HUMAN RESOURCE MANAGEMENT PRACTICES IN NAVRATNA PUBLIC SECTOR UNDERTAKINGS IN INDIA – A CASE STUDY OF GAIL INDIA LIMITED

AN ABSTRACT
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Human Resources in any organization, big or small, public or private are the biggest and most valuable asset and tools of overall development, efficiency and effectiveness. Good and proper usage of these resources lead to technological, economical and ecological development of the organization. The present global scenario of corporate governance assigns the highest level significance to the organization’s human resources or human capital. Akio Morita, the founder of Sony Corporation, which is the leading electronics giant of the world, once remarked, "there in no 'magic' in the success of Japanese companies in general and Sony in particular. The secret of their success is simply the way they treat their employees.\(^1\)

Not only the 'Japanese companies but the companies around the world, have realized importance of human resource management, popularly known as HRM.

JRD Tata while assuming chairmanship of TISCO in way back in 1934, opined, "I firmly believe that great efficiency and co-operation can be got from men who are allowed to use their intelligence and initiative, who are made to feel that the company appreciates the value of their

brain as well as their brawn."\(^2\) The Chairman of World famous IT Company Microsoft, Bill Gates has many times confessed that his company owes its success to its employees.

Human resource practices are found in every kind of organisations but their importance lies in their proper use and management. China is the most populous nation of the world and still the fastest growing economy of the world. The major reason for Chinese dominance in global business is the large investment made in the area of human resources and their management. Rensis Likert firmly holds the view that "every activity of any enterprise are initiated and determined by the persons who make up that institution. Plants, offices, computers, automated equipments, all else that a modern form uses are unproductive without human efforts and direction.\(^3\)

Human resources are referred to as the employees and workforce in any organization. It is a set of all categories of personnels in any organization, right from top management to the lowest ranked workers. *N.C. Jain* has regarded human resources as a assets for all an organizations public or private.\(^4\)

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2 Quoted by J. Phillip in Valedictory Address at the Seminar on Human Value and Organizational Effectiveness, Organized by Faculty of Management Studies of Indian Institute of Rural Management, Jaipur on 11-12 January 1998.
Human resource management is the new enhanced version of traditional term 'personnel' management. The traditional dictum of personnel administration or management was more concerned with enforcement of rules and regulations and was affected by hindrances of more hierarchy, less effectiveness, red tapism, orthodox attitudes and little attention to performance, output and efficiency.

The term Human Resource Management has been elaborated by William F. Glueck as "that function of all enterprises which provides for effective utilization of people to achieve both the objectives of the enterprise and the satisfaction and development of the employees."\(^5\)

William F. Glueck made a distinction between Human Resource Management and Personnel Management. He opined that Personnel Administration, refers to only recruitment, promotion, transfer, salary and job administration and industrial relations, whereas Human Resources Management is a sub system of a larger whole and besides dealing with traditional personnel areas, it deals with human behaviour, well being and growth at individual and group level.\(^6\)

The term Human Resources Management (HRM), was originated in mid of 1980's partly due to highly competitive product and market environment and very positive and strategically important lessons drawn

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\(^6\) *Ibid.*
from Japanese System of Management and significant works of writers on management like Pascale and Athos (1981) and Peters and Waterman (1982). Traditional Personnel management by then had failed to yield desired results in American organizations. HRM was viewed as a change or development driven by fundamental environmental changes to which traditional concepts, orientations and power of personnel management functions could not adequately respond.\(^7\)

HRM was recognized as a much broader and softer term in USA and later on at global level. Wendell French who gave theory held the view that HRM is the systematic planning, development and control of a network of interrelated processes affecting and involving all members of an organization. These processes include Human Resource Planning, Job and Work Designs, Staffing, Training and Development, Performance appraisal and review, Compensation and Reward, Employee Protection and representation and organizational improvement. To effectively manage these processes, human resources management is planned, developed and implemented through the combined efforts of all managers and human resource specialists along with all employees in organization.\(^8\)

\(^7\) Wendell L. French, Human Resource Management, All India Publishers and Distributors, Chennai, p. 4.
\(^8\) Ibid. p. 6.
The HRM as a concept and approach is very vast, broad and effective. It helps any organization to achieve all objectives and ultimately, organizational excellence. Paul Pigors and Charles Myers have rightly opened that, "It is through the combined efforts of people that monetary and material resources are utilized for organizational objectives.  

*Byars and Rue* have defined HRM as it "encompasses those activities that are designed to provide for and coordinate the human resources of an organization."  

*N.K. Singh* look a broader view regarding HRM and opined, "HRM refers to holistic approach to managing people. It has welfare, recruitment and establishment role, potential development in a composite framework of management."  

The concept of management of people has taken many twists and turns over the last century especially in India where concepts grew out of necessities of changing time. The different phases in management of employees can be distinguished as under:

1. **Concept of Welfare Management (1920-1940's)**
2. **Concept of Personnel Management (1950-1970's)**

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12. *Ibid*, p. 3

This broad concept is based on the basic theme of considering the human resources as the most important tool for carrying changes, bringing new innovations and executing the process of growth and development of organization. It is the 'human energy' or 'human potential' which can tap other material resources to the maximum gain. So an effective handling of human resources can bring organizational excellence. Such factors have made the study of HRM all the more important.

