Chapter - 1
Introduction and Conceptual Framework
CHAPTER-I
INTRODUCTION AND CONCEPTUAL FRAMEWORK

The people working in or the human resources of an organisation can provide a competitive edge to it over its competitors in this fast growing and changing business environment. It is only the human resources of an organisation which can provide stability and sustainable growth to it over a long period of time with their ability, skill, sharp intellect and cutting strategies. The human resources are not only a factor of production as was thought traditionally, but the building blocks of an organisation. Thus, the human resource management can play a very vital role in the achievement of objectives of an organisation as well as in its sustainability and growth. Therefore, the human resources should be carefully recruited, selected, inspired, motivated and impelled to contribute their best in the organisation.

This importance of the right kind of talent of the human resource was understood by various management thinkers and many researches and reforms were initiated by them. According to Leon C. Megginson, ‘From the national point of view, human resources may be defined as the knowledge, skills, creative abilities, talents and aptitudes obtained in the population; whereas from the viewpoint of the individual enterprise, they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employees.’ Jucius Michael calls these resources, ‘human factors’, which refer to ‘a whole consisting of inter-related, inter-dependent and interacting physiological, psychological, sociological and ethical components’. The importance of human factor was also greatly emphasized by Elton Mayo and his colleagues during 1930s. They conducted studies in human relations for almost twelve years in the Hawthorne Plant of the Western Electric Company at Chicago. Elton Mayo emphasized to treat a worker as human being first. He also emphasized interpersonal factors at the workplace. The human relations movement was further reinforced by
Roethlisberger, Dickson and others. Douglas McGregor has also set forth Theory X and Theory Y explaining what workers are like and what managers must do to manage them. According to Likert, 'Every aspect of a firm’s activities is determined by the competence, motivation and general effectiveness of its human organisation. Of all the tasks of management, managing the human component is the central and most important task because all depends upon how well it is done. This quotation sums up the importance of human factor in an organisation and the need to manage them well. The human resource management involves planning and analyzing work, searching, screening and selecting appropriate people for the organisation, training and developing them, deciding and proving appropriate remuneration, incentives and fringe benefits to them in lieu of the services, motivating them, installing a good communication system in the organisation and within the departments and resolving their disputes.

1.1 CONCEPT OF PERSONNEL MANAGEMENT AND HUMAN RESOURCE MANAGEMENT

To quote Edwin B Flippo, 'Personnel Management is the planning, organizing, directing and controlling of the procurement, development, compensation, integration and maintenance and separation of human resources to the end that individual and societal objectives are accomplished. According to the Institute of Personnel Management (U. K.), 'Personnel Management is an integral but distinctive part of management, concerned with people at work and their relationship within the enterprise. It seeks to bring together into an effective organisation the men and women who staff the enterprise, enabling each to make his/her best contribution to its success, both as a member of a working group and as an individual. It seeks to provide relationships within the enterprise that are conducive both to effective work and human satisfaction. French Wendell defines it as, 'Personnel Management is the recruitment, selection, development,
utilization, compensation and motivation of human resources by the organisation.

Due to several technological changes, growing competition and globalization of economies the term 'Human Resource Management' took place of the traditional term 'Personnel Management'. As a result, three important roles of human resources emerged:

- Human resource policies can be integrated with strategic business planning and used to reinforce appropriate (or change an inappropriate) culture.
- Human resources are valuable and a source of competitive advantage.
- Human resources can be tapped most effectively by mutually consistent policies which promote commitment and foster a willingness in employees to act flexibly in the interest of the adaptive organisation's pursuit of excellence.

This led to a more humanitarian approach of management while managing workers. The welfare, safety and health needs of the workers were also attended afterwards. Strictly formal relations within the organisation started becoming informal and friendly. Immediate objectives of the organisation were replaced by its mission. Job evaluation based salary (fixed grades) was replaced by performance related. The management role also became transformational leadership instead of the transactional. The workplace became nurturing, learning and developing places. Human resource management became pervasive, basic and continuous function of management and its integral part. Thus, human resource management is that part of the management which is concerned not only about good relationships between the workers and the management but mutuality of interests prevails between the two. So it can be said that, the basic philosophy of personnel management and human resource management is different.

Personnel management follows procedures, rules, formalities and centralization, whereas human resource management is more worker-
oriented. It is impatient with rules and is concerned with business needs, nurturing and developing workers, facilitation and team work. Communication is direct in HRM. Labour is treated as a tool which is expendable and replaceable in case of PM, whereas, in HRM people are treated as assets to be used for the benefit of an organisation, its employees and the society as a whole.

1.2 HRM MODELS

To understand the theoretical perspectives on HRM its defining features called models should also be mentioned. Four major models have been identified:

The Fombrun, Tichy and Devanna Model

This model explains four constituent components of HRM which contribute towards organisational effectiveness and interrelatedness of these four functions: selection, appraisal, development and rewards.

![Fig. 1.1 The Fombrun, Tichy and Devanna Model](image-url)
Fig. 1.2 The Harvard Model of Human Resource Management

The Harvard Model of Human Resource Management

This model claims to be comprehensive in as much as it seeks to comprise six critical components of HRM: stakeholders' interests, situational factors, HRM policy choices, HR outcomes, long-term consequences and feedback loop.

The Guest Model of HRM

Another model developed by David Guest in 1997 claimed to be much superior to other models. This model claims that the HR manager has specific strategies to begin with, which demand certain practices and when executed, will result in outcomes. These outcomes include behavioral, performance related and financial.
The Warwick Model of HRM

This model, developed by two researchers, Hendry and Pettigrew of University of Warwick, centered around five elements: Outer context, Inner context, Business strategy content, HRM context and HRM content.
Fig 1.4 The Warwick Model of HRM
The American Society for Training and Development (ASTD) developed the HRM model which integrates the following areas or subsystems of human resource management:

- Training and Development.
- Organisation Development.
- Organisation/Job Design.
- Selection and Staffing.
- Personnel Research and Information System.
- Compensation/ Benefits.
- Employee Assistance.
- Union/Labour Relations.

All these nine areas contribute to human resource outputs which include: quality of work life, productivity and readiness for change.

1.3 STRATEGIC HUMAN RESOURCE MANAGEMENT

Strategic management refers to the process of formulating, implementing and evaluating business strategies to achieve organisational objectives. Strategic human resource management refers to the process of developing HR practices, programmes and policies in accordance to the organisational strategies. Four roles of HR manager are relevant in this context: defining organisation’s architecture, conducting organisational audit, identifying new methods of renovating organisation’s architecture and assessment of work and set clear priorities. It is also pertinent to mention the difference between Strategic HRM and Conventional HRM. The focus in conventional HRM is on employee relations where as in the strategic perspective focus goes beyond that. It focuses on partnership with internal and external constituent groups (Jeffrey, Mellow A., 2003). The role of HR manager is that of transformationalists, flexible, people oriented, investment
centered and team work oriented, whereas the traditional HR manager is slow, respondent, control oriented, cost oriented and bureaucratic.

1.4 HR PRACTICES AND POLICIES

To assist the managers at various levels to deal with people at work, various human resource policies are laid down. These policies provide broad guidelines for the managerial decisions and actions of repetitive and routine nature. A policy is 'an established guiding canon premised on objectives, devised to govern the activities of the business enterprise and from which the basic precepts of conduct are derived',\(^\text{12}\) On the basis of the source of policy, policies may be classified as:

- **Internal Policies** initiated by managers at various levels to guide the subordinates.

- **External Policies** formulated to meet the pressure from outside the organization e.g. that of government, trade unions and trade associations.

- **Appealed Policies** formulated to meet the appeals of an exceptional problem by a subordinate to his superior.

- **Types of Human Resource Management Policies**: Human resource policies cover all areas of manpower management with regard to:

  Recruitment and Selection (Employment) Policies which cover:

  - Minimum qualifications required in prospective employees.
  - Sources from where employees could be tapped.
  - Selection tests.
  - Promotion and Transfer Policies:
    - Relevance of seniority
    - Relevance of merit
    - Bases of transfer
    - Requirements for promotion
Training and Development Policies: contain

- Opportunities for training and development
- Type of Training
- Training of Executive and Operative Employees
- Programs of executive development

Compensation Policies: include

- Minimum Wages
- Non-financial incentives
- Incentive Plans
- Bonus, Profit Sharing, etc.
- Rewards for good performance

Employee Services and Working Conditions Policies:

- Types of Employee Services
- Financing of Employee Services
- Welfare Measures
- Safety Measures

Human Relations Policy: it includes

- Handling of Grievances
- Recognition of Labour Unions
- Workers' Participation in Management
- Discipline
- Motivation
- Communication system
Performance Appraisal Policies:

- Appraising performance
- Rewards and Punishments

Separations and Rightsizing Policies:

- Voluntary separations: Quits and Retirements
- Involuntary separations: Discharges, Layoffs, Retrenchments, VRS, Rightsizing.

