CHAPTER-II

RESEARCH METHODOLOGY

(i) Objective of the Study

The major objective of the study is to assess the human resources management practices in the dairy industry. The following are the sub-objectives of the study,

(a) To study the employment policies and procedures of the organization and to evaluate the same.

(b) To assess the HRD practices in the organization and to find out the employee perceptions about them.

(c) To examine the employee compensation system in the organizations and to know the views of employees in this regard.

(d) To evaluate the industrial relation climate prevailing in the organization and to study the employee's feelings in this respect.

(e) To analyse employee welfare and social security measures available in the organizations.

(f) To assess the extent of commitment and job satisfaction among the employees of the dairy industry; and finally.

(ii) Hypothesis

1. Recruitment and selection is likely to be associated with
personal variables (age, sex, caste, salary, education, indebtedness, dependents, rural/urban background etc.) and organizational variables (organization, category).

2. Employee welfare is likely to be associated with personal variables (age, sex, caste, salary, education, indebtedness, dependents, rural/urban background etc.) and organizational variables (organization, category).

3. Commitment is likely to be associated with personal variables (age, sex, caste, salary, education, indebtedness, dependents, rural/urban background etc.) and organizational variables (organization, category).

4. Job satisfaction is likely to be associated with personal variable (age, sex, caste, salary, education, indebtedness, dependents, rural/urban background etc.) and organizational variables (organization, category).

(iii) Methodology and Data Collection

(a) Method of Study

Application of appropriate methods and adoption of scientific procedure is a sine-qua-non of systematic enquiry. This has an important bearing on the collection of reliable and accurate information as well as on the outcome of the study. The present study uses a combination of case study and survey method.

Case study method is adopted to make an in-depth analysis of human resource policies and practices. Opinion survey of the
respondents constitutes the survey method in the study.

(b) Universe and Sample

Anand Milk Union Limited (AMUL) and the employees constitute the universe. The total population of the unit at the end of 2012 was 1410. It includes both managerial and non-managerial employees. The managerial employees are classified into managers, deputy managers and assistant managers; whereas the non-managerial group into supervisors, technical staff, clerks, drivers and workers. Thus the sample is selected by giving representation to the various strata following the principles of stratified random samples. The details are furnished in Table 2.1.

Table 2.1: Sample Design

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<table>
<thead>
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<tbody>
<tr>
<td>Total Strength of the</td>
<td>1410.00</td>
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<tr>
<td>organization</td>
<td></td>
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<tr>
<td>Sample taken</td>
<td>212</td>
</tr>
<tr>
<td>Percentage</td>
<td>15.04</td>
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</table>

(c) Data Collection

Data has been collected both from primary and secondary sources. Two elaborate schedules are designed for collection of information. One is management schedule, covering various aspects such as organizational background on policies, procedures and practices of human resource management. With the help of this schedule the organizational data has been collected through
informal discussions with the officers. The second schedule has been designed to find out the employees background and their opinions on various aspects of human resources management practices in the organization. This schedule has been administered among the sample managerial and non-managerial employees. The personal presence of the researcher throughout data collection has highly facilitated in getting relevant information. Collection of data from the field is not an easy task. The respondents have not been spontaneous in extending co-operation in the initial stages. They even suspected the researcher to be either the representative of the management or person from a government agency. He had to establish rapport with the respondents by establishing his identity and explaining the objectives of the study. The help of some managers and trade union officials has come handy in this regard. When they were convinced that the study was academic in nature, they were uninhibited in their approach and began extending their co-operation. Personal interviews have been held with the respondents. In addition to the primary method of data collection, secondary sources of the data have also been in the study which include annual reports, files, vouchers and records of the dairy under study.

**Data Processing and Techniques of Analysis**

The information collected from the organization has been analyzed qualitatively by using the method of content analysis. The information collected from the employees has been processed,
tabulated, and analyzed quantitatively by using a number of statistical measures such as Chi-square test etc.

