Chapter-I

Introduction and Design of the Study
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INTRODUCTION AND DESIGN OF THE STUDY

1.1. INTRODUCTION

There are two prominent resources of production viz. material and human. The material resources are inert, whereas the human resources are art. Human Resource Development (HRD) is a strategic approach of investing in human capital. It draws on other human resource processes, including renouncing and performance assessment to identify actual and potential talent. HRD is the process of increasing the capacity of human resources through development. It includes development of people, organisation and provides a framework for self development, training programmes and progression to meet the organisation’s future skill requirement.¹

Many dimensions of HRD have been integrated into research, training, and organisational design and change. The stupendous changes brought by the new scientific and technological revolution on one hand and the behaviour of the human resource on the other hand, HRD being art becomes the prime mover of the entire industrial organisation. As such the primary concern of the manager is how to get the peak performance from this predominant resource. The HRD measures are practiced for sharpening the capabilities of the organisational employees. Earlier, the only HRD practice was training and that was synonymous to HRD. But today organisations have realized that there are various tools available to them to tap the human potential.

With the advent of Liberalisation, Privatisation and Globalisation (LPG) of Indian economy, there is a tremendous pressure for change in Indian industries. These changes have enabled the global companies to develop their workforce as world-wide knowledgeable employees. In the 21st century, an environment has been created that almost compels Indian Industries to rethink their vision and mission about HRD processes, practices and perspectives. These industries have got awareness for developing their human resources to face the competition and march towards prosperity and growth. The current trends of HRD in India would be dynamic and action oriented. Several Organisations have inducted HRD Heads in their boards recently. This shows the growing realisation of the importance of HRD and it has come to stand on its own as a profession.

The public sector in India which has been the largest employer of people also had success stories in its HRD policies and implementation. Corporates like Hindustan Machine Tools, Bharat Heavy Electricals Ltd, Hindustan Aeronautics Ltd., State Bank of India and other public sector banks, Steel Authority of India Ltd., Coal India Ltd., etc. have extensive experiences with HRD policies and experimented with innovative HRD and Organisational Development (OD) practices. The private sector in India which has been the largest employer of people, like Larsen and Toubro, TATA Industries, Maruti Udyog Ltd, Hindustan Motors and Multi National Companies had wide experience with HRD practices. Thus, HRD in the corporate sector may be viewed as a success story in terms of new conceptualization, networking and learning from each other.

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2 Venkateshwara Rao and Udai Pareek "The HRD We Dream (t)!!" HRD News Letter, Vol.23 Iss:3, pp4-5, June'2007
In this era of Globalisation, organisations deal with convergence of technologies and a mature set of customers and employees. The new buzz word in modern management philosophy is the concept of 'HRD'. The HRD system in large business organisations is practicing modern philosophy of management. The public sector's top managers believed that the modern philosophy of HRD facilitates to develop their workforce. The Indian organisations could compete in the global market in which maximum utilization of human resource is possible by adopting the modern philosophy of HRD. Hence HRD system is becoming a critical success factor for an organisation. It is a right time to study the HRD practices for this region-Tamilnadu and the paper industry.

1.2. IMPORTANCE OF THE STUDY

Public and private companies occupy a key place in the Indian economy in terms of employment and investment. Over a period, public and private industries have grown both in number and size and spread to most of the vital sectors of the economy. These industries are endowed with several objectives, such as promoting industrialization, developing core industries, to fulfill social as well as workforce expectations, providing quality goods and efficient services to the customers, and reducing regional imbalance. Both public and private industries are expected to fulfill social as well as economic obligations to ensure all-round development of the economy. Due to technological upgradation these industries are changing their objectives and goals towards the productivity, profitability as well as the downsizing their workforce. After LPG policy implementation, the

