CHAPTER I

INTRODUCTION
INTRODUCTION

Pune is one of the prominent industrial cities of India. There is immense industrial growth in and around Pune City. The Industrial Development of Pune City is because of Industrial leadership provided by Kirloskars, Bajajs, Firodiyas, Chhabrias and Kalyanis- all residents of Pune City. Top Industrial houses of India like Tatas and Birlas have their Industrial units in Pune. Multinational companies like Philips, Sandvik, SKF, Krupp Industries etc. have set up their sophisticated manufacturing establishments in Pune. It is therefore no wonder that the five amongst the present top companies of India belong to Pune.
The origin of Industrial growth of Pune City is way back in 1946, when Kirloskar Oil Engines Ltd. was established in Khadki. This factory gave an impetus to growth of further industries. Other large-scale establishments like Ruston & Hornsby, Premier Automobiles (Machine tools division), KSB pumps, Bajaj Auto Ltd., Telco and Hindustan Antibiotics were established.

Government of Maharashtra had set up Maharashtra Industrial Development Corporation (M.I.D.C.) for Pune city in 1960. M.I.D.C. undertook development of large industrial area of 4000 acres at Bhosari in Pimpri-Chinchwad industrial complex. A large number of industries were established in this industrial complex. Pimpri-Chinchwad-Bhosari industrial complex is one of the largest industrial complexes in our state and perhaps in the entire country.

Pune is also well known city for Education and Research. College of Engineering, University of Pune, Automobile Research Association of India, Central Institute of Road Transport, Industrial Training Institute and others are contributing to industrial development by catering the needs of Industries. On account of immense industrial development, professional organizations like Pune Management Association, Institute of Engineers, Indian Institute of Material Management, National Institute of Personnel Management, Institutes of Cost Accountants, Chartered Accountants and Company Secretaries are flourishing. There are number of Management Institutes offering short and long duration management courses. All these professional and management organizations are rendering excellent services to industries and are transforming social culture of Pune City.

1. Industrial and Commerce Directory of Pune, 1995. Published by Mahratta Chamber of Commerce
CHANGE IN INDUSTRIAL SCENARIO – A COMPLEX INDUSTRIAL SCENARIO

Industries of Pimpri-Chinchwad belt have undergone radical changes in terms of their work places and workforce. These changes, broadly relate to methods of New People Management (N.P.M.). These radical changes were initiated due to Industry – Friendly Policies announced by Government of India in the year 1991-92. Economic Reforms increased year by year and provided ample opportunities and avenues to industries. Industries of Pimpri-Chinchwad belt flourished in leaps and bounds, and their growth and contribution to National Economy was indeed noteworthy. In the 1996-97, Economic Reforms started declining and as a misfortune, manufacturing operations of industries of Pune City drastically reduced. Demands were not matching supplies, operational costs increased, Monopolistic markets were ruined and customer started demanding with multiple choice of products at his disposal. There is stiff competition in the markets and Survival Of The Fittest is now new marketing phenomenon.

STATEMENT OF RESEARCH TOPIC:

This is the detailed study of existing HR Policies & simultaneously underlining the need for making them proactive in terms of organizational needs & 21st century challenges. Such study will help the industrial sector, as a whole to gear up at right time before it is too late to meet future challenges successfully.

In a nutshell, if proper care is taken by HR professionals functioning as Transformation Agents, organizations will function smoothly by taking care of all possible & probable changes.
SIGNIFICANCE OF RESEARCH STUDY

The sudden change in entire complexion of industrial scenario of Pimpri-Chinchwad industrial belt of Pune City has given alarming signal to its existence. There are mixed sentiments prevailing in the minds of all, whether original progress can be regained? Whether this type of challenging scenario will persist? If “Yes” how long will it persist? Who will be the transformation agents? There is no firm and positive answer to these life and death issues. Further more, Management Experts like Alvin Toffler, Peter Druker, Tom Peter and John Storey have identified significant challenges of 21st Century. A close look of these identified challenges and present complex industrial scenario made the Researcher to undertake research study of major industrial houses of Pune City.

