APPENDIX 2
THE NATURE AND EMPLOYMENT CONDITIONS OF CONTRACT WORKERS IN THE WORK PLACE

Uma Maheshwari., M.B.A., M.Com., MPhil.,
Research Scholar, Department of Management Studies, Manonmaniam Sundaranar University, Tirunelveli-627 012, Tamil Nadu. E-mail: umameenaxi@gmail.com

Dr. S. Narayana Rajan, M.B.A., Ph.D.,
Associate Professor, Department of Business Administration, Aditanar College, Tiruchendur-628 215, Thoothukudi District, Tamil Nadu. E-mail: nelkavi@yahoo.com

I Introduction:

The process of globalization in developing economies has provided a vast arena of challenges as well as opportunities. The employment opportunities in this process have increased the flexibility in labour norms. Technological developments, faster and different form of globalization, rise of demand for specialized policies of fiscal prudence, enhanced competition, and the uncertainty about market growth are the major factors that prompt firms to adopt flexible labour practices. These reforms have included using “quasi-contracts” between government agencies, commercializing public agencies, contracting out specific services to the private sector through concessions or outright privatization.

The public sector accounted for two-thirds of employment that has shrunk after liberalization. The declining trends in organized sector employment and the corresponding expansion of casualisation of employment point towards the worsening conditions of the workers (Kannan and Pillai, 2007). The workers in this type of
unorganized sector do not have employment and income security, and additionally they are affected by the problem of deficiency or capability deprivation (of basic needs) as well as the problem of adversity (arising out of such contingencies as sickness and accidents)(NCEUS, 2006, 2006). The outcome of such insecurities is also borne by the society, as a whole as it weakens their ability for national contribution. Informalisation of employment is the key labour market outcome of these developments.

II Statement of the problem:

Globalization has changed the market conditions and the capital demands hindrance-free flow all over the world. The developed economies are not only forcing the developing economies to open up their trade and market but also to make their labour market more flexible. Today Globalization has facilitated increased flow of Global Capital and competition from multinational enterprises. The effects are probably more evident among tenured employees. Indian enterprises in many sectors have cut down production costs to compete in the global market. The experience internationally has been of a decline in tenure employment, and increase in a kind of contractual employment. The government departments/institutions justify their policies of recruiting the unprotected and flexible labour. The concept of Welfare State is dissolving. The character of State has been converted, and it is being seen merely as administrative machinery. The public sector or government owned institutions, which are established to serve the betterment of the people with the public money, are converted now into commercial institutions. The PSUs are forced to generate profit at the cost of the common man. These shifts in concept forced the state owned institutions deviate from
the positions of model employer. It resulted in engaging labour without any legitimate facilities. In view of Contract Labour (Regulation & Abolition) Act 1970 in India, the very system of employing the contract labour has taken a different dimension to that of the prevailing practice in other parts of the world, which resulted in decline in the bargaining power of labour and reduction in the share of labour in the fruits of economic development.

III Objectives of the Study:

This study has been undertaken to know Social, Economic, and working status of the contract workers working in the selected public sectors in Bangalore under the legal framework of central and state governments.

IV Methodology:

The Sample that formed part of the study of contract workers was drawn through a random sample method from the selected three establishments in Bangalore, an important centre of foreign investment destination in India. A Survey was conducted among 150 workers of Bharat Sanchar Nigam Limited (BSNL), Bangalore Electricity Supply Company (BESCOM), and Bangalore Water Supply Sewerage Board (BWSSB). The total number of contract workers engaged in these three institutions is 3000(on the basis of the trade union accounts) in Bangalore city and an attempt was made to incorporate a proper regional representation in sample selection.
V Contract Worker – Some Dimensions:

The very usage of the term ‘Contract Worker’ refers to employment of labour through the intermediary i.e., the Contractor, which falls within the scope of the term ‘contract for employment’. Generally the contract workmen are indirect employees hired, supervised and remunerated by the contractor who in turn is compensated by the principal employer.

VI Legal framework:

The Contract Labour (Regulation and Abolition) Act (CLRA) 1970 was passed by the government to regulate the employment of contract labour in certain establishments and to provide for its abolition under certain circumstances. The law prescribes four criteria to be considered while deciding on prohibition whether (a) the process or work is incidental or necessary for the industry, (b) it is of perennial nature, (c) if regular worker does it ordinarily, and (d) it is sufficient to employ considerable number of full-time workers. The Act also seeks to promote the health and welfare of contract labour (Chapter V), canteen, rest rooms, drinking water, toilets, washing facilities, and first-aid facilities have to be provided to them. It is important to remember that contract labourers are covered under the Minimum Wages Act, Employees Provident Fund Act (EPF Act), and Employees’ State Insurance Act (ESI Act). They however cannot claim bonus or gratuity, as ‘wages’ under the Act does not consider bonus or gratuity as a part of wages. The Government of Karnataka brought this act into force in 1974.
VII Types of the contract workers:

In all the establishments, the survey indicates two types of Employment Contracts:

a) Job contracts and b) Labour contracts

In job contracting, the principal establishment enters into a contract with a contractor (firm) for the supply of goods or services. The contract envisages payment to the contractor on the basis of output and not the number of persons employed by the contractor for carrying out the work of the establishment.

