CHAPTER IV

PERSONNEL POLICIES
AND
PRACTICES
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Concept, Significance and application in Hindalco:

Policy forming alongwith the process of decision making lies at the heart of the administration process and the administrator whose actions are not based on well conceived policy, may be, over-burdened with detail so much that he may be unable to cope with his work. The personnel executive is no exception to this and in the absence of adequate personnel policies, several petty problems may tend to multiply so as to demand too much of his attention. Policy is, therefore, a logical starting point for a study of the field of personnel management.

Personnel Management (Personnel Policies and practices) constitutes the core of managerial function; personnel policies are pre-determined courses of action set up to guide the performance of personnel functions. The object of personnel management is to find, "the right men for the right job", and to avoid putting, square pegs is sound holes.\(^{39}\) Because the success of an organisation depends, to a great extent, on its efficiency in developing and utilizing optimally its human resources.

\(^{39}\) J.H. Richardson, An Introduction to the study of Industrial Relations (London : George Allen and Urwin 1959) p. 42
Policies and programmes are human made guides to action. In theory, they are based on an analysis of enterprise objectives as well as on the available knowledge in the subject area concerned. The policies are defined by the various management thinkers. Michael has defined, "policies are basic rules to govern functions to that they are performed in line with desired objectives." In the words of Yoder, "A policy is a predetermined, selected course established as a guide towards accepted goals and objectives. Polices define the strategy of management Campaign. They establish the frame work of guiding principles that facilitates delegation of lower levels and permits individual managers to select appropriate tactics or programmes." In the words of Calhoon "Personnel Polices Constitute guide to action. They furnish the general standards or basis on which decisions are reached. Their genesis lies in an organization's values, philosophy, concepts and principles." According to Flippo, "A policy is a man-made rule or pre-determined course of action that is established to guide the performance of work towards the organization objective. It is a type of standing plan that serves to guide subordinates in the execution of their tasks."

40 Jucious Michael J. Personnel Management (D.B. Taraporewala & Sons) Indian Reprint Bombay 1978, P. 58
42 Calhoon Richard P. : Managing Personnel (Harper & Row) 1964, p 36
Need and Importance of Personnel Policies:
The need of personnel polices are very great for every organisation due to the following reasons.

(i) In fact no organization can escape the need for policy and practically no organisation without it. The fact that policy is not formally recognised and published, does not mean that it does not exist but in most cases, it is found desirable to prepare carefully worded, printed statements of organisational and personnel polices in view of its important advantage of permanence and easy transmission.

(ii) Formal policy administration brings cluster of problems under control; indeed it is the only sure and orderly way to bring official behaviour of organisation members close to expectations and under reasonable control. Lack of formal polices abandons decision making to executive whim. McFarland has described, "Executives may then yield more easily to the exigencies of power struggles among themselves or to the temptation to aggrandise their positions or to take the expedient way rather then seek sound long-run decisions."  

(iii) Polices are selected and established for the achievement of objectives both the organisation and the people. Polices are a prime element of the personnel executives strategy for developing sound organisational and personnel objectives. Greenwood has rightly described, "They are control guides for delegated decision making. They ensure consistency and uniformity in decisions which involve problems, that recur frequently and under similar, but not identical circumstances."\(^{45}\)

(iv) Policies set the pattern for planning—the basic and most important managerial function policy-making and planning are closely related. Planning involves the implementation of the current polices as well as the development of new policies as a consequence of prospective changes. Policy is thus in itself an appropriate area for planning.

(v) Personnel polices provides guide lines for a wide variety of employment relationship in the organisation. They create expectations and define the roles to be played by managers, foremen or supervisors, operative workers and employees. Thus, they set patterns of behaviour and permit

participants to plan with more confidence. Schleh has clearly remarked, "Personnel policies serve as a 'road map' for managers and at the same time, they clue in all participants from executives to common labour - on what behaviour and reactions to expect in day to day collaboration. They help each co-worker to recognise and define his own role and those of his associates." 46

(vi) The importance of polices is further highlighted by the concept of management by objective which puts emphasis on recognising what is intended, of thinking in terms of pre-determined courses or routes towards objective.