Public sector has played a major role in the development of Indian economy since its independence. Pandit Jawahar Lal Nehru envisaged a model of Democratic socialism for development of a modern India which could provide large number of jobs and help in attaining self sufficiency. He assigned a major role to public sector for economic development of India. His model was in practice for nearly three decades, till the coming of Janata Party in power in 1977. Janata Party led by the ideals of Jai Prakash Narayan and Moraji Desai opted for Gandhian model of development which was different from the Nehru Model in the sense that it favoured small scale industrial development instead of large scale heavy industries. Congress again regained power in 1980 and reverted
back to Nehru Model of development which favoured creation of heavy industries in public sector.

Large scale corruption, heavy losses, bureaucratic hurdles and a rise of private sector in the economic scenario till 1980's compelled the government to end license quota system in public sector and a period of liberalization began under the leadership of young Prime Minister Rajiv Gandhi. Later on PV Narashima Rao stepped into his shoes. He faced the same economic compulsions like rising debts and losses incurred by public sector and the pressure of IMF and World Bank. He was compelled to go for new structural changes in Indian economy. Dr. Manmohan Singh was the Finance Minister who was assigned the task of preparing New Economic Policy. The Union Government came with New Economic Policy in 1992. The process of Liberalization, Privatization and Globalization (LPG) started in India. There was a serious debate over the rationale of public sector in India. The government reserved very few areas for public sector and opened the door to private sector in a number of new areas.

Many critics were writing off the existence of public sector in India in the coming times. The two decades of that era had seen many ups and downs for public sector in India. The government wanted to encourage
the profit making public sector on one hand and also wanted to revive
the loss making units or disinvesting in chronically sick units.

The Government came up with Navratna Scheme for public undertakings in 1997. It enhanced the powers of Board of Directors of high/profit making public sector undertakings in order to give them more financial autonomy. These Navratna Public Sector Undertakings were given additional autonomy in functional areas after signing Memorandum of Understanding (MOU) with Government of India. Initially there were nine companies enlisted as Navratna in 1997. Later on many new public companies have been enlisted in this coveted list. Since 2010, the government has came up with Maharatna scheme as well. Today there are four such categories viz. Maharatna, Navratna, Mini Ratna I and Mini Ratna II. These different categories are fixed according to the financial and administrative potential and efficiency of the public company.

GAIL India limited is also a proud Navratna Public Company which is, today, the largest integrated energy company of India. It started as a company to work in Natural Gas area and later on it diversified into a number of other energy areas like the exploration and production of Gas, CNG, LNG, LPG, petrochemicals, communications, marketing and transportation of gas etc. Since 1997, it is enjoying the Navratna status
and it is rapidly growing into a top level global energy company. It has won a number of international and national level awards and certifications. It is working with a noble mission of spreading clean and green energy in India and many other countries of the world. Despite facing a very tough and stiff competition from other private sector companies like Reliance group of Industries, British petroleum and a number of Chinese companies, it is growing at a very fast rate of thirteen percent for the last so many years. The company has achieved highest international standards in its working and delivery of products. The company owes its success to its quality human resources and their efficient management systems. The international quality standards and organizational excellence has been possible by following best of HRM practices by the company. It proudly calls its employees TEAM GAIL.

**Significance**

The present study holds a great significance because it has been a humble effort to touch a topic of Navratna studies which is almost untouched by the researchers so far. Moreover a study of Human Resource Management practices makes it all the more important in this age of corporate governance. The study of a Navratna Public Sector

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Company was taken up with an objective to focus on the importance of public sector in India.

Many scholars and critics were skeptical about the future of public sector in India after the introduction of New Economic Policy by the Government of India. About two decades have passed since then and the strong emergence of private sector has created a competitive environment. The global slow down or 'economic recession' during last few years had seen the biggest multinational companies going almost bankrupt.

The Navratna Companies of India have survived from recession and still maintain that record of making profits. All these companies have adopted best of Human Resource Management practices. So making an effort to study these practices is very important.

The findings of this research will open the doors for future research which shall be of great help to the nation. The void left after this study will prompt the future researchers to touch this important area.

**Objectives of the Study**

The major objectives of the study are:

i. To build a conceptual framework of the study relating to Human Resource Management.
ii. To examine the Human Resource Management practices in GAIL India Limited, one of the leading Navratna Public Sector Undertaking of India.

iii. To examine the recruitment, training and promotion practices in GAIL India Limited.

iv. To examine the performance appraisal and employer employee relations in GAIL India Limited.

v. To examine the socio-economic measures like wage structure, corporate social responsibility and job satisfaction level in GAIL India Limited.

vi. To analyze the impact of HRM practices upon the employees of GAIL India Limited.

vii. To analyze the growth, diversification and expansion of the company through HRM practices and to study its impact on socio-economic development of India.

