CHAPTER – II

RESEARCH METHODOLOGY

2.1 SIGNIFICANCE OF THE TOPIC

History of Human Resource Management

Although the terminology used i.e. Human Resource Management is of recent origin the duties that are attached to the HR Department of today were being performed to some extent by the Administration Dept. or by Personnel Dept. However the importance that has been accorded to the Human Resources Management today was not given any time before. The earlier departments either Admin. or Personnel Dept. used to take care of recruitment, transfers, promotions, pay bill management, leave sanction etc.

The concept of HR is a fairly old concept. Its importance of today as a separate management branch is of recent origin. The terminology was first used in the United States. The functions attached to the H. R. department to day are widened and its place in the overall management has also stands elevated. The department is concerned with all the activities that are undertaken by the enterprise.

The Chinese are considered to the pioneer in using the employee screen techniques way back in 115 B.C.

After the industrial revolution, US economy was transformed from agriculture base to industry base. The industries required well structured relationships. As the industries grew they required man power to turn out the production. Once the men are recruited then the need was felt to decide their
compensation, leaves, promotions, transfers etc. And to look after this task the need for a separate department was felt. The department was known by various names like Personnel Relations, Industrial Relations etc. However, taking into account the current duties that the department performs the name Human Resources Development is most appropriate.

As the size of the industries grew naturally the number of employees recruited also grew, and industries number of units of the same industry at different locations came up and the need for various hierarchical positions was felt, some times when the trained/skilled man power was not available then the newly recruited staff was required to be imparted training, gradually the job security figured and thus the need for having a separate specialized department was felt by the industries.

After the industrial revolution in United States there were similar industrial revolutions in other countries and then those countries also started following the foot prints of the United States industrial management, with little bit of adjustments depending upon the country’s requirements. In the early period the approach of the industrialists was that of social welfare. In the United States there were some immigrants and they needed some special assistance in adjusting to the changed environment in US atmosphere. Therefore the Admin. / Personnel Dept. were assigned this task. There were language problems, housing problems and medical care of these immigrants.

With the increase in the number of employees in various categories and when the industrial owners started squeezing the employees for their own interest, the labour unions were established to protect the interest of the
employees. This was in late 1790s. The labour unions movement expanded rapidly. This gave rise to the specialization in dealing with the employees unions and again the duties were entrusted to the Admin. / Personnel Dept. In some industries this department was also called as Industrial Relations Dept. Apart from the wages the employees started demand fair deal in getting medical aid, educational and other fringe benefits.

B. F. Goodrich Company is regarded as the pioneers in making out a separate corporate employee department to look after the concerns of all employees. This was some time in 1900. This department was also entrusted with the duty of handling employees grievances and other employee related functions. National Labour Relations Act was passed in 1935 in the United States. Gradually there was a shift in the approach from workers’ efficiency to efficiency through work satisfaction. This development came by about 1940s.

During 1960 and 1970 there were several acts like Equal Pay Act of 1963, the Civil Rights Act of 1964, The Employee Retirement Income Security Act of 1974 and the Occupational Safety and Health Act of 1970 in the USA. There upon the HR department got lot of importance to avoid legal cases.

Thus by the year of 1970s the Human Resources Development was recognized all over the world. All big and medium industries have constituted such a department for their recruitment, employee relations, record keeping, wage bill management. Since 1980 onwards the importance of the department further got boosted and the activities undertaken by the department were widened. Labour training, compliance all laws related to
labour have been brought under this department. The H R Manager became the key person in the organization.

Now the HR Department assumed the same importance as the other departments like marketing, finance and procurement etc. were having. With the advancement of education, technology, and added functions of the department, the place in the organization stands elevated.

2.2 THE GENESIS OF HRM /DEFINING HRM

In the beginning of HRM was having welfare approach. This was being achieved through employee opinion surveys, and the idea of trade unionism and collective bargaining was favoured. Gradually long term employment, provision of care coverage, pension to the workers etc. By this time the production was increased and that the competition also increased to a great extent. As the number of employees increased and the complexities increased the UK Government changed its approach from Industrial relations to Human Resources Development.

According to Bratton and Gold (2003) HRM is “a strategic approach to managing employment relations which emphasizes that leveraging people’s capabilities is critical in achieving competitive advantage”. Achieving this was through a distinct set of employment policies, practices or programs which Purcell (1999) has qualified as HRM “bundles”.

