CHAPTER 3
PERSONNEL MANAGEMENT

In the life of a corporation, today's success is largely a product of three types of executive actions taken yesterday: selecting the right people, placing them in right jobs, and seeing to it that they were able to grow to meet both their own needs and those of the organization. Personnel management is the planning, organizing, directing, and controlling of the procurement, development, compensation, integration, and maintenance of people for the purpose of contributing to organizational, individual and societal goals.¹

The essence of personnel management is dealing with human relationships within an organisation. Roethlisberger has gone so far as to say that the job of a manager is neither managing men nor work but "administering a social system".² Thus, the role of personnel management is not to tell people how their work should be done but to create an environment in which people can do their work most productively.

3.1 ORIGIN AND DEVELOPMENT

Personnel function began as an employment and record-keeping function. Later as workers began to organise, it took the administration of labour agreements. The personnel department then moved in more directions -

1. It became the keeper of the corporate conscience, and concerned itself with the morale of the employees.
2. It became scientific and introduced systematic techniques for employee selection, salary administration and other activities connected with personnel.

3. It began to concoct programmes that proved to be more fashionable than useful.  

The role of personnel manager has thus changed through time. At first, the personnel manager was an instrument of top management in procuring and maintaining an effective work force. As knowledge expanded, in executing this role the manager began to understand the necessity for ascertaining and accommodating the needs of the human beings who constituted that work-force. He constantly searched for programmes which would support the accomplishment of both organisational and individual objectives.

It is pertinent at this stage to review the genesis of the personnel function in our country. On the basis of the recommendation of the Royal Commission on Labour (1929), employers' organizations and enlightened employers appointed the first 'labour officers' in India in the early thirties to assist employers in recruiting and dismissing employees and promoting harmonious relations between employers and employees in industrial undertakings and plantations.

During the Second World War, the need for enlisting labour support for the war efforts was considered imperative. As a result, welfare officers were appointed by Government as well as industry. The Factories Act, the Mines Act and all similar legislations contained provisions for appointment of welfare officers. They were to deal with working conditions, canteens, ration shops, recreation facilities, medical facilities, workers' housing and
similar welfare activities. With the enactment of the Industrial
Disputes Act in 1947, with provisions for ordering adjudica-
tions, the function of welfare officers changed to handing disputes
and adjudication relating to conditions of service. Welfare officers
soon became industrial relations officers and they began to partici-
pare in collective bargaining, conciliation and adjudication. Thus personnel management came to be recognised as a specialist
function in a large number of organisations so much so that intra-
disciplinary specialisation like Industrial Relations, Training etc.
have set in. The recent trend of having Personnel Managers in
senior ranks in the company to deal with matters connected with
supervisory and managerial staff, their training and development,
everc policies etc. have taken the personnel functions
beyond the sphere of activities of what might be called the "Labour
Officer".

3.2 SIGNIFICANCE OF PERSONNEL MANAGEMENT

The most valuable asset of a company consists of its human resources
generating the needed manpower. It is therefore necessary to retain
good employees and use them to their fullest potential. It is in
this area that personnel management can give maximum assistance.
Personnel function is integral to the whole organisation. Since all
decisions in an organisation are made by human beings and are put
into operation by human beings, they are affected by all these deci-
sions one way or the other. Personnel function is all pervasive,
transcends all other managerial functions and is ubiquitous. In
this sense, every manager is unavoidably a personnel manager.
The personnel function is responsible for furthering the organisation, not just maintaining it. Recent researches in behavioural sciences and on the negative side, quixotic experiments and experiences in our own country, have also shown that ultimately it is the management of human resources which plays a key role in opening up new opportunities for increasing productivity and promoting the growth of the enterprise and those who work in it.

Environmental changes take place according to a basic law known as the Second Law of Thermodynamics. This law states that non-living systems increase their entropy, or disorder, over time. A perceptive personnel management programme seeks to minimise entropy and maintain as much disorder as is practicable. This is done by an ever-continuing attempt to reduce disorder and decay by periodical evaluation of existing systems, planning for growth, modification, and feedback aimed at resisting the natural tendency of the environment towards disorder.6

Productivity is not a function of labour productivity alone. The organisational philosophy, the personnel management style, the work atmosphere etc. have significant role in raising or lowering productivity. The various internal and external forces continually pose many challenges to the personnel function of any organisation. Among the many changes that are occurring, the following four will illustrate the nature of the personnel challenge:

1. Changing mix of the work force
2. Changing values of the work force
3. Changing demands of employees, and
4. Changing demands of Government 7
3.3 SCOPE OF PERSONNEL FUNCTION

The focus of personnel management is on people at work. It is indeed a wide area and covers a broad spectrum of activities. It is difficult to generalize about the range of personnel functions performed in an organization owing to a variety of factors such as attitudes, philosophy, organization needs and so on. It would be appropriate to examine certain classifications of personnel functions:

(1) Broadly speaking, the functions of personnel management fall in the following areas: (i) organizational planning and development (ii) staffing (iii) Training and development (iv) wage and salary administration (v) motivation (vi) employee services (vii) employee record (viii) labour relations and (ix) personnel research.

(2) The labour field today has three main areas of professional disciplines - Labour Welfare, Industrial Relations and Personnel Administration which together have formed the new profession of personnel management. These areas are being looked after by three professional functionaries - Welfare Officer, Labour Officer and Personnel Officer.

(3) The personnel function can be divided into two parts - (i) Technical personnel service to the line organization, and (ii) Advising line and top management. Technical personnel service to the line organization would include - 1) Recruitment and placement 2) Training and development 3) Wage and salary administration 4) Industrial Relations, and 5) Health and Welfare.

(4) We traditionally speak of the three 'R's of Personnel Management, namely, the areas of Recruitment, Retainment and Retirement. Besides, a purposeful policy will widen its scope beyond the traditional three 'R's of Personnel Management. It will begin at the
pre-recruitment stage by taking responsibility for attracting poten­
tially promising candidates for employment by the scouting process,
campus visits and other means. It will also extend its jurisdiction
beyond retirement by assuming some responsibility for ex-employees' health and housing. 11

(5) The primary technical functions within personnel management are selection and placement, training and development, compensation and motivation. These core areas are the critical elements in a comprehensive personnel programme. Not only should there be a con­
tinuous improvement of this body of technology, but also a conti­
nuous reassessment of its validity for given needs and purposes. 12

(6) Academically it is possible to split the personnel manage­
ment function into three: (a) The welfare aspect concerned with working conditions and amenities such as canteens, creches, housing, personal problems of the workers, schools and recreation; (b) the labour or personnel aspect concerned with recruitment, placement of employees, remuneration, promotion, incentives, productivity etc. (c) The industrial relations aspect concerned with trade union negotiation, settlement of disputes, joint consultation and collec­
tive bargaining. In practice, these three aspects are bound to merge into one another, as all are concerned with the human element in industry as distinct from the mechanical. Human beings and their problems seldom fit into the neat categories of the scientist and the statistician. 13

The preponderance of legalistic approach to industrial re­
lations with its numerous statutes and evergrowing case law, has resulted in an emphasis on the legal aspects and consequences of
every move in the sphere of personnel administration. Rightly or wrongly, personnel management today has a rather unduly heavy weightage given to legal aspects as compared to behavioural sciences.

The Banking Commission observed in its report: "To create a sense of belonging in the employees, an organisation has to motivate them by providing satisfaction of social and self-esteem needs besides giving them salary, allowances, bonus, other monetary incentives, proper physical working conditions and reasonable security of service. Various methods used for motivation are acquainting the employees with the goals and objectives of the organisation through conferences, meetings and induction training; encouraging their social activities by providing facilities for clubs, sports, cultural activities and annual gatherings; and creating conditions conducive to job satisfaction by decentralising powers, and introducing an element of responsibility in a larger number of jobs (e.g. authorising ledger keepers to pass cheques for small amounts)."

In many companies the personnel staff is advisory by virtue of the organization structure. If it is to be effective, however, it cannot take the attitude, "I told them, what more can I do?" In the long run the staff must realise that its reason for being is to see that sound personnel programmes are installed, not merely conceived.

