CHAPTER - 1

INTRODUCTION
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Management carries its nicest and briefest definition by Theo Haiman as “to get things done through the efforts of others”. Management is acquisition of capabilities that are needed to do the job as desired or planned. A definite personnel management policy is a pre-requisite for any organisation that sets a dynamic growth oriented course. Unlike other resources Human Resources have rather unlimited potential which can be harnessed optimally by creating a climate that can regularly identify the strength and weakness of the prevailing system of management. A personnel management system must ingrain in itself a machinery perceived and designed to cause motivation as well as discipline among the workforce engaged to realise the corporate target. “Manpower is presumably the earliest type of power available to and used by man—Manpower is a primary and elementary resource in all societies”. (1) The practice of conserving and utilising the human resource for the benefit of the society is as old as humanity. Since the primitive days till date, the social goals have been achieved with the help of human endeavour. Claus G. Gerge (Jr.) even goes to the extent of saying that “A true and comprehensive history of management, of course, would be a history of man.” (2) The nature of Personnel Management has changed over time with the change in social, economic, political and cultural ethos of society.

The Personnel Management function in the developing countries like India has several distinct traits not akin to advanced countries and that of under developed countries, although the total commonalities can’t be ruled out. The differences are due to the size, ownership pattern, style of management, legislation, political system and the socio-cultural environment prevailing in India. Moreover, there is no uniformity in the formulation and practice of personnel management policies. The variations are caused by the factors indicated above as well as by the differences in each organisation’s philosophy of management and approach to its human resources. Human resource is most complex and volatile in its behaviour. There is no tailor-made formula to guide a
manager how to cope with and motivate his workers. It is only this resource which appreciates in value in course of time. It is not so with other resources which generally depreciate as time passes. All the above factors emphasize the need for the authority to be humane in handling men. In short, Personnel Management is of prime importance to every manager and for every type of endeavour. It stimulates all other inanimate factors to be optimally used for productive purposes.

Lawrence A. Appley, the President of American Management Association, in his article entitled “Basic Attitude towards People” discusses the attitudes involved in management action at various stages of development. According to him “till the beginning of industrial revolution, manpower management was characterised by such phenomena as ‘Savagery, Slavery and Servitude”. (3) Drastic changes were marked in the various organisations of the society in the post-industrialisation period. The industry emerged as a nucleus economic organisation with the social order revolving around it. “The large scale migration of the rural population to the industrial urban centre in search of employment in the wake of industrialisation, has had far reaching consequences on the emergence and growth of “Personnel Management”. (4)

The nature and content of personnel management has been changing over time in conformity with the social, economic and political changes in society. “The emergence of unions as a collective bargaining machinery and industrial democracy marked the beginning of “Participative Management”. (5) In the later years management was characterised by such ideas as “Trusteeship”(6) and “Statesmanship”.(7) Personnel Management deals with people at work. There are inherent problems and challenges in dealing with people as “they are responsive, they think, they speak, they act - and they are influenced by a host of forces within the organisation, in government and in society”.(8) A persistent attempt has been made to meet these problems and challenges in a systematic and scientific way. Even then a great deal that comprises the field of personnel management “is based upon the accumulated trial and error
experiences of countless employers". Thinkers in the field of management and behavioural sciences through their constant endeavours have lifted personnel management from the level of no consequence to the level of most dynamic and disciplined branch of management. It is fed, as a discipline, by many social sciences namely economics, psychology, anthropology, sociology and political science. The multi and inter-disciplinary approach has developed a wide and wild array of knowledge in the field of personnel management. As a consequence, any student of personnel management today is likely to be caught unawares in the "management theory jungle".

