Chapter -2

**Human Resource Management. (HRM)**

Human Resource Management (HRM) relates to a strategic and coherent approach to the management of an organization's people contributing towards the attainment of its business objectives. It involves a set of interrelated policies with ideological and philosophical orientation, and form a business focused approach to manage people for competitive advantage.\(^{84}\)

As Walton observes that the HRM model is composed of policies which promote mutuality i.e. mutual goals, mutual influence, mutual respect, mutual rewards and mutual responsibility. The theory is that policies of mutuality will stimulate commitment which, in turn, will provide both better economic performance and greater human development.\(^{85}\)

### 2.1 Definition of HRM:

Management of human resource is a new field of study embodying behavioural science knowledge relating to the working of line and staff officials and union leaders to motivate and develop employees in attaining organizational goals. The human resource approach to the management of employees represents a significant measure of utilizing human resource to accomplish organizational goals through the application of behavioural sciences. The interaction of social, psychological and cultural factors in organisations has assumed significance from the standpoint of this approach. It is a highly comprehensive field involving the use of numerous

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concepts such as personnel management, personnel administration, labour relations, industrial relations, manpower management and employment relations.86

2.2 Evolution of the Management of Human Resource:-

The field of management of human resource as a subject of study is of a relatively recent origin. However, the concepts upon which recent management theory is based have their roots in history. For instance, Chaldeans had sound incentive wage plans as early as 40 B.C. The status of the employee and the roles and relationships to which he/she was exposed, have undergone drastic change. As Megginson observes, the status of labour prior to the industrial revolution was extremely love, and the human relationship between the employer and his employees were characterised by "slavery" and the "guild system".87

Then the industrial revolution followed the guild system. The new economic doctrine was advocated in the form of laissez-faire, laissez-passer, which meant that an individual should be permitted to make what he intended to and to go where he desired. Then "factory system" development which resulted in new economic freedom to the worker and enhanced specialization. However, in practice, several injustices were done under the cover of economic freedom, and the system was accompanied by unhealthy work surroundings, long working hours, fatigue, monotony, strain, likelihood of accidents and allied repercussions. It also reduced the magnitude of personal relationships, and the worker tended to loose the gratifying feeling of being individually significant to the performance of tasks. Notwithstanding these malpractices, attempts were

made by some progressive entrepreneurs to recognize that productivity could be increased by changing the environment or removing the employees from the adverse, physical, social and economic surroundings with a view to provide satisfactory working conditions, hence, giving birth to the emergence of Human Resource Management.

2.3 Personnel Management

According to Jucius, "Personnel Management can be defined as the field of management which relates to planning, organizing, directing and controlling the functions of procurement, development, maintenance and utilization of labour force with a view to attain organizational goals economically and effectively". This definition involves three aspects:

1. Managerial: As regards managerial aspects, personnel management involves four functions including planning, organizing, directing and controlling.

2. Operative aspects: These aspects involves four components including procurement, development, maintenance and utilization. For effective attainment of goals it is imperative that a working force is procured, developed, maintained and utilized.

3. Objectives: As regards objectives, personnel management purports to attain three-tier objectives including organizational, individual and social. 88

In the opinion of Dunn and Stephens, personnel management is the process of attracting, holding and motivating people involving all managers- both line and staff. 89


2.4 Personnel Management Versus HRM: (Human Resource Management)

Armstrong observes that personnel and HRM are similar as:

1. Strategies of both stem from business strategy.
2. Both recognize that line managers are responsible for managing people.
3. The values of personnel management and those of "soft" version of HRM are identical vis-à-vis respect for the individual integration of individual needs and organizational goals and development of people to accomplish competence to facilitate individual and organizational interests.
4. Both attach importance to the function of matching people to ever-changing business requirement.
5. Both use the same range of selection, competence analysis, performance management, training, management development and reward management techniques.
6. The 'soft' version of HRM and personnel stress the process of communication and participation with in the employee's relations systems.

Some authors attempt to differentiate personnel management from the management of human resources in terms of emphasis and approach rather than substance. Legge differentiates management of human resource from personal management as follows:-

1. while personnel management is concerned with non-managers, management of human resources is aimed at managerial staff.
2. while personnel management attempts to influence line management of human resources involves an integrated line management activity.

3. while personnel management keeps itself detached from organisation development and allied social-psychologically-oriented ideas, management of human resource has utmost focus on the management of corporate culture.\textsuperscript{91, 92}

The HRM is geared towards management and forms a central, senior management-driven strategic activity seeking to accomplish the total organizational interests along with giving importance to strategic integration and strong cultures, stemming from top management vision and leadership but it is so important that it can't be left to personnel managers.

2.5 Objectives of HRM:

The objectives and scope of functions of management of human resources can be discussed in two aspects – personnel administration and industrial relations. In the opinion of Dirks, "The objectives of personnel administration include the utilization of human resources effectively, establishment and maintenance of productive and self-respecting working relationship among the participants, and attainment of maximum individual development of the members in the organisation. "Indeed, the chief objective of personnel administration as well as management relates to effective utilization of human resources and the major objective of industrial relations is to prevent industrial conflict by describing the legitimate rights of both employers and employees to establish harmonious relations in industry.

Thus, the objectives of management of human resources include effective utilization of human resources, harmonious working relationships


among the participants of the organisation and utmost individual development. These objectives can be accomplished by acquiring capable people, utilizing their efforts effectively and maintaining their willingness to work towards the attainment of organizational goals.93

2.6 Significance of Management of Human Resources:-

Management of human resources is of utmost significance from at least three standpoints – Social, professional and individual enterprise.

