CHAPTER – 3

REVIEW OF LITERATURE

3.1 Introduction
In today’s competitive business world, Human Resource Management is being increasingly gaining importance in industrial and non-industrial organisations throughout the world, due to increasing complexities of the tasks of managers and administrators. The growing importance of human resource management is reflected not only in the field of Human Resource Management but also in the eagerness and willingness of line people to share responsibility for many human resource functions. Hence, it is said that, there has been an increase in the status and power of human resource managers in India. In many countries, management has emerged as a distinct leading profession. There has been a phenomenal increase in the knowledge about Human Resource Management in recent years. Institutes and schools of social work have established their importance in imparting this knowledge in the country besides the various courses on Human Resource Management offered by several Universities.

The essence of successful management lies in getting effective results through and by people, which is possible only by introducing Human Resource Management as most important function. A human resource manager keeps the general management in constant touch with the attitude of the workers and guides management in making decisions which will command the co-operation. We know that management is an art of getting work done through people. It is also a multipurpose organ that manages various inputs viz. Men, Money, Material, Machine, Technology and Market, which are very much essential for the success of any business enterprise. It is a very crucial task to manage human beings as they differ from one another.

Without human resource, organisations could not function and therefore all these organisations are staffed and managed by human resources. People have their problems because, like snow flakes, no two persons are exactly alike and everyone differs physically and psychologically from everyone else.
These differences call for an active attention of organisations to maximise their effectiveness, because only the people manage the people. This requires to know, what is Human Resource Management?

The following standard definitions given by the experts on Human Resource Management will help us in understanding the meaning of Human Resource Management.

According to Dale Yoder and others, “Human Resource Management is one of the phases of management which deals with the effective control and use of manpower as distinguished from other sources of power.” But P. Pigors and C. A. Myres were of the opinion that Human Resource Management is, “a method of developing potentialities of employees, so that, they get maximum satisfaction out of their work and give their best efforts to the organisations.” However, Edwin B. Flippo has defined Human Resource Management very widely and covered almost all the aspects of management. As per his conception, “Human Resource Management is concerned with the planning, organising, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organisational and societal objectives are accomplished.”

Similarly, Hichard P. Calhoon, in his book entitled, “Managing Personnel”, has referred that term “Human Resource Management” as the task of handling the human problems of an organisation and is devoted to acquiring, developing, utilising and maintaining efficient workforce.” While in the words of Lawrence Appley, a former president of the American Management Association, has perhaps given the best possible meaning regarding the Human Resource Management.

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As per his definition, “It is a function of guiding human resources into a dynamic organisation that attains its objectives with a high degree of morale and to the satisfaction of those concerned. It is concerned with getting results through people.” According to him, “all management is ‘Human Resource Management’ as it deals with human beings, its development can best be discussed in terms of human development, philosophical, psychological, spiritual and physical.”

From the above mentioned various definitions, a few basic facts may be noted regarding the concept and understanding of the term Human Resource Management. Human Resource Management is totally concerned with managing the human beings working in the organisations for the attainment of predetermined goals. Human resource in this study covers all the personnel working at all levels of organisation structure of a business unit. In other words, it covers from General Manager at higher level to workers at lower level. The management of human resources does not mean that only general managerial functions be carried out, but it also covers the different areas, e.g.: recruitment and selection, work design, style of leadership needed, supervision pattern, compensation and appraisal system required, organisational development and organisational climate to be studied, societal, cultural and community demands, and so on.

The practice of Human Resource Management is of a continuous nature. The human beings are very much dynamic, and therefore, it requires to manage them continuously throughout the life of an organisation irrespective of the size, location, type and nature of organisation. Thus, Human Resource Management becomes a system like our body – which needs a constant study and watch for its smooth and effective working for the better ends as per our goals and objectives.

But it is a sub-system of management system pertaining to the process of obtaining “Right man for the right job at the right time”, and training and development, promotion, transfer, compensation, performance appraisal etc. be covered in this system.

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3.2 Conceptual Development
The field of Human Resource Management as a tool of practice and discipline is relatively recent one. The present knowledge, skills, principles, theories, tools and techniques, etc. are bases upon which current concepts of Human Resource Management had their origin in historical background.

The Chinese, as early as 1650 B. C., had originated the principle of “Division of Labour”. Not only this but the “Span of Management” was well understood during 1200 B. C. By Mosses. The chronological growth of Human Resource Management can be well understood from the various stages given as under:

**Chart - 3.1**

**Growth of Human Resource Management**

<table>
<thead>
<tr>
<th>Time (Period) Dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Welfare Era</td>
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<tr>
<td>2 Human Resource Specialist Era</td>
</tr>
<tr>
<td>3 Behavioural Science Era</td>
</tr>
<tr>
<td>4 Human Relations Era</td>
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<tr>
<td>5 Industrial Psychology Era</td>
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<tr>
<td>6 Paternalistic Era</td>
</tr>
<tr>
<td>7 Scientific Management Era</td>
</tr>
<tr>
<td>8 Industrial Relations Era</td>
</tr>
</tbody>
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The above chart 3.1 indicates the various stages of growth towards Human Resource acceptability into the industry.

3.2.1 The Evolution and Development of Human Resource Management in India

After and even during the industrial revolution, various changes took place in the field of management, due to which the growth of Human Resource Management became

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37 Magginson, Leon C., “Personnel and Human Resources Administration”, 1977, p. 76.
faster. Following factors have the direct impact on the emergence and development of Human Resource Management:

3.2.1.1 Social and Cultural Changes: This refers to the changes in the beliefs, attitudes, moral, customs, values and actions of employees with considering their families which is the result of changes in knowledge, skill, art, laws, values and norms of individuals as members of society. Due to the mobility of workers and changes in the mode of transport and communication and emergence of new occupations, the changes in social stability and work employment have also taken place.

3.2.1.2 Changes in Government and Labour Relations: During the old days, the Government’s attitude towards labour problems were passive. While frequent strikes, lockouts, poor working conditions and organisation of labour have led to enactment of various protective laws pertaining to the conditions of labour. Industrial safety, industrial disputes, payment of wages, compensation etc.

3.2.1.3 Changing role of employees has the direct impact over the emergence and development of Human Resource Management. As earlier, the relations between the management and employees were those of masters and servants. But, as the time passes, employees feel that they are equal partners in industry and should be treated as human beings.

