Michelangelo was once asked, “How do you produce statues that are so full of life?”. He answered, “The rough marble already contains the statues. It is just a matter of extracting them.” So, there is already a fine employee in everyone, the good manager should put efforts to chisel it from them. So as the labour laws too. Even though there is lot of voluntary efforts to chisel the employees, it is the need of the day to have a solid structure for employee development throughout to ensure steady industrial progress and growth.

Labour laws been widely studied for almost a decade and various recommendations have been made to reform labour laws in the current era of globalization. In spite of it, the issue pertaining to labour welfare, flexibility in labour laws and provisions for human resource development for better industrial relations, persists even today.
1.1 National Commission on Labour

The First National Commission on Labour headed by Justice P.B. Gajendragadkar was constituted in 1996 with the central theme of labour welfare in consonance with the popular social sentiments of that time. The Commission’s primary focus was on improving the living conditions of workers, providing legal protection to workers etc.

In contrast, the Second National Commission on Labour (SNCL) was constituted after long 33 years, on October 15, 1999, of the first Commission in a completely different background of liberalized and globalised economy. The specific objective of the SNCL was rationalization of labour laws and formulation of an umbrella legislation to provide protection to the unorganized sector workers. Thus the main terms of reference for the commission include the issue of social security; the impact of globalization; formulation of legislation to cover unorganized sector, women, child workers; skill development, training and workers’ education; and above all the review of outdated labour laws.

1.2 Employability of Indian Labourers

For past several years it has been argued, especially by employers, that labour laws in India are excessively pro-workers in the organized sector and this has led to unnecessary rigidities resulted in poor operational performance. Since the existing labour laws are less employment friendly and pro-worker, they protect employee and do not encourage employment or employability which leads slow employment growth despite increasing GDP growth. The existing labour laws provide no effective means to improve the skills (employability) of the employees working in organized sector.
The employers, view flexibility in labour markets as a pre-requisite for promoting balanced economic growth, skill development and generating jobs, whereas, the trade unionists view the contention for flexible labour market by employers as a strategy for profit maximization and reducing their bargaining power without generating sufficient employment opportunities. Job insecurity should also be a major cause of concern for them. The employees are of the opinion that the labour law have been flouted continuously by the employers, whereas, the employers are of the opinion that the existing labour laws seek employment at the cost of employability.

1.3 Need for Flexible Labour Laws

In this era of economic liberalization and widespread global competition, each firm should organize the production to suit the changing market conditions rapidly and frequently. This would promote economic growth and generate job avenues. Excessive institutional interventions adversely affect the freedom of employers to adjust the production leading to unemployment. Hence, to protect the existing employees, under legal compulsion, the employer is forced to keep apart the potential employees that may affect the efficiency of the organization.

The SNCL highlighted the need for flexibility in labour laws so as to promote competitiveness and efficiency in current era of globalization and rapid technological advancements.

According to the Deputy Chairman, Planning Commission, Mr. Montek Sing Ahluwalia, flexibility in labour laws would attract more investments and create more employment.

Our Prime Minister, Dr. Manmohan Singh also asked the Labour Ministry to form a special group including representatives of Ministries of
Finance and Industry to examine how to address the problems of organized and unorganized sector in matters of increased efficiency, who are partners in the progress of the country.

1.4 Labour Laws & HRD

Labour laws cover all the laws which have been enacted to deal with employment and non-employment, wages, working conditions, industrial relations, social security and welfare of persons employed in industries. Labour laws are essential to organize industry in a planned economy driven by the spirit of co-operation and mutual dependence for attaining the common purpose of greater, better and cheaper production. Since this has not been happening voluntarily for several reasons, institutional interventions are needed. Labour laws in India aimed at preservation of the health, safety and welfare of workers as well the maintenance of good relation between employers and employees.

HRD has emerged as a distinct area of concern in organization and as a belief of the management in the development of an individual, which involves a strategy of linking organizational development of an individual growth. It is an organized learning experience aimed at matching the organizational need for human resource with the individual need for career growth and development which will promote and maintain healthy relation between employers and employees.

