CHAPTER III

CONCEPTS AND METHODOLOGY

This chapter consists of two sections, first section deals with the concepts and the second deals with methodology.

3.1 CONCEPTS

3.1.1 EVOLUTION OF HUMAN RESOURCE MANAGEMENT

The modern human resource management has emerged after many stages of evolution, as detailed below.

The Industrial Revolution

Industrial revolution consisted mainly of the development of machinery, linking of power to machine and establishment of factory system and mass production. It was characterized by rapid technological change and increased specialization. As a result, the place of work shifted from residence to factory and the employer lost personal touch with his employees. Increased mechanization and specialization made jobs routine and monotonous. It became necessary to appoint a separate person who could handle labour problems.

However, labour was looked upon as a commodity that could be bought and sold. Due to the prevailed political philosophy of laissez faire, Government did little to protect the workers.
Trade Unionism

Workers formed unions to improve their lot. The basic philosophy underlying trade unionism was that through collective support, the management could be forced to redress their grievances. Unions used strikes, slowdowns, walkouts, picketing, boycotts and sabotage for this purpose. Trade Union management gave rise to several personnel practices, e.g., collective bargaining, grievance handling system, arbitration, disciplinary practices and employee benefit programmers.

Scientific Management

It was a development of far reaching significance to human resource management. F.W. Taylor\(^1\) developed four principles of scientific management, such as development of a true science, scientific selection and training of workers, friendly cooperation between management and workers and development of every worker to his fullest potential.

Scientific management movement has a great influence on management, particularly on employer employee relations. It led to professionalization of management and human engineering. But critics of scientific management point out that focus was more on technology and not on human factor in industry.

Industrial Psychology

Industrial psychologists stressed matching of employee skills with jobs. Hugo Munsterberg\(^2\) contributed significantly to analysis of jobs in terms of their mental and emotional

---


requirements and development of testing devices. Advances took place in selection, placement, testing and training.

**Human Relations Movement**

Hawthorne Experiments\(^3\) and subsequent research focused attention on the attitudes and feelings of workers and their influence on productivity. The role of informal groups in industry was highlighted. While scientific management viewed an organization on techno-economic system the human relations movement considered it a social system. It was suggested that interpersonal relations should be improved to realize fuller potential of individual and groups.

**Behavioral Sciences**

Research in behavioural science like anthropology, sociology and psychology has provided the subject matter for human resource management. Behavioral science era led to the development of new techniques of motivation and leadership, e.g., job enrichment, employee participation, two way communication and management by objectives. Abraham Maslow, Douglas McGregor, Frederick Herzberg, Rensis Likert and others made significant contributions to the development of the behavioral science approach to the study of management.

**Human Resource Specialist and Employee Welfare**

With the dawn of welfare era, scope of human resource management increased. It is not only concerned with recruitment, selection and training of employees but also concerned with the management of employee benefit programmes and industrial relations system in industry.

---

3.1.2 GENESIS AND GROWTH OF HUMAN RESOURCE MANAGEMENT IN INDIA

In India, the origin of human resource management can be traced to the concern for welfare of factory workers during the 1920s. The Royal Commission on Labour recommended in 1931 the appointment of labour officers in order to protect the workers from the evils of jobbery and indebtedness, to check corrupt practices in recruitment and selection in Indian industry, to act as a spokesman of labour and to promote an amicable settlement between the workers and management. Welfare officer was concerned mainly with the recruitment and welfare of workers.

After independence, the factories Act, 1948 made it mandatory for factories employing 500 or more workers to appoint welfare officers. The Act also prescribed the qualifications and duties of welfare officers.

The appointment of welfare officers remained by and large symbolic, to satisfy statutory requirements. The welfare officers mainly play a policing and fire-fighting role, i.e., assisting the factory in maintaining industrial discipline. They became an appendage to the industrial system. With rising expectations, the welfare needs of the working class increased. As the trade union movement gathered momentum in the country, industrial relations became the major task.

Two professional bodies, viz., the Indian Institute of Personnel Management (IIPM), Kolkata and the National Institute of Labour Management (NILM), Mumbai were established during the 1950s. During the 1960s, the personnel function widened the welfare aspect. Three major areas of practice, viz., labour welfare, industrial relation and human resource administration emerged as the complementary parts of human resource management.
Rapid industrialization and the opening of public sector during the five year plans accelerated the growth of human resource management and professionalization of management.