3.2.1.4 Attitude and Feedback of Management: In the past, labour was a factor of production and was handled like other economic and technical resources. However, after 1900, they began to be recognised as human beings. At present, management has accepted employees as joint partners and decision makers in an organisation. Higher education in the humanities and the social sciences too, has influenced labour relations in business.

3.2.1.5 Changes in Technology: The rapid and ever improving technology ultimately created the specialisation of labour and were directly or indirectly associated with the industrial revolution.

3.2.1.6 Development in Management Discipline: Development in the various branches of management discipline with scientific management movement has
also played very vital role for the emergence and development of Human Resource Management.

3.2.1.7 Existence of Trade Unions: Establishment and existence of trade unions and emergence of free collective bargaining with “Early Industrial Psychology” are considered as the responsible factors for the development of Human Resource Management.

3.2.18 Birth of Behavioural Science: The behavioural science as well as the human relations movement are treated as last but very essential elements, that should be considered for the growth of Human Resource Management.

Beyond the above mentioned eight factors for the emergence of Human Resource Management following are the three foundation stages for the development:

The very first step consists of “File Maintenance” stage. We know that Human Resource Management is the recently developed discipline of management. Its actual development took place through the mid 1960s and more emphasis was placed on employee concerns. Management of human resources was the responsibility of a special department, where such responsibilities included the process of screening of the applications, selection of new employees, collecting and storing human resource data for each of the employee and so on.

The second stage is known as, “Government Accountability” as it began soon after the independence. Various laws relating to workers and industries’ – rules and regulations; recommendations and suggestions made by various committees and conferences played a vital role in the development of Human Resource Management practice. The position of the human resource department in the organisation structure and its importance in the management of industrial unit were acknowledged.

Finally in 1970s and during the 1980s, many firms were struggling for their survival. The management of human resources, due to this condition, was considered as the fundamental and basic function of management. Hence, during 1980s Human Resource Management evolved to a third growth stage, known as “Organisational Accountability”. Moreover, along with the effective management of physical and financial resources, the responsibility
for effective management of human resources was placed on the shoulders of line managers.

The importance of labour officers in Indian industry was realised in as early as 1929 when the Royal Commission on labour was set up.

In 1931, the Commission recommended the appointment of labour officer in order to “protect the workers from the evils of jobbery and indebtedness, to act as a spokesman of labour and to promote the settlement between the workers and the management.” After independence, the Government, under the revised Factories Act, 1948 made it obligatory for the factories employing 500 or more workers to appoint Welfare Officers. Under the Mines Act, 1952, this limit was for 500 workers and under the Plantation Act, 1951, the limit was for 300 or more workers. These Acts also prescribed in details the ways in which workers be recruited, their wages and conditions of service including welfare activities be determined with the day to day human resource administration and Industrial Relations.

3.3 Objectives of HRM
Objectives are predetermined ends at which individual or group activity in any organisation is aimed. The determination of objectives is required to solve many management problems. And, therefore, formulation of objectives is necessary for the following reasons:

- People possess objectives in their lives for doing something.
- These objectives serve as standards against which individual performance is measured.
- It helps in setting the pace for action by participants.
- It becomes as guidelines for organisational performance.

The very essential primary objective of Human Resource Management is the creation of a work force with the ability and motivation to accomplish the basic organisational goals. It is concerned with the satisfaction of the individual objectives of the members of the organisation. It is also related with the satisfaction of community and social objectives.

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It also works for the community of the individual units and utilisation of human resources for the efficient and effective productive work. Moreover, it requires to establish, maintain and develop productive and self respecting relationships among all the members of the organisation for constructive and positive behaviour and interactions among them. This will provide them a climate to feel a sense of involvement, commitment and loyalty towards the goal attainment of the organisation, in which they are engaged.

Human Resource Management is also needed to promote opportunities for maximum individual and group development within the organisation. This advancement to the human resource can be provided through various types of training and job education at the different intervals. At last, human being is a bundle of wants and needs. Individual needs and group goals may be satisfied by offering adequate and equitable rewards as well as monetary and non-monetary fringe benefits and welfare facilities from time to time, so that, human resources may work willingly and co-operatively for the fulfilment of the organisational goals. This is the fundamental objective of the Human Resource Management. The study of human behaviour and group dynamics and to act accordingly is the need of today for the Human Resource Management to have a continuous, good and excellence practice of it. However, to achieve this, it has to play a vital role in the performance of various functions at different levels of organisation. It should act as a counsellor, consultant, guide, philosopher and change agent. It should also work as a mediator in formulating policies and procedures and in the determination of organisational goals and standards.

3.4 Significance of HRM

The success of any business enterprise depends on how the basic input viz., men, money, materials, machines and markets are utilized for the accomplishment of predetermined goals.

The proper utilisation of these resources is possible only through the effective practice of Human Resource Management. In the words of Oliver Sheldon, “no industry can be rendered efficient so long as the basic fact remains unrecognised that it is principally human. It is not a mass of machines and technical processes but a body of man. It is not a complex of matter, but a complex of humanity. It fulfils its function not by virtue of some
impersonal force, but by human energy. Its body is not an intricate maze of mechanical
devices but a magnified nervous system.”

The management of human resources is a challenging task because human resources
are very much dynamic in nature. No two persons are alike in psychological,
physiological and sociological matters, they differ individually as well as group-wise
and are subject to many and varied influences. Human beings are responsive; they
feel, think and act as per their will and desire and, therefore, it is not possible to
operate them like a machine or shift and alter them like a template in a room layout.
Hence, it is said that, if human resource power is properly used, it may become a
motive force for operating an enterprise at its optimum results. Moreover, Human
Resource Management is also a crucial job, because, “managing people is the heart
and essence of being a manager.” It deals with any activity related to human
elements in any organisation. Material elements, however, are beyond its domain.
This view has been rightly summed up by J. M. Dietz. He observed that, “a business
or an industry can be thought of as an inter-weaving of human elements and material
elements, with the human elements as the warp; while inter-locking and inter-weaving
with this element are the material elements – the woof of the fabric.” A business unit
can not succeed if this human element is neglected by it.