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2.3 “HARD” AND “SOFT” HRM

Hard HRM encompasses aspects like employment relations, emphasis on employee’s compliance, productivity, manager’s task and the development of the organization. Whereas Soft HRM covers flexibility, negotiation, performance, quality, recognition of environments and rights in employment relations. It is more strategic and long term.

There was debate on Human Relations and Human Resource Management for quite some time. The terms are differentiated in terms of psychological contract, locus of control, employee relations, organization principles and policy goals. According to Guest human relations favoured contracts, collective behaviour and low trust while HRM advocated reciprocal commitment. It considered organic nature of institutions, flexibility and decentralized administration. The policy goals of HRM were adaptive work force.

2.4 HRM AS A RESOURCE-BASED DIMENSION OF MANAGEMENT

This Resource Based Dimension of Management focuses on the importance of the employees. In this case the management considers satisfied employee is an asset. Amount spent on development of the employee through various stages of training is considered as an investment and not as a revenue expenditure. The management expects good return in the form of higher productivity, quality production, and improved profitability.
In Japanese HRM long term employment leads to higher employee commitment.

The whole thrust of the Human Resource Management is on ideas and techniques to develop and enhance worker motivation, productivity and their performance. Thus the HRM emphasizes:

- the need to search for new ways of working
- the central role of managers in promoting change
- the treatment of workers as individuals rather than part of a collective workforce
- the encouragement of workers to consider management as 'partners' rather than as opponents - 'us and us', rather than 'us and them'

By constantly adopting various techniques like training, using motivational tools etc, the HRM improves the quality of Human Resources in the organization which ultimately leads to the organizational success and in achieving the goals set out. The HRM sharpens the individual skills in the desired areas and develops the overall personality of the employee.

**Compensation**

One of the tasks of HRM is to develop a realistic compensation package for each individual according to the level and participation and decision making and the responsibilities shouldered. This is a specialized job and one must have a broad idea of the industry level compensations in vogue. Naturally the experienced and skilled employees stand to get better
compensation in comparison with the beginners or less skilled. The compensation depends upon industry’s capacity to pay, compensation structure in other similar organizations and the responsibilities that are being shouldered. This is a very specialized job which needs negotiation skills and thorough understanding of the organization and its revenues.

Benefits

The success of any management depends on how much cost conscious it is. Particularly when there is fierce competition every effort is required to be made to contain the costs including wage costs as well as other fringe benefits that are accorded to the employees. Now world over instead of engaging a regular employee the jobs are given on outsourcing basis. This releases the pressure of giving fringe benefits, provident fund, pension etc. No leave substitute is required. No long term commitment by the management. Hence, outsourcing has gained lot of importance in the present industrial scenario. Instead of giving individual benefits, group benefits are preferred which nourishes the team work. While there is a bargaining on this count HRM has to keep his eyes and ears open so as to ensure that the competent and talented employees do not leave the organization which is very costly in the long run.

Safety

In order to ensure that there are no accidents or situations where in the very safety of the employee is not in danger, the employer is a duty
bound to take effective steps. The work place safety laws and its compliance has assumed greater importance in all the countries. The employers are bound not only to provide safety at the work place but also ensure that the rules framed under the laws are meticulously followed by the workers. After all it is in the interest of both the employees and the employers. In large sized companies in developed countries there are specialists in this specific area also who ensure the safety aspect from both the sides.

**Liability**

There are employee relations specialists in large sized organization’s HRM department to take care of the aspect that the management is not exposed to any liability related to allegations of unfair employment practices. They take care that such issues are not cropped up and even if there is any issue they immediately take action and try to resolve such issues. These are mainly related to legal compliance required by the organization.

**Training and Development**

HR is also entrusted with the responsibility of developing the human resources through proper training. Therefore, the HR should institutionalized systems that identify the training needs, the trainers, the training inputs and the placement of the trained employees. Usually when the employee joins any organization he is given induction training, and later on after lapse of certain period orientation training is also provided. During the course of annual performance appraisal the training needs for grooming the employee for
higher position are identified and according the training schedules are drawn. The HR department also has to ensure that there is no mismatch of the training and the job entrusted. This is required to be ensured as if there is mismatch then the investment made in the training will be a futile one. Now a day the training goes beyond the operational parts. New dimensions like Stress Management, Leadership Development, Yoga, Gymnasium etc. are also required to be attended to by the HRM dept.