Formulation of HR Policies

The HR policies should cover all areas of HRM and these should reflect the aspirations and needs of the employees otherwise the policies would be difficult to put into action. For this purpose the people working at the lower level should also be consulted. Following steps are undergone for the purpose of formulation of HR policies:

- Preliminary Investigation of Labour legislations, social values and customs, employees' aspirations, other laws, etc.
- Environment scanning including internal environment for physical, human resources, organisational structure, organisational values, objectives, technology, etc. and external environment relating to social, political, economic and technological environment outside.
- Past Practices in the organisation
- Practices prevailing in rival companies
- Classifying policies into groups
- Formulation of policies in various areas
- Approval of top management
- Implementation
- Appraisal of policies

1.5 HUMAN RESOURCE MANAGEMENT PRACTICES

Identification of key HR practices in a firm is very important for the implementation of organisational strategies. Key HR practices fall into four
basic categories: *Flow of people*: hiring, promotions, transfers, outplacement and training and development; *Flow of performance management*: measurement, rewards and follow-up; *Flow of information*: communication system; *Flow of work*: organisation structure, work process design. Every organisation has to evolve its own HR strategies, programmes and policies depending upon the above given factors. The HR strategies result in certain practices that include:

- Human resource planning
- Analyzing work and job designing
- Recruitment, selection and induction
- Training and development
- Career management and development
- Performance appraisal and management
- Promotion and transfers
- Managing basic remuneration
- Incentives and performance based payments
- Fringe benefits
- Safety and welfare measures
- Organisational relations, communication and motivation
- Separations and rightsizing
- Industrial relations, trade unions, resolving disputes and empowerment
- HR records, audit and information provision
- Other contemporary issues like computers and internet, legal awareness, RTI and other laws, e-HRM, international HRM, etc.

### 1.5.1 Human Resource Planning

The first part of the human resource strategy is human resource planning. The human resource planning is the process of forecasting a firm’s future demand for and supply of the right type of people in the right number. The process of manpower planning includes the following steps:

- Determination of objectives of human resource planning
➢ Determining current HR inventory by department, function, level of skill and qualification.
➢ Forecasting future demand.
➢ Forecasting future supply.
➢ Estimating net HR requirements.
➢ Employment plan.
➢ Training and development plan.

There are many techniques of forecasting like regression analysis, ratio-trend analysis, work-study analysis, Delphi technique, flow methods, managerial judgement, etc.

In addition to this employees' skill inventories is also kept in record in the organisation by the HR planning wing. This includes personal data, skills and qualifications acquired by the employee, job history, psychological and health records and other required data.

1.5.2 Job Designing

It involves continuous effort to organize tasks, duties and responsibilities into a unit of work to achieve certain objectives. It follows job analysis which prepares the job description and job specifications.

➢ **Job Description**: it includes job title, location, summary, duties, equipment needed, materials needed, supervision required, working conditions and hazards.

➢ **Job Specification**: it is the statement of human qualifications necessary to do the job containing education, training, judgement, initiative, efforts and skills needed, communication skills, responsibilities and emotional characteristics.

There are many methods of collecting job related data: observation, interviews, questionnaire, checklists and related conferences.
1.5.3 Recruitment, Selection and Induction

After determining the number and kinds of personnel required the HR manager proceeds with the identification of sources of recruitment and finding suitable candidates for employment. Recruitment involves attracting as many applications as possible for the jobs. Recruitment can be done through internal as well as external sources. The recruitment process includes five interrelated stages, viz.: planning, strategy development, searching, screening and evaluation and control.14

Selection: While recruitment refers to the process of identifying and encouraging perspective candidates to apply for the job, selection is the process of differentiating between applicants in order to pick up the right candidate for the job. Until recently, recruitment and selection was handled by the respective departments. But now it is handled by the HR department. Selection is done through selection tests, interview, references, physical examinations, deputations, on contract and selection decisions.

Induction: Induction or orientation is a systematic introduction of the new employee to his job, co-workers and organisation. Orientation programs, formal/informal introductions, filling up various forms and providing necessary information to the employee are its integral parts.

1.5.4 Training and Development

Once the employee is inducted to the organisation, next phase is to impart necessary training to him to make him fit for that. Not only that, but training is also needed to cope up with changing environment, technological changes, greater productivity, stability, better management, higher morale and increased safety. Training refers to imparting of specific skills, abilities and knowledge to an employee. Development refers to the learning opportunities designed to help employees grow. Training can be of many types: induction training, job training, apprenticeship training, internship training, refresher training and training for promotion. The training can be imparted as on-the-job training, vestibule training and off-the-job training.
The results of the training and development programs should be evaluated as feedback.

1.5.5 Career Management and Development

Career is progress or general course of action of a person in some profession of organisation. Career development refers to a formal approach used by the firm to ensure that people with proper qualification and experiences are available when needed. Career development benefits both employees and organisation as properly developed employees are better equipped to add value to themselves as well as to the organisation. Every organisation needs to have career development programs and to integrate these with other HR activities. Some of the significant devises of career development are career planning, workshops, career counseling, mentoring, sabbaticals, personal development programs and career workbooks. The employees are best judges of themselves. They should identify their knowledge, skills and interests and seek out information about various career plans. The managers should encourage employees to assume responsibilities of their own career plans.

1.5.6 Performance Appraisal and Management

Performance appraisal is an objective assessment of an individual’s performance against well defined benchmarks like job knowledge, quality and quantity of output, initiative, health, leadership abilities, supervision, dependability, co-operation, versatility and judgement. It is closely related to the function job analysis. Performance appraisal offers competitive advantage to a firm by improving performance, helping make correct decision, ensuring legal compliance, minimizing job dissatisfaction and employee turnover and ensuring consistency between organisational strategy and behavior. The performance appraisal system has strategic importance to the firm. It provides consistency between the organisational strategy, organisational values and job behavior. It provides a sound feedback mechanism too. Performance includes the elements like quantity and quality of output,
timeliness of output, presence at work and cooperativeness. Numerous methods have been devised to measure the performance of the employees, like rating scales, checklists, forced choice, forced distribution, critical incidence, bars, field review, tests and observations, cost accounting, confidential reports, etc. Suitable devises should be evolved to appraise the performance and special empowered teams should be created for the same.

1.5.7 Promotion and Transfers

Flexibility in workforce deployment is essential to cope with changing workforce requirements of the organisation. To cope up with this certain job changes like transfers, promotions, retirements, etc. are included. A transfer is a change in job within the organisation where the new job is of the same level, salary, status and responsibilities. It can be done from one department to another and from one plant to another. The promotion implies elevation of the employee to the higher level having higher status, salary and responsibilities. A systematic policy for transfer as well as for the promotion must be evolved indicating clear cut norms, criteria and basis for the same.

1.5.8 Managing basic Remuneration

Remuneration is the compensation an employee receives in return to his services to the organisation. Both financial and non-financial benefits are provided. Remuneration of an employee comprises of wages and salary, incentives, fringe benefits, perquisites and non-monetary benefits. An effective system of remuneration is highly significant for the organisation as it enhances job satisfaction, retention rate, loyalty, altruism, motivation and linkage with the organisation. There are a multitude of incentives plans for the workers as well for the managers.

1.5.9 Incentives and Performance based Payments

Incentive payments are based on the efficiency of employees. Salaries and wages are relatively fixed; incentives vary from person to person or period to period. Incentive plans may be individual and group as well.
1.5.10 Fringe Benefits

Employee/fringe benefits and services include any benefits that the employee receives in addition to direct remuneration. Fringe benefits include schemes like housing, free education to children, clubs, insurance, health care, pension plans, guaranteed annual wages, leave of various kinds, travelling allowance, company car, service awards, sports and religious events, recreation, vacations, foreign trips and many more. To hold that a benefit is fringe three criteria need to be fulfilled: it should be computable in terms of money, amount is not generally pre-determined and no contract should exist. The benefits should be competitive. The usefulness of these fringe benefits should be evaluated in an effective way. Cost-benefit analysis may also be effective for this.

1.5.11 Safety and Welfare Measures

Working condition of an organisation not only attracts talented people to the organisation but also retains them in it. The working environment includes physical environment, mental environment and social environment. Cleanliness, lighting, temperature, ventilation, dust free, etc. should be taken care of for good and effective physical environment. Safety measures play a very vital role in organisational efficiency, productivity and satisfied employees. Various safety measures should be taken according to the law and working of the firm so that the workers feel safe and secure while at workplace.

Labour welfare includes provision of various facilities and amenities in and around the workplace for better life of the workers. Agencies which guard labour welfare in India are central government, state government, employers and workers' organisations such as trade unions. The welfare services are basically of three types: economic, recreational and facilitative. Factories Act, 1948 (Sections 42-49); The Plantations labour Act, 1951; The Mines Act, 1952; The Merchant Shipping Act, 1958; The Motor Transport
Workers Act, 1961 and The Dock Workers (Regulation of Employment) Act, 1948 provide the provisions regarding labour welfare.