The significance of Human Resource Management is very much tactfully expressed in
The narration of it follows as under:

“The nearest analogy is in the human body. It is not the brain, the controller, not only
just a limb, a member, not yet the bloodstream, the energising force, it is the nervous
system.” Above all it is inherent in the whole body and intimately connected with its
every movement. In short, Human Resource Management is the vital element of
organisational development. Its significance can be well understood by its following
functional areas –

39 Sheldon, Oliver, “Philosophy of Management”, 1923, p. 27.
3.4.1 Principles of HRM

While going through the philosophy of Human Resource Management, some of the very essential principles of Human Resource Management can be derived and given below:

1. People should be regarded as complete individuals. People are recruited as per the requirements of the business units and as per their technical, professional and other qualities. But, what would be their behaviour and relations with one another, with the group and with the management largely emphasised by their personal feelings, ethical standards, norms, cultural and social attitudes, etc. Management should consider the wholeness of the individual employees while dealing with them for any matter such as the work assignment, human resource management policies, programmes and decisions which affect their interests.

2. Employees should be made to feel worthwhile. Money is not a matter for everything. There is something other than money which stimulates anyone to work towards organisational goals.

3. Fairness and justice should be maintained. It should guide management’s policies and actions. One should win the confidence of his co-workers and that of employer too.
4. Relevant information should be supplied to the employees, i.e. two-way communication should be developed for the same.

5. Rewards should be given with respect to the performance and capabilities of the employees.

6. It is very essential to judge the strength or intelligence of the employees properly.

7. Equal wages for equal work: The employees who are doing similar type of work must be paid equally and the wages paid must be fair and adequate.

8. Set examples: “Actions are louder than words” and these convince the employees that the management really does what it says or means.

### 3.4.2 Functions of HRM

Human Resource Management is concerned with the creation of harmonious working relationships among its participants and bringing about their utmost individual development. It effectively elaborates the process of planning and directing the applications and development and utilisation of human resources in employment. In reality, Human Resource Management undertakes all the activities which are concerned with human elements or relations as well as with material elements in any organisation.

Various experts have classified the functions into various categories on the basis of size, nature, location, objectives, types of the product, market conditions etc. of business units. Similarly, social, economic and political conditions as well as legal and external environments also affect the business units. They may be classified into (1) managerial and operative functions, (2) human resource administration functions and industrial relations functions. Again they may also be classified on the basis of the capacities or on the basis of authority. Broadly speaking, the real understanding of the functions of Human Resource Management can be clarified from its classification into two major categories, i.e. (1) managerial functions and (ii) operative functions.
3.4.3. Managerial Functions

In the word of Lawrence Appley, “Management is the accomplishment of results through the efforts of other people.”\(^{43}\) Whereas Harold Koontz has rightly pointed out that, “Management is an art of getting things done through people and with informally organised groups.”\(^{44}\) In general, management is a process to allocate in organisation’s inputs by planning, organising, co-ordinating, directing and controlling to produce an effective output desired by its customers, so that objectives can be achieved.

In the process, work is performed with the human resources in an ever changing business environment. Thus, management is said to be the Human Resource Management – It is the development of people and not the direction of things. Managing people is the heart and essence of being a manager. Hence, a human resource manager must perform the basic functions of management. He exercises authority and leadership over other human resources. So, the managerial functions merely consist of some of the basic functions, briefly described as under:

**3.4.3.1 Planning:** This is the very first, primary and basic function of the functional hierarchy of management. It is an analytical thought process which covers: (a) assessment of the future, (b) determination of objectives in the light of future, (c) development of alternative courses of action to achieve such objectives and (d) selection of the best course of action among these alternatives. This analytical process is directed towards the human resource planning for day to day operations and for future expansion purposes. Management be able to forecast and plan the wages, labour market, union’s changing philosophy, labour policies, programmes, etc.

**3.4.3.2 Organising:** After deciding what to do, in terms of human resources, one should establish an organisation to accomplish the predetermined course of action. An organisation is a structure, a framework and a process by which a co-operative group of human beings allocates its tasks among its members, determines relationships and integrates its activities towards common objectives. It represents the relationships


with specific duties and responsibilities for work achievement and authority to be delegated for work to be taken from respective subordinates.

3.4.3.3 Directing: Directing is concerned with getting persons together and asking them to work willingly and effectively for the achievement of predetermined goals. This is possible only through motivating the people, leading them properly and consulting human resource department for their requirements and guidance as and when need arises.

Generally, directing consists of three sub-functions. Viz. (1) Motivation – to motivate or to encourage the employees to work effectively and efficiently, (2) Leadership – to guide, lead and direct the group towards the achievement of individual as well as organisational goals and (3) Communication – to establish the rapport among all the persons working in the organisation, through better exchange of ideas, views and opinions of such persons.

3.4.3.4 Controlling: It refers to the process of reviewing the performance of the employees in the light of the targets of the plan. Any plan will be executed successfully only when it is controlled. If there is any deviation from the planned objectives, the manager puts things right by taking proper corrective action.

Human resource department assists in realising the employees’ objectives by checking, analysing and reviewing various programmes, labour turnover records, morale – surveys, performance evaluation, conducting interviews, training and development programmes etc.

3.4.3.5 Co-ordination: Co-ordination deals with balancing, timing and integrating the activities of all the concerned employees in each and every function performed by them for the unity of action in pursuit of common objectives to be achieved at proper time. This function takes place at all levels of organisation. Human resource policies, practices, rules and regulations, programmes, procedures etc. must be co-ordinated through the help of human resource department for the benefits of the employees.

Reporting and Budgeting are also very essential functions of management, as reporting provides relevant information to higher authorities and by keeping files as well as important documents of the business transactions, whereas budgeting is the
very important tool of controlling, which is needed and hence prepared by every organisation to minimise the costs and expenses.

After discussing the managerial functions, it is also very essential to go through the following operative functions of Human Resource Management.

3.4.4. Operative Functions

Operative functions of Human Resource Management are concerned with the activities specifically dealing with producing, developing, compensating, integrating and maintaining an efficient workforce. These functions are also known as service functions, which are briefly discussed as under:

3.4.4.1 Procurement Function: To obtain right man at the right time on the right job is the essence of this function. It concerns with obtaining a proper kind and number of manpower necessary to accomplish an organisation’s goals. It specifically deals with determination of manpower requirements, their recruitment, selection, placement and induction, promotions, transfers, lay-offs, discharge and separation etc.

