Evolution of HR

Ramesh Ranjan

ORIGIN OF HR

- The evolution of HRM can be traced back to **The world's first management book, titled "Arthasastra" written by Kautilya, during Chaldeans in 400 B.C.**, codified many aspects of human resource practices in Ancient India, where he recommends that government must take active interest in public and private enterprise. He says that government must provide a proper procedure for **regulating employee and employee relation**.

- In the medieval times there were examples of kings like **Allaudin Khilji who regulated the market and charged fixed prices and provided fixed salaries to their people**. This was done to fight inflation and provide a decent standard of living

- During the pre independence period of 1920 the trade union emerged. Many authors who have given the history of HRM say that **HRM started because of trade union and the First World War.**

- The **Royal commission** in 1931 recommended the appointment of a **labour welfare officer to look into the grievances of workers.**
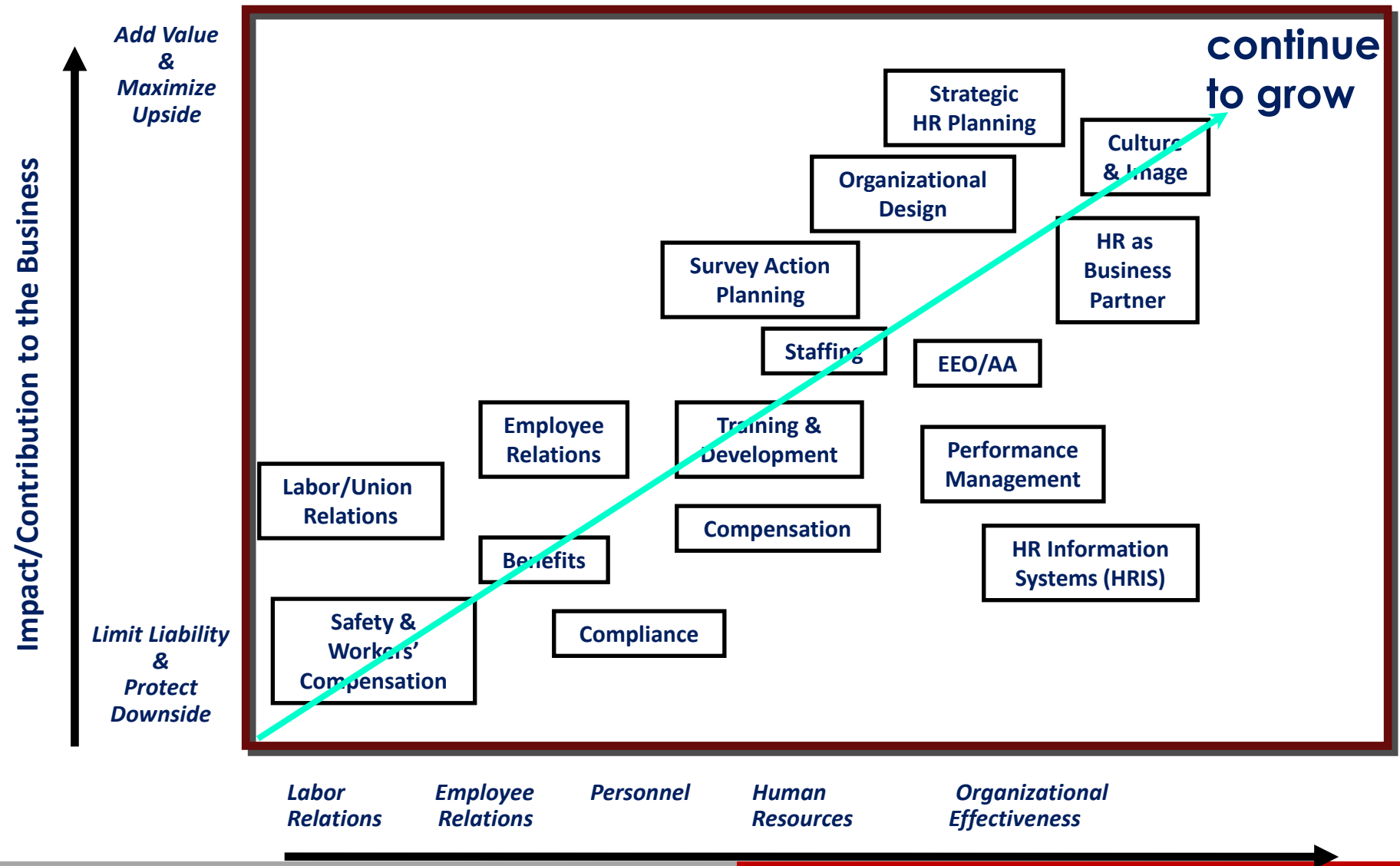
Evolution

- The **factory act of 1942** made it compulsory to appoint a labour welfare officer if the factory had 500 or more than 500 workers.

