CHAPTER I

INTRODUCTION
A nation's greatness is usually discussed in terms of the state of arts, literature, antiquities, architecture, scientific achievements, raw-materials or even landscape and scenic splendours. While these continue as measures of greatness, there is a new measure—manpower—which leads, even eclipses all others.1 Thus, a country may possess abundant and inexhaustible natural and physical resources and the necessary machinery and capital but unless there are men, who can mobilise, organise and harness resources for the production of goods and services, it can not make rapid strides towards economic and social advancement.2 John K. Galbraith, a renowned economist stated that a well educated and well-trained workforce is not only an economic resource, but also a nation's greatest form of capital.3 Therefore, the differences in the levels of economic development of the countries are largely a reflection of the differences in quality of their human resources. It is rightly remarked that "countries are underdeveloped because most of their people are underdeveloped".4

1.1 HUMAN RESOURCE AND ITS SIGNIFICANCE:

Human resource can be defined from the viewpoints of a nation as well as individual organisation. While from the national standpoint it can be defined as the total knowledge, skills, creative abilities, talents and aptitudes obtained in the population; from the viewpoint of the individual enterprise, it represents the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and attitudes of its employees.5 In the words of Werther & Davis, human resource is the people who are ready, willing and able to contribute to organisational goals.6

Human resources are assuming increasing significance in modern organisations. Obviously, most of problems in organisation setting are human and social rather than physical, technical or economic. The failure to recognise this fact, causes immense loss to the nation, enterprise and the individual. It is a truism that productivity is associated markedly with the nature of human resources and their total environment consisting of inter-related, inter-dependent and inter-acting economic and non-economic (i.e. political, religious, cultural, sociological and psychological) factors.
The significance of human resources can be examined from at least two standpoints - economic and non-economic. First, the human resources assume importance from economic standpoint at national, enterprise and individual level of analysis. They have been viewed as a form of capital and as the product of investment whereby production is acquired. As Ginzberg points out, human resources are the key to economic development. These resources account for a large part of national output and there exists much scope for enhancing productivity through their effective utilisation. The physical resources are provided value through the application of human resources. Moreover at the enterprise level, there is also an urgent need for effective utilisation of the human resources to attain organisational goals. This can be accomplished by understanding the nature, potentialities and limitations of these resources, developing them to actualise their potentials, utilising them to the optimal ability of the enterprise, maintaining their quality and amalgamating them with other resources. As put by Sheldon, "no industry can be rendered efficient so long as the basic fact remains unrecognised that it is principally human." Further, the human resources are also of importance at the individual level of analysis. Obviously, their development as a source of economic advantages improves their economic status and they tend to have higher standards of living.

Secondly, the importance of human resources arises from the non-economic factors. In this era of democracy, agriculture, industry and even government are only service organisations which provide goods and services to the people so long as they are willing to produce for themselves. Again, the concepts of freedom of enterprise and equality of persons indicate that individuals should have maximum freedom of opportunity to avail of their full development and use of potentialities. Thus, from the political standpoint, the human resources have a very prominent place in organisations as their participants. Moreover, the human resources are also of significance from religious viewpoint. We find abundance of spiritual literature on the dignity of human beings which has influenced management thought considerably. Thus, they are being considered 'spiritual' creatures quite different from other resources. The popular slogan "Service to mankind is service to God" exemplifies the significance of the human resources in this context. Again they also become important from cultural and social viewpoints. Cultural values and social systems immensely influence human behaviour in work settings and provide a distinct value to them as compared to physical resources. Last but not the least, human resources are of significance from psychological standpoint. They require a particular psychological
environment to work. The essence of psychological environment is motivation which provides dynamism to these unique resources. It is in this respect that we get $2+2=5$ (when adequately motivated) and $2+2=3$ (when carelessly handled).\footnote{10}

At the macro level, the economic development cannot be accomplished without well educated and trained, highly achievement-motivated and properly developed human resources. Similarly, enterprises cannot achieve their goals unless they have a well-trained, an efficient and adequately motivated work-team. Likewise, individuals cannot derive job satisfaction and lead a high standard of living unless they are well-trained and properly developed. Effective management of human resources can ensure the attainment of these national, enterprise and individual goals.

1.2 PERSONNEL MANAGEMENT TO HUMAN RESOURCE MANAGEMENT THE TRANSITION:

DEALING WITH PEOPLE has been acknowledged the world over as the dominant aspect of management. Of all the tasks of management, says Likert “managing the human component is the central and most important task, because all else depends upon how well it is done”.\footnote{11} Japan's realisation of the above fact has no doubt, delivered the desired results. Because the story of a modern Japanese employee partner is mirthful, full of pride and happiness. It is simply the story of successful management of human component.

Over the years, the management of such an important resource has undergone a conceptual change since the beginning of nineteenth century. From the physical well being of workers, it has traversed to the all round development of human resource.