Social security is that security that society furnishes through appropriate organisation against certain risks to which its members are exposed. The risks of unemployment, death, sickness, accident and retirement require certain investment to be put aside. Social security schemes are investments for such risks. These include health insurance, maternity benefits, compensation for employment injury, workers' family pension-cum-insurance schemes, compulsory and voluntary social insurance, provident fund schemes, public health services, etc. Many schemes are introduced in the organisations for the security of their employees.

1.5.12 Organisational Relations (Trade Unions, Resolving Disputes, Empowerment, Communication and Motivation)

Over the recent years, the emergence of Human resource development has tried to solve the problems of industrial relations through applied behavioral science interventions. The proponents of HRD responded to the problems of employee motivation, development of teams, improvement of organisational climate, conflict resolution strategies and developmental aspects of organisational relationships. Industrial conflicts should be handled very carefully. A preventive machinery has to be there comprising of measures like schemes of workers' participation in management, collective bargaining, grievance procedure, code of discipline and standing orders. If the preventive machinery fails, then the industrial disputes settlement machinery should be activated by the government. This machinery comprises of conciliation, court of enquiry, voluntary arbitration and adjudication (compulsory arbitration).

Trade Union: According to Edwin B. Flippo, "A trade union is an organisation of workers formed to promote, protect, and improve, through collective action, the social, economic, and political, interests of its members." The primary functions of trade union are to protect the workers
against the excesses committed by employers and to satisfy the needs of the workers. Trade unions advise management on human resource policies and practices, put up the grievances of the workers to the management, working for better working conditions for the workers, representing workers on various forums and securing legislative protection for them. In India, many trade unions sprung up during 1918 and 1923 under the guidance of Mahatma Gandhi. International Labour Organisation (ILO) was set up in 1919 to protect the interests of working class at the international level. Enactment of the Trade Unions Act, 1926 gave legal status to the registered trade unions and conferred on its members immunity from civil suits and criminal prosecution.

**Collective Bargaining:** The term collective bargaining denotes a procedure under which two parties, namely workers and management, reach an agreement about wage rate and other basic conditions of employment. It is a process of resolving worker-management conflicts. The organisation should have a clear cut procedure of collective bargaining.

**Workers’ Participation in Management:** The concept of industrial democracy is a complete departure from the traditional concept of autocratic management. Participative management gives scope for workers to influence the decision-making of the management at various levels. It includes suggestion schemes, joint consultations, information sharing, forming quality circle committees, joint management councils, co-partnerships and worker-directorship.

### 1.5.13 Motivation

According to Dalton E. McFarland, “Motivation refers to the way in which urges, desires, aspirations, strivings or needs direct, control or explain the behavior of human beings.” The performance of an employee depends upon the ability or skill to complete a given job and desire to accomplish it. Algebraically,

\[
\text{Performance} = \text{Ability} \times \text{Motivation}
\]
Motivation is an important function. A manager has to know the needs, aspirations, desires and motives of the employees in order to motivate a person and provide an environment with satisfactory incentives and salary. This also increases efficiency and effectiveness of the organisation. Higher motivation leads to higher job satisfaction among the employees. There are several approaches to the study of motivation. Many theories have been given which can be classified broadly into two categories:

- Early Theories: Scientific management theory, Human Relations Model,
- Contemporary Theories: Maslow’s Need Hierarchy theory, Hezberg’s Two-factor theory, Alderfer’s ERG theory, McClelland’s Achievement Motivation theory, Vroom’s Expectancy Model, Adam’s Equity theory and Porter and Lawler’s Performance-satisfaction Model.

1.5.14 Communication

Communication is the process of exchanging the thoughts and information between two or more people. Effective communication is important for the managers in the organisation to perform their basic functions of planning, organizing, leading and controlling. Four factors influence the effectiveness of organisational communication: formal channel of communication, authority structure, job specification and information ownership.

1.5.15 Separations and Rightsizing

Employees an organisation for several reasons. Facing sliding market and loss of market share the management sometimes has to resort to cut the size of the staff called rightsizing. Separations include:

- Voluntary: quits and retirements
- Involuntary: discharges, layoffs, retrenchment, VRS and rightsizing.
1.5.16 HR Records, Audit and Information Provision

Computers and internet has made vast advances in the field of science and industry. Human Resource Information System (HRIS) is a system designed to supply information for the effective management of an organisation. The computers can amplify the capabilities of human resource manager in imparting the duties efficiently. A well efficient computerized HRIS should be maintained in the organisation including various sub-systems like recruitment, manpower planning, administration, training, maintenance, appraisal, payroll, HR research and job analysis. The list may include many more. Globalization and information technology revolution also needs an efficient system of information.

HR Records: HR audit and research are an integral part of human resource management process. All the personnel policies, practices and programmes must be appraised critically in order to know their effectiveness. The records are of great use in any research. Records refer to the informational documents utilized by an organisation to carry out its functions. They are the tangible evidences of the activities of the firm. They contain a variety of information vital for the managers and employees as well. These can be the records relating to individual service, performance, training, leave, health, safety transfers, promotions, penalties, lay-offs, pensions, provident funds, disputes, policies, laws, etc.

HR Audit: There is a growing need to critically evaluate the performance of HR Department in an organisation to have a competitive edge. The HR audit goes beyond the audit of HR Department only as HR activities go beyond that. HR audit can be conducted for the results or performance, programmes, policies and philosophy of management of the firm.

Auditing HR Policies: A policy deals with the relationship between the employer and the employee. It investigates policy change mechanism, policy formulation and policy communication.
Auditing HR Practices: The HR audit deals with the standard practices and procedures of the firm, how they are formulated and communicated.

Auditing Results: The real test of the effectiveness of the policies and practices are the results. In conducting the audit of results of various HR programmes, various methods are used such as checklists, questionnaires, personal data, employees, attitude and morale surveys, productivity data and cost information.

1.6 EVALUATING HRM EFFECTIVENESS

With the change in the technology, HR professionals are now looking beyond their traditional field. They are now expected to play the role of a strategist, facilitator and transformationalists. HRM evaluation refers to the procedures and processes that measure, evaluate and communicate the value added of HRM practices to the organisation. HRM evaluation has been advocated for a number of reasons including:

- Promotion of the HR function, through demonstration of bottom-line contributions through reduced turnover.
- The demonstration of accountability in utilization of resources.
- Promotion of change by identifying strengths and weaknesses.
- Introduction of financial assessment as a decision tool in human resource program selection.
- Highlighting key HR practices.
- Gauging the performance of HR function.
- Demonstrating the function's role in the accomplishment of firm's goals.

The HRM policies and practices include employee hiring, training and development, compensation systems, performance review, etc. If these policies and practices are up to the expectations of the employees this would impact not only their performance but also factors which are much more important than that, for example their loyalty, commitment, motivation and morale. Therefore, it becomes even more important to evaluate HRM
practices of an organisation. There are several approaches to HR evaluation. The most prominent of them are: audit approach, analytical approach, qualitative and quantitative approach, balanced score card perspective and benchmarking.21

![Fig 1.5 Approach to HR Evaluation](image)

- **Audit Approach**: HRM audit is a process of evaluating the effectiveness of the entire HR function that is HR activities, policies and systems based on the evidence, by comparison with another company, statistical measures developed, reviewing past actions (compliance approach) and MBO.

- **Analytical Approach**: it relies on cost-benefit analysis. Analysis is done on economic basis.

- **Qualitative and Quantitative Indices**: a number of quantitative indices like cost of turnover, absenteeism cost, cost of work-life programs training costs, etc. are calculated. Qualitative parameters are also used for evaluation of organisational effectiveness like employee loyalty, organisational commitment, attitudes, morale, etc.

- **Balanced Score Card**: Developed by Kaplan, Robot and Norton, David P. it contains four dimensions: financial performance of an organisation,
its customer service, its internal business processes and its capacity to
learn and achieve growth within which key performance indicators are
tracked.\textsuperscript{22}

- **Benchmarking**: under this approach the best practices of the
organisation called 'Benchmarking Practices' in comparison to other
competitors are identified. This enables managers to learn from other
firms and prepare strategies for own firm and the employees can study
practices followed in other competing firms and evaluate own HR
practices.

1.7 **JOB SATISFACTION**

While managing human resources most of the executives face the
problem of providing job satisfaction to the employees under their command.
Job satisfaction is not motivation. It is an internal state of the person
concerned, an attitude and a personal feeling of achievement. Herzberg in his
two-factor theory of motivation advocated 'job enrichment' to give employees
opportunity to exercise self control and use their talents and abilities at job
and thus to attain job satisfaction.

In the words of Feldman and Arnold, "Job satisfaction is the amount of
overall positive effect or feeling that individual have towards their jobs."\textsuperscript{23}

"Job satisfaction is the amount of pleasure or contentment associated
with a job. If you like your job intensely, you will experience high job
satisfaction. If you dislike your job intensely, you will experience job
dissatisfaction."\textsuperscript{24}

There are many theories which tried to establish relationship between
job satisfaction among the employees and increased productivity, decreased
turnover, reduced accidents and less job stress in the long run. But now, it is
not considered so by some researches. Job satisfaction is a complex concept
which is very difficult to measure. The level of job satisfaction is affected by
various variables relating to individual, social, cultural, organisational and
environmental factors. These may be explained as follows:
• **Individual Factors:** personality, education, intelligence, age, marital status, gender, socio-economic background, orientation to work.