In the type of labour contract, the contractors supply the workers to the principal employer. The principal employer makes payment to the contractor on the basis of number of workers supplied by the contractor. Since the job of the contractor is only to supply the labour and not to render any specialized service that involves a particular skill or special knowledge or technology, the principal employer does the entire supervision of the work. The Contract Labour (Regulation and Abolition) Act 1970 includes both types of contracts that is job contacts and labour contracts in the definition of ‘Contractor’ under section 2(1) (C) of the Act.

VIII Analysis of status of contract workers in the working place:

a) The nature of employment:

The contract workers are engaged in core and non-core activities in all the service sectors. In BSNL, Contract labour system is prevalent in indoor and outdoor activities like housekeeping, office work, cable maintenance, trenching and tracing. In
BWSSB, the contract workers are working as helpers, meter readers, office assistant, pump-housing operators, filter house operators, typists and data entry operators. In BESCOM, the indoor and outdoor activities include ward & watch, data entry operators, helpers and wiremen.

b) The economic status:

This study reveals that the contract labours are engaged in skilled, semi skilled and unskilled nature of jobs. The monthly wages of skilled workers, who have technical skill like the data operators, typist, and office assistants, as paid by their contractor or employer, vary from Rs. 3300 to Rs. 4000, vis-à-vis the minimum wages notified by the state government viz. Rs.3708 and the central government, viz. Rs. 8050. In our study, 27 per cent of the workers are skilled with the educational qualification of diploma or graduation.

This study reveals that the semi-skilled workers who comes under the category of mechanical operators, tracing, trenching, fault finding, pump house operators, filter house operators, wireman are getting as monthly salary, Rs. 3100 to Rs.3300, as against the central government’s minimum wage notification of Rs.7410 and the state government’s notified minimum wages of Rs. 3158.00 for those with education qualification above 7th standard. Nearly 38 per cent of the workers of our respondents come under this category.

This study also analyzed the status of workers, who come under the unskilled category, such as house keeping (sweeping, gardening, security, attender, cooks); they
are getting as salary Rs.2000 to 2200, as against the minimum wage notification of Central Government viz. Rs. 6084 and of the State government, viz Rs. 3008.00 (for workers with educational qualification below 7th standard or uneducated). 35 per cent of the workers of our respondents come under this category. Without minimum wages, their economic conditions are very poor. Most of their families depend on their income. These workers remain in these jobs for a long term with the hope of getting seniority on service regularization. They are not aware of the minimum wage notification.

In the case of BSNL, since last year the indoor workers engaged in office assistance, data entry and other office work and housekeepers got wage increase (Rs. 1000- Rs.1200) after a long fight with the management. But the other workers coming under the category of semi skilled are not getting this wage increase.

The data shows that the workers are not paid the statutory minimum wages notified by the Governments. The Central government already passed an order directing the central government enterprises to pay the wages to the contract workers as per the notification of the Central government and further directed to pay the wages as per the state government notifications where the notified minimum wages is higher than central notification.

The precarious economic conditions of the workers are brought out by the incidence of debts among the respondents. Nearly 30% have reported being indebted. Most respondents reported paying interests on loans between 2 to 10% per month. Only 5% of the respondents said that they were able to make any savings out of the family
earnings. In the sample there are 35 per cent of the workers, who are unskilled such as house keeping, gardening, pump house operators, trenching and tracing. However, their educational level is below 7th Std or illiterates, who could not find any other job.

c) Welfare Benefits:

The contract workers engaged by these institutions are not covered with any social security schemes such as Annual Bonus, Gratuity, ESI and PF. The general legitimate facilities like weekly off, paid leave, annual leave with wages, paid National and Festival Holidays, additional salary for the extended working hours etc, are denied to these workers. In some cases such as cable maintenance and other out door works the workers are engaged throughout the day and a normal shift is introduced. In some cases, the contractors recover the employee contribution for ESI and PF from the salaries of the workers, but do not remit the same to the concerned departments. Only very few workers are issued with the documents related to the coverage of PF and ESI.

d) Employment Status:

The study reveals nearly 14 per cent of the worker are having 12 and above years of experience, 19 per cent of the workers are having 10-12 years of experience, 27 per cent of the workers are having 8-10 years of experience, 25 percent of the workers are having 5-7 years of experience and 15 per cent of the worker are having less than 5 years of experience in the same company. The majority of the workmen are not having any documentary evidence for the services rendered in the company since pay slips, appointment orders and Identity cards with specific details are not issued to them. The
workmen are eligible to receive gratuity after having continuous service of five years with the same employer under the Payment of Gratuity Act. The workmen are made ineligible to earn gratuity because of frequent change of contractors through whom they are engaged. Their employment is continued for more than five years unhindered in the same job, but under different contractors. In spite of continuous service in the establishment under various contractors, the regularization of work remains an unfulfilled dream for the workers. The legislations are not ensuring the regularization of the jobs of the contract workers even when the system is abolished. It was found that the BESCOM has regularized some of the workers who worked as gangman in the year 2003.