HRD is undergoing a sea-change in the country. It has undergone several changes with the changes in attitude of the management towards its employees. This process is still continuing and will continue forever. HRD is often attributed to the effective utilization of human beings working in the organization. In essence, growth, development and survival of an organization
heavily depend up on the quality of human resources and the skill with which they are managed.

The political leaders and economic policy-makers believed that India would grow into a dominant economic and political power because of its vast natural resources. Now they realized that India would grow into a significant power in the world because of its human resources. India’s labour laws have to work towards drawing in human resources, entrepreneurial talent and employees into the market so that natural resources and savings will follow. But without labour reforms, sustainable development and prosperity would elude India.

India needs an economic approach to labour laws because human effort is the principal determinant of economic well being. It is time for change so that new labour laws should regard human resources as the horses of the economy.

1.5 HRM & HRD

The basic objective of HRM is to develop competitive advantages based on human resources. In order to achieve this objective, it undertakes various functions on proactive basis that ensure that availability of right people, at the right time and at right place. Thus, these are quite comprehensive. On the other hand, the basic objective of HRD is to develop human resources with matching organizational culture and provide inputs for the effective performance of various HRM functions. From this point of view, HRD is a subsystem of HRM.

HRD can be considered as a system at its own level or as a subsystem when it is considered as a subsystem of HRM system. When HRD is considered as a system it has various subsystems which are interlinked to each
other. Such subsystems may be training subsystem, development subsystem and evaluation subsystem. All these subsystems have their own objectives and processes but they ultimately contribute to effective HRD as measured in terms of its own objectives. When HRD is considered as a subsystem of HRM system, it interacts with other subsystems.

Other subsystems of HRM system with which HRD interacts are the human resource planning, selection and placement, promotion, compensation, and performance appraisal and potential analysis. All these aspects of HRM along with HRD are highly interdependent, and change in any one of these creates necessity of change in others.

1.6 Employee development or HRD

HRD is concerned with training, education & other intentional or unintentional learning, which refers to general growth through learning. It can be defined as a learning experience organized mainly by an employer, usually within a specified period of time to bring about the possibility of performance improvement and personal growth.

The main focus of HRD is learning & its principal aim is to attain the objectives of both organisation and the individual.

For the purpose of this study, the terms employee development and HRD will be used interchangeably.

1.7 Statement of the problem

The objectives underlying the enactment of various labour legislations were to facilitate employee satisfaction and industrial development. But many of the labour laws, which were enacted at a time when the production paradigm and environment were different, have become outmoded.
Government will attempt to reduce the needless proliferation of Trade Union in establishments, without detriment to the rights and interests of the work force.

There is a need to expedite the industrial dispute resolution mechanism of the labour judiciary including the Labour Courts, Industrial Tribunals & Workmen’s Compensation Commissioners. Government will make requisite amendments to the rule and procedures governing the functioning of these bodies to speed up and stream-line this process for developing team spirit. The researcher tries to find out the different factors that influence the various labour legislations to contribute towards organizational wealth and employee motivation.

Hindustan Newsprint Limited is a public sector undertaking wholly owned subsidiary of Hindustan Paper Corporation Ltd established with the objective of taking over the business of newsprint in the State. It has been performing exceptionally well since its inception utilizing the entire plant capacity. Thus, Hindustan Newsprint Limited is a representative unit of efficiency and effectiveness.

Hence, the study is stated as \textit{The impact of labour legislations on human resource development – A study with special reference to Hindustan Newsprint Limited, Vellore, Kerala.}

\textbf{1.8 Significance of the study}

Social standard of life is very high in Kerala at par with developed countries, represented by:

i. Low infant mortality

ii. Highest life expectancy in comparison with national average
iii. Highest literacy level at the national level
iv. Women literacy much higher than the national average
v. Overall human development is at par with developed countries.

In spite of these, per capita income is very low, economic and industrial growth is very slow. We have good pool of man power with good potential for development. The labour legislations were intended to be friendly to employees, but they have ended up being anti-employment. The issue has been a touchy one ever since the liberalization era in the early 1990s. Hence the study is relevant.

