Chapter-I

Introduction

Ever since the genesis of civilization on earth, man has been playing a dominant role in almost every change, development and growth, either individually or by forming groups. All ages from ancient and medieval to modern one have recognized the core factor of 'human energy' in both mental and physical capacities. Beginning with individual efforts, man formed groups which kept on growing in size and ultimately taking the shape of organizations of modern age. All major accomplishments in the form of great victories, planning, administering, ruling, inventing, discovering, setting and building great structures and organizations and entering the space even, are the results and human endeavors. That, human resources assume the top priority in all kind of organizations, whether big or small, are globally accepted phenomena.

Akio Morita, ¹ the founder of leading electronics Company of Japan,

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¹ Quoted by James A F. Stoner, R. Edward Freeman, Daniel R. Gilbert JR, Management, Pearson Education (Singapore)Pt. Ltd, Indian Branch, New Delhi, 2004, p..375
Sony Corporation was of the view, "there is no "magic" in the success of success of Japanese companies in general and Sony in particular. The secret of their success is simply the way they treat their employees."

Organizations from the very beginning needed some natural resources besides capital, goods, technology and systems as material and financial resources along with human resources for carrying their functions and achieving goals. Out of all these resources, human resources are considered the most important who have to make use of other resources."

While all of these are important to organizational effectiveness, the only factor that represents a potential competitive advantage is human resources and how these resources are managed." ² Human resources hold the key in comparison to all the other resources. "Among the resources available to an organization, none are important than its people.³

The governments of the most developed nations are spending a lot of time, money and energy on developing and managing these vital resources.


In fact the government reports show that approximately 7.5 percent of national income is used to compensate employees\textsuperscript{4} in other nations like Japan, China, Malaysia, Korea and almost all developed nations of Europe as well. Human resources are being considered the biggest driving force for development.

This issue was important in India also for a long time. J.R.D TATA, while assuming chairmanship of TISCO 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." \textsuperscript{5} Today the other Indian firms like Reliance, Birla's, Airtel, Infosys, Bajaj, Hero Group, Maruti Suzuki Ltd and a very big number of other firms are


\textsuperscript{5} Quoted by T. Phillip in Valedictory address at the Seminar on Human Values and Organizations Effectiveness, organized by Faculty of Management Studies of Indian Institute of Rural Management, Jaipur on 11-12th January 1998.
giving the highest priority to their 'human force'. It is not only the private sector but the public sector of India has also developed because of its human resources.

It is not only the area of Management and Economics only which recognize the importance of these resources but a number of other disciplines recognize their importance as well. Public Administration, Political Science, Psychology, Sociology etc. even literature have developed because of human resources. Scholars and thinkers of various times like Kautilaya, Adam Smith, Marshall, Keynes, Schulz, Marx, Lincoln, Weber, Herzberg, Maslow, Drucker, Likert, Gandhi, Nehru, Taylor, Mayo, Simon, Riggs have talked of the significance of human energy or capacity in one way or the other in their writings.

Human resources in very broad terms, for a complete nation, may include its entire population in its ambit. For an organization or a structure human resources may be the entire work force. In very rational and some what economic and management point of view, human resources refer to people with capabilities, capacities, effectiveness, visionary thinking and an ambition to perform for efficiency and excellence. Whether it is for running the organizations or for governing the nation or for any activity in this developed age, the need for human resources is the primary one. This
IT age which has brought revolutionary development is dependent on its human resources for inventing developing, using and reinventing the high technology in all, one can think of. This Knowledge Management era undoubtedly takes the issue of human resources.

Most of the scholars around the world prefer to accept the rational view that it's only the people who work and complete, matter. The people who can not change, develop or work are not resources but a kind of liability. So the biggest challenge is to make good use of people and to turn them to 'resources' instead of being termed 'things' of no use. The effective utilization, handling and development of these vital resources are the key to success for any nation or organization on this earth." The value of an organization's human resources frequently becomes evident when the organization is sold. Often, the purchase price in greater than the total value of the physical and financial assets. The difference, sometimes called goodwill, partially reflects the value of an organization's human resources."  

So the success of any nation or organization is attributed to the way its human resources are handled or managed. Accuracy in this area brings development and fortunes whereas a small laxity or careless-ness can bring disasters. Therefore this area of management is of prime relevance to whole of the world. This form of management is popularly known as ' Human Resource Management' or sometimes ' Human Resources Management' and HRM in its short form.

**Human Resource Management - Conceptual Framework**

The Human Resources Management (HRM) is the core area of concern for every organization whether concerned with public affairs or private. Every achievement on the 'Planet Earth' has been attributed to the cause of HRM, at all points of time in the history.

Human resources are the most valuable resources, but their value and effectiveness is possible only with their efficient management, otherwise the vast potential and energy present in them is wasted. The other resources the financial & material howsoever, may be abundant, hid results only with proper application of the important approach of HRM. Renis Likert was right in opining that " Every aspect of a firm's activities is determined by the competence, motivation and general effectiveness of its human
organization of all took of management, managing the human component is the central and most important task, because all else depends upon how well it is done.”

The 'Corporate Governance' age of today encompasses a multifaceted role of HRM and includes everything from framing of organizational goals to achieving organizations excellence. Saiyadain rightly pointed out that,” Management of organizations today is management of human resources.”

**Concept**

The term Human Resource Management (HRM) emerged in mid of 1980's because of highly competitive product and market environment, very positive and strategically important lessons from Japanese System of Management and significant works of writers on management like Pascal and Ethos (1981) and Peter's and Waterman (1982). It emerged as an improved version of "Personnel Management' concept which by then had failed to demonstrate some distinctive and positive contribution. In short it

is viewed as a change or development driven by fundamental environmental changes to which the traditional concepts, orientations and power of personnel management functions could not adequately respond.\textsuperscript{9}

Human resources management is the term increasingly used to refer to the philosophy, policies, procedures and practices related to the management of people within an organization.\textsuperscript{10}

Byers and Rue have defined HRM as it " encompasses those activities that are designed to provide for and co-ordinate the human resources of an organization.\textsuperscript{11} HRM refers to holistic approach to managing people. It has welfare, recruitment and establishment role, potential development in a composite framework of management.\textsuperscript{12} Glueck conceptualizes HRM as " that function of all enterprises which provide for effective utilization of people to achieve both the objectives of the

\begin{flushleft}
\textsuperscript{9} Personnel Today, National Institute of Personnel Management, Calcutta, Jan-March 2001, p.14
\textsuperscript{10} Wendel L. French, \textit{Human Resource Management}, All India Publishers and Distributors, Chennai, 1997,p.4
\end{flushleft}
enterprises and the satisfaction and development of the employees.\textsuperscript{13} According to process-systems view given by Wendell French, HRM is the systematic planning, development and control of a network of interrelated process affecting and involving all members of an organization. These processes include: Human Resource Planning, Job and work design, staffing, Training and development, Performance appraisal and review, compensation and reward, Employee protection and representation, Organization improvement. To effectively manage these processes, human resources systems are planned, developed and implemented through the combined efforts of all managers and human resources specialists and frequently all employees in an organisation.\textsuperscript{14}

So it is quite evident that HRM is a very comprehensive and multifaceted approach directing towards the managements of the over all functions of an organization through it most valuable assets i.e. human resources which include well being and growth of both organization and its people.

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\textsuperscript{14} Wendell L. French, n. 10 p.6
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This approach is sometimes confused with traditional personal management (TPM) by some scholars. Many are of the view that it is only a change in nomenclature only otherwise contents of both are same. It seems to be a great misconception as the HRM has come out as a softer, realistic and modified version of TPM. The older approach of TPM was 'rule -centric' and harsh in its implementation whereas HRM is 'Performance -centric' and soft in its implementation HRM is a visionary approach with a realistic framework for achievement of goals. Both can be differentiated with the help of following table (table 1.1)

**Table 1.1 Difference of Personnel Management and HRM**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Personnel Management</th>
<th>Human Resource Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time and Planning</td>
<td>Short term, creative, adhoc marginal</td>
<td>Long term, Pro-active, strategic integrated</td>
</tr>
<tr>
<td>Psychological contrast</td>
<td>Compliance</td>
<td>Commitment</td>
</tr>
<tr>
<td>Control System</td>
<td>External Control</td>
<td>Self Control</td>
</tr>
<tr>
<td>Employee Relations</td>
<td>Pluralist, Collective, Low trust</td>
<td>Unitarist, Individual, High Trust</td>
</tr>
<tr>
<td>Preferred Structure</td>
<td>Bureaucratic, Mechanistic, Centralized, Formal Defined roles</td>
<td>Organic, devolved, flexible roles</td>
</tr>
<tr>
<td>Role</td>
<td>Specialist/ Professional</td>
<td>Largely integrated into line management</td>
</tr>
<tr>
<td>Evaluation</td>
<td>Lost- Minimization</td>
<td>Maximum Utilization</td>
</tr>
</tbody>
</table>

