Chapter III

Literature Review
3.0 Literature Review

This chapter reviews the recent and significant literature on various aspects of HRD and Human Resource systems. Its focus is on identifying key HRD systems and its elements. An attempt is made to capture information on the impact of the human resource systems on performance of the organisation.

3.1 Technology and HRD

Dayal (2000) throws light on the interrelation of technology and human resource development. The human-machine relationships with the new technologies are significantly different from those involved in the automation and mass-producing innovations that were introduced in business and industry earlier. The automated technology was primarily based on developments in engineering and broadly replaced the manual skills of the operatives. The new technologies do not replace human skills. They require different kinds of human skills. The human operative and the machine are mutually complementary parts of a process. One cannot replace the other. Dayal (2000) argues that any invention in science finds varied technological applications. Industries need people who understand the significance of varied applications to their particular situations in order to exploit fully these scientific discoveries. He stresses the need for knowledge of several disciplines to effectively convert these discoveries into products and processes.
3.2 Slow Human Development in India

A report by UNDP (www.undp.org/povertyreport/exec/english.html) on human poverty finds that 44.2% of Indian population has consumption below one dollar per day. The report on poverty seeks to implement strategy against poverty needs to be mounted - with more resources, a sharper focus, and, a stronger commitment. It seeks to improve the "missing" governance.

A report of UNDP Globalisation and Human Development (www.undp.org) argues that globalisation process in South Asia has focused on integrating markets without improving the condition of the vast majority of South Asians. It argues that globalisation has not been accompanied by a reduction in poverty or an improvement in human development. To ensure positive effects of globalisation and economic growth, the process has to be managed.

Mehta (1998), commenting on the human development writes, one noteworthy feature of human development scene in the country was that despite the promises made by the government and leaders from time to time, the human development reports seem to be worsening. India’s human development rank came down to 139 in 174 countries in 1997 from 138 in 1996 (UNDP Human Development Report, 1998). This scenario was accompanied by increasing unemployment on the economic front.
Mehta (1998) opines that one of the major reasons for poor performance emerges from the inhibiting values and attitudes entrenched in our political regime, and the administration and governance in the country. Mehta (1998) says that studies have identified several strong dysfunctional tendencies in our development planning and programme implementation.

3.3 Reciprocity of Human Development and Economic Development

Mehta (1998) shows instances where South-East Asian countries like South Korea, Taiwan, Thailand, Hong Kong have been able to accelerate their pace of economic development by accelerating the rate of human development. Mehta (1998) argues that it is difficult to visualize rapid and modern economic development and the use of high technology with illiterate and unskilled workforce. He says competent, educated and skilled people are more likely to show entrepreneurship and to promote new economic enterprises, thus, contributing to wider economic development in the country.

3.4 HRD – Social Sector

Dabhi (1999) draws attention to the not-for-profit sector (Voluntary Organisations and NGOs), which is involved in ‘HRD’ in their work of development of the marginalized and the oppressed communities. One
tends to think of HRD only in terms of HRD Department, HRD Manager, HRD programmes, HRD organisations and that too in the profit-making sector.

3.5 HRD in the service sector

Agarwal and Pareek (1994:196) list implications for HRD in the service sector. They include performance assessment and review, reward system, competence building, culture building, and empowering as components of HR system in the service sector.

3.6 HRD: Challenges

Organisations face continuous challenge ranging from raised national consciousness of host countries to people issues that emanate from every aspect of organisation's daily functioning. Hence their survival may depend upon how effectively they manage their human resources and implement human resource practices (Davis (1995), Erez (1994), Howe (1995), and, Triandis (1994).

Rao (1994) lists challenges identified by senior management personnel participating in a training programme. These concerns are competitiveness in terms of the product and cost, export, quality and ISO 9000 certification, surviving in a liberalized environment,
attracting and maintaining good and competent people, innovation, systems improvement, cost reduction, globalisation, maximizing sales, productivity and growth, customer satisfaction and quality of service, maintaining growth and position as market leader or in terms of market share, reorganizing to keep abreast of changes and creating viable plans to cope with changes, becoming more professional, indigenisation, technology and machinery up gradation.

Liberalization of the Indian economy and the many changes that are taking place in our economic environment have put an unprecedented pressure on most organisations to improve their performance. We find that almost every organisation is facing the need to improve the quality of its output; reduce costs, improve productivity, enhance customer orientation, and become a "learning organisation," says Waklu (1994:30). Liberalization requires us to put our emphasis on the productivity, quality, efficiency, effectiveness, technology, speed, customers and customer delight, and skill development, opines Rao (1994).

The challenge for HRD in the 21st Century is to develop the human resources at the grassroots. These resources consist of the unorganised landless farm labourers, the daily wage earners in the slums, rural areas, industrial labour, the marginalized, the oppressed
and the women across these groups/communities, opines Dabhi (1999). The challenges identified by Dabhi (1999) can be summarized as follows:

1. To influence the government policies, which affect the millions of poor so that they are empowered, made resourceful.
2. To make HRD facilitators, resource persons and technology available to the marginalized and oppressed citizens/employees.
3. To generously give our time, resources and join hands with the poor in the process of empowerment.

Vittal (1999) identifies under utilisation of human resources, literacy, involvement of the people concerned, Intellectual Property Rights, life time employment, professional education (through joint efforts of industry, banks and government) and effectiveness of public services as HRD challenges in the 21st century.

Rajendran (1994:336) identifies the challenges that are posed by the new economy and environment. In fact, to my mind, the mergers, acquisitions, collaborations, cooperation and working arrangements etc., with foreign partners are definite to call for major adjustments, modifications and changes in the overall management of these organisations.
Kampani (1998) brings home an interesting point. Till now the selling price of a product was determined by the total costs plus profits, which meant that the customer was expected to pay for the inefficiencies of the manufacturer. Today the customer and the competition determine the selling price of the product, service or system. This meant that if we have to make profits then our manufacturing cost has to be lower than the selling price. We have to focus on improving efficiency by eliminating waste and non-value adding activities.

Singh (1999) presents a scenario of tomorrow and visualizes the kinds of organisations that would emerge as successful. Singh (1999) advocates the need to build a cadre of professionals to cope with the changes of tomorrow and thereby act as catalyst to deal with the dynamic pressure.

Alagh (1999) states that it is also possible to conceive of nations becoming a part of global markets without extremely disruptive consequences. It is equally possible to configure adverse consequences. He asserts that the real issue is not technology or globalisation as a technological paradigm, it is institutions and rules, which create powerful incentives and preconditions for sustainable development to take place. Equally important is the nature of incentives and disincentives for perverse behaviour.
Dixit (1994:27) calls for development of new competence for exploiting new opportunities so as to rejuvenate the organisation as a whole. The nature of competence needed varied from product to product, depending on the nature of help available from outside and the initial conditions of the companies. Rajendran (1994) suggests that new systems, procedures, methods and even new concepts will call for relearning of old systems and methods, total attitudinal reorientation, even changes in self-perception of the people in organisation.

