Chapter III

Genesis and Evolution of Automobile Industry in Maharashtra - Essentials and Functions of Human Resource Management

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Chapter III

Genesis and Evolution of Automobile Industry in Maharashtra - Essentials and Functions of Human Resource Management

This chapter contents the information in respects of the genesis and evolution of automobile industries in Maharashtra. The chapter includes brief profiles of automobile industries and segments of Automobile Industry. This chapter presents the Human Resource Management in Automobile Industries. In addition to the information of Human Resource Management various functions like Human Resource Planning, Career Planning, and Performance appraisal and are added. Moreover information regarding wages & benefits, HR Training Conflict Resolution and significance of HR management is presented in the chapter.

3.1 Introduction

Before independence the country was governed by the rule of British Government from 1858 to 1947. The British interests in India were governed by the requirements of the Industrial Revolution which started in Britain in the middle of 18th Century. The aim was to secure raw material from India for their Britain based factories. After the turn of the century and especially after World War I, it came to be recognized that without rapid industrialization significant economic advancement was not possible. The period 1850 – 55 witnessed the establishment of the first cotton mill, first Jute mill, and the first railway line in the country. There were 190 cotton mills, 39 Jute mills by the end of 19th century. The pattern of industrialization ending in the outbreak of First World War was characterized mainly by the production of export goods.

Pre-Independence industrialization on modern lines was entirely the result of private enterprise. After a century when LPG policy has been adopted by India the private entrepreneurs have contributed a lot. At present Maharashtra contributes 35% of annual production of automobile vehicles. While the Second World War created conditions for the maximum utilization of existing capacity in Indian Industry. This was major factor responsible for the increase in Industrial production. Automobile industry
was gradually growing after independence. Hindustan Motors (1942) and Premier Auto Industries (1944) happens the pioneer of Light Motor Vehicles. Besides Ashoke Layland and Tata Locomotive contributes a major share prior to 1985. In 1985 Maruti Udyog started manufacturing Light Motor Vehicle in Collaboration with Suzuki of Japan. Though the major emphasis is industrial development in Maharashtra was on Cotton Fabrics, and consumer goods, but the entrepreneurs like Kirloskar, Walchand group of Industry contributed their master share in Oil-engines and electric pumps.

In seventh decade two wheeler production started by Automotive Products of India at Mumbai (1956) and at Aurangabad (1970) in Marathwada region of Maharashtra. Another unit of two wheelers was started in Satara in Maharashtra. One moped product of Kinatic was launched at Ahemadnagar (1970). Seventh decade evidenced the gradual development of auto industry in Maharashtra. Prior to that, in fifties’, Hindusthan Motors brought their second generation Ambassador car. And Premier Automobile Industry brought first Fiat Light motor car in the market, earlier to Hindustan Motors inception.

Thus since forties’ decade Maharashtra, the then old Bombay state, witnessed the entry of entrepreneurs in automobile sector, which further developed the enterprises for catering the needs of the market demands.

Tata Locomotive established at Pune their production of heavy vehicles, Viz Tata Trucks, and other heavy vehicles recorded their entry in Maharashtra’s Auto Industry. Bajaj launched its three wheeler auto – rickshaw production (1956) in Akurdi near Pune. The auto rickshaw since its inception remains on heavy demand of the people. The three wheeler auto-rickshaw (1958) having been fulfilled the need of the people for local transport i.e. the second alternative to city bus service.

From policy standpoint, the automobile industry can be viewed in terms of the pre 1991 (before Liberalization) and post 1991 (after Liberalization) phase. But it is also through Birdseye as in 1840, Simpson and Co. established, the company was first to prepare a steam car and steam bus / Trucks in old Bombay state (Today’s Maharashtra) very few people have used it. A further step to consider hopeful efforts of innovations in
auto products new dimension in shape of General Motors of America started assembly unit at Bombay in collaboration as Indian subsidiary in 1928. It is to be viewed a positive structure of building new era of automobile entrepreneurship, viz.-

- In 1930-31 Canadian Ford Motors started its business in Bombay, Madras and Calcutta.
- In 1944 Premier Automobile Ltd. incorporated and in 1947 their first car was produced.
- In 1942 Hindustan Motors Ltd. produced their first car in 1950.
- In 1956 Bajaj Tempo entered in the market at (Akurdi), Pune.
- In the year 1955 Automobile Products of India (API) and Enfield commenced their two wheeler spare parts production in Aurangabad (1970)
- In 1972 Kinetic Engineers entered in the auto industry and started its dieselized commercial vehicle segment.
- In the meantime, Kirloskar, Ghatge Patil and Sen Pandit’s two wheeler auto product was started in Maharashtra.
- In 1983, Maruti Udyog in Collaboration with Japanese Suzuki started a light vehicle Maruti Car. This created a mile stone of the path aiming to more automobile production in the nation and made country to open more auto clusters.

Maharashtra has been a leading state to contribute in automobile industry since last hundred years. Ambassador or Fiat cars indicates Indianization of auto industry which significantly contributed by Maharashtra auto entrepreneurs. Hence more research study in this area is planned.
3.2 Brief Profile of Auto Clusters

The automobile industry plays a key role in the rapid economic and industrial development of the Indian economy. It is one of the fastest growing and sunrise sectors in India. In fact, in the last decade, the production, sales in the domestic market, and exports have increased tremendously.

According to the Automotive Mission Plan 2006-2016, Report of Ministry of Heavy Industry and Public Enterprises, Government of India, India’s passenger car and commercial vehicle manufacturing industry is the sixth largest in the world, which has produced more than 3.9 million units in 2011. The sale of passenger cars and Utility vehicles has increased at 12%, commercial vehicles have increased at 4.4%, and two-wheeler sales have gone to 11% over the last ten years.

Indian automobile industry is spread in clusters. As per the requirement of raw material, manpower, and other requirements necessary for the production, various clusters are developed region-wise. Given below is a brief profile of these clusters in states where major automotive manufacturers exist and where more automotive companies are expected to set up manufacturing facilities.

**MAHARASHTRA**

Situated in the western part of India and has a well-developed automotive industry that employs more than 40% of the total manpower engaged in the automotive industry in India. In fact, the state of Maharashtra was once called the Detroit of India. The cluster in the state is located in and around the cities of Nasik, Pune, Aurangabad, and Nagpur. The state is attracting both domestic and foreign manufacturers. Some of the major companies present in the state are Skoda, Tata Motors, Mahindra & Mahindra, Bajaj Auto, and Mercedes-Benz among others. Mumbai, the capital of Maharashtra, is well known as the economic capital of India. Most of the corporates registered offices are established at Mumbai. This capital city is having seaports which facilitate for the export of vehicles.
TAMILNADU

State is located in the south-eastern part of India along the coastline. It is home to many large automotive companies and the automotive cluster is located around the capital city of the state, Chennai. After Maharashtra, industry experts refer to Tamilnadu as the new Detroit of India. The state government intends to transform the area into one of the top three automotive hubs in Asia. The state is seeing forthwith big investments from companies like Ford, Nissan, Renault, Ashok Leyland and Hyundai among others.

HARYANA

Haryana state is situated in the northern part of India. The automotive industry is probably the biggest industry in the state. Haryana ranks first in India in the production of passenger cars, motorcycles and tractors. Haryana accounts for 50 per cent of total passenger cars and two-wheelers production of India. Market leader Maruti Suzuki is based in the out skirts of Gurgaon and Manesar in Haryana. The largest two-wheeler manufacturer in India, Hero Honda along with the other large two wheeler manufacturers, Yamaha and Escorts Tractors are also exists in the state.

KARNATAKA

Karnataka is located in the southern part of India. According to the Confederation of Indian Industry (CII), the automotive industry is one of the key industries in Karnataka. The automotive manufacturers in the state are established mainly around the capital city of the state, i.e. Bangalore, Hosur and Dharwar. Big automotive manufacturing companies like Toyota, Volvo and Tata Motors are the leading their names.