The Researcher is keenly studying these units so as to find out the real answer to such turbulent industrial scenario. Such type of Research Study will ensure Timely Action Plans in the form of Proactive HR policies and entire Matrix of methodology of New People Management (N.P.M.). After all, people are very important resource of industries and their active involvement in Hot Management Issues of today will lead to Survival and Revival.

The Researcher takes this opportunity to mention below the significant challenges as identified by Management Science Experts. As their Implications and Relevance will put this Research Study in true perspective. In fact, these identified challenges were the origin of idea of present Research Study.
CHALLENGES AS IDENTIFIED BY MANAGEMENT EXPERTS:

1. The Society of 21st Century will be non-socialist and post capitalist society.
2. There would be service revolution in the world. Service sector would contribute richly to national economy.
3. Knowledge and Information would be the key sources of economy.
4. Industrial workers would be knowledgeable and multi skilled. Top executives would be resourceful and tactful.
5. Information Technology would be rapidly developing. Information would be fast and accurate. The role of Line Managers would be required to redefine.
6. Workforce would be Multicultural and managing such workforce would be a new challenge.
7. Careers would be highly mobile across the world. Expectations and aspirations of workforce would greatly change.
8. Recruitment policy would have full stress on contractual employment rather than permanent employment.
9. Global markets would be highly competitive and customers would be highly assertive.
10. Total Quality People (T.Q.P.) would be new business culture.

The Researcher is very much concern with these challenges as they are reflected in industries of Pimpri-Chinchwad industrial belt. The Researcher at the outset of his study strongly believes that proactive HR policies will meet these challenges and will soften existing complex industrial scenario. HR professionals will function as Transformation Agents to meet these challenges. The Researcher himself is a HR professional and therefore he deems it fit to undertake this research study, which will greatly serve the noble cause of industries of Pune City and they will blossom. With this objective and significance of development, the present research study is undertaken. HR professionals of Pune City will lead the scenario and will provide much awaited momentum to industries in Pune City.
Expected Role of HR Professional – Present Corporate World

Expected Role of HR Professionals in present Corporate World can be delineated into four distinct dimensions as follows:

**BUSINESS PARTNER**
- Providing inputs for Corporate Policy decisions.
- Aligning Structures & Systems to match strategies.
- Support to Line Managers for Problem Redressals

**INNOVATOR**
- Reengineering Existing Personnel Functions related to traditional HR activities.
- Effective Performance Management System aiming Individual Development.

**INTEGRATOR**
- Building Synergetic Organizational Culture.
- Creating equilibrium between Organizational Objectives & Individual Aspirations.
- Formation of Cross Functional Teams & fostering a climate of Trust & Empathy for boosting Individual & Organizational Performances.

**OBJECTIVES OF RESEARCH STUDY:**
- To predict and study business environment of twenty-first century as identified by management science experts.
• To study existing HRD policies, evaluate them in terms of changing business environment requirement, in major industrial houses of Pune City. This will enable us to suggest which HRD policies need to be proactive. To suggest Proactive HRD policies to meet new challenges posed by 21st Century.

SCOPE OF THE STUDY:
• The scope of the present study is confined to geographical and corporation limits of Pune City and Industrial Belt of Pimpri - Chinchwad.
• A period of eight years is selected w.e.f. 1991-92. The starting period of 1991-92 is selected as Government of India had introduced new economic policies and Liberalization process. These policies made the corporate world more quality conscious and customer oriented.
• The Researcher has selected the Seven Industrial Units of Pimpri-Chinchwad industrial belt on the basis of following eligibility criteria

1. Location: - Pimpri-Chinchwad Industrial belt.

The Researcher has undertaken his research study in 7 Industrial units, which constitute cent percent sample of research.

SOURCES OF DATA
Primary Data: -
• The Researcher collects primary Data by developing Structured Questionnaire. The Structured Questionnaire was developed with the following ingredients :-
1. The Twenty-First Century HRD Paradigm & Corporation.
2. Recruitment.
3. Training & Development.
5. Appraisal & Rewards.
6. Organisational Exits.