1.9 Objectives of the study

The main objective of the study is to analyse the need for a practical and effective structural framework through legislation for ensuring human resource development in industrial establishments in our country. The various specific objectives of the study are:

1. To find out the level of employee satisfaction on the HRD practices in Hindustan Newsprint Limited.
2. To evaluate the effectiveness of human resource development measures among the employees in terms of:
   - Individual development
   - Career development
   - Organisational development
3. To examine the various provisions for human resource development in labour laws
4. To analyse the impact of labour laws on human resource development
1.10 Hypotheses

Based on the problem identified and the objectives set, the following hypotheses were formulated.

1. The employees are not satisfied with the HRD practices in the company
2. The HRD practices are not significant enough to facilitate individual development of employees
3. The HRD practices are not significant enough to facilitate career development of employees
4. The HRD practices are not significant enough to facilitate organisational development of employees
5. There is no significant impact of labour laws on HRD

1.11 Overall research methodology

Initially a literature survey is conducted to get a comprehensive view of earlier studies in the subject and to determine important variables which are related to it. However, no extensive research study have been made day yet in this area covering both labour laws and human resource development. The researcher, therefore, found it very difficult to conduct a literature survey to develop the theoretical framework and research questions for the studies.

In this study extensive research review has conducted in the area of human resource management. The literature, published reports, books, articles from international journals were the major secondary sources of data. The researcher also utilized the documents taken from various websites. The literature survey conducted in such a narrow perspective helps in developing theoretical framework for this research.
1.12 Questionnaire

A questionnaire was the instrument used in this research to collect the research data. It is the best method in a survey when the researcher is familiar with the variables needed to be measured and sample size is big and dispersed. A clear-cut goal is the most essential step to getting started on designing a questionnaire. This step involves the planning before undertaking the project. One has to look into important issues to be covered and ensure that continuity is maintained. In other words, researcher get to know what he is planning to observe through the questionnaire to reach a conclusion. The questions should then be framed keeping this goal in mind. A newly designed questionnaire one has to test the developed instruments for the consistency and viability. In other words questionnaire has to satisfy the scale refinement and validation.

1.13 Scale refinement and validation

Validity is the most critical evaluation and indicates the degree to which instrument measures, what it is supposed to measure. Validity can also be considered as utility. It is the extent to which, differences found with a measuring instrument reflects the true differences among these being tested. Empirically validated scales can be used directly in the other studies in the field for different programmes. A scale for a construct is useful for application by different researchers in different studies only if it is statistically reliable and valid. The major forms of validity are content validity, construct validity and face validity.

1.13.1 Content validity

Content validity is a non statistical type of validity that involves systematic examination of the test content to determine whether it covers a representative sample of the behavior domain to be measured or it is the extent
to which a measuring instrument provides adequate coverage of the topic under study. If the instrument contains a representative sample of the universe, the content validity is good for determination is primarily judgmental and intuitive. It can also be determined by using a panel of persons who shall judge how well the measuring instruments meets the standard, but there is no numerical way to express it. Accordingly the researcher consulted various experts and academic professionals in this field and ensured that the questionnaire so prepared for the evaluation is measured with sufficient content validity.

1.13.2 Face validity

Face validity is an estimate, if whether the test appears to measure a certain criterion, but it does not guarantee that the test actually measures phenomena in that domain. Face validity is very close to content validity. The content validity depends upon a theoretical basis for assuming a test that it is assessing all domains of a certain criterion, meanwhile face validity relates to whether the test appears to be good measure. This judgment is made on the face of the test, thus it can also be judged by the experts in the field.

