

**HR PRACTICES IN PUBLIC SECTOR
ORGANISATIONS**

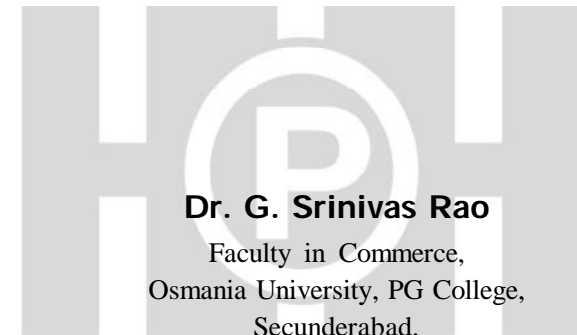
(A Study on APDDCF Ltd.)

Dr. G. Srinivas Rao



Himalaya Publishing House

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Sector Organisations
(A Study on APDDCF Ltd.)**



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PREFACE

The outcome of any pursuit – be it a trade, profession or business – is ultimately defined by the actions of human beings. This is more glaringly visible in business as their output is expressed in easily comprehensive terms – monetary units. Thus businesses are more concerned about the performance of human beings hired as employees at workplaces. However, the behaviour of an employee is said to be influenced by his socio-economic background. This study examines how healthy HR practices influence the performance level of APDDCF Ltd., so that the improvement of performance of the organization depends upon the practices.

It is a matter of honour for me to present my findings on HR Practices in Banking Sector. This report is my sincere and honest effort to study HR Practices, as an important tool of Human Resource Management.

I got an opportunity to visit and associate APDDCF Ltd., located in Andhra Pradesh, which resulted into this idea of initiating the present project. I started with reading HRM by Flippo, Memoria, Subba Rao, Ashwathappa which provided me a foundation on conceptual aspects of HUMAN RESOURCES as a function, besides specializing myself in this fascinating subject. Later, I have gone through the net for more specific information and browsed through a variety of HR Practices of public sector organizations. It gave me a brief knowledge about HR Practices and I formed a workable questionnaire for the APDDCF Ltd. I was going to research on through questionnaires and personal interviews. Some articles that caught my attention while doing research are included in my observations.

Since I worked at APDDCF Ltd., gathering information was easier compared to others. I have found some interesting insights regarding HR Practices which are mentioned in the report. So, with due respect to my patient readers, I welcome you to the unremitting process of HR Practices.

Author

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CHAPTER

1

Introduction to HRM

Continuous changes in the economic scenario and intense competition is causing public sector to undergo radical changes in the approach to business. In this era of increased competition, in order to prosper, it will be imperative for the departments to develop long-term relationships with the employees. Developing long-term relations with the employees depends primarily on the superior quality of facilities delivered to the internal customers (employees); they play a major role in the service delivery process to external customers. The present study aims to analyze the internal service quality practices of APDDCF Ltd., employees.

Human Resources are considered to be very critical source in the organizations well being. Presently organizations have started realizing that human resources are the most important of all assets based on the emerging values of humanization. Development is considered to be the soul of the human resource management function, which reflects on the organizations effectiveness. Human resource management in a growing economy like India is the need of the time and undoubtedly, manufacturing sector is the most effective instrument for India's economic development, for which developing human resources for this sector has become essential to achieve the objectives.

In spite of the rapid technological changes to cope up with the competition and sustain in the long run, public sector organizations undertaking critical responsibility of transforming its operational system into the modern one that suits to the present requirements. Since there is a dearth of studies in this area and recognizing the pivotal position of Indian public sector undertakings in developing the nation's socio-economic structure, it was found necessary to empirically test the relationship or difference among the various categories. This research aims to study the extent of HR practices in APDDCF Ltd.

In this section we aim to discuss some of the conceptual aspects like definitions, functions of HRM, scope of HRM, objectives of HR

practices including global practices. It is also attempted to find the overall perception of managers in the APDDCF Ltd., to provide a foundation for further enquiry.

Human Resource Management as a subject of study even though of relatively recent origin- the concept upon which the theory is based dates back to 400 B.C. minimum wage and incentive wage plans were in Babylonian codes or Hammurabi around 1800 B.C., the Chinese as early as 1650 B.C., had originated the principle of division of labour. The 'Span of Management' and the related concepts of organization were well understood by Moses around 1200 B.C. In India, Kautilya observed a sound base for systematic management of human resource, as early as 4th Century B.C.¹

1. Nature of Human Resource Management

People in any organization manifest themselves, not only through individual sections but also through group interactions. When individuals come to their work place, they come with, not only technical skills, knowledge, etc., but also with their personal feelings, perceptions, desires, motives, attitude, values, etc., therefore, employee management in an organization does mean management of not only technical skills but also other factors of human resources.