(vii) Policies help to build employee's initiative, enthusiasm and loyalty, particularly when they reflect established principles of fair treatment and social justice and assistance to people to grow within the organisation.

(viii) Policies serve as standards or 'yardsticks' for evaluating performance for which is of utmost importance for feedback and control towards the successful accomplishments of objectives.

(ix) Policies provide a broad framework within which growth and expansion may develop on a orderly basis.

(x) Policy formulation on itself is a valuable process since it encourages executives to learn and understand problems that require coordination and control.

Personnel policies thus play a key role in the process of total management and are an important part of the major business policies since they translate the organisational objectives into selected routes and courses which in turn dictate procedures and practices.

It should be also noted that the personnel management (personnel policies and practices existing in the organisation) is a technique to promote the productive efficiency of an organisation by securing the best use of those employed in it.

**Personnel Policies & Practices In Hindalco**

In Hindalco, personnel polices are created on every level of management. The goal of personnel policies and practices applied in Hindalco is to:

(i) Maximisation of productivity and

(ii) Maintenance of organisation against internal as well as external pressures.
Hindalco has two distinct classes of employees, viz (a) a group of personnel appointed to manage the employees at work, having authority and control over others and (b) groups of personnel assigned with certain fixed duties to be performed during working hours. The former group is called as managers while the latters as operatives.

This chapter is devoted to analysis of personnel policies and practices of the Hindalco. This is being discussed under the following heads:-

a. Procurement
b. Promotion
c. Transfer
d. Communication
e. Disciplinary Actions

**Procurement:**

Personnel Procurement may be defined as the task of hiring people to fill current or future vacancies. The quality of people who run the organisation is of the utmost importance because this plays an important role in determining the success of an organisation. The number of problems that the employees refer to the management for solution is more or less inversely proportional to the quality of the personnel:

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47 Michael, J. Jucius, Personnel Management (Bombay : Taraporevala, 1977), P. 89.
higher the quality the less the problems. Concern here is therefore with such matters as sources of placement of people.

**Sources of Employee supply:**

In Hindalco sources of employee supply are commonly divided into two:

a. Internal, and

b. External

Internal sources refer to the present working force of the company. Thus, when there is a vacancy someone already on the payroll is upgraded, transferred, promoted or sometimes demoted to fill the vacancy. External sources refer to employment exchanges, technical and professional college, floated labour and persons recommended by present employees. Therefore external sources of recruitment include the following:

a. Recruitment advertising, i.e. receiving of applications by mail personally in response to an advertisement by the company,

b. Reference to employment exchanges,

c. Direct recruitment from training institutions,

d. Scrutiny of central pool of applications on file to see if candidates rejected earlier could fill the vacancies, and

e. Use of consultants of recruitment.
Personnel Practices:

The selection procedure in Hindalco basically consists of the following steps:

a. Screening of application,
b. Tests,
c. Interview,
d. Final selection
e. Placement

Adopting above procedures in Hindalco, each application is registered and screened in terms of yardsticks prescribed by the company. Wherever the required examination and job tests are conducted only those who pass tests are considered for employment. Even so, they are initially put on trial for a day or two. If considered necessary, further interviews are arranged before final selection. The candidates selected for appointment are then required to undergo a medical examination and if found medically fit, they are offered employment.

1. Submission of Forms:

The application blank is undoubtedly one of the most common tools of selection. It invariably occupies a leading role because information gathered in this manner provides a clue to the need of, and a basis for, other selective processes.
In most of the private sector there is no systematic method of issuing, receiving and screening of application forms. It is common knowledge that pressure is brought on Hindalco by the manager's friends, trade union leaders, political leaders and so on. Consequently, pressure candidates are given preference over the eligible candidates. But Hindalco is not affected by pressure at the filling vacancies, they prefer the ability.