3.4.4.2 Development Function: It refers to the personal growth and development of employees by increasing their skills and knowledge through proper training, so that job performance can properly be achieved. Training is very essential to new employees pertaining to their jobs, as well as to give proper guidance and understanding regarding the company’s policies programmes, strategies etc. It also deals with training for existing employees and development programmes for executives.

3.4.4.3 Compensation Function: It is concerned with getting adequate and equitable remuneration for all the employees for their respective contributions to the attainment of organisational objectives. Under the category of this function, wage and salary administration, job analysis, job evaluation, job description, incentive and profit sharing plans etc. should be considered.

3.4.4.4 Integration Function: Integration refers here to the attempt to have a reasonable reconciliation and individual, social and organisational interests. The most significant, yet difficult, of Human Resource Management is to bring about an
“integration” of human resources with organisation and to cope with inevitable conflicts that take place in any enterprise.

Management activities that bring about a reasonable integration of human resources and the organisation objects are termed as human relations. Human relation programmes tend to decrease accidents, absenteeism, turnover, operating errors etc.

3.4.4.5 Maintenance Function: It deals with sustaining and improving the conditions that have been established. Specific problems of maintaining the physical conditions of employees viz. Health and safety measures and employee service programmes are the responsibility of human resource department. If all these are maintained people hardly leave the enterprise and therefore, a trained and permanent labour force can be maintained for the future expansion of the business unit. This function covers the benefits and services, working conditions and welfare facilities provided to employees. It also includes human resource research in its wide scope. It may be noted that the Human Resource Management cannot afford to lay greater emphasis on one and neglect the other major functions.

3.5 Human Resource Management Functions in India

In our country labour legislation is considered as one of the important bases for human resource function. A Welfare Officer to be appointed should possess: (i) University degree, (ii) degree or diploma in social science in the area of social work or social welfare from any recognised institution and (iii) adequate knowledge about the workers in the area where the factories, mines and plantations are situated. Labour Welfare Officers, appointed under the legislation, have to perform main functions, viz. (i) they have to supervise safety, health and welfare programmes and housing, recreation and sanitation services. It also includes looking after working of joint committee as well as grant of leave with wages, redressal of workers’ grievances, (ii) counselling workers on personal and family problems with the understanding of the rights and privileges and adjusting to work environment, (iii) advising the management in the matters of formulating welfare policies, meeting statutory obligations to workers’ education, their services and fringe benefits and apprenticeship training programmes, (iv) establishing the rapport between the two important wings of an organisation, i.e. between management and employees for
understanding various limitations they possess, to appreciate the need of harmonious industrial relations, to have a clear cut perception about the interpretation of company’s policies, to know the workers’ viewpoints on various matters, suggest measures for the well-being of workers etc. and (v) to appreciate the need of harmonious industrial relations in the plant and to improve the productivity and that of the productive efficiency of the enterprise.

Following are the important classifications given by some experts in the field. Dale Yoder – a very popular expert in the field of Human Resource Management has classified the principal activities of Human Resource Management which can be considered as important functions, a human resource department has to perform. They are as under:

1. Setting general and specific management policies for establishing and maintain a suitable organisation for leadership and co-operation.
2. Collective bargaining, contract negotiations, contract administration and grievances.
3. Staffing the organisation, finding, getting and holding prescribed types and number of workers.
4. Aiding the self-development of employees at all levels, providing opportunities for human resource development and growth as well as for requisite skill and experience.
5. Reviewing and auditing manpower management.
6. Industrial relations research work & developing and maintaining motivation towards work.\(^45\)

Indian Institute of Personnel Management has classified the functions of Human Resource Management as under:

1. To improve of industrial relations.
2. To promote joint consultation.
3. To help management to formulate a labour policy and improving communication between labour and management.

4. To advise the management on the fulfilment of statutory obligations relating to safety, health and welfare of the employees.

5. To improve factory amenities and welfare provisions and

6. To advise the management on the training and further education of employees.⁴⁶

3.6 Policies of HRM

Policy is a very common word used, but possesses very much importance in the pursuance of each goal irrespective of person, organisation and institution. It governs the activities undertaken by each employee at work; therefore, we must know the meaning, nature and coverage of the Human Resource Management policies. According to Flippo, “A policy is a man-made rule of predetermined course of action that is established to guide the performance of work towards the organisation objectives. It is a type of supportive plant that serves to guide subordinates in the execution of their tasks.”⁴⁷ While according to Calhoon, “human resource policies constitute the guides to action. They furnish the general standards or bases on which decisions are reached. Their genesis lies in an organisation’s values, philosophy, concepts and principles.”⁴⁸

3.7 Objectives

The human resource policies are required in any organisation for the following reasons:

1. To fulfil or to carry out the main objectives of an organisation.

2. To secure co-operation from the employees & thus to attain the objectives of the organisation.

3. To provide an adequate, competent and trained manpower for all levels and types of management.

4. To recognise the role of trade unions.

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5. To protect the common interests of all the parties in an enterprise.
6. To create mutual faith and avoid confusion and misunderstanding among those who are working in an organisation.
7. To give the employment security to the workers.
8. To recognise the work of employees by offering them non-monetary incentives.
9. To create the sense of responsibility and to improve the efficiency of employees.
10. To provide for the payment of fair and adequate wages and salaries to workers so that their morale and efficiency may be ensured for efficient working of the organisation.

3.8 Types of Policies

Policies are of various types. So far as the view point of Michael J. Jucius\(^\text{49}\) is concerned, he indentifies two types of policies, viz. (1) functional or organisational groupings of policies and (2) the centralised policies.

The organisational grouping of policies is grouped for different categories of human resources, i.e. for the management concerned with the various functions like procuring, developing and utilising manpower. On the other hand, centralized policies are for companies with several locations and these policies are generally designed at the head office and implemented throughout the organisation.

Similarly, policies may also be classified as major and minor, where major policies are set up by board of directors, pertaining to the objectives, procedures and control, the minor policies include the relationships in a part of an organisation with considerable emphasis on details and procedures.