About the year 1800, Robert Owen\footnote{12} (sometimes referred to as the real father of Personnel Management) introduced some strange ideas for his workers. He refused to employ young children. He taught his workers cleanliness and improved their working conditions. In the early 1900's, a consultant engineer in the Bethlehem Steel Company in U.S. by name Fredrick Taylor, later to be known as the ‘father of scientific management’, awakened the interest in people at work by increasing the capacity of workers to load and unload pig iron form 12.5 tonnes to 47 tonnes per day ... Elton Mayo, acclaimed as the father of human relations school led the team conducting the study at Western Electrics' Hawthorne Plant (1927-1932) and emphasised the importance of attitude, emotion, and
feelings of the workforce in determining the productivity of the organisation. Thus, began the 'family tree' of "fathers, sons, grandsons ..." of scientific personnel management, from Owen to Taylor, to Mayo to Jamsetji Tata, to Peter Drucker and so on. The importance of selection of right men, the proper method of training, selection of right men and their effective utilisation, keeping up their morale through proper incentives and asking them to be participants in business, and such other allied aspects, has since been recognised.

US took the lead in institutionalising the scheme of personnel management by starting the 'National Personnel Association' in early 1900s. In 1923, this became the American Management Association, carrying the logo: "Devoted Exclusively to the Consideration of the Human Factor in Commerce and Industry". To quote one of its presidents, Mr Lawrence A. Appley "Management is the development of people and not the direction of things; Management and Personnel Administration are one and the same. They should never be separated. Management is Personnel Administration".

As the field of management began to mature, more emphasis was placed on the effective management of human resource. No longer could the personnel department be treated as a detour on the road to success. Organisations had to hire the best qualified candidate without regard to race, religion, colour, sex or national origin. The individuals hired needed to be trained to function effectively within the organisation. Furthermore, once hired and trained, the organisation had to provide a means of fostering the personal development of each employee. Practices were needed to ensure that these employees maintained their productive affiliation with the organisation. Finally, work conditions had to be established so that the work environment induced workers to stay with the organisation and simultaneously attracted new applicants to the organisation. These activities amounted to one conclusion - human resources of an organisation must be effectively managed.

In the wake of the discovery of unlimited potential of man by behavioural scientists, the personnel function underwent gradual transformation culminating in the growth of HRM in the 80's. HRM has shown a distinct tendency to part with the PM, which is considered as a staff function entrusted with the primary responsibility of selection, training, development, appraisal and other aspects of personnel. On the other hand, HRM is a strategic function focusing on the effective utilisation of people as the central task of management.
1.3 HRM - A CONCEPTUAL FRAMEWORK:

In the past, mostly industrial managers concentrated their attention on an organisation's physical resources, and so did the academicians and consultants who advised the managers. They were concerned more with financial planning, cost accounting, building and maintenance of plants and equipments, industrial engineering, production control and so on. This emphasis on physical resources is understandable, as these factors are tangible and relatively easy to control. On the other hand, the human resources of a company which tend to be less easy to control, more unpredictable and less understandable left ignored or comparatively little attention was paid to their effective management at least up to the recent past. However, the trend has been reversed and HRM has become a core organisational function. Now it is considered as one of the most important managerial functions encompassing within its ambit all aspects of the organisation's interactions with people, whether within itself or in the society around it. It is based on the premise that people are a vital resource contributing to the fulfilment of the organisations' goals and objectives and involves the planning and implementation of a wide array of activities for building up a conducive work environment and ensuring the optimum utilisation of human resources, for the benefit of both the individual and the organisation.

HRM denotes "the phase of management concerned with the engagement and effective utilisation of manpower to obtain optimum efficiency of human resources."\(^{16}\) It involves the task of handling the human problems of an organisation and is devoted to acquiring, developing, utilising and maintaining an efficient workforce.\(^ {17}\) The objective is to attain maximum individual development, desirable working relationship between employers and employees and employees and employees and effective moulding of human resources as contrasted with physical resources.\(^ {18}\) HRM aims to contribute towards the realisation of organisational goals with the specific objectives:

i) to achieve and maintain good human relations within an organisation.

ii) to enable each person to make his maximum personal contribution to the effective working of the organisation.

iii) to enable individuals to develop and practise value systems for being effective in work and personal life.

iv) to ensure maximum individual development of personnel.

v) to ensure satisfaction of various needs of individuals for achieving their maximum contribution towards organisational goals.
Mani and Ganesh have tried to project the concept of HRM and the entire gamut of its functions in the form of a song, which is as follows:

### THE SONG HUMAN RESOURCE MANAGEMENT

<table>
<thead>
<tr>
<th>People, Human Resources</th>
<th>Industrial Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognition and Emotion</td>
<td>Win-lose in no use</td>
</tr>
<tr>
<td>So Important is our profession</td>
<td>Win-win is like</td>
</tr>
<tr>
<td>Always under tension</td>
<td>Taking lime and gin</td>
</tr>
<tr>
<td>Till you reach the age of pension.</td>
<td>Shift from you past sin</td>
</tr>
<tr>
<td>Many theories -</td>
<td>Else you will be in dustbin.</td>
</tr>
<tr>
<td>Same old theories</td>
<td></td>
</tr>
<tr>
<td>Only unresolvable worries.</td>
<td></td>
</tr>
<tr>
<td>Here is another concept</td>
<td></td>
</tr>
<tr>
<td>HRM being reset</td>
<td></td>
</tr>
<tr>
<td>People the only asset</td>
<td></td>
</tr>
<tr>
<td>HRM Defined</td>
<td></td>
</tr>
<tr>
<td>As HR developed and redefined</td>
<td></td>
</tr>
<tr>
<td>Bringing out latent potential</td>
<td></td>
</tr>
<tr>
<td>Without any differential</td>
<td></td>
</tr>
<tr>
<td>This philosophy common</td>
<td></td>
</tr>
<tr>
<td>In the context Indian</td>
<td></td>
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<tr>
<td>To all sub-systems</td>
<td></td>
</tr>
<tr>
<td>Leading people to actualization.</td>
<td></td>
</tr>
<tr>
<td>For developing latent human potential.</td>
<td></td>
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<tr>
<td><strong>Manpower Plan:</strong></td>
<td></td>
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<tr>
<td>Right number at the right time</td>
<td></td>
</tr>
<tr>
<td>Is the basic hymn</td>
<td></td>
</tr>
<tr>
<td><strong>Recruitment and Selection</strong></td>
<td></td>
</tr>
<tr>
<td>Person-job fit</td>
<td></td>
</tr>
<tr>
<td>Develop bit by bit</td>
<td></td>
</tr>
<tr>
<td>To make them superhit</td>
<td></td>
</tr>
<tr>
<td>To implement all your JIT.</td>
<td></td>
</tr>
<tr>
<td><strong>Induction:</strong></td>
<td></td>
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<tr>
<td>Welcome your ‘balu’ and ‘Dammad’</td>
<td></td>
</tr>
<tr>
<td>Create feeling of ‘Hamara Ghar’</td>
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<tr>
<td><strong>Performance Appraisal</strong></td>
<td></td>
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<tr>
<td>Performance is binding</td>
<td></td>
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<tr>
<td>But not fault finding</td>
<td></td>
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<tr>
<td>Performance counselling</td>
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<tr>
<td>Practce mentoring</td>
<td></td>
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<tr>
<td>Keep HR Developing</td>
<td></td>
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<tr>
<td><strong>Training:</strong></td>
<td></td>
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<tr>
<td>Train the trainers</td>
<td></td>
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<tr>
<td>To train the learners</td>
<td></td>
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<tr>
<td>And develop creative burners</td>
<td></td>
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<tr>
<td>So you see</td>
<td></td>
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<tr>
<td>In all sub-systems</td>
<td></td>
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<tr>
<td>Developing latent potential in the key</td>
<td></td>
</tr>
<tr>
<td>And that is through HRD</td>
<td></td>
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<tr>
<td>Which would lead to HRM</td>
<td></td>
</tr>
<tr>
<td>All you need is the will</td>
<td></td>
</tr>
<tr>
<td>Else it will kill</td>
<td></td>
</tr>
<tr>
<td>Lest you pay the bill</td>
<td></td>
</tr>
<tr>
<td>Try no more corporate drill.</td>
<td></td>
</tr>
</tbody>
</table>

The American Society for Training and Development (ASTD) in its study, identified the human resource areas such as training and development, Organisation Development, organisation/job design, human resource planning, selection and staffing, personnel research and information systems, compensation/benefits, employee assistance and union/labour relations. These areas may be represented as spokes of the Human Resource Wheel (Figure - 1.1)

**FIGURE 1.1.**

**HUMAN RESOURCE WHEEL**

1.4 **HRM - NEED AND IMPORTANCE:**

Any organisation that exists to produce goods and services has a good chance to survive and prosper if it consists of RIGHT PEOPLE. This is true for all organisations. In a similar fashion, people need organisations. The vast majority of people must work for many reasons other than economic security. For example, many also work to keep busy and feel useful, to create and achieve something. They want to gain recognition and achieve status or to test and stretch their capabilities. To meet these multifarious needs, people and organisations join hands. Unfortunately, this union seldom approaches perfection. Organisations encounter several obstacles in meeting their goals and in a similar view, all employees report some problems in their attempts to be productive and efficient in their jobs and to feel satisfied in their work lives. The challenge of HRM is to minimise these obstacles and problems. In organisations, people related problems frequently stem from the mistaken belief that people are all alike, that they can be treated identically. Nothing could be farther from the truth. Like snowflakes, no two people are exactly alike, and everyone differs physically and psychologically from everyone else. It is necessary to identify these differences and pay adequate attention so that each person can maximise his potential; the organisation can maximise their effectiveness, and the society as a whole can make the wisest use of its human resources.

1.5 **HRM - THE INDIAN SCENE:**

No doubt, HRM in India has a long past. Kautilya provides a systematic treatment of management of human resources as early as 4th Century B.C. in his treatise titled “Artha-Shastra”. As lucidly pointed out by Sharma, Kautilya provides an excellent discussion on staffing and personnel management embracing job descriptions, qualifications for jobs, selection procedure, executive development, incentive systems (carrot and stick approach) and performance evaluation. While the development of PM in UK and USA was largely voluntary, in India it mostly emerged because of the governmental interventions and compulsions. In the beginning of the 20th century, various malpractices prevalent in the recruitment of workers and payment of their wages led to industrial disputes causing colossal loss in production. The Royal Commission on Labour in India(1931) under the chairmanship of J.H. Whitley recommended the abolition of the ‘Jobber’ system and appointment of labour officers in industrial enterprises to perform the recruitment functions as well as to look after the welfare of the employees. However, Tata Steel Works at Jamshedpur was probably the first industrial unit in India which appointed
the Labour Welfare Officer in 1923 in accordance with the recommendations of Sidney and Beatrice Webb, the well known social scientists of England and foremost welfare consultants. The labour welfare officer was, however, identified subsequently with the personnel manager created by legislation under section 49 of the Factories Act, 1948. Thus, a clearer realisation dawned upon industry in the field of PM in India from the 50’s.