3.7 Changes for the Millennium

Global market rather than national market, mass customisation, increasing contribution of service industry, changes in technology especially computers, growth in technology on human engineering and so on are major concerns. This change will have implications on a number of fronts: (1) Workplace will have more percentage of knowledge workers who will have global market for their knowledge, (2) Cost of talent will be decided by the global market, (3) Talent and not capital, will be scarce resource, (4) Mobility of talent will increase, Nohria (1999:101).

Singh (1999) cautions that in times to come, the emerging trends will pose a serious threat to the human resources who are the product of a transient environment. Singh (1999:247:251) identifies key features that determine the quality of the human life in organisations. The same can be summarized as follows:
(a) Turbulence in consumerism
(b) Fierce Competition
(c) Short Life Cycle of Products and Services
(d) Strategic Alliance and Acquisitions
(e) Emerging Information Revolution
(f) Speed and Exposure

3.8 Obsolescence and rationale for change

Sharma (1999:180) cautions: our external environment is changing fast. Our failure to change at any moment is a step towards obsolescence. For survival, it is very much essential to match talent and capabilities with changing needs and requirements. He points out that surplus manpower, technological changes, huge inventories, losing customers, and closures of business units are different faces of obsolescence. Sharma (1999:180) points out that if an organisation is to survive, grow and remain prosperous, it must adapt to the demands of the environment. Since these demands are constantly changing, organisations must also change to manage obsolescence.

Dayal (2000) quoting (Rao S, 1994), argues that industry today has to bring about changes much faster and more frequently than ever before. Newer technologies are primarily 'knowledge-based', small and medium size organisations are also able to exploit them as well, sometimes even better than larger organisations. This opens up the new product sector / segment to competition.
Organisations will have to understand, use, develop and stretch talent to be able to succeed in global context. This will be hard work and offer a real challenge to HR professionals, as current HR polices, which have been based on the assumption of easy availability of talent, will become outdated. Shortage of talent will make it obligatory for companies to spot talent in the organisation; and spend time and money to develop such talent. In spite of all this, there will be issues of having quick replacements and HR professionals will not find answers to these issues, based on their learning of yesterday. They will have to evolve a new understanding, Nohria (1999:101).

Human resource management, which is already very professional in many organisations, need to be become even more strategic in the way it operates. In effect it needs to be driven by the business needs of the organisation, but without losing sight of the critical value and importance of people in making strategies become reality. Top management also needs to give greater consideration to HR Issues at the strategy formulation stage. These are not easy tasks,” opines, Hussey (1996).

Sharma (1999:180) put forward the rationale behind changes as facilitation of survival and growth of human beings in organisations. He attributes success to how effective adaptation of systems to a changing environment. He cautions that transition from an uncompetitive and closed economy for over four decades to an open, competitive world economy will not be pain free.
3.9 HR strategies

Sachdev et al (1994:42) explains cutting costs to survive competition is only one side of the coin. The other side is how to do more with less. Today the customer expects more value for money. In addition to the performance of a product, he demands superior service as well. In case of the service industry, it is not the service alone but service guarantee as well. Today, even a manufacturing organisation is a service organisation. The product by itself is not enough to win customer over; it is the service support that gives it the edge to steal a march over its competitors.

Hussey (1996) observes “there will be no simple solutions, and success will depend, as always, on the soundness of the strategic decision taken by management, and the ability of the organisation to implement those strategies. This would push the human response aspects of the business to the fore, even without the added complication of continued change and the pressures that this brings”.

**Waste Elimination**

Kampani (1998) of ABB makes an very interesting revelation: If we analyse the businesses we find that in the total business circle, i.e., from the time an order is booked till the time you get the money back from the customer, manufacturing comprises only 7-10% of the total time and we spend hell lot of time in trying to do cycle time reduction
in this 10%, while not really concentrating on the balance 90%. It is important to make sure that when we look at a business process from an angle of waste elimination, we look at manufacturing activities as well as non-manufacturing activities.

Sachdev et al (1994) explains how waste can affect the competitiveness of a business and the need to minimize costs in a sustainable way. Sachdev et al (1994) adds that it is not only technological solutions that can eliminate waste but people's orientation, attitudes and skill also contribute towards it. Sachdev et al (1994) pin points ways to achieve this: A commitment towards waste elimination can be built through structured interventions like training, recognition and reward systems, compensation systems, performance appraisal systems and by building a culture that encourages and motivates every employee to develop ownership for waste elimination.

3.10 HRD for Workers

D'Souza and Kumar (1994) argue that the significance, promises and potential of HRD for workers in Indian organisations have assumed added significance in the context of the new liberalized economic and industrial policy. The challenges of globalisation, technological innovation, increasing competition and growth through expansion, diversification and acquisition have important implications for human
resource development. There are developments today, which heighten the need for HRD for workers. The groundwork is being laid by a number of organisations that have evolved proactive approaches to the complex area of human resource management as a matter of long-term strategic initiative.

Murthy (1994:319) reports that some organisations like NDDB, Anand, and BHEL, Trichy have spent a lot of time in developing their blue collar using interventions like Transactional Analysis. BHEL, Trichy has been providing counselling opportunities for employees along with their family members. Stovec Industries, Ahmedabad, has conducted process sensitivity laboratories for employees along with their wives. VST Industries, Hyderabad did extensive work in empowering its employees to be better human beings. Jain et al (1996) cites several cases from organisations, which initiated worker development programmes.

HRD efforts by organisations have tended to concentrate on Managers and executives and left out workers, more often than not. This neglect is as much due to lack of experience with HRD activities for workmen and low-risk capability of organisation, as due to the large size of the workforce and numerous unions, D’Souza and Kumar: (1994). The
authors report permanent and visible attitudinal change in terms of:

a. Emergence of a harmonious Industrial Relations climate
b. High levels of motivation and trust
c. Visibly higher initiative by workers
d. Creative problem solving abilities amongst workers
e. Reduced absenteeism and better discipline
f. An urge to excel and client concern.
g. More cohesive team efforts
h. Greater sense of identification and pride in the organisation.
i. Successful introduction of Total Quality Management/ISO systems

D’Souza and Kumar (1994:313) conclude that HRD for workers in the new context can help tackle the perennial problems of poverty, illiteracy and technological backwardness. Reorienting HRD towards the workers, however, requires a major transformation in the attitudes, behaviours and roles of management and employee unions

3.11 Empowerment

Vancheshwar and Mathur (1999) found that the Indian organisations are increasingly adopting the TQM process as a positive change programme for empowerment.
Heredero (1984) defines it as personal power, "the ability to be fully oneself, which echoes the "self actualisation’ in Maslow’s hierarchy of needs. Dabhi (1999) points out that the concept ‘Empowerment’ is closely associated with power. Drawing from our understanding of power, we may define empowerment as a process of assisting oneself or other/s, in which one invests in self and in other/s (intellectual, emotional and behavioural self), whereby people feel capacitated to realize their goals.

Bowen and Lawler, (1992) lists the benefits of empowerment as (1) Quicker online response to customer needs during service delivery, 2) Quicker online response to dissatisfied customer during service recovery, (3) higher job satisfaction of employees, (4) improved interpersonal interaction with warmth between employees and customers, (5) employee creativity for service improvement, and (6) higher publicity and customer retention.