From the geographical distribution of some of the largest automotive manufacturers in India, it can be seen that the eastern cluster is the smallest of the four clusters. However, there may be several financial reforms that are expected to lead to the development of a big automotive hub there as well. For instance, Tata Motors, one of India’s largest automotive manufacturers had set up a plant near Kolkata in the state of West Bengal, from where it was to produce the Tata Nano, which was expected to be a large volume and highly successful car. However due to political turmoil there the plant
is now shifted to Sanand, in Gujarat. The success of the car alone is expected to lead to the development of the area as a cluster for automotive manufacturing.

### 3.3 Segments of Automobile Industry

Automobile Industry in India is divided into four major segments viz. Two Wheelers, Passenger Vehicles, Medium & Heavy Commercial vehicles and Three Wheelers. All these four segments have their own markets and sales strategy. Few of them are owned by Indians and few are collaborated with foreign companies. Following is basic description of these segments

![Automobile Industry diagram](image)

**Figure 3.3.1**

*Source: Compiled as per the field survey (2012-14)*

**Two Wheeler Vehicles**

The Indian two-wheeler industry, the largest in the world in terms of volumes, had demonstrated positive volume growth in the last three years (2011-14) even when some of the other automobile segments such as passenger vehicles and commercial vehicles experienced volume contraction. In 2014-15, the two wheeler industry’s growth was even stronger with sales volumes expanding by a healthy 14.8%, the fastest pace of
growth since 2010-11. While strong demand for scooters which contributed 27% to domestic two wheeler industry sales volumes in 2014-15, has been the primary driving force behind overall two wheeler industry expansion in the last three years, the motorcycle segment’s contribution to the industry growth too gained force in 2014-15 by virtue of greater replacement demand and new model launches by various Original Equipment Manufacturers (OEMs). Market Share of two wheelers was 76% in the year 2009-10³.

Few leading two wheeler manufacturers are Hero Motocorp Ltd., Yamaha Motor Company Ltd., Honda Motor Co. Ltd., Suzuki Motor Corporation, Bajaj Auto Ltd., TVS Motors, Royal Enfield,

**Four Wheeler Passenger Vehicles**

Four Wheeler Passenger Vehicles segment is very important for Indian Auto Industry. It has occupied 13% of total automobile market. As per a recent research conducted by Deloitte, 2020 will witness the emergence of at least one Indian auto firm that would not only feature among the best six car manufacturers but would also dominate the international auto sector. Moreover, the global car sector would witness an enormous competence building in low-priced nations like India and China as most of the producers would alter base from industrial regions.

Cars rule the passenger automobile in India. The chief players in this segment are Maruti Suzuki and Mahindra. While Maruti Suzuki enjoys full-fledged monopoly in multi-purpose automobiles sector with 52% of market share, Mahindra have 42% market share in utility vehicles. However in the area of commercial automobiles, Tata Motors rule the Automobile Industry of India with 60% of market share besides being the fifth biggest producer in the world of medium & heavy marketable vehicles.

**Light, Medium and Heavy Commercial Vehicles.**

In India, apart from the medium and heavy trucks, there is growing popularity of light commercial vehicles. The light commercial vehicles are popular in rural areas (form the majority part of India) where due to infrastructural constraints like bad and narrow
roads, only small trucks can operate. For example, Tata Motors produces India's first mini truck called Tata Ace. Tata Ace is a big hit both in the city as well as in the rural areas where it can travel easily carrying light weight products effectively, thus providing more penetration.

The medium and heavy commercial vehicles sub-segment consists of trucks, tractor trailers, semi-trailers, bulkers and tippers. These vehicles may have a range of two to twelve axles and they mostly run on diesel. Manufacturing in this sub-segment is dominated by Indian companies, Ashok Leyland, Eicher Motors and Tata Motors. In India, there are certain regulations for entry and exit of trucks and for operation of trucks in certain areas depending on the time. It can be possible, that to beat the regulation, large consignments are broken up so that smaller commercial vehicles can be used that may not have as many applicable regulations as there are on heavy commercial vehicles. The two largest manufacturers of buses in India are Tata Motors and Ashok Leyland. Due to an increasing focus on environmental issues and emission norms, buses in some cities run on Compressed Natural Gas (CNG). In the capital city of New Delhi for example, it is mandatory for public transport buses to run on CNG. Another vehicle included as part of medium and heavy sized commercial vehicles is the tempo. Tempos are smaller than full sized trucks that cater to the rural and urban areas where big trucks cannot travel.

**Three Wheeler Vehicles**

Three wheelers are an integral part of the country's automobile sector as they are one of the most preferred means of transportation in rural as well as urban India. The market for three wheelers in India witnessed a sharp increase during early 1950's. The industry witnessed a slight decline in 2011 which can be attributed to government policies such as cap on permits and high interest rates. However, the market has been performing quite well thereafter as a result of rising population, growing commercialization, increasing commercial activities, etc. which are all contributing to the increased demand for intra city transportation. The passenger three wheeler segment dominates the market as the need for passenger commutation is higher than the need for goods carriage within a city.
According to “India Three Market Forecast & Opportunities, 2017”, the market for three wheelers in India is expected to witness phenomenal growth. The changes in FDI policies and booming retail sector in the country are driving the growth for commercial loading three wheelers. The rising population and increasing need for affordable and convenient transportation is fueling the market for passenger three wheelers. By 2017, Three Wheeler market in India is expected to reach up to USD 4.2 Billion. The market for commercial vehicles is expected to grow significantly over the next five years and its share in the overall three wheeler market is also expected to increase in the near future. The major players in Indian Three Wheeler market include Bajaj Auto, Piaggio, Mahindra and Mahindra.

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Table 3.3.1
*Source – Profile of Automobile Industry in India – SIAM Publications*

As we observe the domestic sales figures of Automobile products, Two Wheeler are at the top in number of units. It is because of India’s demographic structure that increases the no of units sales of two wheelers in India. Most of the middle class population prefers to use two wheeler vehicles instead of four wheeler or even public transport.
Segment-wise Market Share of Automobile Industry in India.

For the Year 2013 - 14

![Pie chart showing market share](http://www.siamindia.com/statistics.aspx?mpgid=8&pgidtrail=12)

As per the figure, 81% of the market share is captured by Two Wheelers whereas 13% of market is occupied by four wheeler industry. As per the requirement and need of population, both, commercial vehicle and three wheelers are up to 3% of the market.

3.4 Industrial Shifts & Developments

To emerge as the destination of choice in the world for design and manufacture of automobiles and auto components with output reaching a level of USD 145 billion accounting for more than 10 per cent of GDP and providing additional employment to 25 million people by 2016 is the vision put forward by the Ministry of Heavy Industries and Public Enterprises. Going forward it is evident that the automotive industry in India offers immense potential in terms of sales and employment opportunities. Growth in the economy is expected to continue which is also going to help the automotive industry for expansion. Rising income and the new wave of consumerism arising out of it are going to be key drivers. Foreign direct investments are pouring into India in large numbers and manufacturing companies including global majors are going to setup manufacturing facilities first and then develop R&D services, both on a large scale.

Companies are confident that productivity can be increased through low cost automation and management efficiency. After productivity, the major concern among
manufacturers is the relatively poor infrastructure in the country. The slow pace of development of roads, railways and ports is a disadvantage, but continuous improvements are being made in this regard also. The automotive industry in India has been crossing record milestones and is one of the world’s fastest growing markets. The strengths of the Indian economy – large pool of skilled human resources, high quality engineering skills, strategic position combined with the strong growth trends in the economy and vast investments by global companies, are expected to drive the automotive industry to great heights.

Year 2010 proved to be a bumper year for the automotive industry as newer models were launched, making India one of the fastest-growing market for cars globally and raising hopes that it may be headed for a boom similar to that witnessed in China, which rode past a struggling US to become the world’s biggest car market. Small is big in the Indian car market. With small cars accounting for over 70 per cent of the nearly two million units market, the year 2010 saw a slew of models like Chevrolet Beat, Volkswagen Polo, Ford Figo, Nissan Micra, Alto-K10, etc. making their debut here. In the export front, about 450,000 small cars, including Hyundai’s i10, i20 & Santro and Maruti Suzuki’s A-star did extremely well.