1.13.3 Convergent validity

It is one of the approaches to the construct validity. Convergent validity refers to the degree to which a measure is correlated with other measures that is theoretically predicted with. In other words convergent validity is gauged by comparing it to measure of the same concept developed through other methods to assess how well the items are together. This involves empirical and theoretical support for the interpretation of the construct each item in the scale is treated as different approach to measure the construct. Accordingly by using confirmatory factor analysis each item in the scale is
checked with the help of coefficient called bentler-bonett fit index (NNFI or TLI). A scale with TLI value of 0.9 or above is an indication of strong convergent validity. It has been observed that TLI values of each construct as well as overall TLI values are more than 0.90 and this indicate strong convergent validity of the instrument.

1.13.4 Reliability

An assessment of the statistical reliability is necessary before any further validation analysis. Reliability refers to degree of dependability, consistency or stability of a scale. Unreliable scale will lack consistency of measuring the same item to the extent. There are four good methods of measuring reliability. Test-retest technique, multiple forms, inter-rater, Split half reliability. Now a days, particularly for field survey internal consistency is estimated by using Cronbach’s alpha. An alpha value of 0.70 or above is considered to be criterion for demonstrating strong internal consistency, alpha value of 0.60 or above is considered to be significant.

A questionnaire was designed considering the above factors and a pilot study was carried out before going for the final analysis. On the basis of the findings in the pilot study the questionnaire is further refined and this refined questionnaire is used for the collection of final data.

The questionnaire was self developed in consultation with the supervisor. It was closed in form, which was made on the basis of Likert scale model of rating. A questionnaire containing 34 questions at 5 point likert scale is designed to measure the effectiveness of human resource development on employee. Demographic questions were included in the beginning of the questionnaire, which is followed by general questions to specific questions.
1.14 Pilot study

A pilot study was conducted for testing the appropriateness of the research questions and methods adopted. The pilot study helped to select the appropriate data collection strategy. Whether random sampling was appropriate for the sampling technique and also the understandability about the questionnaires is also tested through the pilot study.

The pilot study was conducted with a pre-designed questionnaire to the 20 selected members from each of the three category of respondents, namely workers, supervisors and executives.

1.15 Universe and sample size

The study is partly analytical and partly descriptive in nature. It makes use of both primary and secondary data. The universe comprises of 909 permanent employees in Hindustan Newsprint Limited divided under three categories- executives, supervisors and workers. The researcher collected information from 250 samples from each of the three categories of employees on the basis of stratified proportionate sampling. Thus the sample comprises of 75 executives, 25 supervisors and 150 workers.

1.16 Sampling methods

The validity and accuracy of final judgment is most crucial and depends heavily on how well the data was collected in the first phase. The quality of data will greatly affect the conditions and hence utmost importance must be given to this process and every possible precaution should be taken to ensure accuracy while collecting the data. One of the major problems we are facing in this direction is sample size justification. Sample size calculation is concerned with how much data we require to make a correct decision on
particular research. If we have more data, then our decision will be more accurate and there will be less error of the parameter estimate. This doesn't necessarily mean that more is always best in sample size calculation. Accordingly in the present study we calculate the sample size using power analysis on the basis of information obtained from the pilot study. The power analysis gives that a sample of 150 or more is adequate for our study. So we collect information from 250 samples from each of the three categories of employees.

The collection of data is based on stratified proportional sampling among the three categories of employees namely workers, supervisors and the executives.

1.17 Data preparation for analysis

1.17.1 Data Editing

The collected questionnaire were checked for its completeness and edited as required. Since most of the questionnaire were collected personally by the researcher, it is possible to check and edit the questionnaire in front of the respondents if required. Especially the demographic variables were thus correct where it is found to be missing. But in the case of indirect questionnaire collection approach, the editing of data was able done in limited way, because all the respondents were not able to contact directly again.

1.17.2 Coding

Once the editing of the data is completed, next stage was the coding of the responses. Each item in the questionnaire was given unique code using number or alphabet. For example, items in the questionnaire 1 are coded as 1
for strongly disagree, 2 for disagree, 3 for neutral, 4 for agree and 5 for strongly agree. The demographic responses were also coded with numbers. For example, the variable male is coded with 01 or 02 indicating a female respondent. In the same manner, the variables like company, experience, category, and age were coded using numbers. The responses were then keyed to a SPSS program.

