CHAPTER I

INTRODUCTION

The impact of Industrial liberalization in the domestic economy since 1991 has been very strong. The Indian Pharmaceutical Industry is being nurtured for an exponential growth, since this period. The Indian Pharmaceutical industry, till the 1990’s was far from external competition. After the process patent regime in India, companies found it easier to reverse engineer products and sell them at a low cost. However, the 1990s witnessed multiple crises hitting the industry. The new industrial policy leads the industry to face increased competition from multinational corporations (MNCs). Further the Indian Pharmaceutical industries’ were compelled to grow by product innovation and not reverse engineering, after signing of the TRIPS (Trade Related Aspects of Intellectual Property Rights). Every company wants to be world class and serve as a benchmark for this transition efforts where required in various directions.

“The Indian Pharmaceutical industry is a success story providing employment for millions and ensuring that essential drugs at affordable prices are available to the vast population of this sub-continent.”

Richard Gerster

The Indian Pharmaceutical Industry today is in the front rank of India’s science-based industries. In the complex field of drug manufacture and technology this industry has various capabilities. With an annual growth of about 8 to 9 percent it is a highly organized sector, the Indian Pharmaceutical Industry is estimated to be worth $ 4.5 billion. It ranks very high in the third world, in terms of technology, quality and range of medicines manufactured. From simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made indigenously.

The Indian Pharmaceutical sector is quite large with more than 20,000 registered units. It has expanded drastically in the last two and half decades. The leading 250 Pharmaceutical companies control 70% of the market with market leader holding nearly 7% of the market share. It is a market with severe price competition and government price control.
The Pharmaceutical industry in India meets around 70% of the country’s demand for bulk drugs, capsules, orals and injectibles drug intermediates, Pharmaceutical formulations, chemicals and tablets etc. There are about 250 large units and about 8000 Small Scale Units, which form the core of the Pharmaceutical industry in India (including 5 Central Public Sector Units). These units produce the complete range of Pharmaceutical formulations, i.e., medicines ready for consumption by patients and about 350 bulk drugs, i.e., chemicals having therapeutic value and used for production of Pharmaceutical formulations.

For the growth of this sector industrial licensing for most of the drugs and Pharmaceutical products has been done away with, under the de-licensing policy of the Government. Manufacturers are now free to produce any drug duly approved by the Drug Control Authority. The Pharmaceutical Industry, with its rich scientific talents and research capabilities, supported by Intellectual Property Protection regime is well set to capture the international market. The Pharmaceutical industry in India is not only technologically strong and totally self-reliant but has other strengths such as low costs of production, low R&D costs, innovative scientific manpower, strength of national laboratories and an increasing balance of trade.

These are discussed in detail:

ADVANTAGE INDIA

Able workforce: India has a pool of personnel with high managerial, technical competence and skilled workforce. It has both uneducated and educated work force and English is commonly used. Here all types of services are also easily available.

Cost-effective chemical synthesis: Its track record of development, particularly in the area of improved cost-beneficial chemical synthesis for various drug molecules is excellent. It provides a wide variety of bulk drugs which fulfills the domestic as well as the export requirements.
**Introduction to HR Practices**

**Strong Legal Framework:** India has a 62 year old democracy and hence has a strong legal framework and markets. There is already an established international industry and business community.

**Information & Technology:** It has a good network of world-class educational institutions and established strengths in Information Technology. The IT industry in India is one of the fastest upcoming industries in the country.

**Globalization:** The country is under the new economic regime where it is committed to a free market economy and globalization. Now India is having good trade relations with almost every country in the world. Therefore it is fast moving towards import substitution and export promotion.

**Consolidation:** For the first time in many years, the international Pharmaceutical industry is finding great opportunities in India. The process of consolidation, which has become a generalized phenomenon in the world Pharmaceutical industry, has started taking place in India.

The Indian Pharmaceutical industry as a whole has benefited significantly from the reforms of the 1990s. The Indian Pharmaceutical industry has benefited immensely from the economic reforms carried out since 1990s. Due to this domestic firms are investing more in R&D and in turn this has lead to technological changes, and productivity innovations. Domestic firms have responded to the increased competition by moving into higher margin products like formulation drugs, and increasing investments in R&D. Though MNCs have experienced higher productivity growth compared to the domestic firms, but we can say that the Indian Pharmaceutical industry is better-off post the liberalization.

Large, Pharmaceutical companies do seem to have a distinct edge over the smaller ones, but the latter are trying their best to catch up with the former. Now it is a high-pressured business environment, with demanding changes in the healthcare industry with a lot of hard work that needs to be executed to perfection at lightning speeds. Getting the best out of people continues to remain an evergreen challenge and only those who adapt, can
survive and can flourish. Attraction, engagement and retention of people continue to be the key challenges for the Pharmaceutical industry or we can say that for every industries HR department.

