1.1 Introduction

"Give man a desert and he will make it a paradise."

The march of human civilization from stone ages to this knowledge era throws light to the inexhaustible potential of man. His endeavours are directed to the achievement of maximum satisfaction and the development of new devices for satisfying needs. The ever-growing desire for wealth, power and pleasure necessitated much exertion, sometimes to get hold of the means of satisfaction and sometimes to ward off the pain of deprivation.

World War II crushed the economies of Japan and Germany. But they could reach the present level not through military hardware, or barrel of gun, but through discovering the inherent potential of their men and putting them to nation building. The above Chinese proverb holds good for industry also.

Poverty is the great shame for our country. A major reason for this can be attributed to the employment scenario. Industrial employment, which have a very high potential for growth is not picking up due to a number of reasons like low productivity of resources, increasing competition, inadequate demand and so on.
Low level of utilization of available manpower also has a spiralling effect on the economic conditions of the people as well as the economic development of the country.

The present framework of industrial organisation poses a major threat to the growth and development of human race. Technological advancements led to the mechanization of activities that were earlier performed by man, made him redundant and job less. One would love to make a soul searching as to whether the civilization is helping the human race to increase its happiness or only adding to his miseries.

It is true that man works for money. It is not true that man work for money alone. After he has achieved money to meet his basic necessities, money loses value as a motivator. Again money required for satisfying the needs can only be achieved through economic activities; e.g., work. People work to gain money (to ward off pain), and, to derive the pleasure out of work. Therefore, work is a human activity without which neither pleasure nor warding-off pain is possible. Making work rewarding as well as self-fulfilling is therefore important.

People with vision had long ago realized that a scientific and mechanistic approach to human problems could only yield short-term results; and a humanistic approach helped in bringing about Peace,
Prosperity and Happiness. The narrow legalistic speculation based on the concept of economic man is giving way to a humanely oriented adaptation of technology, and, development of participation among the people at work.

Human Resource Development deals with bringing about improvements in attitudes, skills, knowledge, physical conditions and relationship of employees as required for achieving goals of the organisation. Organisational goals can be achieved by a number of means. The question is whether the means adopted for achieving goals demonstrate humanness or animalism.

Industrial organisations are facing problems on account of competition. Strategists call it as war on three fronts: time, cost and quality. One of the greatest warriors in the history Napoleon attributes 75% of the success in a war to the morale (esprit de corps) of his soldiers. He gives 25% credit to arms and ammunition.

To fight and win the war, we need an army that has the highest morale and motivation. On the other side we have the problem of unemployment and an increasing rate of job obsolescence on account of technological advancements. Therefore, Our competitiveness of tomorrow depends upon our today’s effort to upgrade our selves. Here lies a great opportunity to identify human capabilities and to channel them to more productive uses.
HR systems can integrate elements of skills and style with strategy and structure. The staffs that carry out the processes can deliver desired result and adapt the system to serve the balanced needs of all stakeholders. The systems control and impose change on itself in reinventing relationships, structures, processes and attitudes required to meet the demands of the market.

HR systems can focus on real ongoing problems. It can manage conflicts and cooperation by learning and continuous development. It is felt that people, largely, have the skill and will to exceed the demands raised by every situation. The social system developed as a by-product of the HR system will help in development and maintenance of the human organisation without confrontation and unhealthy competition.

1.2 Reasons for the present study

Longevity of organisations is less than the longevity of people. The reasons for the present state of our business can be attributed to the chronic under utilization of creative potentials of our people. There is gross indifference to involve people and to use their potential and collective wisdom for organisation development.

Dayal (1998) opines that "people fail to cooperate and find fault with others and often under-mind the purpose of the organisation. They ignore corporate goals and promote and often live by the sub-goals
that they themselves formulate". To a greater extent this is due to the insecurity they feel about their own jobs or in the changed environment they may not be in a position to service their own private goals and ambitions. This mindset prevents them from involving people and treating them as adult partners in business.

In the pre-globalisation era, organisations and managers had a vested interest in living with problems rather than solving them. At least some of our industrialists believed that becoming sick and remaining sick is better than building capabilities to face the challenges posed by free market and competition. The *motherly care* given by state by means of special concessions and facilities, etc. motivated many of our businesses to remain as a *sick child*. They made little attempt to improve and progress. This *chalta hein' (will do) attitude had made people live below their true capabilities and potentials. Industries that followed either monopoly in the market or indulged in monopolistic competition faced a new reality as new players entered.

As economy was opened up, new products of superior quality and better services were available to customers. Customers started demanding something different, value for money, quality and service. It was felt that "customer was metamorphosing from a mere spectator to a referee" (Nohria, 1998). Only after the *bullet proof jacket of protection* was removed, the need for better performance was realized by many of the business enterprises. Many entrepreneurs learnt that economic enterprises running less than its full efficiency
would not survive the test of time. On the one hand competition created compulsions for improving deliveries, product / service quality, reduce over heads, technological advancements to speed up the process of gaining competitiveness led to Job obsolescence and unemployment, on the other hand.