In the 1970s, concern for welfare shifted towards higher efficiency. A change in professional values of human resource managers was visible. During the 1980s due to new technology and other environmental changes, human resource development (HRD) became a major issue.

The two professional bodies IIPM and NILM were merged to form National Institute of Personnel Management (NIPM) at Kolkata. During the 1990s, the overwhelming role of human factor in industry has been realized. Growing awareness about the significance of human side of organization has led to the development of human resource management as a distinct discipline. Focus on human values and a philosophical approach, are likely to provide this discipline the status of a profession.

Thus, the human resource function in India has grown through several stages, e.g., labour welfare, industrial relations, labour administration, personnel management and finally to human resource management and human relations and human resource development. HRM has come a long way from being just a support, hygiene related function to a strategic function.

3.1.3 CHANGING DIMENSIONS OF HUMAN RESOURCE MANAGEMENT

In the early 1900s human resource management was confined to the recruitment or management of the trade unions or just administration of the wages and salaries or looking after welfare facilities or establishment functions. Human resource management embraces strategies
to motivate employees to put in their best to increase efficiency and productivity in the organization.

High performing organizations differ from the low performing organizations in terms of their human resources and the way they are being managed. World-class organizations encourage active participation of their employees in the day to day management and operation by various methods. They resort to the human resource practices that are more timely and relevant as per the need of the hour. As people are central to an organization, they should be taken utmost personal as well as professional care.

Organizations that are willing to update their human resource practice to be world class organizations can benchmark their human resource practices against the practices adopted by the top-notch organizations across the globe. The most striking feature of changing Human Resource’s role appears to be its augmenting importance in the development and implementation of business strategy.

Traditionally, the line managers of a company were doing the job of balancing in terms of internal strengths and weakness with external opportunities and threats so as to maintain competitiveness. The job of human resource management was to hire and fire new workers, hire out placement firms for those hired and so on and so forth.

Presently, things are different. Strategies increasingly depend on strengthening organizational responsiveness; building committed work teams and human resource plays a significant role. In the present fast changing, transnationally competitive and quality conscious business and industrial environment, it is the human resources, which provides the competitive
edge. It is getting common to involve human resource in the earliest stages of the development and implementation of company’s strategic plans.

The continuously growing importance of Human Resource in achieving competitive advantages has redesigned human resource management as strategic human resource management. The meaning of strategic human resource management is to link human resource management with strategic goals and objectives of a firm to improve business performance and develop organizational cultures that promote innovation and flexibility.

There should be clear-cut role of Human Resource activities in accomplishing the company’s mission, Human Resource management must be treated as an equal partner in the strategic planning process. For years the contribution of Human Resource was considered peripheral to the organization’s growth but in recent years there has been a shift in thinking- it has become critical factor in the success of an organization.

The old line Human Resource Management was used in the context of processing establishment work and handling the routine employment functions. Today, human resource function plays a vital role in augmenting organizational success. It is concerned with recruitment, selection, training and development, appraisal, compensation, career planning, employee benefits plans and enhancing knowledge base of employees.

3.1.4 SIGNIFICANCE OF HUMAN RESOURCE MANAGEMENT

The significance of human resource management is discussed at four levels- corporate, professional, social and national.
Significance for Enterprises

Human resource management can help an enterprise in achieving its goals more efficiently and effectively by attracting and retaining the required talent through effective human resource planning, recruitment, selection, placement, orientation, compensation and promotion policies. It aims at developing the necessary skills and right attitudes among the employees through training and development, and performance appraisal.

By securing the willing cooperation of employees through motivation, participation and grievance handling, by utilizing effectively the available human resources and by ensuring that the enterprise will have in future a team of competent and dedicated employees. An organization can withstand any kind of competition in the market.

Professional Significance

Effective management of human resource helps to improve the quality of work life. It permits team work among employees by providing a healthy working environment. It contributes to professional growth by providing maximum opportunities for personal development of each employee. It helps to maintain healthy relationships among individuals, and different work groups by allocating work properly.

Social Significance

Sound human resource management has a great significance for the society. It helps to enhance the dignity of labour by providing suitable employment that provides social and psychological satisfaction to people. It helps to maintain a balance between the jobs available
National significance

Human resource management plays a vital role in the development of a nation. The effective exploitation and utilization of a nation’s natural, physical and financial resources require an efficient and committed manpower.