People are talented, we only need to search them and polish them. Sources of talent are known to all. Some sources of recruitment are--educational institutions, web-portals, recruitment agencies, print and electronic media and headhunters. In addition, companies naturally try to attract experienced talent from each other. A common scenario today is movement of human resources between companies as a constant flow, with the smaller companies grabbing ready talent from the larger ones of those in search of money and positions. If this trend continues to increase in magnitude, employee costs will rise.

Stress seems to be very high in the twenty-first century as compared to the last century. However, from a positive angle, stress reflects the high growth story of the Pharmaceutical industry. One of the biggest challenges for business leaders and Human Resource Managers of today are managing the aspirations of the young workforce today and keeping them motivated, committed and emotionally engaged, satisfied and retained in the organization.

The Pharmaceutical companies have increasingly recognized the importance of their employees. They have realized that, a firm’s employees can be a unique pool of talent, which its competitors is deprived of. HR practices can affect such efforts of the employees by influencing their skills and motivating them. It is felt that good Human Resource practices enable the employee to contribute more in the growth of the organization. This will involve their ability to plan and execute, recognizing challenges, and design structures for overcoming these challenges.

It is observed that from an organizational point of view, good HR Practices help in attracting and retaining talent, train people for challenging roles, develop their skills and competencies, increase productivity & profits, satisfaction and enhance employee commitment towards the organization.
1.1 WHAT CONSTITUTES HR PRACTICES?

‘Any practice that deals with enhancing competencies, satisfaction, commitment and culture building can be considered an HR practice. The practice can take the form of a system, a process, an activity, a norm, a rule, or just a way of doing things. Good Human Resource practices do make a difference in the functioning of the organization. Good Human Resource practices are those that contribute to one or more of the three C’s: Competencies, Commitment and Culture. They need to be identified and implemented cost-effectively, reviewing and revising them from time to time to enhance their effectiveness and appropriateness’. (Rao, 1999)

According to (Yeung and Berman, 1997) HR practices can play three major roles, these roles are:

i. Building critical organizational capabilities

ii. Enhancing employee satisfaction

iii. Improving customer and shareholder satisfaction

Good HR practices do make a difference in the working efficiency of the organization. They enhance internal capabilities of an organization to deal with current or future challenges to be faced by an organization. Good Human Resource practices also promote the wellbeing of the employees of the organization. The commitment and motivation built through good Human Resource practices can lead to hard work and can have a very good influence on the organization. This system, comprising of good HR practices can create a sustainable and lasting capability of the organization to manage itself internally and face external challenges.

HR Practices include:
- HR Planning
- Recruitment & Selection
- Induction
- Training & Development
- Performance Appraisal
- Career Planning
- Fringe Benefits
- Reward & Recognition
HR Practices have a continuing and significant influence on the working output of the employee. The best practices in the industry should cope with challenges such as an increasing number of employees, encountering new working environments, cultures, restructuring and the pervasive and often deleterious effects of technology. The changing Practices in Human Resources will be useful to the organization, as it will reduce the expenditure on the employee while increase his productivity. Therefore it is expected of the HR managers to implement these changes effectively for the betterment of the organization. By implementing some of the innovative HR practices, the quality of internal organizational processes improves dramatically. (Rao, 1999)

According to Kathuria, senior manager - HRM, IOL Chemicals & Pharmaceuticals Ltd Modern Pharmaceuticals October 2009 (the changing role in testing times)

Key practices to help achieve results in HR operations include:

- Establish an operational excellence team to drive continuous improvement

- Define standard operating procedures to provide consistency across the HR function

- Manage processes from end-to-end

- Rationalize HR applications

- Develop training programmes to emphasize continuous learning

- Establish rigorous governance Processes for improving financial discipline and accountability to improve discipline & compliance

- Measure HR’s performance against industry benchmarks

- Communicate and add more value to the organization by adopting strategic moves
There is no single best practice in HR which suits all the organizations. Rather, each firm has a distinctive HR system that is peculiar to that organization itself. "Best practices" in HR are different and changing for different. What is best for one company may not be best for another. "Best practice" is not a set of discrete actions but an approach to organizational management.

‘HR management is no longer engaged in simply filling vacancies; rather, they are required to partner with business leaders to ensure that the HR processes and practices are aligned towards the company’s growth & productivity. Using human resources effectively in order to give the company a competitive advantage and completing the set targets are some of its priorities.’ (Surina Iyer-2008, assistant vice president – HR, Inventia Healthcare)

**An Exploration of How the Employee–Organization Relationship Affects the Linkage between Perception of Developmental Human Resource Practices and Employee Outcomes**


Organizations need to be more competitive and productive for rapid growth. This requires highly skilled and motivated workforce, with a minimum turnover. The companies are facing new challenges each day and it is observed that increasing number of companies all over the world are implementing their innovative HR practices with greater emphasis on their human resource wellbeing to increase productivity and achieve the mission and vision of the organization.