- The **international institute of personnel management and national institute of labour management were set up** to look into problems faced by workers to provide solutions to them.

- The **Second World War** created awareness regarding workers rights and 1940's to 1960's saw the introduction of new technology to help workers.

- The 1960's extended the scope of human resource beyond welfare. Now it was a combination of **welfare, industrial relation, administration** together it was called personnel management.

- With the second 5 year plan, **heavy industries** started and professional management became important.

- In the 70's the focus was on **efficiency of labour** wile in the 80's the focus was on **new technology**, making it necessary for new rules and regulations.

- In the 90's the emphasis was on **human values and development of people** and with liberalization and changing type of working people became more and more important there by leading to HRM which is an advancement of personnel management.
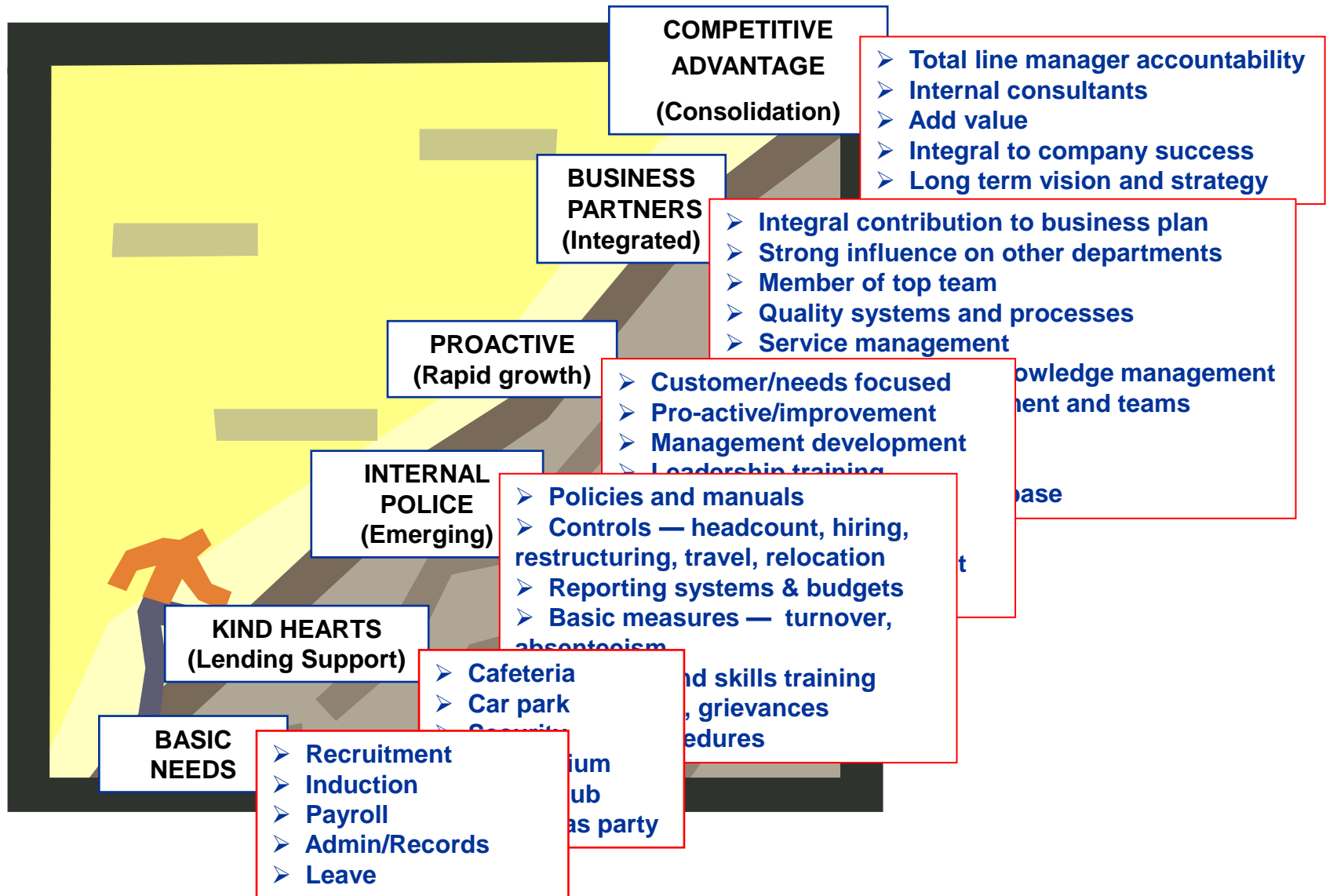
Federal Employment Laws

