INSURANCE EXAM · IC-90

IC-90 Human Resource Management

Revision book

11	2	190
chapters	master tables	numbered sections

FREE SAMPLE: Chapter 1 of 11

CHAPTER 1

Introduction to Management Science

1.1 Definition
1.2 Ancient practice
1.3 Software upgrade case (networked PCs)
1.4 Resources
1.5 Science or art
1.6 Evolution of thought
1.7 Weber's bureaucracy

MUST KNOW

1. Management = social science; object of study = social organisation.
2. Deploys human, financial, technological, natural resources efficiently and effectively.
3. Practice as old as human life; subject about **150 years** old.
4. **Five Ms:** Men, Materials, Machines, Money, Minutes (time).
5. Human resource = most critical and most difficult to manage.
6. Management = science (knowledge) + art (practice).
7. **Six schools:** Weber, Taylor, Administration, Human Relations, Systems, Contingency.
8. **Weber (1864 - 1920):** Legal-Rational system = Bureaucracy; six features.

1.1 Definition

- Academic discipline; social science; studies social organisation.
- Principles for efficient and effective deployment of human, financial, technological, natural resources.
- **Aim:** desired outcome(s) in organisations and businesses.

TRAP

Object of study is social organisation, not the individual or the economy.

1.2 Ancient practice

- Subject about **150 years** old; practice ancient.
- **Arthashastra:** Chanakya = Kautilya = Vishnu Gupta; 350 BC to 275 BC; Taxila professor; adviser to Vikramaditya Maurya.
- **Arthashastra + Chanakya Niti:** monetary and fiscal policy, State security, other kingdoms, king's duty to people.
- **Giza pyramids:** over **4000 years** old; nearly **20 years** to build.
- **Kailasanath temple (Ellora, near Aurangabad):** carved from a rocky hill, 5th to 10th century.
- **Brihadeesawara temple (Thanjavur):** about **1000 years** old; stones from over 60 miles; one 80-ton stone raised by ramp.
- **Uni-command bodies:** military, Catholic Church.

1.3 Software upgrade case (networked PCs)

Task	Concept
Know rollout plan, roles	Objective
Workflow to avoid problems	Planning
Communication plan and time lines	Responsibility
Estimate people, money, other needs	Resources
Arrange and deploy	Organising

TRAP

Resources (estimate) is not Organising (arrange and deploy).

1.4 Resources

- **Five Ms:** Men, Materials, Machines, Money, Minutes (time).
- Each is managed differently.
- Profit is the prime motive, but activities differ (financial firm: raise and deploy finance; car maker: make and assemble).
- **Human resource:** others work only through people; people have own ideas and unique skills.

TRAP

Human resource is never "the easiest".

1.5 Science or art

- **Pure science (physics):** predictable input-output; water boils at 100 degrees Celsius.
- **Economics, psychology, meteorology:** suggest possibilities only.
- **Art:** painters and musicians leave the rules; managers too.

TODAY'S RULE

Both science and art: practice = art; knowledge base = science.

1.6 Evolution of thought

- Theory began with the industrial revolution in the UK and USA, late 18th and 19th centuries.
- **Six schools:** Weber's Ideal Bureaucracy; Taylor's Scientific Management; Administration Theory; Human Relations; Systems; Contingency.

1.7 Weber's bureaucracy

- Max Weber **1864**-1920, German sociology professor; book: The Theory of Social and Economic Organisation.
- Formal organisation = Legal-Rational system = Bureaucracy.

Feature	Meaning
Division of labour	Clear tasks at each level (task specialisation)
Hierarchy	Clear chain of command, responsibility, accountability
Formal selection	By qualification, expertise, experience; pay by position; no ownership
Uniform rules	Conduct and discipline apply to all
Impersonality	No personal considerations; prescribed qualifications
Primacy of merit	High posts by competence, not contacts

TRAP

No ownership in the company for the employee.

- **Advantages:** impersonality (rules not whims); hierarchy of positions; rationality with written records; laid-down procedures.
- **Disadvantages:** red tape, delays, unwieldy; no innovation or initiative; less involvement.
- **Sum up:** large old organisations run smoothly but slowly; job security; new staff fit in fast; start-ups keep a few features for stability.

CHAPTER 1 (CONTD.)

Introduction to Management Science

1.1 Taylor
1.2 Fayol
1.3 Taylor vs Fayol
1.4 Human Relations approach
1.5 Systems approach

MUST KNOW

1. **Taylor:** Scientific Management, **1911** book; mechanical engineer; operative-level view; "mental revolution".
2. **Fayol:** Administration Theory; 14 principles in **1916**; mining executive; top-management view; Father of modern management theory.
3. **Hawthorne (Mayo, Roethlisberger):** Western Electric, **1927**-**1932**; emotions and informal groups beat light and ventilation.
4. Human Relations Movement (HRM) gave Organizational Behavior (OB).
5. System = two or more interdependent subsystems acting as one whole.
6. **Organisation = open system (inputs:** people, capital, materials, equipment, information; outputs: products, services, profits, satisfactions).
7. **Closed system examples:** clock, refrigerator.

1.1 Taylor

- Frederick W. Taylor **1856**-**1915**; probably first management consultant in a factory.
- Testimony to Special Committee of House of Parliament: **25 Jan 1912**.
- Not just stop watches, bonuses, piece rates or costing; a mental revolution in workers and management; grow the surplus, not fight over sharing it.
- Method change = more output, less effort, higher wages (shovel angle example).
- Piece-rate wages; training; selection and placement; standard full-day output.