In spite of the development, HRM in India has not made any significant headway; since it mainly consisted of training of workers and developing executives and supervisors through education, training and experience sharing. Even such development programmes are mostly ceremonial and don’t involve serious efforts to improve the behavioural skills of the managers. As an important element of HRM, participative management in India has generated some interest of late. But lack of enthusiasm, support and conviction of the top management in HRM philosophy are hindrances to its successful adoption. HRM, which is regarded as a hallmark of excellence in all advanced countries, has not as yet made its presence felt in our country in any appreciable measure.

1.6 REVIEW OF LITERATURE:

There is no dearth of literature on the management of human resources in the corporate world and exhaustive bibliography would run into hundreds of pages. Within the broader area, the academicians and practitioners alike have devoted considerable thought to the different aspects of HRM. However, comprehensive studies covering all the aspects of HRM are very few. An attempt is made here to review the literature covering a wide spectrum of HRM.

Panakal (1946) traces the causes of absenteeism to different social, physical and psychological factors and visualises that improved methods of record keeping, good working conditions, a well coordinated welfare programme and effective leadership are likely to minimise this wasteful element.

Chowdhry (1955) stresses that human factor is of utmost significance in raising productivity. The human factor can be tapped in the best way by joint consultation in problems relating to productivity.

Chatterjee’s study (1965) on the extent of application of psychological tests in Indian organisations reveals that most of them are not using the test.
Dhar\textsuperscript{30} (1965) discusses the advantages and disadvantages of direct recruitment and promotion from within to fill management positions. Exclusive adherence to promotion from within causes narrowness of outlook and stagnation in the organisation whereas reliance on recruitment alone leads to severe morale problems. There is an urgent need to make a judicious use of both methods, he opines.

Sinha and Nair\textsuperscript{31} (1965) found that skilled workers were significantly more satisfied than unskilled workers. Moreover, workers who had joined the organisation newly or had put in long years of service were significantly more satisfied than those whose tenure had been of the medium level.

Panakal\textsuperscript{32} (1966) thinks that several organisations do not recognise the significance of planning replacements for executive positions. He emphasises that the nature of management succession is a function of the size of the organisation, its extent of centralisation, stage of growth and competitive position in the economy.

Pal\textsuperscript{33} (1967) stresses manpower resources planning. He is of the opinion that determination of manpower requirements does not form an arithmetic exercise. Rather, it relates to a programme of action transforming general objectives into concrete reality.

Sawlapurkar\textsuperscript{34} (1967) examines merit rating practice in 34 public and private sector enterprises. The major findings of his study were as follows: (a) the enterprises which had merit rating system were familiar with its effective applications; (b) although these enterprises devised their own merit rating formats, they did not have these forms tailor made for each job; (c) although no attempts have been made to determine the reliability and validity of the ratings, the enterprises were satisfied with their systems and (d) the managerial personnel were not largely evaluated on the basis of objectives accomplished.

Chander Bal\textsuperscript{35} (1973) stresses that public sector organisation do not give significance to managerial performance while making personnel decisions and fail to differentiate between the managers actual performance and extraneous effects. He suggests development of a sound executive appraisal system based on tangible factors of accomplishments.
Laxmi Narain\textsuperscript{36} (1973) points out that fringe benefits are an integral part of the reward system in the public sector undertakings and are related to management motivation similar to basic compensation.

Prasad's\textsuperscript{37} (1973) analysis on manpower planning in the public sector concludes that HSL's (SAIL) recruitment and selection policy was not effective in the past. Improper manpower planning has made all the units overstaffed. No systematic attempts were made to assess quantitative and qualitative manpower requirements at the time of inception of the project. Even during construction no measures were taken to control the size of manpower. As soon as production started, the management was bound to absorb more than required workforce because of pressures from trade unions and the Government. In addition, no attempts were made to determine job specifications and the optimal size of workforce. Practices such as appointment of helpers for skilled labourers also caused overstaffing. The study also focused on the recruitment practices and selection procedure in the public enterprises. Regarding induction programmes, the study reveals that while some public sector enterprises conduct regular induction courses, other organisations have introduced the programme for certain categories of employees only. He observes that induction programmes in HSL (SAIL) are inadequate in several ways.

Davar\textsuperscript{38} (1976) studies manpower selection practices in several Indian undertakings such as IOC, TELCO, L&T, Hindustan Lever and ACC Ltd. Of these the selection procedure of Hindustan Lever Ltd. seems highly comprehensive.

Flippo\textsuperscript{39} (1976) highlights the advantages stemming from training, which include increased productivity, heightened morale, reduced supervision, reduced accidents and increased organisational stability and flexibility.