2.6.1 Social Stand Point:-

The effective management of human resources is likely to serve the goals of our society. As indicated by Yoder.

i. It can help to maintain an even balance of jobs and job holders to raise living standards of individuals in the society.

ii. It can help people to avail the best, most productive and most gainful jobs where they can be most happy, enthusiastic and effective.

iii. It can assist every member of the organisation in maximizing his or her contribution and his or her reward in return for that contribution by developing and utilizing his or her best talents in their jobs.

iv. It can help to ensure the best protection and conservation of human resource to prevent its wasteful or careless use.

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v. It can help people make their decisions with a minimum of direction and control serving the prominent goal in a fine society.\textsuperscript{94}

2.6.2 Professional standpoint:

From the professional standpoint, the management of human resources can provide motivation for effective teamwork by providing desirable working conditions and policies and preventing unethical use of human resource as:

1. it can help to maintain and respect the dignity of the individual members.
2. it can provide maximum opportunities for personality development of each participant in the organisation.
3. it can provide relationship to ensure effective allocation of services to different jobs.
4. it can help through employment effective utilization of people’s talents and interests in work-settings.
5. it can ensure conservation of human resources preventing the waste resulting from idleness, partial employment, errors in placement, inefficient application etc.
6. it can lead to increased productivity making available ever increasing standards of living.

\textsuperscript{94} Yoder, D. Heneman HG, Turnbull JG and Stone CH: pp. 6-18
2.6.3 Individual Enterprise Standpoint:

The management of human resource is also of significance from the standpoint of the objectives of individual enterprise. It can create attitudes which motivate the workforce to accept the special goals of the enterprise in three ways.

i. It can help in the attainment of goals of the enterprise by obtaining capable people employing effective recruitment and selection techniques.

ii. It can help in the attainment of goals of the enterprise through effective utilization of the efforts of human resources.

iii. It can help in the attainment of goals of the enterprise by maintaining the willingness of people to work through equal provisions of opportunities for satisfaction of human needs not only physiological and security but also need of love, esteem and self-actualization.

2.7 Significance of Person Administration: - /HRM

As Megginson observes, the personnel administration has assumed great significance in view of its implications. The employees are no longer viewed as commodities and their exploitation has ended with the introduction of behavioural approach to personnel administration is organizational settings. Attempts are being made to adopt this approach in performing the functions of selection, training, development and motivation of employees. Increasing stress is being laid on the full utilization of human talents through employee training and development programmes.
2.8 Human Resource Management in HMT (Pinjore), PTL (Mohali and Ranbaxy (Mohali)).

2.8.1 History:-

HMT was setup in 1953 with the first units I & II in Jallahalli and Bangalore and involved total investment of Rs 27.31 Crore with the objectives of

i. Realization of importance of precision machine manufacturing for the installation of higher technology in the Indian Industry.

ii. To develop a great hold on the important sectors of Indian Industry and to ease the monopoly of private sector.

iii. Important substitution and the resultant saving of forign exchange.

iv. Growth of ancillary industry.

v. Providing more employment to semi skilled and unskilled workers, generation of profit for donation to the economy, export promotion and the increase in social welfare of all workers employed in the factory.

2.8.2 Manufacturing:-

HMT ventured to manufacture computer controlled machinery centers, CNC machines, Products like tractors, printing machine, plastic injection, molding machine, die casting and lamps etc. are manufactured under the Pinjore unit.
2.8.3 Organizational Structure:-

Abbreviations: GM (General Manager), JGM (Joint General Manager), TRP (Tractor Plant), MTP (Machine Tool Plant), R&D (Research and Development), HRM (Human Resource Management), PU (Production)

Structure:

HMT has three – tier structure of management. At the top level is the corporate board having chairman and managing director. **Four** full time finance directors entrusted with finance and corporate planning, personnel, marketing and production engineering. **Two** senior executive directors, one representative labour and five representatives of the Government of India. Each unit has also a separate board of management headed by its General Manager and staffed by the heads of its functional departments.
This board is the unit board which meets every month to review its decisions to achieve the organization’s objectives.

**HMT (Pinjore)**

Executive Director is the head of unit level of HMT- III and this organisation is further divided into two main divisions i.e. Machine Tools and Tractor Division. These are controlled by the General Technical Manager. The GM (Personnel) is the overall in charge of the matters relating to personnel.

**Structure of Personnel / HRM department**

EDPC Executive Director, Pinjore

GM (Tractor Plant)  GM (MTP)

JGM (HRM)

AGM  AGM  AGM  DGM  AGM  
(Establishment) (welfare) (legal) (Training) (Estate)

Personnel offices  Jr. Per. Officer

(Establishment)  (Establishment)

**Organizational Chart (Pinjore)**

- Marketing
  - Services
- Marketing
  - Control
  - Services
  - Spare Parts
Finance

2.9 Personnel Department:-

The personnel department and HRD department are the same having staff of three including Manager Personnel. The personnel department performs all the functions but is lacking behind in satisfying the employees.

Organizational Chart (PTL – Mohali) Punjab Tractors Ltd.

History:-

PTL, a public limited company, was established on the 27th June 1970 and was promoted by PSIDC (Punjab State Industrial Development Corporation) with the support of public financial institution.