3.9 Coverage of the Policies:

The coverage of the human resource policies depends upon the practices of human resource department in assisting the overall management to manage and organise the

entire structure of the business unit. However, it varies from organisation to organisation.

Economic and social conditions the attitudes, philosophy, ideals, etc. held by top level management are some of the factors that determine the coverage of unit-wise policies. They also differ with changes in public opinion, area and regional customs and traditions, the labour and industrial policies of the State and Central Governments, the influence of trade unions, national agreements between representatives of employers, managers, employees and Government. Though, it is essential for every organisation to frame proper human resource policies, it is not possible for any organisation to have policies which cover every type of contingencies, because usually new questions arise from time to time for which no policies exist. In such cases, it has to work without policies until it is framed them.

In the opinion of National Industrial Conference Board of U.S.A., following matters should be included in human resource policy:\^\cite{50}:

1. Historical background with the growth of the company.
2. Employment practices and its scenario — qualifications, physical examination, methods of wage payment and pay period hours of work, overtime work, basis of promotion, seniority rights, lay-offs, discharge etc.
4. Rules and regulations for safety and employees’ responsibilities at work.
5. General policies like — employee identification, checking for tools, procedure for getting pay, absence, leave of absence, change of address etc.
7. Employee financial aids with reference to savings, loans, credit co-operatives, group-insurance, profit sharing, bonus plans, incentive plans etc.
8. Educational Opportunities like training facilities and provisions for factory schools.

\^\cite{50} Memoria, C. B., Op, Cit., p. 68.
9. Communication media and suggestion system.

10. Health and hospitalisation i.e. medical, health and safety services and programmes.

11. Sickness, death and maternity benefits or allowances, vacation with pay etc.

12. Social security and other kinds of compensation and unemployment and accident compensation.

13. Collective bargaining, garnishments, public relations and labour-management relations with union-management co-operation.

14. Procedures for disseminating information on company policies.

15. Prohibited activities like smoking, gambling, imbibing liquor and soliciting on company premises as well as during working hours.

Simultaneously, it is also to be noted that in India, the human resource policies cover the following:

1. Recruitment or hiring of employees – which consist of – (i) whether recruitment needed, (ii) how much manpower required and at what levels, (iii) selection procedure, (iv) age limits for employment, (v) marital status, minority groups, S. C. / S. T., women workers etc., (vi) pre-employment medical check-up, (vii) establishing order of preferences, (viii) induction and placement etc.

2. Policy of human resource planning and development – which covers – (i) work study, job evaluation, (ii) recruitment and selection techniques, (iii) identifying training needs and preparing training programmes and (iv) opportunities for self-development and advancement in organisation.

3. Policy on terms and conditions of employment. It refers to the terms such as hours of work, overtime, shift-working, lay-off, termination of services, wage policy, payment methods, pay period, job evaluation, etc.

4. Policy on industrial relations, which in broad terms, considers – (i) whether to recognise trade unions and conditions of recognition, (ii) collective bargaining, (iii) grievance handling procedure and (iv) workers’ participation in management etc.
5. Policy on communication with employees at all levels, covers – (i) suggestion system, (ii) formal or informal meetings between top management and junior management.

3.10 Scope of HRM

The scope of Human Resource Management has changed since last few decades. At present it encompasses almost all the areas of activities, due to its vital utility in managing human resources. Regarding its changing scope, Sikula has rightly pointed out that “the changes definitely are taking place in Human Resource Management. Some Human Resource Management sub-functions seem to be breaking away from Human Resource Management, others seem to be new sub-areas, while others seem to be changing only in terms of their relative emphasis and degree of importance.”

We can say that the effects of changes depend on the size of an organisation, the managerial human resource philosophies, the growing importance of the new functions, employee needs and societal concerns.

With the changing scope of Human Resource Management, employee training, executive development and human resource research have become increasingly important, while on the other hand, the significance of performance appraisal, wage and salary administration have somewhat declined, safety have always been important to the human resource department. Human resource planning, organisational change and its planning, changes in human attitudes and behaviour and its impacts on staff are some of the new areas of Human Resource Management.

Following are some of the reasons for which human resource manager has to play his dynamic roles in performing his functions:

1. Increasing unionisation among the work force and their commanding strength to demand greater participation in the decision-making process.

2. Government’s intervention through the workers’ participation in management schemes to balance the interests and rights of the participants.

3. Technical revolution, which has adverse effect on the interests and occupational mobility of the workers.

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4. The emerging need for strategic human resource planning due to the changes in the nature of jobs and therefore skills to be applied on jobs.

5. Innovations, discoveries and research and development in the areas of human resource activities have changed the functioning of organisations and individuals.

3.11 Future Role of Human Resource Managers

Future always remains uncertain but human brain, which is more than the Great Super Computer, predicts the opportunities to be taken place in future, and accordingly one has to play different roles for the job accomplishment. Human resource manager is not an exception to this. the future manager will be more knowledgeable about the people.

The future manager will be more knowledgeable about employees, better grounded in social sciences, world affairs and the humanities in general. Human resource manager will effectively integrate the techniques of information technology with the human resources available to him. These managers will need different types of skill, e.g. analytical decision-making, technical understanding, interpersonal relations, leadership abilities and co-ordinative skills.

Future managers should develop the ability of perception towards themselves, their superiors and subordinates. Such managers must be open-minded and receptive to new ideas, new operational techniques and innovations. They should have the tact to know how to lead group efforts, how to counsel with individuals and how to be good listeners. They should put more emphasis on positive motivation i.e. on helping people achieve personal goals in line with achieving the organisational objectives.

The human resource staff must also seek opportunities to be heavily involved in human resource planning, initials selection, decisions for promotion, transfer, replacement and career planning etc. They should also fulfil other functions like, “training for change”, “systems counselling”, “developing new incentives” – and “building collaborative problem-solving teams.” The future roles of human resource manager will be influenced by the following factors:
1. His prudentially and ability to see the future in terms of changes in the human behaviour and attitudes.

2. The work to be performed by him in new scientific era while adjusting with new technology.

3. The preparedness of the top level management to delegate him proper authority for the co-operative or service functions.

4. The way in which he relates with his superiors, subordinates and peers.

5. The willingness regarding the training to be given to his new members for the entire organisation as a whole and specifically to his own department.

6. His preparedness to accept the responsibility for performing assigned jobs and duties as one of the senior executives of the enterprise.