(iv) Scope of study

As for the dairy industry 'AMUL' it remains "untrodden" and no study has been undertaken in this vital industry so far the researcher could explore. It is in this context the present study assumes importance and seeks to contribute for a clear understanding of the Human Resource Approaches, Procedures, Policies and Practices. The study is confined to "AMUL" a major dairy unit not only of Gujarat but also of the country. It is selected in view of its growth potential, contribution to the rural economy, the technology and the size of workforce employed. 'Amul' has a very long standing in the field of dairy industry and can be termed as the leader in its own field. All important Human Resource function viz. recruitment and selection, human resource development, wages, and employee welfare, industrial relations, job satisfaction and employee commitment are sought to be covered. The human resource policies and the practices which are meant for translating these policies into action are also covered under the scope of the present study.

(v) Limitations

The study has the following limitations:-

(i) Since the principal method of study is the case study method, it has all the limitations associated with the method. The generalizations of the study cannot be expected to have
Universal application. Even when we try to apply to the units of similar nature these must be applied with caution.

(ii) The records and files have not been maintained systematically and the researcher had to labour very hard to collect necessary information by running from 'pillar to post'.

(iii) Employees were hard pressed for time in view of the job demands and rigorous work schedule. The researcher had to persuade them for sparing time for conducting interviews. When he found that the respondents were not in a position to spare adequate time for the purpose, he had to request them to spare time after the shift timings.

(iv) There are quiet a few standardized instruments to measure job satisfaction and commitment. However, this study pertains to a new sector i.e., Dairy industry which is significantly different from conventional industries. To be very specific dairy units are co-operative societies which follow most of the human resource practices. Generally the instruments to measure job satisfaction etc. have been developed keeping in view conventional industries.

(vi) **Review of Literature**

Numerous research studies have been conducted on various HR aspects all over the globe. An attempt is made in the following paragraphs to review the literature and research on various aspects of HRM. First some of the international studies are presented followed by Indian studies.
Robert and Margo have presented the report of a world-wide human resource survey on seventeen (17) Multinational companies in 1974. The study found that in many developing countries a proper approach to human resource management is lacking. The study which covered 17 companies with employees ranging up to 6,000 operating in both developed and developing countries, took four months through personal visitation. Staff directors and human resources expert were involved in the study. In the local companies managing director and the local personnel manager were interviewed.¹

Recent researches worldwide have shown that good HR practices and policies can go a long way in influencing business growth and development.² The researches indicate that the companies gain competitive advantage through people. Yeung and Berman (1997) point out that HR practices can play three major roles. These are building critical organizational capabilities, enhancing employee satisfaction and improving customer and shareholder satisfaction.

Macduffie and Krafcik (1992) studied 70 automotive assembly plants representing 24 companies and 17 countries worldwide. This study indicated that manufacturing facilities with ‘lean production systems’ are much higher in terms of both quality and productivity than those with ‘mass production systems’.

Ostroff (1995) developed an overall HR Quality Index based on the aggregate ratings of all HR activities of a firm. On the basis of this index, firms were grouped into four categories. The firms that scored higher on the HR quality index consistently outperformed than those with a lower index on four financial measures market/book value ratio, productivity ratio (i.e., sale/employees), market value and sales.

Macduffie (1995, cited by Pfeffer, 1998, 32) observed from his studies that innovative HR practices are likely to contribute to improve economic performance only when employees possess knowledge and skills managers lack, employees are motivated to apply this skill and knowledge through discretionary effort and when employees contribute to such an effort.

Huselid (1995) found that in a sample of 3452 firms representing all kinds of industries, one standard deviation increase in management practices was associated with increase in sales, market value and profits. A subsequent study by Huselid and Becker (1997) found that one standard deviation improvement in HR system index was associated with an increase in shareholder wealth of $41000 per employee.