According to a study by the ET Intelligence Group, the research division of The Economic Times, R&D expenditure of the top 100 Indian companies increased 8% to Rs 11,582 crore in 2009-10. Three sectors—pharmaceutical, automobiles and capital goods—dominated the country’s R&D landscape. The automotive sector accounted for about 22%. As a result of its investments in developing the Nano, the cheapest car in the world, Tata Motors was India Inc’s biggest R&D spender, with a tab of Rs 1,171 crore. The Electric Vehicle sales are to go up in 2011 with the Union Ministry of New and Renewable Energy’s (MNRE) recent decision of 20% financial incentive on ex-factory price of electric cars & scooters sold in India leading to boost green revolution in automotive sector.

As a part of broader move to liberalize its economy, India has opened up the sector to foreign direct investments and has also progressively relaxed Trade Barriers. Today auto industry is one of the largest industrial sectors with a turnover that contributes to roughly 5 % of India’s GDP. More importantly it contributes to employment of over
2.5 million persons directly and to another 10 million indirectly. The industry is important for national policy in that it contributes 19 percent of indirect taxes. Its potential role may also be recognized by another view of historical global patterns. As the per capita GDP of society grows, mobility needs for its population rapidly increases.

Until two decade ago automobile sector in India had been a relatively protected industry limiting the entry of foreign companies with tariffs against imports. As part of a broader move to liberalize its economy, India has opened up the sector to foreign direct investment. Today almost all the major global companies are present in India, producing passenger cars in almost all segments. India produced about six million two wheelers, one million passenger cars and utility vehicles in 2004-05 as against 25% overall production in nineteens decade.

As the Indian economy continues to expand, the mobility needs of this population will manifest itself in sustained demand for personal transportation.

The Indian auto industry is to get a boost from the road development programs that the country has taken especially the Golden Quadrilateral programs; Maharashtra is one of the most beneficiaries of four –lane ring road around the big cities. Maharashtra contributes a great extent of auto cluster located at Pune, Nasik and Aurangabad cities. While the central government has recognized the importance of sustaining growth of this vital industry, Maharashtra gains its share of concession like reduction of excise duties for auto sector. The auto industry in Maharashtra also adopted the concept of outsourcing manufacturing of spare parts from the vending units as a strategy. Hindustan Motors, Premier Automobile, Ford, General Motors, Mahindra, Bajaj Auto Ltd, these companies have entered in the process of outsourcing.

Maharashtra is the second largest state in India. The state maintains high GDP among all states. The states income highly depends upon services. The state has been recognized as industrial state of India, and a pioneer of small scale industries. Maharashtra has become a leading automobile production hub and a major IT growth center. The agriculture sector also contributes a big share in the state income. The state has over 250 industrial parks, as well two biggest ports.

The state has industrial promotion policy to develop the state as most competitive manufacturing hub. The state also has a cluster policy for developing infrastructure based
on needs of specific industries, automobile is one of the main sector has been developed. Auto and auto components from Maharashtra represents 38% of national output.

The automotive cluster in the State of Maharashtra has a relatively long history. As the cluster is the largest of its kind in India, its evolution generally coincides with the development of the whole automotive cluster in India which was shown in the previous section. The origin of the cluster date back to as early as 1940s. Many of the major domestic automakers, such as Tata Motors, Bajaj Auto, Force Motors were established in the State (Mahindra & Mahindra was originally founded in Punjab, but later moved to the State).

**Development of Automotive Cluster in Maharashtra**

*Figure 3.4.1*

*Source – All companies Web sites.*

1980s saw the first major leap of the cluster. In response to the deregulation (*de-*licensing) by the National government, joint ventures with Japanese automakers began. In Maharashtra, Swaraj Mazda was created in 1983, and this lead to growth of supporting
industries in the State. The major development of the cluster came in 1990s to 2000s. Tata Motors had launched a series of popular cars which attracted waves of entries of supporting industries in the State. Rapid establishment of major foreign automakers' have started assembly plants within the State. This facilitated technological transfer and further development of local supporting industries.

**Composition of Cluster (Cluster Map)**

![Cluster Map Diagram]

*Figure 3.4.2*

*Source: Compiled as per the field survey (2012-14)*

This diagram shows the current cluster map. It clearly shows that all the necessary segments are present in the State. At the center of the map, there are automobile manufacturers. 21 domestic manufacturers exist in the cluster, including 2 of the 4 top manufacturers in India: Tata Motors (1st) and Mahindra & Mahindra (4th) for 4 wheel vehicle segment, and the 2nd largest manufacturer in 2 & 3 wheelers (i.e. Bajaj Auto). In addition, 9 out of the 18 international major automotive manufacturers operating in India are located in Maharashtra, indicating that Maharashtra become a favorite location to invest. Furthermore, these companies are a supported by a large number (more than 150
companies) of supporting industries from Tier I (component specialists) to tier III (commodity suppliers). The existing strong manufacturing industry in the State contributes to this favorable condition. Strength of the related industries is also noteworthy.

### 3.5 Importance of Human Resource Management in Automobile Industries

Human Resources play a vital role in functioning of organization. Manpower is a key element hence the value of human efforts is to organize and govern by a constituted authority is named Human Resource Management out of the several fundamental areas of management. Human Resource Management is adjudged as the most important area. Human Resource Management is the management of employee’s skills abilities, talents, aptitudes. Employee inn human resource management is treated not only as economic man but also social and psychological man. Manpower is always treated as organizational resources. Human Resource Management is a strategic management function.

The term “Human Resource Management” was first used by Peter Ducker and others in north America as early as the 1950s without any special meaning, and usually simply as another label for personnel management or personnel administration by the 1980s, however, HRM had come to mean a radically different philosophy and approach to the management of people at work with an emphasis on performance, workers commitment and rewards based on individual or team contribution, differing significantly in all of these from the corresponding aspects of traditional personnel management.

One of the main characteristics of HRM is the devolution of many aspects of people’s management from specialists directly to line managers. HRM itself has been called the discovery of personnel management by chief executives so line managers over the past ten years or so have frequently been confronted with HRM decisions and activities in their day-to-day business in a way that as not the case previously.

The industrial revolution, which began in Europe in the mid-1700s, was the starting point for development of management concepts and theories. The rapid growth in
the number of factories this period and the need to coordinate the efforts of large number of people in the production process necessitated the development of management theories and principles. Many theorists and practitioners in the mid-and late 1800s (pre-classical period) contributed valuable ideas that laid the foundation for contributors can be identified in this early period of development of management thought Robert Owen, Charles Babbage, Andrew Ure, Charles Dupin, and Henry Robinson Towne.

Robert Owen (1771-1858) was a successful British entrepreneur in the early 19th century. He was one of the earliest management thinkers to realize the significance of human resources. He believed that workers performance was influenced by the environment in which they worked. He proposed legislative reform that would limit the number of working hours and restrict the use of child labor. At his own Factories, he introduced a standard working day of 10 hours and refused to employ children under the age of ten. Owen’s proposals were opposed by his business partners and were considered radical (child labor and long working hours were common practices during this era). He tried to improve the living conditions of his employees by ensuring basic amenities like better streets, houses, sanitation and setting up an educational establishment in new Landmark.

**Charles Babbage: Inventor and Management Scientist**

British professor of mathematics. Charles Babbage (1792-1871) is widely known as the father of modern computing he was a pioneer not only in the field computing but also in the field of management his major contributions to the field of computing were the world’s first mechanical calculator and an analytical engine (which was a Fortuner of the modern computer). The problems he encountered while carrying out his projects led to many contribution to management theory.

**Andrew Ure and Charles Dupin: management pioneers**

Andrew Ure (1778-1857) and Charles Dupin (1784-1873) were the early proponents of the study of management. Ure was a British academician and Dupin a French engineer. Ure who thought at Glasgow University, published the “Philosophy of Manufacturing” in which he explained the various principles and the concepts in Paris
which marked the beginning of an illustrious career. His writings, well-known throughout France, may have influenced Henri Fayol’s contributions to the theory of management.