The level of development in a country depends primarily on the skills, attitudes and values of its human resources. Effective management of human resources helps to speed up the process of economic growth which, in turn, leads to higher standards of living and fuller employment.

3.1.5 IMPACT OF GLOBALIZATION ON HUMAN RESOURCE MANAGEMENT IN INDIA

Impact on employment

Globalization has wide ranging effects on different aspects of human resource management. Entry of multinationals and expansion of Indian firms since 1991 have led to increase in employment opportunities. At the same time closure of several firms which could not survive in a highly competitive market has resulted in loss of employment. The Government of India has created a National Renewal Fund to compensate workers thrown out of jobs.

Impact on Human Resource Development

Under global competition, more qualified staff is required to satisfy and delight customers. Therefore, globalization and liberalization has positive impact on HRD. Proactive
and continuous learning has become necessary. Along with competency building, building of positive attitudes and values are being stressed upon.

**Impact on compensation**

Globalization has resulted in higher salaries and benefit for highly skilled and committed employees but low wages for the unskilled and indifferent.

**Impact on Trade Unions**

Initially trade unions in India resisted the policy of economic liberalization, globalization and privatization. But gradually they have accepted the realities. In some cases unions are cooperating with management to ensure the survival of their organizations which is at stake in a competitive environment.

**Other effects**

Globalization has improved professional human resource practices such as employee empowerment, quality circles, employee counseling and flexi time.

**3.1.6 CHALLENGES TO THE DEVELOPMENT OF HUMAN RESOURCES MANAGEMENT IN INDIA**

The main factors which have hindered the development and growth of HRM in India are:

The legal status of HR officers requires them to work mainly in the areas of welfare, day to day HR administration and industrial relations. Such HR officers cannot properly perform the HR function as it is a staff function as well as a line responsibility.
The attitudes of workers and line executives are not favorable towards HR officers. They view HR officers as staff executives who prevent the line managers from doing their jobs. The HR officers are not taken into confidence. In the words of Peter Drucker, “The HR manager tends to conceive his job partly as the file clerk’s job, partly as a housekeeping job, partly as a social worker’s job and partly as a fire fighter to head off unions trouble or settle it.” HR officers with limited authority and power find it difficult to play such diverse roles.

Due to a plethora of labour laws and excessive legalistic approach to labour problems, HR officers have to spend a major portion of their time in attending to disputes and grievances. Due to their pre-occupation, they have neither the time nor the inclination for long term planning. They have become dependent on lawyers.

India’s traditions bound family management and authoritarian culture stresses profit maximization. Human resources are viewed as a cost rather than an asset. Employees are treated as adversaries not as partners or shareholders.

HR function is not looked upon as a creative service. HR function has failed to attract the most talented young person. This is due to comparatively low pay scales, sense of insecurity and lack of job satisfaction. HR officers are given low status in the organizational hierarchy.

The educational and research institutions have failed to develop professional attitudes and values required in the changing environment. Their curriculum is often outdated and inadequate for the needs of modern organizations. The urge for updating the HR staff is also lacking.

The HR officers have either served as the yes-men or have tried to improve their advice. As a result, they either foil contempt or orientation. Lack of courage to assume responsibility for
decisions or to disagree has restricted their progress. They have generally served as hirers or
firers. Under the Factories Act, welfare officers share many functions of line executives. As a
result, line managers become hostile to these officers. Welfare officers have not won the support
of line management.

The result of HR function cannot be measured in concrete terms. This inherent weakness
of the job has proved frustrating for many HR executives. A large number of employers still
consider the HR job as a firefighting job only to head off union troubles.

Many HR executives have an exaggerated notion of their academic qualifications and
consider line managers as inferior. This has made the line managers hostile to HR function. HR
executives often adopt a short-range perspective and rigid attitude.

In India, human resource development approach to HR management has not fully
developed due to abundance of cheap labour, technological backwardness, lack of professional
management, politicized trade unions, authoritarian culture, and traditional management system.

In recent years, there has been an encouraging trend towards the professionalization of
HR function. In some progressive organizations, HR managers are accorded the same status as
marketing and production managers. Several institutions are assisting the growth of the HR
function through advanced training and research activities. Human relations and organizational
development roles of HR managers are being stressed to the HR function.