Leading Indian organizations are also recognizing that efforts to increase productivity and growth must enhance the skills of the human resource. Organizations need to match HR policies and practices with long-term business strategies and goals required to face
competition, and generate employee commitment and satisfaction in the employees. Firms need to design long-term strategies to retain their workforce. This can be achieved through more and greater investment by firms on training and development of their workforce. It will make the employee more satisfied and committed as they will feel that the organization belongs to them. Many organizations need to change their philosophy to regarding people as assets rather than costs. (Fruin M., 2000).

‘Most organizations are trying to cope up with new business realities by redesigning their organizational structure and process and changing their focus on people management. The provisions under WTO and concomitant political, economic, and social factors are propelling changes and defining the contours of the 21st Century organizations’. (Singh & Bhandarker, 2002)

‘During the last 10 years many organizations have managed significant increases in the productivity area by leveraging a range of systems and technology enhancement, strategies aimed at cutting costs and increasing outputs. In many organizations these efforts have been technologically and "bottom-line" driven using increased automation and robotics, business process reengineering, downsizing, shifting manufacturing operations "offshore" and outsourcing other manufacturing and service delivery functions. Now many organizations are looking to improving their productivity and competitive advantage through their people’. (Delery and Doty, 1996)

Systematic **HR Planning** must be designed on all the levels of the organization. HR Planning is essentially the process of getting the right number of qualified people into the right job at the right time so that an organization can meet the set objectives.

‘Faced with intensified and complex competitive pressure, firms have closely examined their organizational structures, and especially how they organize employment. This change of focus to the "human side of the business" has necessitated the implementation of continuous improvement HR programs’. (Longenecker et al., 1998)
Human Resource Planning is ‘the process of anticipating future staffing needs and ensuring that a sufficient pool of talent possessing the skills and experience needed, will be available to meet those needs.’ (The Society for Human Resource Management, online dictionary)

From the above one can interpret, HR planning is the strategic alignment of an organization’s human resource with its business direction. It is a well planned process of analyzing the current workforce, assessing future workforce requirements, analyzing the gap between the present and future, and implementing solutions so that the organization can grow. Also, ‘the implementation of these plans should be supported by the organization’s leader(s) in the important initial development stages of new HR policies and practices’ (Grant D. and Sick, 1998)

**Recruitment** is the process of generating a pool of qualified candidates for a particular job. The firm must announce the jobs availability to the market and attract qualified candidates to apply. The firm may seek applicants from inside the organization, outside the organization or both. (Gomez-Media et. al, 2004)

Recruitment also mean as “looking for new staff to join a company” and Selection procedure as a “general method of choosing a candidate for a job”. (The Dictionary of Business)

Recruitment is ‘the process of searching for the prospective employees and stimulating them to apply for jobs in the organization.’ (Flippo Edwin B., 1984)

According to Dale S. Beach, ‘Recruitment is the development and maintenance of adequate manpower resources. It involves the creation of a pool of available labour upon whom the organization can draw when it needs additional employees’.

‘With a pool of applicants, the next step is to select the best candidate suited for the job. This usually means whittling down the applicant pool by using the screening tools such as tests, assessment centers and background & reference checks’. (Dessler, 2006)
The purpose of Selection process is to meet the candidate’s capability with the organization requirements. It requires careful scrutiny of the application to find out the deserving candidates and reject all unsuitable applicants. Selection is the process of choosing candidates for employment. ‘Selection devices provide managers with information that helps them predict whether an applicant will prove a successful job performer. During selection process, candidates also learn about job and organizational requirements. Proper selection can minimize the cost of replacement and training, reduce legal challenges, and result in more productive workforce’. (DeCenzo and Robbins, 2004)

The next step succeeding the selection process is Placement. Placement refers to the actual procedure wherein an individual is placed in the organization. Here finally the management decide the job profile that is to be performed by the new employee. It also involves assigning a position, duties and responsibility to an employee. ‘Placement is the determination of the job to which an accepted candidate is to be assigned, and his assignment to that job. It is a matching of what the supervisor has reason to think he can do with the job demands. It is a matching of what he imposes in strain, working conditions, and what he offers in form of payroll, companionship with others, promotional possibilities etc.’. (Pigors and Myers, 1973) Placement is an important HR activity. When executed in a very professional manner it resolves the problem of dissatisfaction and employee turnover, feeling of belongingness in the employee as it prevents accidents, and clarifies expectations because the employee is happy about it, as he is getting what he deserves.