Subramanian\textsuperscript{40} (1977) provides summary of the major conclusions and observations on incentive systems in India. As he observes, incentive systems, if properly designed, can improve productivity, enhance workers' earnings, minimise production cost, and can bring about effective utilisation of human resources.

Dwivedi\textsuperscript{41} (1978) evaluates merit rating scale of Escorts Limited for management cadre personnel incorporating nine factors - output of work, knowledge of work, accuracy and reliability of work, common sense and initiative, cooperation and helpfulness, responsibility to the company, attendance, supervision and overall assessment.
Kanwarlal (1971), Agarwal (1972), Janardan (1976), Venkatraman (1976) and Rao (1978) have evaluated the problems of industrial relations in different public sector undertakings. Their observation by and large reveal that the problems of industrial relations in public sector enterprises are serious and need to be improved on the basis of sound industrial relations policy and its implementations.

Mushkat (1979) holds that the money spent in the process of training is not an unnecessarily costly contribution to employee human capital formation but an investment in future Government performance that could well pay tangible dividends.

Arya (1980) observes that workers involvement in the system of participation was higher where members to the participative forums were elected by workers than where workers representatives were nominated by the recognised union.

Agarwal and Ananthakrishnan (1980) in their study opines that the training and development function should be given due recognition by the top management in all organisations.

Khan (1981) observed that most of the Indian and British executives accept the relevance of social responsibility in business and argues that it is very essential for firms to pursue social goals along with profits to keep pace with the changes in social and political environment.

Surya Kumar (1981) identifies the factors which have direct bearing on the labour management relations, through a study on selected units of Hyderabad city.

Mukherjee’s (1982) main objective of the study was to test the major hypothesis whether collective bargaining as an industrial relations system can be effectively developed in India. The study concluded that the quest for emerging pattern of collective bargaining as industrial relations system in developing economy of India has been found to signify the prospect of cooperative and conjunctive collective bargaining. The retrospection has naturally been the back ground of this quest for a future pattern.

Rao (1982) finds the reasons for labour management conflict in Andhra Pradesh State Electricity Board to be the lack of organisation structure, lack of understanding of
the workers' problems on the part of the management and unfavourable attitude of trade union leaders towards the industrial relations.

Dhariwal's (1983) study is focused on the measurement of the effectiveness of health expenditure on the productivity of labour.

Jain (1983) has studied the training and management development programmes in Iron and Steel Industry of India. He has a lot of suggestions on assessment of training needs, in company vs. out-company training, course content, selection and use of training strategy and aids, selection of instructors and trainees and evaluation of the training and management development programmes.

Kaye (1983) establishes the link between training and career development.

The study of Pandey (1983) throws light on the Tata Steel's corporate philosophy, strategies and practices governing labour relations. Tata Steel believes that material benefits should not be the 'summum bonum' of an industry and that the human factor forms its hard core. This has resulted in achievement of efficiency in operations in the face of certain odds, unique record of industrial harmony and boosting of employee's morale.

Pereira (1983) stressed the need of training workers to make them more useful to the industry.

Mirza (1984) in his study “workers participation in public sector enterprises” has assessed the scheme (Joint Management Council) in Hindustan Insecticides Limited. He emphasises that management should regard trade union not as an obstruction to be overcome but as a highly valuable and powerful instrument to achieve higher productivity and to enhance industrial harmony. Both management and workers should resolve solemnly to carry on the experiment in proper spirit.

The study of Pandit and Shirodkar (1984), based on a survey of 122 companies, discusses the work environment and career prospects of workers who have worked their way up to occupy managerial positions in their organisations. They observe that the workmen-turned-managers thrived on challenges and opportunities and have been very adaptive to the industrial environment.
Sachdeva\textsuperscript{61} (1984) has made a critical appraisal of personnel policies and procedures prevalent in public enterprises in general and BHEL and FCI in particular. The study suggests that the managements should promote research in the field of personnel policies and should take initiative in making personnel policies and procedures of their concerns more practical and result oriented in the light of their own needs and experiences.

Gupta\textsuperscript{62} (1985) has examined and analysed the participation of workers at different levels of management of Indian Railways and assessed its impact upon the working and living conditions of the workers, their physique, industrial relations, social security measures etc. The study revealed that though the workers have enough voice and understanding at every level (top, middle and lower) through different channels of participation, the Indian Railways is far behind the Port Trust and Nationalised Banks in practising industrial democracy.

Roy\textsuperscript{63} (1985) asserts that the problems of labour in Orissa can be lessened by taking greater care in implementing workers' education programme, resolution of controversies through industrial relations machinery and positive attitude of management and trade union leaders.

In her study, Mathur\textsuperscript{64} (1986) examines various issues of industrial relations in the steel industries and finds that minor grievances get deep into the organisation as important factors in industrial relations. She suggests to establish a system of redressal of employees grievances in the shortest possible time and at the lowest possible level.

Parida\textsuperscript{65} (1986) has critically analysed the incentive schemes in Rourkela Steel Plant and assessed their impact on productivity of the plant and earnings of the workers. He has focused on the interrelationship between incentives (both financial and non-financial) and productivity. The study affirms that incentives as a motivating force stimulates human effort for improvement in results.