**Employee Satisfaction**

The performance of the employee excels when the employees are satisfied. Studies have revealed that the rate of rejection of a product is more where there is discontentment amongst the workers. Therefore although this is a difficult task the HR manager by using various techniques tries his best to ensure that the overall employees’ satisfaction is achieved. It is a skillful job. This can be achieved through strengthening the employer and employee relations.

**Recruitment & Selection**

Over the years every job in the HR department has became a specialization. There are various stages involved like screening the CVs, and scheduling the interviews, followed by group discussions etc. Now a day the recruitment is made through campus interviews. As the technology is advanced now the selection is also made by using newer techniques. Now on line CVs are flashed and appointments are fixed for online interviews, video
conferences are held for negotiation of compensation and fringe benefits etc. This is a specialized job. Selection of the staff has a long bearing on the development of human resource.

**Compliance**

Currently there are number of legal formalities relating to the staff of the industries are required to be fulfilled. It may be employees state insurance, provident fund, minimum wages act, payment of bonus act, etc. Lots of returns and statements are required to be filed with various departments. This is a tedious job and the HR department over the years develops an employee to comply with these requirements. If there is failure to adhere to the time frame for the compliance heavy penalties are prescribed. Hence this needs to be carefully handled.

**The Evolving Business Paradigm**

In the current business situation greater attention is paid to the human resources in the organizations. It is a fact that gradually the movement is towards economy based services. It is of most importance to the organizations particularly the service organizations to ensure that their employees are fully motivated and they offer their best potential to the organization. Even in the manufacturing sector there is dire need to utilize the available human resources fully. There is shift in pattern of approach in favour of human resources.
Strategic Management and HRM

In the changed circumstances it is essential that the organizational goals are required to be aligned with the HRM strategy. This is needed to ensure that the HR policy and the organizational go hand in hand. Today the HRM manager is being taken seriously and gets due importance like marketing and production functions in the organization.

2.5 IMPORTANCE OF HRM FOR ORGANIZATIONAL SUCCESS

The practice of HRM must be viewed through the prism of overall strategic goals for the organization instead of a standalone tint that takes a unit based or a micro approach. The idea here is to adopt a holistic perspective towards HRM that ensures that there are no piecemeal strategies and the HRM policy enmeshes itself fully with those of the organizational goals. For instance, if the training needs of the employees are simply met with perfunctory trainings on omnibus topics, the firm stands to lose not only from the time that the employees spend in training but also a loss of direction. Hence, the organization that takes its HRM policies seriously will ensure that training is based on focused and topical methods.

Human Resource Management plays a very important role in the success of an organization. Organizational policies, culture, compensation and benefits and employee relations control the motivation level of employees and help in retaining valuable employees. Human Resources may set strategies
and develop policies, standards, systems, and processes. The following are typical tasks of HR organizations:

- Recruitment, selection, and on boarding (resourcing)
- Organizational design and development
- Business transformation and change management
- Performance, conduct and behavior management
- Industrial and employee relations
- Human resources (workforce) analysis and workforce personnel data management
- Compensation, rewards, and benefits management
- Training and development (learning management)
- Implementation of such policies, processes or standards may be directly managed by the HR function itself. So the conclusion is here, a HR success is directly proportional to the success of the organization.

2.6 OBJECTIVES OF THE STUDY

Keeping in view the importance of the human resources development in the current industrial scenario the research considered it appropriate to study this aspect keeping the following objectives before him:

1. To study the various recruitment and training policies towards regular and contractual employees.
2. To analyze the motivational policies towards the regular and contractual employees.
3. To critically evaluate performance appraisal in the context of application of HR policies.

4. To provide suggestions for the problems of industrial sector in the modern era.

The researcher has undertaken the study by means of formulating the objectives as mentioned on page no. 75 may please be noted.

2.7 HYPOTHESIS

The researcher was for quite some time was keeping constant touch with the various developments that were occurring in the HR field particularly in the Indian Pharma Industry. So the researcher was having basic exposure to the subject under study. While undertaking this study he had the following hypotheses to work on:

\[ H_1 \] HR policies undertake the responsibilities of training and development policies.

\[ H_2 \] Recruitment and selection of employees in this modern age has a scientific base.

\[ H_3 \] The change in the 21\textsuperscript{st} Century has brought in many newer techniques which are very effective in increasing the efficiency of the employees.

\[ H_4 \] Motivational polices in this age have resulted in better performance.
The researcher has formulated four hypotheses which provide the relation of HR Policies, its implementation with other aspects and HR function of the organization.