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3 Udai Pareek "Modern philosophy of HR" 'HRD News letter' Vol.21.Issue.6 p9,Sep'2005
industries are forced to upgrade their production technology and modernize their industry. This emphasises the necessity of HRD, identifying the nature of human relations and problems of human behaviour in the paper industry and find suitable measures to develop the human resource in an effective manner. Hence, an in-depth study on various aspects of HRD like HR policy, Recruitment, Training and development, Motivation, Performance appraisal, Promotion, Industrial Relations, Safety measures and Welfare facilities can throw light on HRD mechanism which may help in improving the overall performance of public and private enterprises. Keeping this in view, a sincere attempt is made to study the various dimensions of HRD practiced in two selected paper industries viz. Tamilnadu Newsprint Papers Limited (TNPL), Karur (Public company) and Seshasayee Paper Boards Limited (SPBL), Erode (Private company).

1.3. STATEMENT OF THE PROBLEM

The success of the organization depends upon the rapport maintained by the supervisors with subordinates. Happy employees are able to maximise productivity only when they feel that the working environment is conducive with smooth relationship. But it was observed that the select industries’ present HRD environment and human relationship are not upto the standards and prescribed HRD. But in practice, Human Resource Development faces various constraints in the organisational context. Now a days the paper manufacturing industries have faced stiff competition in the globalised market environment. These industries plan to expand its business and growth but do not achieve the organisational goal due to changed demographic workforce and changed employees’ expectations. The
managerial philosophies are based upon the top management’s assumptions about people working in the organisation. The performance of HRD managers is being continuously scrutinized and constant pressure to keep up the spirit of employees and help them work normally. The managerial executives, staff and technical executives are aware of the existing HRD practices in the industry. But the technical workers are not aware of the existing HRD practices and its benefits.

There are a number of factors and reasons for developing employees’ capabilities in industrial setup. The employees’ development in industrial sector is still in developing stage. There are lots of differences among practitioners, since HRD and organisation are culturally sensitive. Even at the time of developing the employees for the few promotions, the present systems of performance appraisal practiced in the paper companies, discouraged the employees enthusiasm and they are very much disappointed, which affect indirectly the quality of work life in the workplace.

Apart from the above issues the employees expressed their displeasure against the rewarding system practiced by the paper companies in general and in particular to the HRD practice. The awareness of HRD practice among employees is in absence. The employees’ satisfaction on HRD practices is differed from employee to employee. The employees’ expectations also differed from industry to industry. The researcher would like to examine the recent current issues of HRD in Indian context especially, in paper Industry. The researcher wishes to find out the exact
factors related for effective HRD practices in the select paper manufacturing companies.

1.4. OBJECTIVES OF THE STUDY

The main objectives of this study are:

➢ To study the existing HRD practices in public and private paper manufacturing organisations

➢ To highlight the subsystems of HRD practices followed in the public and private paper manufacturing organizations of the selected paper mills.

➢ To study the employees awareness and satisfaction level towards the existing HRD practices in the selected paper manufacturing company.

➢ To compare and evaluate the effectiveness of the existing HRD practices of public and private paper manufacturing organisations

➢ To find better ways and means for implementing effective HRD practices in both private and public sector organisations

1.5. METHODOLOGY OF THE STUDY

The validity of a research depends upon the method of collecting the data and analyzing the same. In the present study, extensive use of both primary and secondary data was collected systematically. For collecting primary data, field survey technique was used in the study area i.e., TNPL, (Public company) Karur and SPBL, (Private company) Erode Tamilnadu.
1.5.1 Sample Design and Technique

First-hand information pertaining to HRD practices and level of satisfaction of the selected sample respondents' towards HRD aspects in the study were collected. As two selected organisations are large in size and employment, the employees are spread over the different departments and sections. Since the samples are scattered, probability sampling method is used for collecting sample from workmen, staff and executive cadres of permanent position in the selected companies. The total population of the study is 2884 employees. Of these, 568 samples (20% of total population) were selected for the study by using stratified random sampling technique. These samples of the study were selected equally from selected two organisations i.e. 284 samples per organization. Thus the sample size for the study is as follows.

<table>
<thead>
<tr>
<th>Employees' cadre</th>
<th>TNPL</th>
<th>SPBL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Number of Employees</td>
<td>Number of Respondent</td>
</tr>
<tr>
<td>Executive</td>
<td>402</td>
<td>80</td>
</tr>
<tr>
<td>Staff</td>
<td>196</td>
<td>39</td>
</tr>
<tr>
<td>Workmen</td>
<td>826</td>
<td>165</td>
</tr>
<tr>
<td>Total</td>
<td>1424</td>
<td>284</td>
</tr>
</tbody>
</table>

Source: TNPL and SPBL HR-records

1.6 DATA COLLECTION

1.6.1 Primary Data

For the purpose of collecting primary data from the employees of both paper industries, a well structured questionnaire had been designed and administered on both organisations. The questionnaire is divided into two
parts, part-I is related to personal information and part-II related to HRD aspects including employees' level of satisfaction towards them. In order to fulfill the objectives set out, a sample study was undertaken using well-framed questionnaire and got it duly filled in by the employees. Respondents of varying nature were selected based on the important aspects of their Gender, Age, Education, Cadre, Grade, Department, Experience, Salary and so forth. The structured questionnaire was pre-tested and suitable modifications were carried out later.

Apart from the questionnaire method and group discussion, observation techniques have been adopted to elicit adequate information from the employees. While administering the questionnaire the objectives of the study and the method of filling the questionnaire had been explained to the employees personally.

1.6.2 Secondary Data

The primary data were supplemented by enough secondary source data. For the purpose of obtaining the data relating to the selected public and private paper industry's HR records, documents have been referred and prepared the profiles of these selected industries. The secondary data pertaining to the study were gathered from books, Internet and the well-equipped university libraries at Pondicherry, Chennai, Trichy, Madurai and Coimbatore. They were utilized to get the necessary and latest information required for the study. Further, the secondary data were also collected from leading journals such as “HRD News letter, HRD times, HRD Review and HRM Review”, Internet and the Encyclopedia - to mention a few. A
A number of standard textbooks were studied to obtain the pertinent literature on HRD practices.

1.6.3 Discussions and Informal Interviews

In order to know the general working pattern of the HRD, several rounds of discussions were held with knowledgeable persons in the field. For this purpose, good rapport had been established with the selected industries' HR Managers, Officers, Staff, Workers and Research Supervisor.

1.6.4 Constructions of Questionnaire

The key aspects of the present research to be studied were identified from the relevant HRD books and HR journals. Then the researcher had conducted preliminary interviews (Pilot study) with some selected respondents of both organisations. The drafted questionnaire was circulated among some research experts and research scholars for a critical view with respect to the wording, format sequence and the like of the questionnaire. It was re-drafted in the light of their comments. The study is based mainly on primary data generated from the responses obtained for the questions relating to HRD aspects and its level of satisfaction. In order to quantify these responses, different scaling techniques have been adopted. For measuring HRD aspects, Likert's five point scale with the rating Highly satisfied (5), Satisfied (4), Neutral (3), Dissatisfied (2) and Highly dissatisfied (1) were used. Similarly to assess the other HRD aspects, three, and seven point scales are used to quantify the qualitative responses.
1.6.5 Tools of Data Collection

By virtue of a mass data obtained from the research survey through questionnaire, as well as data from secondary sources collected and presented in this report, descriptive and analytical research was considered the most appropriate for this study. The research problem and the questionnaire were all framed accordingly. The suggestions offered in the final chapter of the present research report emerged from the inferences drawn from the sample respondents' information who utilized the HRD. The researcher used "closed" and 'open' ended questions in the questionnaire to collect the primary data.

1.6.6 Pilot Study

The questionnaire meant for the respondents was pre-tested with fifty respondents from each industry. After pre-testing, necessary modifications were made in the questionnaire to fit it in the track of the present study.

1.6.7 Statistical Analysis (Data analysis)

In order to find the extent of variations in the responses, simple percentage, mean, standard deviations and co-efficient of variation have been computed. For the purpose of analysis both parametric and non-parametric tests were used viz. Chi-square test (two-way table), multiple regression, multi discriminant analysis and factor analysis have been used. The detailed statistical methods adopted in computing these values are explained at relevant places. Marginal tables were prepared on the sorter. Cross tables were prepared on the computer through Statistical Package for Social Sciences (SPSS) package.
1.6.7.1 Multiple Regression Analysis

Regression is a statistical relationship between two or more variables. When there are two or more independent variables, the analysis that describes such relationship among the variables is called the multiple regression. This analysis is also adopted when one dependent variable is performing the function of two or more independent variables. In multiple regression, a linear composite of explanatory variables is formed in such a way that it has maximum correlation with an active criterion variable. The main objective for using this technique is to predict the variability of the dependent variable based on its co-variants with all the other independent variables. It is useful in predicting the level of the dependent phenomenon, if the level of independent variables were given. The linear multiple regression problem is to estimate the coefficients $\beta_1, \beta_2, \ldots, \beta_j$ and $\beta_0$ such that the expression,

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \ldots + \beta_j X_k,$$

provided a good estimate of an individual $Y$ score based on the $X$ scores.

Where, $Y$ = Employees’ level of satisfaction on HRD practices.

- $X_1$ = Gender
- $X_2$ = Age
- $X_3$ = Designation
- $X_4$ = Educational qualification
- $X_5$ = Working Experience
- $X_6$ = Monthly Salary
- $X_7$ = Marital Status
- $X_8$ = Nature of Job
- $X_9$ = Level of awareness

and $\beta_0, \beta_1, \beta_2, \ldots, \beta_j$ are the parameters to be estimated.
1.6.7.2 Chi-Square Test

The degree of influence of the following independent variables pertaining to HRD aspects as practiced in paper industry.

i) Respondents’ Gender
ii) Respondents’ Age
iii) Respondents’ Designation
iv) Respondents’ Educational qualification
v) Respondents’ Working Experience
vi) Respondents’ Monthly Salary
vii) Respondents’ Marital Status
viii) Respondents’ Nature of job
ix) Respondents’ level of awareness

In order to identify the factors influencing the respondents on HRD and their level of satisfaction on existing HRD aspects practised by TNPL and SPBL, a Chi-square ($\chi^2$) test was used.

1.6.7.3 Factor analysis

Factor analysis is a statistical techniques to study the inter-relationships among the variables in an effort to find a new set of factors, fewer in number than the original variables so that the factors are common among the original variables. In factor analysis a small number of common factors are extracted so that these common factors are sufficient to study the relationships of original variables. Factor analysis helps the researcher to reduce the number of variables to be analyzed, thereby making the analysis easier. Using Factor Analysis, the researcher can reduce the large number of variables into a few dimensions called factors that
summarise the available data. It aims at grouping the original input variables into factors which underlying the input variables.

**Terminology in Factor Analysis**

i) Factor: A factor is an underlying construct or dimension that represents a set of observed variables. In the credit card company for example, the demographic characteristics, socio economic status and background status represent a set of variables.

ii) Factor Loadings: Factor loading help in interpreting and labeling the factors. It measures how closely the variables in the factor are associated. It is also called factor-variable correlation. Factor loadings are correlation coefficients between the variables and the factors.

iii) Eigen Values: Eigen values measure the variance in all the variables corresponding to the factor. Eigen values are calculated by adding the squares of factor loading of all the variables in the factor. It aid in explaining the importance of the factor with respect to variables. Generally factors with eigen values more than 1.0 are considered stable. The factors that have low eigen values (<1.0) may not explain the variance in the variables related to that factor.

iv) Communalities: Communalities, denoted by h2, measure the percentage of variance in each variable explained by the factors extracted. It ranges from 0 to 1. A high communality value indicates that the maximum amount of the variance in the variable is explained by the factors extracted from the factor analysis.
v) Total Variance explained: The total variance explained is the percentage of total variance of the variables explained. This is calculated by adding all the communality values of each variable and dividing it by the number of variables.

vi) Factor Variance explained: The factor variance explained is the percentage of total variance of the variables explained by the factors. This is calculated by adding the squared factor loadings of all the variables and dividing it by the number of variables.

1.6.7.4 Multi Discriminate Analysis

The objective of Multi Discriminant Analysis is to predict an object’s likelihood of belonging to a particular group based on several independent variables. The Multi Discriminant analysis reveals the specific variables that account for the largest proportion of inter-group differences. It is a simple scoring system that assigns a score to each individual or object. This score is a weighted average of the individual’s numeric value of the independent variables. The individual is assigned to the ‘most likely’ category on the basis of this score. The model is represented as:

\[ Z_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \ldots + \beta_j X_{ik} \]

Where, \( X_{ik} \) is the \( i \)th individual’s value of the \( k \)th independent variable, \( \beta_j \) is the multiple discriminant coefficient of the \( k \)th variable. \( Z_i \) is the \( i \)th individual’s multiple discriminant score.
1.7. SCOPE OF THE STUDY

The present study is a micro level study confined to two large paper manufacturing organisations like Tamilnadu Newsprint Papers Limited and Seshasayee Paper Boards Limited. The study of HRD practices in paper industries can be attempted from various dimensions. The present study makes an attempt to examine the HRD aspects in terms of selected dimensions. Further, an in-depth analysis is confined to all categorical employees except top level authorities. This study aims at finding out the employees' attitude towards human resource development activities/practices of selected paper companies. The scope of study elicits the views of the employees on HRD subsystems and measures in the paper industries. The scope of the study reveals that the opinion of the selected government and private companies employees' regarding HRD activities and effectiveness of the HRD programs.

1.8. PERIOD OF THE STUDY

The study was conducted for the period of three year from 2006 to 2009 time period. First, the related conceptual frame work of the study and research information were collected and to frame HRD questionnaire, it had taken twelve months. Then, the pilot study was conducted and altered questionnaire based on the pretest results had taken two months. Third, the primary data was collected which had taken five months. After collecting the primary information through questionnaire, the secondary information
were collected for a period of four months from the company records and company websites, academic books, previous research theses, HR journals and magazines. Then the collected primary information were processed. The data analysis and interpretation work had taken four months. Final report preparation had taken four months.

1.9. LIMITATIONS OF THE STUDY

The presented sample size was limited to 284 employees in each industry (approximately 20% of each industry) due to cost and time constraint restriction of data collection.

The working hours are on shift basis and the researcher could contact the respondents in the 'A' shift and general shift only at lunchtime. Most employees were reluctant to share the information. Bias on the part of employees while answering to the questions is yet another limitation.

Some employees returned the questionnaire properly but many employees could not meet the researcher and return the questionnaire because of change in their shift.

The researcher could apply a few statistical tools due to qualitative type of data with different scales while analysing the primary data. The top and middle level executives have lack of interest to encourage this type of research and fillup of questionnaire.
1.10. CHAPTER SCHEME

The **first chapter** deals with the introduction and design of the study. It includes Introduction, Need for the study, Importance of the study, Statement of the problem, Objectives of the study, Methodology of the study, Period of the study, Scope of the study, Limitations of the study and Chapter scheme.

The **second chapter** presents the review of literature available in the field of HRD. This chapter also covers the various empirical studies of various authors.

The **third chapter** highlights with historical background of HRD and conceptual framework of this HRD research study.

The **fourth chapter** deals with the profile of the selected industry which covers historical perspectives, progress, organizational structure, performance and functions of HRD department.

The **fifth chapter** expresses the analysis and interpretation of the study. In this chapter attempts have been made to analyse the aspects that influence the employees on the level of satisfaction perceived against HRD practices.

In the **sixth chapter** the key findings and conclusion are recapitulated. Based on these findings, a few suggestions have been proposed for improving the HRD measures and that can be put forth for consideration.