Source: David Guest, HRM and IRS, Journal of Management Studies
HRM is one step ahead of TPM in its evolution. The concept of management of People has taken many tourists and turns ever the last hundred years especially in India where concepts grew out of necessities of changing times.\textsuperscript{15} The different phases can be distinguished as:

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

This concept or approach of HRM is based on the basic theme of considering the human resource 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 maximum gain. So an effective and efficient handling of human resources can bring organizational excellence. Such factors have made the concept of HRM all the more important. All the developed and vibrant nations and their organizations have shown some remarkable progress by following this and

\textsuperscript{15} N.K. Singh n.12 p.3
their organizations have shown some remarkable progress by following this concept. U.S.A was the first country to develop it as a concept, although its significance was realized by Japanese firms much earlier. Apart from USA and Japan, China is another example. The most popular country of the world is progressing at an alarming rate of ten percent because it treats its population as asset and manages it effectively. Countries like Switzerland and Netherlands may not possess enough natural resources but still advanced as one of the most developed nations. Many other European countries are live examples. Malaysia, Korea, Singapore, Hong Kong are vibrant nations from Asia. India too has shown enough strength by following this approach, although much more is to be done. Leading MNC's like Sony, IBM, Coke International, Pepsi, Nestle, Suzuki, Honda, General Motors and many more to count with have acknowledged the import of HRM. Indian companies like Reliance Industries, Tata's, Birla's Airtel, Infosys, Maruti Udyog Limited, Hindustan Liver, ONGC, IOC, GAIL India Limited, NTPC, and a lot more have progressed to newest heights.

**Practices and focus areas**

The practices or components of HRM are basically its functions or areas of concerns or outputs. These are very significant as the
implementation of HRM as a concept comes out of the practice only. It is through these practices that basic ideology of HRM is put into action to make it relevant. These functional areas have been a focus of study for a number of scholars and organizations as a whole as well during various segments of time, since the inception of the concept from mid 1980's.

The American Society for Training & Development (ASTD) has developed a Human Resource Wheel in 1983 (ref. fig.1) and highlighted different functions or components of HRM leading to quality of work life, productivity and readiness for change as under:

(i) **T& D focus:** Identifying assessing and through planned learning- helping develop the key competencies which enable individuals to perform current or future jobs.

(ii) **OS focus:** Assuring healthy inter and intra personal relationship and helping groups initiate and manage change.

(iii) **Organization /Job Design focus:** Defining how tasks, authority and systems will be organized and integrated across organizations units and in individual jobs.

(iv) **HRP focus:** Determining the organizations major HR needs, strategic and philosophies.
(v) **Selection and Staffing**: Matching people and their career needs and capabilities with jobs and career paths.

(vi) **Personnel research and information systems**: Assuring a personal information base.

(vii) **Compensation/ Benefits focus**: Assuring compensation and benefits fairness and consistency.

(viii) **Employee assistance focus**: Providing counseling to individual employees for personal problem solving.

(ix) **Union/ Labour focus**: Assuring healthy union/organization relationships.

Later on Michigan School, (1984) explained the human resource cycle that consists of four generic processes or functions viz.

a) Selection   b) Appraisal   c) Rewards   d) Development

The Harvard Framework was also developed in 1984. According to this framework HRM policy should evolve taking into consideration stakeholder interest and situational factors which will lead to HRM outcomes like commitment, congruence and cost effectiveness. This ultimately will lead to long term consequences like individual well being, organizational effectiveness and societal well being which in turn will
impart the stakeholder interest and situational factors and also HRM policy choices.¹⁶

David Guest (1987) studied the Harvard Model and gave four policy goals as Strategic integration, High Commitment, High Quality and Flexibility.


i) **Acquisition**: Which includes HRP, Recruitment and employee socialization.

ii) **Development**: Which includes employee training, management development, career development.

iii) **Motivation**: Which includes Job Design, performance evaluation, Rewards, Job evaluation, Compensation and Benefits etc.

(iv) **Maintenance**: Which includes safety and health and Employer.

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labour relations Summing up of different ideas lead to following areas or functions of HRM as per pounded by Pattanayak.\textsuperscript{17}

(i) Ensuring that organizations fulfills all of its equal employment opportunities and other government obligations.

(ii) Carrying out job analysis to establish the specific requirements for individuals jobs within an organization.

(iii) Forecasting human resource requirements necessary for the organizations to achieve its objectives- both in terms of number of employees and skills.

(iv) Developing and implementing a plan to meet those requirements.

(v) Recruiting and selecting personnel to fill specific jobs within an organization.

(vi) Orienting and training employees.

(vii) Designing and implementing management and organizational development programs.

(viii) Designing systems for appraising the performance of individuals.

(ix) Assisting employees in developing career plans.

\textsuperscript{17} Biswajeet Pattanayak, , n.9 p.11
(x) Designing and implementing compensation system for all employees.

Apart from these functions maintenance of good industrial relations also comes in the functions of HRM.

So this wide variety of functional areas makes HRM as the most necessary ingredient of any organization and its affairs. The functions or components can surely make or mar any organization depending upon the way these are handed and given importance.

**Challenges**

Present age is the age of fast changes and developments. The socio-economic and political environment too changes very rapidly. These changes are because of new technology, new innovations, new research and competition as well. Such fast changes take place at one place in this world yet its impact is felt at global level. It makes the field of HRM very vast as well as full of pressures and stresses. The HR managers are to be aware of every change. Moreover the expectations of clients as well as people within the organization are getting multifold. All Such factors put a great number of challenges before HRM and make this job arduous and difficult. The progressive organization prepare in advance.
Public Sector in Indian Economy

India opted for 'The Mixed Economy' model after its independence due to some economic and political compulsions like very weak industrial base, low level of savings, inadequate infrastructure, poor level of basic public facilities like transportation, power, education, employment generation and fear of losing independence once again because of anticipated economic aggression by the then business houses along with the reasons like unequal distribution of wealth, regional imbalances etc.

Taking some positive 'features from both capitalist and 'socialist' models of economy, Pandit Jawahar Lal Nehru wanted to build a strong independent India, where self reliance and balanced economic development with heavy industries and developing agricultural system were his prime goals. This 'Nehru Model' of development envisaged a role of 'senior partner' for public sector whereas the private sector could play its role in comparatively smaller areas. "There were many uphill tasks and aims of removal of poverty, creating job markets balanced economic growth, optimum utilization of natural and other resources and preventing concentration of economic power in few hands. So development of public
sector was a 'pragmatic compulsion ' for India to become self reliant.\textsuperscript{18} The tough and arduous task of providing services and products at a low rate could only be provided by the government itself. So Public Sector was to play a dominant role in building Indian Economy.

The passing of five year plans and various industry policy resolutions (IPR's) spoke in high volumes about government's choice to develop public sector. It was considered " as engine for self reliant growth to develop a sound agricultural and industrial base, diversity the economy and overcome economic and social backwardness.\textsuperscript{19} The Industrial Policy Resolution of 1956 has been the guiding factor, which gave the public sector a strategic role in the economy.\textsuperscript{20} Massive investments were made in public sector which grew every year with only Rs 29 crores invested in 5 central public sector undertakings at the time of independence, it has risen to Rs. 579220 crores in a total of 249 central undertakings as on March 31, 2010.\textsuperscript{21} The Government in India in the initial years of planning in India

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\textsuperscript{18}. Public Enterprises Survey 2000-01’ (Volume 1) p.2  \\
\textsuperscript{19}. Ruddar Dutt and K.P.M Sundharan, Indian Economy, S.Chand & Co. Ltd, New Delhi, 2000, p-177  \\
\textsuperscript{20}. Public Enterprises Survey n.18, p.3 2006.21  \\
\textsuperscript{21}. Public Enterprises Survey, 2009-10, p.148
\end{flushright}
was in favour of massive investments for social development as a major reason.

"The investment decisions to create public sector units were based on social cost benefit analysis. A number of public sector enterprises came to be set up because the social internal rate of return and social cost benefit ratio were positive even when their private profitability was negative. Moreover most of the public sector enterprises were not expected to maximize profits.\textsuperscript{22}

The early eighties witnessed heavy financial losses by a large number of central public enterprises and the Government of India was really worried over this issue. In order to review its policy on public undertakings, the Government of India appointed Arjun Sengupta Committee. Following the recommendation of the committee report, the Government of India introduced the concept of Memorandum of Understanding (MoU) in 1988 to improve the performance of the PSE's and introduced a system of evaluation on the performance and the effective

\textsuperscript{22}Public Enterprises Survey, n.18, p-177
management of the PSEs. The objectives 23 of MoU system were as under:

i) Measure of performance of PSEs taking into account the complexity of fusing social and financial objectives and translating them into measurable parameters;

ii) Ensure simultaneous increase in autonomy as well as accountability.

iii) Set up new institutions and administrative & personnel systems.

iv) Replace multiple principles with multiple objectives with clarity in goals and objectives.