**Henry Robinson Towne (1844-1924)**

Henry R. Towne, President of the Yale and Towne manufacturing company and a mechanical engineer, realized that good business skills were essential for running a business. He emphasized the need to consider management as a separate field of systematic study on the same level as engineering. In a paper, in 1886, Towne suggested that management be studied as a science and the principles be developed that could be used across various management situations. Frederick W. Taylor, who attended the presentation, was influenced by Towne’s ideas. Subsequently, Taylor developed the theory of “Principles of Scientific Management”.

Skill shortages and skill mismatches may emerge as a constraint to achieve the growth targets set in the India’s Automotive Mission Plan (AMP). Thus one of the main areas of focus cited by the Ministry of Heavy Industries and Public Enterprises is to develop advanced capabilities in the workforce. A large workforce consisting of both skilled and unskilled workers will be required to sustain the increased level of production. The challenge is to ensure that the demand–supply gap does not arise either in quantitative or in qualitative terms.

The employment generated can be divided into direct and indirect employment. While direct employment is employment by way of workers being engaged in the production of automobiles and automotive components, indirect employment is generated in feeder and supplier industries in the areas of finance, insurance, mechanics and after-sales personnel for semi-skilled and unskilled workers in rural and semi-urban areas. According to the AMP, it is estimated that the automotive industry would require the following manpower:

- Management and General: 28 per cent or 7 million
- Skilled workers: 62 per cent or 15.5 million
- Unskilled workers: 10 per cent or 2.5 million
The need for top level engineering and managerial manpower is being met by the Indian Institutes of Technology and Indian Institutes of Management. However more such institutes are required to impart high quality technical education to the 40). This information has been obtained from National Manufacturing Competitiveness Council (2006) 30 workforce. Although there are several engineering institutes all over India, there is a growing need for more engineering institutes. The Government of India has begun to take some initiatives in this regard. The National Automotive Institute is being set up that will serve as a knowledge bank for the automotive industry, conduct market research and analysis and develop training modules. The plan is to establish the institute in all the major clusters in India, so that the institute can benefit from active participation from automotive companies in those clusters.

3.6 Human Resource Planning

Human Resource Planning is a managerial function aiming at coordinating the requirements of different type of employees. Human resource planning executes its functions to identify the competency gaps and makes necessary plans for development of deficient level of skills and competency. HRP always plans according to technological advancement around the world and make efforts to cope up with the changes in within the organization. Human Resource Planning or manpower planning is a process of selecting or ensuring the right employee is best filled at right place. Human Resource Planning also takes care how to fit the employee at the right time with capable of efficiency for the given task to him. Human resource planning comprises of three key elements.

1. Workforce forecast
2. Manpower assessment
3. Staffing performance

According to Leon C. Megginson, human resource planning is an integrated approach to performing the planning aspects of the personnel function in order to have a sufficient supply of adequately developed and motivated people to perform the duties and tasks required to meet organizational objectives and satisfy the individual needs and goals
of organizational members. Stainer defines manpower planning as strategy for utilization, acquisition, improvement and preservation of an enterprise, in order to meet the demands of changing job requirement by rapid changing technology which needs to have new equipment, for new products and modernized process which result in changes in job in industries whole structure. So the organizational needs for personnel will also change.

**Steps for better planning:**

Human resource planning acquires the responsibility of total activity of the personnel function viz, recruitment, selection, training, career development, staff appraisal. Manpower planning makes following steps for better planning.

i. Evolution of present personnel strength
ii. Anticipation of manpower needs
iii. Investigation of turnover of personnel
iv. Arranging job requisite and job description

Generally manpower planning involves in taking an inventory of existing personnel for today and tomorrows status of efficiency and fitness. Human Resource planning involves the below given activities.

i. Reproduction of long term plans of the organization
ii. Bifurcating the long term plan in to short term plans.
iii. Concentrating on manpower requirement every year.
iv. Conducting manpower audit to find out the possibility of promotion, transfers to upper levels.
v. Initiating recruitment and promotions.

**Objectives of Human Resource Planning:**

In the total organizational planning, Human Resource Planning works as a subsystem. It constitutes an integral part of corporate plan. The primary purpose of
Human Resource Planning is to prepare for the future by eliminating its uncertainty. Planning has a basic goal – the reduction of uncertainty related to acquisition, placement, and development of employees for coming needs.

The main objectives are-

i. Linking Human Resource plan with organization plan
ii. Ensure the optimum use of human resources
iii. Forecast future skill requirements
iv. Provide control measure to ensure that necessary resources will made available as per requirement.

Importance of Human Resource Planning

Human Resource Planning is a base of all activities related to the human resources utilization. It is most important function of HR department to determine recruitment, avoid unnecessary dismissals, determine optimum training level, structure the management development program, arrange manpower for new projects, identify trouble spots, workout the cost of overheads, workout value of service functions and workout the need of sub-contracts.

Advantages of Human Resource Planning.

HRP offers several benefits. HRP plans properly and help organization to retain the desired workforce for more productivity HRP can benefit the organization as shown below-

i. Reduce labor costs
ii. Reduce recruiting and replacement cost
iii. Makes training resource available
iv. Increase the possibility of new business
v. Improve employee moral
vi. Rapid expansion or reduction in workforce
vii. Monitor staffing
Statement showing the percentage of fulfillment of prescribed objectives in the selected Auto Industries.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Auto Industry</th>
<th>Type</th>
<th>Linking HRP with Strategic Planning</th>
<th>Optimum Use of HR</th>
<th>Forecast Requirements</th>
<th>Resources Made available as required</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Bajaj Auto</td>
<td>OEM</td>
<td>80%</td>
<td>60%</td>
<td>90%</td>
<td>70%</td>
</tr>
<tr>
<td>2</td>
<td>Mahindra &amp; Mahindra</td>
<td>OEM</td>
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<td>70%</td>
<td>80%</td>
<td>70%</td>
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<tr>
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<td>70%</td>
<td>90%</td>
<td>70%</td>
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<tr>
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<td>80%</td>
<td>80%</td>
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</tr>
<tr>
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<td>60%</td>
</tr>
<tr>
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<tr>
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</tr>
</tbody>
</table>

Table 3.6.1

Source – Compiled as per the field survey (2012-14)

HRP is concerned with the utilization of Human Resources to help attain an organization’s objectives. It does so by ensuring that the required workforce is made available as and when need. HRP sets out requirements in both quantitative and
A successful human resource plan is derived from long term plans and strategies of the industry.

Statement showing the percentage of meeting the requirements of HRP

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Auto Industry</th>
<th>Type</th>
<th>Avoid Dismissals</th>
<th>Optimum Training Provided</th>
<th>Management Development Programs</th>
<th>Cost Overheads</th>
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<td>60%</td>
<td>80%</td>
<td>70%</td>
</tr>
<tr>
<td>2</td>
<td>Mahindra &amp; Mahindra</td>
<td>OEM</td>
<td>80%</td>
<td>80%</td>
<td>90%</td>
<td>70%</td>
</tr>
<tr>
<td>3</td>
<td>Skoda Auto</td>
<td>OEM</td>
<td>80%</td>
<td>70%</td>
<td>90%</td>
<td>60%</td>
</tr>
<tr>
<td>4</td>
<td>Tata Autocomp</td>
<td>OEM</td>
<td>80%</td>
<td>70%</td>
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<td>70%</td>
</tr>
<tr>
<td>5</td>
<td>Endurance Technologies Pvt. Ltd.</td>
<td>Vendor</td>
<td>90%</td>
<td>80%</td>
<td>80%</td>
<td>60%</td>
</tr>
<tr>
<td>6</td>
<td>Varrock Engineering Pvt. Ltd.</td>
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<tr>
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<td>60%</td>
</tr>
<tr>
<td>8</td>
<td>Badve Auto Ltd.</td>
<td>Vendor</td>
<td>90%</td>
<td>70%</td>
<td>60%</td>
<td>70%</td>
</tr>
<tr>
<td>9</td>
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<td>Vendor</td>
<td>90%</td>
<td>80%</td>
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</tr>
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<td>Vendor</td>
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</tbody>
</table>

*Table 3.6.2*

*Source – Compiled as per the field survey (2012-14)*
3.7 Career Planning

Human Resource Management helps the employees to plan their career in terms of their capabilities required by the Industry. The aspect consists of establishing an organizational system of career development and exploring promotional opportunities from the point of entry of an individual in the Industry. It is a part of management’s planning which exercise to design the entire career of young employees in the supervisory positions. Through this activity the HR management can search and examine the development of talent and can plan for deployment and redeployment of these talents. This process is called the process of synthesizing and harmonizing the needs of the organization. When the individual realize his self fulfilment shows the organizational effectiveness is improved. A career is defined as a sequence of individual’s separate but continuous related activity in the chain of Job performance. It is a series of properly sequenced role experience, leadership, to an increasing level of responsibility, status power and rewards.