- The following SEVEN industrial units were studied for collecting primary data:
  1. TELCO
  2. Bajaj Auto Ltd.
  3. Bajaj Tempo Ltd.
  4. Kinetic Engineering Ltd.
  5. SKF Ballbearings (I) Ltd.
  6. Thermax.
  7. Finolex Cables Ltd.

Secondary Data:
- The secondary data is collected from published materials, seminar reports, books & journals. The data is further substantiated by considering deliberations of top HR professionals at NIPM-HR Meet.

- The personal interviews in the matter of questionnaire were conducted. The meeting was specially convened with the present President of NIPM, Pune Chapter & HR professionals from other industries on 20-11-2001 at Researcher's corporate office. We discussed the matter of research at depth with wide deliberations to prevailing industrial scenario.
RESEARCH METHODOLOGY:

- **Period of Research :- 1991/92 – 2001/02**
  
The period of Research is purposefully selected beginning with 1991/92 and ending with 2001/02. The Government of India had introduced flurry of Industry Friendly policies in the period from 1991/92 to 1995/96. There were several Economic Reforms announced by the Government in terms of putting an end to License-Permit Raj, Automatic Approval of Foreign Investment up to 51% in most industries, making Rupee convertible on the current account and opening up the Insurance Sector.

  However, 1997/98 saw the fizz dying. There were innumerable promises from the Government but there were no major reforms in Agriculture and Labor Laws. The decline in reform activities coincided with decline in fortunes of Manufacturing Sector. Demand failed to match the capacity that was created in the exuberant early years of reforms. Industrial production steadily declined year after year thereby creating complex Industrial Scenario.

  The year 2001/02 castled huge burden on the Government as Industrial Production reached the all time low level. The Government is coming forward by making certain Labor Law reforms so as to ensure certain freedom of rights to Industries. Let us be optimistic for better future prospects to the Industries.

- **Location: - Pimpri-Chinchwad-Bhosari Industrial Belt.**
  
The area comprises of more than 4000 acres. This is one of the largest Industrial areas in the state of Maharashtra and probably in the entire country.

- **Span of operations of Industrial Units: - More than Three Decades.**
  
The Researcher has deliberately selected span of operations exceeding THREE Decades as it denotes a considerable period. It is assumed by the Researcher
that such long span of operations would ensure stresses and stains of Industrial Growth. HR policies of such tenure units ought to have to be Progressive and Proactive.

- **Strength of Employees: - Exceeding 3000 Employees.**

  In tune with period of research, Location and span of operations of industrial units, strength of employees is assumed exceeding 3000, after all span of operations is exceeding THREE Decades.

- **Annual Financial Turnover: - Exceeding Rs.350 Crores.**

  Pimpri-Chinchwad Industrial area comprises of many large-scale units. It is therefore assumed that annual financial turnover should exceed RS. 350 Crores together with area of operations exceeding THREE decades.