The MoU system was a kind of management system having within its fold three sub systems, namely performance information system, performance evaluation system and performance incentive system. The response to this system was tremendous. The number of CPSEs signing MoU went up from 4 in 1987-88 to 112 in 2006-07. 24 On the basis of this MoU evaluation, the public undertakings are graded as "EXCELLENT", "VERY GOOD", "FAIR" & "POOR". A very impressive improvement in the financial performance of the MoU signing PSEs was noticed.

23. Public Enterprises Survey, n.18, p.178

The Government of India went on further to 'save' itself from huge losses in the name of 'social development'. It came with a new 'reformist' economic policy of 1991 under a great pressure from IMF and World Bank. The policy was announced by the then Finance Minister Dr. Manmohan Singh on 24th July, 1991. The public sector was to focus on strategic, high-tech and very essential infrastructure. Many areas were opened to private sector and the licensing policy of the government was changed. The cases of 'chronically sick public undertakings were to be referred to the 'Board for Industrial and Financial Reconstruction (BIFR) or other similar high-level institution created for the purpose. A social security mechanism for affected workers because of disinvestment by government was to be created as per the guidelines of new policy.

This was the beginning of "Liberalization Privatization and Globalization ' (LPG) era. It marked the beginning of second phase of the growth of public sector in India. The role of public sector in Indian economy was changed from 'monopolistic' to 'Competitive'. The public sector was given a kind of caution by the government in the form of 'Perform or Perish'. More thrust was given to "MOU system by which
managements would be granted greater autonomy and will be held accountable."\textsuperscript{25}

The Indian economy witnessed a very big number of private companies entering the business. India became a very "Competitive market' for the multinational compares (MNCs) as well. There was a sleep rise in foreign direct investment (FDI) and the growth rate of GDP started to escalate to newer heights. A good number of Indian private companies had a chance to be amongst the biggest companies of the world in terms of turn over. Mukesh Ambani, the CEO of Reliance Industries became the richest person on the earth surpassing Bill Gates, the CEO of Microsoft of USA during last part by 2007 Indian became among fastest growing economies in the world standing second only after China being the fastest. No doubt, the private sector has helped a lot for this 'boom' in Indian economy, the role of Central Public Sector undertakings is nonetheless insignificant." The share of CPSEs in GOP at market prices stood at 11.12 percent in 2005-06. The overall turnover of CPSEs during 2009-10 was Rs. 1235060 crore.\textsuperscript{26} The details of growth of public sector are covered in the

\textsuperscript{25.} Public Enterprises Survey, n.18, p.4

\textsuperscript{26.} Public Enterprises Survey, 2009-10, p. 68
second chapter.

Overall the public sector has played a very dominating role in the growth of Indian economy. The 'economic compulsions' after the reforms period of 1991, have enthused the vibrant and profile generating public enterprises with the availability of financial and operational autonomy. The LPG process in India is nearly seventeen years old. Although there has been a remarkable progress in growth rate, yet the picture is not as rosy as presented sometimes. There has been a strong protest by the public to the policies of privatization. Even a great number of economists, bureaucrats, politicians and financial analysis are worried over the rising inequalities in society. There is a big private job market in India, yet most of the people want government jobs as the private sector provides jobs mainly in IT sector or marketing sector. The experts are in dilemma of accepting the rationality of privatization process in totality. Moreover the rising profits of top CPSEs further boost the need of 'Strong and efficiently managed public sector in India. After an experience of more than one and a half decade, the need of public sector is still felt in Indian economic scenario. The need is to take corrective measures like removal of subsidies whoever possible, checking the unwanted political intervention in the working of
PSEs and banning 'populist policies' etc. If the employees of public sector are managed with best possible practices of HRM, this sector is still going to lead the Indian economic scenario in coming future.

**The Navratna Companies in India**

The Government of India in its endeavor to make public sector enterprises more efficient started the MoU process (as mentioned earlier) in 1988 as per the recommendations of Arjun Sengupta Committee. Further enhancing the process the government started to make public enterprises autonomous Board managed Companies. It granted additional financial powers to the Boards of the profit making public enterprises to sanction capital outlay without prior approval of the Government on 6.5.1997.\(^{27}\) and issued directions wide departmental order no. OM.No.DPE/11(2)/97- Fin on 22-07-1997.\(^{28}\)

The above categorization for delegated powers was and only for profit making enterprises in each of the three proceeding accounting years and

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27. *Public Enterprises Survey*, n.28, p.75
28. Office Memorandum from Ministry of Heavy Industries and Public Enterprises, Department of Public enterprises, Government of India-dated 5th Aug, 2005
positive net worth. The required funds could be found from Internal and extra budgetary resources (IEBR) of the Company.

In line with the policy of liberalization the Government accorded Navratna status to such public sector enterprises having comparative advantages and the potential to become global players based on their size, performance, nature of activities, future prospects etc. The companies listed in Navratna category\textsuperscript{29} were:-

i) Bharat Heavy Electricals Limited

ii) Bharat Petroleum Corporation Limited

iii) Gas Authority of India Limited

iv) Hindustan Petroleum Corporation Limited

v) Indian Oil Corporation Limited

vi) Indian Petrochemicals Corporation Limited

vii) Mahanagur Telephone Nigam Limited

viii) National Thermal Power Corporation Limited

ix) Oil and Natural Gas Corporation Limited

\textsuperscript{29} Public Enterprises Survey 2000-01 , p-76
x) Steel Authority of India Limited

xi) Viderh Sanchar Nigam Limited

These 'Navratna' enterprises could establish joint ventures (JU’s) and wholly owned subsidiaries in India or abroad with the stipulation that the equity investment of the PSE should be limited\textsuperscript{30} to the following:

i) Rs 200 crores in any one project

ii) 5 percent of the net worth of the PSE in any one project

iii) 15 percent of the net worth of the PSE in all joint ventures/subsidiaries put together.

Apart from these, a number of other powers were given (to be discussed in following chapters). Another class of 'Mini Navratna' profit making enterprises was made of relatively smaller enterprises. This category had further class I and class II sections. 29 enterprises were enlisted in category I & 12 enterprises were listed in category II of Mini Navratna enterprises.

\textsuperscript{30.} \textit{Public Enterprises Survey 2000-01 Vol I, p-77}
All the enterprises under "Navratna Category & Mini Navratna' category are supposed to be the profit making and growing enterprises and their performance is kept under constant review. Any enterprises can be delisted on account of poor performance or inefficiency. Since the Government of India has provided these enterprises a great deal of financial and administrative autonomy, they work very hard for performing well and to stay in the race and competition. The 'Navratna' public sector undertakings in particular assume a great significance as the Government has particularly decided for not disinvesting in all 'Navratna' . The UPA government is committed to support Navratna enterprises and had enhanced the limits of their financial autonomy. The ceiling on investment to establish financial joint ventures in India or abroad shall now be 15 percent of the net worth of PSE in one project limited to Rs 1000 Crore. A number of other powers had been granted to Navratna and Mini Navratna enterprises, keeping in view the challenging business and

economic environments these top profit making enterprises are the lifeline of central public sector enterprises in the country while standing at top in business and entrepreneurship and silencing the critics of public sector strongly.

A study of such dynamic and vibrant enterprises is worth and very relevant in the present scenario.

The following public companies are listed in Navratna category as on March 31, 2011.\textsuperscript{32}

i) Bharat Electronics Limited

ii) Bharat Heavy Electricals Limited

iii) Bharat Petroleum Corporation Limited

iv) GAIL India Limited

v) Hindustan Aeronautics Limited

vi) Hindustan Petroleum Corporation Limited

vii) Mahanagar Telephone Nigam Limited

viii) National Aluminum Company Limited

ix) NMDC Limited

x) Veyveli Lignite Corporation Limited

xi) Oil India Limited
Although the process of Disinvestment is on, the government of India is very clear in its terms about Navratna companies. Mr. P. Chidambram, the union finance minister had disclosed such intentions in a meeting of Cabinet. Committee on Economic Affairs (CCEA) that, "Navratna companies were not being touched and disinvestment in few non Navratna companies was in continuation of earlier decision." Still the Government in later years went for small disinvestments in Navratna Companies also and also compelled these companies to bear the burden of subsidies on oil products. Even after such steps, the Navratna companies are making huge profits.

So the Navratna companies are truly the proud public sector companies of India which are competing with 'tough' private partners and aim to achieve organizational excellence through enhanced profit
objectives per year. All this is possible because these companies have introduced strong HRM practices in their working and management.

Employees to these companies are 'assets' rather being liabilities. All the available practices of HRM like Human Resource Planning (HRP), Human Resource Information systems (HRIS), Human Resource Development (HRD), Human networking and systems etc Total Quality Management (TQM) are followed by these companies. These companies are in a practice of diversifying their goals and practices as per the needs of the times.

**Review of Literature**

In every kind of a new research, past research is explored to fine some points of references or the gaps in the previous studies.