1.1 Complex Dynamism

A close observation of employees revealed that they are complex beings, i.e., economical, physiological, psychological, sociological and ethical beings. The proportions are intensities of these dimensions of the human factor in employment may differ from one situation to another but the fact remains that these are basic things of human factors in organizations.

1.2 A Social System

Human resource management relatively is new and developed as a part of management (concerned with the management of Human Resources). In its simple terms, personnel management is the task of dealing with the human relationships, moulding and developing the human behavior and attitude towards the job and organizations requirements.

1.3 A Challenging Task

The personnel manager plays a crucial role in understanding the challenging needs of organization and society. Further he faces some challenging tasks in attaining the employee, organizational and societal objectives with the available resources. In addition to it the growing strength of trade unions, increasing educational standards, etc., further complicates the role of personnel manager. Hence the modern personnel manager should equip himself with good knowledge of disciplines, viz., economics, commerce, management, sociology, psychology, engineering, technology and law.

1.4 Meaning of Human Resource Management

In simple sense, human resource management means employing people, developing their resources, utilizing, maintaining and compensating their services in tune with the job and organizational requirements.

Human resource management can be defined as managing (planning, organizing, directing, and controlling) the functions of employing, developing and compensating human resources in creating and development of human relations with a view to contribute proportionately (due to them) to the organizational individual and social goals.

1.4.1 Summary of Definitions

It is concerned with the development of human resources, i.e., knowledge, capability, skill potentialities and attainment of achieving goals, including job satisfaction. Personnel management is a continuous and never ending process. It aims at attaining the goal of organization, individual and society in an integrated approach. Organization goals may include survival, growth and development in addition to profitability, productivity, innovation, excellence, etc., individual employee goals consists of job satisfaction, job security, high salary, attractive fringe benefits, challenging work, pride, status, recognition, opportunity for development, etc. Goals of the society include equal employment opportunity protecting the disadvantaged sections and physically handicapped, minimization of inequalities in the distribution of income by minimizing wage differentials, developing the society in general by organizing developmental activities, etc.

Human resource management is the central sub-system of an organization and it permeates all type of functional management, viz., production management, marketing management and financial management.

1. Deepak Kumar Bhattacharya, Human Resource Management, Excel Books, P. 4

1.5 Scope of Human Resource Management

The scope of HRM was limited to employment and maintenance of and payment of wages and salary. The scope gradually enlarged, for providing welfare facilities, motivation, performance appraisal, and maintenance of human relation, strategic human resources and the like. The scope has been continuously enlarging.

The Scope of Human Resource Management Includes:

- Objectives of HRM
- Organization of HRM
- Strategic HRM
- Employment
- Development
- Wages and Salary Administration/Compensation
- Maintenance
- Motivation
- Industrial Relations
- Participatory Management and
- Recent Developments in HRM.

1.6 Importance of Human Resource Management

Human resources play a crucial role in the development process of modern economy. Arthur Lewis observed, “There are great differences in development between countries which seem to have roughly equal resources, so it is necessary to inquire 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 are more significant than efficient and committed manpower. It is in fact said that all development comes from the human mind.

1.6.1 Human resources in the Nation's Well-Being

A nation with abundance of physical resources will not benefit itself unless human resources are used them. In fact, human resources with right attitude are solely responsible for making use of national resources and for the transformation of traditional economies into the modern industrial and knowledge economies.

1.6.2 Man vis-à-vis Machine

Most of the problems in organizational sections are human and social rather than physical, technical or economical. No industry can be rendered efficient so long as the basic fact remains unrecognized that it is principally human. It is not a mass of machines and technical processes but a body of men.

1.6.3 Human Resources System in a Central Sub-system

Human resources system in an organization is not only a unique sub-system but also a principal and central sub-system and it operates upon and controls all other sub-systems “Personnel Management is a major pervasive sub-system of all organizations.”

According to Yonder, Heinemann and others the importance of human resources management is discussed from three standpoints.

- (i) Social Significance
- (ii) Professional Significance
- (iii) Individual Enterprise Significance

1.6.3.1 Social Significance: Proper management of personnel Resources enhances their dignity by satisfying their social needs. This is done by:

- (i) Maintaining a balance between the job availability and the jobseekers according to the qualifications and needs
- (ii) Providing suitable and most productive employment
- (iii) Making maximum utilization of the resources in an effective manner and paying the employee a reasonable compensation in proportion to the contribution made by him.