Advantages of career planning

1. It increases the utilization of managing skill within the organization
2. After meeting the needs of employee it ensures satisfactory performance.
3. Reduce employee turnover
4. Ensure and maintain motivation and moral of the employee.

Limitation:

In the present context industry have a practice to work on Career planning for the improvement of their employees. But the system of career planning has its own limitations because the small organizations cannot afford to establish this system. Second difficulty is to identify suitable persons for career planning. In small units due to lack of organizational policy, career unit cannot work. However in big auto industries it plays a pivotal role to make their employees more efficient, more perfect in their performances entrusted to them. Career planning shapes the employees to lift their workmanship to lead for effective achievement of corporate goals. Following statement shows the success rate of auto industries career planning.
The system of career development and exploring promotional opportunities from the point of entry of an individual in the Industry is a part of management’s planning while exercise.

3.8 Performance Appraisal

The overall objective of performance appraisal is to improve the efficiency of an enterprise by attempting to mobilize the best possible efforts from individual employed in it. Such appraisals achieve four objectives including the salary reviews, the development and training of individuals planning job ration and assistance promotions.

It is a well-established fact that people differ in their abilities and aptitudes. These differences are natural to a great extent and cannot be limited completely by giving them education and training. There will always be some difference in the quality and quantity of work done by different employees who possess better potentials so that they may be developed to accept the challenges of higher jobs or wrong placement of employees who possess better potentials so that may be developed employees may be rectified. The individual employees may also like to know his capabilities in terms of his performance on the job qualitatively and quantitatively in comparison to his fellow employees so that he may improve his performance.

No firm has a choice as to whether or not it should appraise its personal and their performance but the choice lies between the systematic and the unsystematic or casual appraisal. The system of appraising the man is not new development. The technique of appraising the man by superiors or others is widely known as merit-rating, personnel appraisal and personnel performance evaluation etc.

Merit Rating

Performance appraisal, Personnel rating, merit-rating or performance evaluation is one of most important functions of personnel management. People differ in their abilities and aptitudes. Personnel management should know these differences to developed various development programs in the organization to have an efficient work force. Merit-
rating technique has been evolved to know the relative worth of the employee quantitatively and qualitatively-on the job, in comparison to other fellow workers. Merit-rating is used for measuring the merit or performance of an employee and comparing it with that of others of the same group. According to Flippo, merit-rating is systematic, periodic and so far as humanly possible, an impartial rating of an employee’s excellence in matters pertaining to his present job and to his potentialities for job.⁵

According to Denyer, “merit-ratings an assessment according to individual ability which may be rewarded by additional payments to the ordinary rates of pay for the different job.” According to Yoder, Performance appraisal refers to all format procedures used in working organizations to evaluate personalities and contribution and potential of group members. Thus, merit rating is a systematic evaluation by the supervisor or some qualified person of an individual workers performance. The process of merit-rating starts at the time of recruitment and continues throughout the life of an employee in an organization.

The purpose of merit-rating is to determine an employee’s worth to the organization. It is a continuous process and made at regular intervals. For the purpose of rating, workers in an office the following factors or qualities are generally considered:

(a) Ability and capacity to do the assigned work.
(b) Skill and capabilities to i.e., knowledge of various jobs and various operations
(c) Personal qualities of the employee and his work habits like dependability, cooperation.
(d) Quantity and quality of output.
(e) Supervisory qualities.

**Distinction between Merit-Rating and Job-Evaluation.**

1. Merit-rating rates the man and not the job as it is concerned with assessing of the abilities to the individuals. But the job evaluation rates the job in order to determine their worth.
2. Job-evaluation is used as a basis or wage structure while merit rating is used as the basis of sound personnel policy in relation to transfer promotion, etc.

3. The purpose of job-evaluation is very limited i.e., to determine the worth of the job in terms of money while the purpose of merit-rating is to appraise the performance of individuals for the purposes of better placement through promotion, transfer, training, dismissal, etc.

4. Job-evolution tries to define the place of the job in the organization or in the occupation level. Merit-rating on the other hand, appraises the relative performance of the employee’s qualities or traits so as to know the differences in personal abilities.

3.9 Wages & Benefits

Object of wage and salary Management

1. **Acquire qualified personnel**: compensation needs to be high enough to attract applicants. Pay levels must respond to supply and demand of workers. In the labor market since employers compete for workers. Premium wages are sometimes needed to attract applicants who are already working for others

2. **Retain Present**: employees may quit when compensation levels are not competitive resulting in higher turnover.

3. **Ensure equity**: compensation management strives for internal and external equity, internal equity requires that pay be related to the relative worth of job, so that similar jobs get similar pay. External equity means paying workers what comparable workers at other firms in the labor market pay.

4. **Reward Desired Behavior**: pay should reinforce desired behaviors and act as an incentive for those behaviors to occur in the future. Effective compensation plans reward performance, loyalty, experience, responsibilities, and other behaviors.

5. **Control Costs**: A rational compensation system helps the organization obtain and retain workers at a reasonable cost. Without effective compensation management workers could be over or under prayed.
Wage Differentials

Wage differentials among workers working in the same unit, among different units, occupations, regions and the like are common features of labor markets in various countries. Inter-personal wage differentials are mainly due to variations in personal characteristics like sex, age, skill, knowledge etc, of employees who work in the same unit and are in the same or similar occupations. Inter-firm or inter-unit wage differentials reflect relative wage levels of workers in different units in the same or similar occupation. These differentials are mostly because of varying abilities of the firms to pay wages. Inter-occupational wage differentials are due to varying requirements of physique skills, endurance, knowledge etc., varying demand and supply conditions and the like. Inter-area differentials are mainly due to varying demand and supply factors living costs, abilities of employers to pay and the like. 8

Wage differentials and economy functions

Wage differentials perform important economic, functions like labor productivity, attracting the people to different jobs. Since most of the workers are mobile with a view to maximizing their earnings wage differentials reflect in variations in productivity, efficiency of management maximum utilization of human force etc. Attracting efficient workers, maximization of employee commitment, development of skills, knowledge, utilization of human resources, maximization of productivity can be fulfilled through wage differentials as the letter determines the direct allocation of manpower among different units, occupations and regions so that national production can be maximized. Thus wage differentials provide an incentive for better allocation of human force, and labor mobility among different regions.

Wage Theories

There are number of theories on wages. Important among them are discussed hereunder.

(i) The “Just Wage Theory”: This was the first theory on wages advocated during medieval period. The essence of this theory is that the worker should be paid on the level of maintaining himself and his family.
(ii) Subsistence Theory: According to Ricardo the laborers are paid to enable them to subsist and perpetuate the race without increase or diminution.

(iii) Standard of Living Theory: Karl Marx pointed out that the wage of labor

(iv) The wage found theory: According to J. S. Mill, the wages are determined on the basis of the relationship between the amount of fund allocated for the purpose of wage payment and number of workers in a country.

(v) Residual Claimant Theory: According to Walker, the wages are determined on the basis of the amount left after the payment of rent, profits and interest to land, entrepreneur and capital respectively out of the production value.

(vi) Marginal Productivity Theory: According to J. B. Clark the wages are determined on the basis of marginal contributions of the worker

(vii) The Bargaining Theory of Wages: As per the theory the wages and other terms of employment are determined on the basis of the relative bargaining strength of the two parties vie, the employer and the employees. Webb’s started that the haggling of the market which under a system of free competition and individual bargaining determines the conditions of employment.

(viii) Contribution of behavioral scientists to the Wage Theories: According to behavioral scientists wages are determined on the basis of several factors like the size, nature, prestige of the organization, strength of the union, social norms, tradition, customs, prestige of certain jobs in terms of authority, responsibility and status level of job satisfaction, moral, desired lines of employee behavior and level of performance.