Ganga Prasad\textsuperscript{66} (1987) presents a picture of industrial relations in Life Insurance Corporation of India and also examines the various factors which affect the industrial relations in LIC.
Gopal Ji (1987) has dealt in some issues of manpower planning in central public enterprises and observed that inadequate attention to manpower planning has cost the enterprises much.

Pran Nath (1987) has attempted a detailed discussion on workers’ participation in management in SAIL and found the system functions at five levels (national, corporate, plant, zonal and shop) in SAIL. Other than fostering a healthy and meaningful co-operative environment thereby paving the way for amicable solution of problems, the participation at all levels has yielded good results in toning up productivity and discipline.

Sapru (1987) discusses the Japanese Management model and its limitations and relevance to the Indian Public Sector. The study holds that it is wise to adopt only those elements of the Japanese management system that appear to be free of cultural differences, appropriate to organisational values and goals and attune to the motivational predispositions of Indians.

Sharma (1987) observes that participative management is one of the most neglected features of management of manpower in India. It may be viewed as an empirical validation of the widely held belief that various schemes of workers participation have by and large failed to make any significant impact on Indian industry.

Singh (1987) has made an intensive study of the influence of job satisfaction, participation and job alienation on the performance of industrial workers. The study concludes that the performance of industrial workers is closely related to levels of job satisfaction, participation and alienation.

Das’s (1988) study on managerial recruitment and selection practices in selected engineering industrial undertakings revealed that with few exceptions, the recruitment system and selection process were in line with professional standards and empirically derived personnel practices.

Giri (1988) has emphasised on the negative and positive aspects of industrial relations in the Paradeep Port of Orissa. Most of the disputes were settled with the state intervention rather than on the initiative of the management.
Khan\textsuperscript{74} (1988) in his analytical study of job changes in Sugar Industry of Eastern Uttar Pradesh has analysed and assessed the impact of job-changes on the morale and willingness of the workers to contribute to the well being of the economy and thereby to the productivity at dynamic levels of adequacy.

Mohanty\textsuperscript{75} (1988) in his study has highlighted the role of collective bargaining and workers' participation in management to reduce labour unrest in Rourkela Steel Plant.

A comprehensive study on industrial relations in public sector units has been made by Chand\textsuperscript{76} (1989). The study attempts to measure the existing problems of industrial relations in terms of certain indices like the number of strikes, number of man-days lost, number of workers involved etc. Apart from this, his study examines the working of the machinery for settlement of disputes and also the collective bargaining as a method of improving industrial relations.

Hanumantha Rao\textsuperscript{77} (1989) analyses the problems related to industrial relations in Singareni Collieries Company Ltd. The study emphasises on the prompt implementation of agreements by the management to avoid industrial unrest.

Pandey\textsuperscript{78} (1989) observes that the management of Tata Steel has given utmost importance to its human resources not only from the organisation point of view but also from the point of view of their development, welfare and well being.

The study made by Parida\textsuperscript{79} (1989) is mainly intended to evaluate the methods of conflict resolution in Rourkela Steel Plant as well as the efficiency of the machinery for conflict resolution. He finds that the conflict in industrial relations is managed well in Rourkela Steel Plant due to management's openness towards workers' grievances.

Varma's\textsuperscript{80} (1989) study on manpower planning in State Bank of India clearly indicates that manpower planning has not been accepted and implemented in its totality of spirit. True, recruitment, placement, selection and training, staff welfare etc. are all there and is satisfying but things could have been quite different, had there been a systematic manpower planning.
Vishnoi's\textsuperscript{81} (1989) study depicts the state of affairs in public enterprises in UP as regards participation of workers in different schemes. It is observed that the scheme to be effective or purposeful, not only the internal aspects of the scheme but also its situational relationship with industrial relations in the industry concerned needs to be taken into consideration. The socio-economic environment in and around the industry in the public sector enterprises as a whole is also an important factor contributing to the success or failure of the scheme. He further observes that in India, things are still in their infancy and it will take sufficient time before the ideal of workers participation in management can be achieved in its proper perspective.

Arya\textsuperscript{82} (1990) studies the impact of union membership on industrial relations in Heavy Electricals and Indian Telephone Industries and finds that the union structure significantly influences union membership which in turn influences the labour management relationship.

Atmanand\textsuperscript{83} (1990) analyses the trends and issues of industrial relations in the state of Bihar. He maintains that the industrial relations scenario continues to be marred by mutual distrust, hostility and unabated loss of millions of man days due to strikes, lockouts and other forms of industrial actions.

Om Prakash\textsuperscript{84} (1990) observes that participative management seems to be quite a neglected aspects of organisational climate in public sector. Viable information system, appropriate forum, acceptable choice of representatives, adoption of employees stock share ownership plan and indication of limits with regard to the powers of workers representatives are major adjuncts of participative management.

In his review of empirical research studies on workers participation in management in India, Patil\textsuperscript{85} (1990) concluded that no true decision making power to any appreciable extent is entrusted to JMCs leading to indifference on the part of both the workers and management. The council's performance has been far from satisfactory and has failed to make any significant impact on Indian industry. There is a need for strong, stable, responsible, knowledgeable and independent trade union, the proper organisation, management's genuine interest in the scheme, integrated machinery of joint consultation, management and labour looked upon as interest group, education and training programme for management and workers. There is also a need to learn from knowledge and
experiences accumulated in our own country and develop institutions suitable to India's native genius. JMC would have met with wider acceptance and greater success if they had been Indianised.