Induction means “starting a new person in a new job”. Induction courses/Induction training implies “courses to train people starting new jobs”. (The Dictionary of Business)

Employee Training and Development ensures the fulfillment of the need of employees with the right skills and knowledge to meet organizational requirement. In other words Training and development is effort designed to improve employee competency and organizational performance (Noe et.al, 2006). Training is aimed at achieving a permanent change in the employee through learning, which occurs as a result of education,
instruction, and development and planned experience, on a formal level. The basic aim of training is to instill skills in the employee to perform better and to increase his capabilities. ‘Human Resource Development (HRD) is aiming at not only Training and Development but also individual career planning and other development activities of the individual keeping in view the growth of the organization. Training refers to activities designed to provide the knowledge and skill needed for their present jobs and future career development.’ (Noe et.al, 2006)

**Training Needs Analysis:** A method used to determine what employees need to learn and which training programs may be beneficial. The result of the analysis is training needs report identifying training needs and the interventions needed to reduce key performance gaps.’ (The Society for Human Resource Management)

‘Training must have a purpose and this purpose can be defined only if the learning needs of the organization and the groups and individuals within it have been systematically identified and analyzed. Training and Development needs may be determined by conducting analysis on several levels: Organizational analysis, Task analysis, and Individual analysis. Training can be evaluated at five levels: reaction, learning, behaviour, organization and results.’ (Rao VSP, 2005)

As a new human resource management model the evolution of the concept of **Performance Management** reflects the positive, recent and gradual change in the HR Performance Management systems in the Indian organizations. In many Indian organizations the focus has lately been shifting away from command-and-control toward a facilitation model of leadership. ‘HR department should design a Performance Management system that aligns employee's potential with the organization's goals. The objective of Performance Management is to know employees' potential and maximize their performance with a view to achieve organizational goals. Employees can contribute to their best when they clearly know what the organization expects from them. Performance Management starts with defining what the organization expects from each employee and the set of attributes and behaviors needed to achieve success. It measures each employee' contribution and takes corrective action if required to full the organizational goals. The HR Performance Management process provides an opportunity
for the employee and performance manager to discuss development goals and jointly create a plan for achieving those goals. Development plans should contribute to organizational goals and the professional growth of the employee.’ (Kadiwala, 2004)

An important component of the Performance Management process is to increase the work-related competencies of the employee, the development of employees and growth of the organization’. For this purpose ‘Organizations usually conduct appraisals for administrative and/or developmental purposes’. (Cleveland et al., 1989) ‘Performance appraisals are done by the management, as it forms the basis for a decision about the employee’s performance. The decision like including promotions, termination, and rewards etc. are taken about the employee.’ Developmental uses of appraisal, which are geared toward improving employee performance and strengthening their job skills, include counseling employees on effective work behaviour and sending them for training.’ (Balkin et al., 2005)

Achieving the organization’s strategy and goals is the objective of performance management system. It aim at helping in conveying performance feedbacks by the managers to the employees about their strengths, weaknesses and also identify measures to correct their shortcomings.

Career Planning gives guidance to the employee about the possible developments in his career within the organization. For a Successful career planning it is required that every individual should realize his goals, determine the strengths and weakness in his job performance and develop his skills through training. ‘Career is an individually perceived sequence of attitudes and behavior associated with work related experiences and activities over the span of the person’s life.’ (Douglas T. Hall)

Its aim is to adopt an approach towards development of the employee for his want of a satisfying and rewarding career. They believe that Career development should be for all employees, not only for those who are ambitious but also for those who want a "career." Other related activities are redesign and enrichment of job, removal of boredom of current job, as well as lateral movements. The enforcement of career development is for the betterment of both the employee and the management. Career development plans are
regularly modified and revised with seniors and colleagues providing input, feedback, analysis and suggestions. ‘Career development at the University is a self-directed activity, which has two dimensions. "Career planning" is when the employee analyzes his/her own abilities, skills, qualifications, interests, and plans accordingly. "Career management" is when the employee is supported and assisted in the development and achievement of a career plan.’ (HR Department, University of Rochester, 2004) Both the employee and the employer share the responsibility for career development. This requires an effort by both of them to regularly define, develop, and refine his/her career goals, skills, aptitudes, and responsibilities.

Working definitions of Career Planning and related concepts given below:

**Career Counseling:** Guiding individuals or advising him for his career plans and helping him in taking decisions regarding his career, his regarding educational and occupational choices, also helping him in search of resource required for his own development.

**Career Development:** Career development involves managing career either within or between different organizations. It also includes learning new skills, and making improvements for career development. Career development is an ongoing, lifelong process to help you learn and achieve more in their career. It also means implementing an appropriate course of action to attain their desired career objectives.

**Career Planning:** Career planning is an ongoing process through which an individual sets career goals and identifies the means to achieve them. The process by which individuals plan their life’s work is referred to as career planning. Through career planning, a person evaluates his or her own abilities and interests, considers alternative career opportunities, establishes career goals, and plans practical developmental activities.