1.6.3.2 Professional Significance: By providing a healthy working environment, it promotes team in the employees. This is done by

- (i) Maintaining the dignity of the employee
- (ii) Providing maximum opportunities for personal development
- (iii) Providing healthy relationship between different work groups

1.6.3.3 Individual Enterprise Significance: It can help the organization in accomplishing its goals by:

- (i) Creating right attitude among the employees through effective motivation
- (ii) Utilizing effectively the available human resources and
- (iii) Securing willing co-operation of the employees for achieving goals.

1.7 Functions of HRM

1.7.1 Managerial Functions

Managerial functions of personnel management involve planning, organizing, directing and controlling.

(i) *Planning*: It is a pre-determined course of action. Planning is determination of personnel programs and changes in advance that will contribute to the organizational goals. In other words it involves planning of human resources, requirements, recruitment, selection, training, etc.,. It also involves forecasting of personnel needs, changing values, attitudes and behavior of employee's and their impact on organization

(ii) *Organizing*: An organizing means of an end. It is essential to carry out the determine course of action. In the words of J.C. Massy, an organization is a "structure and a process by which co-operative groups of human beings allocated its task among its members identities relationships ad integrates its activities to wards common objective". Complex relationships exist between the specialized departments, general departments and many top managers are seeking the advice of personnel manager. Thus organization establishes relationship among the employees so that they can collectively contribute to the attainment of company goals.

(iii) *Directing*: The next logical function after completing planning and organizing is the execution of the plan. The basic function of personnel management at any level is motivating, commanding, leading and activating people. The willing and effective co-operation of the employees for the maximum potentialities of the people is possible through motivation and command. Thus direction is an important managerial function in building sound industrial and human relations besides securing employee contributions.

Co-ordination deals with the task of blending efforts in order to ensure successful attainment of an objective. The personnel manager has to co-ordinate various managers at different levels as far as personnel functions are concerned. Personnel management function should also co-ordinate with other functions of management like management of material, machine and money.

(iv) *Controlling*: After planning, organizing, directing the various activities of the personnel management, at this point the performance is to be verified in order to know that the personnel functions are performed in conformity with the plans and directions. Controlling also involves checking, verifying and comparing of the actual with the plans,

identification of deviations if any and correcting of identified deviations. Thus, action and operations are adjusted to pre-determined plans and standards through control. Auditing training programs, analyzing labour turnover records, directing morale surveys, conducting separations interviews are sum of the means for controlling personnel management functions.

1.7.2 Operative Functions

The operative functions of personnel management are related to specific activities of personnel manager viz. Employment, development, compensation and relations. All these functions are interacted by managerial functions. Further these functions are to be performed in the conjunction with management.

1.7.2.1 Employment: It is the first operative function of Human Resource Management (HRM). Employment is concerned with searching and employing the people possessing required kind and level of HR necessary to achieve the organizational objectives. It covers the functions such as job analysis, Human Resources Planning, Recruitment, Selection, Placement, Induction and Internal Mobility.

(i) Job Analysis:

It is the small process of study and collection of information relating to the operations and responsibilities of a specific job. It includes:

- (a) Collection of data, information, facts and ideas relating to various aspects of Jobs including men, machines and materials.
- (b) Employee Preparation of job description, job specification, job requirements and employee specification, which will help in identifying the nature, levels and quantum of human resources.
- (c) Providing the guides, plans and basis for job design and for all operative functions of HRM.

(ii) Human Resources Planning:

It is a process of determination and assuring that the organization will appoint/hire adequate number of qualified persons, available at proper times, performing jobs which would meet the needs of the organization and which would provide satisfaction for the individuals involved. It involves:

- Estimation of present and future requirements and supply of human resources basing on objectives and long range plans of the organization.

- Calculation of net human resources requirements based on present inventory of human resources.
- Taking steps to mould change and develop the strength of existing employees in the organization so as to meet the future Human Resource requirements.
- Preparation of action programme to get the rest of human resources from outside the organization and to develop the human resources of existing employees.

(iii) Recruitment:

It is the process of searching for prospective employees and stimulating them to apply for jobs in an organization. It deals with:

- (a) Identification of existing sources of applicants and developing them
- (b) Creation/identification of new sources of applicants.
- (c) Stimulating the candidates to apply for jobs in the organization.
- (d) Striking a balance between internal and external sources.