• **Job Related Factors:** nature and size of the firm, job status, HR policies and practices, industrial relations, grievance handling in the firm, nature of work, technology and work organisation, supervision style, management system, working conditions.

• **Social Factors:** relationship with spouse, family members, neighbors, friends, co-workers, cultural activities and festivals.

• **Environmental factors:** economic, social, technical and political environment.

**Job satisfaction and Work Performance:** The content theories of motivation assume that there is a relationship between job satisfaction and increased productivity. Porter and Lawler however, found that improved productivity leads to job satisfaction and not the vice versa. They argued that good performance at work leads to two kinds of rewards - intrinsic and extrinsic. The intrinsic rewards like growth and challenge at work stem from the job itself. Extrinsic rewards are under the control of management such as salary, bonus, etc. They said that intrinsic factors are more closely related to job satisfaction. From the results of twenty studies Vroom found a low median correlation (0.14) between job satisfaction and job performance. Some studies found that in practice job-performance relationship does not exist at lower level, whereas, satisfaction-performance relationship is stronger in case of managers and at supervisory levels.

**Job Satisfaction and Employee Turnover Ratio**

Retention ratio or employee turnover ratio is of utmost important for the organisation. The employees leave the organisation if they are not satisfied with the work conditions of the organisation. It is very costly to recruit, select train and replace people over and over again. The employer can do anything to minimize turnover. In this highly technologically-changing environment, talented people are scarce in demand. Companies are providing
innumerable incentives to attract and retain employees. Alternatives are many for the trained people, so it is harder to retain experienced and trained employees in the firm. Hiring new people and training them again and again is not cost-effective. So it becomes even more important to improve the retention rate.

Unlike the relationship between satisfaction and productivity, the correlation between job satisfaction and employee turnover is established beyond doubt. It has been demonstrated in many studies that the employees who are not satisfied with their job are more likely to leave the firm. The employees who have a high job satisfaction do not leave their firm, are more loyal, hard working and sincere. They have higher job esteem. If they enjoy a high job satisfaction, they would not go in search of other job.

1.8 OCCUPATIONAL STRESS

Stress is a natural and unavoidable feature of human life. It is of a major concern for the organisation as it can cause harm not only to the productivity of the organisation but also to the health and efficiency of the employees. Different researchers and psychologists have defined stress differently. Stress refers to pressures and tensions people feel in life. Selye has defined stress as "the non-specific response of the body to any demand made upon it". Stress is a demand or change in the internal or external environment. In this era of high competition psycho-social stresses are often faced by almost everybody. But stress of high level is not good for health. It is an independent variable which is beyond the control of an individual. The theory of General Adaptation Syndrome states that when an organism is confronted with a threat, the general physiological response occurs in three stages: first stage is of alarm reaction or shock, second stage is of resistance or defensive mechanism and third stage is the stage of exhaustion when the organism collapses. There are many more theories. Stress is not always bad. Up to a specific extent it is rather healthy and it drives a person towards his desire. The factors which cause stress are:
1.8.1 Causes of Stress

The causes of stress are known as stressors and there are literally hundreds of different types of stressors. Any event in life that a person finds threatening, difficult to cope with or causes excess pressure can be a potential cause of stress. It is important to bear in mind that stress is an individualistic, subjective experience and therefore what one person finds stressful another may not. Stressors can be broken down roughly into either external or internal (or a mixture of both.)

• External Stressors
  a) Major Life Events
  b) Daily Hassles- family problems, traffic, relatives, noise, fear of crime, arguments, time management, lack of sleep, loneliness and pollution.

• Internal Stressors
  a) Physical Stressors: sleep debt, poor diet, drug misuse, illness, surgery, chronic pain, etc.
  b) Psychological Stressors: excess anger, pessimism, health worries, unrealistic expectations, low self esteem, personality, rigid thinking style, financial problems, loneliness, exams, excessive self criticism, etc.
  c) Environmental stressors: pollution, excess noise, poor housing, traffic jams, etc.
  d) Work stressors: commuting, time pressures, job insecurity, excess working hours, workplace bullying, conflicts with co-workers, low pay, role ambiguity, delegation problems, lack of work recognition, understaffing, company takeovers, etc.
  e) Family stressors: ill relatives, difficult relationships, children leaving home, children career problems, etc.
Social stressors: fear of crime, urban area living, poverty, low social support, bureaucracy, victim of crime, problem neighbours, rude, aggressive, unhelpful people, etc.

1.8.2 Consequences of Stress

- Individual consequences: impact on health, psychological consequences, impact on behavior.
- Organisational consequences: loss in productivity, absenteeism, poor attitude, alienation, aggression, strikes and sabotage.
- Burnout

1.8.3 Coping with Stress

Many strategies have been provided by different researchers. Cooper and Marshall\(^\text{27}\) have given a comprehensive analysis of strategies for coping with stress under the following categories:

- Factors intrinsic to job should be coped at individual level.
- Role in the organisation are coped up at organisational level.
- Relationships at work are tackled at job level and
- Problems relating to career development are to be coped at personnel department level.

Various techniques relating to these are also given. Different people cope up with the stress differently. The key to success is to think positively, take control of success and learn effective techniques to combat it. Relaxing body tension also helps in reducing psychological tensions. Things that help reduce stress can be: jogging, aerobics, vacations, sport, time management, vitamins, new hobby, new relationships, sleep, tranquilizers, meditation, joining clubs, etc.
1.8.4 Yoga as a Stress Buster

The Bhagvad Gita uses the term Yoga and meditation extensively in a variety of ways (chapter 6). It introduces three prominent types of Yoga: Karma Yoga (yoga of action), Bhakti Yoga (yoga of devotion) and Jnana Yoga (yoga of knowledge).

In chapter 2 of the Bhagvad Gita, Krishana explains to Arjuna about the essence of practicing the Yoga in daily lives as:

(Yoga-sthah kuru karmani sanyugam tyaktva a dhananjay!

Sidhhi-asiddhyoh samo bhutva samatvam yoga ucyate)

--- Bhagavad Gita 2.48

Both schools of Indian philosophy, Astika (Nyay, Vaisheshika, Samkhya, yoga, Mimansa and Vedanta) and Nastika (Carvaka, Jainism and Budhhism), believe in the importance of Yoga.

The Yoga as a system of contemplation was developed in early Hinduism so as to unite the soul with the God. Several seals discovered in the Indus valley civilization depicted figures in yoga postures. The techniques for experiencing higher state of consciousness in meditation were developed by the shramanic traditions and Upanishadic traditions. It is believed that formless meditation originated in the Brahminic tradition. Some argue that the origin of yoga lies in the Vedic religious worship. The term Yoga first appeared in Hindu scriptures Katha Upanishad where it is defined as the steady control of the senses, which along with the cessation of mental activity, leads to the state of super consciousness. In Hindu philosophy, Yoga is the name of one of the six orthodox philosophical schools. This school is founded by Patanjali and is based on Samkhya philosophy. Patanjali’s Yoga Sutras accepts the Samkhya division of the world in 25 tattvas, of which one is Purusha meaning Self or consciousness, the others being Prakriti (primal nature), Buddhi (intellect), Ahamkara (ego), Manas (mind), five buddhindriyas (sensory capabilities), five karmendriyas (action-capabilities)
and ten elements; along with the 3 gunas of Rajas, Satva and Tamas. The Patanjali Yoga Sutras diverge from the Samkhya philosophy by the addition of the God. Another difference between these two is that the Samkhya believes in liberation through knowledge and Patanjali’s Yoga believes in methods of concentration and active striving for that.

Patanjali’s 196 sutras were the basis of the system of Ashtang Yoga. The eight step path according to it was:

**Yama:** the first step of the Ashtang marg was the conduct of social behaviour including Ahimsa (non-violence), Satya (truth), Astya (non-covetousness), Brahmacharya (non-sensuality) and Aparigraha (non-possessiveness).

**Niyamas:** the second step is self-discipline. It includes observance of Shaucha (purity), Santosh (contentment), Svadhyay (knowledge of self) and Ishwar Pranidhana (surrender to God).

**Asana:** the third step is to meditate in seated position.

**Pranayama:** the next step is the control of prana or the breathe.

**Pratyahara:** is withdrawal of sense organs from the external objects.

**Dharana:** the sixth step of Ashtang yoga is meditating by fixing one’s attention on one object.

**Dhyana:** the next step is intense meditation.

**Samadhi:** the aim of the Ashtang yoga is to attain the ultimate bliss by merging the consciousness with the object of meditation. Samadhi is that stage.