Similar results were found in Germany by Bilmes et al. (1997). This study found a strong link between investing in employees and the stock market performance of the corporation. Companies that laced workers at the core of their strategies produced higher long-term returns than those who did not.
In a 1989 study by Macduffie (1995) on 70 automobile plants representing 24 companies from 17 different countries, the results revealed the quality and productivity were much higher in the flexible rather than in the mass production system and the two systems differed substantially on how they managed their people-in terms of emphasis on training use of teams, reduction of status differences and the use of contingent performance-related compensation.

Arthur (1994) studied the impact of two different management approaches on the productivity of steel mills. His study of the 30 of the 44 existing steel mills in the US at that time differentiated the ‘control’ approach to human resource management (HRM) from that of the ‘commitment’ approach. After statistically controlling age, size, union status and business strategy of the mills, the results showed that using a commitment strategy was significantly related to improved performance in terms of labour hours and scrap rate. Mini-mills using the commitment approach required 34 per cent fewer labour hours to produce a tone of steel and showed a 63 per cent better scrap rate.

'A number of studies spanning different organizations operating in various service industries provide evidence for a positive relationship between employee attitudes, customer service and satisfaction and profits' (Pfeffer, 1998, 55) Schneider and Bowen (1985) reported in a study of bank branches that when the branches had sufficient numbers and quality of people to perform
its tasks (called the service imperative) customers reported receiving higher levels of service. In another study Schneider (1991) found that customer perceptions and attitudes were affected by what employees experienced. Organizational practices that are both service related and human resources related seem to provide cues to customers to evaluate bank's service.

A study by Johnso, Ryan and Schmit (1994) at the Ford Motor Credit revealed that attitudes concerning workload, teamwork, training and development, satisfaction with the job and satisfaction with the company were all related to customer satisfaction. Schmit and Allscheid (1995) found that customer satisfaction and perceptions of service quality were significantly related to measures of employee attitudes about the fairness of pay, whether management was concerned about employee welfare and treated people fairly, and whether supervisors encouraged an open and participative work environment. Employee attitudes are in turn related to profits. For example, in a study of an eye care company a significant relationship was found between employee attitudes and profits (Moeller and Schneider, 1986).

Delery and Doty (1996) in a study of nearly 200 banks found that differences in HR practices accounted for large differences in financial performance. Huselid concluded that 'prior empirical work has consistently found that use of effective human resource management practices enhances firm performance ' (Huselid, 1995, 640).
A study of the bibliographical research work in the field of personnel management in India reveals that bulk of literature relates to the papers published by personnel executives written on the basis of their experience. Their observations are mostly impressionistic in nature.

Another category of work belongs to the textbook type without much of empirical basis. Some scholars have attempted to study the personnel management theories in the context of live cases. Some of them include T.N. Kapoor (1965); Ram S. Tarneja (1968); R.C. Goyal (1970); and Monappa and Saiyadain (1979). Empirical research on academic venture has been taken up by some researchers. Their works mostly remained unpublished and they have neither reached the professionals nor academics. Very few research works were published. Some of them include Sivayya (1968); Rudrabasavaraj (1969); Lallan Prasad (1973); Jacob (1976); G.C. Patro (1989); CH Ram Prasad Rao (1990); and VSP Rao (1991).

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Myeiars (1958)\textsuperscript{10} discussed the labour problems caused by the industrialising process and links the labour problems to the changing social, economic and political institutions of India.

Takkar (1962)\textsuperscript{11} has made a study of the 15 mills in Bombay covering many aspects such as their scope, industrial relations, and union management relations. Nicholson's (1976) research study does not reveal any logical connection between job-satisfaction, pay, promotion, supervision, co-workers and absenteeism. Baldev Sharma (1983) noted that many of the problems confronting industrial relations in India can be traced back to the weak trade union movement.

Saxena (1970)\textsuperscript{12} gave socio-economic background of workers in the five selected units in Meerut district and discussed promotion policies, training; transfer, welfare measures, bonus, remuneration and the functioning of trade unions.

