhance Job Satisfaction of the employees.**

Job satisfaction refers to the degree of enjoyment an employee feels towards his/her job being performed. If the employee is pleased with his/her job as it meets his/her needs and wants, he/she will likely experience a high job satisfaction. HRM attempts to enhance job satisfaction of the employees.

7. **To control the cost of employees.**

An organization will have to spend a considerable amount of money for the employments of employees in terms of pays, benefits, incentives etc. The cost of using employees is a major component of the total business cost of the organization. Over costing or under costing is to be avoided.

## Functions

There is a series of functions to be followed in order to accomplish the goals and the objectives of HRM. This series of functions includes:

1. Job Design (The function of arranging tasks, duties and responsibilities into an organizational unit of work.)
2. Job Analysis (The function of investigating systematically jobs and job holder characteristics in order to create a collection of job information.)
3. Human Power Planning (The process of determining future employee needs and deciding steps or strategies to achieve those needs.)
4. Recruitment (The process of finding and attracting qualified people to apply for employment.)
5. Selection (The process of making the choice of the most appropriate persons from the pool of applicants recruited to fill the relevant job vacancies.)
6. Hiring (The process of appointing the persons selected to the posts/ jobs which are vacant.)
7. Induction (The function that systematically and formally introduces the new employees to the organization.)
8. Performance Evaluation (The function that measures degree of effectiveness and efficiency of employees in performing their jobs.)
9. Training and Development (The process of improving current and future employee performance by increasing employees' competencies through acquisition of knowledge, skills and attitudes.)
10. Career Management (The function of planning and developing careers of employees for the benefits of employees and the organization.)
11. Pay Management (The process of development, implementation and maintenance of a base pay system which adheres to external equity, internal equity, inputs equity and absolute equity.)
12. Welfare Management (The group of activities involved in the development, implementation and on-going maintenance of a fair and effective system of facilities and comforts to enhance standard of living of employees.)
13. Management of Incentives (the process of development, implementation and maintenance of a fair and adequate system of incentives.)
14. Employee Movements (The function that deals with promotions, transfers, lay-offs etc in the right ways at the right times.)
15. Health and Safety Management (The group of activities involved in creating, improving and maintaining total health and safety of employees.)
16. Discipline Management (The group of activities involved in planning and controlling behaviour of employees in compliance with established rules and regulations.)
17. Grievance Handling (The function that identifies and solves discontents arising from feelings of injustice felt by employees in connection with work environments.)



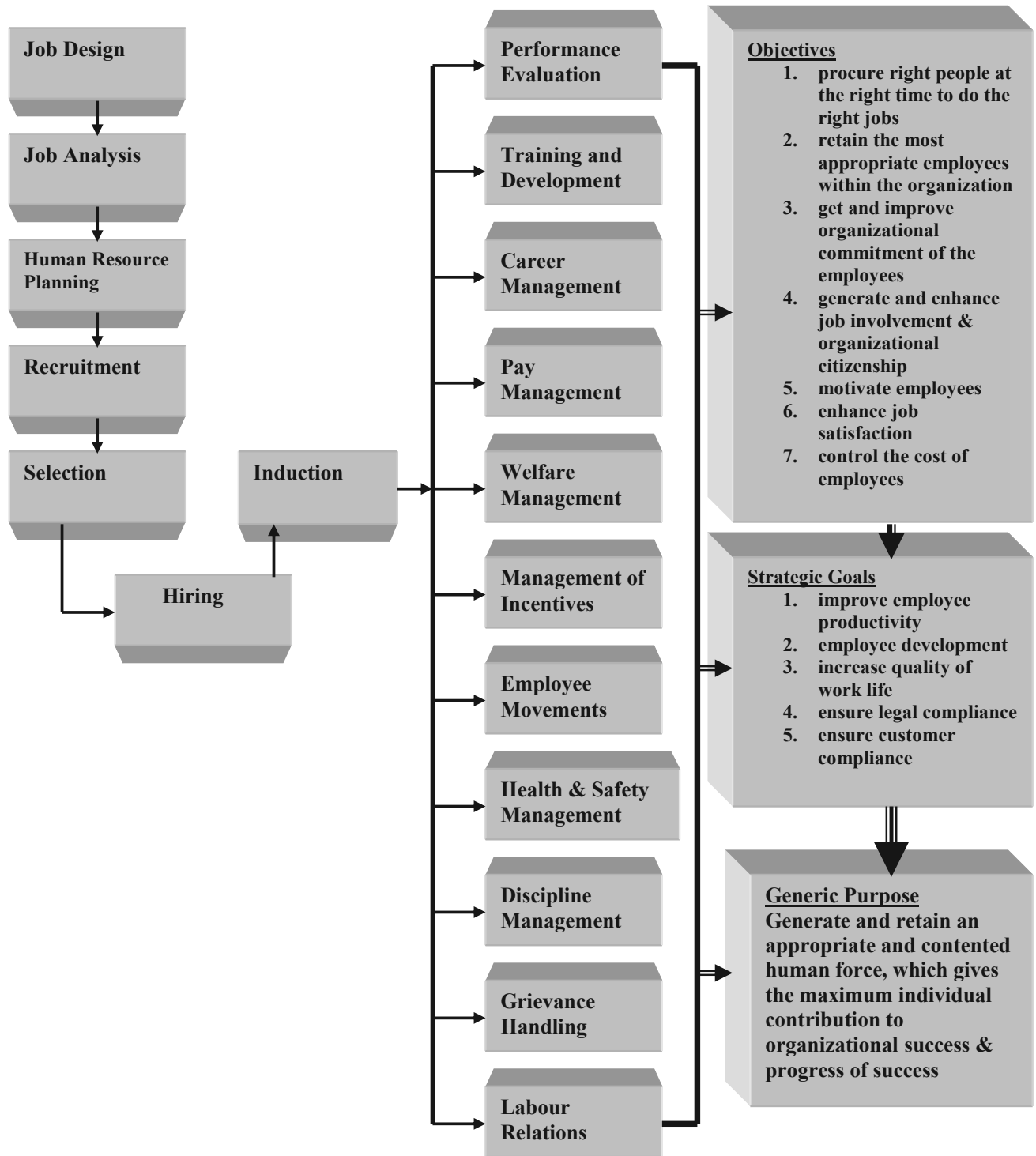
18. Labour Relations or Labour-Management Relations (Management of all interactions which occur between management and trade unions.)