The study of public sector enterprises in India has caught the attention of many scholars from the disciplines like Public Administration, Economics, and Management etc. A plethora of scholars have touched this field of study from different angles like evolution, growth, and functioning, financial management and personnel administration aspects. A few of them have studied from human resource development motivation or morale aspect still, the one of the most vital issue in public sector of India in
present scenario i.e. the 'Navratna' public sector companies is almost untouched and hardly there is any study on Human Resource Management in this important segment of Indian public sector. Few of the scholars have studied HRM or some of its practices from conceptual framework only but there is no study on HRM practices being followed by Navratna companies of India.

A good number of books and research articles on HRM are mentioned in bibliography. Some very important and core works are mentioned as under:

'Navratna' public sector is almost untouched and there is hardly any concrete or detailed study on human resource management in this important segment of public sector.

Various scholars in India and abroad have made significant attempt in the filed of human resource management taking it as a general topic or by studying its different practices or areas like Human Resource Development (HRD) human resource planning (HRP) etc.

A good number of books and research articles are available on the topics and are mentioned in bibliography. However some very important and core works are mentioned in particular.
Laster Thurow\textsuperscript{34} (1970) analyzed the importance of human resources in terms of human capital. Human capital, according to him, is an appropriate name for human productive capacities because such capacities can produce goods both now and in future. He defined it as an individual's productive skills, talents and knowledge. It could be measured in terms of the value (price multiplied by quantity) of goods and services produced. He has made an important study where he has established that like physical capital, human capital could be augmented. Investment could take place in human resources like education and training could create production skills and health expenditures could lengthen production lives.

Rensis Likert\textsuperscript{35} (1970) has dealt with the topic of human resource management by his noteworthy contribution. He held the view that all the activities of any enterprise are initiated and determined by the 'persons' who make up that institution. He considered the human power as most important part, whereas the material resources and infrastructure were secondary in all organizations. The management of these human resources,


according to him, is the vital issue in the success and growth of any organization and its value can never be undermined.

**D.J. Bartholomew and A.R. Smith** 36 (1971) in their study, dealt with important areas of man power management. They even considered it as managing science. Some important areas like man power planning, man power utilization, motivation, remuneration system, career development, selection, education, training and personnel management are always interrelated aspects of man power management in their opinion. The focus of each of these areas is required for effective man power management in their views.

**John R. Niland** 37 (1971) has dealt with the role and importance of man power specialists. He held the view that an individual could always accomplish more when titled man power specialist then he ever could as a personnel officer. He had emphasized on man power policy and its significance in USA in particular and the world in general. He has also


dealt with training and management of man power specialists.

Gareth Stainer\textsuperscript{38} (1971) made an important contribution by studying man power planning as one of the most important issues related to human resource management. He held the view that man power planning is not an activity performed by a few specialists in department but was the responsibility of all managers, whether line or staff. He has attempted to integrate the strategies and techniques of Man power planning in management areas and in the field of industrial psychology. He has termed human resource as 'social'. Although each individual is in many aspects unique, it is also true that a group of individuals can achieve more in cooperation than the constituent individuals could in isolation, in his opinion. He has also termed man power planning as a multi disciplinary activity.

George Nixon\textsuperscript{39} (1973) has tried to establish the importance of 'people' and their training which, according to him, is important to be imparted effectively for the development of people in organizations which helps further in the organizations development and growth and also the

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achievement. He focused on basic questions like "How are we doing"? "How do we know?" The writer has discussed the role of people before, during and after the training process in organization. He has established the important of training and achievements.

**Peter F. Drucker**⁴⁰ (1974) studied how in 1970's and 80's managers, whether in business or public service could perform effectively. He had taken an international view, exploring management problems in Great Britain, Western Europe, USA, Japan and Latin America. A very long range of examples has been taken up to explain the functions of management and managers in business, government, educational institutions and multinational companies. The tasks and responsibilities of managers in his views are very important in all kinds of organizations.

**Paul Pigors and Myers**⁴¹ (1981) had laid great emphasis on personnel administration and management of manpower. They opined that role of managers in personnel management and administration was a challenging task. They laid great stress on developing human resources through job description and analysis, recruitment, selection, placement,

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training, performance, appraisal, promotions, transfers, employee's conduct and discipline, wage and salary policies, pay incentive systems, occupational safety and health etc. The theoretical concept of personnel administration has been the main focus in the work..

Laxmi Narain\(^{42}\) (1982) has tried to study different aspects and practices of public enterprise management. He laid stress on industrial enterprises resulting from government's entrepreneurial activities for boosting economic development. He had studied the existence, rationale, objectives and performance of public enterprises in India. Further, he has studied the role of Public Enterprises Selection Board and also various personnel practices ranging from recruitment, training, job security, motivation and industrial relations etc.

In a Government publication of Korea\(^{43}\) (1983) an excellent attempt has been made by the Ministry of Labor Korea to study the power and expertise of Korean man power. It has been emphasized that


\(^{43}\) *The expertise of Korean Manpower*, The Ministry of Labor, Government of South Korea, Seol, 1983.
various national issues like national development industrialization and future growth of country have been achieved by using various human resource management skills. Vocational training and development of man power has helped the country to reach never heights various references have been made regarding the International Vocational Training Competitions where Korea had been able to win gold medals. Man power management, according to the book, attains a position of highest priority for the government.

**Edwards, Roy, Lumley, Manjan, Silver**\(^44\) (1983) in their edited volume have discussed the importance of man power and its strategies. In the opinion of authors, role of manpower has gained enough momentum in labour markets and production areas. Significance of industrial relations, training and development has also been explained.

**S.L. Goel**\(^45\) (1984) in his study on public personnel and their administration has dealt with its nature, scope, functions and importance

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importance. He has studied the concept of organizational analyses and has pointed some critical situations like (i) change in the objectives of the enterprises (ii) change in the method of work and (iii) over organization i.e. complexity of organizations. He has also made a comparative study of recruitment and training policies of public employees in countries like USA, UK, France and India.

**Edwin Flippo**\(^{(1984)}\) in his work on Personnel management dealt with all most all the issues related to the major topic. He has explained the concept, nature, challenges to personnel management. He has explained various issues like procurement, development, compensation, integration, maintenance and separation of personnel in organization.

**Anthony Hopwood and Cyril Tomkins**\(^{(1985)}\) have dealt with accounting issues and financial aspects of public enterprises. These issues are very important, according to them, and need a very special attention. The budget and financial administration have also been taken up by the authors as an important issue in accounting policies of public enterprises.


\(^{47}\) Anthony Hopwood, Cyril Timkins *Issues in Public Sector Accounting* Heritage Publishers, New Delhi, 1985
R. K. Sapru (1985) has dealt with various issues related to civil services in India. He has explained the recruitment, training, development and staff associations issues in his study. All these issues are very important concerns in personnel administration of civil servants in India, according to him.

V. Lakshmipathy (1985) has made a study on performance appraisal system in public enterprises of India. He has taken up important aspects of human resource management, performance of organizations and workers, human behaviour and leadership also. He opines that studying human behaviour in organizations is very important.

William Werther and Keith Davis (1985) studied various aspects of personnel management and human resources like foundation and challenges to Personnel Management, preparation and selection, development and evaluation, compensation and protection, employee

48. R.K. Sapru, Civil Service Administration In India, Deep and Deep Publications, New Delhi, 1985
relations, union management relations, personnel audit and research. They hold the view that among the resources available to an organization, none are more important than its people. According to the authors, the basic purpose of personnel management is to improve the productive contribution of human resources to the organization.

Azhar Khan\textsuperscript{51} (1985) has made an effort to examine the training aspects of personnel management for Indian employees. He assigned maximum importance to the training, development and motivating the employees and feels that India lags behind in this field in comparison to developed nations.

Sohan Lal Gupta\textsuperscript{52} (1986) elaborated the aspect of job satisfaction of bank managers and emphasized the need of training which improves the personality and working of bank managers. These factors, according to him, lead to job satisfaction in the employees.

\begin{itemize}
\item \textsuperscript{51} Azhar Khan, \textit{A Study of Existing Employee's Training Policies and Practices}, Kurukshetra University, Kurukshetra, 1985.
\item \textsuperscript{52} Sohan Lal Gupta, \textit{A Study of Commercial Bank Manager’s Effectiveness in Relation to Personality, Job Satisfaction and Adjustment}, Panjab University, Chandigarh, 1986
\end{itemize}
Lloyd L. Byars and Leslie W. Rue\(^53\) (1987) have made a very comprehensive analysis and framed a conceptual framework of human resource management. This important functions according to them, plays a biggest role in the development of modern organizations. Changing governmental and legal requirements, increasing demand for a more skilled and better motivated work force and intensifying foreign competition are just a few of the factors that have contributed to the importance of human resource management in today’s organizations. Various functions of HRM and other important issues like Equal Employment Opportunity (EEO), Legal environment, staffing, training and development, performance appraisal, compensation rewards and wages, unions, organizations maintenance communication and information system have been dealt with in details.