1.17.3 Blank questionnaire

If the 25% of items or more were left unanswered, that questionnaire is excluded from the analysis. If it is less than 25% at the time of analysis the computer program will be allowed to ignore the blank responses.

1.17.4 Data analysis method

The data collected contain both the qualitative and quantitative data. Accordingly, we use both qualitative and quantitative techniques for the analysis of data. The statistical analysis comprises of two stages. The first stage examines the descriptive statistics of the measurement items and assessed the reliability and validity of the measure used in this study. The second stage will test the proposed research model and this involved assessing the contributions and significance of the manifest variables path coefficients.

The computer program, Statistical Package for the Social Sciences (SPSS version 17) is used to analyze the data. The mean standard deviation, percentage and frequencies were first calculated to get the initial reaction of the respondents to each item in the questionnaire. All items were analyzed using descriptive statistics. A one sample Z test was used to explore the level of Human resource development. An independent Z-test was used to explore the significant difference in response between categories of employees. ANOVA test was used to explore any difference in responses caused by
demographic variables. The chi square tests were used to find out the dependency of the personal satisfaction level and the demographic. The acceptable level of significance was $P<.05$.

The factorability of the data were tested taking into consideration of the sample size. Cronbach’s alpha was used to test the reliability and construct of scales.

A confirmatory factor analysis was used to explore the relationships between independent and moderating variables and describe the construct of the theoretical framework. This is done using the software AMOS 7. In the confirmatory factor analysis, first a theoretically supported model was developed for each factor, a path diagram of causal relationships was constructed and parameter estimated in the model were examined based on the goodness of fit measures available in AMOS output.

The measures of “goodness of fit’ followed in this research are

**Absolute fit measures**

**Likelihood ratio Chi-square statistic** ($p$): usually greater than 0.05 or 0.01 is the level of acceptable fit.

**Goodness –of fit index** (GFI): higher values closure to 1.0 indicates better fit.

**Root mean square error of approximation** (RMSEA): values ranging from .5 to 0.8 are acceptable.

**Root mean square residual**: the smaller values the better.
**Incremental fit measures**

Tuker-Lewis Index (TLI): A recommended value of TLI is 0.09 or greater. The value closure to 1.0 indicates perfect fit.

Normal fit Index (NFI): A recommended value of NFI is 0.09 or greater. The value closure to 1.0 indicates perfect fit.

Adjusted goodness of fit index (AGFI): A recommended value of AGFI is 0.09 or greater. The value closure to 1.0 indicates perfect fit.

**Parsimonious fit measures**

Normal Chi-square (CMIN/DF): Lower limit 1.0 and upper limit 2.0/3.0

Parsimonious goodness-of-fit index (PGFI): the value closure to 1.0 indicates perfect fit.

Considering the above values, a conclusion was reached about the final model of each factor and their relationships.

**1.18 Review of Literature**

Even though labour laws were widely studied for almost a decade and various recommendations have been made to reform it in the current era of globalization, the issue pertaining to provisions for HRD for better industrial relation persists even today. It is to be noticed that any such research study covering the human resource development aspects in labour legislations in India has not been made day yet to best of the knowledge of the researcher. Hence, literature covering the human resource development aspect in labour legislation is not available for review. Anyhow, the researcher conducted the review of those literatures covering separately the impact of labour legislations as well the human resource development aspects.
Ravindra Jain & Premkumar R. (2011) through their study gives a concrete base and direction that it provides the empirical evidence as regards to current status of HRD sub-systems in relation to HR productivity in Indian Private Sector and Public Sector Organizations. Concerns of the various stakeholders for HRD cause and practices of selected management styles have also been found at moderate level to facilitate HRD process. HR Productivity has also been found to be confined only to moderate level. The selected HRD sub-systems and the selected management styles have been found significant impact on HR effectiveness. The findings of the study indicate that in order to improve the level of HR effectiveness, there exists a dire need of continuous improvement in design and implementation of HRD subsystems.