PTL is India's first large scale project based on totally indigenous design, know how and technology. It started with an investment of US$ 3million with an annual capacity of 5000 tractors of Rs 37 million with the objectives of:-

i. offering quality products with distinctive features at reasonable price; ensuring better than the best after sales service for durable customer satisfaction.
ii. creating and sustaining an employee caring culture inspiring each one to feel and behave as an owner and part of the enterprise.

iii. striving for consistently superior returns to shareholders and other financial shareholders

iv. conducting business with highest standards of corporate behaviour transparency, unyielding integrity and social ethics.

Manufacturing:

Product line Group companies (PTL)

Tractors – 6 Models Swaraj Mazda Ltd.
Harvester combines Swaraj Engines Ltd.
Automotive castings Swaraj Automotives Ltd.
Engineering Exports (Formerly Punjab Scooters Ltd.)
Light Commercial Trucks
Mini Buses and Ambulances
Diesel Engines
Automotive Seating and Components
Organizational Structure

Board of Directors

Chairman

VC & MD

ED (HR)  ED(Material Supdt. Marketing)  Supdt. Marketing  ED-IBD

G.M-  DGM (Training)  VP-R & D  AVP-QI  VP-Material

Production  Service

PTL Consists of 3 units

1. Swaraj Tractor Division
2. Swaraj Foundry Division
3. Swaraj Combine Division

Personnel Department

This department is headed by Senior Vice- President (Personnel) and he is assisted by managers, assistant managers and personnel officers. The human resource department and personnel department are same.

Ranbaxy- Basic Drugs 'n' Fine chemical plant- Mohali

History

Since 1995's the company has been engaged in importing finished drugs and medicines from well-known manufacturers of foreign countries and distributing the same in India In 1973, Ranbaxy became a public enterprise with a multipurpose chemical plant at Mohali for manufacturing
drugs. In 1973, the company issued shares to general public and became a full-fledged public limited company and today it is the largest exporter of bulk drugs and formulations in India and contributes to around 13% of the total industry exports with the objectives of

a. Commitment to healthcare
b. Thrust on Research and Development
c. International orientation
d. Forces on core markets and products.
e. Assured product quality
f. Environment consciousness
g. Human resource people growing together.

**Organizational structure:**

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Vice President
↓
Director Manufacturing (DGM-3)
↓
Mohali I
↓
Mohali II
↓
Toansa
↓
Head of Department (HOD)
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Personnel  HOD  Divisional  Personnel  Liaison  Production  Quality  Engg.
InfoTech  Accounts  Manager  Dept.  Planning  Assurance  Dept.
Development  Manager  Manager  Manager  Manager  Manager  Manager
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**Board of Directors**

Chairman  

Chief Executive office  

And Managing Director  

Whole time Director  

Secretary.

**Personnel Department:**

Ranbaxy's Personnel Department is headed by Director (Personnel/ HR) and is assisted by a manager and assistant. The unit has separate training department headed by Manager (training).

**Functions of Personnel Department**

i. Recruitment:-

"Recruitment is the process of seeking out and attempting to attract individuals in external labour markets, who are capable of and interested in filling available job vacancies. Recruitment is an intermediate activity whose primary function is to serve as a link between human resource planning on the one hand and selection on the other."  

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Recruitment is a process to discover the sources of manpower to meet the requirement of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force.96

**Function of recruitment**:- The function of recruitment is to locate source of manpower to meet job requirements and specifications. It forms a means for attracting manpower in adequate number to permit effective selection of a capable and productive work force. It is a continuing function involving efforts to attract employees equipped with desirable qualities to fill up the vacant positions matching the personal qualities of the employees with the job requirements. Thus, it relates to the supply of potential employees for jobs in an organisation.

The factors which affect recruitment are internal as well as external. The internal factors include wage and salary policies, the age composition of existing working force, promotion and retirement policies, turnover rates, the nature of operations involved, the kind of personnel required and external determinants of recruitment are cultural, economic and legal factors and the external sources of recruitment are existing working force of an enterprise, and internal sources relate to employment exchanges, colleges, institutes, universities etc.

The recruitment in HMT has been stopped since 1993. Previously the candidates were called from the employment exchange. For managerial posts, the candidates were called from throughout India. In PTL the process of recruitment is decentralized. ITI qualified workers are appointed (for subordinate staff) and the decision of recruitment is upto the

chairman. The candidates are invited through newspapers, journals and magazines etc. and in Ranbaxy applications from fresh candidates are invited through advertisements or consultancies and through internet. The consultancies send the candidates according to the requirements of the job.

Besides the sources of recruitment, the foremost factors which attract the person to join the particular organisation are reputation of the enterprise, good pay, working hours and other legal factors. But the selected enterprise as HMT has lost its reputation in the market other than PTL and Ranbaxy which dominate the economy. The low wages, non-recruitment and long working hours does not attract the candidates to join HMT. Due to non-recruitment, the employees has shifted to the existing workforce which has become least in number due to VRS policy of the organisation. Whereas in PTL no fresh recruitment is taking place in the organisation and there is no substitute for the retired employees or who have left the organisation. The entire workload is hared amongst the serving/existing employees without giving any consideration to the job-profile of the employee and the additional responsibility assigned. For example, a female executive who is a General Manager (Personnel) as well as Human Resource is also an in charge of stores.

In Ranbaxy the recruitment process is through various resource as per the job requirement. Even at managerial level, the executives are recruited from outside who are retired from higher posts in public sectors.