Dabhi (1999) identifies knowledge, position, wealth, and inner self as sources of power. The understanding of people being empowered suggests that the power we have just looked at, in some form or the other, is manifested in the lives of these people. Empowerment thus indicates that the community has either acquired power or has reinforced power that was already there (Dabhi 1999).
Dabas (1999:151) explores how an organisation creates a culture of empowerment where people can transform the present and future challenges into opportunities. He makes a plea to involve all those who are responsible for achievement, to share the vision / challenges. Mehta (1992) points out that autonomy as a major source of work satisfaction.

Dabhi (1999) argues that empowerment in practice is human resource development, where human beings as individuals and group become resourceful to make their lives more human, their relationships and interactions with in and other groups and communities equal and just. It is the relation of power within individual/s, group, organisations /communities, is a concrete reality of life (psycho-social, economic, religious, cultural, political, etc) which makes the subject and her/his environment more humane and just.

Murthy (1994:321) cautions line managers to bid good-bye to the old practice of 'Divide and Rule' but nurture and build teams for better results in the changing scenario. Empowering individual members when there is relatively low teamwork worsens the chaos and makes managing the team even more difficult (Singe, 1990).
3.12 Aligning HR Strategy with Organisational Strategy

Sastry (1999) invite attention to the need for Human Resources Managers today to gain complete understanding of the business functions and be familiar with its processes, become familiar to the workmen and be perceived as value creators and problem solvers rather than overhead statistic, transform "production workers" to "knowledge workers" who are capable of perceiving needs of the customers and catering to them at their level, arrive at synthesis after considering the existing differences on various people related issues for achieving synergy for growth and development, to transform every establishment into a continuous learning organisation, to take into account the economic and social environment and actually adapt the organisation to the changes taking place, to devote time and skill for developing leaders from amongst the workmen and for avoiding multiplicity.

Patnaik (1999:91) opines that the primary responsibility for transforming the role of HR belongs to the CEO and every line manager who is answerable to shareholders for creating economic value, to customers for creating product or service value and to employees for creating work place value. The line managers should
lead the way in fully integrating HR into the company’s real work. The new HR manager can also make sure that broad vision statement and values get transformed into specified behaviours and practices.

Shukla and Singh (1998) use role clarity, recruitment, compensation management, management training, OD interventions and internal communication as initiatives in the process of aligning HR Interventions to Corporate Goals. It is believed that unless HR Interventions are aligned with business goals, they would be operating in a vacuum.

Dandekar et al (1994:228) calls for examination of management practices of the public utilities. With the liberalisation of economy there is high pressure on public utilities to become competitive and perform well. The man management practices of these organisations need to be examined and revamped totally whenever needed. The way the people are managed in the organisation influences the way they perform and provide service.

According to Rao (2000:23) in the traditional systems of management practice the emphasis was on the control-oriented approach to manage people, building inventories to maintain production volumes against uncertainties and inspection and control to ensure quality. In contrast, in the flexible system, the emphasis was on teams, employee
involvement, and reduction of inventories to highlight production problems that could be remedied.

Rao (2000) finds out that quality and productivity were much higher in the flexible rather than in the mass production system. Two systems differed substantially on how they managed their people—in terms of emphasis on training, use of terms, reduction of status differences, and the use of contingent performance-related compensation.

3.13 Reengineering and HRD

Virmani (1999:110) feels that many of the organisational problems arise there because of lacunae in the organisational systems or policies. Rao (1994:12) propose that HRD departments have to become more task-oriented without losing sight that people are their focus. According to Petrick and Furr (1995), HR departments need to promote a work culture that is employee friendly and capable of promoting work efficiency. The focus must shift from individual orientation to work process.

Rao (1994) calls for attention on the mission, vision, and business goals of the organisation. Productivity, quality, cost effectiveness, market leadership, small group work, total employee involvement, continuous improvements etc. should become obsessions of the HRD staff, Rao (1994).
HRD systems such as training, performance appraisal system, career planning, communication and participation etc need to be redesigned and implemented in the organisation to attain world-class standards, observes Kandula and Bapuji (2000:203-209).

**3.14 Reorientation of HRD Systems**

Petrick and Furr (1995) observes that HRD systems and their implementation in globalised corporations need to be reoriented in the context of challenges faced by organisations and their implications to HRD. Further, there will be pressure on other organisations operating in globalised environment to follow suit. HRD in the globalised era has to cut across boundaries of culture, geography and language.

Sparrow and Hiltrop (1994) believes that this alignment is necessary in order to channel behaviours and create a dominant value or culture in the organisation that enable effective implementation of strategy. HRD systems must be designed differently for different organisations. Although the basic principles may remain the same, the specific components, their relationships, the process involved in each, the phasing and so on may differ from organisation to organisation, (Rao, 1999:32).
The HRD subsystems or mechanisms are designed to work together in an integrated system. In isolation, these mechanisms do not afford the synergistic benefits of integrated subsystems. For example, outcomes of performance appraisals provide inputs for training needs assessments, rewards, career planning, and feedback and performance coaching, (Rao, 1999:32).

Kandula and Bapuji (2000) argue that organisations need to redefine, realign and reorient their HRD systems to suit the emerging global environment in order to survive and stay competitive. A global HRD system that recruits, trains, appraises and develops the best talent regardless of nationalities is of critical importance.

Kandula and Bapuji (2000) suggest Recruitment and selection, training and development, performance appraisal, compensation, career development and communication, as mechanisms to be adopted by organisation. Forbrun et al (1984) identify selection, performance appraisal, rewards and development as HRM strategies that contribute to the working of business strategies. Forbrun et al (1984) maintain that such a match can be achieved if HRM polices of selection, appraisal, rewards and development are coherent and consistent and linked to the strategy.
3.15 HRM and organisational effectiveness

In order to gain an insight into the effectiveness of the HR systems in the context of organisational effectiveness, it is necessary to review some of the studies conducted on the same or relevant subject.


Steiner et al (1989) found that implementation of policies and strategies is concerned with the design and management of systems so as to achieve the best integration of people, structures, processes and resources in reaching organisational objectives.

Schuler and Jackson (1987) after survey of 304 business units concluded that HRM Practices are used differently by organisations
that differ in their strategies. Difference in practices is found within the organisations, regardless of strategy. Schuler and Jackson (1987) points out that organisation's change strategies are likely to change HRM practices.

Benabou (1996) empirically studied 50 Canadian organisations provided with positive results with respect to training impact in organisations resulting from well-designed human resource development programmes.

Jackson et al (1989) investigated the relationships between organisational characteristics and personnel practices in 267 firms found that innovative strategy of organisation lead to developing better personnel practices. They found that personnel practices vary with manufacturing technology, industry, sector, organisational structure, size and presence of union.

### 3.16 HRD Experiences in Indian organisations


NHRD (1989) conference papers include experiences of several Indian organisations in the implementation of HRD. Keith C D’Souza and Rakesh Kumar (1994:310) report experiences of a few Indian organisations: “One of the best-known experiments of successful organisational revitalization through HRD is that of Eicher Motors. Eicher made use of the strategy of Total Quality Management (TQM) to involve workers in organisational transformation. The TQM approach adopted by Eicher underscores the fact that in the final analysis organisational effectiveness is not just a matter of improving technology and work methods, but a matter of changing the fundamental equations between the worker and the organisation.