Career planning aims to meet the following objectives –

i) To attract and retain talented people in the organization it aims at offering careers, not jobs to the employees.
ii) It is required to have effective and optimum utilization of available human resources.

iii) For greater productivity.

iv) Helps in identifying weaknesses and the blind spots to overcome.

v) To reduce employee turnover.

vi) To motivate the employees and to work hard.

vii) To meet the immediate and future manpower needs of the organization on a timely basis to overcome all gaps.

viii) It promotes continuity of organizational knowledge and culture.

ix) It reduces the cost, as the cost of training an existing employee is less than the cost of hiring a new employee as per the job requirements.

x) High-level vision and goal of company are clearly made known to employee.

xi) Growth of an organization is intrinsically linked with the growth of an individual.

Career Planning helps the individual to know his abilities and interest related to his present job. It also instills a sense of commitment towards the organization and because he feels that the organization is interested in the employee’s progress. It leads to the development of employees capabilities and makes him job satisfied as he is working as per his ability and preference, plus getting what he deserves.

Fringe benefits are benefits which the employees receive in addition to his salary. On the tax return form they are called 'benefits in kind'. They include such things as company cars, private medical insurance paid for by the employer and cheap or free loans, or any other benefit which are given to the employee over and above his salary/wages.

A definition of Fringe Benefits says that “Employment benefits granted to employees in addition to their current base salary or wages (i.e., cash, merchandise, services, health insurance, pension plans, holidays, paid vacations, etc.).” (The Society for Human Resource Management)
'The Reward includes both the monetary and non monetary rewards which an employee receives from the organization. Rewards do not only mean the payment in return of services of it employees rather it means more than that, as it also influences the attraction and retention of the employee in the organization. Traditionally, human resource or personnel department was responsible for the scale and schemes of payment whereas the finance departments are usually entrusted the final responsibility of making the final payment to the employees.

The definitions of Rewards and Recognition and related concepts are given below:

**Reward System:** ‘A formal or informal system used to recognize individual employee achievements, having a definite Procedures, rules, and standards associated with allocation of benefits and compensation to employees. It is given to an individual’s after his accomplishment of goals or projects or submission of creative ideas.

**Recognition:** Communication between management and employees which rewards them for reaching specific goals or exceptional performance or achievements in the workplace. Recognizing or honoring employees for his effort is meant to encourage repeat actions that are reinforced in form of praise, commendation or appreciation.

**Incentive Pay:** An additional payment provided to an employee based on his performance, as one way to motivate the employee to continue his good performance. Incentive pay may come in the form of a bonus, profit-sharing, or commission.

‘The real challenge is to provide elegant but simple incentive systems that promise dependable rewards for specific results, that matter to individuals, and that match achievement to organizational objectives. The same principle applies to reward system. This is all the harder to do because rewards must be given for more than mere individual achievement or contributions. They must also take into account the value of jobs in the external labor market, the value of individual contributions to group, team, division, department or organizational performance, and preserve the relationships that exist among and between jobs in an organization. Simply put, reward and incentive programs should be designed to recognize and encourage good performance’. (Burke, 2005)
A word of appreciation saying ‘job well done’ is a great way of motivating employees and to step up their performance levels. Today more and more organizations are using employee recognition programs as a strategy to motivate as well as retain their valuable employees. The success of these programmes will ensure motivation and commitment of the worker. For greater effectiveness of the programmes HR managers should strive to develop a sense responsibility among employees, ensure fair but stiff compensation, promote employee participation at all levels but under the guidance of the seniors and stimulate high levels of job commitment among workers.

Employee recognition schemes consider formal employee recognition award schemes, a popular method for identifying role models in the organization who do something out of the ordinary. These schemes examine the aims of recognition schemes and how they work in practice, including eligibility, nominations, different levels of recognition, award types and values, judging panels and how to maintain interest in the scheme over time (IDS HR Study Plus, 2006).

Employee recognition program is not that successful due to several reasons:

First of all- bad implementation is a problem, because for the success of any programme, its execution should be effective. Secondly a single programme cannot fit all types of organizations. It has to be modified according to the circumstances prevailing in the organization. Finally, employers also sometimes understand the importance of it.

There are certain activities which are carried out for the betterment of the employees. They also help in retention of the employee in the organization. Welfare facilities are designed to take care of the well being of the employees –they do not generally involve in any monetary benefit but it does involve certain non monetary benefits. It has contributions of not only organization, Governmental and non-governmental agencies and trade unions.

Welfare means doing or wellbeing. It is in all over term, which refers to the physical, mental, moral and emotional, financial well being of an individual. It, therefore, varies from time to time, from region to region and from country to country. The welfare
activities defined vary from time to time, from place to place, depending on the prevailing circumstances.