Authorities differ widely, while considering the experience and practices relating to personnel management as it varies from country to country, and within the same country from region to region, industry to industry and unit to unit. It is due to the variations in the levels of industrialisation, composition of labour force, availability and use of material and human resources, entrepreneurial leadership, state of trade unionism, political system, socio-economic conditions and "cultural patterns". In relation to these factors, India has its own peculiarities. The Indian experience in personnel management is obviously different from that of western practices, although mostly influenced by western management theories. Moreover, instead of having impressionistic ideas about the Indian experience as a whole, it is appropriate to have concrete knowledge about the personnel management practices at the unit level. Because it can't be inferred that, what we mean by the Indian experience of personnel management is a true prototype of the happenings at the unit level. In view of this perception, the present study endeavours to gain empirical knowledge upto to unit level personnel practices in one of the biggest industries of Orissa.

The electricity industry is one of the largest consumers of capital in the economy. Electricity is an essential energy input to sustain the economic activities of a country. Therefore, planned development of electricity generation, transmission and distribution at an ever increasing
scale has become an essential part of the five year plans in the country. The task of developing this crucial sector was entrusted to the State Electricity Boards. In pursuance of the provisions of the Electricity (supply) act 1948, the state governments in India constituted the State Electricity Boards (SEBs) in their respective states. The states are charged with the duties of promoting the co-ordinated development of the generation, supply and distribution of electricity within their respective jurisdiction in the most efficient and economic manner.

The Orissa State Electricity Board was constituted under section 5 of the Electricity (Supply) Act, 1948 with effect from 1.3.1961. The Board was a body corporate and was to function as such under the provisions of the Electricity (supply) Act 1948. Unlike Public Limited Companies, the Board does not have any article nor memorandum of association. But its functions were to be regulated under the provisions of the aforesaid Act. In order to carry out its functions under the Act, the Board was empowered to frame its own Rules and Regulations and make other necessary administrative arrangements. After its creation in 1961 the Board had made great strides in its activities. On formation of the Board, only 14 electrical divisions and two Electrical Circles along with 64 officers and about 3,000 employees were transferred to its control by the State Govt. (15)

The reforms in the electricity sector have been implemented during the year 1995-96, starting with the restructuring of the OSEB, segregating generation and transmission and distribution (T&D) and establishment of an independent regulatory commission, namely Orissa Electricity Regulatory Commission to improve the overall efficiency of the system. Accordingly, from 1st April, 1996 the OSEB was dissolved and two new corporations viz (i) GRIDCO i.e.Grid Corporation of Orissa Ltd (Transmission and Distribution) (ii) OHPC i.e.Orissa Hydro Power Corporation Limited (Hydel Generation) have been floated. The existing transmission and distribution system has been transferred to GRIDCO. All Hydro Power Stations including projects under construction have been
transferred to OHPC and the thermal power projects in the state were transferred to the Orissa Power Generation Corporation Ltd. (OPGC). Within a Span of 36 years of the power establishment, the number of electrical divisions and circles under its control had been increased with an employee strength rising upto 30,818 as on 1.4.97". (16)

**THE CONCEPT**

Public Organisations such as State Electricity Boards and Electricity Undertakings need to introduce the modern concepts of managing human resources. Although such concepts have emerged from the management practices of successful business enterprises they do provide a meaningful framework for decision making in all sectors of economy. The principal managerial challenge in public systems lies in achieving maximum utilisation of human resources and at the same time ensuring the commitment, motivation and development of human resources. The terms human resource management and personnel management are treated synonymously and used inter-changeably.

The oldest concept of personnel management dates back to 1939 when the Advisory Committee on Management established by I.L.O. highlighted three important aspects of personnel management namely:

* that it is part of the management function.
* that the officers are to function in an advisory capacity and
* that they are to carry out administrative duties in the areas of employment, working conditions and employee well being". (17)

In 1943, the Institute of Personnel Management, London had explained Personnel Management as that part of management function which is primarily concerned with the human relationship within an organisation. The objective is the maintenance of those relationships on a basis, which by consideration of the well-being of the individual, enables all those engaged in the undertaking to make their maximum personal
In 1963, the IPM revised its earlier definition of Personnel Management and re-defined it as "that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop an effective organisation of men and women who make up an enterprise and having regard for the well-being of the individual and of working groups to enable them to make their best contribution to its success". (19) The 1963 definition of IPM is obviously an improvement over the 1943 definition and highlights the well-being of the individual as well as of the working groups.