1.9 ORIGIN AND GROWTH OF PUBLIC SECTOR UNDERTAKINGS IN INDIA

Emergence of Public Enterprise is a comparatively new phenomenon in the history of world’s economy. Two centuries back, the role of the state was only to protect territorial sanctity of the country and to maintain law and
order within the state. Trade was totally out of its jurisdiction. The policy of laissez faire was accepted as the guiding principles of commercial and industrial trade was left free for the businessmen. Only rarely did the government intervene in trade. But the outbreak of First World War made the state realize the policy of protectionism and the government started participating in the planning and development of industrial structure in their country. Many drastic changes in the state policies can be seen due to Russian Revolution, the two World Wars, emergence of International Labour Organisation (ILO) and even depressions in many countries. Many new countries emerged and many countries declared themselves as welfare states. This led to the intervention of governments in many fields of trade.

Growth of Public Enterprises in India

Pre-Independence Period

- **Nineteenth Century**

  The birth of public sector in India took place during the third and fourth decades of the nineteenth century. The post and telegraph service was started in 1837, the railway service was started in 1853 and the British government set up the Geological Survey of India in Kolkata in 1851.

- **Twentieth Century**

  The twentieth century witnessed the support of government in the development of the country and adoption of a policy of protection of industries. In 1902, the government started the first Hydro Power Project (Shiva Samundram Power Station). In 1905, the British government established a Department of Commerce and Industry to initiate public enterprises through this department.

- **After First World War**

  In 1916, Indian industrial commission was appointed to recommend more active participation of government in industrial development of the country. In 1921, Indian Fiscal Commission was appointed which
recommended a discriminating Protection Policy for the industries in India. In 1930s, Public Enterprises like Security Printing Press Nasik, Garden Reach Workshop Kolkata, Mazagon Dock Limited Mumbai and Broadcasting Department were established.

- **After Second World War**

  After the Second World War in 1939, the British Government changed its industrial policy drastically. In 1944, a department of planning and development was set up and many industries were nationalized like railways and post office. Many new public enterprises were also started viz. Chemicals and Fertilizers Ltd., Travcore, Assam Tauneries Ltd., Gauhati, Paints and Minerals Ltd. Nagpur, etc.

**Post- Independence Period**

Nehruvian approach of a ‘Russian Economic Model’ dominated the scene after independence. The 1948 resolution divided the industries into three broad categories. The first category covered arms and ammunitions, atomic energy and railway transport which were to be the exclusive monopoly of central govt. The second category gave rights to central and state governments and Municipal corporations, etc. to establish industries in the field of coal, iron and steel, aircraft, ship building, telephone, telegraph and wireless apparatus manufacture and mineral oils. The rest of the industries were included in third categories which were left to the private enterprises.

In India planned development of the country was accepted in 1951 with Five Year Plans. Since 1951, the scope of public sector was also widened. Starting with some very basic industries, today there are corporations, public limited companies and hundreds of boards in the public sector undertakings. This accounts for more than two third of the total investment and remarkable foreign exchange earnings (from Rs. 35 crores in 1965-66 and Rs. 4694 crores in 1982-83 and Rs. in 2006-07). The contribution of public enterprises to the central exchequer was Rs. 529 crores during 1982-83 and Rs. in 2006-07 by ways of dividend, corporate tax, excise duty, custom and other duties.
Concept of Public Enterprises

The concept of a PE is quite vague and imprecise and it is the prerogative of a government to draw a line between a public sector undertaking and other government organisations. Broadly speaking a PSU means an activity of a business character, managed and owned, 51 percent or more, by the government- central, state or local, providing goods or services for a price. The definition has two dimensions to it, namely, public ownership and business enterprise. Public ownership implies social accountability, social interest and criteria; and any personal interest in favour of any private group would be defied. A PE is a business enterprise which can do an economic activity of a business character but it need not earn any profit. There are a large number of activities of government which are purely promotional, developmental and for the welfare of the people.

1.10 AN OVERVIEW OF SJVN

The SJVN Ltd. (formerly Nathpa Jhakri Power Corporation Limited - NJPC) was incorporated on May 24, 1988 as a joint venture of the Government of India (GOI) and the Government of Himachal Pradesh (GOHP) to plan, investigate, organize, execute, operate and maintain Hydro-electric power projects. The present authorized share capital of SJVN is Rs 7000 crores. The Nathpa Jhakri Hydro - Electric Power Station- NJHPS (1500 MW ) was the first project undertaken by SJVN for execution, the 1500 MW NJHEP has been designed to generate 6612 MU of electrical energy in a 90% dependable year with 95 % machine availability. It is also providing 1500 MW of valuable peaking power to the Northern Grid. Out of the total energy generated at the bus bar, 12 percent is supplied free of cost to the home state i.e. Himachal Pradesh. From the remaining 88% energy generation, 25% is supplied to HP at bus bar rates. Balance power has been allocated to the beneficiary states / UTs of Northern Region by Ministry of Power, Government of India. In order to develop SJVN as a world class company in the power sector, ISO-9001-2000 certification has also been achieved.
Vision of SJVN*¹

To make India a fountainhead of hydro power and the energy source of the future by reorganizing development with passion and professionalism for sustainable viability of the corporation on bedrock of sound commercial principles.

Mission of SJVN*²

To plan, investigate, organize, execute, operate and maintain power projects in Himachal Pradesh and at any other place in India & abroad.

Projects of SJVN

Since the commissioning of the largest underground 1500 MW Hydro Electric Power Project, NJHEP, the first project allocated to SJVN, the Corporation expanded its base from a single project to a Multi Project and thereafter from a presence in a single state to a pan-Indian Corporation and established its footprint in the neighboring countries of Nepal & Bhutan.

SJVN is currently constructing the 412 MW Rampur Hydro Electric Project in the state of Himachal Pradesh. SJVN is also implementing three hydro projects (252 MW Devsari, 60 MW Naitwar Mori and 51 MW Jakhol Sankri) in the state of Uttarakhand. Further, SJVN has also been allocated Luhri Hydro Electric Project (775 MW) and Dhaulasidh HEP (66 MW) in the state of Himachal Pradesh for preparation of Detailed Project Report and subsequent execution. Further, SJVN is entering into a Joint Venture for the implementation of 1500 MW Tipaimukh HE Project in Manipur with equity participation to the extent of 26%.

The company has now gone across the borders and has bagged 900 MW Arun III hydroelectric project in Nepal through, competitive bidding. In addition, the corporation has also been assigned the task of

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*¹ According to www.SJVN.in
*² Ibid
*³ Ibid
updating/preparing DPRs of two Hydro Electric Projects 900 MW Wangchu HE Project and 486 MW Kholongchu HE Project in Bhutan by Govt. of India.

### Table 1.1
Projects of SJVN

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Project</th>
<th>Installed Capacity</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nathpa Jhakri HPS</td>
<td>1500 MW</td>
<td>H.P.</td>
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<tr>
<td></td>
<td><strong>Project under execution</strong></td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td>Rampur HEP</td>
<td>412 MW</td>
<td>H.P.</td>
</tr>
<tr>
<td></td>
<td><strong>Projects under Survey and Investigation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Luhri HEP</td>
<td>775 MW</td>
<td>H.P.</td>
</tr>
<tr>
<td>4</td>
<td>Dhaulasidh HEP</td>
<td>66 MW</td>
<td>H.P.</td>
</tr>
<tr>
<td>5</td>
<td>Devsari HEP</td>
<td>252 MW</td>
<td>Uttrakhand</td>
</tr>
<tr>
<td>6</td>
<td>Naitwar Mori HEP</td>
<td>60 MW</td>
<td>Uttrakhand</td>
</tr>
<tr>
<td>7</td>
<td>Jakhol Sankri HEP</td>
<td>51 MW</td>
<td>Uttrakhand</td>
</tr>
<tr>
<td>8</td>
<td>Tipaimukh HEP</td>
<td>1500 MW</td>
<td>Manipur</td>
</tr>
<tr>
<td></td>
<td><strong>Projects Abroad</strong></td>
<td></td>
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<tr>
<td>9</td>
<td>Arun III</td>
<td>900 MW</td>
<td>Nepal</td>
</tr>
<tr>
<td>10</td>
<td>Wangchu HEP</td>
<td>900 MW</td>
<td>Bhutan</td>
</tr>
<tr>
<td>11</td>
<td>Kholongchu</td>
<td>486 MW</td>
<td>Bhutan</td>
</tr>
</tbody>
</table>

**Nathpa Jhakri Hydro Power Station**

The 1500 MW, Nathpa Jhakri Hydro Power Station – NJHPS (the largest underground hydro - electric power Project) was the first project undertaken by SJVN for execution and has since been commissioned during the 10th Plan. Prior to formation of SJVN (NJPC), NJHPS was being executed by Himachal Pradesh State Electricity Board (HPSEB). The generation component of 1500 MW NJHPS was sanctioned in April 1989 for execution by SJVN (NJPC). SJVN (NJPC) officially took over NJHPS on August 01, 1991, following an agreement between GOI and GOHP during July 1991. However,
the effective takeover of the NJHPS could result only during February 1992, due to an agitation by the employees of HPSEB.