In the public sector giant HMT, problems of adapting to technological change were met by strategic interventions such as the use of a voluntary retirement, retraining of employees and development of worker entrepreneurs, Keith C D’Souza and Rakesh Kumar, (1994:310).
Nair RR (1998) argues in favour of early identification of managerial potential. This helps them to meet the senior and top management needs internally. Progress within the organisation is based on merit, ability and performance irrespective of age or length of service. D’Souza and Kumar (1994:310) reports that Thermax Ltd, has been able to achieve considerable improvement in productivity, safety standards, employee creativity and commitment by means of a four-pronged approach: training and development, participation and involvement, welfare and performance appraisal.

3.16.1 Human Resource Planning and Review

Without a clear-cut planning, estimation of an organisation’s human resource need is reduced to mere guesswork, observes Decenzo David and Robbins Stephan (1989:79). Human Resource Planning includes the estimation of how many qualified people are necessary to carry out the assigned activities, how many people will be available, and what if anything, must be done to ensure that personnel supply equals personnel demand at the appropriate point in the future, Leap Terry and Crino Michael (1990). Human resource planning is the process by which an organisation ensures that it has the right number and kinds of people, at the right place, at the right time, capable of effectively and efficiently completing those tasks that will help the organisation achieve its overall objectives. Human resource planning, then,
translates the organisation’s objectives and plans into the number of workers needed to meet those objectives.

Srivastava et al (1998:141) concede that optimum utilisation of existing manpower is achieved by inter-group transfers, wherever possible. Tata Steel introduced several innovative approaches to rightsizing like rationalisation of work force scientifically, multi-skilling and multi-tasking, rationalisation of trade / skill designations, vacancy management, improving skill mix and qualification profile, elimination of skill-job mismatch, out sourcing non-value added activities, and, cluster manning. The company focused its attention on four steps: (1) re-deployment, (2) training and retraining, (3) separation through VRS and (4) medical separation scheme.

Kandula and Bapuji (2000) see need for changes in the organisation structures while planning careers for employees. They maintain that staffing requirements are to be planned for the next year or even for a shorter length of time as compared to the life long career plans. In order to facilitate the recruitment of scarce skills, new measures such as flexi-time, part-time, job sharing may need to be introduced.

Nair RR (1988) narrates the ingredients in the resourcing process of Hindustan Lever Ltd (HLL). They are determination of numbers for the...
future, enhancement of performance to bridge the gap in supply and job requirements, business education programme for graduates to impart conceptual inputs, use of appropriate selection methodology for different target groups, training to recruiters on selection and interviewing skills, recruitment of specialists and their integration with the company as per needs of business.

For the ongoing companies the threat of changes in the environment comes from the likely loss of skilled and experienced human resources to the new entrants not only in the same industry but also in other industries. Whether the companies would lose them or not is dependent on the nature of `company bond' developed by the management, Dixit (1994:25). He recommends developing potential discovery systems to enhance retention. Once retained, the challenge is one of recharging the resources to meet the new needs. The new strategies would call for flexibility and sensitivity.

Nair RR (1998:28) of HLL recognizes the change in values and attitudes of young graduates to an increase in the remuneration level. He says the strategic decisions relating to resourcing include all those activities related to internal movement of people across positions and to the external recruitment of people. The essential process is one of matching resources to careers.
3.16.2 Recruitment and selection

Choosing the right person for the job is critical to the organisation's success and a poor or inappropriate choice can not only be costly to the organisation but demoralising to the employee (who finds himself in the wrong job), and de-motivating to the rest of the workforce" Beardwell and Holden (1995: 232).

Whitehill (1992) describes recruitment as 'building a roster of potentially qualified applicants'. Recruitment process has two key aims: the attraction and retention of the interest of suitable applicants, and the projection of a positive image of the organisation to those who come in contact with it", observes Beardwell and Holden (1995:192),

The purpose of recruitment process is to (a) discover the source of manpower to match the job requirement, (b) to attract an adequate number of prospective employees, (c) to carry on organisation's work with adequately qualified skilled and experienced work force, (d) to replace old, retired, incapable personnel, (e) to meet the need of expansion programme, (f) to meet the challenge of a new and changing technology. The procedure used is discussed in chapter on methodology.
Selection is the 'axis on which all other Human Resource Issues turn', Ian Beardwell and Len Holden (1995:231). Dominic (1995) found variables that determines psychological impact: Candidates belief about the adequacy of the system intrusiveness of the method, face validity of the method, apparent relevance of selection method to the job, candidate's characteristics, career stage, personality, work involvement, candidate's belief about the career impact of the assessment, quality and accuracy of the feedback.


A selection process helps to (a) to examine qualification of applicants, (b) to pick up the most suitable person, (c) to reduce possibility of making wrong selection, (d) to reduce cost and wastage on training.

Shukla and Singh (1998) report that recruitment is a vital HR function, which ensures induction of qualified competent and skilled manpower into the organisation. Winning organisations stands apart from its competitors primarily because it employs more qualified, skilled, competent, manpower than its competitors.
Escorts do substantial groundwork like job analysis, competency analysis, and role set analysis. The company also track performance of recruited persons to validate selection systems. The conviction of the key people of the company reflects in the following lines: “If we recruit people smaller than us, we will become a company of dwarfs. If we recruit people better than us, we will become giants” believes Escorts, asserts Suhklia and Singh (1998).

Murthy (*) after study of a number of leading Indian organisations concludes that recruitment practices got influenced by number of factors like need, availability of manpower, local restrictions, government and political pressures. Public sector companies are influenced by social objectives. Except in one company role analysis, as a practice has not been implemented although HRD professionals feel that it is needed. Large number of companies is relying on job descriptions prepared long ago. All the recruitment in the company is based on merit says Srivastava et al (1988:141)

Kandula and Bapuji (2000) suggest a universally compatible procedure needs to be evolved to make recruitment effective. The emphasis must be on skills and capacity of the people to perform rather than on formal qualifications, age and length of experience. The procedure used in the recruitment and selection process is presented in chapter on methodology.
3.16.3 Performance Planning and Review (appraisal)

The history of evaluation of performance is centuries old. An imperial rater in China appraised performance of members of the official family during the rule of Wie dynasty (AD 22-265). The New York City Civil Service in USA introduced formal appraisal programme in 1883, reports Monappa (1979:162).

Rao (1994:6-7) Performance appraisals have become more relevant now than ever before. Everything that we have been talking about in the past has become more relevant now than before. The objective of the appraisal system is to balance corporate needs with individual wishes and competencies and create a healthy and possible climate for the employees to internalise the culture, norms and values of the organisation, says Sachdev et al (1994:45).

Basu, (1988) defines Performance appraisal as a formal exercise in which an organisation makes an evaluation in a documented form, of its managers in terms of contributions made towards achieving organisational objectives and / or their personal strengths and weaknesses in terms of attributes and behaviours demonstrated for meeting whatever objectives the organisation may consider relevant. Performance appraisal is a continuous process of systematic and objective analysis of job for the purpose of (a) identifying high
performers in assigned organisational tasks, (b) assessment of their capability to perform future organisational tasks, and (c) identifying reasons for low performance, so as to recognise high performers and take corrective actions where performance is low considering the overall interest of the stakeholders of the organisation.