K.R.P. Singh\(^54\) (1987) has made a study on organization and management of public enterprises in India. He has also taken up the industrial relations, performances, efficiency, pricing policies and different


forms of public enterprises in India. People, according to him, form the most important part of public enterprises.

**M.D. Agarwal**\(^5^5\) (1987) has dealt with the efficiency and performance issue of public enterprises in India. He has made his study by taking up the case studies of Indian Airlines and Air India. He opines that it is possible that public enterprises can show efficiency provided they follow discipline and proper methodology in their functioning. He has taken up some important issues like development and training of employees.

A publication by **Asian Development Bank**\(^5^6\) (1990) has dealt with various issues related to HRM and its policies resulting into economic development. A detailed comparative analysis of various HR policies, systems and utilization of human resources in countries like Bangladesh, Indonesia, Republic of Korea, Philippines, Thailand. According to the publication, role of human capital was not much appreciated in the field of economic development. Until 1960's. First of all

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the developed nations and later on developing nations had understood the importance of HRM for economic development. The issue of HRM and HRD could not be postponed further and should be addressed with co he rent human resource policy, according to the publication.

Sally Howe\(^m(1995)\) has made a very important and detailed contribution in the field of human resource management. Very detailed conceptual framework of HRM has been framed. Author has covered various aspects like human resource planning and administration, Employee resourcing, equalizing employment opportunities, employee development, organization design, motivation, performance and reward management, employee relations etc. He has discussed the historical perspective of HRM from welfare tradition to employment management tradition, industrial relations tradition to the specialist advisor tradition. He has also compared the Traditional Personnel Management (TPM) with Human Resource Management (HRM) and concluded that it is HRM which has become the most vital issue of development in any organization.

Ratnakar Gedam\(^58\) (1995) has made a study on management of public enterprises in India. He has dealt with important issues like performance, efficiency, rationale, accountability, problems and challenges related to public sector undertakings of India. He opines that with proper HRM techniques, the performance of public sector can be improved.

A.M. Sarma\(^59\) (1996) in his study on Personnel and Human Resource Management has dealt with conceptual framework, organizational dynamics, formal and informal organizations, organization charts and structures, organizational needs, mission, organization culture, corporate culture, job analysis, selection, orientation, training and development, compensation, promotion transfers, demotions, career planning, motivation, leadership, supervision and human relations. A number of issues pertaining to HRM have been explained in details.

Cynthia D. Fisher, Lyle F. Schoenfeldt, James B. Shaw\(^60\) (1997) have taken up the core issue of HRM in their work. Dealing with concept, meaning and various dimensions of HRM like human resource planning,


recruitment, job search, Human resource development, performance appraisal, compensation system development, reward management, safety and health, labour relations, collective bargaining and multinational HRM. HRM, according to them involves all management decisions and practices that directly affect or influence the people working in organization of number of HRM issues, six very important issues, according to them are: planning for organization, jobs and people, Acquiring human resources, building individual and organizational performance, rewarding employees, maintaining human resource and multinational HRM which include staffing of foreign plants and selecting and trading experts.

**Cyntheia D. Fisher, Schoenfeldt, Shaw** (1997) have made a very comprehensive study on human resource management. They are of the view that HRM in itself a multinational topic. They have dealt with Human Resource Planning (HRP), Human Resource Development (HRD), Multinational HRM as major themes and dealt with almost every aspect related to management of work force. They opine that HRM involves all

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management decisions and practices that directly influence the people at work.

**V.P. Michael** ⁶² (1997) opines that HRM is that part of management process which develops and manages the human elements of enterprise considering the resourcefulness of the organization's own people in terms of total knowledge, skills, creative abilities, talents, aptitudes, and potentialities for effectively actuating. He has dealt with all important functions and strategic of HRM like HRP, HRD, organization development, communication systems, motivation, human relations, industrial relations, appraisal, compensation, worker's participation and involvement. Apart from this, nature, scope, and challenges to HRM have been dealt with. **Wendell French** ⁵³ (1997) in his work has explored the conceptual framework, historical perspectives, processes in HRM, development of HRM as a profession, contemporary challenges to HRM, organizational considerations in HRM, motivation and management philosophy, organization culture and climate, job designing and staffing, work rules and schedules, recruitment and selection, training and

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development, performance appraisal, compensations and rewards, employee benefits and protections, rights, responsibility and justice, safety and health management, participation, globalization and the future of HRM. The issue of International Human Resource Management has also been dealt with.

John Storey\(^63\) (1997) in his work dealt with transitions and transformations, managing change, role of top and middle management, trade unionism and industrial relations. He is of the view that a number of 'radical changes' in the methods of management and work organizations are taking place all over the world and sometimes these changes are beyond control. The role of HRM, therefore, has become very demanding and challenging according to him. Vie has argument for fewer hierarchical levels, fewer job classifications, use of work teams, change in commitment and usage of newer approaches in the field of HRM.

Gordon Mc Beath\(^64\) (1997) has studied the importance of HRM in this competitive age. significance of people, according to him, has


gathered the top priority. In this age of change management, knowledge explosion and management, people art as factors of social, political legal, technological changes, He has dealt with various areas of people development in organizations like development of potential, capacity, vision, capabilities and power etc. Human resource planning (HRP) process in any organization aspiring to develop is very crucial and should be studied rigorously. He has also explained the HR strategies and their importance in business planning and development.

**B.S. Bhatia, H.L.Verma and M.C.Garg**\(^{65}\) (1997) in their edited work have selected various issues on HRD at micro and macro level, concept and mechanism of HRD, conceptual framework, legal framework, need and importance, worker management relationship, Human resource accounting and audit etc. The importance of HRD function is gaining momentum everyday according to the authors and should be the core issue in every organization or work place.

**A.C. Tiwari**\(^{66}\) (1998) has taken up the topic of accounting an auditing

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in his study. He has dealt with objectives, rationale, structure, accounting and auditing in public sector undertakings of India. His major focus has been on accounting and auditing standards followed in Indian public sector.

**Harold Koontz and Heinz Weihrich**\(^67\) (1998) gave top priority importance to human assets in any organization to human assets in any organization. They have dealt in detail with various aspects of management and human resource accounting (HRA) and audit. Further, they opine that staffing process of HRM. in the important factor for success and failure of any organization. The success of this process is essential with proper induction of human assets. They have also touched the vital issues like effects of environment on organizations.

**Christopher Mabey and Graeme Salaman**\(^68\) (1998) have dealt with HR strategies and their importance. They have focused on 'what is going on?' environmental changes and their effects, flexibility in organizations. They


\(^{68}\) Christopher Mabey and Graeme Salaman, *Strategic HRM for Change Development and Performance*, Beacrer Books, New Delhi, 1998
have stressed on achieving a 'fit' between HR strategy and a business strategy. Taking up some Japanese examples and case studies, they have tried to explain the successfulness of HR strategies and bringing changes there on.

N.K. Singh⁶⁹ (1999) has made a very comprehensive study on HRM and taken up core issues like concept, standardization of jobs, manpower planning, recruitment and selection policy, performance appraisal, training and development, wage regulations and disputes, succession planning etc. He has particularly discussed the evolution of HRM in India, also taking examples from USA where much emphasis is given to HRM. He has explained various phases in management like welfare management (1920-40's), personnel management (1950-1970's), HRD concept (1970's-1980's), HRM concept (1980 onwards). Present concept, according to him, is the 'Culture and Performance Concept' in the form of HRM. Fast changing requirements of institutions do not give HRM strategic to be 'all time valid' ones.

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A. N. Agarwal (1999) has made an exhaustive study on problems, development and planning issues in Indian economy. He has explained the periods of Pre British, British, Post Independence, Pre liberalization and Post liberalization. He has also explained the important issue of human capital and its problems in Indian public sector.

David Teece (2000) has emphasized on the need of managing the 'intellectual' capital in organizations. He has explained that how firms can exploit and focused on technological innovations and focused on technological innovations and protection of intellectual capital in organizations, while staying ahead in competition as well. He has also explained and stressed upon knowledge economy and intellectual capital management. He opines that it is very difficult for an organization to survive in the age of 'knowledge management' without taking proper care of strategic and dimensions for managing the 'intellect'.


Arindam Chaudhri\textsuperscript{72} (2001), the famous 'management Guru' of India has explained various methods of HRM in his typical style by quoting various practical examples and deriving principles of management out of those. He has emphasized on the various human satisfaction needs in organizations. He has taken references from Honda Company where employees are known as 'Honda Men' and also from J.R.D Tata's focus on employee needs and importance in Tata companies. The work is an excellent piece of study on management techniques which help in organization climate and culture.

Dipak Kumar Bhattacharyya\textsuperscript{73} (2002) in his study has explained all important components of HRP and HRM like HRP concept, process, productivity, technology and HRP, Career planning, development and succession planning, training and performance appraisal, transfers, promotions, Human Resource Information system (HRIS), Human Resource Accounting (HRA) and human audit. He has also explained the


\textsuperscript{73} Dipak Kumar Bhattacharyya, \textit{Human Resource Planning}, Excel Books, New Delhi, 2002
emerging trends and issues in HRP, like change process, increasing job mobility, economic compulsions, restricting, Total Quality Management (TQM) practices etc.