Government is taking steps to professionalize HR management in the public sector. A
Ministry of Human Resource Development has been created at the centre. separation of
ownership from management in large companies, growing professionalization of management,
increasing focus on social responsibility of business, trade union movement and welfare state have contributed in recent years to the development of human resource management.

3.1.7 HUMAN RESOURCE DEVELOPMENT IN PUBLIC SECTOR BANKS

Human Resource Development in Banks can be defined as “planning, organizing, directing and controlling of a programme that has a wide range of activities relating to the development of employees in terms of enabling them to acquire competencies needed to perform their present and future jobs with ease and enthusiasm”.

It is a continuous process to ensure the development of employee competencies, dynamism, motivation and effectiveness, in systematic and planned manner (Rao, 1990).

It deals with bringing about improvements in physical capacities, relationships, attitudes, values, knowledge and skills of the employee required for achieving the purposes of the Banks. If employees are effective, their contribution to the Banks will be effective, consequently they will also be effective in accomplishing their business objectives.

3.1.8 IMPORTANCE OF HUMAN RESOURCE DEVELOPMENT IN PUBLIC SECTOR BANKS

Banks utilizes the skills and efforts of a number of widely divergent groups of professionals, semi-professionals and non-professionals. It also differs from other large scale organizations, in that, here in this organization, there is

- extensive division of labour
- high interdependence of services
• efficiency demanded by the public

• complementary expectations among people at work

• little control over workload and over its key members

• Nature of work involves certain amount of risk.

• Reliance on information technology to reduce errors in work

Today’s Banks are increasingly faced with resource constraints due to the economic trends that are prevalent all over. With large amounts of budgets being spent on the human resources, it is very important to get good “value for money” through sound HRD practices. HRD becomes imperative in banking organizations due to the following:

1. Manpower is the most important factor of production of the services in banks like any other services.

2. Human resource costs are usually 60 to 70 per cent of the total cost of the Banks.

3. There is shortage of quality and quantity of human resources in the banks.

4. High turnover among professionals and paraprofessionals due to offshore opportunities. Therefore, how to retain the talent has been a challenging task of the HR professionals.

5. Underutilization and wastage of human resources in banking organizations due to lack of professional HRD function.
6. Low motivation resulting from poor working conditions, top management being out of touch with the people, inadequate growth opportunities and lack of cordial relationships among the staff.

3.1.9 HUMAN RESOURCE PRACTICES AND JOB SATISFACTION

One of the critical challenges facing organizations today is how to manage the changing relationships in employment. Human resource management’s growing importance to the organization stems largely from environmental changes and emerging organizational needs.

Human Resource practices have their impact through two primary means. First, Human Resource practices enhance job satisfaction, shape employee skills, attitudes and behaviours that in turn influence organizational performance. Second, Human Resource practices impact on firm’s performance by creating structural and operational efficiencies. Human Resource system has been associated with lower labour turnover rates, and increased productivity and financial performance.

Further, it is also believed that Human Resource practices can influence employee’s conception of employment, by influencing their perceptions of the nature and depth of their relationship with the organization. Employees’ conception of employment in turn influences work force attitudes and thus has a bearing on organizational outcomes.

At employee level, strong Human Resource system has been associated with increased job satisfaction and decreased employee fatigue and occupational injuries. Job satisfaction is an integral component of organizational health and an important element in industrial relations.
3.2 METHODOLOGY

The present study has been conceptualized in order to analyze the relationship between human resource management practices and job satisfaction in the select public banks. The study has made use of survey method of research to achieve the objectives.

3.2.1 POPULATION

The population defined for this study comprises of all the employees working in the public sector banks in Tiruvarur district of Tamil Nadu.

3.2.2 SAMPLING METHOD

For the purpose of the research, the employees are stratified into three strata as officers, clerical staff and sub staff. The branch managers and field officers and cash officers are considered as officers, clerks and recovery marketing officers are considered clerks and messengers, sweepers and watchmen are viewed as sub staff. A stratified random sampling method is adopted with proportionate allocation of sample size among the three strata. Stratification is based on the designation.