The above functions refer to as HRM functions. These functions are **interrelated**. For instance, pay management can be performed successfully by doing job analysis successfully. That, performance evaluation gives inputs to perform the function of training and development, is another example showing the interrelated nature. Also some functions are **interdependent**. Success of one function has a direct impact on determining the success of another function. For instance, success of selection function depends on successful performance of recruitment function. A decision taken in performing one function may affect performance of another function. For instance, salary determined for a job according to job evaluation affects recruitment in respect of that job. It is very imperative to ascertain that there are interrelationship and interdependency among HRM functions. One function cannot operate in isolation. A function needs some functions as inputs and it becomes an input for other functions. For instance, selection function needs functions such as job analysis, human resource planning, and recruitment as inputs and it becomes an input to functions such as hiring and induction.

See the Figure 1-1. It depicts the expanded model developed by the author from the model (Opatha, 1995; and Opatha, 2002) in respect of HRM. There is a sequential process from job design to induction. It implies that job design has to be done first and then job analysis and then human resource planning and so on. In respect of functions from performance evaluation to labour relations, usually a sequential process does not exist. It implies that these functions can be performed simultaneously or there are no pre-requisites or post-requisites. If a sort of sequence is attempted, after induction, performance evaluation can be performed and then pay management can be done. Then it is training and development. Other functions, i.e., discipline management, health and safety management, welfare management, and grievance handling etc can be performed simultaneously. In fact it can be observed that all these HRM functions are performed concurrently in a large organisation.

In case of a new organisation there is a clear sequence with regard to some HRM functions. First there must be jobs to be designed as individual assignments for employees to perform successfully. Then jobs need to be studied so that official documents are prepared as profiles of jobs which are available in the organisation and profiles of people needed as employees to perform jobs successfully. Next human resource planning has to be done in order to know job vacancies to be filled by right people. Recruitment is done to attract right people as job applicants from whom the most appropriate people are chosen by selection function after which new employees are hired and then inducted to the organisation. Then employee performance needs to be evaluated for rewards purposes.

Figure 1-1 A Model of HRM



## Responsibility for Functions of HRM

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Whose responsibility is performance of functions of HRM in an organisation? This is an important question. Responsibility for HRM functions rests with *every manager* in an organisation (Werther et al, 1985; Werther and Davis, 1989). HRM is a **responsibility of every manager** in an organisation. Every manager has a certain set of subordinates who need to be managed. Every manager has to perform functions of managing these subordinates (human resource planning, induction, performance evaluation, training, discipline management, grievance handling etc.). If managers throughout the organisation do not accept their responsibility, then human resource activities (functions) may be done only partially or not at all (Werther and Davis, 1989). It is not incorrect to mention here that every manager is a human resource manager from the sense that every manager is responsible for HRM.

After establishing a separate human resource department in the organisation under the leadership of a human resource manager are other managers freed from the responsibility of HRM? The answer is clear. That is 'NOT'. Other managers are not freed from the performance of HRM functions and it remains unchanged. Werther and Davis (1989, p.13) write:

*“Even when a human resource department is created within the organisation, a **dual responsibility** exists among operating managers and human resource experts. Individual managers remain involved with planning, selection, orientation, training, development, compensation, and other personnel activities, even though they may be done primarily by experts in the human resource department.”*

Thus, all the managers in an organisation (line and other staff managers) and the human resource manager or managers are responsible for successful performance of HRM functions of that organisation. Human resource experts and other managers are dually responsible for ensuring that HRM functions of the organisation are performed properly. Whether there is a human resource department or not an organisation has employees to be managed so that its goals are accomplished. HRM exists in every organisation irrespective of the existence of a human resource department and therefore every manager will have to be involved in performing HRM functions. HRM is a responsibility of all those who manage people at work as well as specialists designated as HR/Personnel Managers.

When a human resource manager is in the organisation his/her main work is to formulate policies, procedures, rules and programmes with regard to HRM functions and to ensure that they are implemented as planned. A major work of line and other staff managers is to implement those policies, procedures, rules and programmes actually relating to employees of their respective departments and units. For example, let us consider a HRM function namely performance evaluation. Exhibit 1-1 shows

how responsibility of performing sub functions/activities of the function of performance evaluation has been delegated between the human resource manager and other managers.

#### Exhibit 1-1 Responsibility of the Function of Performance Evaluation

Sub Function	Human Resource Manager	Other Managers
1. Establish objectives of performance evaluation	Initiates and establishes	Help and give comments
2. Formulate policies of performance evaluation	Does and recommends	Accept and comment
3. Set performance evaluation criteria and standards	Does with the help of relevant engineers and managers	Accept and comment
4. Select the method/s of performance evaluation	Recommends	Accept
5. Design evaluation form and procedure	Does and recommends	Comment and accept
6. Train evaluators	Does	Assist
7. Evaluate	Does only for HR staff	Do
8. Discuss evaluation results	Does only for HR staff	Do
9. Make decisions and store information	Jointly done	Done jointly
10. Review and renewal	Does	Assist

Certainly how responsibilities for HRM functions are shared between human resource manager and other managers depends on top management philosophy, top and middle managers' understanding of HRM, competencies of the human resource manager and size of the organisation. If top managers believe positively in HRM other managers' involvement in HRM is encouraged. When top and middle managers' understanding of HRM is high more involvement of other managers in HRM occurs. When competencies of the human resource manager are high more delegation of HRM functions to the HR department occurs. When the size of the organisation is larger, it is likely that involvement of human resource manager in HRM gets larger.

Every manager, in whatever job title he/she is identified or in what level he/she is, is responsible for performance of HRM. For example, if production workers are hired for the production department in a beverages manufacturing company, the Production Manager will have an important influence in the matter of determining the number and the types of workers required. Also the manager will have an important say in the final selection, induction, training and welfare of workers. Finally it is possible to emphasize that HRM is not a one-person responsibility nor can it ever be achieved by one person. It is a corporate, cooperative endeavour that should stem from a common feeling and concept and should progress in a unified, co-ordinated manner (Tripathi, 1991). Hence for overall efficiency and effectiveness of the organisation it is a must that HRM is to be performed by every manager in the organisation in a significant extent.