These three institutions stopped recruiting employees on regular basis for a long time as per the directions of the respective governments. Even the vacancies that arose out of retirement, resignation, voluntary separation schemes are not filled up with the new recruitments or absorbing the contract workers with long services in to regular rolls. These workers are not given any systematic training in the jobs allotted to them and enabled to attain the necessary skill through the self-learning. They are forced to work even on general holidays with out any additional wages, many times, even with out wages. The workmen generally don’t refuse to come to work on holidays because of the fear of losing job.
IX Finding and Suggestions:

In all three public sectors the status of contract workers is very poor.

They are not getting minimum wages prescribed by the Central government. In BSNL, the workers are demanding same and similar wages on par with regular employees who are doing jobs of similar nature. Now they are getting Rs.232 (only on working days) whereas the lowest paid regular employee is earning more than Rs. 450/- per day. From 1st November 2010 onwards the BSNL indoor workers are getting the Notified Minimum Wages and statutory social security benefits like ESI and PF.

If this study considers the employment status, even though they worked for long terms, nearly 10-15 years, their employments are not considered for regularization. And they are not getting any career development and other benefits. Most of the workers working in these sectors, who expect their employment to be made permanent, get disappointed. And they cannot move to other jobs due to their age and experience in the particular job.

If this study consider the social status, even though several legislations provide so many facilities and acts such as Contract Labour (R&A) Act 1970, minimum wage act 1948, and the other state obligations that the Directive Principles of State Policy, incorporated under Article 38 of our Constitution, mandates the State to secure a social order for promotion of welfare of people and to establish an egalitarian society. This study shows that the non-permanency in the job affects their social status.
The Study revealed the following instances of violations of substantive rights:

Denial of minimum wages, Delay in payment of wages; Denial of proper conditions of work; Denial of amenities when such labour are discharging similar work to that of regular employees; Denial of fringe benefits; Denial of coverage under the social security network such as PF and ESI; Denial of personnel safety equipments and proper training on safe work practices; Uncertain terms of employment such as abrupt termination or removal; Hostile attitude towards union formation; Most of the laborers employed on contract basis through the middlemen are totally ignorant of their rights and privileges under the Act; and The regular employees are totally hostile to the interest of contract labour either in pursuing their rights collectively or in taking the initiative in forming the unions.

All the three public service sectors the contract workers are engaged both in core and non-core activities providing services to the people. But these institutions are forced to be competitive in open market policies with reduced and further reducing financial support of the respective Governments. These institutions have been converted as business establishments instead of being service institutions. This situation leads to a ban on recruitment of skilled, semiskilled and unskilled workers on regular basis. The employment of contract workers without any basic, well set qualifications and neglecting further skill development of the workers resulted in poor quality of service in the core activities of these companies, which resulted in the poor performance in the services provided to the common public and at the customer-end. This situation makes these public sector service industries unpopular at the customer-end.
XI Conclusions:

The employment under the public undertakings is a public employment and a public property. It is not only these undertakings but also the society, which has a stake in their proper and efficient working. Both discipline and devotion are necessary for efficiency. To ensure both, the service conditions of those who work for them must be encouraging, clear and secured, and not vague and whimsical. With capricious service conditions, both discipline and devotion are endangered, and efficiency is impaired. In fact the system is not only making the labour unprotected, but also the industries inefficient.

References:
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A STUDY ON HRM PRACTICES IN TELECOM INDUSTRIES IN BANGALORE

K.Uma Maheshwari., M.B.A., M.Phil.,
Head, Department of Management Studies,
Faith British Academy,
Bangalore.E-mail: umameenaxi@gmail.com.

Dr. S. Narayana Rajan, M.B.A., Ph.D.,
Associate Professor, Department of Business Administration,
Aditanar College,Tiruchendur-628 215,
Thoothukudi District, Tamil Nadu.
E-mail: nelkavi@yahoo.com

ABSTRACT

The three resources that hold the key to success in this ever changing globalised business environment are - Technical resources, Economical resources and Human resources. Each of these resources complements each other to steer the business forward. The concept of modern management is primarily concerned with the planning and development of human resources. It is essential for organisational strategy, development and progress. The Human Resources Management (HRM) is a key and leading determinant of organisational success. With the acceleration of globalisation, the structure and pattern of employment and managing the human resources have also been altered. The globalization has a huge impact on HRM practices in almost all industries including telecom. This study attempts to investigate the workers satisfaction in the prevailing Human Resource Management (HRM) practices and it has found the preferred HRM practices of the respondents in the telecom industries in Bangalore.