- **Nathpa Jhakri Hydro Power Station**

NJHPS, is located in the state of Himachal Pradesh, on the downstream of wangtoo Bridge and derives its name from the names of two villages in the Project vicinity-Nathpa in district Kinnaur and Jhakri in district Shimla-in the interiors of Himachal Pradesh. The Project’s Dam has been constructed near village Nathpa and its Power House has been constructed on the left bank of the river Satluj at village Jhakri. The Project stretches over a length of about 50 kms. from the Dam site to the Power House site, on the Hindustan-Tibet Road (NH-22). It is providing 1500 MW of valuable peaking power to the Northern Grid. Out of the total energy generated at the bus bar, 12 percent is supplied free of cost to the home state i.e. Himachal Pradesh. From the remaining 88% energy generation, 25% is supplied to HP at bus bar rates. Balance power has been allocated to different states / UTs of Northern Region by Ministry of Power, Government of India, as detailed ahead:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>State</th>
<th>Allocation (In MW)</th>
<th>Percentage to the Installed Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Haryana</td>
<td>64</td>
<td>4.27</td>
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<tr>
<td>2</td>
<td>Himachal Pradesh *</td>
<td>547</td>
<td>36.47</td>
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<tr>
<td>3</td>
<td>Jammu &amp; Kashmir</td>
<td>105</td>
<td>7.00</td>
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<tr>
<td>4</td>
<td>Punjab</td>
<td>114</td>
<td>7.60</td>
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<td>5</td>
<td>Rajasthan</td>
<td>112</td>
<td>7.47</td>
</tr>
<tr>
<td>6</td>
<td>Uttar Pradesh</td>
<td>221</td>
<td>14.73</td>
</tr>
<tr>
<td>7</td>
<td>Uttaranchal</td>
<td>38</td>
<td>2.53</td>
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<tr>
<td>8</td>
<td>Chandigarh</td>
<td>08</td>
<td>0.53</td>
</tr>
<tr>
<td>9</td>
<td>Delhi</td>
<td>142</td>
<td>9.47</td>
</tr>
<tr>
<td>10</td>
<td>Unallocated quota at the disposal of the Central Govt. **</td>
<td>149</td>
<td>9.93</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>1500</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
• **Rampur Hydro-Electric Project (412 MW)**

Rampur Hydro-electric Project (412 MW) is located downstream of already executed NJHEP. As such the construction of Rampur HEP does not involve construction of any dam.

• **Luhri Hydro Electric Project (Lhep) (775 MW)**

The 775 MW, Luhri Hydro - Electric Project located in Shimla, Kullu and Mandi District of Himachal Pradesh, is a run-of- the river type development proposed to harness the hydel potential of river Satluj between Kepu and Bindla villages.

• **Devsari Hydroelectric Project (252 MW)**

The project is located between Nandkeshri Bridge and Simli Gad in Tehsil Tharali, Distt. Chamoli of Uttarakhand State. The 252 MW Devsari Hydro.

• **Naitwar Mori Hydro Electric Project (60 MW)**

Located in Purola Tehsil, Distt. Uttar Kasli, to optimize the capacity fixed as 60 MW.

• **Jakhol Sankri Hydro Electric Project (51 MW)**

The project is located in Purola Tehsil of District Utterkashi of Utrakhand State. The diversion site is located in Purola Tehsil Distt. Uttar Kashi. The 51 MW Jakhol Sankri Hydro Electric Project will generate 219.99 MU of electrical energy.

• **Arun III Hydro Electric Project (900 MW)**

Memorandum of Understanding ( MOU ) has been signed with the Govt. of Nepal for the execution of 900 MW Arun – III HE Project.
• Dhaulasidh Hydro Electric Project (66 MW)

The 66 MW, Dhaulasidh Hydro - Electric Project is located in Sanotu Tehsil of District Hamirpur in Himachal Pradesh.

• Wangchu Hydro Electric Project (900 MW)

Wangchu HEP with the installed capacity of 900MW on the river Wangchu in Bhutan will annually generate 1919 Gwh of energy.

• Kholongchu Hydro Electric Project (486 MW)

The Kholongchu hydro electric project is located in Bhutan with an installed capacity of 486 MW with Annual Energy Generation of 2209 Gwh.

Corporate Resettlement and Rehabilitation Policy of SJVN

SJVN has framed and adopted its Corporate Resettlement and Rehabilitation Policy for the Project Affected Families (PAFs). The policy has been framed in line with the guidelines and provisions envisaged under "National Rehabilitation and Resettlement Policy, 2007" as notified by the Ministry of Rural Development, GOI.

1.11 HUMAN RESOURCE MANAGEMENT POLICIES OF SJVN

SJVN was set up in the year 1988 and has successfully commissioned its 1500 MW NJHEP, the biggest Hydro Power Project of the country and also, has taken up many more projects in and outside India for implementation. This is commendable and chairman and managing director of SJVN Mr. H.K. Sharma gives this credit to its employees. According to him, "The success of SJVN had been made possible by a firm commitment on the part of employees and their relentless efforts. I believe an organisation's strength is the quality of its Human Resources. One of the primary objectives of an organisation to have a well-defined transparent HR Policies for successful management of Human Resourced".

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3 Source: According to www.SJVN.nic.in
SJVN had prepared its first HRM Manual in the year 1996, which produced important rules, guidelines and procedures for managing the employees. Thereafter, several improvements were made including framing of rules in several left out areas. The present study produces main points from the HRM manual of SJVN. It was available in printed as well as soft version on CD form. There are three volumes of the manual in its printed form, giving a detailed explanation of rules, regulations, guidelines, policies and procedures for the benefits of the employees of SJVN.

Table 1.2
HRM Manual of SJVN

<table>
<thead>
<tr>
<th>Section-I Employment &amp; Service Conditions</th>
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<th>Section-II Pay and Allowances</th>
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</tbody>
</table>
Procedure regarding movement of files and Maintenance of Record
Guidelines for providing Guest House/Transit Camp
Norms for Office Space, Furniture and Stationary Items
Policy with regard to Providing Telephone at Residence and Mobile Phone
Reimbursement of Expenditure becoming Members of Professional Bodies
Benefits on Promotion
Procedure of Handing over the Charge While an Executive is on Leave
Procedure for Furnishing information/Correspondence to outside Agency
Scheme for Farewell party and Gift to Retiring Employees

Details of the HRM Manual of SJVN

Section I of the volume I of the manual provides policies regarding recruitment procedure and service conditions. Chairman and Director (personnel) are the appropriate appointing authorities except for the post of GM. When the organisation is at the appropriate stage of growth the recruitment is restricted to the induction levels of: Artisan Trainees- W 3, Diploma/Supervisory Trainees- S 1, Engineer/Officer Trainees- E 0. The recruitments to the executive cadre are made by Central Personnel Department on all India bases and in respect of non-executive trainees are made by Personnel Department of the project through Employment Exchanges of the State up to the level of W 6. Selections are made on the recommendation of the SJVN Central Selection Board including one person of eminence in the area, CMD, Head of Division, Specialist, Director (Personnel) or his representative and Secretary (MPP & Power) or his nominee.

SJVN Service Rules are subject to the Corporation’s Articles of Association and include the rules regarding classification of employees, probation and confirmation, training, hours of work, attendance, holidays, payment of wages, overtime, pursuing higher studies, official tours, safety, termination of service, return of corporation’s property, equipment, tools, etc., vigilance clearance, etc. All amendments, modifications, alterations and
additions made to these Service rules are notified from time to time and affixed on the notice board.

The employees of the Corporation have been classified as regular, probationer, temporary, casual/daily rated/ muster roll, part time, apprentice/ training and on foreign service. These employees are further categorized as executives and non-executives. All employees on first appointment are placed on probation for a period of one year, except permanent employees of government and non-government organisations on deputation/Foreign Service and employees appointed to the post of General Manager or equivalent rank and above. This period may be extended by more than one year, after that a formal letter of confirmation is issued within one month from the date of completion of the probation period. Employees are liable to undergo training/induction/refresher course. Attendance is marked daily. Absence from duty may be treated as leave or without pay as per the discretion of the competent authority. The list of festival/closed holidays is notified by the management in the beginning of the year. Wages are paid before the expiry of seventh day after the last day of the wage period. Deductions from the wages of an employee may be made for house accommodation, amenities and services provided by the Corporation, recoveries of advances, income tax, refund of any advance taken from the Employee's Provident Fund, fines, damage to or loss of goods expressly entrusted to the employee for custody and any other deduction made with the written authorization of the employee concerned like payment of life insurance premium or subscription to Employee Provident Fund or any employee's club, etc. Any employee can pursue higher studies with the prior permission, if it does not interfere with the proper performance of his duties. An employee's services may be terminated in terms of service contract, on unsatisfactory performance during the period of probation, resignation, retrenchment, retirement, medical unfitness, death and dismissal or removal from service as a result of disciplinary action. The age of retirement is sixty years, however any employee of at least 15 years' service or after attaining the
age of 55 years, can be pre-maturely retired by the appointing authority in the public interest. An employee who has been pre-maturely retired is entitled to the pay for the notice period of one/three months, leave salary for the unavailed earned leave, full provident fund contribution of the employer with interest thereon, gratuity, transfer benefits, etc.