A Seminar on Personnel Management was held at Chandigarh in India during 20-22 Feb.1965. It concluded its deliberation by stating that "Personnel Management should aim at an objective administration of man in his work with the ultimate goal of economic advancement of the organisation". (20) The Indian Institute of Personnel Management (IIPM) accepted the definition given by IPM London in 1963. (21) Hence, the same definition is also accepted here for the purpose of this study. According to this definition Personnel Management is "concerned with the people at work". This is the operative phase of personnel function, which is generally termed as "Personnel Administration". Personnel administration deals with the employees as individuals and it is often termed as employee - employer relations" (22) which includes the functions of "Procurement, development, compensation, integration and maintenance". (23)

SCOPE OF THE STUDY

The scope of the present study on personnel management is at once wide and narrow. It is wide in the subject coverage comprising the policy and practices relating to all the three broad areas of personnel management namely:
The personnel administration practices comprise such functional aspects as manpower planning, development and maintenance and personnel aspect is concerned with recruitment, placement of employees, remuneration, promotion, incentives, productivity etc.

The industrial relation coverage of the study includes only bipartite relations referring to grievance handling, disciplinary practices, settlement of industrial disputes and labour management, co-operation.

The labour welfare measures are discussed in relation to intra-mural or statutory welfare and extra-mural or non-statutory welfare, it also includes social security measures.

Besides these aspects, which are functional, the status and role of the personnel functionaries/executives as prevalent in the industrial organisations and as viewed by top management, line managers, first line supervisors, workers and personnel executives themselves is discussed. Thus the subject coverage is both elaborate and wide.

The scope of the study is narrow in the sense that, the field of coverage is only one Industrial/Public organisation unit of the state of Orissa. This need not be deemed as a limitation. Rather it is significant for the present study. The area is not wide enough that the coverage becomes unmanageably large for maintaining the spirit of discussion in a pre-planned manner.

The present study aims at an indepth analysis of Personnel Management practices of Electricity Supply Industry of Orissa and thus the scope of the study is pinpointed to personnel management principles and practices in the Grid Corporation of Orissa Ltd. (GRIDCO) which is
the sole licencee in Orissa for bulk and retail supply of electricity through its four subsidiaries such as CESCO, NESCO, WESCO and SOUTHCO.

The study derives importance from the fact that Orissa is the only state of India which has embarked upon the pioneering path of restructuring the OSEB and take it on the path of commercialisation and imbibe professionalism in its management in the new millenium where the market is overpowered by Liberalisation, Privatisation and Globalisation (LPG).

While describing the scope of the study, it is relevant to state that both behavioural aspects and personnel problems, the two key areas (distinctly can be the subject matter for independent research) are given due weightage. Moreover this study deals with both supervisory and non-supervisory employees.

**REVIEW OF LITERATURE AND SIGNIFICANCE OF THE STUDY**

Though the literature on Human Resource Management is plenty, studies on Human Resource management in the Electricity Supply Industries is rare. Volumes of literature on Human Resources Management are written by many scholars, administrators, study teams, expert committees and researchers. Most of the studies focussed their attention on general principles and practices of human resources only. The significance of the present study can be appreciated in the context of research conducted on personnel management and industrial relations in India. The interest and attention of scholars and researchers in this field have been quite diverse (24). The study has been categorised by Iswar Dayal into

a) Studies on tools and techniques of Personnel Management and Industrial Relations.

b) Studies on the nature of work and human relations

c) Conceptual and theoritical studies (25)
It is further suggested that research in the last two categories assumes greater importance than the first category. His logic is that, a lot of qualitative research has been conducted on tools and techniques of personnel management and industrial relations in the West and the application of those findings have been universal. The concept that the tools and techniques developed for western industries will equally suit to Indian Industries cannot be fully accepted. The contextual peculiarities like socio-economic background, level of technology, cultural patterns etc may demand a revision of the so called universally applicable tools. Lallan Prasad observes that, "while western concepts and practices of management can no doubt be usefully borrowed, the socio-cultural and economic background of the employees and the level of technology in India demand their intelligent modification to match local conditions and needs".