Welfare activities and related concepts are explained below:

**Welfare Plan:** Any employer-maintained plan, offering employees and their dependents services their dependents services or benefits upon illness, surgical process, death, or unemployment. These may include medical care or other benefits.

**Wellness Program:** Comprehensive health program designed to maintain a high level of well being through proper dies, light exercises, stress management, and illness prevention. Thus help in lowering employer’s costs associated with absenteeism, lost productivity and increased health insurance claims.

**Work and Family Programs:** It is a programme designed in such a way that both work and family are managed by the employee satisfactorily. It provides greater flexibility to the employee that demand of both are taken care off like dependent care assistance, leave programs, flextime, compressed workweeks, telecommuting, etc.,

There are several activities which an organization undertake is to measures, create a safe and healthy workplace and to promote health and wellness among its employees. To get a break from the routine the provision of a fitness/ recreation center to allow employees, while redesigning his job. Education and counseling are other ways of promoting wellness. Some employees may be addicted to alcohol, drugs, or smoking or any other wrong habits. Employee Assistance Programs (EAP) can provide assistance in such matters. It helps the employees in imbibing confidence in the organization and in increasing their effectiveness at work.
Safety, in simple terms, means freedom from the occurrence or risk of injury or loss. Industrial safety or employee’s safety refers to the protection of workers from the danger of industrial accidents.

Safety is the condition of being safe, freedom from danger or risk’. Health is the state of being well in body or mind or we can say soundness esp. financial or moral’ Environment is the physical surroundings, conditions, circumstances etc. in which a person lives’ (The Concise Oxford Dictionary)

To increase the participation of the employees in management, employees’ view on optimum utilization of the techniques and machinery, natural resource conservation and suggestion on the use of safety measures, etc. should be taken from time to time and the best suggestion should be rewarded as an incentive or motivational act. The use of the Suggestion Schemes has been increasing in management. The suggestions flow from various levels of employees. They might give suggestions about anything related to the working of organization, its processes, its structure etc.

Suggestion System is ‘A system allowing employees to voice complaints, make recommendations or submit ideas regarding company policies, procedures, working conditions, benefits, etc.’ (The Society for Human Resource Management)

Suggestion is a ‘proposal, idea which is put forward” and Suggestion Box as “place in a company where members of staff can put forward their ideas for making the company more efficient and profitable’ (The `Dictionary of Business, 1994)

Employee turnover ratio is very high in organizations these days. This tendency of frequently changing jobs may take the form of Promotions or Transfers. The reasons for the above said tendency might be the individual’s career ambition or could be any other interest of the individuals. The mobility might be internal mobility in form of promotion or transfer of jobs in various departments or divisions. The external mobility means that a shift in job of the individuals or a change in the organization. The cause of the above may include such as expansion and diversification of the organization,
promotions or transfers, Retirements and resignations of the individuals. A working definition of Promotions and Transfers are:

**Promotion:** Career advancement within an organization, which includes increased authority, level of responsibility, status and pay. Promotion is ‘moving up to a more important job’ and Transfer means ‘moving someone or something to a new place’. *(The Dictionary of Business, 1994)*

**Transfer:** Moving an employee from one position, shift or department to another within the organization. *(The Society for Human Resource Management)*

‘Promotion is an appointment to a position requiring higher qualifications such as greater skill or longer experience and involving a higher level of responsibility, a higher rate of pay, and a title change is considered a promotion and will be classified as such in all personnel documents. Promotion will be made without regard to the race, color, sex, religion, age, ethnic origin, or disability of the employee’. *(Prairie view A & M University)* Organizations adopt different bases for promotions. The main objective is to reward the employee for his good work and motivate him to continue to do so in the future. Promotion policy should be fair and transparent. The policy should be made clear to all employees and should be uniform for all the employees. It should be totally unbiased and all should be given a fair chance.

The reasons for transferring an employee internally from one place to another, or changing his department is due some policy measure, to fill the vacant gap, transfer on temporary bases or any other need of the organization. But this policy has its drawbacks also such as this change might not be liked by the individuals, who in turn might suffer from some adjustment problems also, his productivity might also be affected.

**Exit** Interviews, if taken seriously can serve the purpose of finding the reasons of the employee of leaving the organization and then it can certainly be analyzed for taking out some effective measures to minimize it. ‘An exit interview is the meeting a company's human resources department has with an employee who has been terminated or who has resigned’ *(Corcodilos, 2005)*. It means that while the employee is leaving an
organization he is asked several questions regarding his working environment, his reasons for his resignation, and his work experience in the organization, both good and bad. It is ‘an interview conducted at the time of an employee’s x used to identify the underlying factors behind an employee’s decision to leave’ (The Society for Human Resource Management).