**SJVN Transfer Policy** has been formulated to meet organisational requirements, on administrative grounds, career development or to meet personal problems of the employees. The transfer may be affected in the following heads: a) from Corporate Office to Project/plants and vice-versa, b) within the same project/plant, c) One Project/plant to another Project/plant, d) From Non-family station to Family station. The normal tenure of posting for executives and supervisors is 3 years and for workmen 5 years.

**SJVN Conduct, Discipline and Appeal Rules** are specified to maintain integrity and devotion to duty. Rule 5 of the conduct rules mentions the acts of omission and commission which are treated as misconduct. Other rules include the contents like taking part in demonstrations (rule 7), connection with the press (rule 8), unauthorized communication of information (rule 11), gifts (rule 12), dowry (rule 12A), prohibition of sexual harassment of working women (rule 12B), private trade or employment (rule 13), marriages (rule 18), consumption of intoxicating drinks and drugs (rule 19), suspension rules (rule 20), subsistence allowance rules (rule 21), disciplinary authority (rule 24), procedure for imposing major penalties (rule 25), action on the inquiry report (rule 26), procedure for imposing minor penalties (rule 27), rules regarding employees on deputation from the Central Government or the State Government or deputation from HPSEB, etc. (rule 31), appeals (rule 32), reviews (rule 33), Clarification Of Disciplinary Authority And Competent Authority (rule 37), proceedings in respect of minor and major penalties (rule 38), removal of doubts (rule 39) and amendment (rule 40).

**Grievance Procedure** has also been given in the Manual as grievances and complaints are thought to be the primary manifestations of the
employees dissatisfaction against the working conditions and managerial
decisions and it can sometime assume serious proportions if not promptly
attended to.

Statement of Company Policy Regarding:

✓ Promotion of Executives
✓ Promotion of Supervisors
✓ Promotion of Workmen

**Promotion of Executives:** the Executive levels are aggregated in the
following clusters:-

- E1/E2/E3 - Junior Management.
- E4/E5 - Middle Management (M1)
- E6 - Middle Management (M2)
- E7/E7A - Sr. Management (SM1)

A Section is headed by a middle management level (M1) executive. A
division is headed by an executive at the level of E2 or M2. A division may
consist of one or more sections. Several divisions will form a group to be
headed by SM1 level executive called the Group Head.

Promotion of executives to positions in next higher grades is on the
basis of seniority, merit, grade service, efficiency, suitability and vacancy up
to promotion from E1 to E7 grade. For promotion to E7 and above, merit in
the interview with selection committee forms the basis. Eligibility period and
standard dates for promotion have also been prescribed in all the cases.

**Promotion of Supervisors**

The supervisors have grades S1, S2 and S3/S4. The promotion is on the
basis of seniority, merit, efficiency, grade service, suitability and vacancies,
which is determined by a Performance Appraisal System based on a 5-point
scale (30 points), Points for Grade Service (30 points) and Tests/ Interview (40
points) along with eligibility period and standard dates for promotion.
Promotion from S3 to E1 level can also be considered if possessing prescribed qualification. Any aggrieved supervisor may appeal or represent his case to the Director (Personnel) through proper channel.

**Promotion of Workmen**

There may be aggregation of grades in the levels W1, W2, W3, W4, W5, W6, W7, W8, W9, W10 and W11. Among these W1, W2 and W3 (special) fall under un-skilled category; W3, W4, W5, W6 and W7 (special) fall under skilled category and W7 and above fall under highly skilled workmen. The promotions of workmen to position in next higher grades are on the basis of seniority, merit, efficiency, grade service and suitability and vacancies. These promotions are done on the basis of a point system containing 30 points for performance appraisal ratings, 30 points for grade service and 40 points for test/interview. There shall be a minimum period of service in a grade. The directives of the Government of India with regard to reservation of posts for SC/ST employees in the matter of promotion, as issued from time to time are also followed in SJVN.

**Pay Fixation Rules**

Are applicable to all employees including probationers, Lien Holders and Deputationists on Foreign Service terms. These do not apply to Apprentices, daily rated, casual or substitute employees or those appointed on consolidated salary.

**Section II Pay and Allowances**

These rules include rules regarding pay scales, DA pattern, special compensatory (remote locality) allowance, Project allowance, Incentive scheme for serving at non-family stations, Perks and benefits to executive/engineer, Night shift allowance, Dress code and washing allowance, Non-practicing allowance, Cash handling allowance, Reimbursement of expenditure on lunch/tea, Reimbursement of expenditure of expenditure towards cost of newspaper/literatures, Free electricity and House rent allowance for different levels of all the employees.
SJVN Scheme of Monthly Reimbursement of Conveyance Expenditure and Expenditure towards Repair and Maintenance of Vehicle

This scheme is introduced to encourage the employees if the company to have their own conveyance and to use such conveyance on official journeys thereby reducing demands on use of the company's vehicle. For the executives types of vehicles can be car, scooter, motor cycle and moped for the purpose of reimbursement whereas for supervisors and workmen it is for scooter, motor cycle and moped only. There is a transport subsidy at double the normal rate for all blind or orthopedically handicapped employees. Rules for terms and conditions, procedure for grant, claims, cancellation of grant of reimbursement and expenditure towards repair and maintenance of such vehicle have also been given here.

SJVN Power Generation Incentive Scheme

This scheme is restricted to the sanctioned employees of Operation and Maintenance of NJHEP and Corporate Staff (Shimla/ Parwanoo/ Delhi). For Cumulative Capacity Index at the end of financial quarter 85 to 100, the Generation Incentive Payable to Operation Staff is from 2 percent to 10 percent of the basic pay and for maintenance staff it is from 2 percent to 15 percent of the basic pay. The Generation Incentive based on Unscheduled Interchanges are paid quarterly on the basis of achievement of target set by the Commercial and System Operation Department. The levels of achievement of targets have been divided into slabs of 5 percent starting from 100 percent – 114 percent up to 175 percent and more. For these slabs the generation incentive for Operation staff is 10 to 15 percent of the basic pay and for the Maintenance Staff it is from 7 to 10 percent of the basic pay paid quarterly.

Travelling and Daily Allowance Rules

Under these rules nature of entitlement of various employees, conveyance charges, daily allowance and lodging charges, entitlement outside India, rules regarding payment in case of Transfer and fresh appointment,
payment of advance, claims for reimbursement of travelling allowance, etc have been given in detail.

Section III Contains Rules Regarding Various Employees Benefits and Facilities. It Includes

SJVN Leave Travel Concession Rules

These rules explain the ‘Entitled Class’ from W1-W6 to Dy General Manager and above for train and also for ship/steamer, nature of entitlement, rules for cash lump-sum assistance, advance payment, claims and reimbursement of split tickets.

SJVN Medical Attendance Rules

All regular employees and trainees and their families are entitled to free medical attendance and treatment at the company’s hospital or other empanelled hospitals if either company hospital is not available or referred by the AMA (doctor) of the company. The entitlement of accommodation for various employees, reference to government hospitals, outdoor and indoor treatment, reimbursement of medical expenses and procedure there for, grant of advances for medical treatment, reimbursement of expenses on artificial limbs/ appliances, ambulance, etc have also been mentioned here. There is a facility of free medical checkups of executives. A Contributory Scheme for Post Retirement Medical Facilities is also framed for certain retired employees.

SJVN Leave Rules

A copy of these Leave Rules is displayed on the Notice Board. Rules regarding casual leave, special casual leave, earned leave, half-pay leave, commuted leave, sick leave, special disability leave, extra-ordinary leave, study leave, maternity leave, paternity leave, quarantine leave, refused leave, terminal leave, compensatory offs, setting off of leave towards notice period, transfer of leave, leave salary, over-stayal of leave, combination and
conversion of leave, general conditions for grant of leave and encashment of earned leave are also mentioned in this section.

There are facilities of Reimbursement of Expenditure on Children’s Education, Company Leased Residential Accommodation for Executives, Allotment of Residential Accommodation and Incentive Scheme for Promoting Small Family Norms also.

**SJVN Company Vehicle Rules**

There are attached vehicles with CMD, Functional Directors, Executive Directors and Head of Project not below the rank of General Manager and two types of pool vehicles i.e. a) vehicles available in the common pool and b) vehicles provided to the department/ division/ group on functional basis for other employees. A nominal amount is recovered per month for the attached vehicle. The CMD/Functional Directors may Buy- Back the car attached to them at the depreciated value.