## **Importance of Human Resource Management**

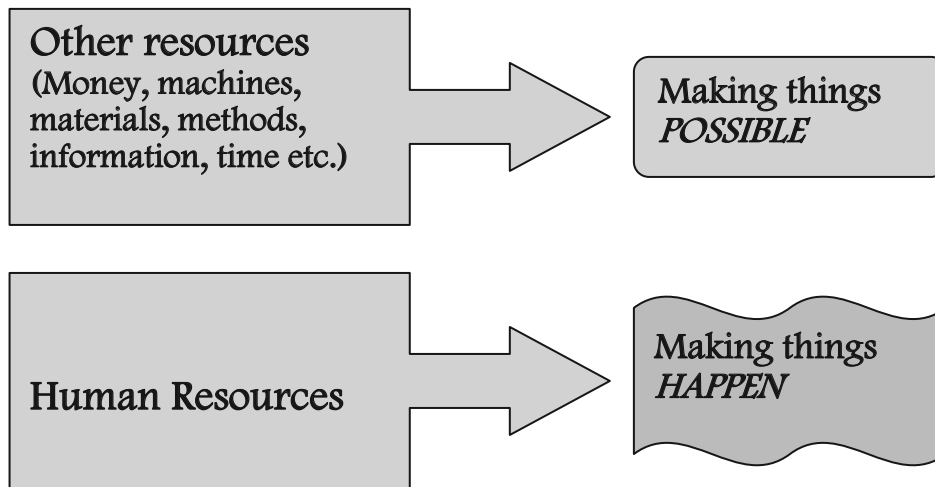
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It has been described earlier that human resources are a unique resource as viewed relatively with other resources. Human resources are the most important resource from all the resources which are used by an organisation to accomplish its goals. Ability to accomplish the goals of the organisation occurs because of availability of other resources such as money, machines, materials, methods, time, and information. However, actual accomplishment of the goals occurs only if human resources are available. All other resources are collected, combined, and used only by human resources through making decisions. In fact **other resources make things possible** but **only human resources make things happen**. Happening is more important than possibility of doing in the context of realisation of the goals of the organisation (see Figure 1-2). For instance, assume that you have sufficient money, a good vehicle, time, and a map to go to Dambulla. Possibility of going to Dambulla occurs owing to other resources. However, until you have a right driver you cannot reach there. Happening of going to Dambulla occurs owing to a right driver. If you drive you are the human resource. Hence it is needless to say that HRM is a very important discipline or subject that focuses on efficient and effective utilisation of human resources.

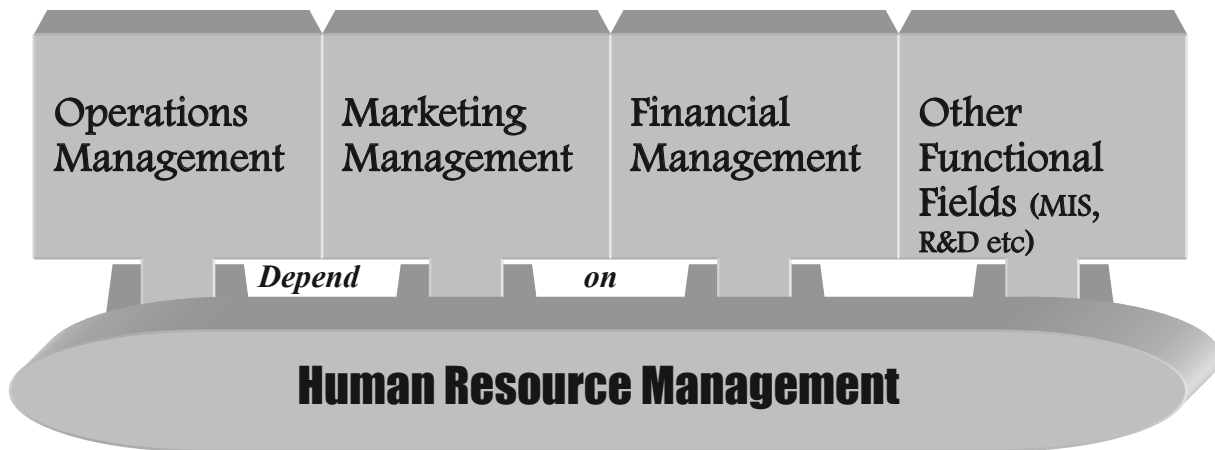
It is possible to mention that success of other functional fields of management (Operation, Marketing, Finance, Management Information System [MIS], Research and Development [R&D] etc.) depends on success of HRM. Relevant functional managers make managerial decisions with regard to respective fields. These managers are to be competent, motivated, contented, committed, and involved. If the organisations have right functional managers there will be right functional decisions leading to achievement of functional goals and then overall organisational goals. If these managers are not right (incompetent, not motivated, discontented, not committed, and not involved) there will be inefficiencies and ineffectiveness in functional departments/fields owing to wrong managerial decisions. These managers

become competent, motivated, contented, committed, and involved only if sound HRM exists within the organisation. It is not inaccurate to state that success of other functional fields significantly depends on successful HRM (see Figure 1-3). Hence it is not an exaggeration that HRM is one of the most important functional fields of management.

**Figure 1-2 Other Resources and Human Resources**



**Figure 1-3 Other Functional Fields and HRM**



A Doctor of Philosophy in Management, namely Davar (1991) analyses the term MANAGEMENT as “MANAGE MEN TACTFULLY”. He argues that Management is not anything else other than HRM. The purpose of this analysis is to highlight the overwhelming importance of HRM and not to underestimate other

aspects of Management. HRM is the human aspect of Management. 'Tactfully' means utilizing carefully without hurting feelings and expectations. Thus, the term *Management* itself implies that the most important aspect of management is HRM.

Another fact highlighting the importance of HRM is that HRM is a very important responsibility of every manager. This point is further justified by the arguments given in Exhibit 1-2. As responsibility of HRM rests with every manager, it is vital for every manager to acquire a sufficient degree of competence in HRM. Every manager must possess a competency of HRM irrespective of the field of interest and the field of specialization. Otherwise it has to be acquired by every manager. This does not mean that every manager must be an expert in HRM or a specialist in HRM. This does mean that every manager should be **sufficiently competent** in managing his/her staff efficiently and effectively.

HRM contributes to organizational success and then societal success. See Figure 1-4. It depicts that successful performance of HRM functions leads to result in efficient and effective utilization of human resources which leads to result in efficient and effective utilization of limited resources and then realization of organizational goals. Achievement of organizational goals leads to improve societal success (by enhancing standard of living of people). Looking from social perspective, HRM is important. HRM contributes to achieve organizational goals which will contribute to meet basic needs and wants of the people and enhance their well-being. Particularly, functions such as pay management that ensures a fair system of pays, appropriate job design, welfare management, health and safety management, grievance handling, discipline management and labour relations may contribute to reduction of class struggles, improvement of life satisfaction, and helping people to face cost of living successfully. Training and development, an important HRM function, will contribute to increase human capital (competencies of generating economic and social benefits) of the country. When you learn each HRM function in detail you will be able to ascertain how HRM contributes to the society specifically.

As employees have different personalities, different expectations, and different abilities, it is difficult to manage them. Employees may act or react in an unexpected way. They may sabotage the business plans. In fact management of employees is more difficult than management of any other resource. HRM is a strategic source of competitive advantage that is more sustainable. The linkage between HRM and competitive advantage will be discussed in Chapter 21. Then, you will be able to understand the importance of HRM further. The above discussion indicates five reasons of why HRM is of very importance for an organization.