- HR began to play a significant role with the early enactment of these employment-related laws:

    - The **Workers' Compensation Act of 1923** ensured that employers compensate employees for work-related injuries.

    - The **Trade Union Act of 1926** gave formal recognition to trade unions.

    - The **Industrial Disputes Act of 1947** led to the increased role of industrial relations (employees were distinguished by the work they did such as permanent, temporary, trainee etc.).

    - The **Factories Act of 1948** regulated the work environment in factories to ensure the safety of employees.

    - The **Employees Provident Funds and Miscellaneous Provisions Act of1952** required employers to provide contributions for retirement.

    - The **Minimum Wage Act of 1948** established minimum wages that vary from state to state.

    - The **Payment of Bonus Act 1965** provides for a minimum bonus of 8.33 percent of salary, even if the organization is not making any profit.

    - **The Persons with Disabilities Act (PWD) of 1995** was landmark legislation for disabled people in India.

HR Continues to Evolve
& the model defines our aspirations

Impact/Contribution to the Business

Add Value & Maximize Upside

Limit Liability & Protect Downside

continue to grow

Strategic HR Planning

Culture & Image

Organizational Design

HR as Business Partner

Survey Action Planning

Staffing

EEO/AA

Employee Relations

Training & Development

Performance Management

Labor/Union Relations

Compensation

Benefits

HR Information Systems (HRIS)

Safety & Workers' Compensation

Compliance

Labor Relations   *Employee Relations*   *Personnel*   *Human Resources*   *Organizational Effectiveness*

Stages in Human Resources functional development

COMPETITIVE ADVANTAGE

(Consolidation)

- Total line manager accountability
- Internal consultants
- Add value
- Integral to company success
- Long term vision and strategy

BUSINESS PARTNERS (Integrated)

- Integral contribution to business plan
- Strong influence on other departments
- Member of top team
- Quality systems and processes
- Service management
- ...owledge management
- ...ent and teams
- ...ase

PROACTIVE (Rapid growth)

- Customer/needs focused
- Pro-active/improvement
- Management development
- Leadership training
- ...t

INTERNAL POLICE (Emerging)

- Policies and manuals
- Controls — headcount, hiring, restructuring, travel, relocation
- Reporting systems & budgets
- Basic measures — turnover, absenteeism
- ...nd skills training
- ..., grievances
- ...edures

KIND HEARTS (Lending Support)

- Cafeteria
- Car park
- Securit...
- ...ium
- ...ub
- ...as party

BASIC NEEDS

- Recruitment
- Induction
- Payroll
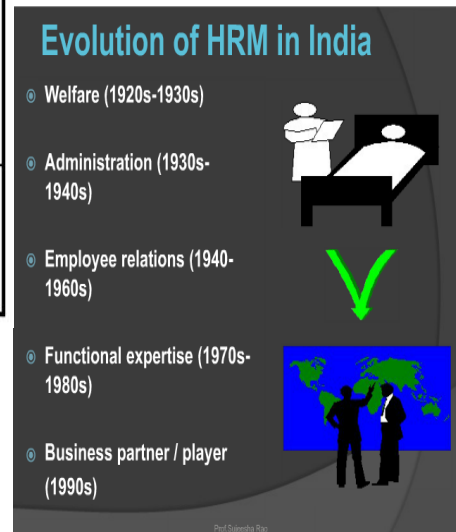- Admin/Records
- Leave