3.10 Training

Training in Organizations

William James of Harvard University estimated that employees could retain their jobs by working at a mere 20-30 per cent of their potential. His research led him to believe that if these same employees were properly motivated, they could work at 80-90 per cent of their capabilities. Behavioral science concepts like motivation and enhanced
productivity could well be used for such improvements in employee output. Training could be one of the means used to achieve such improvements through the effective and efficient use of learning resources.

Employee training makes efforts to improve skills, or add to the exciting level of knowledge so that the employee is better equipped to do his present job, or to prepare him for higher position with increased responsibilities. However, individual growth is not an end in itself. Organizational growth needs to be meshed with the individual’s growth. The concern is for the individual’s growth. The concern is for the organization’s viability, that it should adapt itself to a changing environment. Employee growth and development has to be seen in the context of this change.

The effective functioning of any organization requires that employees learn to perform their jobs at a satisfactory level of proficiency. An effective organization wishes to have amongst its ranks individuals who are qualified to accept increasing responsibilities. So much so that organizations need to provide opportunities for the continuous development of employees not only in their present jobs, but also to develop their capabilities for other jobs for which they might later be considered.

Training refers to the teaching/learning activities carried on for the primary purpose of helping members of an organization to acquire and apply the knowledge, skills, abilities and attitudes needed by that organization. Broadly speaking, training is the act of increasing the knowledge and skill of an employee for doing a particular job.

Thought it is true that unplanned learning through job experience of most organizations is that it is advantageous to plan systematic training programs of various types as a regular part of an adequate personnel development programmed. Such programs are definite assets in helping managers to learn correct job methods, to achieve a satisfactory level of job performance, and to acquire capabilities that would be valuable in possible future jobs.

Training enables the employees to get acquainted with jobs and increase their aptitudes skills and knowledge. It helps the newly recruited employees to be productive in minimum amount of time. Even for the experienced workers it is necessary to refresh
and enable them to keep up with new methods & techniques, new machines and equipment for doing the work. According to Dale S Bch training is vital and necessary activity in all organizations. It plays a large part in determining the effectiveness and efficiency of the establishment. Training is advantageous not only to the organization but also to the employees.

(A) **Advantages to the organization.**

1. Follow up of selection procedure- Training is a follow up of selection procedure. It helps in choosing the most appropriate individuals for different jobs. Training can be used in spotting our promising men and in removing defects in selection process.

2. Better performance- Training brings about an improvement of the quality and quantity of output by increasing the skill of the employees. Training makes the fresh and old employees more skilled and accurate in performance of their work.

3. Reduction in cost of production- Trained personnel will be able to make better and economical use of materials and equipment wastage will also be low. In addition the rate of accidents and damage to machinery and equipment will be kept to the minimum by the well trained employees. These will lead to lesser cost of production per unit.

4. Reduced supervision- If the employees are given proper training the need of supervision is lessened. Training does not eliminate the need for supervision but it reduces the need for detailed and constant supervision. A well trained employee is self-reliant in his work because he knows what to do and how to do it. Under such situations close supervision is not required. The management can well afford to focus its attention on the other basic functions.

5. Increase moral- The moral of the employees is increased if they are given proper training. As a common objective of the organization training programmed will mould its employees attitudes to achieve support for organization activities and to obtain better cooperation and greater loyalty. With the help of training dissatisfaction, complaints, absenteeism and turnover can also be reduced among
the employees. Thus training helps in building an efficient and cooperative work force.

6. Organizational stability and flexibility- Training increases the stability and flexibility of the organization. Creation of a reservoir of trained replacements will increase the stability of the organization in the since that organization will be able to sustain its effectiveness despite the loss of key personnel. Training can also be used to help the employees to gain multiple skills to enable their transfers to jobs where the demand is highest. It will bring about flexibility in the sense that organization will be in a position to adjust to short run variation in the volume of work.

(B) Advantage to the Employees

1. Increase in wage earning capacity-Training helps the employees in acquiring new knowledge and the job skills. In this way, Training increases their market value and the wage earning power. This increases their pay and status.

2. Job-security- Continued training can help an employee to develop his ability to learn-adapting himself to new work methods, learning to use new kinds of equipment and adjusting to major changes in jobs contains and work relationship. The possession of useful skill enhances their value to their employer and their by increases their job security.

3. Chances for Promotion- Training also qualifies the employees for promotion to more responsible jobs

3.11 Issues & Crises in Managing HR in Automobile Units

Managing Human Resources is a big challenge now days as it is widening the horizons with all aspects. For the research study, researcher has considered the issues in managing Human Resources focused towards various requirements for optimum usage of skills and abilities of personnel working in the organization. The activities necessary to perform are denoted as issues for this research study. And Crises are those Issues which
cause conflict after a certain disagreement of the workers and management. It may come under grievances, strikes etc.

Issues in managing human resources include all HR functions right from demand forecasting under HR planning to exit interview under strategic HR policy. Each and every single task is considered which is required for effective management of personnel and their skills and abilities. Researcher has defined the meaning of Issues and crises for this research study in such a way that all happenings, towards management of human resource as an important factor of production, are covered under the Issues and Crises.

The working style, requirement of specific skills and educational requirements are different for auto and automobile companies in comparison with other manufacturing companies like pharmaceutical, agricultural, or a distillery unit. The common function may remain same like recruitment, training and development, performance appraisal, employee welfare, administration, but the approach towards managing these issues are somewhat different. It is obvious because of the nature of jobs in automobile industry. It is a mixture of production, manufacturing and assembly which require different types of personnel. Automobile units have few unique requirements in comparison to other type of industries viz. welders, turners, fitters, lathe machine operators, auto cad designers etc. so the issues in managing these personnel differs from one another.

A crisis is grievance which requires a separate attention for maintaining peace and smooth running the company’s day to day activities. This area need to be focused very earnestly as it may create a big problem for being neglected.

Efficient grievance management is an important part of the human resource management. There are several aspects of HRM, human relation and industrial relation practices which generate feeling of discontent on the part of industrial workers. In fact, it is the starting point of the process since further arguments and agreements emanate on the basis of the agreements arrived at earlier. In the implementation of a collective agreement a number of problems- grievances- arise frequently and on account of this reason both managements and worker show utmost concern to the collection agreement. If an individual’s grievances are unattended and unresolved they will treated in to collective disputes. Hence, there is a necessity of providing a procedure for the redressal of individual grievances.
A grievance is a sign of employee’s discontent with job and its nature. The employee has got certain aspirations and expectations which he thinks must be fulfilled by the organization where he is working. When the organization fails to satisfy the employee needs, he developed a feeling of discontent or dissatisfaction. For instance, the employee expects proper implementation of the central and state government’s laws, collective agreements, company policies and management responsibilities. A violation of any one among these causes dissatisfaction on his part. Thus, grievance is caused due to the difference between the employee expectation and management practice.

The concept grievance has been defined in several ways by different authorities. Some of the definitions are as follows.

E.F.L. Breach defines a grievance has any dissatisfaction or feeling of injustice in connection with one’s employment situation that is brought to the notice of the management whereas Flippo indicates the grievance as a type of discontent which must always be expressed. A grievance is usually more formal in character than a complaint. It can be valid or ridiculous, and must grow out of something connected than a with company operation or policy. It must involve an interpretation or application of the provision of the labor contract.

Jucius defines a grievance as …any discontent or dissatisfaction, whether exposed or not, whether valid or not, arising out of anything connected with the company which an employee thinks, believes or even feels to be unfair, unjust or inequitable.

The above definitions indicate that a grievance may be factual or imaginary or disguised and it is problem, whether expressed or not, valid or not, when an employee presents a problem, the grievance redressing authority, has to analyses problem, find out the root cause of the problem rather than viewing it from legal aspects and solve it based on humanitarian approach. This approach of grievance redressed is known as clinical approach to grievance handling. Hence, a grievance may be viewed as complex psychological phenomenon calling for human rather than any procedural or legal action in its analysis and solution.