Key Words: HRM Practices, Telecom Industry.
INTRODUCTION

The development of human resource paves way for the development of the entire society. In a broader sense, the Human Resource (HR) can be defined as “A planned activity for overall growth of an individual or a group of individuals by providing them with relevant practical learning experiences”. On realising this, nearly all the companies these days are giving more importance to manage their human resources. Human Resource Management (HRM) has branched out in many different sub-fields such as: staffing, training, performance management, compensation and labour relations (Mello, 2006). When these functions are practiced in the organizations they are called as Human Resources Management (HRM) practices. According to Pankaj Tiwari and Karunesh Saxena, HRM practices refer to organisational activities directed to managing the pool of human resources and ensuring that the resources are employed towards the fulfillment of organisational goals. These practices are based on the organisational strategy. HRM practices help the organisations to develop its human resources effectively and efficiently to achieve its excellence. It could contribute to create value by increasing the intellectual capital within the firm (Ulrich 1997).

Effective Human Resource Management (HRM) practices are significant in extracting positive work behaviours among employees, which consecutively lead to organizational innovation (Damampour & Gopalakrishnan, 1998). According to Harter, Schmidt, and Hayes (2002), HRM practices can generate increased knowledge, motivation, synergy, and commitment of a firm's employees, resulting in a source of sustained competitive advantage for the firm.
Post – liberalisation era has brought major changes in the employment system of India. In order to respond to aggressive competition created by opening up of the Indian economy, the organisation should have a meaningful human resource management system as its base. A well designed human resource plan enables the organization to retain the required skill sets, expertise and competencies, further it enthuses the man power for collectively updating themselves. For this it should be backed up with sound HRM practices and these practices act as the motivational factor and play a pivotal role in improving productivity and competitiveness between the organisations. The HRM practices can make an important, practical difference in the organisational outcomes such as: Productivity, Quality of Work Life, and Profit. So the organisations in developed countries adopt modern HRM practices in all sectors to achieve excellence in performance.

**HRM PRACTICES IN TELECOM SECTOR**

Since 1990, globalisation has brought a huge potential for growth in the service sector because of increase in disposable income, increasing urbanization, growing middle class, a population ‘bulge’ in the working age group providing ‘demographic window of opportunity’ and emergence of a wide array of unconventional/ new services like IT, ITES, new financial services (ATMs, credit cards) and tourism services as eco-tourism and health tourism (Misra 2013). Telecom sector is one of the prime support services needed for rapid growth and modernization of various sectors of the economy. The rapid growth in Indian telecom industry has been largely contributing to India’s GDP and it is the 2nd largest telecommunication network in the world (after China) in terms of number
of telephone users. The sector is growing at a speed of 45% during the recent years\(^6\). Therefore the employment opportunity in the telecom sector has constantly been enhancing. A proper HRM practice of the telecom companies boost up the development of this sector and avoids the socio economic disparity.

The following HRM practices are followed in the telecom industries – ‘Recruitment and Placement’, ‘Training and Development’, ‘Performance Appraisal’, ‘Compensation and Benefits’ and ‘Employee Relations’. To meet the global competition the telecom industries outsource its work and recruit the workers on contract basis. So there is no direct relationship between the employers and the employees. There is a need to bring the changes in its HRM practices in these industries. In this situation this study is attempting to examine the satisfaction level of the workers related to HRM practices in selected telecom industries. It also examines the contribution of HRM practices in retaining the required skill sets, expertise and competencies of the workforce.

**OBJECTIVES**

**The following are the major objectives of this study**

- To study the different HRM practices followed in the telecom industries.
- To identify the satisfaction level of both regular and contract workers towards HRM practices.
- To analyse the level of satisfaction of contract workers towards HRM practices.
- To evaluate the preferred HRM practices of contract workers.
- To find out the ways and means for the development of HRM practices for the betterment contract workers.
METHODOLOGY

The present study is an exploratory in nature based on primary data. To collect primary data, a well structured questionnaire is constructed. With the help of interview schedule, the primary data are collected in select telecom companies such as BSNL, Airtel, Tata Docomo, Reliance and Vodofone in Bangalore. This company selection is based on the revenue and subscription of the companies in the year 2013. This study selects 200 workers (both regular and contract) of different core and non-core activities by using the convenient sampling method. Chi-square test, weighted average mean and ranking methods are used to analyse the data.

DATA ANALYSIS AND INTERPRETATION

The data analysis of this study reveals that the HRM practices such as ‘Recruitment and Placement’, ‘Training and Development’, ‘Performance Appraisal’, ‘Compensation and Benefits’ and ‘Employee Relations’ are followed exclusively for the regular workers but the contract workers who are doing the similar jobs are not included. So this study analyses the satisfaction level of HRM practices for all workers. The following hypothesis reveals the results of the satisfaction level of the workers towards the HRM practices.

Hypothesis: There is no significant difference between the HRM practices followed in the case of regular workers and contract workers.
Table 1 shows that the HRM practices have not satisfied all the workers equally in the organisation. It reveals that the calculated value of Chi square is more than Table value (67.2 > 9.488) for 4 degree of freedom at 5% level of significance. So the null hypothesis is rejected and it is proved that there is a significant difference between the HRM practices of regular workers and contract workers. It shows that the regular workers are satisfied by the HRM practices and the contract workers are not satisfied.