2. Interview:

Interviewing has been a widely used tool in selection in Hindalco. By means of talks and observations the selection committee seeks to determine the degree to which the applicant possesses the desired qualities, and this also gives him the chance to appraise the applicant's mental, physical, emotional and social qualities. How promising a person is, may also be reasonably judged through a careful and judicious interview, although, be it admitted, there is no fool-proof method of assessment. Thus, the primary objective of interview is to select the candidate who will best advance the business objectives of the Hindalco.

3. Job Tests and Trial:

Two of the more important screening in Hindalco devices used in the hiring procedures are 'Job tests' and "trials". Job tests are designed
to identify those who have the combination of knowledge and skill generally characteristic of craftsmen in particular trade. If the applicant is found successful in job tests he is put on the job on a trial basis (particularly for skilled jobs). The purpose of this process is to enable on to predict a person's future performance.

4. **Placement:**

When an applicant is selected in Hindalco as a member of its personnel, the next duty is to place him in the right job and provide him with training and development facilities needed to fit him into his job.

Placement in the first job is to see how the new entrant fits into that position. The purpose here is to fit in the new employee to the job demands. The new employee is initially put on probation for a reasonable time. At the end of which the employee will have to be either a regular employee or discharged as an unsatisfactory probationer.

**Promotion:**

After an employee is selected and placed, adequate training has undoubtedly to be provided so that he is ready for promotion to higher positions.

Promotion generally means the assignment of a position of higher responsibility to an individual. A promotion involves a change from one
job to another that is better in terms of wages and responsibility.

Promotion System:

There are two systems of promotion in Hindalco- (a) Informal promotion system, and (b) Formal promotion system. In the informal promotion system, the foreman, the manager or some other higher authority recommends a certain individual whom they like or whom they consider the employee, who most deserves promotion to a higher post. As against this, a formal promotion system would try to use objective evaluation of the responsibilities of a position and an appraisal of the individual's capacities in terms of potential performance.

Criteria of promotion:

The two fundamental criteria considered in promotion are (1) seniority, and (2) merit. Seniority is defined as the employee's length of service in the company relative to others in equivalent grades, and is counted from the date of his joining. The company Merit is determined by job performance and by an analysis of the employee's potential for development. What should be the criteria for promotion—merit or seniority. The management tends to argue in favour of merit and the trade unions naturally think in terms of seniority. For promotion, the management wants to
give greater consideration to a man's ability and competence to do the work. The reason is, the management wants able and competent persons only, whereas the trade union thinks in terms of their membership as a whole and tends to argue in favour of seniority; in Hindalco combination of seniority and merit is taken into consideration for effecting promotions.

**Transfer**:

A lateral movement of an employee, not involving promotion or demotion, is described as a transfer.\(^4^8\) This means that transfer refers to changes in jobs that involve little or no change in status, responsibility or pay.

The primary purpose of a transfer in Hindalco is to increase the effectiveness of the company in attaining its service and profit objectives. Another purpose is of personal nature in which transfers are made to remedy a situation.

There are various types of transfers, depending upon the purpose for which the transfers are made. The important ones will now be highlighted as per Hindalco's practice.

**Promotion Transfers**: These transfers refer to the type of change that occurs when the volume of work

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\(^4^8\) Davar R.S., Personnel Management and Industrial Relations in India (Vikas Publishing House) P. 149.
contracts in one department and expands in another. Instead of laying off or retrenchment in one department and trying to hire new employees in another, the required number of employees are transferred from one department to another.

**Training Transfer:**

A training transfer covers a change in jobs where the purpose is to broaden the background of an individual.

**Remedial Transfers:**

This type of transfers arises out of a situation in which a particular employee has been found improper, a transfer to a more appropriate job, it is felt, might result in better performance.

**Voluntary Transfers:**

An employee may want a transfer because he dislikes the job, the department, his fellow employees or his supervisor. This may result in a request for transfer.

**Communication:**

Communication is the interchange of thought, or opinion and is the very essence of collaborative action.\(^\text{49}\) Therefore, communication is concerned with the understanding, perception and attitude of offices/employees at all organisational

\(^{49}\) Yoder Dale: Personnel Management and Industrial Relations (Prentice Hall 1970) P. 381
levels. Operatives, for example, tend to work more effectively when they feel that the management's objectives are significant and fair, when they understand what the management is doing. And managers in turn, can lead more effectively when they understand the motives, expectations, and thinking of their employees.