In Ranbaxy, the level of satisfaction regarding recruitment of respondent is higher than the respondents from the public sector. The standard and status of an organisation is highlighted when a person applies for the job. The style of applying through application performa /
forms itself conveys the status of an organisation. Regarding application forms, HMT has lowest status than PTL and Ranbaxy.

After applications, and test / interviews, the appointment letter which invites and informs the person regarding his/her selection for the job also plays a great role. In HMT, till date, the appointment letter is typed on typing machine whereas in PTL and Ranbaxy, computer typing and good quality of paper is used for appointment letters which is the first step to motivate and employee to join the organisation. The status of an organisation plays great role in motivating the new comers/employees and the status of HMT is much lower than PTL and Ranbaxy.

**Selection**

Selection is the negative process of selection of right types of candidates and offering them jobs, with the aim of rejecting unsuitable candidates and pick up the most suitable person for the vacant jobs.

It is a critical process because it requires a heavy investment of money to get right type of people. Each step in the selection procedure should help in getting more and more information about the applicants to facilitate decision making in the area of selection. As absenteeism and employee turnover are the important problems oftenly faced by the organisations and the proper selection will keep the rates of absenteeism and labour turnover low and will increase the morale of employees.

In the selected enterprise, HMT (Pinjore) is facing more absenteeism and low labour turnover which is caused due to wrong or incorrect selection of employees for the job i.e. the personnel department is weak in performing its job than in PTL and Ranbaxy.

As there is no recruitment in HMT since 1993, before cessation of recruitment, the employees were called from employment exchange. After
VRS, the manpower decreased to fifty-percent and temporary staff on adhoc bases is called form various technical institutes, but temporary staff can't be motivated towards organizational goals.

In PTL also, no fresh appointment is being made. There is no substitute for employees who have retired or have left. Temporary staff is on daily wages which is recruited through contractor. In Ranbaxy selection of candidates in on the basis of job requirement, the lower level staff is on temporary basis and the security staff is on contract basis whereas the managerial staff's is requirements are fulfilled from the staff within the organisation by promotions.

The selection process in PTL and Ranbaxy is more motivating than in HMT.

**Career Planning:- (Promotions)**

'A career is a sequence of positions occupied by a person during the course of life time."97

Career planning of employees carried out systematically and regularly provides valuable information on the extent of current and potential utilization of human resources and is an important input to manpower planning process. It is a "systematic approach to the identification and development of individual careers in the organisation for the benefit of both individual and organisation."98

Career planning is not an end in itself, but a process of development of human resource. It is an essential aspect of managing people for achievement of optional results. If the organisation is to survive and prosper in the changing environment, its human resources must be in a

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constant state of development. "Need for achievement" is the basic need of an individual, so, proper and adequate growth opportunities for an employee with an organization are key motivators for the employees.  

The term 'career growth' is often used interchangeably with the term 'promotion' although it has a wider scope. In the selected enterprises, the promotions are based on appraisal system. \(^\text{100}\)

**Performance Appraisal**

The purposes of performance appraisal may be classified as administration, informative and motivational. The results of performance appraisal are used for administrative purposes e.g. promotions. Performance appraisal is often used as a scapegoat to justify an inequitable system of rating. \(^\text{101}\)

In a self appraisal system of MBO, the nature of the design of setting goals leads to a value. All values boil down as 'loyalty to management. The performance criteria and standards are inversely related to mutual trust between superior and inversely related to mutual trust between superior and subordinate. The personnel departments carry on the administrative aspects of annual appraisals, but, when, MBO grows, it becomes the responsibility.

In the selected enterprise, there is no self appraisal system of MBO. The appraisals are in the hands of superiors in the selected enterprises.

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100 L.D. White, *Introduction to the Study of Public and Administration* Eurasia Publishing House (P)Ltd. Delhi 1968 P 400
Promotion:-

"Promotion" is a term which covers a change and calls for greater responsibilities and usually involves higher pay and better terms and conditions of service and, therefore, a higher status or rank.\(^{102}\)

According to Scott and Clothier, "A promotion is the transfer of an employee to a job which pays more money or one that carries some preferred status."\(^{103}\)

When a person applies for any job, he does so after making necessary enquiries about the prospects of the job and soon after taking the job, he starts enquiring about the next position, he is likely to promote after a certain period of three/five years of the service. If he does not get adequate chances, he feels demotivated/frustrated and starts searching for other jobs. "When employees join an organisation, they bring with them a set of wants, needs, desires and past experiences that combine to form job expectations. Job satisfaction expresses the amount of agreement between one's emerging expectations and rewards that the job provides."\(^{104}\)

The promotion policies of the selected enterprises were studied to know the expectations of the respondents.

In HMT, PTL & Ranbaxy the basis for promotion is performance evaluation. Two third of respondents considered promotional prospects to be extremely important.

In HMT, an employee is considered for promotion after the completion of four years of service based on performance appraisal and

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\(^{104}\) Rony Vaid and Naresh Kumar, Job Satisfaction Among Industrial workers in B. Singh and Prem kumar, (Ed.) Current Lends in HRD, Deepard Deep. Publication N. Delhi, 1995, p.308
confidential reports submitted by the concerned heads of department. But even after promotion few employees do not find any change in the place of their job and nature of duties. For example, a training assistant from the last eighteen years of this service is promoted at the same seat in the same department and there is no change in the nature of his duties, only his grade is promoted. Even in PTL, in some cases the position is same like HMT, but that is for lower grade jobs only where an employee has not developed his skill. During the survey, some respondents revealed that normally an employee is considered for promotion after 4 to 5 years of service but in some cases (one to two) some employee were promoted after the service of 3 years due to psychophancy. In another case an employee who joined PTL as machinist retired as a Assistant Manager (Tool Room) after taking six promotions in thirty two years of his service. Most of the employees are satisfied with the promotion policy of the organisation.

