CHAPTER III

Review of Literature
There are many types of researches had been done in the dairy industry. Many researchers & experts have tried to search efficient & effective Human Resource Management Practices. Researchers, Scholars, Teachers, Academicians, Students, Practitioners, Industrial Association, Government & Non government organizations & co-operative dairy sectors etc are making a conscious study of literature through discussing keeping themselves alert to need timely.

The purpose of referring the research paper, project reports, articles, websites & working it also provides supportive drive and evidence for the findings of the study. A number of studies have been conducted in the world, India and Gujarat which examined the subject.

Following is just an indicative list of such literature reviewed by me for my research work.

**HUMAN RESOURCE DEVELOPMENT (HRD) :**

Different companies have established different types of employee development programs for a variety of reasons. In the early 1990s Sears Credit, a firm based out of Hoffman Estates, Illinois, underwent a major restructuring and responded with a career – development initiative. This new venture was done in order to align employees with their new and changing jobs and to ensure that all employees were adding value to the company.

Organizations have set up their employee development programs in a variety of ways. Traditionally, companies have offered tuition reimbursement to allow people opportunities to expand their knowledge.

Jeanne Meister (1998) defines a corporate university as, “A centralized in – house training and education facility to address the shortened shelf life of knowledge and to align training and development with business strategies”.

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A training department tends to be and focused on specific job skills, while a corporate university is proactive with a more strategic approach. It has a deliberate education component and is an excellent method for sharing the organization’s culture, moving from job skills improvement to work place skills understanding, developing leadership and fostering creative thinking and problem solving (Meister, 1998).

Subba Rao in his book “Human Resource Management” published in 2007. Written “Employee Training and Development” is a systematic process of growth and development by which the managers develop their abilities to manage. It is concerned with improving the performance of the managers by giving them opportunities for growth and development.

In the book “Human Resource Management” written by K. Aswathappa published in 2008, training and development refers to the imparting of specific skills, abilities and knowledge to an employee. It may be understood as any attempt to improve current or future employee performance by increasing an employee’s ability to perform through learning, usually by changing the employee’s attitude or increasing his or her skills and knowledge.

The component of a training program is development which is less skill – oriented but stresses on knowledge. Knowledge about business environment, management principles and techniques, human relations, specific industry analysis and the like is useful for better management of a company.

International Journal of Human Resource Management, 14.6 September 2003, 981-1000. Chay Hoon Lee & Norman say in their research paper “Creating value for employees: investment in employee development”, motivating the workforce is one of the most critical challenges facing organizations today. Employee development is one of the most significant functions of human resource practice. Recent research suggests that “high commitment” human resource practices, such as employee development, affect organizational outcomes by shaping employee behaviors and attitudes.
Employee development is vital in maintaining and developing capabilities of both individual employees and the organization as a whole. A central premise in Perceived Investment in Employee Development (PIED) is that it creates conditions where employees believe that their organizations value their contribution and care about their employability.

**Julian S. Manu** in his article attempt to examine the, “Training and Development Techniques for improving organizational performance for Ghanaian Firms”. The study described, selected successful models of training and development as they may apply to firms in Ghana. He studied selected methods of need assessment for training and development programs for employers and employees.

In a thesis of **Karen L. Sheltod** studied “The Effects of Employee Development Programs on Job Satisfaction and Employee Retention”. This research analyzed the significance of employee development programs on employee retention and job satisfaction. It also took business success into consideration. The Method for this project consisted on an analysis of two studies, one conducted by the Gallup Organization and the other conducted by the American Society for Training and Development and the Society for Human Resource Management. The study determined that training and development increase employee satisfaction and significant in an employee’s decision to stay with a company. It also indicated that the impact of training decreases without the organizational culture to support employees in the development process.