A manager's working day is filled with communication of different types like orders, reports and conversations. Thus communication is vital in the relationship between the manager and operatives and careful considered plans and programmes for communication are necessary to ensure understanding and effective co-operation throughout the entire team.

A successful system of employee communication must not only operate from the chief executive's office downwards but it must also have three interlocking circuits to transmit information, Opinions, etc, upwards and downwards.

**Communication System in Hindalco**

**Upward Communication**:

Upward communication provides an opportunity for the employee to convey his suggestions, grievances, and feelings to the management. Moreover, when a manager wants to evaluate the effectiveness with which his orders
have been carried out, information has to be fed upwards to him.

The following channels of upward communication are commonly available in Hindalco -

1. Suggestion System:

The suggestion system provides an avenue for the workers to communicate with the management. The suggestion system provides sufficient data to generate high productivity and ensures satisfaction among the employees.

2. Grievance procedure:

An employee's grievance is an indication of his discontent or dissatisfaction. It may be expressed or implied, i.e., the employee may or may not communicate it. The grievance procedure represents a systematic attempt to listen to the employee's appeals, his personnel problems and the difficulties he faces on the job in Hindalco.

3. 'Open Door' Policy:

Hindalco follows the 'Open Door Policy' under which the employees are free to discuss their problems with the managers at any time.

**Downward communication:**

Downward channels of communication are used to transmit organisational goals to the employees as well as the ways and means to achieve
these goals. They help to direct and control the behaviour of the employees. The company's policies and practices, the thinking of the top management and their decisions are transmitted through the downward communication channels. The following channels are most commonly used for downward communication in Hindalco.

1. **Notice boards and posters**:

   The most widely used media in industry is notice boards. In most cases, a notice board is provided for each department or one for each section. A wide variety of communications is placed on the boards—memos, directives, appeals, safety posters, etc. They may consist of a plan or policy decision, a day-to-day message or a memo relating to personnel practices like promotions, discipline-related notes, etc.

2. **Annual Financial Reports**:

   These reports, published once a year, explain business operations, new experiments, balance sheets, profit and loss accounts of the preceding year to the employees and shareholders. Recent significant changes in employee relationships have also been included in these reports by Hindalco.

3. **Employees Magazines**:

   Another widely used medium for in plant communication is the house journal—the plant
magazines. It explains the policies of the company easily understandable terms, it is like a reminder to the workers from time to time, of the advantages of the various welfare schemes that operate for their benefit, it shows them how they fit into the company, and it makes the workers take pride in the industry as if it is their own.

There are other channels also that can be utilized for both upward and downward communications, the trade unions, audio-visual aids, campaigns, contests, newspaper advertisements, etc.

**Disciplinary Actions**

Another useful index of employee attitudes toward employment in Hindalco is available in the ebb and flow of disciplinary problems. Disciplinary action refers to the application of penalties that lead to an inhibition of undesired behaviour.

**Procedure of disciplinary action in Hindalco**

Standing orders list different forms of misconduct and appropriate punishments which may be meted out, misconduct and appropriate punishments which may be meted out, and to prevent arbitrary dismissal it is laid down that the employee concerned must be "given an opportunity to explain the circumstances alleged against him". Tribunal awards have interpreted that a departmental enquiry must be help in every case
before a decision is taken not only to dismiss, but to punish in any other way, unless the employee confesses his guilt.

In a departmental enquiry, briefly, the following is observed:

1. A charge sheet in writing giving details of the allegations of misconduct must be duly served.

2. An opportunity must be afforded to him to explain.

3. An enquiry must be held giving opportunity to the workman to bring evidence in his favour and cross examine witness against him, or briefly to show cause against the order contemplated.

4. The order must be served on the workman.

To sum up, it might be observed that personal management (Personal Policies and Practices Existing in the Company) in Hindalco is satisfactory.