The Evolution of HR
Introduction

- HR has evolved through a number of steps (*as shown below*). But the evolution is not finished – it will continue and will change forever the way in which HR operates.
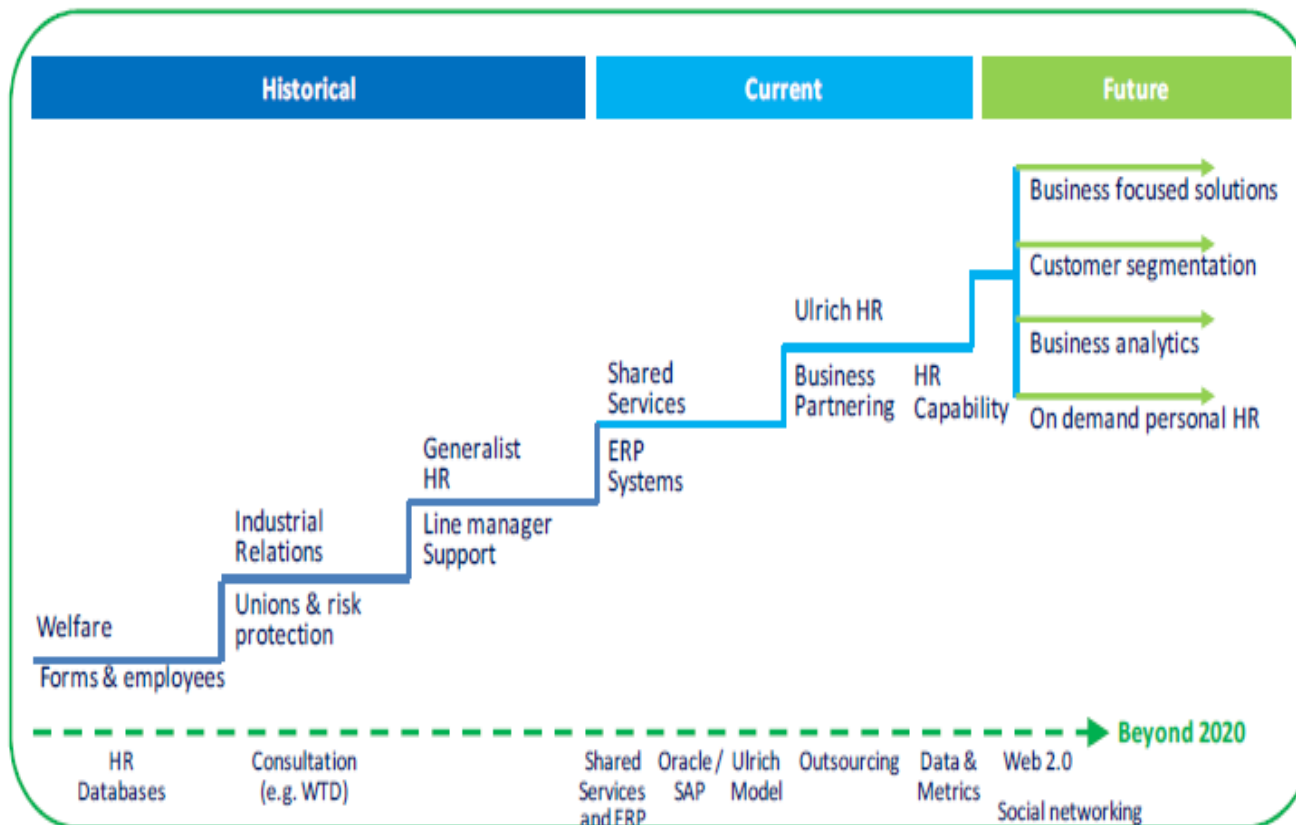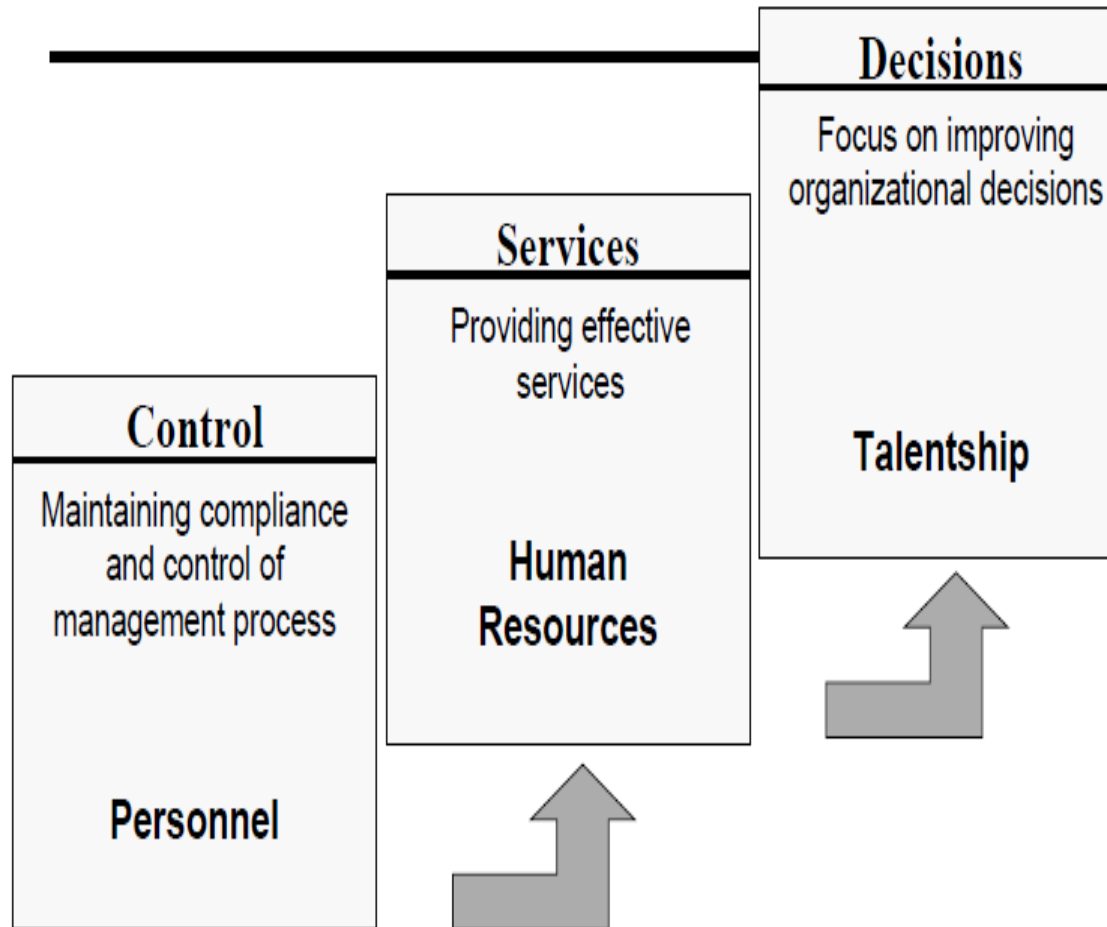
From Personnel to Business Partner