The low returns led to low level of investment in many of the core sectors. Environmental legislation and its strict adherence also led to closure of some of the units in sectors like chemical, pharmaceuticals, textiles, etc. The new requirements on environment required massive investments and were capital intensive in nature. On the one hand there was reduction in employment in the already existing industries and on the other hand the new businesses opened were more capital intensive and technology driven, and, could not absorb the manpower who are rendered job less or could not generate employment.

The increasing cost of labour and low level of productivity as compared to machines posed another threat for employment. Social obligations of the organisations as well as the political economy were on test as it was forced to choose between technological advancements or survival of Industries. For the industries it has become difficult to compete with their foreign counter-parts on quality and on price. The massive down sizing and closure of textile mills in India opens our eyes to such a situation and the need for taking timely corrective and preventive actions. Survival in such a competitive and dynamic business environment requires coping with the demands and expectations of
customers. To achieve these organisations need to develop appropriate mechanisms to "manage cooperation and conflicts at appropriate levels in the organisation" Singh S.K. (1998). As a result of the dis-equilibrium that is prevalent in business equations, Human Resource Development Managers are trying to reduce the number of people engaged through increased mechanization, automation, outsourcing, etc. Argument offered many a time, is survival. This puts the human organisation in jeopardy.

Life always throws up solutions, not only problems. Our job is to convert problems into opportunities and solutions. And one can find these solutions through intelligent effort. In this context, it becomes imperative to identify ways and means of surviving and growing in a new setting and contribute to happiness of mankind and to the prosperity of the society at large. As Matsushita, the greatest Japanese businessman of the century observed "the mission of any business is to ultimately contribute to happiness of mankind and to the prosperity of the society at large."

Managers believe in a myth that leadership and driving change is to happen from the top. But participation and involvement in a people driven organisation can bring about change. It is felt that through appropriate systems it is possible to drive changes into the organisation so as to enable it to move ahead and achieve success.
It is our firm belief that HR systems can contribute to the success of the organisation. It is our belief that HR systems can help an organisation turnaround. Rao (2000:26) propose that in order to confirm the linkages between organisational performance and HR practices, a search can be undertaken into these organisations in terms of how well they have done financially as also on other parameters like growth and their capability to withstand competition after liberalization. Rao (2000:26) confirms that 'Unfortunately, no such study is available as yet. Rao (1999:226-228) also confirm that the only instrument developed so far is the HRD climate questionnaire by Rao and Abraham (T.V. Rao, 1999:226-28). This instrument does not include HR systems like manpower planning, and, recruitment and selection. There is a need to include these mechanisms as noted by Rao (1999) where he asserts that HRD process mechanisms are linked with corporate plans particularly with human resources planning.

Boxall (1992) argues that research of fundamentally different kind is needed (which should have formal field work programmes) to investigate the dynamism in HR strategy surveys, due to their static nature, are not sufficient for such level of research and should be viewed as supplemental to more intensive research than other way round (Dyer 1994).
1.3 Aims and Objectives

A person is not a resource; he is not an instrument or an object. He or she is the subject – the ‘karta’. An organisation’s systems should revolve around this subject. It is his satisfaction and happiness that should be ultimate aim of any business. An organisation requires more attention to human systems not less than what is attributed to techno-economic systems.

There is a need to identify and to engage the inherent creative potential of people for productive purposes and for enhancing human happiness and prosperity, and, uplift of the society and the nation at large. The right set of human resource systems can do this without jeopardizing the interests of stakeholders while ensuring balanced and healthy growth of the organisation.

HRD is a systems approach to managing people. HRD systems provide a systematic, integrated and planned approach to improve effectiveness of people and groups in an organisation. The objective of the system is to create a healthy environment where employees individually and collectively enjoy working and voluntarily excel to achieve the company mission being fully motivated from within.

HRD believes that all organisations are basically human organisations. Organisations resemble organisms. It has stages in its life span - like birth, early life and maturity. If not rejuvenated stagnation, it will lead to decay and death. Therefore, organisations require systems that rejuvenate and protect it from stagnation and death.
It is increasingly becoming difficult to face the challenges posed by the market economies. Any economic enterprise running less than its full efficiency will find it difficult to maintain competitive advantage.

Life always throws up solutions, not only problems. Our earnest attempt is to find solutions and apply to the present life situations and problems. This study aims at finding out whether the four human resource systems - Manpower Planning and Review, Recruitment and Selection, Performance Planning and Review, and, Training and Development can contribute to the successful functioning of an organisation. This thesis attempts to measure or gauge the effectiveness of four HR systems and whether it can effect turnaround of an organisation.

The following objectives are set for the study:

1. To determine whether HR Systems can influence the process of corporate turnaround.
2. To identify what HR systems can influence a turnaround process.
3. To understand the relationship between human resource systems and organisational performance.