- **Universe of Research :-**

  The Universe of Research is developed with the above mentioned Selection Criteria. The Distribution Table on the next page is of Universe of Research. The names of the companies are taken in an alphabetical order.
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<td>Advani Orlicon Ltd.</td>
<td>√</td>
<td>√</td>
<td>X</td>
<td>X</td>
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<td>Alfa Laval (I) Ltd.</td>
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<td><strong><strong><strong>do</strong></strong></strong></td>
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<td>3.</td>
<td>Atlas Copco (I) Ltd.</td>
<td>√</td>
<td>√</td>
<td>X</td>
<td>X</td>
<td><strong><strong><strong>do</strong></strong></strong></td>
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<td>4.</td>
<td>Bajaj Auto Ltd.</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>Selected as Representative (Main) sample of Research Study.</td>
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<td>5.</td>
<td>Bajaj Tempo Ltd.</td>
<td>√</td>
<td>√</td>
<td>√</td>
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<td><strong><strong><strong>do</strong></strong></strong></td>
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<td>Bharat Forge Ltd.</td>
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<td>Century Enka Ltd.</td>
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<td>8.</td>
<td>Elpro International Ltd.</td>
<td>√</td>
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<td>X</td>
<td>X</td>
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<td>Garware Nylons Ltd.</td>
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<td>X</td>
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<td>10.</td>
<td>Foscoo India Ltd.</td>
<td>√</td>
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<td>X</td>
<td>X</td>
<td><strong><strong><strong>do</strong></strong></strong></td>
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<td>11.</td>
<td>Finolex Cables Ltd.</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>Selected as Representative sample of Research Study.</td>
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<td>12.</td>
<td>Hindustan Antibiotics Ltd.</td>
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<td>13.</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
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<td>X</td>
<td>X</td>
<td>Not selected as a sample for research study.</td>
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<td>16.</td>
<td>KSB Pumps Ltd.</td>
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<td>✓</td>
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<td>17.</td>
<td>Kirloskar Pneumatic Ltd.</td>
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<td>✓</td>
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<td>18.</td>
<td>Mahindra Sintered Products Ltd.</td>
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<td>19.</td>
<td>Mather &amp; Platt (I) Ltd.</td>
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<td>✓</td>
<td>X</td>
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<td>21.</td>
<td>Sandvik Asia Ltd.</td>
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<td>22.</td>
<td>Semiconductors Complex Ltd.</td>
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<td>X</td>
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<td>23.</td>
<td>Spaco Carburetors (I) Ltd.</td>
<td>✓</td>
<td>X</td>
<td>X</td>
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<td>1.</td>
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<td>24.</td>
<td>Sudarshan Chem. Ltd.</td>
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<td>X</td>
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<td>Not selected as a sample for research study.</td>
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<td>25.</td>
<td>Telco</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>Selected as Representative (Main) sample of Research Study.</td>
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<td>26.</td>
<td>Thermax Ltd.</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>Selected as Representative (Main) sample of Research Study.</td>
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<td>27.</td>
<td>Walchand Industries Ltd.</td>
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<td>X</td>
<td>X</td>
<td>Not selected as a sample for research study.</td>
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<tr>
<td>28.</td>
<td>SKF Bearing (I) Ltd.</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>Selected as Representative (Main) sample of Research Study.</td>
</tr>
</tbody>
</table>

The following companies, which are highlighted in the above Distribution table, are selected as the **Representative Sample of Research**.

1. **TELCO**

2. **Bajaj Auto Ltd.**

3. **Bajaj Tempo Ltd.**

4. **Kinetic Engineering Ltd.**

5. **SKF Ballbearings (I) Ltd.**

6. **Thermax.**

7. **Finolex Cables Ltd.**

The above representative sample is thus cent percent.

**PRIMARY DATA: - REPRESENTATIVE SAMPLE**

Primary data is collected by distributing the structured Questionnaire to the 7 industrial units of Representative sample. The researcher has done the detailed study with every minute operational aspect of these 7 industries. HR professionals of these units have filled up the Questionnaire on the basis of their experiences.
PERSONAL INTERVIEW

Personal interviews of HR professionals of Representative sample were conducted in detail. In terms of their responses to the structured Questionnaire. Additional data was gathered from them so as to highlight research data.

MEETING OF HR PROFESSIONALS

Meeting of HR professionals was convened on 18.11.2001 at Researcher’s Corporate Office. NIPM President Pune Chapter chaired the meeting. HR professionals of Representative sample & other HR professionals attended the meeting on their own accord. There were wide deliberations on the subject matter of research & responses received to the structured Questionnaire. All the participants showed their deep concern to the existing industrial scenario & need for proactive HR policies. The meeting ended on a happy note for Researcher.