Characteristics of grievances

A grievance may have the following characteristics:
A) **Factual:** the employer-employee relationship depends upon the job contract in any organization. This contract indicates the norms defining the limits within which the employee expects the organization to fulfill his aspiration are not fulfilled; the employee will be dissatisfied with the job. Such dissatisfaction is called factual grievance. For instance, when an employee is not given promotion which is due to him or when work conditions are unsafe, grievances of employee relating to these issues are based on facts. In other words these grievances reflect the drawbacks in the implementation of the organizational policies.

B) **Imaginary:** when the job contract is not clear-cut and does not indicate the norms defining the limits within which the employee expects the organization fulfill his needs or aspirations, the employee develops such needs which the organization is not obliged to meet. Here, grievances are not based on facts. Even then the employee feels aggrieved. Normally, the organization does not feel any kind of responsibility for such grievances and their redressed, because they are based not only on wrong perception of the employee but on information. However, such grievances can have far-reaching consequences on the organization because the employees are likely to develop an altogether negative attitude towards the organization which decreases their effectiveness and involvement in work.

C) **Disguised:** in general organizations consider the basic requirements of their employees. Psychological needs of the employees such as need for recognition, affection, power, achievement etc., are normally unattended and ignored. For instance, an employee complaining very strongly about the working conditions in the office may in turn be seeking some recognition and appreciation from his or her colleagues. Hence, disguised grievances should also be considered since they do have far-reaching consequences in case they are unattended and ignored.

**Need for a grievance procedure**

Grievance procedure is necessary for any organization due to the following reasons:
i. Most grievances seriously disturb the employees. This may affect their morale, productivity and their willingness to cooperate with the organization. If an explosive situation develops, this can be promptly attended to if a grievance handling procedure is already in existence.

ii. It is not possible that all the complaints of the employees would be settled by first-time supervisors, for these supervisors may not have had a proper training for the purpose and other causes as well.

iii. It serves as a check on the arbitrary action of the management because supervisors know that employees are likely to see to it that their protest does reach the higher management.

iv. It serves as an outlet for employee grievances, discontent and frustrations. It acts like a pressure value on a steam boiler. The employee are entitled to legislative, executive and judicial protection and they get this protection from the grievance redressal procedure, which also as a means of upward communication, the top management becomes increasingly aware of employee problems, expectations and frustrations. It becomes sensitive to their needs, and cares for than well-being. This is way the management, while formulating plans that might affect the employees—for example, plant expansion or modification, the installation of labor-saving devices, etc., should take into consideration the impact that such plans might have on the employees.

v. The management has complete authority to operate the business as it sees fit—subject, of course, to its legal and moral obligations and the contract it has entered into with its workers or their representative trade union. But if the trade union or the employees do not like the way the management functions, they can submit their grievance in accordance with the procedure laid down for that purpose.
A well-designed and a proper grievance procedure provide:

i. A channel or avenue by which any aggrieved employee may present his grievance;
ii. A procedure which ensures that there will be a systematic handling of every grievance:
iii. A method by which an aggrieved employee can relieve his feelings of dissatisfaction with his job, working conditions, or with the management; and
iv. A means of ensuring that there is some measure of promptness in the handling of the grievance.

Nature and causes of grievances

Grievance is a problem and submitted by an employee or several employees in different types. It may be concerning a situation or likely to affect the terms and conditions of employment of one worker. If a problem is related to and endorsed by all or employment or if trade union submits a problem as a general claim it fall outside the scope the scope of grievance procedure and generally comes under the purview of collective bargaining. Thus, if issue is wider in scope or general in nature it will be outside the grievance machinery. For example, its majority of employees or the trade union in an organization demand wage revision, such issue does not come under the scope of grievance machinery and falls within the scope of collective bargaining. In contrast if the workers of different departments submit to the management that their wage is not in accordance with the wage inequity such issue falls within the scope of grievance machinery. Thus, a grievance—a) has a narrower perspective: b) is concerned with the interpretation of a contract or award as concerned to an individual or a few employees of different types. As such policy issues do not fall within the scope of grievance machinery.

Causes of grievances related to interpretation of all personnel polices: national commission on labor states that “complaints affecting one or more individual worker in respect of their wage payments. Overtime, leave, transfer, promotion, seniority, work assignment and discharge would constitute grievances. The causes of grievances include the interpretation of areas like placement, transfer, promotion, working conditions,
payment of wages, allowances, overtime pay, victimization, medical benefits, housing facilities, increments, granting loans, condition of work, leave, seniority, safety measures, fines, condition of work, suspension, break in service and likewise.

**The causes of grievances**

The causes of employee grievances include:

i) Demands for individual wage adjustments;

ii) Complaints about the incentive system,

iii) Complaints about the job classifications;

iv) Complaints against a particular foreman;

v) Complaints concerning disciplinary measures and procedure;

vi) Objections to the general method of supervision;


viii) Promotions;

ix) Disciplinary discharge or lay-off

x) Transfer for another department or another shift;

xi) Inadequacy of safety and health services/devices;

xii) Non-availability of material in time;

xiii) Violation of contracts relating to collective bargaining;

xiv) Improper job assignments; and

xv) Undesirable or unsatisfactory conditions of work.

**Trade Unions**

The commodity approach towards labor and machine concept of labor together with the management’s concentration on their own goals, i.e., profit maximization by exploiting labor resulted in the formation of trade unions to make the managements
aware of their responsibilities towards the most important resource of the organization, i.e., human resource. Thus, trade unions are formed to protect the interest of the employees. Trade union is an important actor or participant of industrial relations.

According to GDH Cole, a trade union means, “an association of workers in one or more professions – an association carried on mainly for the purpose of protecting and advancing the members’ economic interests in connection with their daily work.”

3.12 Conflict Resolution

To Mary Parker Follett, a conflict is neither good nor bad. It is to be viewed not as warfare but as the appearance of difference, difference of opinions of interests. She relates conflict to friction, conflict is human friction. For instance the music of the violin is got by friction. The discovery of fire was by friction. These are desirable forms of friction. So it is not that one always wants to eliminate friction one also capitalizes friction. In other words, make it work for us, so also in the case of conflict. It is up to management to know when to eliminate human friction and when to use it. When the conflict is an expression of diversity of approach of varying points of view rich in experience the solution lies not in eliminating one for the sake of the other, but in finding a new synthesis which flows from integrating the different points of view.

There are 3 main ways of dealing with conflict. They are 1) Domination 2) Compromise and 3) Integration. Domination implies victory for one side though the easiest method it is very unsets- factory. Compromise is the way most of our conflicts are resolved. It means each side gives up something so that peace is restored and the task that is interrupted is now renewed. It is the strategy commonly adopted by trade unions. Though an approved way of ending controversy, it really pleases no one. As Follett put it, nobody really wants to compromise because that means the giving up of something there is also the possibility that the conflict will surface time and again in some from or the conflict will side having given up a part of its desire will try to get the entire desire fulfilled as and when an opportunity provides itself.
Follett advocates the method of integration as the best and most satisfying lead to the emergence of the plus value of the group still less can domination. Only integration takes advantage of this plus-value, by integrating differences in such a way as to form a new whole in which everyone feels that his desires are achieved integration, therefore, rests on the premise that differences are valuable. They represent the specific, individual contribution that each member can make to the progress of the group.6

Methods of Dealing with Conflict

Whereas Mary Parker Follett advocates that there are three main modes of conflict resolution Domination, Compromise and Integration. In her opinion Domination, obviously, is a victory of one side over the other this is the easiest way of dealing with conflict but not usually successful in the long run. The second way of dealing with conflict is that of compromise.

Compromise is the way human beings settle most of their disputes each side gives up a little in order to have whatever one wants. Compromise is the basic of trade union tactics. In collective bargaining the trade unionist asks for more than he expects to get allowing for what is going to be lopped off in the process of settlement it is the accepted the approved way of ending controversy. Yet no one party wants to compromise, because that means a giving up of something.