Gangadhara Rao (1970)\textsuperscript{13} has studied some aspects of personnel administration and union management relations in the Indian railways in the post-independence period. Singh and Sudha

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(1973)\(^{14}\) revealed the potential effect of need for achievement on the relationship between employees' performance and job-satisfaction.

Bhushan (1973)\(^{15}\) pointed out some effective steps for the proper management of personnel in the cooperative institutions (1) need to retain experienced employees both in small and large scale cooperative units; (2) need for development of professional management in cooperation; (3) growth and expansion of business in large cooperative organizations; (4) need for adopting modern technology calling for the newer skills; (5) need to ensure viability of cooperative institution by keeping the manpower cost to minimum; and (6) need to fill up positions in the cooperative institutions calling for business and administrative expertise.

According to Jurgen Von Muralt (1973),\(^ {16}\) the peculiarities of the management of cooperative societies results from the distinct features of a cooperative society as a combination of two organizational entities a business enterprise, on the one hand; and a social institution or association of persons who unite to use the services provided by the business enterprises, on the other. Manpower planning has not received due attention in the cooperative sector in spite of the expansion of business and

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diversification of economic activities. Goyal (1974)\textsuperscript{17} reviews the industrial relations policy through the five year plan. Sharma (1974)\textsuperscript{18} made an analysis of the problems of industrial workers in India.

E.A. Ramaswamy (1977)\textsuperscript{19} observed that 'humble-down to earth empiricism' is the need of the hour in Indian labour studies. An empirical study of the practices relating to the application of tools and techniques will be of great importance. Studies in this regard are very few.

Kamat (1978)\textsuperscript{20} emphasized the need for adoption of modern personnel administration and management practices in cooperative. He felt that careful situation of managerial personnel will give much better results. Kutumba Rao (1978)\textsuperscript{21} considered cooperative as a third rate organization in the market. Employees are not enthusiastic because of poor prospects and poor working and other facilities.

Dinesh (1978)\textsuperscript{22} expressed that there are certain serious drawbacks in the employer-employee relationship, viz., the entire process of recruitment, coordination, control, personnel and

\begin{thebibliography}{9}
\bibitem{19} Ramaswamy, E.A. (1977). \textit{The Worker and his Union} - p. 15
\end{thebibliography}
manpower planning, induction and training performance appraisal and promotion policies, etc. in the cooperative and small industry sectors in general and cooperative industries in particular.

Venkata Ratnam (1978)\(^23\) studied some aspects of human factor in Visakapatnam Port. The study discussed the growth and characteristics of human resources, work organization and employment practices, employee earnings, productive efficiency, employee welfare, unionism and union involvement, and union management relations.

Manju Gupta (1978)\(^24\) conducted studies on personnel and union management relations in the Hindustan Shipyard Limited. Murthy (1983) in his study discussed the trade unionism in Orissa.

There is great need to take up more research studies in the vital area of human resource management. Particularly case studies making an in-depth study of human resource management practices in individual enterprises are conspicuous by their absence. Hence there is a need for comprehensive and objective study of human resource management practices. As for dairy 'Amul' no study has so far been taken up. The present work is an humble attempt to fill the knowledge gap and seeks to contribute to an understanding of the HRM practices in the vital and growing Dairy sector of India.


Organization of the Study

The entire work is divided in Nine Chapters. The chapter one is Introductory in nature and deals with the conceptual framework. Chapter two focuses Research Methdology adopted in this study. Chapter three high lights the profile of Anand Milk Union Limited which is the sample dairy organization of the study. The Recruitment and selection practices are reviewed in chapter four while chapter five makes an attempt to analyse the human recourse development practices. Aspects of wages and employee welfare are discussed in chapter six, chapter seven deals with the pattern of Industrial Relation in the dairy unit. Aspects of commitment and job satisfaction are studied in chapter eight. Chapter nine summarizes the main findings and conclusions of the study besides offering some important suggestions.