1. Human resources are the most important resource that managers utilize to achieve goals of an organization.
2. Quality of other functional fields of management heavily depends on quality of HRM in an organization.

3. HRM is a vital responsibility of every manager in an organization.
4. HRM contributes to organizational success and then societal success.
5. Management of employees is more difficult than managing other resources.

### Exhibit 1-2 Arguments Justifying Every Manager as a Human Resource Manager

#### From the point of definition of Manager

Manager is an employee who performs management that refers to efficient and effective utilization of resources to achieve goals and objectives of an organization. Resources include men & women, machines, materials, money and methods (also information, time, intangible assets etc.). Manager will have to utilize efficiently and effectively men and women (people at work) in order to achieve goals of the organization.

Thus, every manager becomes a manager of human resources.

#### From the point of definition of Management

Management is the art and science of getting things done through and with other people. If a manager has to get things done through his/her people (subordinates) and with subordinates, he/she has to manage subordinates. Every manager has subordinates to be managed.

Thus, every manager becomes a Human Resource Manager.

#### From the point of functions of Management

Typically a manager has to perform several functions such as planning, organizing, staffing, directing and controlling. Staffing involves recruitment, selection, hiring and induction. Directing involves motivation, leadership, and communication. These are under the sphere of HRM.

Thus, every manager becomes a Human Resource Manager.

#### From the point of analysis of the word of 'Management'

The term 'Management' can be analyzed as follows:

Manage.....men.....t (tactfully) from Dr. Davar

Manage.....men and women tactfully and strategically.

The analysis indicates that management is not anything else other than HRM.

Thus, every manager becomes a Human Resource Manager.

#### From the point of Managerial Skills

Generally there are three types of managerial skills, i.e., conceptual skills, human skills and technical skills. Human skills include understanding people at work and being able to work well with them. It refers to the ability to communicate, motivate, and lead employees individually and collectively. Soft HRM is applied here.

Thus, every manager becomes a Human Resource Manager.

#### From the point of Management Roles (Henry Mintzberg, 1975, as in Chandan, 1997)

There are 10 managerial roles under three categories.

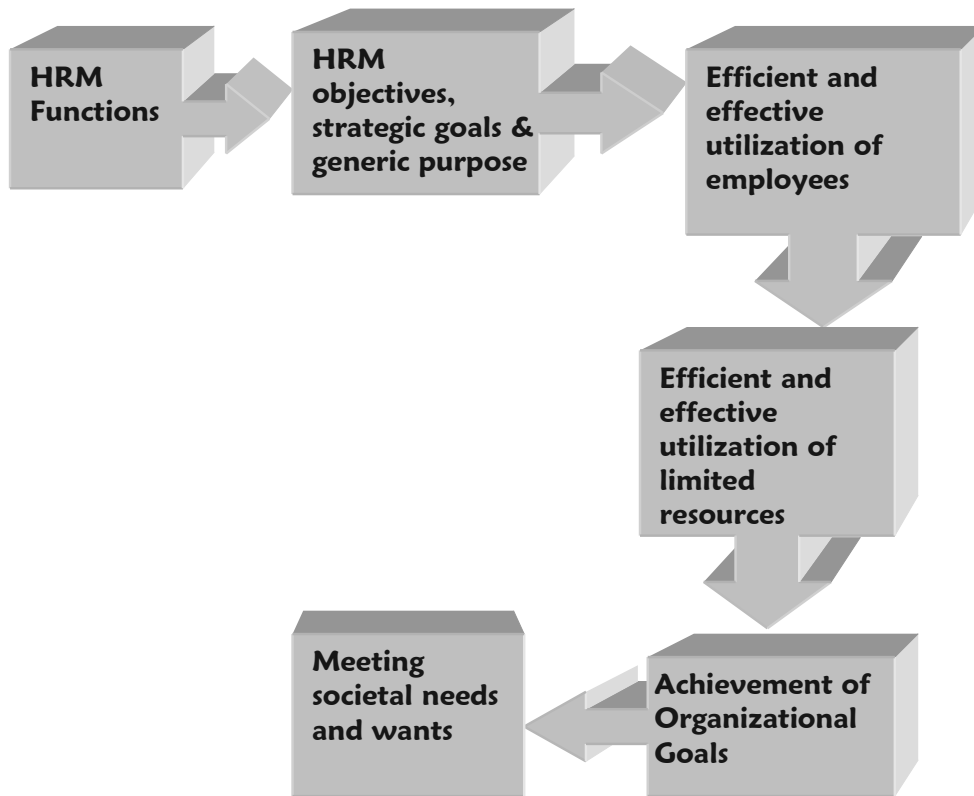
**Interpersonal roles:** 1. Figurehead, 2. Liaison, 3. Leader

**Informational roles:** 4. Monitor, 5. Disseminator, 6. Spokesperson

**Decisional roles:** 7. Entrepreneur, 8. Disturbance Handler, 9. Resource Allocator, 10. Negotiator. Apparently 6 roles are in the field of HRM. Thus, every manager becomes a Human Resource Manager.



Figure 1-4 Contributions of HRM



## Viewpoints of Human Resource Management

A viewpoint is a standpoint that refers to the way of thinking about a thing in particular. In this context, a viewpoint is a way of thinking about HRM. There are several viewpoints (alternatively called approaches) of HRM. Four viewpoints were presented by Werther and Davis (1989) and Werther et al (1985) and they are human resource approach, management approach, systems approach, and proactive approach. Strategic, soft and hard approaches are added.

### Human Resource Approach

HRM is the management of people at work in an organisation. Human resources are not a mere factor of production or a resource just like other resources such as money, materials, machines and methods. Human resources are unique as they have exceptional characteristics which are missing from all other resources. They are animate, active and living; possess the ability to think, feel and react; possess the ability to influence on determining their cost (wage/salary); possess the ability to organize (as unions, teams etc.); their behaviour is complex and may be unpredictable; have the ability of creativity and innovation; and make decisions in

respect of all other resources. Thus human resources have to be managed professionally, legally, and ethically. The importance and dignity of human beings should not be ignored for the sake of expediency (Werther and Davis, 1989). Human beings should not be used to achieve employer's objectives only. Each human being has a personal life that has personal goals and tries to endeavour to accomplish them. Major way of accomplishing personal goals is the employment-doing a good job. Only through careful attention to the needs of employees do successful organisations grow and prosper (Werther and Davis, 1989).