Again E.A. Ramaswamy observes that, "Humble, down-to-earth empiricism is the need of the hour in Indian labour studies" and S.K. Roy also on similar lines, observes that "Management research is traditionally weak on empiricism. Management theory, as a result, is in its infancy still". For this reason, an empirical study of practices relating to the application of the tools and techniques and then a comparison with the accepted norms will be of great importance. Such studies in India are few. It is also observed that the research done in the field of personnel management in India reveals that experience based papers authorised by the professional personnel executives form the bulk of the literature. It is unfortunate that, unlike the west, in India the assumptions and principles expounded by these practitioners have not been able to establish any concrete theory. Nor can they be generally relied because, "Practitioners' point of view vary one from the other through time as new schools of practice becomes fashionable". So Likert goes to the extent of calling it shifting sands of practitioner judgement and suggests that research provides a more stable body of knowledge than the practitioner judgement.
Pure empirical research on academic venture has been attempted by researchers all over India. But their findings are mostly unpublished and as such do not reach the professionals and even academic institutions. So their utility is not realised either in enriching the profession or in reviewing the discipline of personnel management. Very few research works like that of T.N. Kapoor (1965) R.C. Tarneja (1968) Sivayya (1968) Rudrabasavaraj (1969) R.C. Goyal (1970) Lallan Prasad (1973) Jacob (1973) R.S. Davar (1976) M.G. Rao (1978) M.G. Rao (1978) and Monappa and Saiyadain (1979) etc are published. Despite these attempts by the researchers, the field of personnel management is not exposed to the extent it is amenable. Hence an imperative need arises for undertaking a study of this magnitude and coverage as endorsed by Tarun Sheth and R.D. Agarwal. Tarun Sheth observes that “A census of company practices and policies in different areas seems to be a more meaningful starting point”. R.D. Agarwal points out that, “Systematic study and research into management policies and practices is recent in India, and our knowledge in these areas is therefore limited”.

The present study, apart from being exclusive, enjoys the advantage of covering new grounds and avoiding duplication of efforts and resources. The significance of the study arises out of the importance of personnel functions in the context of the accelerated tempo of industrialisation in Orissa. Further, the subject of personnel management in the electricity supply industry of Orissa is an untrodden and unexplored field for researchers.

**OBJECTIVES OF THE STUDY**

The main objective of the study would include in its ambit such aspects of “Man Management” that have direct bearing on the working and Industrial Relations in the Electricity Supply Industry of Orissa. The present study being exploratory in nature has not started with any hypotheses. Rather some specific objectives have been set forth in order to make the study more meaningful and purposeful. More specifically the study will fulfill the following objectives:
(I) To study on recruitment policy for top managerial echelon as well as middle and lower cadre personnel.

(II) To study the format, formulation and implementation of personnel policy in the Electricity Supply Industry of Orissa.

(III) To study the structure and organisation of the Personnel Department of the industry.

(IV) To study the policies with regard to selection, placement, induction and motivational training, compensation system, promotion, demotion and welfare activities of the employees.

(V) To study and evaluate the employees development programme and grievance redressal activities of the employees.

(VI) To study the trade union activities which plays a decisive role in shaping the industrial relationship in the industry.

(VII) To assess the effectiveness of the personnel policy and practices of the industry in the light of the opinion provided by top management, line management, supervisors and the personnel executives and in the light of workers opinions and rate of industrial disharmony.