In Ranbaxy the main criteria for consideration of promotion is after three years of service on the basis of performance appraisal and seniority.

In public enterprises, political and higher executive level interference in promotion decisions demoralize the deserving employees who work hard to go up in their careers. Whereas in private sector there is no political interference on organizational level sources and performance appraisal, seniority, talent, intelligence etc plays great role. The employees in private sector are more satisfied than the employees from public sector/ government sector.

**Manpower Planning (Human Resource Planning)**

Human Resource Planning is the strategy for the acquisition, utilization, improvement and preservation of an enterprise's human resources. It relates to establishing job satisfaction or the quantitative
requirements of jobs determining the number of personnel required and developing source of manpower.\textsuperscript{105}

According to Geisler, human resource planning is a process of forecasting, developing and controlling human resources in an enterprise. This process helps the enterprise to ensure that it has the right number of people and the right kind of people at the right time performing tasks for which they are most effective.\textsuperscript{106}

Just as the basic needs of life like food, clothing and shelter, the basic need of an organisation to achieve its goals are financial resources, physical resources and people (employees). The people (manpower) translates the organisations objectives and plans into the number of workers needed to meet those objectives. "Without clearcut planning, estimation of an organization's human resource need is reduced to mere guess work, " By anticipating the need for various types of skill requirements and level of personnel well in advance, a manpower plan will be able to give adequate lead time for recruitment, selection and training of such personnel."\textsuperscript{107}

Therefore, personnel demand forecasts and assessments of supply must be continuously monitored, so that adjustments can be made in the programmes designed to reconcile the supply and demand of human resources as model for Human Resource Planning.

The main objective of manpower, planning is to maintain and improve the organisations ability to attain its goals by developing strategies

\textsuperscript{106} Geisler, E.B: Manpower Planning: An Emerging Staff Function New Youk, American Management Association, 1967
\textsuperscript{107} Arun Monappa and Mriza, S. Saiyadain, Personal Mangemnt, Tata Mcgraw Hill Publishing Company Ltd. N. Delhi, 1982
purporting to magnify the contribution of human resources regularly in the foreseeable futures.\textsuperscript{108}

Human Resource planning is a two-phased process by which management can project futures manpower requirements and develop manpower plans, as it helps in proper recruitment and selection so that right type of people are available to occupy various positions in the organisation.\textsuperscript{109}

In the selected enterprise, HMT (Pinjore) is lacking in proper manpower planning, a non-technical employee is posted in mechanical department and a technically educated employee is posted in administrative department. A diploma holder in ‘training’ is imparting training to the fresher and is on the same position for many years.

In PTL, (Mohali), and Ranbaxy (Mohali), manpower planning is according to the ability and qualification of employees. In PTL no fresh permanent recruitment has taken place for last many years whereas in Ranbaxy candidates are recruited according to the requirements of the job.

**TRAINING and DEVELOPMENT**

Every organisation needs to have well trained and experienced people to perform the activities that have to be done. Inadequate job performance or a decline in productivity or changes resulting out of job redesigning or a technological break-through require training and development efforts. As the jobs become more complex, the importance of employee training and development also increases. Training and Development terms are used frequently but these terms differentiate as “Training is a process of learning a sequence of programmed behaviour” whereas “Development” is a related process which covers not only those

activities which improve job performance but also those which bring about
growth of the personality.\textsuperscript{110}

**Distinction between TRAINING n DEVELOPMENT**

"Training is a short-term process utilizing a systematic and organized
procedure by which non-managerial personnel learn technical knowledge
and skills for a definite purpose where as "Development" is a long-term
educational process utilizing a systematic and organized procedure by
which managerial personnel learn conceptual and theoretical knowledge
for general purpose.\textsuperscript{111}

"Training" refers only to instruction in technical and mechanical
operations, while "development" refers to philosophical and theoretical
educational concepts. In the words of Campbell "training courses are
typically designed for a short-terms, stated set purpose such as the
operation of some piece (s) of machinery, while development involves a
broader education for long term purposes."\textsuperscript{112}

**Importance of Training and Development Function:**

Training is the corner-stone of sound management, for it makes
employees more effective and productive. The basic purpose of training is
to develop skills and efficiency. "There is an ever present need for training
men so that new and changed techniques may be taken advantage and
improvements affected in the old methods, which are woefully
inefficient."\textsuperscript{113}

VIII No. 1, 1969
\textsuperscript{113} Gordon S. Walkins, Paul A. Dodd, M. Naughton and Paul Pearsons, The Management of Personal and Industrial Relation. 1980, pp. 572-574
“With the development of high technologies, training and development will become central in the global economy as a profession and as a corporate function.”

In spite of the importance of training and development function, it has been a neglected aspect in the public enterprises. Arjun Sen Gupta Committee observed that, “One of the most vital but neglected areas in public enterprise has been the training.”

Singh states that, “if we look at the objectives of the public enterprise, one notices that HRD has never been mentioned as one of the objectives.”