### **Management Approach**

As discussed previously, HRM is a responsibility of every manager irrespective of his/her field of interest and specialisation. If the organisation has a human resource department led by a human resource manager, it has to serve all managers, non-managers and departments through its expertise. Every manager has to do HRM functions relating to management of his/her subordinates. In the final analysis, the performance and well-being of each employee is the dual responsibility of that employee's immediate supervisor and the human resource department (Werther and Davis, 1989).

### **Systems Approach**

HRM is viewed as a system of interrelated functions. Each HRM function affects some other HRM functions. For instance, job analysis affects recruitment, selection and pay management. When human resource activities are involved as a whole, they form an organisation's human resource management system (Werther and Davis, 1989). A system of HRM exists when all the HRM functions are related. Werther and Davis (1989) present two purposes of systems thinking. One purpose of system view is to influence the decision maker to recognize the interrelationship among HRM functions. When a decision is made its implications or influences on other HRM functions will have to be examined. This will enable the decision maker to make a good decision that has no or least negative impact on other HRM functions.

Also another purpose of systems thinking is to require the decision maker to recognise the system's boundaries which make the beginning of its external environment. HRM is an open system that is affected by the external environment that is composed of various forces which have direct or indirect influences on the organisation and its HRM. Forces, i.e. labour law, trade unions, education systems, training systems, employee markets etc affect HRM.

### **Proactive Approach**

Being proactive means acting before a problem occurs. Being reactive means acting after a problem occurred. If relevant actions are taken in order to fill a job vacancy in anticipation of that it will occur by the beginning of next July, it is proactive. If relevant actions are taken in order to fill a job vacancy after it really occurred it is

reactive. By quoting from Westbrook (1980), Werther and Davis (1989, p. 25) write: *“Reactive human resource management occurs when decision makers respond to human resource problems. Proactive human resource management occurs when human resource problems are anticipated and corrective action begins before the problem exists. ....This proactive approach improves productivity by minimizing the resources needed to produce the organisation’s goods or services.”*

Proactive HRM is recommended to follow whenever it is possible. Of course there may be situations where problems arise suddenly and no time is available to anticipate (examples: sudden resignations, sudden accidents, unexpected diseases etc.). These situations require the reactive approach to HRM be used.

### **Strategic Approach**

Strategic approach to HRM is a recent development in the discipline of HRM. It has four features which are (1) HRM is a broad approach to managing people at work based on a philosophy of HR; (2) HRM is a major source of competitive advantage. It links to competitive advantage of the organization significantly; (3) HRM policies/functions cohere within themselves and with other functional fields of organisational management; and (4) HRM is fully integrated with the strategy and strategic needs of the organisation. HRM is called strategic HRM from this viewpoint and the purpose is to generate or enhance competitive advantage or support achievement of strategic business needs/goals. This aspect will be discussed in Chapter 21 in detail.

### **Soft Approach**

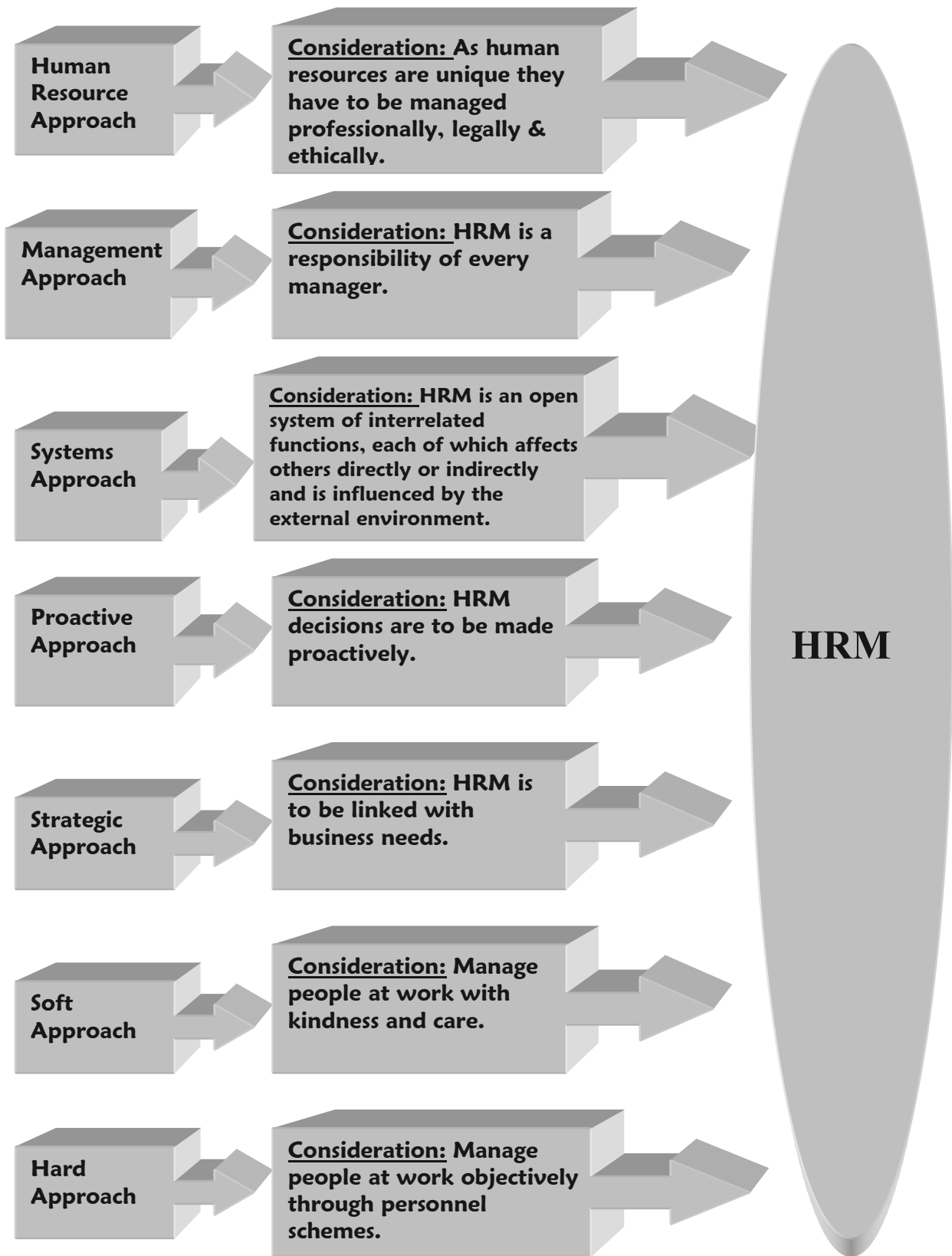
Soft approach involves managing people at work with kindness and care of their feelings and expectations. Employees are to be managed humanely. Superior is to be gentle and should not have force or violence over his/her subordinates. Managing employees through positive attitudes and good character (excellence in morality) occurs in this approach.