Raj Kumar Sen and Biswajeet Chatterje\textsuperscript{74} (2002) have made a very comprehensive study on the evolution of Indian economy from ancient to modern times and explained various aspects of its, rise fall and change. They have also assigned a considerable amount to public sector undertakings of India in the area of development economics. They have explained the newly emerging challenges to Indian economy in present scenario in the form of various studies.

Aruna Goel\textsuperscript{75} (2003) in her work has tried to establish that concept of HRD is not a new one but has found references in very ancient Sanskrit literature of India. She has highlighted the importance of development of human resources as a specialized and fundamental function of management and personnel administration. She has focused on total personality

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development as physical, mental, spiritual and ethical exercised aiming at life building, man making, character making and assimilation of ideas of achieving human excellence. The ultimate aim of HRD, according to her lies within these ideas.

James A.E Stoner, R. Edward Freeman, Daniel R. Gilbert, Jr (2004) in their combined work have dealt with various aspects and dimensions of management, HRM being one of the most important one. They have explained the traditional role of HRM as a process involving HRP, recruitment, selection, socialization, training and development, performance appraisal, promotions, transfers, demotions, separations etc. They further opine that HRM has acquired new role with emergence of new trends like 4C's in the form of competence, Commitment, Congreves, Cost effectiveness. This new model of HRM forms the basis of evaluating an organizations effectiveness and business strategies. The new HR policies, according to them are most important part of the functioning of modern organizations.

Paul N. Gooderham and Odd Nordhang\textsuperscript{77} (2004) have explained the ever increasing influence of multinational companies and their impact on HRM which has become cross national in nature. The managers of today, according to them ought to possess cross national human resource responsibilities and must be equipped with broader cognitive perspective and more knowledge than their earlier counterparts. HRM, according to them, has five broad areas viz. acquisition of HR, HRD, Compensation, Design of work systems and labour relations.

R.B. Jain\textsuperscript{78} (2004) has compressively dealt with a number of issues in the public administration of India in present century. He has also explained the importance and need of HRD in governmental set up by taking up HR issues in cell five year plans. He has attempted to explain the impact of Globalization on India public administration from the good governance angle.


A.B. Singh and Anurag Singh\textsuperscript{79} (2004) have made a case study on Oil and Natural Gas Corporation Limited (ONGC). They have studied it from the public sector reforms and have explained the concept, objectives, rational, development and efficiency of public sector in India. They have established a relationship the fast pace development in GDP of India and growth of progressive companies like ONGC.


John A. Ryder\textsuperscript{81} (2005) has written an important article about futuristic approach to HR management and technology. He has imagined

\begin{enumerate}
\item \textsuperscript{81} John A. Ryder, \textit{Future of HR Technology}, HR Magazine, 50th anniversary issue, 2005.
\end{enumerate}
the HR managers of ten years after. He has also tried to raise some important questions about the future needs and availability of hi-tech software's in HRM.

K.P.M. Sundhram and Ruddar Dutt\textsuperscript{82} (2005) have dealt with various aspects on the evolutions working and effectiveness of Indian public sector undertakings. They have tried to explain the rationale of having public sector in India and also the effects of liberalization, privatization and globalization on it. They have given enough statistics of the working of top ten public sector undertakings which are showing huge profits and are workings as competitive global companies.

Biswa Jeet Pattanayak\textsuperscript{83} (2006) has focused on a number of dimensions of HRM, key functions like acquisition, development, motivation and maintenance of human resources, HR in I T organizations, International HRM etc. He has explained the evolution process of HRM in details and defined HRM as a strategic and co-he rent approach to the management of organization's most valuable assets- the people. Human

\begin{itemize}
\item \textsuperscript{77} K.P.M Sundharam and Ruddur Dutt, \textit{Indian Economy}, S. Chand and Co. New Delhi, 2004.
\end{itemize}
dynamics, according to him play a pivotal role in surmounting obstacles, defusing complex situations and achieving organizations goals. 

**Tanuja Agarwala**\(^{84}\) (2007) has made a study on Strategic HRM. She has explained the basic concept of HRM, its functions and strategic. She has analysed that how the traditional personnel management took the shape of strategic human resource management in present times. She has also dealt with issues in international HRM also.

A study made by **Department of Public Enterprises Government of India**\(^{85}\) (2008) has stressed upon the need to empower the public sector of India. The study deals with very important issues like diversification, competition, autonomy, corporate governance in Indian public sector undertakings. It is concluded that public sector of India with meat all the challenge provided it is empowered with functional and financial autonomy. It is also observed that the public sector can not be allowed absolute freedom by the Government.

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Lechner and Boli\textsuperscript{86} (2008) in their edited work on globalization and its impact have tried to explore the benefits and losses of globalizations on modern organizations. They have also tried to analyze the future of organizations in the age of tough competition.

Snell, Bohlander and Vohra\textsuperscript{87} (2010) have made a detailed study on HRM from South Asian perspective. They have explained the concept and challenges to HRM and international HRM. Finally they have studied the need and future of high performance work systems. They have taken a number of case studies in their study.


Apart from books, many writers have contributed in the form of research articles in journals on the field related to HRM or general management in organizations. The contribution is very big in both quantity and quality, yet there is need for contribution in the particular field of research. Some important research articles in research journals are mentioned as under:

Padamakali Mishra and Gopa Bhardwaj\textsuperscript{88} (2002) have tried an empirical study on HRD climate as perceived by three levels of management i.e top, middle and lower among private sector. Taking a sample of 107 manages the writers have concluded after research that every manager wanted respect and recognition in organizations. Well integrated training and development policies are always needed for overall organizational development. Psychology of managers and lower level employees must be studied and never concepts in HRD should be introduced to maintain better and healthy climate.

Biswaajeet Pattanayak⁸⁹ (2003) in his article, stressed to give importance to the role to HR for maintaining a level of development in the companies. In this age of competition, the writer feels that corporate excellence is a combination of people, system product and marketing excellence is most important because it always has a direct bearing on system, production and marketing. He has proposed a model for obtaining people excellence in organizations in the form of 10 P's model which stands for Purpose, Perspective, Positioning, Politics, Partnership, Plans, Product, Principles, People, Performance. By reinventing the role of every 'P' and making necessary changes the organizational excellence is found to come, according to the writer.

B.D. Singh⁹⁰ (2003) in his article has written about human dimensions in the age of privatization and disinvestment. He opined that for decades, employee in public companies were lined and brought up in a

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typical public sector culture where they considered them safe as far as job
security was there. With the new trend of disinvestment there is a growing
feeling of fear among employees of public sector. Fear of job insecurity,
loss in earnings, changing working conditions start work norms, complex
training processes forced retirements etc. are the disturbing factors for
employee. The real causes of concern HR, according to the writer, are
political and psychological. He has taken up three broad perspectives
namely the dimension of government concern, behavioral and managerial
concern and legal dimension in his article. The government and legal
corns are quite comprehensive whereas the managerial and behavioral
corn is the core issue today. Massive managerial and behavioral action
plans are needed to create congenial atmosphere after disinvestment,
argued that only GDP Growth is not the true index of human development.
India has shown a remarkable growth in GDP after.

Ila Patnaik and Deepa Vasudevan\textsuperscript{91} (2003) in their article have

\textsuperscript{91} Ila Patnack and Deepa Vasudevan, \textit{Human development in the nineties : A tale not told by GDP Growth},
1990's along the lines of United Nation's Development Programme's (NDP's) human development index. There are a number of other indices like health, mortality rate, nutrition levels, life expectancy, education and development, overall education budgets, school infrastructures, pupil-teacher ratio, output ratio, output ratio etc. To measuring development in terms of GDP is not only the criteria according to authors, who view the other factors very important for a rise in human development index.

Jyotsna Bhatnagar and Anuradha Sharma (2003) in their article have pointed out that HR roles in India are yet in the stage of development in comparison to the HR roles in USA and a number of developed western nations. The development of liberalization, globalization and privatization process and the presence of large number of multinational companies have put a lot of pressure on the HR functions in Indian organization. The strategic role of HR emerges in four forms viz. Strategic Partner, Administration Expert, Employee Champion, and Change Agent roles.

The HR roles and perception is slow in India and becoming a reality at a slow pace and this are no longer a rhetoric.

**Gram Joanne**\(^{93}\) (2003) has highlighted the importance of human resource forecasting in public sector. He opened that high technology and automation helps in fast track job designs but it is the role of human resources which makes the technology work. Further he opened that forecasting of human resources is very important because it always provided advance solutions to new problems in public sector.

**Vidu Soni**\(^{94}\) (2004) has highlighted the new emerging challenges in the field of HR. He opines that information-technology is going to play a lead role in the twenty first century and it will bring a number of challenged. Further he opined that socio-economic and environment challenges will also be a big problem in the HR department of future as well as existing organizations.