Further this study analyses the satisfaction level of contract workers about different HRM practices using the weighted average score method. In this study the data has been collected and assigned in the 5 point scale as 2, 1, 0, -1, and -2 respectively and the weighted average score is calculated. The result has been shown in Table 2.

**TABLE 1**
SATISFACTION LEVEL OF HRM PRACTICES FOR ALL WORKERS

<table>
<thead>
<tr>
<th>Satisfaction level/Workers</th>
<th>Highly Satisfied</th>
<th>Satisfied</th>
<th>Moderate</th>
<th>Dissatisfied</th>
<th>Highly Dissatisfied</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular workers</td>
<td>47(23.5)</td>
<td>33(22)</td>
<td>12(12.5)</td>
<td>08(12)</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Contract Workers</td>
<td>-</td>
<td>11(22)</td>
<td>13(12.5)</td>
<td>16(12)</td>
<td>60(30)</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>47</td>
<td>44</td>
<td>25</td>
<td>24</td>
<td>60</td>
<td>200</td>
</tr>
</tbody>
</table>

Source: Primary Data
Note: Figures in the brackets are the expected frequencies

<table>
<thead>
<tr>
<th>HR Practices/Level of Satisfaction</th>
<th>H.S</th>
<th>S</th>
<th>M</th>
<th>D.S</th>
<th>H.S</th>
<th>Weighted Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment and Placement</td>
<td>-</td>
<td>-</td>
<td>14</td>
<td>38</td>
<td>48</td>
<td>-1.34</td>
</tr>
<tr>
<td>Training and Development</td>
<td>-</td>
<td>2</td>
<td>14</td>
<td>36</td>
<td>48</td>
<td>-1.30</td>
</tr>
<tr>
<td>Performance Appraisal</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>42</td>
<td>58</td>
<td>-1.58</td>
</tr>
<tr>
<td>Compensation and Benefits</td>
<td>10</td>
<td>22</td>
<td>18</td>
<td>22</td>
<td>28</td>
<td>-0.36</td>
</tr>
<tr>
<td>Employee Relations</td>
<td>-</td>
<td>-</td>
<td>26</td>
<td>39</td>
<td>35</td>
<td>-1.05</td>
</tr>
</tbody>
</table>
Table 2 shows the satisfaction level of contract workers for all the HR practices are in negative. This shows that the contract workers are not receiving any HRM practices such as ‘Recruitment and Placement’, ‘Training and Development’, ‘Performance Appraisal’, ‘Compensation and Benefits’ and ‘Employee Relations’. The study has confirmed that the contract workers are unsatisfied with the HRM practices of the companies.

This study analyses the contract workers preference of the HRM practices on the basis of their need by the ranking method. The results are given in Table 3

**TABLE 3**

**PREFERRED HRM PRACTICES OF CONTRACT WORKERS**

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>HR practices involved in</th>
<th>Mean Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Recruitment and placement</td>
<td>323</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Compensation and benefits</td>
<td>391</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Training and development</td>
<td>276</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Performance appraisal</td>
<td>247</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Employee relations</td>
<td>263</td>
<td>4</td>
</tr>
</tbody>
</table>

**Source**: primary Data

From Table 3; ‘Compensation and Benefits’ is the prime needful HRM practice with score of 391, as the contract workers are getting minimum wage or less that minimum wage. ‘Recruitment and Placement’ places the second rank, as the workers are recruited by the contractors. ‘Training and Development’ is placed as 3rd rank shows that the workers are not given any training. ‘Employee’s Relations’ and the ‘Performance Appraisal’ are ranked as 4th and 5th place since these are not being followed by the
organization. As the workers are appointed by contractual basis the companies do not consider them as their workforce.

FINDINGS

This study has found that the telecom industry has been following the HRM practices only for its regular workers. It has found that there are lapses in HRM practices like Proper Compensation, Recruitment Process, Training and Development and Performance Appraisal. The contract workers are recruited and compensated by the contractors. They get only the minimum wages or less than minimum wages as consolidated wages and are not getting any other allowances such as conveyance, house rent, city compensatory etc. These workers are not given any systematic training in the jobs allotted to them and have attained the skill through self-learning or by other regular workers. They do not have any appraisal methods and have no employee relations. They are having unions but are not recognised by the employers. The employer employee relationship is subdued in case of contract workers. The principle employers are not having any direct employment relationship and liabilities with the contract workers. So the contract workers are not satisfied with the HRM practices of the companies.

SUGGESTIONS

This study has recommended the following suggestions to improve HRM practices for the welfare of contract workers.
• Ensuring the wages and facilities as per the provisions of Contract Labour (Abolition and Regulation) Act will motivate to improve the skill and the performance of workers.

• Recruitment of contract workers other than unskilled workers should be monitored by the principal employer on the defined parameters. Well defined and direct recruitment process increases the binding of the workers with the organisation.

• The process of training and development increases the efficiency of both workers and the organisation.