The objectives of Appraisal can be summarised as follows:

1) Develop a Better understanding of expectations among superior and subordinates
2) Ensure effective communication on performance and to provide feedback
3) Decision on promotion and / or conformation
4) Determining increments / pay reviews
5) Training and development need assessment
6) Develop a productive work culture

Abraham (1989) observes that performance appraisal appears to be a developmental tool in the following ways:

1) It helps individual to plan his performance and reflect about his developmental needs
2) Develop better superior subordinate relationship
3) Help the organisation create a healthy and possible climate and the employees to internalise the culture, norms and values of the organisation

4) Help employees get feedback on his strengths so that he can take necessary steps

5) Helps the employee to prepare for performing higher level jobs by continuously reinforcing development of necessary behaviour and qualities

6) Helps in identification of training needs of the employees

Rao (1994:6-7) narrates the process of appraisal: It is necessary to articulate the mission of the organisation, develop a vision for it in the context of the new opportunities, to restate if necessary the departmental goals and objectives in terms of quality, internal customers, cost effectiveness, efficiency and effectiveness etc., to identify key performance areas of every individual employee in the context of the above parameters, set challenging goals, and periodically review performance. Many organisations seem to be moving in this direction.

Basu (1988) draw attention to the emerging trends in shifting the focus from personality to performance and emphasise on quantifiable targets. Evaluation of merit is not an easy task, and therefore,
has made it a continuous process, concedes R.R. Nair (1998). The performance merit related progress is one of the reasons why many prefer to join the company, observes Nair RR (1998).

Srivastava et al (1998) says that an integrated HRD System was started at L & T way back in 1974, with performance appraisal system introduced in 1966. Many subsystems of HRD like performance appraisal, reward management, recruitment; career development, job rotation, communication, grievance management system, training and development were implanted. Initiatives like suggestion schemes; small group activities were implemented to facilitate participation and involvement.

Rao (1999:242) gives a few cases of research: In one organisation some time after introducing an open appraisal system a questionnaire survey was conducted. About 45 per cent of the executives felt that the communication and understanding between them and their bosses improved. Another 50 per cent or so reported no change. About five percent reported some deterioration in relationships due to poor counselling skills or some senior executives. The questionnaire study had to be nearly ignored by the top management as some among the 5 per cent having disturbed relationships started accusing the new system and sending complaints to top management. In another
organisation a sizeable number of line Managers did not take the system seriously and the top management started pulling up the HRD department instead of pulling up both the HRD staff and line Managers.

Kandula & Bapuji (2000) argue that appraisals must be changed from being annual events to ongoing processes, with short formal reviews at regular intervals. Employee development must become an important objective of the appraisal process. It must not be linked to extrinsic rewards like increments and promotions. Sachdev, Arora and Chaudhry (1994) maintain that redesigning the appraisal system means getting people out of the 'boxes' and eliminating ratings. This enables doing away with internal competitiveness and facilitates internal collaboration.

Kumar and Venkatesan (2000:36-38) explains how the process of PMS is applied at CK Birla group. Nair RR (1998) states that, in HLL, performance appraisal has remained the key process of performance management. The objective of the appraisal system is to balance corporate needs with individual wishes and competencies, maintains Nair RR (1998). Nair RR (1998) argues in favour of aligning performance management processes with various stages in the life cycle of the business in the company e.g., in new businesses,
appraisals should be devised from long-term objectives. Rewards must be aligned more with management's performance as a team.

Srivastava et al (1998) gives a brief history of the transition of appraisal system in L & T. The system was introduced in 1966, revised in 1969 to include self appraisal, development needs and feedback to the employee, and was redesigned to make it an open system with joint determination of targets, self review by the employee, feedback and counselling and for linking training and training needs identification. In 1996, it was again changed to link reward to performance; departmental and individual plans to the company thrust areas, employee feedback on Performance Appraisal process, etc.

Murthy (*) concludes that as far as performance appraisal is concerned the focus is shifting slowly from:

a) organisation oriented system to employee oriented system
b) closed and confidential system to semi open system
c) self appraisal are being put into practice
d) fault finding control mechanisms to development oriented systems

Rao (1994:6-7) calls for increasing periodicity of reviews, reducing feelings of insecurity with open and frequent performance discussions,
analysing facilitating and inhibiting factors and identification of developmental needs thus making appraisals a problem solving exercise. He calls for shift from individual appraisals to group activity appraisal where individual appraisals could become only supplements to group open appraisals. The appraisals therefore should be action driven rather than reward driven.

The identification of employee potential to ensure the availability of people to do different job helps to motivate employees in addition to serving organisational needs (Rao, 1994:6-7). He maintains that investments made in planning the careers of employees are little use in the absence of openness in terms of their personal agenda. Kandula and Bapuji (2000) argue that career graph shall be defined in terms of skill and competency level rather than centring on formal positions. HR professionals need to evolve new methods of career management.

According to a recent study by Archer North & Associates (http://www.performance-appraisal.com/news.htm#survey), 52 per cent of workers want their supervisors to state performance goals more clearly. Nearly 40 per cent want the issue of their performance on the job more closely tied to both their development plans and their compensation outcomes. The survey also found that 42 per cent of
workers were at least moderately dissatisfied with their employer's system of performance evaluation. There are many reasons for this widespread feeling of dissatisfaction. Says one source, "A lot of employers still use it [appraisal] to punish workers instead of helping them develop." Another common complaint is that managers "...fail to explain to employees what they expect from them or clearly define the standards and criteria they use to evaluate performance." [Detroit News, April 11, 1998].

The above discussion makes it clear that the appraisal system need to mature through ages and the improvement process continuous. The major elements of the system thus is goal / targets, self-review, feedback, reward and recognition based on performance or achievement of objectives, consideration of potential, employees feedback about the appraisal process, training and development needs. This essentially calls for the need for integration of the career management system of the organisation with manpower planning.

Abraham (1989) believes that rewards are contingent upon more desired performance. Pareek and Rao (1981) argue in favour of linking performance appraisal and reward system. They argue that there is a need for employees to perceive a strong link between reward and their
level of performance. Rewards help to reinforce behaviours. Rao (1994:6-7) argues, appraisals should be “action driven rather than reward driven”. Kandula and Bapuji (2000) propose greater flexibility of pay grades and structures that can accommodate individual differences in performances. Profit sharing, share options, individuals and group bonus schemes, merit or performance related pay, etc. are some of the methods organisations need to design for motivation and retention of employees in the globalised environment, opines Kandula and Bapuji (2000).

Supervisors in an HRD system have the responsibility for ongoing observation and feedback to subordinates about their strengths and weakness, as well as for guidance in improving performance capabilities (Rao T.V., 1999:25). Kandula and Bapuji (2000) favours direct communication in a globalized environment. They cite widespread moves towards smaller work places, equally widespread moves towards decentralization of managerial autonomy, and, emergence of technology like computers as reasons. Pareek and Rao (1999:166-67) give suggestion for improving effectiveness of feedback. They also list defensive behaviour that might not help in giving feedback.
3.16.4 Training and Development

Virmani (1999:103) finds that training has always been a necessary part of an organisation's efforts to recruit and effectively employ people on its ongoing processes. This is so because organisations have not always been able to recruit and properly assign individuals whose knowledge, attitudes and skills, perfectly match the requirements of the job. Training, therefore, has been viewed as a means of closing this gap. Training activities that do not dovetail with corporate strategies do not help improve bottom lines observes Shukla and Singh (1998).