The Committee on Functioning of Public Sector Banks (1978) envisaged a critical role for the unions. It suggested: "To our thinking, the first step to improve efficiency would be to organise a high level dialogue between the managements and the unions on the
whole question of work norms to be subject to biennial revision
and the unions should be induced to undertake responsibility for
getting work done in accordance with agreed norms instead of
merely protecting the interests of their members.\textsuperscript{17} As observed
by Jacob Mankidy, 'areas like recruitment, promotions, etc. are
also now being included in the individual bank's agreements with
their unions. Once these are also covered by contracts, manage­
ment's area of operation will be limited mainly to administration
and implementation'.\textsuperscript{18}

3.4 PERSONNEL MANAGEMENT: A LINE FUNCTION

As Glenn Gardiner, a former President of the American Management
Association rightly says, "By centralising the personnel function
in a personnel department too many people have assumed that you
can centralise human relations. This was perhaps the error in
the thinking of the production people and general managers who
felt that it would be very helpful if we could just put all our
personnel headaches into one hat and let somebody else worry
about them for all of us. The personnel function is by no means
a one-man function or a one-department function. Your production
problems and your personnel problems are one and the same".\textsuperscript{19}
Although certain personnel activities may have to be organised
in a staff department for administrative convenience. The per­
sonnel function is largely the responsibility of line management.
The philosophy, attitudes and skills of these persons, reflected
in this daily work behaviour are the ultimate determinants of the
quality of human relations in the organisation. (McGregor David).\textsuperscript{20}
Some of the leading companies have a slogan that the effectiveness
of the Personnel Department is determined by their creating conditions where the line managers become their own personnel managers.21

The role of the supervisor in the scheme of motivation management is very important. In fact, it is the first line supervisor who is the vital link between the organisation and the worker. As observed by the Committee on the Selection and Training of Supervisors (UK-1962), the Supervisor is the representative of management on the shop floor and has to interpret the decisions of management to the employees for whose control he is responsible.22

As in any other business organisation, power and authority were traditionally centralised in every bank. When banks started growing into mammoth organisations with a large network of branches, power and authority concentrated at top levels came to be diffused to the lower rungs. Delegation of power and authority to lower level managers was unavoidable for effective functioning. In many banks there were days when sanctioning of leave to a Clerk was the sole prerogative of the bosses in central offices, though today any branch manager or second officer of a branch exercises such powers with regard to the employees working under him. The present trend in banking circles is towards decentralisation consistent with the requirements of efficient decision-making and prompt execution.23

The Working Group on Customer Service in Banks recommended:

"Every Branch Manager/Head of office should be made disciplinary authority in respect of minor misconduct. This is essential for reestablishing the authority of Branch Manager for enforcing elementary discipline and creating an atmosphere of responsibility"
in office'. But Jacob Mankidy gives a caution: Unlike other organisations, banks' offices are widely scattered all over the country and it has been the experience of most banks that trade unions use pressure tactics as strategy to get things done at some remote branch which would gradually be spread to other branches.25

The personnel powers delegated to the branch managers and other controlling officers in the sample banks relate to sanctioning of ordinary leave and disbursement of salary. Regarding issues necessitating disciplinary action, the controlling officers can send report to the head office which would initiate such action, if found necessary. In FBL, all the branch managers and controlling officers are delegated the power to take disciplinary actions against award staff. However, no exercise of such power has come to notice. They too prefer to report such matters to the head office.

3.5 PERSONNEL DEPARTMENT

As was pointed out above, the personnel function is a line responsibility and a staff function. It cannot possibly be performed effectively by the personnel manager or the personnel department alone. However, one particular department in an organisation is so closely and for most of its time engaged in personnel activities that it is called the personnel department. The special concern of the personnel department is the management of people as a major sub process in the total process of management.26

In the early years of development of banks, the number of personnel was small and hence there was no necessity to have a separate department to look after personnel. Wherever existed,
they were mainly to keep track of employees, disburse their payments and keep record of the same. Another major role the staff departments had to perform was disciplining of employees in case of misconduct. Gradually these staff departments also became the legal wings of banks in order to fight employees in a more legalistic manner by safeguarding the banks' interests. This was probably necessitated by the growing organisational strength of employees. Until almost 1965 the staff departments did only the 'maintenance' function of personnel, and 'personnel management' in the developmental sense of the term was neglected by Indian Banks. An analysis of the situation reveals the following reasons, for this state of affairs:

1. Banks were comparatively smaller in size and it was easier for a top manager or managers to know almost every employee personally and manage the affairs relating to them easily.

2. Job security was almost absent and hence employees did not want to risk jobs by questioning their employers. Hence managements thought it was not necessary to spend any effort in this area.

3. Any dispute which arose later between management and employees was referred to judicial industrial relations machineries and the management thought their responsibilities were completely over.

4. Lack of knowledgeable persons at the top who could look into the area of personnel management from the point of view of a human resources utilitarian approach.

Many Banks now have elaborate personnel departments and several of them have separate training divisions, management
development divisions, industrial relations divisions etc.