• Performance appraisal methods have helped to recognize the workers potential.

• Employee relations increase the co-ordinations and smooth functioning of the organisation.

The profit motivated short sighted HRM practices incidentally increase the performance of organisation but in the long run it eliminates potential majority of the workforce, involved in the value addition, from the strength of the consumer market. Therefore the HRM practices must be taken up by considering the future of the workers and the organization. Non existence of consistent HRM practices for the contract workforce is excluding them from continual skill development and personnel development in the long run. So the HRM practices should focus the long run of the organisation’s smooth functioning. It should help to improve the efficiency and accountability of the workers. Impartial HRM practices which include the entire workforce will eliminate the
disparity among workers. The stable growth in efficiency performance can be achieved through the unbiased HRM practices.

**CONCLUSION**

The unprecedented changes and a variety of challenges have forced the telecom service sectors under constant pressure to reduce cost and increase performance. This is possible only through increase in efficiency of employees and their accountability. In doing, so organisations should build the constant HRM practices without any biased. Then only it can develop and retain employees in order to accomplish organisational goals. HRM practices in telecom have to build up to the level where it can foster growth of organisation and develop the economy. Good and healthy HRM practices with progressive approach towards humanity will ensure the inclusive growth of the organisations.

**REFERENCES**


E-CRM AND CUSTOMER SATISFACTION IN PUBLIC SECTOR BANKS IN BANGALORE

Uma Maheshwari., M.B.A., M.Com., M.Phil.,
Head, Department of Management Studies, Faith British Academy, Bangalore.
E-mail: umameenaxi@gmail.com.

Dr. S. Narayana Rajan, M.B.A., Ph.D.,
Associate Professor, Department of Business Administration, Aditanar College,
Tiruchendur- E-mail: nelkavi@yahoo.com

ABSTRACT:

In the globalized world retaining customers is a challenging task for public sector banks. New technology, easy accessibility, and cost effective services are helpful to attract and retain the customers. This paper examines the satisfaction level of customers of public sector banks in light of awareness, accessibility, cost effectiveness and other e-CRM tools. It also analyses the factors which influence customers to continue avail the services of the same bank. This study has found the problems of the customers, when they access e-services.

Key Words: e-CRM, Public Sector Banks

INTRODUCTION:

Customer oriented market is the concept not only applicable to the product but for the services. This concept is very popular in all service sectors including banking in the competitive market environment. CRM has helped companies to increase profit and value by focusing and targeting the profit customers by collecting the data and profile of customers and utilize their knowledge in the market strategy. By this way the modern technology is helping to retain the customers. Electronic Customer Relationship

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Management is the instrument which helps bankers to fulfill their customers’ needs without visiting to the bank. Commonly e-CRM handles customer relationship through the web.

Every organization’s prime motive is to provide good customer service. As financial institutions, banks have to provide good customer support to increase profit. In the modern world, public sector banks have to increase their service quality by adopting new technology like e-CRM. Public sector banks have to compete with the private sector banks which provide CRM technology such as Internet Banking, Tele-Banking, Computerized Net Work System and other facilities.

E-CRM IN THE PUBLIC SECTOR BANKS:

Commercial banks use the IT products to provide efficient customer service. This makes their services customer friendly or user friendly, thereby helping banks to strengthen their customer relationship. The following are some of the e-CRM instruments employed in the commercial banking sector.

**Internet Banking:** It is a service provided by banks, by which customers can access and operate accounts and know about other banking services through the bank’s website. Customers access these facilities with the help of the computer and internet. The bank provides a unique username and password to the customer, using which the customer can operate his or her account from the comfort of his home. It is an easy, relatively inexpensive, fast, efficient and secure service provided by the bank. Net-Banking is the most comfortable channel through which a customer can experience round the clock banking from any part of the world.
**ATM Machine Services:** It is a very easily accessible service provided by all banks. It helps customers to deposit and withdraw money from a vending machine and reduces the workload on bank employees and saves a lot of time for the customers as well. ATMs also help in generating mini balance statement. Moreover it is safe, because customers can draw money when they need without having to carry it with them everywhere.

**Tele Banking or Mobile Banking:** This is a service which enables customers obtain bank balance enquiry and transaction information. Banks use this service to clarify the queries of customers. This service **ensures** delivery of One Time Password (OTP) to the specific mobile numbers to ensure safe and secure transactions.

**E-Mail Service:** Banks use this service to notify their valued customers about their new policies and schemes and also to get instant feedback on the same. This is a cost-effective service which is best suited for mass communication.

**Computer Networking:** This service facilitates customers to access data from any of the branches of the bank. It integrates front-office applications with back office requirements, thus generating MIS for branch managers and executives at different controlling offices including the head office. It is also accurate, speedy and cost-effective.