Nair RR (1998) points out that the aims of management development (at HLL) is to provide effective managerial resources to the business at all levels now and in the future as well as to provide them with opportunities for self development and career growth. He details the business imperatives like deeper understanding of the customers' current and future needs, rapid exploitation of marketing and technological know-how to create innovative products, the mobilisation of skills, energy and commitment of our people and effective strategies combined with speedy and determined execution. These business imperatives have lead to the identification of a set of personal characteristics which are required and are related to potential; e.g. breadth of vision, creativity, analytical skill, 'sense of reality' and leadership.
Sinha (1998) reveals that Tata Steel established training systems in various departments, analysed training requirements of all positions, prioritised critical areas for training, prepared training documents, designed and coordinated training set ups, developed evaluation system for assessing employees' performance, maintained necessary records of employees about qualification, experience and training needs. High-powered committees decide training strategies. This demonstrates the commitment of top management to training and employee development. Employee awareness programmes are the responsibility of Line supervisors and managers. These programmes are tailored to provide inputs on company's objectives, orientation towards higher productivity, quality and customer satisfaction, cost consciousness, safety consciousness, work discipline, personnel practices. It also covers information about company, products, services, health and hygiene, welfare amenities given.

Sinha (1998) adds that dignity of the individual, self-discipline, hard and cooperative work attitude and the humanistic impulse are the four needs of development which are being truly taken care of through employee development programmes and covers every employee of the company. Another feature of the training exercise is training of the employees wards, with a view to increase the employability and to brighten their employment prospects elsewhere.
Rao (1994:9) observes that training has become more of a perk and less of a competency-building instrument in recent years. With increased emphasis on cost cutting, customer service and efficient management of all systems, there is a need for more training to achieve these goals. While, on the one hand, deterioration in training function has been recognized, on the other hand the need for good training for all employees is being recognized. Particularly the need to train the workforce and all the employees in addition to the managers has also been recognized. Organisations are likely to get higher return on their investments in training if they move in the direction of skill development programmes, group training programmes and in-company programmes that lead to action plans and change. For example training in total quality management all through the company and training all those involved when a new system is introduced etc. may need to be emphasized.

Murthy (*) observes that there appears to be a lot of scope for linkage between training and organisational goals on the one hand and also between training and other sub-systems.

Virmani (1999:110) feels that many of the organisational problems arise because of lacunae in the organisational systems or policies. However, many a times the solution is sought in training with the
result that such training does not result in any changes. On the contrary, it results in frustration. Therefore, while identifying training needs, it is important that the first exercise be the identification of the issues and problems, which are of concern to the organisation.

Kandula and Bapuji (2000) call for reorienting training and development to suit global use. Training and development must be linked to the strategic direction of the organisations. Focus of the developments must be shifted from traditional skill up gradation to organisational learning so that learning is not only continuous but also pervasive throughout the organisation.

Rao (1999:26) observes that training is linked with performance appraisal and career development. Employees generally are trained on the job or through special in-house training programmes. In-house training programmes are developed by in-house trainers or consultants hired for the task, and periodic assessments are made of the training needs with the organisation. The effects of all training programmes are monitored and added to the data concerning training needs.

Shukla and Singh (1998) report that all management training and OD interventions seek to enhance organisational competencies for
business problem solving and developing internal leadership and work culture transformation. Nair RR (1998) advocates the usefulness of induction programme and planned job rotation, cross-functional, trans-national training. He maintained that training becomes most effective when it takes place on the job or as closely related to it. Some five percent can be supplemented by classroom course, provided they are designed to meet specific needs. HLL conducts an annual review of training courses based on participant feedback as well as through discussions with business heads.

Ghose (1998) reports that Indian Airlines recorded improvements on a number of counts. Initiatives like Performance linked incentives, profit centres (to help autonomy and decentralization, empowering, clear goals, and to help employees identify with the goals, etc.), creation of Alliance Air, training programmes, mission statement, and review of personnel policies helped better utilisation of manpower, flexibility, decentralized decision-making, improved utilisation of aircraft, and increase in productivity of pilots, improved time performance, improved financial performance, improved market share, favourable passenger perception (from least preferred to most preferred airline), increase in seats offered, reduction in maydays lost, improved performance of profit centres.
Nair RR (1998) identifies the traditional success factors for HLL as size, emphasis on role definition and role clarity, reliance on functional specialization, strong control orientation, and recognition of individual excellence and our focus on tasks. The assessment of the new success factors which will enable the company to remain competitive as well as achieve faster growth include speed in decision making, greater flexibility, the dynamic nature of roles and role relationships, strong bias for action, cross functional integration / team based processes, thrust on innovation and all round emphasis on delivery of results.


Nair RR (1988:27) says Hindustan Lever’s HR policies and practices have indeed contributed significantly to achieving an enviable track record of growth. Nair RR (1988) enlists the HR practices as resourcing, performance management, management development and Employee relations.

D’Souza et al (1997) opines that even where interesting and innovative experiments in HRD have been carried out, they have usually been restricted to the management and supervisory classes. The general impression created is that HRD has avoided or failed to make a significant impact on the one section, which needs it, most.
Beardwell Ian & Holden Len (1996) suggests that the debate surrounding HRM can be characterized by four predominant approaches:

1. HRM as a contemporary `restatement' of industrial relations and personnel management policies;

2. HRM as a `fusion' of industrial relations and personnel management to create a `new management discipline and function;

3. HRM as a `developmental' approach, stressing the potential of the individual employee in terms of an investment rather than as a cost;

4. HRM as a `strategic / international' phenomenon making a determining contribution to the corporate strategy and capable of being translated across cultures.

### 3.17 Corporate Turnaround

Turnaround is about dramatic changes in organisational performance leading to profitable operations. Systematic change management could achieve turnaround. The types of turnarounds revolve around whether collective diagnostic and problem solving effort, people management and human resource development, and, development of professional management systems, are or are not major planks of the turnaround effort.
Types of Turnaround

Khandwalla (1992:95-124) classifies turnaround into surgical and non-surgical. He further classifies the surgical turnarounds into surgical reconstructive and surgical productivity / innovation oriented turnaround. He classifies non-surgical turnarounds into innovation oriented and transformational turnarounds.

Surgical turnarounds (both re-constructive and productivity / innovation oriented) have retrenchment as their elements in the first and second phase. Since the retrenchments come with psychological costs and social cost to the employee and their families, focus should be on other types of turnaround which can be carried out without social / human costs.