In case of HMT (Pinjore), fresher are imparted, technical training and are given stipend according to the norms of the enterprise. For existing workforce there is technical training when any new machine or equipment arrives.

In PTL (Mohali), also, no training is imparted to the existing employees except on promotion or sent for training to another companies whenever any new equipment is introduced. For any technological exhibition or imported new machines only managerial staff is sent for training. They intern train their subordinates in the organisation. Whereas in Ranbaxy, the freshers as well as existing employee are imparted training regularly i.e. once in six months or after every three months whichever is considered important.

So, Late Primer Minister, Rajiv Gandhi, expressed that, “I find in public sector enterprise, there is almost no training at all. There is no attempt to build up the quality of management.”

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116 N.K. Singh, Human Resource Development in Indian Public Sector SCOPE, N. Delhi, 1987, p 4
Compensation :-

“Compensation” may be defined as money received in the performance of work, plus many kinds of benefits and services that organisations provide to their employees. ‘Money’ is included under direct compensation, popularly known as wages i.e. gross pay; while benefits come under indirect compensation, and may consist of life, accident and health insurance, the employer’s contribution to retirement, pay for vacation or illness, and employer’s required payments for employee welfare as social security.

Money as a Motivator

“Need” is the starting point of ‘Motivation’. An unsatisfied need creates tension that stimulates drives within the individual. Human need may be classified as

1. Basic physiological or primary needs, and
2. Social and psychological needs or secondary needs. The theories of motivation which explain human behaviour in terms of human needs are known as ‘content’ theories.

Maslow saw human needs in the form of a hierarchy starting in an ascending order from the lowest to the highest needs and concluded that when on set of needs is satisfied, it ceases to be a motivator. According to Maslow, money acts as a motivator only for physiological and social needs, not for satisfying higher level needs. Employees are enthusiastically motivated by what they are seeking, more than by what they already have.118

117 Rajiv Gandhi, Forward in W.R Kidwai and Baldeo Sahai, (Ed.) Dynamics of Management of Public Enterprise, SCOPE. N. Delhi, 1989, p 7
118 Maslows A.N., Motivation and Personality, Harper and Brothers. N. York 1954
They may react cautiously in order to keep what they already have, but they move forward with enthusiasm when they are seeking something else. In other words, man works for bread alone as long as it is not available.

But Herzberg’s motivation Hygiene theory started with a distinction between motivational and maintenance factors in job situation. He gave too much emphasis on job enrichment but job enrichment is not the only answer. Off-the job satisfaction of the workers is also very important. Herzberg did not attach much importance to pay, status or interpersonal relationship which are generally held as important contents of satisfaction.

On the other hand David C. Mc Clelland is concerned with three motives, namely

(i) the need for achievement
(ii) the need for power
(iii) and the need for affiliation. Mc Clelland’s concept of achievement motivation is related to Herzberg’s motivation hygiene theory. His research revealed that managers generally score high in the need for achievement, i.e. motivation forces for managers lie in the challenge and potential of the job.120

Some of the studies conducted in India with reference to the above issue indicate that in most of the cases money was not found to be a major motivator, "Surveys show that high salaries and high morale are not

related to each other." Several other studies on Indian samples can be quoted, suggesting that money alone can't motivate in most cases."

On the other hand, some authors view money as capable to motivate and satisfy higher level needs as well and it is also sometimes argued that in some developing counties or less developed economies, like India, money is more important in motivating employees as compared to western countries. Raka Sharan found that, "if the working condition show any marked improvement particularly in wages, the respondents satisfaction with their present job is likely to improve considerably." 

The level of monetary compensation in public sector enterprises as compared at various forums. In the present study, the employees in HMT (Pinjore) and PTL (Mohali) are less satisfied with their salary package as compared from private sector get more fringe benefits than in public enterprises.

The pay scales of the employees in all the selected enterprises were not disclosed for the sake of secrecy. However, few employees disclosed the scales which helped the researcher in measuring the satisfaction level of employees with pay scale in public and private sector. This will be discussed in the following chapter on motivation.

**Communication:** (Flow of information)

The word 'communication' has been derived from the Latin word "communis" which means common. Communication, therefore, refers to the sharing of ideas, facts, opinions, information and understanding from one person to another.

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121 M. Dasah, HRD Priorities, The Times of India, New Delhi for 3rd July 1996
Dr. Mc Farland views communication as "a process of meaningful interaction among human beings, More specifically it is the process by which meanings are perceived and understandings are reached among human beings." 124

**Importance of Communication in Management**

The importance of communication in any managerial process can hardly be over-emphasized. If an organisation is to operate as an integrated unit, it is necessary that top management should keep the lower level supervisors and employees well informed of its ultimate objectives. Through proper communication the management takes employees into confidence, prepares them for changes and makes them more knowledgeable about the problems and policies of the enterprise. 125

**Objectives of Communication**:-

A management depends on communication to achieve organizational objectives. Since managers work through others, all their acts, policies, rules, orders and procedures must pass through some sort of communication channel to:

1. develop information which are necessary for group effort;
2. to foster an attitude which is necessary form motivation, co-operation and job satisfaction;
3. to prepare workers for a change by giving them necessary information,
4. to encourage ideas, suggestions from subordinates for an improvement in the product and work conditions,
5. to improve labour – management relations and

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125 *Personal Management* by Dr. Momoria and Dr. Uadai Pareek Himalaya Pub., House, Bombay, 1989, pp729
to satisfy basic human needs as the needs for recognition, self-importance and sense of belongingness.