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Sushma Baveja\textsuperscript{95} (2004) has made a study on Corporate Social Responsibility (CSR) in modern organizations. She opined that Corporate Governance era has opened new areas like social issues. Big organizations spare some amount from their profit for social welfare of down trodden people. It is considered an important dimension in HR areas.

Jim Tourlinson\textsuperscript{96} (2005) has made tried to co-relate the management of economy and management of people with special reference to United Kingdom. He has made the study from historical perspective and opines that it is not only about people from elite groups who are associated with management of economy but the population as whole which plays a part in it. He argues that the behavior and belief of people always matter in management of people.

Monika Bansal and Kavita Singh\textsuperscript{97} (2005) have highlighted the enhanced role of information and technology (IT) in modern organizations. The leadership patterns are changing to E-leadership styles and the most

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95. Sushma Baveja, CSR-A key for better Corporate Governance, Management Accountant, vol. 39, n.8 August 2004


97. Monika Bansal and Kavita Singh, from Leadership to E-Leadership
\end{flushleft}
important challenge to human dimensions is in the form of IT development. The inter personnel relationships are based on computer interface rather than personnel contacts. Verbal communication is decreasing. Use of Local Area Networks (LAN) is Wide Area Networks (WAN) techniques have changed the leadership style as it in more of a leadership now. Even the expectations from human beings are increasing in areas of précis ional accuracy, exact result performance, communication styles. Everything has to be done in 'e' style. E- Leadership has been defined as a social influence process mediated by IT to produce Q change in attitude, feelings, thinking, behavior and performance with individuals, groups or organizations. The positive aspects of this style have been tested as fast anticipation of resulted profits, improved efficiently, improved job designs and enhanced productivity.

Chaitanya Prakash\textsuperscript{97} (2005) in his article has tried to emphasize on the power, capacity and potential of human brings by giving four important dimensions of people viz. Body, Mind, Knowledge and Soul. He is of the

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\textsuperscript{97}. Chaitanya Prakash, \textit{Who is at the Center: The Man or Population}, Manthan, Jan-March 2005 Page. 45-51
view that a person can reach from the position of self to supreme, which is one stage of human excellence. People, according to him, should not be the 'countable numbers' but one source of power and prosperity, source of knowledge and merit, not merely consumers but also the producers. Narrow views of only economic term should be discarded. The ancient Vedic Values can be combined with modern principles of human resource management.

Tom Tomlinson (2005), in his article has focused on the importance of managing the economy and people in England from historical perspective. He is the view that both play a significant role in the development process of the nation. He emphasizes that managing the economy has involved not simply (elite-inspired) regulation of economic aggregate, but is an attempt to develop and popularize a new understanding of 'the economy' and to use this to underpin attempts to shape the beliefs and behavior of producers, consumers and the citizenry in general.

Susan Summers Ranis and Aseem Prakash (2005) have dealt with the role of Corporate Environmental Entrepreneurs (CEE's) in persuading their firms to adopt voluntary programs. In several ways the CEE's perform functions similar to leaders in other organizations such as co-alition building and creating new policy images but what makes them different is that they persuade their firms to adopt new emerging international standardization codes like 15-01400/ etc. In an empirical study, data was collected from 133 15-1400/ certified companies from countries building strong working relationships with CEE's can always increase policy innovation, reduce reliance on co-erive enforcement and improve environmental outcomes. The writers have also mentioned some key voluntary programs launched by Environment Protection Agency (EPA) of USA like 33/50, Green Lights, Energy star programs, project XL, Star Track etc. in their article.

David Obstfield (2005) has focused on a new orientation fertius inguens (Yung- gains) which based on a Latin verb," iungo" which means to join, unite or connect. Tertius iungens is a strategic behavioral orientation towards connecting people in one's social network by either introducing disconnected individuals or facilitating new co-ordination between connected individuals. Such activity in central to the two key aspects of combinational innovation viz. new ideas and co-ordinate action. Organizational innovation, according to him, in often a process of creating new social connections between people and the ideas and resources they carry, so as to produce novel combinations. If combination is key to innovation, then social network activity may be an important predictor of people's involvement in innovation.

Swarup.K. Mohanty (2005) has highlighted the increasing significance of Corporate social Responsibility (CSR) in the field of

100. David Obstfeld; Social Networks, Tertius Iugnens Orientation and Involvement in Innovation, Administrative Science Quately Cornell Johnson, Graduate School of Management Cornell University, Vol. 50, No.1 March 2005, PP-100-130

human resource management. This issue, according to him, is top boardroom agenda and is gaining more visibility with strong advocacy from NGO's and collective movements. It asks the organizations to contribute to society from their profits, to fulfill the goal of 'common good'. Asian companies are much behind than the European companies as far as commitment to CSR in concerned Employees in Western world are regarded as 'Human Capital', whereas in Asia they are 'Furtors of Production'. The Asian countries are fastly moving towards new market driven business environment and the future of core issue of CSR is bright in these countries.

Debi S. Saini 102 (2005) has focused on the position of vocational training system in India, in his article. The writer opines that vocational training (VT) is very important in present HRD scenario. Progressive Countries like Japan, Korea, Taiwan, China, Germany, UK, USA, Austria and Switzerland have their own well developed VT systems. India has not developed its VT system like these nations. Presently formal VT sector is

just 7 percent of total workforce in country. There is a big need to frame appropriate and sound policy in this regard. Apart from being needs driven, competency based, pluralistic and democratic VT system should be supported by a credible system of skills acquisition, assessment, accreditation and certification at all level of learning. People have to be taught the 'desire for excellence and the best' by the government by developing efficient VT systems.

Ted Baker and Reed E. Nelson\textsuperscript{103} (2005) in their article have highlighted the findings of a field study of 29 resource constrained firms based on the 'Levi-Strauss' concept of 'bricolage' be making and doing with what is at hand. According to them, some firms are able to create something from nothing by exploiting physical, social or institutional inputs that other firms reject or ignore. Majority of new firms begin with very limited-resources with almost even their family to share the work. Finding and attracting human, financial or other resources is hard these are

needed most. It can be done by exploiting the opportunities and making use of every small thing. Firms which use such techniques start flourishing with the passage of time and grow to become big companies.

Susan P Eisher \(^{104}\) (2005) has differentiated the workforce of USA into four major categories viz. Traditionalists also called Veterans; Silent or Greatest-Generation born before 1945, Baby Boomers born between 1945 to 1964, Generation X born between 1965-80 and Generation Y also known as Echo Boomers, Millennial, Internet Generation or Newters, born after 1980's. Each generation has its own particular characteristics. Over the next 10 years the US population older than 65 will increase by 26 percent, those between 40-54 will fall by 5 percent and those between 25-30 will increase by 6 percent. After 2006, on an average two experienced workers will leave. The workforce for every one who enters. There will be bigger chances of conflicts between younger and older people and managing human resources will be a tough challenge. The Generation Y, according to writer is very different as it was racial in time of economic

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\(^{104}\) Susan P Eisher, Managing Generation Y, Sam Advanced Management Journal society for Advancement of Management, Texas, USA, Vol.1, no.4, Autumn 2005
expansion and prosperity but coming out of an era of economic uncertainty, violence and more expansion like Post Columbia, Post 9/11, 24 hours media world. The generation is technically skilled and very educated & wanting to accept intellectual challenges and working with shared values. It believes that it can be anything and dislikes slow pace and slow results. So far managing this global generation some different strategies are required which are professional, speedy and interactive.

**Kenneth J. Meier and Laurence J.O' Toole JR**\(^{105}\) (2005) in their article have stressed on the need of networking in organizations for better management and effective policy implementation. Public policies implementation. Public policies, according to them, are often executed in networks of multiple organizational actors that are inter dependent with each other. The network theme has emerged as an important component of research on Public management and policy implementation in USA where even formal policy frequently encourage or require net worked arrangements during execution. These networks can involve multiple

agencies, governments or sectors like public or non profit firms in patterns of client sharing, co-production, support building and other forms of collaborative efforts. There is great need for research designs for the study of public management through networking.

Shelley L. Brickson\textsuperscript{106} (2005) has brought up the issue of 'Organizational Identity' by stressing that if we can understand how relations with others are reflected in organizations identity, we may be in a considerably stronger position to predict and to understand organization's policies, practices and behavior towards employees, customers, Suppliers, Competitions, alliance partners and Communities. There are three types of organizational identities, according to author, viz. individualistic identity orientation, relational identity orientation and collectivistic identity orientation. In the first category emphasis is on maximizing the organization's own welfare, in second on enhancing the welfare and building relationship with others and in third one, on maximizing the welfare of large group or larger whole. Human Capital

\textsuperscript{106.} Shelley L. Brickson, \textit{Organizational Identity Orientation: between Organizational Identity and Organizations' Relations with stakeholders}, Administrative Sceno Quarterly, Cornell Graduate School of Management, Cornell University, Vol. 50, no. 4, Dec 2005, New York
inputs such as credentials relationship with firm's partners and clients along with reputation are far more important than physical inputs. A firm can play a crucial role in developing human capital by exposing younger members to clients and to more seasoned professionals.