**Lila Carden** and **Toby Egan** had written an article on “The Role of Reflective Practices in Building Social Capital in Organizations from an HRD Perspective”. They found, social capital has been receiving increasing attention in the field of Human Resource Development (HRD). They studied how reflective practices play a role in the development of social capital as individuals reflect together in interactive social contexts such as networking activities. This article looks at how reflective practices could inform organizational social capital building.
In one of the article Claire Gubbins studied “Understanding the HRD Role in MNCs: The Imperatives of social capital and networking.” Multinational Corporation (MNCs) is ensconced in dynamic, increasingly competitive and global environment, even more so than domestic organizations. This provides opportunities for HRD professionals to demonstrate their ability to “deliver value” by reconceptualizing their role as “strategic” or business partners. To engage in such roles, it is evident that social capital is of increasing importance to HRD professionals and hence the imperativeness of developing social networking competency.

Chay Lee and Norman T. Bruvold published a research paper titled “Creating Value for Employees: Investment in Employee Development”, in International Journal of Human Resource Management 14:6, September 2003, 981-1000. The findings from this research have important implication for healthcare organizations. Perception of investment in development can improve nurses’ morale and dedication to the level that emotionally binds them to the organization and encourages them to stay on. This implies that health care organizations need to pay greater attention, both in investing and planning development activities that promote and develop organizational commitment and job satisfaction among nurses.

Abdul Hameed and Amer Waheed in their research paper attempt to examined “Employee Development and Its Affect on Employee Performance: A Conceptual Framework”, published in International Journal of Business and Social Science. The researcher examined and investigated the literature review on employee development and its affect on employee performance. The key variable identified related to employee development and employee performance. The paper presented the importance of the employee development activities, importance of investment in a human capital and challenges in employee development.
PERFORMANCE APPRAISAL:

The performance appraisal can be defined as a process, typically delivered annually by a supervisor to a subordinate designed to help employees understand their roles, objectives, expectations and performance success.

Performance appraisals are used most widely as a basis for compensation decisions. The practice of “pay – for – performance” is found in all types of organizations. Performance appraisal is directly related to a major HR functions, such as promotion, transfer and lay – off decisions. The appraisal process provides an opportunity to identify issues for discussion, eliminate and potential problems and set new goals for achieving high performance.

According to Brown and Hey Wood, 2005, “Performance Appraisal” represents, in part, a formalized process of worker monitoring and is intended to be a management tool to improve the performance and productivity of workers. Employee commitment and productivity can be improved with performance appraisal systems (Brown and Benson, 2003). Appropriate explanation and supervision of performance lead to higher job satisfaction and professional commitment amongst teachers. This is also true when performance appraisal is low.

Possibility of performance appraisal is enhanced by complementary human resource management practices like formal training and incentive pay and performance appraisal leads to greater influence of productivity (Brown and Heywood, 2005).

360 – Degree feedback is aimed at improving performance by providing a better awareness of strengths and weaknesses. The employee receives feedback, in anonymous form, on performance ratings from peers, superiors and subordinates (Kaplan and Palus, 1994). Feedback from multiple sources, such as superiors, peers, subordinates and others has a more powerful impact on people than information from a single source, such as their immediate supervisor. Employees view performance information from multiple sources as fair, accurate, credible and motivating. They are more likely to be motivated to change their work habits to obtain esteem of their co-workers than the respect of their supervisors. (Edwards and Ewin, 1996).
T.R.Manoharan, C. Muralidharan and S.G.Deshmukh in their article studied, “Employee performance appraisal using data envelopment analysis”. This article demonstrates how Data Envelopment Analysis (DEA) can be applied as a fair evaluating sorting tool to support the performance appraisal. DEA focuses on the best practices of efficient employees for the purpose of improving overall performance. The DEA process identifies inefficient employees, magnitude of inefficiency and aids to eliminate inefficiencies with a relatively easy to employ framework.

Thomas R. Parker had worked on “Exploring 360 – degree feedback performance appraisal”. The result of this research project confirmed that most organizations are using the traditional supervisor – to – subordinate appraisal. It also concludes that multi – assessors increase validity and that subordinates and peers are in a better position to provide accurate feedback to their supervisors and co – workers. The survey concluded that personnel are dissatisfied with the traditional performance appraisal are willing to evaluate their superiors, peers and subordinates.

