

# A Historical Outlook of Human Resource Management

**Chanchal Dey**

Assistant Professor

Department of Humanities, College of Engineering and Management, Kolaghat, WB

**Dr. Debasish Biswas**

Assistant Professor

Department of Business Administration, Vidyasagar University, WB

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## Abstract

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In the present scenario, Human Resource Management (HRM) has emerged as one of the most important domains of study. It has become indispensable to the survival of any organization. The history of HRM dates back to prehistoric times. However, the discipline has undergone some significant changes before coming to its present form. These changes are linked with several phases based on their characteristics and contribution to the discipline. A lot of research has been conducted to trace the evolution of HRM. In the present paper authors have attempted to document the emergence of HRM through various literature available to understand the historical standpoint of HRM.

**Keywords:** Human Resource Management (HRM), prehistoric times, standpoint, organization.

## Introduction

Human Resource Management (HRM) is a significant precursor to determine the success of modern organizations. It is concerned with the consistent managerial tasks to build and preserve a professional labour force. Human Resources take centre stage of almost every business function in the present time.

HRM has a significant influence in making organizations successful as it helps to maintain competitive advantage, especially in the technical and financial sectors (Aslam et al., 2013)<sup>[1]</sup>. Armstrong (2006)<sup>[2]</sup> described HRM as a planned and logical approach towards the employee-management who, is the most valuable property of the organization as they ensure the organization realizes its aims. Collings et al. (2009)<sup>[3]</sup> opined alongside managing people, and HRM also deals with the various policies and systems.

Haslinda (2009) <sup>[4]</sup> found HRM a process responsible for the management of human talents in such a way that it helps in the achievement of the organization's objectives. According to Klerck (2009)<sup>[5]</sup>, HRM has a strong linkage with industrial relations in

terms of government legislation and collective bargaining. In other words, HRM is an essential pursuit in an organization (Porter, 1980)<sup>[6]</sup>. Wood (1999) <sup>[7]</sup> described that efficient HRM practice would ensure the organization's higher performance as there will be a higher involvement of all the stakeholders.

Almost all the researchers hold similar opinion that to become a successful organization, the employees are to be managed efficiently.

## **OBJECTIVES OF THE STUDY**

1. To understand the historical development of HRM.
2. To examine the characteristics associated with several phases in the HRM development.

## **Discussion**

### **Ancient Era**

The earliest application of HRM is recorded in the systematic functioning of tribes. The tribal leaders managed the tribal members for the activities encompassing hunting, farming, etc. (Deadrack & Stone, 2014) <sup>[8]</sup>. The Chinese took the lead to implement employee screening techniques from 2000 BC to 1500 BC (Rotich, 2015)<sup>[9]</sup>.

Around 1800 BC, the Babylonian Code of Hammurabi discussed several aspects of wage rates (Aswathappa, 2005)<sup>[10]</sup>. Rao (2000)<sup>[11]</sup> described that around 1250 BC, Moses, an important religious figure, had awareness about the concept of organization. In India, 'Arthashastra,' written in the 3rd century BC by Kautilya, presented his viewpoints about HRM (Muniapan, 2008)<sup>[12]</sup>.

### **Emergence of the 'Personnel' Concept**

The industrial revolution in the 18th century transformed agrarian societies into industrial ones in Europe and U.S. Adam Smith (1776)<sup>[13]</sup> advocated making work efficient through the principle of 'division of labour' that involved a specific work divided into simple tasks. Karl Marx opined the labour process to be based on tangible characteristics and is constituted by three elements; the task, the material on which the task is placed, and tools that expedite the task process (Bottomore, 1991)<sup>[14]</sup>.

The industrial revolution brought the factory system, which required managing a lot of workers simultaneously. The nature of management styles was paternalistic and autocratic. Robert Owen took initiatives towards the betterment of social and working conditions of workers with the introduction of "welfare to work" systems around the year 1800 (Dulebohn et al., 1995) <sup>[15]</sup>.

Robert Owen is regarded as the father of personnel management. His efforts towards the factory legislation led to the implementation of The Cotton Mills and Factories Act 1819 in Britain (Hutchins, 1912) <sup>[16]</sup>. According to Silchter (1919) <sup>[17]</sup>, during this period, workers used to be intimidated, and there was considerably less awareness about the well-being of the workers. Charles Babbage (1832)<sup>[18]</sup> stressed wage incentives and work measurement in factories through scientific principles.

Scarpello (2008)<sup>[19]</sup> described that some organizations that started implementing paternalistic approaches also exploited workers. This resulted in the craft workers forming protection societies, which were later called labour unions. The 20th century

saw how productivity became an important concern for factory owners to stay competitive in the market. A bulk of the research was conducted to study the influence of different work systems on worker productivity (Roethlisberger & Dickson, 1939)<sup>[20]</sup>.