Approximate Dates	Key Business Issues	HR Role	Title for Role
1920s-1930s	▪ Organic Growth ▪ New Technologies	▪ Hiring, Training, and Caring for Employees	▪ *Personnel*
1940s-1970s	▪ Diversification ▪ Competition	▪ Productivity ▪ Negotiations	▪ *Employee Relations/Labor Relations*
1970s-1990s	▪ International Competition ▪ Survival ▪ Shift to Service	▪ Downsizing ▪ Leadership ▪ Change Programs ▪ Performance Management/Rewards	▪ *Human Resources*
2000	▪ Globalization ▪ Innovation ▪ Reinvention	▪ Talent Development ▪ Strategic Capabilities	▪ *HR Business Partner*

Evolution of HRM in India

- Welfare (1920s-1930s)
- Administration (1930s-1940s)
- Employee relations (1940-1960s)
- Functional expertise (1970s-1980s)
- Business partner / player (1990s)

Prof. Sujeesha Rao

Transition of the HR Function

Ulrich Model - HR Transformation Model

Dave Ulrich | HR Transformation Model

David Ulrich, in his book HR Champions, identified four roles that HR professional plays: employee champion, administrative expert, change agent and strategic partner. The model is well known for introducing mainly the aspects of Human Resources with the highest value-added.