7. To understand the significance of researches in the field of Human Resource Management and to prepare and execute the schemes and programmes accordingly.

Here is an example of Indian organizations understanding and implementing the human rights policy.

Having stated that human rights policy is no longer a matter of choice, but a business imperative for an increasing number of companies around the world. And in the Indian context, it’s just right that two of the country’s largest and respected companies – the Tata Group and Indian Oil – have made it to the list of 270 companies worldwide to have adopted a human rights policy statement, according to a report released at a recent UN business summit in the US52.

“Companies everywhere are realising that human rights are core business concerns. It’s about putting people at the centre of what businesses do. It’s about the social sustainability of markets and enterprises. This understanding builds on a longstanding tradition in the relationship between business and communities in India,” says John G Ruggie, special representative of UN secretary-general for business and human rights.

Explaining the rationale behind having a written policy, V. C. Agrawal, Director (Human Resources), Indian Oil & Director-in-charge (IBP Division), says, “It’s helpful to have a written human rights policy today’s world because human beings are now increasingly being seen as central to business, and everything flows from a policy.”

Recent problems like those in land acquisition have highlighted the need for businesses to look into human rights aspects. And even the Tata Group, despite its long track record of corporate social responsibility, was the target of public ire in Singur, West Bengal, over land acquisition, which finally led to its group company Tata Motors abandon the Nano project and shift to Gujarat. “Companies are realising that they not only have to respect human rights, but also demonstrate it. If businesses have to grow, they cannot operate in their own islands of prosperity amidst deprived population. If they do so, it can lead to a backlash”, says Uddesh Kohli, a special advisor to the UN Global Compact.

The world is rapidly changing. Two decades ago, the times were calmer than they are today. But that doesn’t mean that we didn’t experience change back then. On the contrary, we were, as we are today, in a state of flux. Today, however, the changes appear to be happening more rapidly.

As part of an organisation, then, Human Resource Management (HRM) must be prepared to deal with the effects of the changing world of work. This means understanding the implications of globalisation, technology changes, workforce diversity, labour shortages, changing skill requirements, continuous improvement initiatives, the contingent workforce, decentralised work sites and employee involvement. Let’s look at how these changes are affecting HRM goals and practices.

Arif Hassan, Junaidah Hashim, Ahmed Zaki Hj Ismail (2006) stated that there existed large inter-organizational differences in Human Resource Development (HRD) practices. In general, however, employees’ ratings were moderate. ISO certified companies, compared to others, obtained higher means on some HRD variables. Organizations with better learning, training and development systems,

53 “Human resource development practices as determinant of HRD climate and quality orientation”, Journal of European Industrial Training, Vol. 30 Iss: 1, pp. 4-18

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reward and recognition, and information systems promoted human resource development climate. Quality orientation was predicted by career planning, performance guidance and development, role efficacy, and reward and recognition systems. Comparison between ISO and non-ISO certified companies did yield some significant differences, yet it was difficult to conclude that the differences were due to ISO certifications alone as organizations in the sample were not matched.

Amba Rao on the basis of his study “HRM practices in India: An Exploratory study” concluded that environmental factors and change, the history of foreign business experience in India, and interactions and information exchange among firms, tended to influence organizational and management practices in the small sample of firms studied, with a blend of traditional and Western styles. Managers of these companies were all Indians, but had assimilated the values of organizations, specifically rationally and efficiency. It emerged from the study that among the established foreign firms in India, the US management system did not consider the human element; it was aggressively market oriented, inflexible and impersonal. In contrast, the European system was seen to be more adapting to the Indian conditions. The HRM systems in the firms seemed to be purposely organized, following management’s quest for appropriate leadership. A benevolent-authoritative and consultant approach was evident.

Sally Coleman Selden, Patricia Wallace Ingraham and Willow Jacobson tried to study what government was doing with respect to human resource practices to improve operations. In early 1990s, civil service and personnel systems were characterized as rigid, regressive, rule bound and cumbersome. Managers of the public sector organizations complained that existing systems impede their ability to manage and make critical personnel decisions. Employees were not adequately compensated and did not receive well-deserved recognition. In response to the concerns raised by the stakeholders in the name of performance and efficiency, various personnel reforms have swept through state governments. Managers of the


public sector had been encouraged to look to the private sector for examples of good human resource management and to close the gap between rigidity of civil service systems and the flexibility of human resource practices in private industry. Using data collected by the Government Performance Project, the study identified emerging trends and innovations in state personnel systems. Specifically, it provided a national comparison in the areas of personal authority, workforce planning, selection, classification, and performance management. Results showed that many states were delegating authority for personnel functions to agencies and managers, shifting their human resource missions to being more proactive and collaborative with agencies, and adopting performance management systems that integrate organizational and individual goals. In short, many states were investing considerable resources to modernize their human resource management systems.

According to K. Krishna Kumar\textsuperscript{56}, human resource is considered as the backbone of any economic enterprise. The optimal utilization of natural resources and factor inputs of capital technology depend on the extent of use of human resources. The human resource management is a proactive central strategic management activity which is different from conventional personnel management. It has a tremendous relevance to productivity industry. The level of efficiency of production of this input is reflected in the quality of product provided by industry to its customer. The most of the employees on regular and contract status show excellent performance but just after being regularized their performance decreases and it has become a different circle. The India Cements Limited is one of the large scale organizations in the cement industry employing human resources with entire satisfaction of employees. The researcher has tried to know their human resource policies of employees and their level of satisfaction in the study.

The main focus of the study was human resource policies and practices adopted in India Cements Limited. 125 employees out of 250 were selected covering almost all departments using random sampling method. The study revealed that more than 80% of the employees were satisfied with Human Resource Policies and Practices followed

in the company. In allowances also more than 80% of the employees were satisfied. In employer and employee relationship around 85% of the employees were satisfied. More than 85% of the employees were satisfied with Labour welfare measures. The overall conclusion about the Human Resource Policies and Practices followed in India Cements Limited was excellent. It showed the reasons for the vast development of India Cements Limited groups. If the company continues the same stream of Human Resource Policies and Practices in future it may achieve many glorious things.