In one of the research Robert D. Bretz, Jr. Gorge Milkovich and Walter Read researched on “Performance Appraisal Research and Practice”. They concluded that managers are concerned with fairness and using appraisal systems which help them manage more successfully. Cognitive processing research attempts to understand how information is translated into rating so that bias and error may be removed. Assuming bias and error contribute to suboptimal decisions, limiting these factors may result in better decision making and ultimately fairer appraisals. Therefore, managerial concerns for fairness are being addressed by cognitive processing research.

Nevertheless, some very important issues raised by managers are receiving little or no research attention. Most important of these is the need for a more explicit focus on procedural and distributive justice. While a considerable body of theoretical discussion exists, appraisals offer unique opportunities to examine the determinants of fair procedures under varying conditions and perhaps most interestingly under conditions when the distributive results, such as pay increases or performance ratings are judged to be unfair.
Dr. Muhammad Malic, Ghafoor and Naseer had published their research paper in *Far East Journal of Psychology and Business, Vol. 2, No. 1, January 2011*. This study focused on employee performance, employee motivation and organizational effectiveness. Employee performance has a positive relation with organizational effectiveness and employee motivation has also positive relation with organizational effectiveness. There is a relation among these variables but strong relationship does not exist. Organizations of banking and telecommunication sectors should give proper attention to their staff regarding employee performance and employee motivation. Happy employees are more productive rather than productive employees are happier.

In one of the case study Themba Lambert Zwane studied on “The Role of Performance Management in The Motivation of Employees” in Nov. 2009 discussed that performance management systems can assist an organization to achieve synergistic results. Motivated staff work harder are more productive, happier, more concerned with customer satisfaction and ultimately more profitable for company.

Simms in the research paper “Subordinate Appraisal of Supervisors An Improvement In Appraisal Technique” in 1996 recommended an action plan is developed to implement a subordinate appraisal system in the Texarkana, Texas Fire Department. The results of his study indicated that subordinate appraisal of supervisors could be viable accepted system that could improve the overall performance appraisal process.

David Lobdell research on “Selecting an Appropriate Performance Appraisal Program for Spokane Valley Fire Department” in 1997, recommended that 360 degree appraisal was the most beneficial for a fire department in today’s work environment. Four basic methods were identified in his research (1) the conventional top down, (2) the peer rating; (3) the bottom up where employees rate their supervisors and (4) the 360 degree evaluation which he states is a combination of the other three.
COMPENSATION MANAGEMENT:

One of the most important factors in human resource management is compensation management and growth of the organization depends on the degree of soundness of this discipline. Compensation is a broad term encompassing all the ways in which an organization may reword employees for their services. These rewords include financial and non-financial forms like salary, fringe benefits, recognition and status symbol, etc.

Compensation Management is the foundation of not only human resource management but also of an organized way of working. Compensation constitutes more than half of any organization’s cost and is a major factor in attracting, engaging and retaining talents.

Stephen P. Robbins, David A. Decenzo, Robin Stuart – Kotze and Eileen B. Stewart define, “Compensation Management is a process of determining cost-effective pay structure, designed to attract and retain provide an incentive to work hard and structured to ensure that pay levels are perceived as fair”.

Kressler (2003) study the “whatever the individual and cultural variations, reward, along with the strategies and systems related to it, forms a significant part of a business’s personnel policy. It can appeal to both the material and immaterial values of employees. Entrepreneurs and managers perceive in reward strategies a unique challenge and opportunity to make the most of what employees can contribute and be offered in return, in order to increase the potential of the net product”.

Steers and Porte (1991) research on compensation clearly shows a link between the rewards an organization offers and those individuals that are attracted to the compensation into working for the organization and those employees who will continue to work for the business.

Wilson (1995) states compensation systems have evolved through a series of four developmental stages of discretionary process, job-based system, objectives-based system and customer-focused system; pointing out that each stage was fitting
in relation to the management philosophy of that time.

According to the *Encyclopedia of Social Sciences* (1957, Page – 292), “Wages are remuneration for labour, like interest and rent, wages are contractual incomes. Wage rates, whether piece rates or time rates or whether fixed in money or in goods are agreed upon by the payers and the recipients of wages before the product is sold”.

The term “compensation” is of a recent origin which includes everything that an employed individual receives in return for his work. It is a comprehensive term that includes wage and all other advances and benefits.