According to (Murty, 2004) The existing literature on exit interviews conducted across organizations reveals that employees normally leave organizations for any one of the following five reasons:

**Career opportunities** – as perceived by the employee for his advancement; presence or absence of a well-laid career graph in the organization; and the clarity about such development plans provided by the organization.

**Job Satisfaction** – an employee’s perception about the usage of his skills in the given job, his “fit” with the job and the balance that the job affords between work and life.

**Corporate leadership** – the strength of the vision and mission statement of the organization and the clarity that the leadership offers to the employees; management culture; the level of respect and support that an employee enjoys at the workplace.

**Training support** – opportunities to acquire new sets of skills as reflected in the organizational commitment to training and development of employees.

**Compensation** – pay structure, performance – linked payments, recognition of performance by way of open acknowledgements etc.

Human resources departments conduct exit interviews (also called exit surveys) to gather data for improving working conditions and retaining employees. However, a hidden purpose is to help employers avoid costly litigation down the road, caused by "disgruntled" employees. An exit interview is typically a meeting between at least one representative from a company's human resources department and a departing employee. The departing employee usually has voluntarily resigned vs. getting laid off or fired. (J. Steven Niznik, 2006)
The approach adopted by Human Resource Personnel must be totally unbiased and fair. While recording an interview, the interviewer must not use any sort of assumptions or imagination. The result of Exit interviews sometimes prove as an eye opener to the management. The employee should be made to understand his job profile, his roles and responsibilities. Some leave the job without any reasons or because they just lazy. “They are just not happy doing the same old stuff which everyone is doing, the regular cliché is they want to do something different.” (HR Funda, 2006)

The feedback process is very valuable to the management of any organization. If the feedback process is used properly the organization can easily come to know its weaknesses and strengths. Using these analyses the organization can grow smoothly and easily.

1.2 JOB SATISFACTION

For an individual, Job Satisfaction would mean that something within him reacts favorably to the job and its environment. Locke (1990) gives a comprehensive definition of Job Satisfaction as involving cognitive, affective and evaluative reactions or attitudes and states that it is a “pleasurable or positive emotional state resulting from the appraisal of one’s job or job experience.” (Locke, 1990)

Job Satisfaction is defined as, “A sense of personal growth most often measured by the extent of new challenges and learning situations experienced.” (Jensen, 2000).


This paper examines the relationship between human resource management practices and job satisfaction, drawing on data from the 1998 and 2004 Workplace Employment Relations Surveys. The paper finds significant increases in satisfaction with the sense of achievement from work between 1998 and 2004; a number of other measures of job quality are found to have increased over this period as well. It also finds a decline in the incidence of many formal human resource management practices. The paper reports a weak association between formal human resource management practices and satisfaction.
with sense of achievement. Improvements in perceptions of job security, the climate of employment relations and managerial responsiveness are the most important factors in explaining the rise in satisfaction with sense of achievement between 1998 and 2004. We infer that the rise in satisfaction with sense of achievement is due in large part to the existence of falling unemployment during the period under study, which has driven employers to make improvements in the quality of work.

Conventional Wisdom suggests that employees who are satisfied with the jobs tend to be much more productive, creative and committed to their employers. Amazingly, only a few organisations have made Job Satisfaction a top priority in their overall strategy. Perhaps they fail to understand the significant link between Job Satisfaction and productivity. In this era of high competitiveness, companies should strive for better work place practices, which could significantly enhance the levels of Job Satisfaction of their employees. It underscores the fact that influential HR Practices lead to team motivation and employee satisfaction. Self motivated employees thus, emerge as more productive and committed’. (*Sousa-Poza, 2000*)

‘Job satisfaction is in regard to one's feelings or state-of-mind regarding the nature of their work. Job satisfaction can be influenced by a variety of factors, e.g., the quality of one’s relationship with their supervisor, the quality of the physical environment in which they work, degree of fulfillment in their work, etc’ (*McNamara, 1999*).

This requires that the HR policies of any organization should be clearly mentioned and in form of a written document. All the employees should be aware about the HR policy and all rules should be equal for all, because an unclear and non-transparent HR policy might lead to unrest among the employees. A fair and transparent HR policy can lead to employee satisfaction and organizational commitment.

A European Union Study reveals that job satisfaction is the key to employees’ happiness. (*EU Information Centre, 2006*). The employees should be motivated by the HR policies and practices such that the employee should work on their improvement of weaknesses and strengthen their strengths. This will make the employee job satisfied in their present jobs as satisfied and will develop a sense of belongingness towards the organization.
They feel satisfied in their present jobs as they feel that they have good career opportunities for them and the organization belongs to them. Thus an employee, thus, contributes more and more for the growth of the organization. Various researches have been conducted on this, and with almost the same above said outcome. To face the challenges of today’s world the organization should innovate and strengthen its research and development activity. Companies do take great care to update its technology as per the needs of the today’s environment. With today it is also required that the organizations also take care about its most important resource i.e. Human Resource. Thus it is important to keep employees in the organization happy and satisfied.