**Customer Smart Cards:** This service provides more security to customers by ensuring that these smart cards carry all relevant information, details of previous and repeat purchases. This makes it convenient for customers to recall their transaction history and for the bank to keep track of the behavioral and purchase trends of its customers.
REVIEW OF LITERATURE:

Public sector banks in India are playing a vital role in the development of Indian economy by constituting the market value of 80 per cent in March 2013. The biggest share holder of the public sector banks have to maintain customer relationship management for providing the latest technical services to the public to retain its share and to be a master in the banking sector. e-CRM paves way for customer retention and increases profit for the bank. The following are relevant literatures which give a bird’s eye view of e-CRM technology and its impact on the Indian banking sector.

Prabina Kumar Padhi and Madusmita Mishra (2013) in their article, they provide a brief idea about e-CRM and its impact in the Indian banking sectors. And they mentioned about a gap between the formulation and implementation of e-CRM which can be eliminated by the proper guidance over this concept.

Ullah Shafi, Ahmed Manzoor, and Hashmi Syed Muhammad Hasan (2013) in their article, “Electronic Customer Relationship Management in Banking Sector of Pakistan; A Challenge from the Emerging Technology” have stated that there is a dire need for electronic enhancement or reform in order to upgrade the services of important sectors like the banking sector.

R.K Mittal and Rajeev Kumra (2001) in their work “E-CRM in Indian Banks-An Overview”, have stated that banks must adopt an e-CRM ‘customer centric approach’. They believe that products should be devised for customers and not the other way around. Banks must build their brand image in assuring customers about the safety of their money and security internet transactions.
OBJECTIVES OF THIS STUDY:

The following are the objectives of this study.

➢ To understand the influence of e-CRM on customer satisfaction in public sector banks in Bangalore.

➢ To analyze the problems faced by customers in using e-CRM.

➢ To suggest ways and means of improving public sector services by adopting e-CRM.

METHODOLOGY:

This study is empirical in nature. Both primary and secondary data are used in this study. The data is collected through the questionnaire method. Among 26 public sector banks 7 well known public sectors were selected. The sample of this study is taken randomly from the customers of public sector banks located in Bangalore. 110 questionnaires were issued out of which 101 completed questionnaires were chosen for the study. The data are analyzed using statistical tools such as simple percentage, one way ANOVAs, and mean score methods.

ANALYSIS:

Almost all public sector banks are upgrading their services by adopting the latest technology which in order to become customer friendly. Their approach towards providing service has become customer-centric. But the customers need to upgrade their technical in order to avail of services like e-CRM. In this study 101 is the respondent all are satisfied in their bank activities and 99 per cent of the customers are recommended their banks to their friends and relatives. The study finds that 43 per cent of the customers having uninterrupted banking relationship with a particular bank for more than
6 years. The following table shows the awareness, accessibility and cost effectiveness of e-CRM Techniques.

TABLE 1
AWARENESS, ACCESSIBILITY AND COST EFFECTIVENESS OF E-CRM TECHNOLOGY

<table>
<thead>
<tr>
<th>Modern Banking Technologies</th>
<th>Level of Awareness</th>
<th>Level of Accessibility</th>
<th>Cost Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Respondents</td>
<td>Percentage</td>
<td>No. of Respondents</td>
</tr>
<tr>
<td>ATM</td>
<td>101</td>
<td>100</td>
<td>101</td>
</tr>
<tr>
<td>Internet banking</td>
<td>83</td>
<td>82</td>
<td>56</td>
</tr>
<tr>
<td>Tele/mobile banking</td>
<td>61</td>
<td>60</td>
<td>50</td>
</tr>
<tr>
<td>E-mail services</td>
<td>42</td>
<td>42</td>
<td>23</td>
</tr>
<tr>
<td>Customer smart card</td>
<td>28</td>
<td>28</td>
<td>-</td>
</tr>
<tr>
<td>Computer net working</td>
<td>29</td>
<td>30</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Primary Data

From the Table no. 1 it is evident that 100 per cent of the customers are aware and they access the e-CRM service of ATMs, 83 per cent are aware about the internet service but only 56 per cent are able to access it due to the high expense involved. 60 per cent of customers are familiar with the tele/mobile banking services but only 51 per cent of them are accessing it. (New customers receive banking related information on their mobiles). 42 per cent of the customers are familiar with e-mail services but only 23 per cent of them are accessing the service. The customer smart card and computer net working services are known only to 28 per cent and 30 per cent of the customers respectively.

With regard to cost effectiveness of e-CRM services, the usage of ATM scored 4.48 points and it is placed first on the list as it is user-friendly. The Internet banking follows in rank second, Tele/mobile banking in third, E-mail services in fourth and
computer net working. As customer smart cards are introduced only in big cities like Mumbai it does not play any role in cost effectiveness to the respondents here.

**SATISFACTION LEVEL AND CUSTOMER RELATIONSHIP:**

The market value of the bank increases through the customer satisfaction. Once the customer is satisfied with the banking services, they will remain loyal to the same bank. So the null hypothesis is framed to test the tenure of the customer and the banking e-CRM services.

**H0:** There is no significant relationship between the satisfaction level of customers and e-CRM services provided by banks with the tenure of the customers.