$H_1$ It gives the information related to HR policies and the training and development policies of the organization and its importance.

$H_2$ The selection and recruitment of employees and its relation with scientific methods in modern age is the second aspect of the hypothesis.

$H_3$ The new techniques in the HR policies which provide the base for the increase in efficiency has been formulated as $H_3$.

$H_4$ The relationship of motivational policies with that of performance has been studied under Hypothesis 4.

All these hypotheses are stated and verified by the researcher. The separate note has been written in the Chapter No. VI as testing of hypotheses. However, being a research subject related to the social sciences the study is more focused on HR Policies taking into consideration statistical evidences and primary source of data collection.

2.8 RESEARCH METHODOLOGY

Universe

For the purpose of this the researcher has chose the Pharmaceutical Industries located at MIDC at Kurkumbh Tal. Daund, Dist. Pune. The very purpose of selecting this universe was that this MIDC at Kurkumbh has been
specifically accommodating the Pharmaceutical and chemical industries as the climate, availability of other natural resources required for it, its importance from the point of view of pollution control, location on the Pune Solapur National Highway and proximity to the district headquarter i.e. Pune. There are number of pharmaceutical industries both in large scale and medium scale operations. So the universe offers an opportunity to study both the segments of the pharma industry.

**Techniques used**

The researcher has used both primary and secondary data for the purpose of this study.

**Primary Data**

The primary data about the various current HR practices in the identified area have been studied with the use of primary data collected from the selected pharmaceutical industries in the Kurkumbh MIDC area.

**Questionnaire**

For the purpose of obtaining the primary data a well thought questionnaire was designed covering all the aspects under study and the same was administered and the responses have been obtained. In addition to the questionnaire the researcher felt it appropriate to have meaningful interaction with the heads of the HR departments of the identified Pharmaceutical industries in Kurkumbh which provided a very good
opportunity to know about certain issues which normally are not responded to the point in the questionnaire.

**Sampling Procedure**

For identification of the sample for the study the researcher obtained information about the pharmaceutical industries located in the identified area. Then with a view to have wider coverage and a cross section of the industries randomly identified pharmaceutical industries comprising of large scale as well as from Small and Medium Enterprise sector. There are 28 pharma companies at Kurkumbh in the said industrial estate. The rest are chemical and food processing industries. The sample comprises giant pharma industries like Alkem Pharma Ltd., Cipla Ltd. Glenmark Pharma Pvt. Ltd. etc. and Clean Science Pvt. Ltd. J. P. Laboratories Ltd. Vinamax Organics pvt.Ltd. etc. from the SME sector. The list of the identified industries is given hereunder:

**Table 2.1 : Pharma Companies Covered by the Study**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Large Scale</strong></td>
</tr>
<tr>
<td>1</td>
<td>Cipla Pharma Pvt. Ltd.</td>
</tr>
<tr>
<td>2</td>
<td>Emcure Pharma Pvt. Ltd.</td>
</tr>
<tr>
<td>3</td>
<td>Glenmark Pharma Ltd.</td>
</tr>
<tr>
<td>4</td>
<td>Marksons Pharma Ltd.</td>
</tr>
<tr>
<td></td>
<td><strong>Small &amp; Medium Enterprises (SMEs)</strong></td>
</tr>
<tr>
<td>1</td>
<td>Alkem Pharma Pvt. Ltd.</td>
</tr>
<tr>
<td>2</td>
<td>Alkyl Amines Ltd.</td>
</tr>
<tr>
<td>3</td>
<td>J. P. Laboratories Ltd.</td>
</tr>
<tr>
<td>4</td>
<td>Meditab Pvt. Ltd.</td>
</tr>
<tr>
<td>5</td>
<td>Vena Max Organics Pvt. Ltd.</td>
</tr>
<tr>
<td>6</td>
<td>Sohan Health Care Pvt. Ltd.</td>
</tr>
<tr>
<td>7</td>
<td>Clean Science Pvt. Ltd.</td>
</tr>
</tbody>
</table>
Thus the researcher has ensured that the sample selected is exceeding the 15% of the universe chosen for the study and hence the observations and findings can well be said to be generalized. (The actual sample size is 39.28% of the universe.