For an employee’s job security is very important. He is happy when he feels that the organization is his own and his job is secure in the organization. On the other hand it is beneficial for the organization that the employees continue to be in the organization because he has already adjusted himself and is fully aware of the working in the organization. If the employee feels that his job is secure and he is happy about it he will have more Job Satisfaction and Organizational Commitment. The level of Job Satisfaction could be increased by giving the employee job security, career planning, healthy working environment, adequate benefits and compensation and good job prospects.

1.3 ORGANIZATIONAL COMMITMENT

Organizational Commitment is the feeling of belongingness, towards the organization, an employee feels that the organization is his own and he is ready to work in the organization wholeheartedly. He feels attached to the organization and in circumstances would he like to part with it. He fully agrees with the mission and vision of the organization and works wholeheartedly for achievements of his goals. It is the desire of the employee to remain a part of the organization. Organizational Commitment is an unseen bond between the employee and an organization.

"Organizational Commitment is defined as a state in which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization. So, high job involvement means identifying with one's specific job, while
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high organizational commitment means identifying with one's employing organization.”

(Robbins Stephen P., 2005)

The Organizational Commitment is most often defined as

i) A strong sense of bonding or attachment for a particular organization;

ii) A willingness to work hard at its best for the organization; and

iii) Strongly agrees with the mission and vision of the organization and works wholeheartedly for achievements of the goals of the organization.

Meyer and Allen (1991) purposed the three-component model of organizational commitment. It is a three dimensional approach and opened a path of research with this. According to them, commitment is the aggregate result of three different but related components viz., Continuance Commitment, Affective Commitment and Normative Commitment. The three dimensions are as follows:

Affective Commitment is defined as an emotional attachment to the organization such that the strongly committed individual identifies with, is involved in and enjoys membership in the organization (Allen and Meyer, 1990). This is the ideal 'happy' state for an individual. He wants to stay with a company or organization because he has an emotional attachment and involvement with the organization or we can say that he is psychologically attached to the organization.

Continuance Commitment involves commitment based on the costs that the employee attaches with leaving the organization. The individual who has been worked quite a bit in the organization feels that that he/she has invested a great deal of effort/time and now they have no option but to remain in the organization. “Continuance commitment develops on the basis of two factors: The magnitude of the investments individuals make, and the perceived lack of alternatives” (Allen and Meyer, 1990).

Normative Commitment involves the employee’s feelings of obligation to stay with the organization. “Workers with a strong normative commitment feel that they ought to stay within the organization because he/she believes they should” (Meyer and Allen, 1991). The employee feels that he is obliged to stay in the organization due to some reason.
Organizational Commitment builds with time. It is generally found more in an employee who has been serving the organization from a long time. It is generally found in candidates who have achieved personal success in the organization, and are happy with the working of the organization. “In particular, their broader base of job knowledge often translates into loyal customers who buy more from them, make referrals resulting in new customers, and even pay a premium price”, (Iver and Roy, 1994).

The factors of employee commitment are fairness, trust and concern for employees. It is the responsibility of the Employers and HR managers to with fairness, trust and care; otherwise it becomes very difficult to gain employee commitment. “Providing right kind of physical environment (light, temperature, seating, and cleanliness), communication facilities (e-mail and telephone facility) and creating social environment (supervisory care, cooperation, team working and mentoring) can enhance employee's organizational commitment.” (Bragg, 2002)

‘Organizational Commitment can be built in the following manner through: Justice and Support, Job Security, Organizational Comprehension, Employee Involvement and by Trusting employees. Commitment to an organization, as we have been lead to believe, is not exclusively a function of the attributes of the organization or its executive constellation. It is a function of the larger culture. The larger culture will either support or negate support of the activities associated with commitment. Specifically, it is suggested-that practicing managers do not create commitment they merely support the established attitudes and values towards commitment that already exists in the larger culture and family” (Czander Lee, 2001).

This article explores the relationship between HR practices and commitment in three health service organizations in Ireland. The findings indicate that the HR practices followed in the organization are liked by employees, and are very different from the lists of big HR practices that are seen in the other human resource literature. The research suggests that organizations need to ensure that employee happiness should be emphasized and that these are not given up in a hurry to enforce more sophisticated approaches for managing employees. Conway, E. and Monks, K. (2008)
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Followings were the findings – Organizational commitment was positively related to remuneration, recognition, and an opportunity to undertake challenging employment assignments, training and career development. Surprisingly, training and career development was not significantly related to organizational commitment and challenging assignment was not significantly related to intention to stay.