In the selected enterprise, the communication system is formal, informal as well as written/oral depending upon the message to be conveyed. Communication through proper channel motivate the employees at all levels and makes everyone aware of the information. The relationship with the supervisor with understanding motivates an individual and helps in keeping the relations healthy.

**Discipline and Grievances:**

Maintenance of harmonious relations in an organisation depends upon the promotion and maintenance of discipline. 'Discipline' has been a matter of utmost concern for all organisations. There are some people who believe that maintenance of discipline is the concern of only higher echelons of an organisation, but in actual practice, discipline is concerned with employees at all levels.\(^{126}\)

The word 'Discipline' connotes that the members of a group should reasonably conform to the rules and regulations (i.e. the code of behaviour) which have been framed for it or by it. Employee morale and industrial peace are definitely linked with a proper maintenance of discipline. Co-ordination and control are facilitated; and these assist in the attainment of organizational goals.\(^{127}\)

"Discipline may be considered as a force that prompts individuals or groups to observe the rules, regulations and procedures which are deemed to be necessary for the effective functioning of an organisation."\(^{128}\)

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128 Calhoon, Richard D. *Managing the Personnel* p.314
In management theory and practice of discipline in organizations, the scope of discipline is largely confined to some kind of negative sanction or application of penalties for eliminating or controlling the unbearable behaviour, however, the degree of precision and elaboration in framing rules and standard may vary form organisation to organisation.

In India, the problem of industrial discipline was debated by Indian Labour Conference held in 1957. To maintain discipline in Industry (both in public and private sector), it was agreed:

I. there has to be (i) a just recognition by employer and workers of the right and responsibilities of either party, as defined by the laws and agreements and (ii) a proper and willing discharge by either party of its obligations consequent on such recognition

II. The Central and State Governments, on their part, will arrange to examine and set right any shortcomings in machinery they constitute for the administration of labour laws.

While private organisations may not have very comprehensive guidelines on unacceptable, behaviour, public enterprises are much more particular in this regard. In view of the Supreme Court Judgments, Public sector enterprises are considered as “state” within the meaning of Article 12 of the constitution of India. Therefore, any action taken on disciplinary grounds must stand the test of judicial scrutiny of Fairness, Equity, Reasonableness etc and this makes it necessary to have elaborate and unambiguous rules to guide disciplinary actions.

Ministry of Home Affairs had requested the administrative ministries, in 1980, itself that public undertakings under the control of various ministries / department may be advised to bring their conduct rules on the Central Civil Services, Rules, 1964 and to incorporate particularly the
important provisions of these rules relating to integrity. Thus, the rules of public enterprises therefore borrow heavily from the Government rules and are more concerned with defining as to what may constitute unacceptable behaviour.\textsuperscript{129}

In the selected enterprises, as HMT (Pinjore) and PTL (Mohali) are public enterprises, the rules of discipline and conduct are borrowed from the government rules as compared to Ranbaxy (Mohali), which is a private organisation and has its own rules of Conduct and Discipline.

During survey it was noticed that almost all employees in public as well as private sector are aware of the rules of conduct and discipline of their organisation.

\textbf{Grievances:-}

Industrial workers could be unhappy and dejected on account of a number of reasons –due to non-cooperative co-worker or due to harsh or sarcastic remarks of his/her seniors or may be due to his/her own personal reasons or simple domestic reasons.

Keith Davis has defined grievance as, "any real or imagined feeling of personal injustice which an employee has concerning his employment relationship."\textsuperscript{130}

It implies that 'job satisfaction' and 'grievances' are interrelated concepts. It is rather difficult to define a grievance, Personnel experts, however, have attempted to distinguish between dissatisfaction, complaint and grievance. Generally speaking, dissatisfaction is any state or feeling of discontent, whether expressed or unexpressed. A dissatisfaction which is

\begin{flushright}
\textsuperscript{129} Government Policy for the Management of Public Enterprise, Vol. I, Buries of Public Enterprise, Ministry of Industry, Govt of India, 3\textsuperscript{rd} Ed. N. Delhi, 1985 p. 58, BPE No. 2(28) / 75/ BPE (GM-1) dt. 31/5/80
\textsuperscript{130} Michela, J. Jucires, Personnel Management, Richard D, Irwin, House wood 1978 p.374
\end{flushright}
orally made known by one employee to another is known as complaint. A complaint becomes a grievance when this dissatisfaction, which is mostly related to work, is brought to the management.

As Srivastava notes, "job satisfaction is a general attitude which is the result of many specific areas, viz. specific job factors such as wages, supervision and steadiness of work."

Job satisfaction is a complex concept and difficult to measure objectively. The level of job satisfaction is affected by a wide range of variables such as

i. Individual factors: Personality, education, intelligence and abilities, age, marital status, orientation to work

ii. Social factors: Relationship with co-workers, group working an norms, opportunities for interaction, informal relations etc.

iii Cultural factors: Attitudes, beliefs and values

iv. Organizational factors: Nature and size, formal structure, personnel policies and procedures, industrial relations, nature of work, technology and work organisations, supervision and styles of leadership, management systems and working conditions.


These factors affect job satisfaction of certain individual in certain circumstance but overall degree of job satisfaction may differ from person to person.