INTERNAL MEETING

Researcher availed the opportunity tapping internal resources within his own organization with strong belief. He arranged the meeting of Core Group Executives, of which he is also the member. At the outset, Researcher explained the purpose of the meeting & requested his colleagues to have open interactions in the matter. All the Core Group members purposefully contributed in terms of their expertise & conceptual skills. They suggested the researcher to read & take note of certain articles & literatures, which are with them. It was indeed very enchanting experience. The Core Group members desired that such meeting should also be concluded on completion of research work for mutual benefits. This meeting has widened the scope of research & was of immense help for collecting additional primary data.
EXTERNAL MEETING

Researcher further elongated the present chain of interactions by discussing the matter of primary data collection with Veterans like Mr. M. V. Ponkshe, the Retired Additional Labor Commissioner, Mr. B. M. Kothadiya, the Retired Associate Vice President, Kirloskar Oil Engines Ltd., Mr. Vikram Khanolkar, the Ex-NIPM President (Pune Chapter) & active HR professional & Dr. P. C. Shejwalkar, the fatherly figure of Management Education in Pune City.

Such type of very heartened & informal discussion also richly contributed in framing Primary Data. The subject of Research is so wide that even informal interactions proved fruitful.

SECONDARY DATA

Reading Management Books of renowned Authors, Business Magazines & Trade Journals secondary data is developed. The Researcher with the objective of HR interventions & applications attended various Management Seminars, Workshops & Meets. Articles of Top HR Professionals in newspapers were purposefully studied & preserved by the Researcher.

The Researcher, wherever opportunities occurred, discussed the matter with leading HR Professionals from other Industries so as to widen the scope of Research and collect maximum possible data.
**HYPOTHESIS**

The following hypothesis is framed with quadruplicate dimensions for the purpose of research:

- **HR department is well integrated in organizational functioning. It plays a key role in formulating and implementing corporate strategies.**

  HR professionals were earlier having supportive roll in organizational development. With the involvement of people in the process of change management, HR professionals are functioning as change agents and the entire HR department as an organization is well integrated. HR professionals are now a part of Board of Directors meetings and are formulating and implementing corporate strategies with full support of Top Management and active involvement of people.

- **Recruitment will be ongoing process & there will be stress for searching the talent globally. Contractual employment will increase & people with multidimensional experiences & skills will be recruited to match progress of organizations.**

  The present complex industrial scenario is deeply concerned with SKY HIGH operational costs. Recruitment will therefore aim at selecting Right People at Right Places and at Right Times. Recruitment will be as per business strategies and not just to fill vacancies.
• Training & Development will be a continuous process with the aim of developing versatile & multi-skilled workforce. Training & Development will link organizational, operational & individual training needs. Training will be the Litmus Test for organizational progress. All future training programs will be with the aim of developing cross-functional teams so as to have versatile workforce.

• The Appraisal & Reward System will be developed with the aim of self-development of employees, Internal & external equity in compensation will be achieved with sustained efforts so as to retain talent. The main concern of Corporate World will be to retain the talent. Appraisal reports will be aimed for self-development of employees. HR professionals will strive hard to retain talent by developing Pay Scales at par with external Pay Scale scenario. Performance Management System will be continuously developed as per the needs of organization & individuals. This will create a culture of excellence that inspires every employee. Continuous development in Performance Management System will forge a partnership with people for managing their careers.

LIMITATIONS
HR Professionals of Industrial Sector of Pune City are always busy. They are presently so much intermingled with regular HR function Role & safeguarding downward trends of industries by introduction of Voluntary / Compulsory Retirement Schemes of employees, developing real market strategies with New People Management (NPM) & Head Counts. It is therefore, putting extra stress on the part of Researcher to dig out the details from them. To add to this, stiff market competition is burdening them for cautious approach of maintaining secrecy. The Researcher himself is HR professional & has been practicing HR functions for past 2 decades.
He has developed contacts with HR professionals, hence despite of operating limitations present Research Study is possible.
The subject matter of Research Study is a growing phenomenon & is amenable as per changing circumstances. It is therefore, very difficult to put full stop to present Research Study at any point of time. This is also a major restrain. It is well said that there is no excess in Research & with this view Researcher is making his earnest efforts to do justice to research topic.

With this introduction of the subject at the back of our mind, Let us turn to main part of Thesis with enthusiasm & positive inclination.