Akhilesh and Mathew\textsuperscript{86} (1991) made an attempt to understand the HR issues arising out of technological change in nine organisations. Their analysis revealed that technological change has a significant influence on human resource management and evolved several issues like surplus manpower, skill change, designation, career growth, collective action, job security and work standards.

Mukherjee\textsuperscript{87} (1991) presents the process of introduction of labour participation in management at BHEL, Tiruchi. The study describes a situation faced, a decision or action taken by an individual manager or by the organisation at the strategic, functional or operational levels.

Drawing on evidence from twenty five case studies from different sectors and parts of the country, Ackers, et al\textsuperscript{88} (1992) challenge Ramsay's influential 'cycles of control' theory of participation as a managerial response to industrial relations pressure from below. Through a series of 'ideal type' scenarios they indicate the range of management motives behind the new 'wave' of employee involvement schemes.

The study of Gani\textsuperscript{89} (1992) seeks to examine the nature and extent of rank and file participation in trade union activities and identify the correlates influencing membership and participation in five textile units of Jammu and Kashmir. He asserts that age, experience, skill, wage level, political activism and job satisfaction exert a strong influence on the level of membership participation.

Krishnamurthy\textsuperscript{90} (1992) makes an assessment of human resource management practices in Madras Refineries Limited. He observes that even though MRL has a quota of problems, the same is taken care of through continual dialogue and discussion.

Kumar's\textsuperscript{91} (1992) study is directed towards making an objective assessment of the functioning of the scheme of worker's participation in management, as operative in two medium-sized industrial undertakings in Uttar Pradesh.
Ostroff\textsuperscript{92} (1992) investigated the relationship between employee satisfaction, other job-related attitudes (commitment, adjustment and psychological stress) and organisational performance.

Rath\textsuperscript{93} (1992) analyses the SAIL’s HRM strategy to meet the emerging challenges created by liberalisation of the economy. He concludes that the thrust of SAIL’s HRM strategies is to manage structural changes effectively. However, the greatest challenge will be how to keep the employees motivated in the changing scenario when the priorities of the organisation are changing fast with the changes in success indicators.

Kolekar\textsuperscript{94} (1993) in his study examines the HRD practices in selected public sector undertakings in Maharashtra and Goa. The study suggests that development of human resources in public enterprises can make such enterprises operationally productive. The traditional functions of personnel management have to give way to HRD since it holds the potential to provide the much desired orientation to personnel for integration, collaboration and identification with the organisations.

Mankootham\textsuperscript{95} (1994) has discussed the emerging labour-management relations in globalised era. He observes that structural and attitudinal changes of serious dimensions seem to be taking place within the trade union philosophy and strategies in dealing with the new realities of globalisation and industrial restructuring in India. The workers increasingly prefer an independent union which addresses itself to the local problems faced by them and adopts a strategy of closer negotiations with the management to one taking a confrontationist approach. Managements too have undergone a change in their attitude towards workers and unions. Managements have come to realise that reduction of excess manpower alone, will not bring in competitiveness. Enhanced productivity, quality and better delivery systems are the order of the day.

Review of researches in the area of HRM is in itself a separate research project. Only some small tips of the iceberg have been reviewed here to gain an insight into the broad aspects of the research work done in the field of HRM. A cursory glance at the topics and research project reviewed reveals that most of the studies have tried to emphasise a specific or some specific aspects of HRM relating to a particular enterprise or an industry. Very few studies have been attempted at making a comprehensive analysis of HRM practices and a systems approach to HRM.
1.7 SIGNIFICANCE OF THE STUDY:

Steel forms the backbone of the economy of an industrial nation. Due to its strong back-ward and forward linkages, it is also indispensable for the growth and development of the economy. The efficiency with which the resources of the iron and steel industry are managed affects the national economy in a complex way. Whether it is improving techno-economic norms in steel production like reduction in coke rate, less fuel consumption or improving the productivity and quality, it is man behind the operation who matters. Though, there is no second opinion that a contented and motivated workforce is key to the success of the steel industry, it is the efficient utilisation of the human resource which will be the acid test for the management in the changing scenario. New Economic Policy perspective has ushered in an era of competition. With the economy opening up to global market, no organisation can afford to remain uncompetitive in terms of cost, quality and effectiveness. The success and survival of any enterprise will depend on its ability to attain the competitive strength. In the liberalised framework, HRM has assumed utmost importance as it holds the key to competitive advantage.

Steel Authority of India Ltd. is having a lion’s share in the country’s steel output and is regarded as the steel maker to the nation. It was having a manpower strength of 1,89,506 comprising of 20,117 executives and 1,69,389 non-executives as on 31st March, 1995. Rourkela Steel Plant, the first integrated steel plant under the public sector though employs around 18 per cent of the total workforce of SAIL lags behind Bhilai and Bokaro Steel Plants in respect of labour productivity. The performance in respect of capacity utilisation and profitability is also not very encouraging. Lack of effective human resource management might be the reason for the state of affairs because human resource directly or indirectly activates the end results.