4 HR Roles defined by Ulrich

The HR Model defined by Ulrich brings for the main criteria:

- Strategic Partner
- Change Agent
- Employee Champion
- Administrative Expert

Future/Strategic Focus

Strategic Partner	Change Agent
Administrative Expert	Employee Champion

Processes — People

Day-To-Day/Operation Focus

slidesalad

Evolution of HR – Dave Ulrich

Dimensions and questions of the business partner logic	Pivots of our point-of-view on this dimension.
1. HR Value Added: What value does HR deliver to an organisation?	The type of value HR delivers has evolved from efficiency to functional excellence to strategic HR to outside-in.
2. HR Context: What are the contextual factors shaping HR's business centrality?	HR is not about HR but the business. Business requires acknowledging and appreciating: •**Context:** the changes facing our world today (STEPED trends: social, technological, economic, political, environmental, and demographic). •**Pace of change** (VUCA), which is increasing. •**Individualisation** : needs of individuals to find belief and purpose, become better, and belong to a community.
3. HR Stakeholders: Whom does HR serve? Who are the "customers" of HR?	HR **stakeholders** have evolved **from internal (employees, line managers, organisation) to external (customers, investors, community).**

Contd

4. HR Outcome—Talent: How can HR help increase employee productivity and experience (well-being)?	**Improve talent** (people, experience, workforce) through: •**Competence** (flow of people into, through, and out of the organisation). •**Commitment** (employee value proposition, sentiment). •**Contribution** (meaning, purpose).
5. HR Outcome—Organisation: How can HR help build a more competitive organisation?	Organisation **has four times the impact on business results** than that of the individual talent! Organisation thinking has evolved through these stages: •**Reingineering** (roles, re-engineering, downsizing). •**Alignment/systems** •**Capability** (known for and good at doing). •**Ecosystem capability** (building capabilities within the ecosystem not just organisation).
6. HR Outcome—Leadership: How can HR build better leadership throughout the organisation?	**Leadership matters**, and understanding leadership evolves from: •Leader (individual) to leadership (**collective**). •Inside to outside (**Leadership Brand**). •Leadership Code 1.0 to 2.0 (emerging competencies such as navigating paradox, risk without recklessness, meaning maker, etc.).

7. HR Strategy: What is the strategy of the HR department?	An HR function or department requires a strategy that answers three questions: •Who we are (partners, allies, experts). •What we deliver (talent, leadership, organisation). •Why we exist (create value by responding to context or serving stakeholders).
8. HR Organisation: How should the HR department be organised?	The structure of the HR department is built on three principles: 1. Separate HR essential/transaction work (increasingly delivered with technology) from strategic work (delivered by HR professionals and line managers). 2. The HR organisation should match business strategy and organisation: •Single business—functional HR. •Multiple businesses—decentralised HR. •Diversified/allied business strategy with matrix structure—HR as professional services (centres of expertise, shared services, embedded HR). 3. In most large firms, businesses have a matrix or diversified/allied strategy and structure, so HR operates as a professional services firm within the organisation.
9. HR Practices: How should HR design and deliver HR practices?	A host of HR practices exist around people, performance, information, and work. The criteria for HR practices are: •Integrated by offering HR solutions not isolated HR practices. •Aligned to the strategy inside the organisation, and customers and investors outside the company. •Innovative by looking for new ways to design and deliver. •Simple by making HR solutions easy to access and use.

10. HR Competencies: What are the required skills for HR professionals?	The required competencies of HR professionals have evolved over the last 30 years. In response, HR professionals have dramatically increased their competencies over this time frame. It is not just about competence but matching HR competencies to the desired outcomes: •Personal effectiveness: be a credible activist. •Stakeholder value: be a strategic positioner. •Business results: be a paradox navigator.
11. HR Technology (Digitisation): How can HR use technology to leverage digital information?	HR plays two roles in the digital space: 1. It helps create a digital business strategy. 2. It applies digital information from technology to better deliver HR. There are four stages of HR digital work: •Efficiency (do HR better). •Innovation (do better HR). •Information (access ideas). •Connection (connect people).
12. HR Information or Analytics: How do we define HR analytics?	HR analytics is accessing and using information to improve HR value creation. This work has evolved through four stages: •Scorecard (HR activities). •Insights (general data). •Interventions (specific actions). •Impact (business results).

13. HR Work Style: How do HR professionals work with each other in HR and with others in their organisation?	While HR structure matters in assigning roles and accountabilities, HR professionals need to build relationships with each other inside HR and with those outside HR. Relationships require: •Sharing a common purpose. •Respecting differences. •Governing, accepting, and connecting. •Showing empathy/care for others. •Sharing experiences. •Growing together.