Taylor's four ideas	Point
1	Study every job: time and process (Time and Motion)
2	Compare jobs by it for wages and hiring; replaces Rule of Thumb
3	Detailed instruction and close supervision; no waste
4	Proper training and growth of workers

- **Aim:** raise ratio of output to effort; later used in offices, ventilation, lighting, layout.

TRAP

Limit: worker seen as a machine; self-interest and money only. Human view came in the 1930s.

1.2 Fayol

- Henri Fayol **1841**-**1925**; French industrialist; broader than Taylor.
- **Functions inside:** planning, organising, staffing, leading, controlling.

No.	Principle	Key point
1	Division of work	Specialise; better skill and output
2	Authority and responsibility	Right to order; answer for results
3	Discipline	Fair rules; clear, equal penalties
4	Unity of command	One superior only
5	Unity of direction	Objectives in same direction
6	Individual interest to common good	Organisation first
7	Fair remuneration	Cost of living, conditions; rewards effort; job rates, bonus, profit sharing
8	Centralisation	Decision power top or lower levels
9	Scalar chain	Bottom-to-top line; backs unity of command
10	Order	Place for everything; avoid system and human errors
11	Equity	Managers fair to subordinates
12	Stability of tenure	Low turnover
13	Initiative	Free to plan within authority and discipline
14	Esprit de corps	Team spirit, morale, harmony

TRAP

Unity of command = one boss; unity of direction = one goal.

1.3 Taylor vs Fayol

Point	Taylor	Fayol
Level	Operative	Top management
Work	Scientific Management **1911**	14 principles **1916**
Scope	Narrower	Broader

- Complementary; both saw people only as they served the task.
- **Taylor:** fatigue, rest periods, physical limits. Fayol: kindliness, justice, morale, teamwork.

1.4 Human Relations approach

- Elton Mayo **1880**-**1949** with Roethlisberger; Hawthorne plant, Western Electric Company, USA; **1927**-**1932**.
- Output rose with light reduced and with light increased.
- Emotional factors > physical; group standards and sentiments > wages and incentives; attention to workers raised output.
- Workers are social beings; peer groups influence them.
- Social system beside technical system; behaviour studied as a separate subject.

Seven contributions	Point
1	Organisations are social as well as technical
2	Rational economic view inadequate
3	Informal groups exist
4	Informal group culture is vital to know
5	Productivity linked to satisfaction
6	Motivation not only economic
7	Participation in communication and decisions

- HRM (Human Relations Movement) started OB (Organizational Behavior).
- Weber, Taylor, Fayol still relevant. Time and Motion study improves office efficiency.
- Ergonomics = human body and work (furniture, cockpit panels); extends Taylor.
- Globalisation and fairness to consumers need uniform systems, as bureaucracy gives.

TRAP

HRM here = Human Relations Movement, not Human Resource Management.

1.5 Systems approach

- Earlier views took the organisation as independent; the environment (industry, economy, policy, society) affects it, and its parts affect each other.
- System = organised whole of two or more interdependent subsystems; whole is more than the sum of parts.
- Human body analogy; organisation is a subsystem of society.
- Parts are dynamic, interrelated, interdependent.
- **Examples:** football play and spectators; musician and audience; customer and counter clerk; boil on the little finger.

Type	Meaning	Example
Closed	Little contact with environment	Clock, refrigerator
Open	Inputs from environment, converts, outputs back	Organisation

TRAP

An organisation is open; viewing it so makes it more complex.

CHAPTER 1 (CONTD.)

Introduction to Management Science

1.1 Contingency approach

1.2 Short forms of the lists

1.3 Key terms

MUST KNOW

1. **Contingency approach:** sixth school; grew out of the systems approach; no one best way; depends on the situation.
2. **Weber:** six components in full, five in the short form (no formal selection).
3. **Taylor:** four principles in full, three in the short form (no first).
4. Taylor = scientific management; Fayol = Administration Theory, father of modern management theory; Weber = bureaucracy.
5. Unity of command = one superior. Order = a place for everything.

1.1 Contingency approach

- Grew out of systems approach.
- No one best structure; what suits one case may not suit another.
- Management is a complex process; still being refined.

TRAP

Contingency is not one fixed best structure.

1.2 Short forms of the lists

List	Full	Short
Weber's components	6 (with formal selection)	5 (without it)
Taylor's principles	4	3 (without the first)

- Hierarchy of positions = chain of command, responsibility and accountability at every level.
- Uniformity of rules = same conduct and discipline rules for all.
- Unity of command (one superior) differs from unity of direction (agreeing objectives); order (place for everything) differs from scalar chain (line of supervision).
- Primacy of merit and impersonality are Weber's; equity and initiative are Fayol's.

TRAP

Taylor = father of scientific management; Fayol = father of modern management theory; not Weber; not Henry Ford.

1.3 Key terms

- Administrative Theory, Authority, Bureaucracy, Complex Personality, Contingency approach, Division of labour.

- Hierarchy, Human Relations, Impersonality, Organizational Behavior, Procedures, Rationality.
- Resources, Responsibility, Scientific Management, Social System, Systems and Subsystems, Time and motion study.