### **Hard Approach**

Hard approach involves managing people at work with personnel schemes. Superior is to be objective and should not have personal preferences or relationships over his/her subordinates. Managing employees through personnel policies, procedures, rules, and budgets occurs in this approach. There are HRM schemes with regard to almost all HRM functions formulated within the organisation and all HRM decisions are made as per these schemes. In other words these schemes are implemented in order to make decisions with regard to managing employees.

These approaches are useful for managing people at work. They provide complementary themes to be pursued. Each approach stresses an important consideration that can be applied in HRM. Though the approaches are different but together they form a complete or better whole. See Figure 1-5.

Figure 1-5 Seven Viewpoints of HRM



## Fields of Human Resource Management

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Fields of HRM refer to areas of HRM or major systems of HRM. Under functions of HRM 18 functions have been mentioned. An area consists of several functions and a major work for which a separate HRM specialist can be employed.

Jobs are created as individual assignments so as to perform the main work of the organisation. Sometimes designed jobs need to be redesigned so as to adjust to new changes. Jobs should be meaningful from the point of productivity and employee satisfaction. Activities concerned with systematically arranging and rearranging tasks, duties and responsibilities into jobs are called under the label **Job Design**. These jobs and ideal job holders need to be studied in order to ascertain job requirements. The systematic attempt of collecting, organizing and recording information with regard to jobs available within the organisation and ideal persons needed to perform those jobs successfully is called **Job Analysis**. The organization has to determine systematically future human resource needs and then steps to achieve those needs. Activities involved in determining the types and numbers of employees needed for a certain future time to achieve business goals and deciding the means of meeting the future demand for employees are called **Human Resource Planning**. Job design, job analysis and human resource planning are grouped and named as **Employment Planning**.

Another area of HRM is **Staffing**. This area consists of **Recruitment, Selection, Hiring** and **Induction**. The organization has to find suitably qualified and motivated job seekers and attract them as job applicants to apply for the job vacancies. Then it has to choose more appropriate job candidates to fill the job vacancies. Then it has to appoint those selected job candidates to the posts and enter them into employment contract. New employees will have to be introduced to the job, job environment, organization and relevant personnel.

For a particular period of time, a need of evaluation of how well and how far employees have worked their jobs arises for making various decisions relating to them. This function is called **Performance Evaluation**. Based on performance evaluation, employees will need to be given job-related new knowledge, skills and right attitudes in order to perform current jobs properly and prepare them for future jobs of greater responsibilities. This function is **Training and Development**. New career goals, opportunities and paths will have to be designed and implemented for motivating and developing employees, increasing their commitment and job involvement, and also improving employee productivity. This function is referred to as **Career Management**. These three functions are taken together to be called as **Human Resource Development**.

Another area of HRM is **Rewards Management** that is composed of *Pay Management*, *Welfare Management*, and *Incentives Management*. The organization has to develop, implement and maintain a base pay system that is fair. Also it has to perform activities involved in the development, implementation and on-going maintenance of a fair and effective system of facilities and comforts to enhance standard of living of employees. In addition, a fair and adequate system of incentives will have to be developed, implemented and maintained continuously.

Other HRM functions are *Employee Movements* (managing promotions, transfers, lay-offs etc. in the right ways at the right times); *Health and Safety Management* (management of activities involved in creating, improving and maintaining total health and safety of employees); *Discipline Management* (managing activities involved in planning and controlling behaviour of employees in compliance with established rules and regulations); *Grievance Handling* (identifying and solving discontents arising from feelings of injustice felt by employees in connection with work environments and personal life aspects) and *Labour Relations/Labour-Management Relations* (managing all interactions between management and trade unions). These functions are viewed together as another area of HRM which is called **Employee and Labour Relations**.

Thus, HRM is viewed as a system consisting of sub systems which are called areas or fields. The model of HRM presented in this book gives eighteen HRM functions which have been classified as five areas. A separate Chapter has been devoted to discussion of each function of HRM. See Figure 1-6 for relevant Chapters of HRM functions. Five areas of HRM will become five parts of this book. See Figure 1-7 for fields and relevant functions of HRM.

This book is mainly based on this model of HRM. The book has 21 Chapters. First Chapter and second Chapter are about the introduction to HRM and organizing and staffing of HR Department respectively. These two Chapters will be the first part of the book. Final Chapter, i.e. 21<sup>st</sup> Chapter is about Strategic HRM which will be the seventh part of the book.