(VIII) To study the problems of Human Resources Accounting and its application and disclosure in financial statements with an emphasis on Human Resources Accounting through computer based Management Information System.

THE METHODOLOGY

The methodology adopted for the study is descriptive cum analytical in nature. The Personnel Management strategies in the Electricity Supply Industry has been dealt with analytically for the purpose of studying the Personnel Management practices. The concepts are drawn from the Personnel Management theory and an attempt is made to examine the application of the Personnel Management Concepts in the industrial setting. Thus, the focus of the methodology is to present the concepts first and later examine their applications in the Electricity Supply Industry of Orissa. For the purpose of data, structured questionnaires are designed and administered to the Personnel Departmental Managers of the sample
unit. Different questionnaires has been formulated for different types of employees with different level of activity. The structured interviews with the help of questionnaires and indepth discussions are held with the Managers at the senior level of the organisation which provides the required data for the study. The published informations available with the industry in the form of annual reports and brochures and certain other information from the records of electricity supply industry (GRIDCO) also provides the data support.

In order to get the objectives, the elective method of research has been used, combining historical case and survey method. The historical method traced the genesis of the personnel policies and practices, while the case method has been adopted to make an indepth analysis of personnel policies and practices of the industry. The opinion survey has helped to supplement the data collected from the electricity supply industry.

The data has been collected by undertaking visit to the electricity supply industry (GRIDCO) regularly and after administering predesigned schedules to the management and the lower level employees. The data is subject to quantitative presentation and qualitative analysis as per the requirements set out in the objectives.

On a random sampling method, the employees of different categories has been selected for collecting their views and opinions through questionnaire for arriving at some definite conclusions. The responses have been tabulated and presented in shape of statistical tables for drawing out conclusions.

**THE SETTING AND LIMITATIONS**

The study is undertaken with the following settings and limitations.

1) The primary data collected through administering questionnaire has its own limitations. The same has been incorporated in the thesis after proper scrutiny.
(II) At times group discussions were held with officials and employees and people selected from top management level to supplement and cross check, the information collected through the questionnaires. As far as possible group opinion has been collected in some controversial issues.

(III) The electricity supply industries mainly the whole of GRIDCO and its subsidiaries covered in this study are located in Orissa, hence the socio-economic conditions, level of industrialisation and trade union situation of Orissa has a great bearing on the quality of personnel management prevailing in the area.

(IV) The people of Orissa are economically poor though they live in the bountiful abundance of natural and mineral resources, Orissa, a tradition bound society with a predominant agrarian rural culture, is on the path of economic development since independence. The level of industrialisation is not spectacular specially considering the state’s potentials.

(V) The union situation is characterised by poor organisational strength, slender finances, low level of union consciousness, dominant outside leadership, fragmentation and multiplicity leading to inter and intra union rivalries.

Thus with the above setting and limitations the study is carried out on the Personnel Management Policies and Practices in the Electricity Supply Industry of Orissa.

**DESIGN OF THE STUDY**

The entire work is organised in seven chapters including the introduction. The following are the details of the chapterisation scheme.

The work starts with the introduction as the first chapter which deals with the importance of the present study the concept, scope, review of literature, objectives of the study, significance, limitation and methodology adopted for presentation.
The second chapter gives the profile of the electricity industry of Orissa. It provides a suitable background and setting for the forthcoming analysis.

The third chapter examines the organisation and management structure of the electricity supply industry of Orissa.

The fourth chapter deals with the personnel policies and practices of OSEB and Gridco.

The fifth chapter deals with industrial relation and disputes whereas the sixth chapter is devoted to analyse the Labour Welfare Practices and the evaluation of personnel policy and practices.

The last chapter is devoted to draw up the conclusions that emerge from the study and offer necessary suggestions for the desired improvement.
REFERENCE


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