**Data Analysis**

The collected primary data was analyzed using various techniques such as personal interview administering pre-designed questionnaires, interaction with company authorities, general observations etc.

Mostly tabular analysis was done to find out the impact of use of modern Human Resources Development practices followed by these industries. The information about how the recruitment of staff is made as well as training needs of the staff are fulfilled, how the performance appraisal takes place and whether there is a career path planning, what are the motivational tools used by these companies and its impact on the productivity of the staff has also been studied to enable the researcher to ensure validation of the hypotheses. Further percentage of various types as well as various types of graphs have been taken and used for comparison.

**Secondary Data**

The secondary data and information relating to the study has been collected from both published and unpublished material. The information and data has been collected from various sources such as annual reports, books,
journals, newspapers, articles, periodicals etc. and the personal interaction with the HR heads of the respective pharma industries as stated earlier.

2.9 SCOPE AND LIMITATIONS

In view of the fact that there are both large and SME sector pharma industries in the study area the HR practices followed are voluminous. In today’s world the HR practices are continuously changing and new techniques are being used to achieve higher productivity. Therefore, there is plenty of scope for any researcher to undertake further studies. At the same time the volume of work, man power required, and the time at the disposal of the researcher poses limitations. The observations and the suggestions cannot be uniformly applied as the sample selected is not homogeneous. So also the observations and suggestions are also having relevance of the environment prevailing at a particular spot say Kurkumbh. The same environment may not be available at all the places uniformly and hence to that extent these limitations are also there.

2.10 CHAPTER SCHEME OF THE STUDY

The present study has been divided into seven chapters:

Chapter I: INTRODUCTION

This chapter covers the introduction of the research topic, evolution of modern industry, industry policy adopted by the Govt. of India from time to time, over view of Pharmaceutical industry, leading players in the market, definitions of human resources management, history of human resource
management, importance of human resources management in the modern organizations, objectives of HR, functions of human resources management, hurdles faced by the HR in India, HR Managers and their role in the changing environment.

**Chapter II: RESEARCH METHODOLOGY**

In this chapter the researcher has defined his universe of the research, significance of the HR, Objectives of this study, hypotheses, research methodology used, which covers primary and secondary data collection, framing the questionnaire, analytical techniques used, data analysis, scope and limitations of the study which enables the reader to understand the observations and suggestions in right perspective.

**Chapter III: REVIEW OF LITERATURE**

In this chapter the researcher has taken a brief review of the various related literature on the research topic. Lot of literature is available both from overseas and Indian authors. However, due to radical change in the overseas business environment the illustrations given by the foreign authors do not have exact relevance with the Indian context. In the Indian literature there are handful of books which refer the case studies on the subject. However, the available books have been reviewed by the researcher to get himself acquainted with the current level of research on the subject which provides some direction to this research.
Chapter IV - PROFILE OF THE STUDY AREA

In this chapter the researcher has briefly outlined the study area of this research. This provides an insight to the reader about the environment at the study area. Map of the study area has also been incorporated to give exact idea of its location.

Chapter V - RECRUITMENT AND SELECTION OF EMPLOYEES

In this chapter the researcher has covered the recruitment and selection process adapted in the pharma sector in India. The role and strategies followed by the HR department have also been brought out in this chapter. The researcher has described in greater details the recruitment and selection process followed by the pharma sector industries.

Chapter VI - HUMAN RESOURCE MANAGEMENT AND TRAINING OF EMPLOYEES IN PHARMACEUTICAL INDUSTRY

In this chapter the author has covered the management of employees, motivation, challenges faced by the HR department, research and public relations, drug distribution and brand management, role of managerial staff in the pharma sector, attributes of successful sales personnel, etc. The researcher has also explained the need for a regular training to the staff at all levels and has given in details various steps that are taken in the Training Section of the HR Dept.
Chapter VII – ANALYSIS AND INTERPRETATION OF THE DATA

In this chapter the data collected has been presented and analyzed with the help of the tables and the ratio analysis and the comments on the presented are also given.

Chapter VIII – OBSERVATIONS, SUGGESTION & CONCLUSION

This is the last chapter of this thesis which brings out the various observations the researcher has made on the analysis of the data. The researcher has also offered a few suggestions which may go a long way in the improvement of the HR functions at the pharma industry as well as improvement in the productivity of the overall workers. In the concluding paragraphs the researcher has also covered the validation of the hypotheses as well as further scope for the study in this area.