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131 S.K. Srivastava, Relationship Between Job Satisfaction An Organisational Climate, Department of Humanities and Social Science, University Of Rorkee, Rorkee, 1984 p.27
Role of Personnel Department

The role of personnel department is crucial towards building an appropriate organizational climate, leading to greater satisfaction of employees. But the personnel sections in public enterprises are no adequately manned. In HMT, and PTL, the foremost function i.e. recruitment is ceased. Fresh recruitment has not been allowed for last so many years. The employees are not satisfied with the existing personnel policies of promotion, manpower planning, grievances etc. which implies that the employees in public enterprises are dissatisfied and lack sense of belongingness against this in Ranbaxy, employees are satisfied with the personnel policies, physical conditions of work etc.

Some of the views of respondents in this context are given below which indicate that employees from public enterprises are least satisfied than the employees in private enterprises.

- A respondent from very senior rank in HMT belonging to administration himself remarked that, “the personnel department and whole administration of HMT requires a drastic change. Employees with modern education and positive thinking are required to be recruited.”

- A recently retired employee from PTL remarked that due to the non-caring attitude of management towards employees, many employees are dissatisfied and prefer to join private sector even with same wages.

- Many respondents from the public enterprises feel that how an employee can have sense of belongingness when there is no endeavor made by the management to develop a sense of
belongingness amongst the employees. There has always been a gap between top management and the lower staff.

These views point towards the need to improve the administrative policies personnel policies and sense of belongingness amongst employees. The public enterprises have to increase their efficiency and productivity by restructuring the whole organisation and its policies.

As pointed out by Likert, "the leadership and other processes of the organization must be such as to ensure a maximum probability that in all interactions and all relationships with the organisation each member will, in the light of his background, values and expectations, views the experience as supportive and one which builds and maintains his sense of personal worth and importance."  

**Causes of Grievances:**

An employee is dissatisfied and harbours a grievance when he feels that there has been an infringement of his/her rights and that his/her interests have been jeopardized. This sense of grievance generally arises out of misinterpretation or misapplication of company policies and practices.

Calhoon observers, "Grievance exist in the minds of individuals, are produced and dissipated by situations, are fostered or healed by group pressures, are adjusted or made worse by supervisors, and are nourished or dissolved by the climate in the organisation which is affected by all the above factors and by the management."  

A grievance is strictly an 'individual 'affair'. Based on the study of available literature, Chandra's list of causes of grievance is more useful.

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<table>
<thead>
<tr>
<th>Working Conditions</th>
<th>Management Policy</th>
<th>Personal Maladjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bad physical working conditions</td>
<td>Disciplinary action</td>
<td>Family problems</td>
</tr>
<tr>
<td>2 Lack of discipline amongst subordinates</td>
<td>Insufficient authority to discharge responsibility</td>
<td>Health problem</td>
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<tr>
<td>3 Improper matching of job with the employee</td>
<td>Lack of career growth</td>
<td>Lower or excessive self-esteem</td>
</tr>
<tr>
<td>4 Non availability of resource for doing the job</td>
<td>Lack of clarity of role</td>
<td>Over ambition</td>
</tr>
<tr>
<td>5 Excessively high performance standards</td>
<td>Transfer, Promotion, Leave, compensation, Seniority</td>
<td>Poor interpersonal relations</td>
</tr>
</tbody>
</table>

A detailed analysis of the cause of Grievances & policies and procedure of grievances in selected enterprises could not be properly obtained due to secrecy reasons. In private enterprise even a senior rank officer remarked that there are no grievances in their organisation, but, that was just to hush up the subject during discussion. But these organisations follow the Model Grievance Handling procedure by National Commission on Labour.

135 S. Chandra Grievance Procedure: A Survey Of Practices In Industries In India, Administrator Staff College Of India, Hyderabad, 1969.
Stage - I  
Employee conveys verbally to Management Officer designated by management to deal with grievances at this stage to reply in 48 hours.

Not satisfied, go to

Stage - II  
Employee + Departmental representatives to Head of department to meet at preallocated time daily for grievance handling. Reply within 3 days.

Not satisfied, go to

Stage - III  
Employee + Departmental representatives to Grievance committee to decide within 7 days and report to the Manager. Unanimous decisions to be implemented by the Management. Decision must be taken within 3 days.

Decision unsatisfactory or not in time

Stage - IV  
Employee + Departmental Appeal to management for revision. Appeal to be considered within a week.

No agreement, go to

Stage - V  
Employee + Union, if referred by Management Voluntary arbitration within a week after decision from stage V.
Some of the respondents from the selected enterprise, mentioned that the concerned authorities do not bother to go deep into grievance. They feel that there is no use of grievances, as they never get fair justice. Such views implies that the grievance procedures are not, being seriously implemented, but there is a need to implement the grievance handling procedure with seriousness and regularity.

It was hypothesized that the practice of personnel policies differ with the difference in organisation and the organizational set up differs with the difference in type of organisation. The organizational set up in public enterprises is less effective and motivating than private enterprise.

The practice of personnel policies also differ with the difference in type of the organisation. Regarding performance appraisal it was hypothesized that it is being practised mere as an annual exercise and it is very much true in the case of public enterprises where most of the respondents conveyed that besides being eligible for promotion for many years, the employees do not get promotion in time. The performance appraisal is neither considered sincerely for promotion nor for imparting training.

In private organization there is no system of reward for better performance. Only consideration for promotion is the reward and it was truly hypothesized.