3.2.3 SAMPLE SIZE

There are 11 public sector banks operating in Tiruvarur District through a total of 66 branches. Indian Bank, Indian Overseas Bank and State bank of India are the major operators in Tiruvarur district with 19, 20 and 18 branches respectively. All the other 8 banks have a total of only 9 branches. A total 1185 employees are working in all the 66 public sector bank branches in Tiruvarur district out which 389 are officers, 525 are Clerks and 271 are sub staff. The sample
size was calculated to guarantee a sufficient number of respondents in each branch of the bank. Thus, the following formula has been used to estimate the population sample size (The Survey System, 2007):

\[
\text{Adequate Sample Size } n = \frac{z^2 \cdot p \cdot (1-p)}{e^2}
\]

Where:

\( n \) = required sample size (minimum size)

\( z \) = value of standard normal variable for Confidence level at 95\% (z=1.96)

\( p \) = Estimated fractional population of subgroup, expressed as fraction, i.e, \( p=0.5 \),

Hence \( q=(1-p)=0.5 \)

\( e \) is the acceptable margin of error (standard value of \( e \) is 0.05)

As per the formula the required total sample size is 385. In view of the operational convenience, a marginally bigger sample of size 400 is taken, which constitutes 33.75 per cent of the total population. Therefore, 33.75 per cent from each category is drawn on the basis of proportionate stratified random sampling method. The universe and sample size is given Table 3.1.
Table: 3.1  Population and Allocation of sample size

<table>
<thead>
<tr>
<th>Name of Bank</th>
<th>Total Number of Branches</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Officers</td>
</tr>
<tr>
<td>Indian overseas Bank</td>
<td>20</td>
<td>112</td>
</tr>
<tr>
<td>Indian Bank</td>
<td>19</td>
<td>105</td>
</tr>
<tr>
<td>State Bank India</td>
<td>18</td>
<td>119</td>
</tr>
<tr>
<td>Other Public Sector Banks</td>
<td>9</td>
<td>53</td>
</tr>
<tr>
<td>Total</td>
<td>66</td>
<td>389</td>
</tr>
<tr>
<td>Sample allocation</td>
<td></td>
<td>131</td>
</tr>
</tbody>
</table>

3.2.4 PILOT STUDY

Before the field survey was conducted, a pilot survey was conducted in this regard. Standardized questionnaire was implemented to 25 respondents of the proposed population and this was tested for extracting the tentative results. This helped greatly to obtain correct information. The result of the pilot study indicates that there is a positive relationship between human resource management practices and job satisfaction, which induced the researcher to conduct the full fledged research on this topic.
3.2.5 RELIABILITY OF SURVEY QUESTIONNAIRE

The questionnaire was tested for its reliability using SPSS software. Cronbach's Alpha was computed as 0.935 which indicated that the questionnaire is highly reliable. Hence the questionnaire was implemented.

3.2.6 DATA COLLECTION

An in-depth study of sample units was made through collecting primary data and information by administering the questionnaires. A questionnaire was administered on the sample respondents to collect the required data for analyzing the human resource management practices and job satisfaction. The questionnaires specifically designed by Prof. Udai Pareek and Prof. T.V.Rao, well known Human Resource Development experts, have been modified to suit the sample units to study Human Resource practices. A Job Descriptive Index developed by Smith and Kendal, 1966 was used to assess the job satisfaction of the sample respondents.

The sources for secondary data were literature available in libraries in the form of books, journals and magazines. Besides the above mentioned literature, annual reports and published and unpublished documents and web sites of the sample units were also referred to.

3.2.7 STATISTICAL TOOLS APPLIED

The collected data and information have been carefully processed, tabulated, analyzed and interpreted in order to reach the findings. The data are processed through SPSS (statistical package for social sciences). Statistical Tools such as Frequency Distributions, Percentage
distributions, cross-tables, Descriptive statistics such as Mean, Standard Deviation, Correlation, Regression, t-Test, Analysis of Variance, Chi Square Test for testing the association of attributes, SERVQUAL analysis for the analysis of gap between the expectations and perceptions of employees etc have been applied in this analysis for drawing inferences and conclusions.

CONCLUSION

Human Resources Management practices matching with the expectations of employees create a conducive environment in a firm. Theoretical concepts, developments etc relating to Human Resources Management practices, employees’ perception and job satisfaction are discussed in this section. Further, details relating to sampling procedure, sample size, survey Questionnaire, data collection method, data analysis and tools applied are presented.