The third method of ending conflict is integration; it means working out a solution in which what both desire finds a place neither side having to sacrifice anything.7

Reasons Creating Conflicts

Taylor, Fayal and other of their thinking believe that it is command or giving of orders that makes employees do prescribed tasks. Other principles like the unity of command the span of control and authority are formulated to underline the linear relationship in which a tell b what to do. Follett accepts the linear relationship in which A tells B what to do. Follett accepts the necessity of order giving she even deals with how orders should be given habits and mental orientations are shaped by training and can thus
be modified Follett says that longs distance orders should be avoided as they are not very effective yet the fact is that people resent being bossed over.

Follett puts the question how to avoid the two extremes of too much bossism in giving orders and giving practically no orders? Her answer is; ‘my solution is to depersonalize the giving of orders, to the situation, to discover the law of the situation and obey that.’ This is what takes place when there is a question between two persons in positions of equal authority. The head of the sales department does not give orders to the head of the production department, or vice versa each studies the market demands. In other words both accept the orders given by the situation. Employers accept the order given by the situation; this is depersonalization orders.

Follett particularly emphasized the normative and psychological approach to the study of business organizations. Her approach was broadly humanistic rooted in social psychology. She believed that the effectiveness of an organization depends on a degree of integration between the individual and the organization and as such her observations are consistent with the views of contemporary writers like Cris Argyris, McGregor, Likert and Bennis.

In the light of theory and principles of situation, the researcher visited to planned Industries and discussed with the superiors to find out the courses of conflicts arose during last five years. The information collected is suffice to evident the industries have faced the problems. The HR management skillfully sorted out the problems the situations are described further.
### Statement Showing the details of conflict & its resolution

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Company</th>
<th>Type</th>
<th>Conflict Arose and resolved</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Domination</td>
</tr>
<tr>
<td>1</td>
<td>Bajaj Auto</td>
<td>OEM</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Mahindra &amp; Mahindra</td>
<td>OEM</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Skoda Auto</td>
<td>OEM</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Tata Autocomp</td>
<td>OEM</td>
<td>-</td>
</tr>
<tr>
<td>5</td>
<td>Endurance Technologies Pvt. Ltd.</td>
<td>Vendor</td>
<td>-</td>
</tr>
<tr>
<td>6</td>
<td>Varrock Engineering Pvt. Ltd.</td>
<td>Vendor</td>
<td>2</td>
</tr>
<tr>
<td>7</td>
<td>Rucha Engineering Pvt. Ltd.</td>
<td>Vendor</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>Badve Auto Ltd.</td>
<td>Vendor</td>
<td>2</td>
</tr>
<tr>
<td>9</td>
<td>Carraro India Ltd.</td>
<td>Vendor</td>
<td>-</td>
</tr>
<tr>
<td>10</td>
<td>Minda Stonridge Instruments Ltd.</td>
<td>Vendor</td>
<td>-</td>
</tr>
</tbody>
</table>

*Table No. 3.12.1*

*Source: Compiled as per the field survey (2012-14)*
3.13 Significance of human resource management (HRM)

Human resources plays crucial role in the development process of modern economies. Arthur Lewis observed “there are great differences in development between countries which seem to have roughly equal resources, so it is necessary to enquire into the difference in human behavior.” It is often felt that, though the exploitation of natural resources, availability of physical and financial resources and international aid play prominent roles in the growth of modern economies. None of these factors is more significant than efficient and committed manpower. It is in fact, said that all development comes from the human mind.

**Human resources system is a “Central sub-system”**.

Human resources system in an organization is not only unique subsystem but a principal and central sub-system and it operates upon and controls all other sub-systems and central sub-system .Thus in the words of Wendell L. French, personnel management is a major pervasive sub-system of all organizations 18 whatever in the environment affects the organization like economic, social, cultural, legal, political historic, competitors, consumers etc., as a whole also affects the personnel system. The resources system receives inputs from the organization in the form of objectives and it results in individual and organizational performance that may be viewed as individual and organizational output. Both the personnel system and the entire organizations operate under the same cultural, economic, social, legal, political and other constraints.

**Human Resource and Market Economy**

As stated earlier, the three important areas of human resources are skill, ability and knowledge plays most vital role in the modern industry as rail road played its role during the 19th century business and as assembly line played its role during the 20th century. According to P. F. Durcker, Knowledge is the only meaningful resource today. all other resources flow freely across borders.
Products and Human Resources

Many companies compete on the strength of their products. These companies have to use people as the source spring for winning concepts. In fact, product improvements are generated by people, creative and innovative products and services can be developed and modified only through intensive and planned human efforts. A successful product is developed by using knowledge as a core competence of the company.

Major changes in business and significance of knowledge

<table>
<thead>
<tr>
<th>Major changes in business</th>
<th>Significance of knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free movement of capital.</td>
<td>Continuous innovation is possible only with knowledgeable employees.</td>
</tr>
<tr>
<td>Easy availability of technology.</td>
<td>Knowledge only can generate originality of service.</td>
</tr>
<tr>
<td>Free information flow.</td>
<td>Customer needs can be anticipated through knowledge.</td>
</tr>
<tr>
<td>Globalization and emphasis on quality</td>
<td>Organizational capabilities can be judged through knowledge.</td>
</tr>
<tr>
<td>Businesses are becoming service oriented</td>
<td>Knowledge is the only core competence for coping with change.</td>
</tr>
</tbody>
</table>

*Table No. 3.13.1*

*Source: Compiled as per the field survey (2012-14)*

Management Techniques and Human Resources

The 21st century business houses realize that their distinctive competency lies not in particularly products or technologies but in distinctive expertise and knowledge pool and skills of their people. Reengineered process will not bring improvements unless the top management ensures that their peoples mindsets are also reengineered Therefore successful management techniques are focusing directly on people.
Organizational Structure and Human Resources

The modern structure is changing pattern for deployment of people. The objective of structuring of modern organization is to make the best possible use not only of technology fiancé or system but also people. Companies, in order to concentrate on the customer are dismantling vertically functional department and replacing them with horizontal cross functional and process-centric empowered teams. The emphasis is on resourcefulness, initiative autonomy and responsibility of the process-owners.

3.14 Human Resource Administration

Human beings are the dynamic elements of industrial sector. All organizations require various types of workforce. Human Resource Administration is an integral part of management which refers to the systematic approach to the selecting, training, motivating personnel. It administers the responsibility of recruitment training and development of personnel. Peter Drucker, father of management assigns the responsibilities of an organization to administer the aspects of general administration of work controlling the workers and supervising the superior level staff. Human Resource Administration is a part of HR Management. This department performs staffing functions. Administration exercises the controlling over the employees. The department executes the overall policies of the organization. It ensures adequate supply, proper quantity and quality as well as effective utilization of Human Resources.

- HR Administration manager is kin to know all the employees for keeping control and coordination.
- In case the sufficient numbers of persons are not available, it is the responsibility of the administration to make available the required employees for external sources.
- Human Resource Administration performs the functions which are of civil administration nature. Whereas HR management functions are of somewhat technical & management types.
- HR Administration gives emphasis on better working conditions. The employees working in the organization should feel comfortable. The relationship between HR administration and employee should be conductive.

- Human Resource Administration looks after the smooth administration in within the organization.

- Administration’s functions provide welfare facilities to the employees include, canteen, safety, health, educational facilities.

In large business organization or industries a separate department is established to administer personnel functions the department is divided into divisions contained in the personnel department and record keeping, job evolution, merit rating, safety or health, education and training and wage administration. All these services are required well trained staff in personnel administration department.

Following chart shows the arrangement exists in most of the automobile industries

**Chart Showing the Managerial Structure.**

![Chart Showing the Managerial Structure](chart.png)

*Figure No. 3.14.1*

*Source: Compiled as per the field survey (2012-14)*

Like other departments of the auto industries, personnel department is organized on the basis of line organization or a functional organization. Herzberg has suggested
three basis of organizing personnel department - Functional basis, service basis and clientele basis. The basic concept of human resource administration is to get work done as per the requirement of the industry.

**Concluding Remarks**

The chapter signifies the evolution of automobile industries of Maharashtra. While discussing the brief profile of auto cluster, the information regarding industrial shifts, managerial development gives special attention. As the research is based on Human Resource Management and Employees relations hence the role of HR Management, its Planning, Wages and Benefits, Issues in training have been examined and reviewed which will support in further discussions.
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