*Sharma (2004)* says that the concept „earnings” relates to remuneration in cash and in kind paid to employees, as a rule, at regular intervals for time worked or work done together with remuneration for time not worked, such as for annual vacation, other paid leave or holidays. Earning exclude employers’ contributions in respect of their employees paid to social security and pension schemes and also the benefits received by employees under these schemes. The two terms often used interchangeably are “wages” and “salary”. If a worker is paid by the year, he is considered to be in receipt of a salary not wages. If he is paid by the hour or day, he is stated to be in receipt of wages. If he is paid by the month, he is usually looked upon as salaried employee rather than a wage – earner. Normally, the term „salary” is used for compensation to white – collar employees while the term „wage” is used to denote the payment made to blue – collar workers.

*Garima Panchal “Compensation Management : Recent Trend”* published in International Journal of Research in Finance and Marketing, vol. 1, issue 5, September 2011, studied, compensation or remuneration in general terms means direct wages, salaries or allowance given to the work force of the business organization. Compensation management or wage and salary administration refer to establishment and implementation of sound policies and practices of employee compensation considering the worth of concerned employee and concerned job. It includes such areas as job evaluation, surveys of wage and salaries an analysis of relevant organizational problems, development and maintenance of the structure, establishing rules for administering wages, wage payments, incentives, profit sharing,
wage changes ad adjustments, supplementary payments, control of compensation costs and other related items.

**Steven H. Appelbaum** published a research paper on “Compensation Strategy: Determinants and Contingencies in High – Technology Organizations”, in International Journal of Manpower, 12, 8. He analyzed that employees who possess critical skills expect to be rewarded for their contributions and often go looking for work elsewhere if they don’t get those rewards. In the high – technology industry, that problem is amplified by the fact that these firms are concentrated in certain areas, thus minimizing the moving costs incurred.

These facts should guide the human resource professionals responsible for compensation policies and practices in the design of compensation programs adapted to the specific needs of the organizations and talented high-tech professionals ultimately responsible for the firm actualizing its mission.

Compensation, in this regard, occupies as significant a niche as articulated strategies and leading edge innovativeness.

**Rabia Ina Khan** in his thesis studied the compensation management has a direct and intense relation with the job satisfaction as well as job motivation. Results also revealed the changing trend of compensation plans in banking sector of Pakistan. It shows that employees and employers are getting inclined towards financial as well as non – financial rewards where appreciation, high performer certificate, delegated authority and many other mechanisms could work well keeping the salary constant.

In one of the research paper **Zhou Jiang, Qian Xiao, Henan Qi and Lei Xiao** studied “Total Reward Strategy: A Human Resources Management Strategy Going With The Trend Of The Times”, published in International Journal of Business and Management, vol. 11, November 2009, they examined total reward strategy is a holistic approach aligning with business strategy and people strategy, it encompasses everything employees value in their employment relationship like compensation, benefits, development and the work environment.
This newly coming management approach acts according to the circumstance helps with costing savings, brings about maximum return on the rewards strategy adoption and builds up employment brand, all of which are likely to contribute to both short – term and long term goals of an organization. As a reward strategy of effectiveness, it’s able to gain enough good information of employees and conduct objective analysis, so that the organization can make wise decisions and assess their influences internal and external.

George T. Milkovich studied in his research paper, “A Strategic Perspective on Compensation Management” research on compensation strategy began in the context of executive compensation and in studies of the relationships between business strategy, structure and process. Compensation was conceived as a control mechanism, executives were the focal group and the nature of pay incentive schemes was the principal dimension of compensation included. Little recognition was given to the need to define compensation more systematically. Typically, the level of analysis was the corporation and strategies studied involved diversification.

In one of his studies Jonathan Trevar has examined “Can compensation be strategic? A review of compensation management practice in leading multination firms”, the main implication of findings from this research is that theory is out of step with reality and may represent a largely unattainable ideal in practice. Compensation cannot be strategic in any sense because of the managerial limitations identified. Choice may be limited but managers are still able to exercise a degree of choice. A key implication of the research is that standard theory has established an ideal with little practical grounding that is as a result, inherently challenging to achieve operationally.