Paul Osterman\(^{107}\) in his article has tried to establish a linkage between higher wages and high performance. According to writer, there is an unresolved question about widespread innovative work systems like teams and quality programs that whether they influence wage determination. The key finding in the article is that core blue collar manufacturing employees with higher wages were associated with High Performance work Organization (HPWO) systems. The Key component of Productivity Gain is associated with across the board wage payment systems. Higher skill levels and computer based technologies are associate with higher wages.

P Aubert, E. Caroli and M. Roger\textsuperscript{108} (2006) in their article have tried to investigate the relationship between new technology, new innovative practices and age structure of work force in a sample of French firms. They found that wage bill of older workers was less than wage bill of younger workers. New technology and innovation affect older people in labour force. They concluded that all innovative firms were biased against age. Skills did not completely protect labour force and age always mattered. Firm's age structure was affected by innovation both through employment inflows and outflows. IT matedata has reduced the enchases of employment to old generation and until some solutions are found, old generation would continue to suffer.

Dinkar Rao\textsuperscript{109} (2006) in his article has focused on the HR issues concerned with rural banking. According to him, HR issues are key to make the regional rural banks (RRB's) to fulfill their original mandate of


serving the rural poor. He has examined various issues like Governance, Man Power, Planning, Recruitment, Placements and Transfers, Wage Structure, Career Progression, Employee Education, Training and Development, Industrial Relations and amalgamation of RRB's. He is of the view that HR issues should be blended with 'cultural fit'. It means that employees drafted to work for specific purpose need to have the requisite orientation, as working in difficult rural set ups is a different game. Some dedicated efforts are needed to address HR issues and to make RRB's efficient and effective. Only the academic qualifications and credentials can not work..

A.P.J Abdul Kalam\(^\text{110}\) (2006) former President of India, in his article has highlighted the need for commitment at Government level and the Judicious as well as effective management of public finances, public utilities and enterprises. He foresees the need of reforms in management in all dimensions like human, physical and Capital resources for boost in Indian economy. He hopes that the growth rate will surpass the

8 percent mark soon. He also focused on good governance of human beings for better results and development.

Elizabeth Webster and Paul H. Jensen\textsuperscript{111} (2006) in their article have stressed on the need to invest in Human capital which is the core need to invest in Human capital which is the core issue in knowledge management era. As the amount of tangible matter, according to them, is fixed, the growth and development of intangible capital in the production process must be the sole source of productivity growth, enabling the ability to enhance the material quality of life. Investment in human capital particularly in matters related to public policy implementation is very important. An economic analysis of relative importance of intangible capital and the extent of economic failure in the separate market segments, usually can only draw conclusions that are suggestive, rather than definitive.

M. Srimannarayana (2006) have made an empirical study based on a sample of forty one small business units of Jamshedpur. The study

\textsuperscript{111} Elizabeth Webster and Paul A. Jensen, \textit{Investment in Intangible Capital: An Enterprise Perspective}, The Economic Record, Vol 82, No. 256

was made with an objective to study HRM issues in small business industry. It was concluded that small business units do not follow the formal HRM systems but have some HRM practice like Recruitment, training and performance appraisal. The study suggests that following of strong inputs of HRM in formal way will make the smaller industry more profit oriented.

**Garrdbergh and Fombrum** (2006) in their study have defined and explained the concept of Corporate Citizenship. They consider it the contribution a company makes to society through its core business activities, its social investment and philanthropy programs and its engagement in public policy. It provided an appropriate application of strategic balance theory. Global firms, on one hand, standardize their host country's market and human capital and on the other work for resisting local pressures.

**Dinkar Rao** (2006) has made a study on HR issues of Regional Rural Banks. He opines that dealing with HR issues is the key issue for the


rural banks. He suggests that working in rural areas is a tough process and employees working there should be properly trained and oriented. He is of the view that only academic qualifications of personnel are not sufficient. They must be given proper training in all HR issues. He feels the strong necessity to strengthen this aspect in India.

A number of important articles relevant to the research were reviewed in national and international level magazines. These are mentioned as under:

**William Hubbartt**\(^{116}\) (1995) has written an article on performance appraisal and its importance in organizations. It gives a fair chance to employees for self improvisation in his opinion.

**Susan Meisinger**\(^{117}\) (2005) has discussed the social security issue and its role in HRM. She ha also focused on challenges and opportunities for HR professionals in her article.

**Robert Rodriguez**\(^{118}\) (2005) has written about the importance of training and development in the major functions areas of HRM.

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Jim Jenkins\textsuperscript{119} (2006) has pointed out that it was a myth that effective managers are talented by birth. Management according to him is a profession and art which requires training and skills. Management effectiveness can be created by bearing its skills from experts.

Susan Meisingar\textsuperscript{120} (2006) in her article has highlighted the importance of talent management in the era of HR and knowledge

Randhir Auluck\textsuperscript{121} (2006) in his study on UK Public services employees has stressed upon the need of HRD in organizations. He is of the view that UK public services give highest importance to its personnel and their development. HRD policies of the police are very strong. He feels that knowledge capital is given due importance in united kingdom. The working conditions and other important HRM issues are also very important there. In this views, the standard of UK Public Services is due to their rigorous training and balanced HRM system.

\textsuperscript{119} Jim Jenkins, \textit{Getting help to Full Speed}, HR Magazine, April, 2006.


\textsuperscript{121} Randhir K. Auluck, \textit{The Human Resource Development Function : The ambiguity of its status within the UK public service}, International Review of Administration Sciences (Belgium) Vol. 72, no.1, March 2006.
The reviewed studies reveal the fact that a number of scholars have worked upon the topic of Human Resource Management from different angle ranging from explaining the conceptual framework or taking up some or the other practice of HRM. No doubt these studies have contributed a lot to the field of HRM, yet there seems to be a big gap in empirical research in the field of 'Navratna' companies of Indian public sector with reference to their HRM practices.

The present study has been undertaken to fill this gap. It is much relevant in the present highly competitive 'Corporate Governance' era. The Navratna companies are surely having an edge over other public sector undertakings in terms of overall growth, profits, efficiency, effectiveness and competition. It is more or less because of their sound HRM practices. Hence, a study entitled, 'Human Resource Management Practices in Navratna Public Sector Undertakings in India: A Study of GAIL India Limited' was taken up for the present research.

**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 researcher 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 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 or 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 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:

(i) The good HRM practices in public enterprises shall lead to their economic growth, which shall further lead to nation's development.

(ii) The best use of human resource by the management develops competitiveness and responsiveness in the enterprise.

(iii) The efficient HRM practices enhance the level of social responsibility and efficiency in the employees.

(iv) Organizational excellence and safety can be achieved by following good HRM practices.

(v) Training and development of employees' capacities always make the company grow.

(vi) Diversification in business adds to the value of the organization and its employees work culture.
Methodology

The research has been completed by using primary as well as secondary sources of information. The data was collected from a sample of 400 employees of GAIL (India) Limited, which included a sample of 100 executive category and 300 non executive category employees of the Company. The sample was selected on random basis, from 18 categories of employees, E-0 to E-9 of executive and S-0 to S-7 of non executive category. Both Questionnaire and Interview method was applied to elicit the views of employees regarding HRM practices, level of their job satisfaction, working conditions and employer-employee relations.

The primary source includes the Reports of Public Enterprises Survey, Economic Survey, Annual Reports of GAIL (India Limited and Reports of from Department of Public Enterprises, Ministry of Heavy Industries. The secondary sources include a number of books, journals, magazines and newspapers. Publications of GAIL (India) Limited and GAIL Training Institutes at Noida and Jaipur were also consulted.

Analysis Technique

The primary information collected through questionnaire and interviews was tabulated and analyzed on the basis of yes and no to various attributes of HRM practices by the executive and non executive
sample. Percentage of yes and no or agree or disagree content for both the categories was calculated. Finally the mean percentage for each category was calculated, which formed the basis of final findings.

**Chapterization**

The study has been divided into seven chapters. In the introductory chapter, an attempt has been made to build a conceptual framework of human resource 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 the 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-liberalization era covers the period 1947 to 1901 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 resource related details, corporate governance policies, five year profile of company's financial performance, future challenges to company in the coming times.

The fourth chapter deals with the recruitment, training, promotion and performance appraisal policies and practices of the company. All the 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 resource 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 enhance the quality of socio-economic environment of the company have been explained.
The sixth chapter deals with the policy perspective 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 concludes the main findings of the research and on the basis of the information gathered and analyzed the hypotheses have been tested and on the basis of mean aggregate of effectiveness of HRM policies. Also some observations in the form of some short comings in the Companies' HRM policies and objectives have been listed in the chapter with final conclusion.