Figure 1-6 Functions of HRM and Respective Chapters

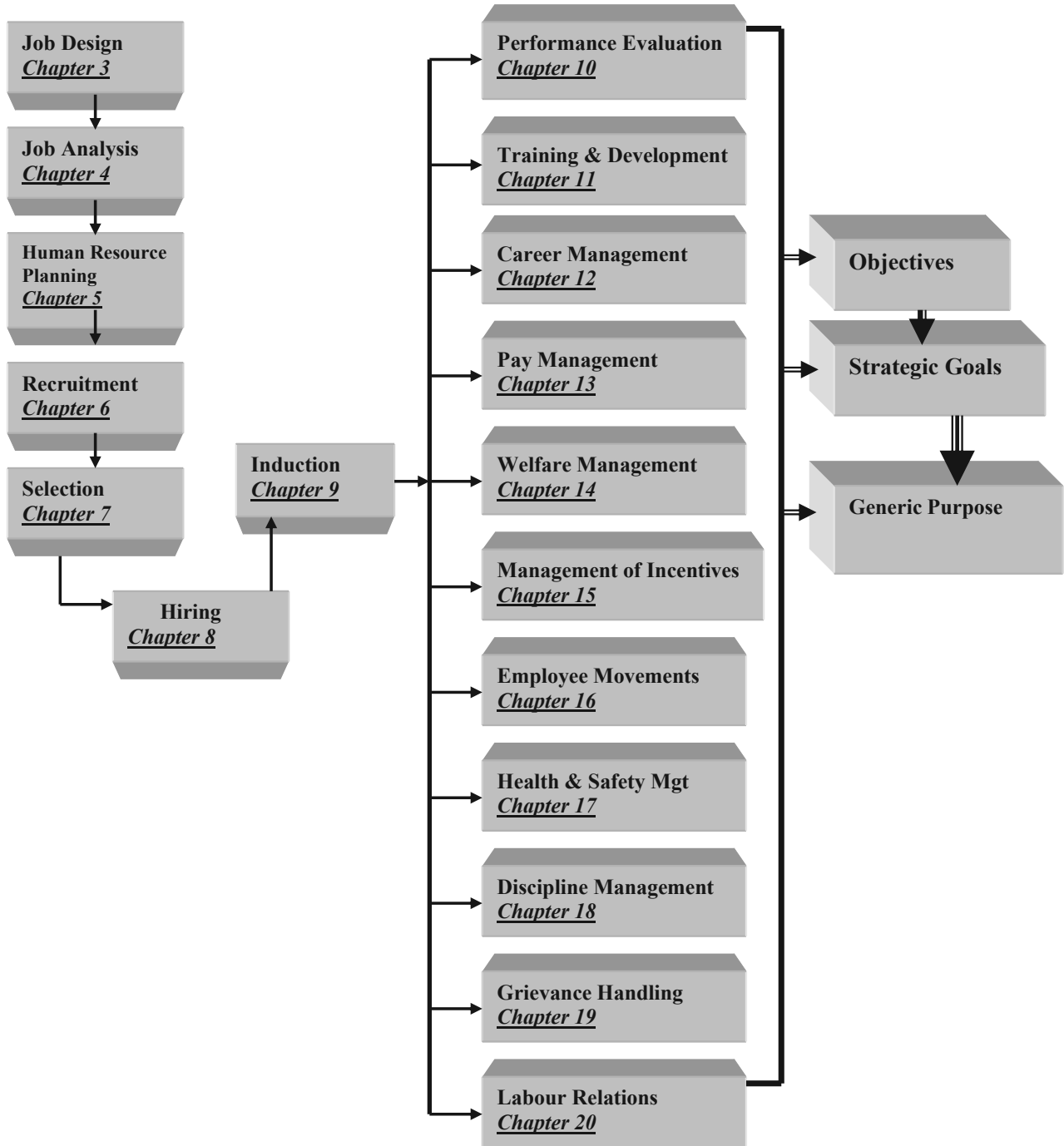
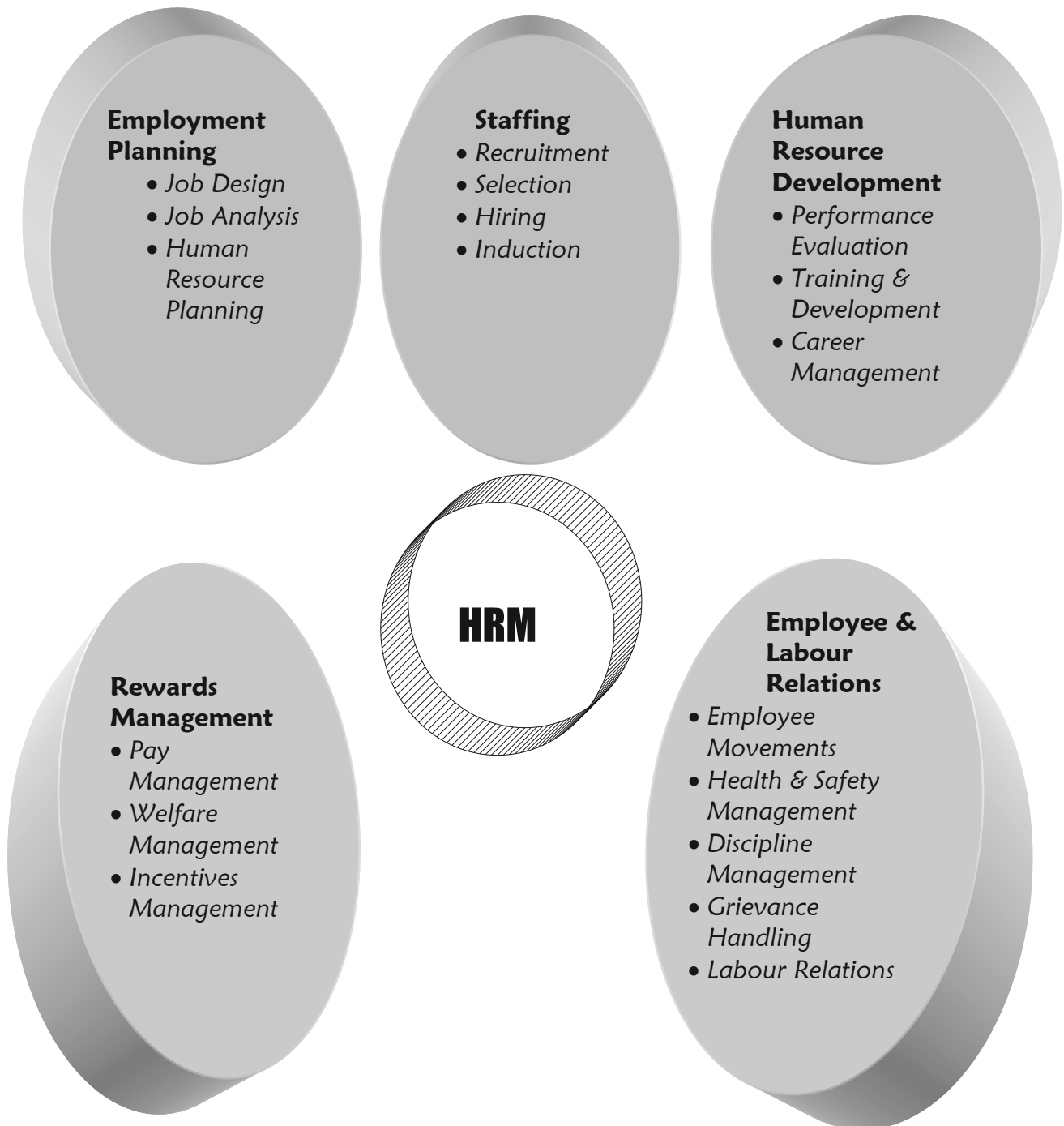


Figure 1-7 Fields of HRM and Respective Functions of HRM



## Summary

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HRM is defined as the efficient and effective utilization of human resources to achieve goals of an organisation. Its generic purpose is to generate and retain an

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appropriate and contented human force, which gives the maximum individual contribution to organisational success. Improving employee productivity, employee development, increasing quality of work life, ensuring legal compliance, and ensuring customer compliance are strategic goals of HRM. It attempts to achieve seven objectives, i.e., procuring right people at the right time to do the right jobs; retaining the most appropriate employees within the organisation; getting and improving organisational commitment of the employees; generating and enhancing job involvement and organisational citizenship of the employees; motivating employees; enhancing job satisfaction of the employees; and controlling the cost of employees. There is a series of functions to be followed in order to accomplish the goals and the objectives of HRM. These functions include job design, job analysis, human power planning, recruitment, selection, hiring, induction, performance evaluation, training and development, career management, pay management, welfare management, management of incentives, employee movements, health and safety management, discipline management, grievance handling, and labour relations. A model of HRM has been developed and presented showing interrelatedness and interdependence among the HRM functions.