Khayaletu Goodman Matiso (2003) in his study on the effects of Labour Relations Act on small, medium and micro enterprises in South Africa highlighted that the Act discourages job creation and frustrates the development of the small business sector in South Africa. He further recommends a small business sector audit for the assessment of the current status in relation to the growth of the sector so as to amend the legislation and mobilizing resources in support of small business. He also pointed out the need for a significant piece of legislation for separate funding for skill training to both owners and employees.

Annaline Groenewald (2006) conducted a study to determine whether the HRD strategies in the organisations are aimed at meeting the expectations of their employees. The researcher objectively analysed HRD strategies in the organisations to conclude that it will facilitate the attainment of organisation’s strategic goals, meet the expectations of their employees and at the same time meet the objectives of employment equity.
Nath (2006)\(^4\) opined that the whole idea of outsiders intervening in disputes between the workers and employers of a particular organisation does not exist in other countries. The trade union Act, 1926 allows outsiders to be office bearers and members of unions. So workers who are not directly employed under a particular employer also stand against that employer in the event of any dispute. Citing an example of Trade Union Act in Singapore, he says that while trade union policies in Singapore aim at promoting productivity, labour efficiency and economic growth of the country, Indian policies restrict productivity and economic growth.

According to Dr. Rangarajan (2006)\(^5\), faster growth rate can be attained by emphasizing labour intensive sectors by skill development of the labour force and flexibility of labour laws. He also stated that flexibility in labour law is not just related to hire and fire strategy and that business units will have to function under legitimate restrictions.

Edwards Paul & Ram Mender (2003)\(^6\) in their study on the impact of employment legislation on small firms stated that the impact is mixed and contingent to the market context and the individual situation of each firm. It is highly recommended by them that when analysing the impact on small firms, the focus should not be on the impact on small firms as a whole but rather the impact of specific legislation under certain circumstances.

Ginneken (1998)\(^7\) emphasizes on the need to improve the existing systems in labour legislations. He projected the need for structural change in the legal system to ensure that it is organisation friendly to cater the needs of both employee and employer.

Guhan (1998)\(^8\) points out that the existing formal security system not only has structural problems but also has administrative problems and hence
any attempt to reform labour laws cannot be confined only to piecemeal improvements to individual enactments but should also include radical restructuring of the entire framework along with legal and administrative reforms.

1.19 Limitations of the study

1. The researcher interviewed the employees while they are at course of work. So they were hurry to respond to the questions that may affect the quality of data collected.

2. There are inhibitions which prevent some respondents from opening up affect the results of the study

3. Inferences drawn were from a sample industry only. Therefore the generalization is not free from sampling errors.

4. The researcher also face non co-operation from respondents in furnishing data.

5. Study covers only few variables of human resource development. The wide nature of the topic compelled the researcher to limit the study within a few parameters.

1.20 Organisation of the report

The study is presented in seven chapters:

Chapter one deals with the introduction to the topic, explanations to HRM and HRD, statement of the problem, significance of the study, objectives of the study, hypotheses formulated, methodology adopted, review of literature, limitations of the study and chapter scheme.
Chapter two entitled Labour Policy and Labour Legislations covers a brief history of labour and labour policy. It also briefly discusses the significant provisions of important labour legislations.

Chapter three is concerned with the history of HRD, its meaning and significance, objectives and approaches of HRD, the HRD process, key components of HRD as well the HRD mechanism and international HRD.

Chapter four covers the detailed study of the structure and activities in HNL. It comprises of the profile of the industry and company, the capital structure and management, HRD hierarchy, HRD policy, HRD manual and HNL manual in a detailed manner.

Chapter five deals with the analysis of surveyed data to measure the effectiveness of human resource development on employees. The effectiveness of HRD is measured in terms of three components of HRD - the individual development, career development and organisational development.

Chapter six is concerned with analysis of the impact of labour legislations on HRD in terms of the perception of employees towards HNL. The provisions for HRD in various labour legislations were analysed in detail to assess its impact on HRD.

Chapter seven gives the summary of findings and recommendations based on the study and the scope for further research.
References