All the five banks studied have a separate department which spends most of its time dealing with matters relating to employees. The responsibilities of these departments relate to manpower planning, recruitment, placement, performance appraisal, promotion, compensation, disciplinary action and industrial relations. The functions relating to internal training of employees are entrusted to a training establishment within the bank. In FBL there is a separate department to handle matters relating to disciplinary action and industrial relations.

3.6 PERSONNEL MANAGER

The executive who is in charge of personnel department is usually referred to as personnel manager. He is very often entrusted with the responsibility to plan, develop and administer policies and programmes designed to make expeditious use of the organisation's human resources.

The Royal Commission of 1929-31 broadly indicated the role of the Labour Officer in India, the Factories Act, 1948 laid down the duties of the statutory Welfare Officer under its rules in 1951-52, and the modern Personnel Officer assumed personnel functions as assigned to him by his employing organisation. The Personnel Manager, as the head of the Department, is shouldered with the responsibility of the entire personnel function. He is concerned more with developing the policies and programmes regarding employment, wage and salary administration, training and development, placement, industrial relations, safety and health, employee benefits and services, etc. He is responsible for
formulating industrial relations objectives and policies of his company. 29

A good manager tries to plan his activities in such a way that he 'makes things happen'. There are some managers to whom things happen, whilst there are others who do not even know what happened. 30 The Personnel Manager should be an individual of singular breadth and influence, sensitive equally to the needs and capabilities of people and to the requirements of the business. 31 He must have a keen sense of social justice and be fully appreciative of the rights and interests of men at work as well as the economic necessities of management. The Personnel Managers' first concern is to assist the general management achieve its goals through procuring, developing, compensating, motivating and maintaining a competent labour force.

In large and complex organisations, the line executives are usually specialists in their own areas of activity and do not possess the necessary expertise in human relations. They consequently need the assistance, guidance and advice of a staff personnel specialist in the effective performance of the personnel function. Since all the line executives have to deal with human beings, the personnel function is integral to the whole organisation. In this sense, every line executive is unavoidably a personnel manager. It may be emphasised that in all these areas of personnel administration, the personnel executive acts only in a staff capacity; he has no authority to command except, of course, in his own department. 32

The Personnel Manager must be a person of sufficient calibre who can report with confidence to top line officials and talk
intelligently with highly skilled departmental heads with a view to help them solve their management problems. With the enactment of voluminous labour legislation in India, legal technicalities have assumed disproportionate significance in personnel function in Indian industry. As a result, employers tend to employ personnel officers with a legal background.

According to the Royal Commission on Labour (1929-31) 'the Labour Officer should be subordinate to no one except the general manager of the factory and should be carefully selected. Integrity, personality, energy, the gift of understanding individuals and linguistic facility are the main qualities required. No employee should be engaged except by the Labour Officer personally in consultation with the departmental heads and none should be dismissed without his consent, except by the manager himself after hearing what the labour officer has to say. It should be the business of the labour officer to ensure that no employee is discharged without adequate cause; if he is of the right type, the workers will rapidly learn to place confidence in him as their friend'.

The status of the Labour Officer needs clarification in Indian industry. The legal requirement tends to put him in an anomalous position - a sort of third force between management and labour, often trusted by neither. Personnel management is clearly a management function and not a "third force" as described in the Factories Act and as practised in some industries. However, in general, the personnel manager should be a catalyst in the organisation rather than merely an 'implementor' of policy decisions and/or a fire fighter for the management.
organisations the Personnel Manager is also a member of the board and would correctly use the designation 'Personnel Director'.

In all the banks studied, the executive with full-time charge of personnel functions is the head of Personnel Department. In four banks, he belongs to the general stream of officers and no professional qualification or experience is considered necessary. Any officer of the particular grade could be posted as the head of personnel department, and there is no specified minimum/maximum period of holding the post. All the present incumbents of the post in these banks had started their career in clerical cadre of the general stream. But in the fifth bank, the head of Personnel Department possesses special qualification and experience in personnel management, and was specially appointed to a higher grade in officer cadre.

REFERENCES

7. Flippo op cit p.9.


9. Monappa op cit p.43.


19. Quoted in, Kamath op cit p.4.


27. Mankidy op cit p. 20.

28. Ibid p. 22.


30. Davar op cit p. 4.

31. Fischer op cit.


33. Monappa op cit p. 43.

34. Quoted in Davar op cit p. 33.