Non-surgical turnaround, especially transformational turnaround is found to be better. He identified “non-surgical transformational turnaround had the best performance of all types”. Khandwalla (1992:103) pointed out that “Non-surgical turnarounds tended to invest more in finding out the ills of the organisation and opportunities for betterment, in mobilizing various stakeholders for the turnaround, in participatively uniting the organisation and motivating the staff to work for the common cause, and in removing manufacturing or
technological blocks to profitable operations.” The salient features of non-surgical turnaround are as below:

1. Non-surgical turnarounds have been successfully attempted all over the world.
2. They have occurred in organisations of all types and sizes.
3. It does not promote retrenchment.
4. It promotes participation of stakeholders.
5. It attempts to garner stakeholder support.
6. A strategy to motivate people is present.

Khandwalla (1992) points out that surgical turnarounds took more time to (zero to 8 years) as against zero to four years in the (17) case of non-surgical turnarounds he studied. In non-surgical turnaround the average time taken to make profit was about two years where as it was four years for the (15) surgical turnaround cases. Khandwala (1992) further observes: “Thus, non-surgical turnarounds may generally be substantially faster than surgical turnarounds! Empowering stakeholders may be a speedier way of reviving a sick organisation than ruthlessly wielding the axe. The pink slip method may be neither human nor swift. The massive costs of surgical turnarounds may often be unnecessary”.

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It is also pointed out (Khandwalla 1992) that “the rate of recovery was nearly twice as fast for the non-surgical group and the rate of recovery was just about half” in the case of surgical turnarounds. The human costs were also lower in the case of non-surgical turnarounds.

Though the theory X of McGregor seems more effective, it is proved that the theory Y offers the best recovery. Theory Y is stronger in non-surgical turnaround situations and especially in non-surgical transformational turnaround.

**Stages in Turnaround**

Bibeault Donald B. (1982) suggested five phases or stages of turnaround:

1. Top management change,
2. Evaluation,
3. Unloading losers,
4. Stabilizing
5. Normal growth.

Finkin E, (1985) suggested three phases to turnaround:

1. The starting phase that breath life into the dispirited organisation,
2. The awakening phase – focusing on the 20 per cent that add 80 per cent cost / value.

3. The formation of a team and upgrading skills and establishing linkages.

In a study covering a 900-company sample Vijay Gurav & Daniel Fernandes, shows that most of these companies graduated to the black after sales volumes improved substantially and because of extraordinary adjustments relating to prior period or non-recurring income ('Cos Turnaround on higher turnover', Economic Times, Mumbai 12/11/98). Bata has increased sales from 532 crores in 1994 to 671 crores in 1997, and from a loss of 42 crores turned around to a profit of 16.64 crores. Turnaround strategies included pruning of workforce (Business Today, 22/4/98).

Organisations that turned around by adopting surgical methods are numerous. These include structural changes, increase in sales, retrenchment and low off, cost reduction efforts, etc. But these change interventions are administered without taking into consideration the social and human cost involved.
3.18 HR Practices and organisational effectiveness

The relationship between good HR Practices and organisational effectiveness is not so simple (Rao, 1999:29). Pareek (1997) observes that no attempt has been made to evaluate the extent of human resource development function, or its components or practices in a systematic way, or its expected impact in organisation. Rao (2000) confirms this: “The only scientific study in this direction has been made by Abraham (1989) who surveyed the HRD practices of 68 Indian organisations”.

Abraham (1989) surveyed 68 Indian organisations to study the extent of use of HRD instruments, processes or mechanisms and measured the degree of HRD climate and investigated the relationships among the profile, climate and organisational effectiveness. Abraham (1989) found that only climate is related to performance (not profile either as a whole or as any of its components. Abraham’s (1989) findings disputes the theoretical framework proposed by Rao (1986) that relates HRD mechanisms to organisational effectiveness.

Sparrow and Budhwar (1997) studied 137 Indian personnel directors regarding their attitudes towards HR practice and policies related to HRM. They found that Indian Managers attached least value to
structural empowerment, and participation. They found that Indian managers saw quality circles as a means to communicate down to employee rather than a way for upward communication.

McCleland (1975) contended that Indians perform work as a favour to others. Work is believed to exhaust a person by draining his energy and is, therefore, preferred to be expended as little as one can afford, or only for some one who is close or can return the favour. Padki (1982), studied worker behaviour against organisation climate variables. Sinha (1985) found that low priority to work is a weak value in the Indian culture.

Shah (1996) after study of data collected from 96 (qualified experienced) managers found that strategy implementation requires that the strategy, the organisation, the people and their relationships, the systems and the measures all must be aligned and made to work towards a common goal.

Murthy (*) who studied the HRD practices of various organisations known for its sound HR Practices conclude that sub systems like potential appraisal, career plans and succession plans have a long way to go before they are implemented.
Jhala and Sompura (1994) give details of a study by Baroda Productivity Council. A few of the seminal insights that emerged from this exercise are:

(b) Approximately 87.5% of the organisations surveyed have an overall existing organisation culture permeated by Control-Dependence Syndrome.

(c) In almost 90% of the companies the desired organisation culture was Achievement (the drive to excel).

(d) In 62.5% of the companies, the least dominant factors “desired” were control and dependence.

(e) In 12.5% of workmen were optimistic about the organisation’s ability to handle the competitive challenges and relatively most positive in their perception of the various Organisation Health parameters listed above. Sometimes even more so than the managers. The most sceptical of organisation future were the supervisors and the union leaders.

(f) All cadres including the union leaders felt that quality, client concern, company image were vital for corporate growth.

(g) Most important of all was the fact that the organisations came to have a greater insight not only into their weaknesses but more importantly the inherent strengths. Most managers felt the Strength were a “revelation” because they were never quite
aware of them or had taken them for granted. As a result most previous Organisation Development efforts (largely training) were sketchy, inconsistent or focusing organisation energies on "weaknesses" which they felt was a frustrating experience because the results were not commensurate to efforts.

3.19 Conclusion

From the above discussion, we can conclude that competition is a major concern for business organisations. Major challenges facing the organisation are productivity, quality, cost effectiveness, management of relationships, etc. Competition determines the price of most goods and services in a market economy, in the long run. Price of goods and services is determined by an organisation's cost competitiveness, which ultimately is determined by the productive utilisation of resources, and control of waste and wasteful activities. Price, cost, quality improvement through sustained waste elimination, service to the customers and other stakeholders are elements of business strategies.

Organisational strategies, systems and practices are undergoing changes in line with the changing demands of the customers. The changing demands of the market place are causing continuous change in the outlook of providers of goods and services. The pressure of
competition push them to a corner where they are only allowed to think in terms of changing everything, every resource including human, and processes involved. Those who are not changing; those who are not willing to adapt or not capable of bearing this pressure are quitting or losing the battle. One could see the welfare state, and one time mighty state, silently faltering if not succumbing to this pressure.

Systems are support mechanisms that help the organisation (and its people) to achieve business strategies. HRD is about empowerment of people. It about how an organisation, its managers (supervisors) empowers people by enabling them to learn, perform, produce and relate both within and without the organisation.

Effective and productive utilisation of human resource is being seriously considered by most organisations. Many consider empowering people and making them autonomous is a means to achieve corporate goals. To survive and succeed in the market place, organisations need to develop a vision, mission and an action plan. Corporate strategies should take into consideration needs and aspirations of all stakeholders. Acquiring, adapting and implementation technologies that can produce and deliver products that are superior need to get attention. Methods should be improved to enhance capabilities.
An integrated system that aligns the business objectives with HR systems can help organisations achieve better results. Organisations should design their system as suitable to their type of business operation, specific practices of the industry, level of competence of people, and the culture and leadership of the organisation. This will help development of a proactive and productive work culture. Organisations should not forget the fact that Human satisfaction is the ultimate objective of all enterprises.