**SJVN Employee’s Provident Fund Rules**

The SJVN Provident Fund is constituted under an irrevocable trust. The Board of Trustees consists of three representatives of the Company (including Manager Finance at Corporate Office, Shimla to be nominated as Chairman of the Board of Trustees and the Accounts Officer in charge of Provident Fund Accounts, also to be the secretary of the Board) and three elected representatives of the employees. The contribution of employees deducted from their monthly emoluments along with the Employer’s contribution is deposited into Fund’s Savings Bank Account of a scheduled bank named as SJVN Employees Provident Fund. Any two trustees, including one representing the employees operate the account. The pattern of the investment of such amount is as follows:

- Central Government securities or mutual funds - 25 percent
- Any State Government securities of mutual funds -15 percent
- Bonds/Securities of specified Public Financial Institutions -30 percent
• Any above category as decided by Trustees -30 percent

Rules regarding Refundable Advances, non-refundable withdrawals, Final Settlement, Capital Reserve Account, Employees' Family Pension Scheme, Employees' Deposit Linked Insurance Scheme, Protection against attachment, meetings of Trustees, Record and Audit of the Fund account, Annual Report, arbitration, etc are given under this section.

On the similar grounds **SJVN Employees' Gratuity Fund** is also created for all the employees of the Company.

**Section IV Terminal/ Insurance Benefits**

It gives the conditions about various schemes provided by the Company like Voluntary Retirement Scheme, Group Insurance Scheme, Group Personal Accident Insurance Scheme, SJVN Employees' (self contributory) Superannuation Scheme, Group Saving Linked Insurance Scheme, Employees Death Relief Scheme, Group Insurance (HBA) Scheme, etc.

**Section V Advances**

These are the rules framed entirely as a welfare measure containing policies regarding advances against house, conveyance, furniture, computer, etc.

**SJVN House Building Advance Rules**

The maximum amount of admissible advance is the least of: 90 months' salary, 100 percent cost of acquisition of property or Rupees 7.50 lakhs (The eligibility being at least 5 years' continuous service). Advances are also permissible for enlargement of living accommodation and for furnishings depending upon various specified conditions. Procedure for the grant of advance is also specified in this section.
SJVN Conveyance Advance Rules

These rules are applicable to the employees who have completed at least one year's continuous service. The maximum amount of advance is either the cost of the car or 90 percent of the price of Maruti standard (in case of DGM and above it is 90 percent of new Maruti Zen), whichever is least.

SJVN Multipurpose Advance Rules

All full time employees who have completed their probation period, multipurpose advance is admissible to grant an interest free, recoverable advance to meet contingency/ unforeseen requirements. It can be up to one month's basic pay only once in a calendar year recoverable from the salary in not more than 12 equal installments.

The ceiling for the advance is as under, recoverable from the salary in 60 equal monthly installments:

<table>
<thead>
<tr>
<th>Level of Employee</th>
<th>Monetary Ceiling</th>
</tr>
</thead>
<tbody>
<tr>
<td>W1 - W7</td>
<td>Rs. 7,000/-</td>
</tr>
<tr>
<td>W8 - W1/ Supervisors</td>
<td>Rs. 9,000/-</td>
</tr>
<tr>
<td>E1 -E4</td>
<td>Rs. 15,000/-</td>
</tr>
<tr>
<td>E5 -E7</td>
<td>Rs. 25,000/-</td>
</tr>
</tbody>
</table>

SJVN Personal Computer Advance Rules

This advance is not available to lien holders, Deputationists, apprentices/ trainees, daily rated, muster roll or substitute employees. The maximum amount of advance for the purchase of personal computer to an employee is limited to 80 percent of the actual cost of personal computer subject to a maximum of Rs. 40,000/-, recoverable in not more than 36 equal monthly installments. The interest is also charged on this advance which is at present 7 percent p.a. recoverable in not more than 12 equal monthly installments after recovering the actual advance first. A deed of Hypothecation stands till then.
Section VI Human Resource Development contains many schemes for higher studies, training, vocational education, mentoring, setting targets, etc.

Scheme for Sponsoring of Executives for Higher Studies

With a view to encourage executives to upgrade their professional knowledge matching with the requirements of the company, there is a Scheme for sponsoring executives to MBA/ PG/ M. Tech programme from empanelled institutions. The executive should have completed 5 years' of regular service and he has to sign a bond to serve the company for a period of 5 years. Maximum two executives in a calendar shall be nominated under this scheme.

Contractual Apprenticeship Scheme

With the objective of social responsibility the apprenticeship scheme has been started at NJHEP to improve the knowledge and skill base of the technically qualified persons (ITI or Politechnique Diploma holders) of the local area, by entering into a contract for a period of one year. Apprenticeship training in Hydro power Plant is provided:

- To ITI: in Mechanical, Electrical, Control Panel and Instrumentation, fitter, Welder, Rigger and Turner trades.
- To Politechnique Diploma holders in the fields of Mechanical, Electrical and Control Panel and Instrumentation.

Maximum number of seats in ITI is 10 and in Politechnique Diploma Holders are 5 at any point of time, taken once in a year for one year. A stipend of rupees 2500/- for ITI and for Politechnique Diploma Holders rupees 3000/- is also paid for the purpose.

Foreign Visit Scheme

This scheme includes inspection visit, business meetings, trainings, seminars, workshops and conferences abroad with a view to regularly update latest technological skills to keep pace with the ever progressing advancements which are being introduced in the power plants globally and
also to supplement its technical manpower with applied and managerial skills. The foreign training can be externally funded or funded by SJVN fully or partially. A bond is required if the period of the training exceeds 2 weeks.

**Scheme for Sponsoring Workmen for Vocational Education**

The training is to be imparted in critical areas identified by the management. Maximum number sponsored every 6 months is 30 candidates. A tentative expenditure of rupees 2500/- is borne by SJVN. The employees draw their salary and allowances during the training period.

**Scheme for Appointment of Mentor for Trainees**

To make the trainees more comfortable and equipped to cope with the new environment, mentors are appointed by the head of concerned P&A Department who is at least two levels senior to the trainees. One mentor is appointed for maximum 4 trainees. He provides guidance in the following areas:

- Work related,
- Training related,
- Personal,
- General development,
- Inter personal relations at work and
- Development of communication skills.

**Setting of Targets and Procedures**

Clear cut targets are set up by the Reporting Officers for all the executives and supervisors with the objective of ensuring that the employees are performing their duties with commitment. All the Reporting Officers specify the targets for their subordinates before 31st December for the next calendar year. These targets are set under two broad s

- Progress related
- Improvement related.
Policy with Regard to Payment of Fees/ Honorarium

Keeping with SJVN Policy of focusing greater attention in developing training and management developing network in the corporation and to utilize the service of eminent experts/ consultants a policy for fixing their honorarium is also made.

Section VII Industrial Relations

Includes various schemes to bridge the gap between the workers and management.

Scheme for Participating Management

To encourage participation of employees at all levels in the management decision making process, Participative Management Forums are established at Project sites (dams, Power House and Project Office) and Corporate Office. Management Committee also include one representative from executives, one representative from supervisors and one representative from workmen in addition to the regular members in the Meetings.

Meetings with Union/ Associations

Regular meetings are held with the representatives of the unions/ Associations after every three months under the chairmanship of Director (Personnel) at Jhakri and Shimla separately.

Suggestion Scheme

Suggestion boxes are placed at appropriate locations at all the sites/offices of SJVN which are opened every last Friday of the month. The suggestion should be related to:

- Operation/ Generation/ Maintenance
- Improvement of work environment/ procedures
- Improvement in work efficiency
- Cost effectiveness
- Scrap utilization
- Administration
- Safety
- Statutory obligations.
Suggestions received are initially screened by the 1\textsuperscript{st} tier committee at corporate and project level and recommends these to the 2\textsuperscript{nd} tier committee. Best two suggestions are recommended for awards. A token reward of rupees 2000/- and rupees 1500/- are also given to the best two suggestions per quarter.

Section VIII Administrative Policies contains the following policies:

Functions of Full Time Directors

The functions/ responsibilities and authority of Finance, Electrical, Civil and Personnel Directors are shown in this section.

Working Hours and Attendance System at Corporate Centre

In SJVN Office working hours are as under:

- Commencement of Office : 9.30 A.M.
- Lunch Break : 1.00 P.M. to 1.30 P.M.
- Closing Time : 6:00 P.M.

Policy Regarding Closed and Restricted Holidays

There are 8 Closed Holidays (including 3 National Holidays) and 6 Restricted Holidays.

Procedure regarding Movement of Files, Procedure regarding Maintenance of Files and Official Records, guidelines for providing Guest House/ Transit Camp Accommodation, Guidelines for Allotment of Transit Camp at Vasant Kunj, New Delhi, Policy regarding Telephone at Residence and Mobile Phone, Reimbursement of Membership/ Admission Fee for becoming Members of Professional Bodies/ Institutions, Guidelines for the Perks and Benefits on Promotion, Procedure for Handing over the Charge while an Executive is on Leave, Furnishing of Material/ Correspondence with outside Agencies and Farewell Party and Gift for Retiring Employees have also described in this section in detail.
REFERENCES