**Hypotheses**

The hypotheses drawn for the present study are:

1. The good HRM practices in public enterprises shall lead to their economic growth, which shall further lead to nation's development.
2. The best use of human resources by the management develops competitiveness and responsiveness in the enterprise.

3. The efficient HRM practices enhance the level of social responsibility and efficiency in the employees.

4. Organizational excellence and safety can be developed by following good HRM practices.

5. Training and development of employees' capacities always make the company grow.

6. Diversification in business adds to the value of the organization and its employees work culture.

**Methodology**

The present research has been made by using different techniques of data collection and then by making analysis of that data some conclusions have been drawn.

The primary data was collected by using interview method and questionnaires were distributed to different level of employees in executive and non executive categories. Employees were given the choice to disclose their identity in the feedback form of questionnaire. Most of them did not disclose their identity. The results from interviews and questionnaires were analyzed and final conclusions were drawn. The over
all mean score of satisfaction for nine practices of HRM was more than 90%. Hypotheses were tested.

Secondly data sources include the reports of Public Enterprises Surveys, reports and office orders from Department of Public Enterprises, various magazines, journals and newspapers. The specific data related to GAIL India Limited is available only on company's website or its own publications like annual reports, diaries and publications from its training centres at Noida and Jaipur. Since there are not much studies made on the Navratna companies publications were the major source of data. The office orders and government circulars from Ministry of Petroleum and Natural Gas were also of great use in the research. Some other important sources of data include the reports of economic survey, reports of Planning Commission and the different websites of government of India.

To sum up, the majority of data was collected from secondary sources. Simple statistical techniques were also used in analysing the data.

**Chapterisation**

The study has been divided into seven chapters. In the introductory chapter, an attempt has been made to built a conceptual framework of human resources management. It covers the details of working of central
public sector undertakings in India in general and Navratna Public Sector Companies in particular. Further the scope, significance, objectives of study have been mentioned. Hypotheses for the study have been drawn in this chapter, which have been tested in the later part of the study. The methodology used for the completion of the study has also been explained in this chapter.

The second chapter traces the evolution of public sector in India both during pre liberalization and post liberalization era. The pre-liberation era covers the period from 1947 to 1992 and the post era from 1992 afterwards. An exhaustive view of existing literature has also been undertaken.

The third chapter contains the growth, organization and working details of GAIL India Limited, which is a Navratna Company, working in different energy areas. It contains the company profile, its vision, mission, organizational structure, human resources related details, corporate governance policies five year profile of company’s financial performance, future and source challenges to company in the coming times.

The fourth chapter deals with recruitment, training promotion and performance appraisal policies and practices of the company. All these parameters have been intended as the prevalent HRM policies of the
company. The online recruitment system and enterprise resource planning (ERP) have been dealt with. Then the training and development of company's human resources has been explained. The organization and program details of company's main training institutes have been dealt with. The promotion scheme and performance appraisal system have been explained as the HRM practices of company.

The fifth chapter deals with socio-economic measures as HRM practices of the company. Various practices such as corporate social responsibility, health, safety and environment policies, employer-employee relationship, wage and salary structure and company's profit making ventures have been dealt with in this chapter. From details of corporate governance which enhances the quality of socio-economic environment of the company have been explains.

The sixth chapter deals with the policy perspectives drawn and formulated on the basis of research of earlier chapters. The results and findings of questionnaires and the policy framework for the company and its future have been framed.

The last chapter sums up the main findings which are in brief listed as under:
1. GAIL India Limited is one of premier Navratna Public Sector Undertaking of India which has consistently maintained its position in Navratna list since 1997.

2. The company is following the best of Human Resource Management practices which are prevalent and followed in top level international organizations.

3. It is ranked as the number one integrated energy company of Asia, by Platts, an international survey company based in U.K. which makes a survey of about 250 energy companies of the world every year.

4. GAIL India Limited owes its success to TEAM GAIL, which is a name given to its employees.

5. It has a vast potential of growth in the coming times as it is spreading its base in India for more and more use of green energy.

6. It has been able to check the environmental pollution in the country to a great extent. Saving of Taj Mahal from air pollution, reformative steps in New Delhi, Surat, Mumbai and a number of other cities is a living example of its excellence.

7. It is one of the safest public sector companies with no reported cases of industrial hazard or accidents in any of its plant over a
number of years. It is because of the high level of commitment of work in its human resources.

8. It is contributing two percent of its Profit After Tax (PAT) to the social causes. It is a very big help to lakhs of poor and needy people of India.

9. It is rated as one of the best employers in the nation as for the reports of Hewitt International which is an internationally recognized survey company.

10. The company is one of top level corporate citizens of the world.

11. The best of management systems have been in use for a number of years.

12. It is a very fair and transparent company.

13. Its customer satisfaction level is very high.

14. Its employees are among the best paid and most satisfied employees due to its good Human Resource Management practices.

15. It has contributed significantly to the socio-economic development of the nation and its future prospects of growth are very high.

16. The company has proved that following the best of Human Resource Management practices yields organizational excellence.