3.19.1 Human Resource Planning and Review

Organisations need competent manpower to realise its objectives. While human beings are considered resources that can be employed, engaged, utilised, or exploited to realise business objectives, it can be a burden for business organisations that fails to utilise the productive potential of people. The changing demands of the job market, where we sell or buy performance, can make one obsolete in a very short span of time. Not updating on the competence required to serve customers can lead to obsolescence and redundancy. Humanistic approach to these problems of excess manpower has rewarded organisations financially and otherwise. While the purpose of business is to make profit, HRD should ensure that profit and growth is not at the cost of employees.
Having an effective manpower plan which take into consideration the business needs of the organisation and development needs of individuals, and, its periodic review can improve performance of individuals on the one hand and that of the organisation on the other. Availability of required knowledge, skills and attitudes as well as opportunity for its utilisation on the job is of utmost importance. Talented people are important. Having the right values enable organisation achieve is future goals. Superiors also need to pay attention to periodically reviewing and improving work methods. All these add to building futuristic organisation that can withstand the pressures of competition.

3.19.2 Recruitment and selection

A question that confronts any recruiter is whether existence of a selection procedure has any positive effect on self-esteem, job satisfaction, work attitudes such as commitment to the organisation. Whether absence of a selection procedure adversely affects the above?

The process of recruitment is expected to (a) discover the source of manpower to match the job requirement, (b) to attract an adequate number of prospective employees and (c) to carry on organisation's work with adequately qualified skilled and experienced work force,
(d) to replace old, retired, incapable personnel, (e) to meet the need of expansion programme, and (f) to meet the challenge of a new and changing technology

The selection process is expected (a) to examine qualification of applicants, (b) to pick up the most suitable person, (c) to prevent wrong selection, and, (d) to reduce the cost and wastage on training.

Organisations are aware about the risk and folly involved in recruiting incompetent / or less competent people. Organisational performance depends on the individual competence. Care should be taken while selecting and inducting people into the organisation. By giving adequate attention to the recruitment process, many of the future problems could be avoided. People who have the potential to perform according to demands of the ever-changing market are assets of the organisation. Organisations should therefore be able to attract and retain the right set of candidates.

Merit and merit alone should be the criterion for selecting or rejecting a candidate. A data bank of suitable candidates for present and future demands is maintained by most successful organisations. Unlike in the past, organisations also emphasise on skills and capacity of the people to perform rather than on formal qualifications, age or experience.
Knowledge, skills along with experience enhance competence. It calls for positive attitude on the part of the employee. It calls for a value and belief systems that support customer orientation and service. It is observed that wherever positive career development focused feedback were given, candidates felt good about themselves and the organisation and the process.

In this competitive world, survival and growth of organisations depend upon the quality of people. Attracting, recruiting and retaining quality people are therefore crucial for the success of organisations. If incompetent people are employed, quality of the organisation's products or services will certainly suffer. This will lead to financial losses associated with quality, productivity, corporate image and goodwill, loss of customers, and ultimately failure of the organisation. It is therefore, necessary that HR managers employ procedures and systems that ensure selection and deployment of quality people.

3.19.3 Performance Planning and Review
HRD is about empowerment. Participation and involvement shall be central themes that can help organisation build a work culture, that can achieve superior performance in product and service quality, improve workplace relationship. What matters is how the leadership of
the organisation create a climate and culture that removes blocks and allows people to perform, use their creative potential to achieve success for themselves and for the organisation. Better management of resources is possible when potential of its human resources are fully realised. This becomes a reality, when people feel they are independent, they feel that the organisations systems are flexible enough to allow them to innovate, and to become efficient. They need to have a feeling that they are contributing. This liberation of potential shall surely help organisation’s management to compete globally.

Appraisal should take it root in the vision and mission of the organisation. Employees need to know what their superiors / customer expect from them. These expectations form responsibilities. Those who do not know the roles and goals of a given function cannot assume responsibility for the results. Periodic review of results is as important as Setting goals. Appraisals systems should take into consideration, the contributions of members and design suitable reward and recognition systems. While financial rewards as a reinforcer is used by a few organisations, many believe that it is not an ideal motivator. Providing a conducive work climate is found to improve performance. Supervisors / superiors should take into considerations psychological needs of people to recognition, achievement, etc.
Recognition of acceptable Performance is a major reinforcement for repeating the good behaviour and implementation of suggestions and improvements. Those who are supported and encouraged by their superiors achieve superior results. Giving feedback to Employees on Performance is important for achieving goals. Objective analysis of Performance leads to identification of learning / training needs which ultimately lead superior quality Performance. Purposeful training and implementation of learning can also enhance Performance at the workplace.

3.19.4 Training and development

Training activities, in order to improve performance and bottom lines need to dovetail from corporate strategies and objectives. Identification of learning needs should be an outcome of the performance analysis. This make the training function demand oriented. Employee is the hero at the work place. Training should focus on individual development as well as growth of organisation as its objectives.

Only the committed people shall deliver. Commitment can be learned. With commitment, dedication and integrity, people adopt new practices, gain awareness about new developments in the changing environment, and implement what is appropriate and feasible.
Innovation on an ongoing basis helps the organisation to improve on timely deliveries, cost effective methods and products, superior quality, and productive work place relationships. Commitment towards waste elimination can be built through structured training and can be reinforced by reward and recognition systems. Individual effectiveness and organisational excellence is possible by focusing our attention to planned and purposeful training. Behavioural training to employees, especially workers, and training of employee's wards, has been useful in modifying behaviours. Not only this, such programme improved commitment.

All researches in the Indian context reported till recently; include survey of practices or case impressionistic case studies. Authorities in the subject of HRD like Pareek (1997) and Rao (2000) categorically states the non-existence of any systematic study on the impact of these systems on the performance of the organisation.

From the above discussions, it is vivid that utilisation of manpower is important for profitability as its under-utilisation impacts the organisation on the cost front. Recruitment and selection, Performance planning and review systems, and training and development system has the potential to contribute to the success of
the organisations. Effective management of human resources can contribute to the turnaround of the organisation. Since the study is aimed to find how human resource systems can help corporate turnaround, it is felt necessary to study four systems, viz., human resource planning and review, recruitment and selection, performance planning and review and training and development as systems that can turnaround an organisation.

While the literature, available as of now, are more impressionistic or surveys on existence of practices in organisations, it is necessary to study objectively whether human resource systems can help organisations to perform better. It is also necessary to study whether these systems have achieved humane turnaround in organisations. Therefore, The following hypothesis were developed:

1) Human Resource Planning and Review system shall contribute positively to the turnaround process.
2) Recruitment and Selection system shall contribute positively to the better performance of the organisation.
3) Performance Planning and Review System shall contribute positively to the performance of the organisation.
4) Training and development system shall contribute positively to the success of the organisation.
5) It is possible to turnaround an organisation from sickness to health by introducing the human resource systems.