Therefore, it was thought pertinent to have a comprehensive study of the important aspects of HRM as is practised in the Rourkela Steel Plant. The present study strives to bridge the gap in the available literature by focusing attention on all the important aspects of HRM like planning, recruitment, selection, orientation, training and development, compensation management, motivation, job satisfaction, safety, absenteeism, labour turnover and labour-management relations including participative management.
1.8 OBJECTIVES OF THE STUDY:

The present study has been carried out in Rourkela Steel Plant with the following objectives:

i) To look into the planning, recruitment and selection procedure followed in the plant;

ii) To evaluate the development and compensation structure prevalent inside the organisation;

iii) To examine the work environment, motivation and job satisfaction of employees in the plant;

iv) To diagnose the organisational health of the plant through selected indicators (absenteeism, labour turnover, productivity etc.); and

v) To throw light on the industrial relation scenario and the degree of participation extended to the workers in the decision making process.

1.9 SCOPE AND RESEARCH METHODOLOGY:

The study aims at analysing HRM practices in Rourkela Steel Plant over a decade and covers the period from 1984-85 to 1993-94. Although an overall analysis has been made, the study concentrates its attention on the HRM policies and practices more specifically relevant to non-executives. The study is based both on primary and secondary sources of information. The secondary data have been collected from the published reports, annual statements and departmental records of Rourkela Steel Plant. The information so collected have been supplemented by the published information collected from the corporate office of SAIL, libraries and International Iron and Steel Institute, Brussels. To overcome the bias and limitations in secondary data and to gain a deep insight into the intricacies and problems in HRM, information from primary sources through questionnaires and interviews have been attempted at.

Since HRM is a matter of concern for both management and labour, the primary data have been collected through three sets of questionnaires- one each for workers, trade union leaders and management representatives. The questionnaires have been pretested by conducting a pilot study and in the light of the information obtained and insights gained, necessary changes have been incorporated in them so as to fulfil the
objectives of the enquiry. A sample of 1000 workers, 100 executives and 80 trade union leaders were selected through purposive random sampling. Since RSP employs 23128 number of workers and 1888 executives in the works area, it was assumed that the sampling will be representative in character. The sample of workers and executives of different grades were drawn from different departments, especially the works area of the plant, excluding the Fertilizer Plant. The trade union leaders representing all the registered unions were included in the sample. From the selected sample, filled-up questionnaires were obtained from 606 workers (60.6%), 84 executives (84%) and 66 trade union leaders (82.5%).

The information collected from both the primary and secondary sources have been classified, tabulated and subjected to various statistical and mathematical analysis such as percentages, compound growth rate, standard deviation, coefficient of variation, chi-square test, t-test, log-linear regression etc. for better understanding and interpretation. Computer packages like LOTUS 1-2-3 and M-Stat are used in the above light. Even though the study covers information up to 1993-94, in some cases the most recent available information have been incorporated to make the analysis more relevant to the time.

1.10 LIMITATIONS OF THE STUDY:

The study is not free from certain limitations. Although the primary data have been collected through purposive random sampling with the assumption that it will be truly representative in character, all the inherent limitations of the purposive sampling may have crept into the study. Further, the opinion survey was conducted by administering the structured questionnaires in mid 94 when Rourkela Mazdoor Sabha(RMS) was the recognised union. But since the beginning of 1996, the recognition status has been conferred on Rourkela Shramik Sangh(RSS). Manipulation of some data for reporting to corporate office of SAIL and other government agencies is allegedly a practice with RSP. Therefore, the authenticity of some of the data furnished by the departments of RSP may be doubted. Lastly, some conclusions are drawn in the light of the views expressed by the respondents and the possibility of personal bias of such respondents can not be ruled out.
1.11 CHAPTER DESIGN:

The entire study is presented in seven chapters.

The introductory chapter provides a brief background about the concept and significance of HRM in organisational context. This is followed by a discussion on significance, objectives and scope and research methodology, limitations of the study and chapter design.

The second chapter provides an overview of steel industry in India in general and Rourkela Steel Plant in particular. To this end, history and growth of steel industry in India as well as Rourkela Steel Plant along with the strengths and weaknesses of the Indian Steel Industry in the global backdrop have been covered.

The third chapter examines the practices of human resource planning, recruitment and selection followed by RSP in hiring the people. The human resource planning in the context of modernisation of the plant has also been discussed.

The fourth chapter highlights the different training areas to which the employees are exposed, their performance appraisal, promotion and the compensation package in the form of pay and other benefits and services. An attempt has also been made to relate employees satisfaction with compensation package.

The fifth chapter looks into the work environment, safety, motivation and job satisfaction of employees in the plant. Further, the chapter analyses the labour turnover, absenteeism and labour productivity as important indicators of the organisations' health.

The sixth chapter is devoted to a study of the state of industrial relations in the plant and the scope and extent of participation of workers in the decision making process. In this context, the magnitude of industrial disputes and its settlement process, trade unionism and participative culture as is prevalent in RSP are examined in detail.

The last chapter contains the summary of the main findings, conclusions and suggestions.
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