<table>
<thead>
<tr>
<th>Regarding e-CRM services</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>F value</th>
<th>Significance</th>
<th>H0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent services</td>
<td>4.27</td>
<td>.786</td>
<td>5.987</td>
<td>.001</td>
<td>Reject</td>
</tr>
<tr>
<td>Quick response to the complain</td>
<td>3.91</td>
<td>.884</td>
<td>1.473</td>
<td>.227</td>
<td>Accept</td>
</tr>
<tr>
<td>Good promotional activities</td>
<td>3.75</td>
<td>.876</td>
<td>1.203</td>
<td>.313</td>
<td>Accept</td>
</tr>
<tr>
<td>Easy accessibility</td>
<td>4.01</td>
<td>.837</td>
<td>3.544</td>
<td>.017</td>
<td>Accept</td>
</tr>
<tr>
<td>Cost effectiveness</td>
<td>4.00</td>
<td>.837</td>
<td>2.638</td>
<td>.054</td>
<td>Accept</td>
</tr>
</tbody>
</table>

**Source: Primary data**

From the Table no. 2, it is clear that the null hypothesis is rejected on the degree of freedom between groups 3, within groups 97 regarding the e-CRM services to the customers, of excellent services. For other activities the null hypothesis is accepted. It shows that customers continue to avail the services of banks which provide excellent services, quick response to complaints, good promotional activities, and easy accessibility.
Factors Influencing the Respondent to Retain the Account in the Same Bank:

This study found that 43 per cent of the customers have had an account in the same bank for more than 6 years. Based on the analysis the most favoured factors are found using the mean score method.

**TABLE 3**

**FACTORS INFLUENCING THE RESPONDENTS’ USE OF BANKING TECHNOLOGIES**

<table>
<thead>
<tr>
<th>Factors</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>DA</th>
<th>SDA</th>
<th>Mean score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security/less risk</td>
<td>48</td>
<td>37</td>
<td>14</td>
<td>1</td>
<td>1</td>
<td>4.29</td>
</tr>
<tr>
<td>Save Time</td>
<td>53</td>
<td>43</td>
<td>4</td>
<td>1</td>
<td>0</td>
<td>4.47</td>
</tr>
<tr>
<td>Less transaction cost</td>
<td>37</td>
<td>42</td>
<td>21</td>
<td>1</td>
<td>0</td>
<td>4.14</td>
</tr>
<tr>
<td>Easy accessibility</td>
<td>47</td>
<td>36</td>
<td>17</td>
<td>1</td>
<td>0</td>
<td>4.29</td>
</tr>
<tr>
<td>Self service</td>
<td>48</td>
<td>33</td>
<td>19</td>
<td>11</td>
<td>0</td>
<td>4.27</td>
</tr>
</tbody>
</table>

*Source: primary data.*

Table 3 indicates that factors such as ‘security/less risk’, ‘save time’, ‘less transaction cost’, ‘easy accessibility’, ‘self service’ have been rated with the highest mean score of 4 and above. ‘Save time’ has been rated as the highest by customers followed by ‘easy accessibility’ and ‘security’. Less transaction cost stands last by scoring 4.14. This clearly shows that customers are influenced by the above mentioned factors which the e-CRM service has rendered. These are the main reasons for customers to retain their tenure in the same bank.

At the same time, the result also reveals some of the major problems faced by customers when they access e-CRM services. Some of the impediments are poor network, followed by lack of adequate knowledge in accessing modern technology and
inconvenient location of ATMs. Nearly 36 per cent of the customers stated that they face no problems in accessing e-CRM services.

FINDINGS:

- Almost all customers are satisfied with their banking services and they are also ready to recommend their banks to friends and relatives.
- Ninety nine per cent of the customers are aware of e-CRM services provided by banks.
- Almost every customer accesses the ATMs, which is ranked as the highest known e-CRM service.
- Internet banking, tele/mobile banking and e-mail e-CRM services are not as frequently used though the customers are aware of these services. This is due to the lack of access to modern technological devices.
- All customers have ranked ATMs as the most cost effective electronic customer service which is followed by internet banking.
- ‘Excellent service’ has been the highest scorer among the banking activities which influences customer satisfaction and retention.

RECOMMENDATIONS:

The study concludes that most customers lack the technical skills which are required to utilize the e-CRM service provided by public sector banks. Banks need to adopt a prominent and potential system to educate customers about the same. Public sector banks also need to upgrade the capability of their employees in assisting their customers. Furthermore, e-CRM services should be upgraded to user friendly operative
systems. This will ensure that there is significant customer loyalty and retention, thereby increasing the public sector banks’ share in the market.

CONCLUSION:

In conclusion the public sector banks should enhance themselves in addressing general difficulties of customers with inadequate knowledge of modern instruments of banking system. Customers’ concerns of security and safety of using ATM’s, the non-availability of essential denomination of currencies, uncomfortable voice responding system which replaced sensitive live human guidance for the general queries and need of a customer identification system or unique identity card when they open their net page, are should be addressed with the defined and committed principles of customer relation system.

REFERENCES:


