CHAPTER I

INTRODUCTION

"The Personnel Functions are the nervous system of the organisation structure."\(^1\)

Managing men is an old art and may be said to be concurrent with human civilization itself. It was practiced with skill and tact long before the advent of institutionalised personnel functions of the modern industries. The very process of human civilization, growth of population and expansion of education had been featured by manifold increase of the demands for industrial goods and services. Side by side, advancement of science and technology have gradually been inducing larger size of industrial unit. As a result, the size of the work force has been increasing rapidly. The complex pattern of industries and large industrial work force have created problems for the employers in directly dealing with them. In course of time, the urgency of a separate managerial cell began to be felt to deal with the ever-increasing work force of the industrial unit. This is the legacy of the Personnel Functions of the modern industrial management. The Personnel Functions have now-a-days acquired such importance and indispensability that, it may rightly be called the nervous system of the organisation structure. Thus, to appreciate and handle the human problem of the employees, a new managerial function was born, and that is the

"Personnel Management" with all its specialised skill and intricate psychological approach.

"Personnel Management may be conveniently described as the part of the management process which is primarily concerned with the human constituents of an organization. Its object is the maintenance of human relationships on a basis of which, by consideration of the well-being of the individual, enables all those engaged in the undertaking to make their maximum personal contribution to the effective working of that undertaking."\(^2\)

Julius has defined personnel management as the "field of management which has to do with planning, organising, directing and controlling the functions of procuring, developing, maintaining and utilising a labour force, such that the -

1. Objectives for which the company is established are attained economically and effectively.

2. Objectives of all levels of personnel are served to the highest possible degree.

3. Objectives of the community are duly considered and served."\(^5\)

In the above definition, Julius focussed his entire attention to labour personnel only. But personnel management refers to the function of managing people including the formulation of policy by the members of top management relating to all levels of personnel beginning


right from the General Manager down to the unskilled labour force. The objective of personnel management is also to "attain maximum individual development, desirable working relationships between employers and employees, employees and employees, and effective moulding of human resources as contrasted with physical resources." 4

The definition of personnel management as given by the U.K. Institute of Personnel Management was adopted by the Indian Institute of Management which has already been quoted from Brech against 2.

The importance of personnel management began to be realised in the industrial front along with the increased size of industries, as the labour force also began to be organised in order to resist exploitation by the employers. The organised labour force further complicated the tasks of management. The group resistance through "Union" led managements to concentrate more on personnel management. The aim of industrial enterprises is to achieve the desired results which largely depends on fuller utilization of available human resources, which have been realised and widely accepted by the modern industrial community in the world. Extensive research work have been carried out in the industrially advanced countries of the West to evolve new techniques and methodology to deal with human resources. The industrial enterprises in countries like the U.S.A., the U.K., Japan and the U.S.S.R., now-a-days depend on specialised staff personnel and Industrial Relations Divisions to deal with human constituents. Special lines of academic

Disciplines have also been evolved in those countries for imparting the requisite knowledge and training. There was a rapid growth of Training and Management Education in Britain in the 1960's due to the joint efforts of the Government, Industries and the Academic thinkers. An all out effort was made there on a revolutionary process to tackle the varied problems faced by the management. During the same period 40 Universities were offering Post-Graduate Degree Courses, 55 Colleges were approved by the Department of Education and Science to provide Management studies in the U.K. Several hundred Technical Colleges as well as larger Polytechniques were engaged in providing short term courses in subjects like finance, marketing, production and personnel management. Larger companies in Britain had their own Training departments, and more than 40 firms had their staff colleges in the same period. Doctoral programmes in the U.K. were gaining popularity and 19 centres were offering Doctoral Programmes. In the United States of America on the other hand, the management education system relied primarily on the Doctoral Courses (Produced 500 doctorates a year) to provide teachers of management. The due emphasis attached by these countries to the business management in general and personnel management in particular may be said to be the secret of the high managerial efficiency and the resultant productivity in these countries.

5. Explosion in Management Education in Britain by Ruth Weiss.
Source: Industrial Times, Vol. XIII No.7, April 1, 1971, p.11 and Management Education in U.K., Tailoring Academic Precepts to Industrial Practice,
by: John Marsh, Director General, British Institute of Management, London.
Though belatedly, the importance of personnel management has been greatly realised by the developing countries of the world also. The appearance of personnel staff on the industrial scene in our country is a recent phenomenon. No remarkable progress in the industrial field was made during the British regime and hence the labour problem was not of great magnitude to the industrial management. The necessity of re-orientation of personnel management policy in the context of the industrial development programme undertaken in the Five Year Plans after India attained independence and rapid advancement made in the technological innovation and the need for trained personnel to man the key positions received attention of the Government of India. As a result, the expansion of management education and training, a number of post-graduate diploma programmes in management at the University and higher institutes of technologies and short term courses organised by various management and productivity associations came into existence. A list of such institutes and organisations is attached.

However, it is lamentable that the growth and expansion of managerial education and training facilities in proportion to growing need of our country have not made much headway as yet. The picture of Assam in this respect is quite discouraging as not a single institute has been established uptill now for imparting management education. The Diploma course in M.A. in Sociology of the Dibrugarh University and Business Management as a special subject of M.Com. of the Gauhati University can hardly contribute to the growth of managerial talents in requisite numbers.

Our national economy is very poor and even after decades of attaining independence and massive launching of Five Year Plans, millions of people live below the poverty line. Our country has to cover a long way in restructuring the national economy, making the public undertakings the source of corporate income and corporate savings, bring peace in the industrial field by reducing the number of strikes and lockouts and help thereby accelerated growth of the national economy. It is needless to say that all these sublime goals shall ever remain unachieved unless and until personnel management is given the due importance it deserves. If the causes of industrial unrest of our country of the recent past are analysed, it would be found that the root of all these was the inefficient and ineffective handling of the affairs of the human element involved in the productive efforts. We are awfully poor in specialists to deal with the human problems. No serious and comprehensive efforts seem to have been made to tackle the human problems in efficient and effective manner. Most of our Personnel Departments (both in private and public undertakings) are either in the hands of inexperienced people who are not familiar with the process and techniques of management or they are not given adequate power to take vital decisions. It is therefore, high time that a combined and concerted efforts by the Government, industrialists, trade union leaders and the academicians make to fill up this conspicuous vacuum in the field of our industrial management. It is true that the personnel management was not brought upto perfection in the developed countries in a day. The present state is the result of a series of experience, experimentation and researches. We,
in India have now perhaps realised the evils cropping up due to the absence of effective personnel management system in our industrial spheres. Therefore, we are in a position to initiate a good beginning in this direction.

Demands for a variety of employee benefits and services, increased wages, reduced working hours, favourable terms and conditions of employment and a host of like claims has been growing and will be growing. This process has thrown a great challenge to the management of the day. This can be overcome if there exists efficient and able personnel management system.

The aim of personnel management is "getting the best out of the employees." This in turn depends entirely on a well contended workforce who can contribute their best for realising the good of the enterprise. Therefore, managers must appreciate the aspirations of their employees and their work environment and then earnestly devote themselves in creating such a work environment where the employees could derive a great deal of satisfaction just out of doing their own work. This clearly signifies that relationship between the employers and employees must be cordial which helps in increased production and higher productivity. Our country, being a developing one and in the process of industrialization, needs cheaper and quality goods and services not only to satisfy the internal demands, but also to compete in foreign markets in order to earn the much needed foreign exchange to keep our developing process going.
Production process in our country, even today, are mostly labour intensive. Due to dearth of investible funds on the one hand and the abundant supply of employable persons on the other, we have not been able to adopt fuller utilization of modern sophisticated technology for production. In this background, we can hardly expect to increase the overall productivity of our production without increasing the labour productivity considerably. Hence, the personnel management function, which is conducive to labour efficiency, is of great national importance for our country. The urgency of this function was perhaps never more than today, when the labour cost has been increasing tremendously, prices are rising everywhere and scarcity of almost everything has become the most glaring national phenomenon. This state of affairs can not be allowed to continue any more if we are earnest in achieving the national goals so solemnly laid down in our Constitution and the preamble to our Five Year Plans. The role of the personnel aspects can hardly be overemphasised. It seems, we are in need to 'motivate' not only the working people, but also to 'motivate' the whole management itself to see things from a new perspective.

The aim of the developing countries of the world is rapid industrialisation, create more wealth for the society and maintain constant production. For the purpose of rapid industrialisation, developing countries like India have been borrowing modern technology and technical know-how from the industrially advanced countries. It is no denying the fact that much success has been achieved by our country in the field of industrialisation, but no remarkable progress has been
made in the field of productivity. This is primarily because of under-utilisation of human resources. We have had to lose production due to various sorts of labour agitation during the past decades and also in the recent past. A developing country like ours, where the society needs constant supplies of cheap goods and services to combat the inflation, cannot afford to block the production machineries due to labour agitations which is nothing but a luxury for us. Frequent strikes and lock-outs have become common feature of the day in our country. Why should there be agitation at all? Is it because of disgruntled workforce or inefficient management to tackle problems of workforce? Who is at fault?

In spite of the widely accepted philosophy of welfare state and the presence of a wide-ranging statutes safeguarding the interest of the working people, the above questions become very significant. An attempt has been made to appreciate the relevant problems and to find out solution thereof is made in later chapters. Initially, let it be understood that personnel management is an indispensable part of the management process in developing countries in the context of urgency of rapid industrial growth and enhanced efficient production. Therefore, the developing country like ours should carry on extensive research work on personnel management, extend facilities for the management education and evolve techniques to deal with workforce, based on local conditions.

Our present effort shall be to study the pattern of personnel management in some of the larger industrial undertakings of Assam, throw light on their problems and to seek solution thereof. Industrial management as a whole and personnel management in particular, is not at
all an easy task in a place like Assam, where the scope of experience gathering is narrow, managerial education and training facilities almost absent and large and competitive industrial units virtually not existing. It is therefore, hoped that this dissertation will throw light on like aspects of our national problem as a whole.

Personal management is not a separate function of management, but a part of management process primarily concerned with human element of an organization. The main function of personnel management is to manage workers and motivate them so as to contribute their maximum to the well-being of the organization and thereby of their own. The realisation by the workers about the unity of the interest of the organization and that of their own is the ultimate goal of the personnel management, and in achieving the goal congruence lies its success.

A business enterprise or an organization establishes departments or divisions on a functional basis. Personnel department has now-a-days become an integral part of the managerial structure of almost every industrial undertaking. The duties and functions entrusted to the personnel department, however, vary from industry to industry, from place to place. The range of functions discharged by the personnel department of a small industrial unit may not be the same with that in a big industrial undertaking. Whatever may be the size of the industry, they have to recruit people, train them, get work from them and pay them their wages. In a small concern, the entire responsibility of personnel functions may be discharged by the proprietor himself or by a junior executive; in a medium size industry, the responsibility may be passed
on to a hired manager who is responsible for other functions also; and
in big industry, the responsibility may be entrusted to a separate depart-
ment to deal with the human resources. To maintain a separate department
is quite expensive, and may prove to be beyond the reach of small and
medium industries. However, these units should, as far as possible, take
the help of specialists or consultancy firms manned by specialists. The
range of functions of the personnel department depends also on the
circumstantial factors. Countries having strong and well-organised
trade unions generally give rise to well-organised personnel depart-
ments in their industrial undertakings. Again, countries having a com-
prehensive legal code to safeguard the interests of the working people,
make well-organised personnel functions almost indispensable. In short,
the legalistic and human needs govern the size as well as the functions,
and range of the personnel department.

Labour and management are like two sides of the same coin.
The ultimate goal of the two sides are the same. The labour wants stable
employment, fulfilment of economic and social needs, job security,
advancement and future safety while the management seeks constant and
efficient production, growth and profitability. In the ultimate analysis,
these two sets of goals are not opposed to each other. Rather, the two
goals merge at the same front. This unity of the ultimate goals, called
'goal congruence', is the basic rationale of the survival of any busi-
ness unit. And to make everyone employed in an undertaking convinced
about, the goal congruence is the ultimate duty of the personnel depart-
ment, and the degree of such conviction is also the degree of success
of the personnel department.
The role of the management, and for that matter of the personnel department, is the role of leadership. To lead successfully, the leader is to convince the followers about the ultimate goal of the mission, the efficacy of the methods chosen in attaining the goal, the earnest desire of the leadership itself to achieve the goal, selflessness of the leadership and creation of the conviction of the indispensability of each worker in the mission of goal reaching. In these, the leadership must inject a sense of belonging and participation to each employee, whatever his rank may be.

The labour policy as laid down in the Industrial Policy Resolution of the Government of India and the Five Year Plans led both central as well as state Governments to enact and amend quite a large number of industrial legislations since 1948 to safeguard the interests of the working classes and enforced measures to keep check on proper implementation. The implementation of the various provisions of the labour legislations throughout the length and breadth of an organisation, supervision, advising various departments of the implications of provisions is the responsibility of the personnel department. This is one of the basic functions of a personnel department; and proper implementation creates a climate of confidence in the minds of workers and make them happy, who in turn become enthusiastic to contribute their maximum for achieving the organisation goal.

It was already pointed out that production process of industries in our country are mainly labour-intensive. However, modern technology has gradually found its way into our industrial fronts due
to realisation on the part of the planners, industrialists and the society at large about its efficacy. Unless modern technology and methods are harnessed, industrial outputs would not be able to meet indigenous requirements and withstand the competition in the international market. Due to over supply of labour in our country and the consequential State policy, the labour intensive production shall have to be adhered to for a considerable long future. Therefore, the traditional and modern technological productive efforts shall have to continue simultaneously till the country could achieve fuller industrialisation. The personnel management has a responsibility to educate the Trade Unions to allay the fears in regard to employment situation as a result of switch over to production with the help of modern technology.

In this dissertation, different aspects of personnel management and their necessity in the context of Assam will be dealt in subsequent chapters. Special emphasis shall be laid on the urgent necessity of comprehensive schemes of personnel management. Though the full impact of our Five Year Plans is yet to be felt in Assam, specially in the field of industries, it is undeniable that the wind of industrialisation has begun to blow over the State, the intensity of which is bound to accelerate as time passes on. We have still the opportunity to start with a clean slate, and thereby create precedents for the future in the field of industrial management. And the personnel management too has the chance of leaving a healthy legacy for the future. Who can say that Assam shall not be in a position to set an example in this field for the whole country? In this context, it has been felt the necessity
to draw the attention of industrial entrepreneurs, managements, Government of the state and planners to think about the indispensability of the role of personnel management and its contribution to production and productivity as the industrialisation of Assam is the responsibility of all concerned, since its success depends entirely on enhancement of state income.

Our country has witnessed the sad plight of the public sector industrial undertakings where a rapidly increasing portion of the country's national resources and capital funds are being used as inputs. It is heartening that of late our National Government has realised the truth that for the accelerated economic growth of the country, our public undertakings cannot afford to incur losses year after year. A lot of investigation, inquiries and rethinking are going on to remove the defects. Dearth of good managers is found to be one of the basic causes of the malady; and creation of managerial cadres in various aspects are also being thought of. It is hoped that the personnel management shall not fail to draw the attention it deserves from planners and administrators of our economy.

The malady lies in the mismanagement of public undertakings in our country is due to the fact that members of the civil service are appointed to the various managerial posts who are not experienced in industrial management techniques. Under their control, industrial undertakings are managed like other Government departments and not in a business like manner. These deputed managers fail to realise the human problems of industries and are unable to take decision where ever
necessary. The result is, in every step, corruption, red-tapeism and inefficiency prevails. This situation has led almost all the central as well as State industrial undertakings to incur huge losses year after year. This aspect will be discussed in detail in a latter chapter and shall try to find out a workable solution. But it is a good sign that with the gradual realisation of the needs of the technocrats to run in a businesslike manner, the short comings of the initial procedure have come into focus. In this connection the basic difference between business administration and Government administration is to be fully appreciated. While quick, on the spot decision, delegation of power, unchecked communication, well defined cost and responsibility centres, concurrent planning and control are the salient features of good business management in general and personnel management in particular, these are conspicuously absent in the Governmental administration. Therefore, the necessity of formulating comprehensive personnel management policies to be implemented and directed by properly qualified experts, proper training and practical experience are indispensable for not making the personnel management a mere farce. In order to reap the benefits of training and experience, the idea of joint sector concept in our country was recently thought of.

The principal objective of this research is to examine how far the personnel management has been able to realise its laid goals. With this in view, the study of personnel management of a few large industrial undertakings in Assam with special reference to Assam Oil Company Limited, Digboi is being undertaken here. The Assam Oil Company
Ltd., Digboi is a subsidiary of the Burmah Oil Company Ltd. This is the pioneer industrial unit in oil refining in the whole country, and excluding the tea companies, one of the prominent private sector industrial ventures in Assam. Then the case of Oil India Limited, Duliajan is also taken up here. Oil India Limited falls into the joint sector category, the Government of India and the BOO having 50% of the shareholding each. The case of the Guwahati Refinery Division (of Indian Oil Corporation Limited) is taken up as a representative firm in the public sector. Besides, few small industrial units of the private as well as public sector are also being discussed. Assam being virtually a land of small industrial units, the affairs of such units are likely to be significant and meaningful.

Excepting the data presented for the Guwahati Refinery Division, rest were collected personally from the source as well as from published materials. Detailed data could not be made available for the Guwahati Refinery Division since the authorities there perhaps, did not feel free to furnish the necessary information solicited from them. So, data presented relating to this unit are from published material of the Government of Assam reference of which has been made in the appropriate places in a subsequent chapter. The reason why Assam Oil Company was selected for this study is that it is a pioneering industrial undertaking in the State of Assam, which started its activities and operations decades ago. This pioneer industry had felt long back, the necessity of a separate department to deal with the labour functions, and created the post of Labour Superintendent in the year 1930,7

whereas the role of the Personnel Management was felt in our country only in the 1980s. From a humble beginning, this industry progressed and became large in size and helped growth of many auxiliary industries in the State. In 1940s and 1950s the direct employment in this industry rose to the tune of 8,000 to 10,000 respectively but as on March 1974, the total employment came down to a little over 5000 because of utilisation of modern technology in production, exhaustion of oil reserves and transfer of 50% of the employees to Oil India Limited, Dulaiganj which is a joint venture of the Government of India and the Burmah Oil Company. The affairs of the Assam Oil Company is being discussed in detail in Chapter VII.

From the detailed study of the Personnel Management of Assam Oil Company Limited, it was found that the Company has been able to achieve its success because of its dynamic Personnel Policies. Of course, one cannot deny that there was strong resentment amongst the local employees in regard to placement and promotion, resentment of public due to low employment potentialities to the local job seekers which has been by now improved to a great extent. Even in spite of these, the attitude of the management towards the employees is quite constructive and as such the relationship between the labour and management is healthy and as shall be seen later, the Company is relatively free from strikes and lock-outs. The management has spared no pains to implement rational

By Dr. Tarmeja Ram, S.
approach to all problems faced in process of time. The Industrial Relations Department (previously known as Labour Bureau) is an integrated management process where the management has been vested in the hands of professional managers specialised in specific areas of Personnel Management. Systematic and scientific approach to the functions as recruitment, training, placement, promotions, transfers, job evaluations, wage and salary administration, disciplinary procedures, administering employee benefits and services and welfare activities, maintenance of employee records in detail have left very little room for employee discontentment. The Company also seems to be quite conscious of its social responsibilities and it has been earnestly engaging itself to implement the provisions of the various labour legislations. It will be seen that the Company has provided many more amenities to its employees out of its own. The harmonious living of the industrial community at Digboi is indeed inspiring and worth emulating. The company is almost free from industrial strife for a pretty long time and the last occurrence of strike seems to be forgotten both by the management and the employees. The long strike of 1939 has now become an old story for those employees who were in the company in that year. Such an organisation, free from industrial confrontation is undoubtedly ideal for growth and expansion of industries in an industrially backward state like Assam. In this context, it may be genuinely hoped that example set by Assam Oil Company Ltd shall be a matter of inspiration for every industrial venture in the State.
It seems to be relevant to mention at this stage that the number of industrial disputes, workers involved and mandays lost in Assam constitute very small segments of the corresponding all India figures. This can be seen from the table below which shows the position for the year 1971 and 1972.

### Table 1.1
Industrial Relation in Assam and India during 1971 and 1972.

<table>
<thead>
<tr>
<th></th>
<th>Assam</th>
<th></th>
<th>India</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. No. of industrial disputes</td>
<td>16</td>
<td>17</td>
<td>7252</td>
<td>2912</td>
</tr>
<tr>
<td>2. No. of workers involved (in 000)</td>
<td>6</td>
<td>7</td>
<td>1015</td>
<td>1595</td>
</tr>
<tr>
<td>3. No. of mandays lost (in 000)</td>
<td>12</td>
<td>17</td>
<td>15545</td>
<td>17921</td>
</tr>
</tbody>
</table>


The above position clearly shows that it is definitely a healthy and inspiring phenomenon. But this should not make the industrial management in the State complacent; because, in the current inflationary situation, the labour behaviour is rather unpredictable. The political parties having their respective trade unions affiliate, have given a new dimension to the labour problems. The management has to be constantly aware of the changing socio-economic and political development. New techniques are to be evolved to meet the changing
situation. The modern business management is required to concentrate more and more in formulating efficacious personnel policies and finding ways of their implementation.

It is said that behind every book, there is an author and behind every author, there is a society. In the same way, it can be said that behind every management, there is the managerial psychology and behind each psychology there is the society. So, without knowing the socio-economic condition of Assam, it may not be possible to appreciate the present day structure of managerial pattern prevailing in the state, and to formulate sound managerial policy for the future. With this in mind, an attempt is made to draw a brief sketch of the economic structure of Assam in general, and her industrial growth in particular, in Chapter II.

A brief conceptual of personnel management is being made in Chapter III. Literature on this subject is profusely available now; so we do not intend to elaborate the conceptual notion again. Moreover, our primary aim is to evaluate the efficacy of the personnel management policies as formulated by the business firms in Assam as included herein. In Chapter IV, the functions of personnel department, method of man-power planning in the context of expansion of business activities, sources and policy of recruitment, selection, placement, man-power training and development, wages and salary Administration, workers' participation in management and other allied developments have also been discussed. The case studies of the public, Joint sector and private sector undertakings are made in Chapter V, VI and VII respectively while a comparative appreciation of achievements and failures
between public and private sector undertakings in regard to personnel management has been made and conclusions have been drawn on the finding from the studies in Chapter VIII. In Chapter IX an assessment of our labour laws has been attempted. An objective and analytical study is also ventured so as to alter these laws to suit the new environment and to be in tune with our national economic aspirations. Further suggestions have been put forward emphasizing the urgency of adoption of business like approach by the management specially in the public undertakings, linking of financial benefits with productivity, policy of management and self-development plans, closer personnel touch amongst the rank and file employee, precise and workable planning, introduction of effective control methods, healthy motivation of the labour force widening the scope for effective participation of workers in management, clear co-relation between delegation of power and accountability.

In so far as the formulation of fruitful personnel policies are concerned, Assam's industrial backwardness may rather be said to be a blessing in disguise. We have got the opportunity of starting with a clean slate. To start a few industrial undertakings here and there may have the spectacular effect for the time being. But to have a permanent impact on the State economy, there must be a self-sustaining process of industrial growth which in turn is considerably dependent on the existence of efficient units of production. An effective personnel management shall go a long way in injecting the efficiency to our industrial undertakings.
Labour discontent has proved to be the main hurdle in the path of our economic progress. So, Assam definitely may be benefited by the managerial lapses in the rest of the country. It is fervently hoped that various aspects of personnel management discussed and suggestions made thereon will help industrialists, managers, and Government to formulate their personnel policies to suit the local conditions and thereby help raising productivity of the State economy as a whole.

Since the management education seems to have been totally neglected in the State, it is also hoped that the academicians, industrialists and Government of Assam shall realise the urgent need of such education in the State and shall take up constructive schemes to meet this vital need. There is a saying that, like great men, entrepreneurs are either born or made. In the present day socio-economic set-up of Assam, it would be too much to expect born entrepreneurs in requisite numbers. So, it should be the joint effort of all concerned authorities to make entrepreneurs before it becomes too late even to make them. It is earnestly hoped that our discussion shall be instrumental in inculcating spirit of entrepreneurial zeal in the young generation of the State and equip them with managerial skill in the personnel functions.