Responsibility of HRM rests with every manager of the organisation. When the organisation employs an expert in HRM there will be dual responsibility existing between other managers and the human resource manager. Five reasons of why HRM is of very importance for an organization are: (1) Human resources are the most important resource that managers utilize to achieve goals of an organization; (2) Quality of other functional fields of management heavily depends on quality of HRM in an organization; (3) HRM is a vital responsibility of every manager in an organization; (4) HRM contributes to organizational success and then societal success; and (5) Managing employees is more difficult than managing other resources. Human resources, management, systems, proactive, strategic, soft, and hard are viewpoints or approaches of HRM providing complementary themes to be pursued. There are five fields of HRM and they include employment planning, staffing, human resource development, rewards management and employee & labour relations.

### Review and Discussion Questions

1. Define what Human Resource Management is. Discuss the importance of HRM for an organisation.
2. "HRM has been defined in different ways. However there are several common characteristics of HRM." Do you agree or not? Why?
3. (a) What is the Generic Purpose of HRM?  
(b) What are the Strategic Goals and Objectives of HRM?
4. Present a model of HRM and describe and explain it.
5. "Responsibility of HRM rests with every manager in an organisation." Elaborate this statement.

6. “Though every manager in an organization cannot be considered as an expert in HRM, every manager is treated as a manager of people at work.” Discuss.
7. “Viewpoints of HRM or HRM approaches are useful for managing people at work. They provide complementary themes to be pursued. Each approach stresses an important consideration that can be applied in HRM.” Discuss.
8. What is a field of HRM? Describe fields of HRM.
9. Explain the difference between Proactive HRM and Reactive HRM.
10. “Sri Lanka is a country where there is a highly felt need of developing HRM.” Do you agree or not? Why?

### Case

#### **SLT to introduce a New HR Management Culture**

Sri Lanka Telecom (SLT) is to introduce a new Human Resource Development and Management culture to make the 7,000-strong work force more efficient and to harness maximum productivity from them. SLT’s Chief Officer HR and Legal, I.C.L. Bertus in an interview with The Sunday Times FT said that the restructuring of the organization was made with the aim of transforming the SLT to a modern and profit making telecom giant in the island successfully facing the challenges of other competitors.

He added that the new structure comprising of 11 Chief Officers and 57 heads of divisions equivalent to General Managers has been approved to streamline the functions of SLT and competent, efficient and qualified persons have been appointed with the approval of the Board of Directors.

He said that the new organisation structure was devised in December last year following the models of world telecom organizations. It will help to enhance the work of the SLT and fast track the services in accordance with the company’s plan to shift its focus from voice service to modern value added services like Internet, Broadband, CDMA and WIFI wireless technology used in home networks, mobile phones, video games and more.

Bertus said that employees should understand the needs of the institution and they need to have the necessary technical training and support in order to reach the next phase technological development planned by the SLT. He noted that work-related skills of all employees should be improved and updated to meet new developments in the telecommunication field. Therefore, he said, a new technology and e-learning initiative has been launched for SLT employees to understand the soft and hard skills that they need to develop in order to climb up the career ladder. Bertus added that promotions of officers will be made on merit, qualifications and experience in a

transparent manner. He pointed out that action will be taken to ensure fairness in the promotions process as well as to provide senior management of SLT with wide information about performance of the business at the individual level. A new policy will be introduced to select officers for foreign training as a priority and that both the employee and the company will be benefited as each individual develops work-related skills.

Referring to outsourcing of core services at SLT like drivers, and technical support services, he said that it is purely a business decision and it will not affect the jobs of SLT employees who are technical personnel and their work cannot be outsourced. Over 4,000 technical staff is currently engaged in service at SLT and they are a valuable asset, he said. Bertus revealed that the institution has taken a decision to amicably settle at least 29 human right cases filed against the SLT by its employees as the management is ready to look into this matter in a humanitarian angle.

Questions:

1. What are HRM functions being referred in this article?
2. Why is it not possible to do outsourcing technical personnel?
3. Why are there human right cases filed against the SLT by its employees?
4. What viewpoints of HRM is it possible to notice?

Source: This is an article written by Mr. Bandula Sirimanna published on Financial Times on Sunday, March 30, 2008.

## Critical Incident

### National Carrier in Crisis: 30 Pilots leave Sri Lankan Airlines

Sri Lankan Airlines is facing a major crisis after 30 out of about 300 pilots have joined other airlines, making the national carrier's task to operate its daily flights difficult. Sri Lankan Airlines' Corporate Management Head Chandana de Silva told the Sunday Times yesterday the national carrier found it difficult to run long hold flights given the shortage of pilots, but the pilot exodus had not affected flights to close destinations.

The crisis, which is likely to continue for a few more weeks, has forced Sri Lankan Airlines to cancel two London-bound flights on Thursday and Friday. Mr. de Silva said they took steps to reroute the passengers of the two flights in other carriers. He said that the airlines was making all efforts to maintain the normal schedule despite the pilot shortage. He said that they are in the process of recruiting new pilots but added that it would take some time for the situation to return to normalcy. Mr. de Silva said that it was not unusual for pilots to leave for other airlines seeking better prospects.

The Sunday Times learns that pilots have been leaving at regular intervals with a few more due to leave in the next few months. Among some of the senior pilots to leave was Captain Ramesh Jayasinghe who left after citing reasons of harassment. Mr. Jayasinghe with 15 years of experience was an instructor as well.

Questions:

1. What is the main reason for the crisis of the national carrier?
2. What is your course of solutions for the crisis?

Source: Adapted from the main news appeared in the Sunday Times, February 26, 2006

### Skill Builder 1

Select any organization to which you have an access. Discuss with the General Manager or HR Manager with regard to the following:

- (a) Purpose of HRM
- (b) Goals and Objectives of HRM
- (c) Functions of HRM
- (d) Importance of HRM

Compare what you gathered from the discussion with what you had learnt from the book. If there are significant differences, can you explain why? Prepare a report.

### Skill Builder 2

Your boss comes to you and tells:

“I can’t understand why these people can’t understand the importance of HRM.”

You respond:

“Why? Sir what happened?”

“They expect every thing from us. Several times I told them. We alone can’t do this HRM. Every manger has to support. We have prepared several good systems of HRM. But they are not being carried out properly. You know why they are not being carried out properly. Many managers don’t support. They are not serious about our HRM systems.”

“Sir. I think we have to change the attitude of our managers, specially senior managers about HRM.”

“OK. Let us try. You are a recently passed out HRM graduate. Give me a report telling what to do and why. I need it tomorrow. Can you make it tomorrow?”

“OK Sir, I can.”

“Good. I believe you can do it.”

You are required to prepare the report.

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