Frederick Winslow Taylor (1911)<sup>[21]</sup> introduced the concept of scientific management that stressed establishing strict standards with close supervision to complete the job as per the expectations post studying the job scientifically. Henry Fayol (1918)<sup>[22]</sup> proposed 14 principles of management based on the management-employee relationships focused on increasing organizational efficiency. Finally, Weber (1927)<sup>[23]</sup> opined that bureaucracy in legal regulations and authority would be the key to raising the organization's competence.

Post-world war, personnel management got more prominence. Various labour regulations came into force in the US and Europe so that worker issues regarding wages, working conditions, etc., should not hamper the production process. The Norris-LaGuardia Act (1932) barred 'yellow dog contracts,' i.e., not being a member of a labour union was a prerequisite for employment (Monkemeyer, 1937)<sup>[24]</sup>. The Wagner Act (1935) encouraged collective bargaining and the elimination of unjust labour practices (Kaufman, 1993)<sup>[25]</sup>. In other words, these Acts allowed the workers to form unions to preserve their rights.

### **Advent of Human Resource Management**

The human relations approach is more concerned with the well-being of the individual rather than the task. It is in divergence from the practices prescribed by the scientific management. Many researchers came with different theories based on employee motivation during the period. Elton Mayo, who is regarded as the father of the human relations movement, conducted the famous Hawthorne experiments during the period 1924-1932<sup>[26]</sup>. It stressed the importance of human factors to amplify the productivity of employees.

On the other hand, researchers did considerable research based on behaviour-oriented management styles. For example, Abraham Maslow (1943)<sup>[27]</sup> proposed the famous needs-hierarchy theory of motivation. The theory is built on the concept that once a specific level of need is satisfied, it no longer acts as a source of motivation and triggers the successive higher level. Peter F. Drucker (1954)<sup>[28]</sup> first used the term 'human resource.' He opined that qualities such as coordination, integration, judgment, etc., made human resources unique compared to other resources.

Frederick Herzberg (1959)<sup>[29]</sup> propounded the Hygiene-motivation theory that stated the positive feelings about the job are linked with job satisfaction (motivating factors) and negative ones to job dissatisfaction (hygiene factors). Douglas McGregor (1960)<sup>[30]</sup> came up with Theory X and Theory Y. Theory X gave a negative perspective of workers who disliked work, avoided taking responsibility, and are required to be supervised while working. Theory Y gave a positive perspective about workers who seek responsibility and have positive attitudes towards work.

The cooperation between labour and management received a lot of attention in the 1960s and 1970s, and it significantly improved the lives of employees. Pigors et al. (1964)<sup>[31]</sup> stressed people management to be the most important than all other issues. Moreover, the concept of HRM has a broader scope than personnel administration. The

introduction of labour legislations in the United States, such as The Civil Rights Acts (1964), The Occupational Safety and Health Act (1970), and The Employee Retirement Income Security Act (1974), contributed towards the development of fair employment practices. These have made remarkable contributions to the progress of various employee-friendly HRM practices in organizations. The first academic course on HRM was introduced by Harvard Business School in 1981. Today, it has transpired to be a popular discipline of study around the world.

### **Strategic Human Resource Management**

The rise of technology and service-based sectors was seen at the end of the Cold War. The traditional HRM practices were starting to lose relevance due to the rising education levels of workers alongside higher participation of women in employment. Nankervis et al. (2011) <sup>[32]</sup> described Strategic human resource management (SHRM) to be a coordinated as well as a strategic approach in response to the successful integration of personnel management, industrial relations, and HRM. SHRM involves a resources-based analysis that considers human resources to be a strategic asset in the organization. It gives the organization an advantage over the competitors regarding improving performance (Becker & Huselid, 2006) <sup>[33]</sup>.

American organizations adopted some of the principles of Japanese management, which considered employees the most important resource of the organization as it provides a competitive advantage. Therefore, HRM progressed into SHRM from a 'personnel' function. As employees were increasingly viewed as a crucial element in providing a competitive advantage for firms, organizations came up with strategies to retain key human resources through innovation, efficient communication, and a robust work environment.

SHRM gives greater confidence to the practitioners during the execution of duties essential for organizational success (Nankervis et al., 2006) <sup>[34]</sup>.

### **Conclusion**

Today, HRM is a foremost constituent of the corporate strategy in any organisation. The dedicated HRM department is responsible for dealing with all kinds of employee issues such as recruitment, industrial relations, performance appraisal, industrial relations, training and development. Our study about the history of HRM shows the discipline has undergone complete transformation from the days of unfair treatment of workers to the point where employees are considered equal partners at work. However, there is still a large scope for the HRM to ensure the inclusive development of employees in the grassroots level.

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