Jayanth Jayaram, Cornelia Droge, Shawnee K. Vickery, examined HRM framework between relationships among dimensions of human resource management practices and manufacturing performance. The study found support for the proposed framework, suggesting that human resource management practices can be grouped into five distinct factors, four of which are associated with specific manufacturing competitive dimensions - quality, flexibility, cost and time. The remaining HRM factor is generic. The four priority-specific HRM factors are strongly related to their respectièle manufacturing performance dimensions.

Yeung and Ulrich (1990) opined that human resource practices were not varied by strategy, but that alignment of human resource and strategy have an positive effect on business performance and concluded that under environmental conditions of high change, executive attention to human resource practices had a large impact on business results.

Ostroff (1995) identified that when human resource professionals perceive a higher quality of human resource practices, these firms have higher business results. Studies have shown that relationship between progressive human resource practices and firm performance in manufacturing firms.


Philip M. Rosenzweig and Nitin Nohria\textsuperscript{60}, examined that human resource management practices in 249 U.S. affiliates of foreign-based multinational corporations (MNCs) explains that in general affiliate HRM practices closely follow local practices, with differences among specific practices. The similarity to local practices is significantly influenced by the method of founding, dependence on local inputs, the presence of expatriates, and the extent of communication with the parent, and further sharp differences were revealed among affiliates of Canadian, Japanese and European MNCs, suggesting strong country effects. Together, these findings support the view of MNCs as composed of differentiated practices, which in turn are shaped by forces for local isomorphism and for internal consistency.

Sita C. Amba-Rao\textsuperscript{61}, reviewed about the importance of human resource management (HRM) practices on firm effectiveness and economic growth of a particular region. Though many multinationals companies operate in this country, studies focused on HRM function are lacking. One reason may be the absence of the necessary business environment due to its trade barriers and tight regulations.

Recently reversing trends are seen, firstly, the partial liberalization of trade regulations in the latter part of the 1980s attracted greater foreign investment in India\textsuperscript{62}

Secondly, the current economic crisis and the intervention of the International Monetary Fund provides further encouragement for foreign direct investment \textsuperscript{63} In such a case, understanding human resources and improving their utilization in the Indian context is increasingly critical.

\textsuperscript{60} Philip M. Rosenzweig & Nitin Nohria, Journal of International Business Studies, Vol. 25, No. 2 (2nd Qtr., 1994), pp. 229-251

\textsuperscript{61} Indian Journal of Industrial Relations, “Human resource practices in India”Vol. 30, No. 2 (Oct., 1994), pp 190-202

\textsuperscript{62} Business India, January 22 - February 4, 1990.

\textsuperscript{63} Wall Street Journal, October 21, 1991.
Tanuja Agarwal\textsuperscript{64} in her reviewed work stated that there is growing awareness of the importance and role of Human Resources in defining an organisation's cutting edge. In the competitive business climate the HRM function faces various challenges and opportunities. Advances in technology, new forms of employment, and focus on cost-cutting necessitates modifications in recruiting, selection, training, appraisals, rewards and other human resource practices. The exploratory study examines the major factors that have brought about the need for innovations in human resource (HR) practices. Further, to understand the emerging trends and the nature of innovations in human resource practices, the study generated examples of innovative practices for each HR practice category. Since there is an increased pressure to measure HR effectiveness, present study also focussed on identifying key employee and organisational outcomes that were likely influenced by innovative HR practices.

M. Srimannarayana\textsuperscript{65} opined through the data collected from 41 small business units located in Jamshedpur, as to what are the present human resource management (HRM) practices prevailing in small businesses. The results indicate that the small business units do not have formal HRM policies in place, but they do have HRM practices such as recruitment, selection, training and performance appraisal. The predominant characteristics of these practices are found to be informality and flexibility. Further this paper suggests formalisation of a sound performance appraisal system that can be used to motivate better performers. This in turn can be linked with monetary benefits so that the small business units as well as employees benefit significantly.

Christopher J. Collins and Kevin D. Clark\textsuperscript{66}, in their reviewed article, explored the black box between human resources (HR) practices and firm performance. The


relationships between a set of network-building HR practices, aspects of the external and internal social networks of top management teams, and firm performance. Results from a field study with 73 high-technology firms showed that the relationships between the HR practices and firm performance (sales growth and stock growth) were mediated through their top managers' social networks.

3.12 How Technology Affects HRM Practices

Technology has had a positive effect on internal operations for organisations, but it also has changed the way human resource managers’ work. They work and provide support in what have become integrative communication centres. By linking computers, telephones, fax machines, copiers, printers and the like, they disseminate information more quickly. In addition, technology helps them circumvent the physical confines of working only in a specified organisational location.67 With notebook and desktop computers, fax machines, high speed modems, organisational intranets and other forms of technology, organisational members can do their work anyplace, anytime in decentralised work sites.68

Knowing the effect of technology, helps managers better facilitate human resource plans, make decisions faster, more clearly define jobs and strengthen communications with both the external community and employees. How? Let’s look at some specific examples.

3.12.1 Recruiting: Disseminating information to individuals is one of the most critical aspects of recruiting. Word of mouth, newspaper advertisements, college visits and the like are being supplemented or replaced altogether by job postings on the Internet. Posting jobs on company web sites or through specific job-search web sites such as careerbuilder.com and monster.com help human resource managers reach a larger pool of potential job applicants and assist in determining if an applicant possesses some of the basic technology skills. Additionally, rather than ask for a


paper copy of a resume, some organisations are asking applicants to submit an electronic resume – one that can be quickly scanned for “relevance” to the job in question.

3.12.2 Employee Selection: Hiring good people is particularly challenging in technology-based organisations because they require a unique brand of technical and professional people. Employees must be smart and able to survive in the demanding cultures of today’s dynamic organisations. In addition, many such “qualified” individuals are in short supply and may go wherever they like. Once applicants have been identified, HRM must carefully screen final candidates to ensure they fit well into the organisation’s culture. The realities of organisational life today may focus on an informal, team-spirited workplace, one in which intense pressure to complete projects quickly and on time is critical, and a 24 / 7 (24 hours a day, 7 days a week) work mentality dominates. HRM selection tools need to “select out” people who aren’t team players and can’t handle ambiguity and stress.

3.12.3 Training and Development: Technology is also dramatically changing how human resource managers orient, train and develop employees – including their career management. The Internet has provided HRM opportunities to deliver specific information to employees on demand, whenever the employee has the time to concentrate on the material. These training media can “send” employees to training without having to physically transport them from one location to another.

3.12.4 Ethics and Employee Rights: Electronic surveillance of employees by employers is an issue that pits an organisation’s desire for control against an employee’s right to privacy. The development of increasingly sophisticated surveillance software only adds to the ethical dilemma of how far an organisation should go in monitoring the behaviour of employees who work on computers. Today, nearly 80 percent of all businesses surveyed by the American Management Association indicate they monitor employees.69

3.12.5 Motivating Knowledge Workers: What challenges are unique to motivating knowledge workers in organisations? Knowledge workers appear more susceptible to

distractions that can undermine their work effort and reduce their productivity. Employers often believe they must monitor what employees are doing because employees are hired to work, not to surf the Web checking stock prices, placing bets at on-line casinos, or shopping of presents for family or friends. Recreational on-the-job Web surfing has been said to cost a billion dollars in wasted computer resources and billions of dollars in lost work productivity annually. That’s a significant cost to businesses.

3.12.6 Communications: The rules of communication are being rewritten as comprehensive, integrated information networks remove constraints on its uses. Employees today can communicate with any individual directly without going through channels. They can communicate instantly anytime, with anyone, anywhere. At the Ford Motor Company, for instance, all 4,000,000 employees received a home computer and Internet access for $5 a month.70

This allows Ford management to keep in close touch with its employees to easily communicate with each other and readily access company information and services.

These open communication systems break down historical organisational communication pattern flows. They also redefine how meetings, negotiations, supervisions and water-cooler talk are conducted. For instance, virtual meetings allow people in geographically dispersed locations to meet regularly. Moreover, it’s now easier for employees in Baltimore and Singapore to covertly share company gossip than for off-line employees who work two cubicles apart. And in some industries web sites are becoming electronic employee grapevines.71

3.12.7 Decentralised Work Sites: For human resource managers, much of the challenge regarding decentralised work sites revolves around training managers how to establish and ensure appropriate work quality and on-time completion.


Decentralised work sites remove traditional “face-time”, and managers’ need to “control” the work must change. Instead, greater employee involvement will allow workers the discretion to make decisions that affect them. For instance, although a due date is established for the work assigned to employees, managers must recognise that home workers will work at their own pace. Instead of focusing work efforts over an eight-hour period, the individual may work two hours here, three hours at another time, and another three late at night. The emphasis, then, will be on the final product, not on the means by which it is accomplished. Work at home may also require HRM to rethink its compensation policy. Will it pay workers by the hour, on a salary basis, or by the job performed? More than likely, jobs like claims processing that can be easily quantified and standardised will earn pay for actual work done.

### 3.12.8 Skill Levels:
What are the skill implications of this vast spread of technology? For one, employees’ job skill requirements will increase. Workers will need the ability to read and comprehend software and hardware manuals, technical journals and detailed reports. Another implication is that technology tends to level the competitive playing field. It provides organisations (no matter their size or market power) with the ability to innovate, bring products to market rapidly and respond to customer requests. Companies like E-Trade and Ameritrade, for example, allow any individual to personally trade stocks on-line as opposed to making similar transactions through a large brokerage house.

### 3.12.9 A Legal Concern:
Organisations that use technology – especially the Internet and e-mail – must address the potential for harassment, bias, discrimination and offensive sexual behaviour abuses. Evidence is increasing that many employees fail to use the same constraints in electronic communications that they use in traditional work settings. Issues including employment discrimination (such as protected class, disparate impact, disparate treatment, retaliation); military leave; drug-free workplace legal issues; workplace violence;

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the Family and Medical Leave Act of 1993 (FMLA); negligent referral; negligent hiring; negligent retention; and employee references. But those same people may think it’s acceptable to send racist and sexist jokes via e-mail or to download pornography at work. As one researcher pointed out, federal law views a company’s e-mail no differently than if offensive materials were circulated on a company’s letterhead. HRM policy must define inappropriate electronic communications, reserve the right to monitor employee Internet and e-mail usage, and specify disciplinary actions for violations.

**Arif Hassan, Junaidah Hashim, Ahmed Zaki Hj Ismail (2006)**\(^75\) stated that there existed large inter-organizational differences in Human Resource Development (HRD) practices. In general, however, employees’ ratings were moderate. ISO certified companies, compared to others, obtained higher means on some HRD variables. Organizations with better learning, training and development systems, reward and recognition, and information systems promoted human resource development climate. Quality orientation was predicted by career planning, performance guidance and development, role efficacy, and reward and recognition systems. Comparison between ISO and non-ISO certified companies did yield some significant differences, yet it was difficult to conclude that the differences were due to ISO certifications alone as organizations in the sample were not matched.

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3.13 How Diversity Affects HRM

As organisations become more diverse, employers have been adapting their human resource practices to reflect those changes.\textsuperscript{89} Many organisations today, such as Bank of America, have workforce diversity programs. They tend to hire, promote and retain minorities; encourage vendor diversity and provide diversity training for employees.\textsuperscript{90} Some, like Coca-Cola, Motorola and Mars, actually conduct cultural audits to ensure that diversity is pervasive in the organisation.\textsuperscript{91}

Workforce diversity requires employers to be more sensitive to the differences that each group brings to the work setting. For instance, employers may have to shift their philosophy from treating everyone alike to recognising individual differences and


responding to those differences in ways that will ensure employee retention and
greater productivity. They must recognise and deal with different values, needs,
interests and expectations of employees. They must avoid any practice or action that
can be interpreted as being sexist, racist or offensive to any particular group and of
course must not illegally discriminate against any employee. Employers also must
find ways to assist employees in managing work / life issues.

After careful insight into the Human Resource Practices and Policies adopted by
various companies in India and Abroad, the given study has highlighted the
importance of HR practices for the organization and further tried to understand the
same being followed in two states of India, viz., Gujarat and Andhra Pradesh.

It is a modest attempt to compare these practices across two states and across two
industries i.e. Engineering and Chemical/Pharmaceutical companies.

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93 See, for instance, “Friends of the Family: 100 Best Companies for Working
Mothers – 16th Annual Survey”, Working Mother (October 2001), pp. 60-148 and