(iv) Selection:

It is the process of ascertaining the qualifications, experience, skill, knowledge, etc., of an applicant with the view to appraise his/her suitability to a job. This function includes:

- (a) Framing and developing application blanks
- (b) Creating and developing valid and reliable testing techniques
- (c) Formulating interviewing techniques
- (d) Checking of references
- (e) Setting up medical examination policy and procedure
- (f) Line manager's decision
- (g) Sending letters of appointment and rejection
- (h) Employing the selected candidates who report for duty.

(v) Placement:

It is the process of assigning the selected candidate with the most suitable job in terms of job requirements. This function includes:

- (a) Counseling the functional managers regarding placement
- (b) Conducting follow-up study, appraising employee performance in order to determine employee adjustment with the job.
- (c) Correcting misplacements, if any.

(vi) Induction and Orientation:

Induction and Orientation are the techniques by which a new employee is rehabilitated in the changed surrounding and introduced to the practices, policies, purposes and people etc., of the organization.

- (a) Acquaint the employee with the company philosophy, objectives, policies, career planning and development, opportunities, product, market share, social and community standing, company history, culture, etc.
- (b) Introduce the employee to the people with whom he/she has to work such as peers, supervisors and subordinates.
- (c) Mould the employee attitude by orienting him to the new working and social environment.

1.8 Concept of HRM

People are the most important and valuable resource for every organization, in the form of employees (Rao 1990). It is further explained that dynamic people can build dynamic organizations. Effective employees can contribute to the effectiveness of the organization competent and motivated people can make things happen and enable organization to achieve its goals. Therefore, should continuously ensure that the dynamism, competency, motivation and effectiveness of the employees remain at high levels.

Human Resource Development is thus a continuous process to ensure development of employee competencies, dynamism, motivation and effectiveness in a systematic and planned way.

Hence, Human resource Development (HRD) is concerned with the development of HR in an organization. To develop employees in the organization wealthy HRD mechanisms are practiced by the executives. Thus, experiments have suggested some of the HRD mechanisms.

1.8.1 HRD Mechanism

Some of the mechanisms for HRD suggested by Rao (1985) and Pareek will be of some help in having a better understanding of HRD. They are Performance Appraisal, Potential appraisal and Development, Feedback, Coaching, Career Planning, Career Development, Training, Organization Development, Rewards, Employee Welfare and Quality of Work Life, Human Resource Information, etc.

1.8.2 Human Resources Development

It is the process of improving, moulding and changing the skills, knowledge, creative ability, aptitude, values, commitment, etc., based on present and future job and organizational requirements. This function includes:

1.8.2.1 Performance Appraisal: It is the systematic evaluation of individuals with respect to their performance on the job and their potential for development. It includes:

- (i) Developing Policies, Procedures and Techniques
- (ii) Helping the Functional Managers
- (iii) Reviewing of Reports and Consolidation of Reports
- (iv) Evaluating The Effectiveness of Various Programs

1.8.2.2 Training: Training is the process of imparting the employee's technical skills, operating skills and knowledge. Training includes:

- (i) Identification of training needs of the individual and the company
- (ii) Developing suitable training programs
- (iii) Helping and advising line management in the conduct of training programs.
- (iv) Imparting of requisite job skills and knowledge to employee.
- (v) Evaluating the effectiveness of training programs.

1.8.2.3 Management Development: It is the process of designing and conducting suitable executive development programs so as to develop the managerial and human relations skill of employees. It includes:

- (i) Identification of the areas in which management development is needed.
- (ii) Conducting development programs
- (iii) Motivating the executives
- (iv) Designing special development programme for promotions
- (v) Using the services of specialists and/or utilizing the institutional executive development programs
- (vi) Evaluating the effectiveness of the educative development programs.

1.8.2.4 Career Planning and Development: It is the planning of one's career and implementation of career plans by means of education, training, job search and acquisition of work experiences. This includes internal and external mobility.

(i) **Internal Mobility:** Internal mobility includes vertical and horizontal movement of an employee within an organization. It consists of transfer, promotion and demotion.

(a) **Transfer:** It is the process of placing employees in the same level jobs where they can be utilized more effectively in consistence with their potentialities and needs of the employees and the organization. It also deals with:

- (i) Developing transfer policies and procedures
- (ii) Guiding employees and line management on transfers
- (iii) Evaluating the execution of transfer policies and procedures.

(b) **Promotion:** It deals with upward reassignment given to an employee in the organization to occupy higher position, which commands better status, and/or pay keeping in view of the human resources and the job requirements.

- (i) This function covers the formulation of equitable, fair and consistent promotion policies and procedures.
- (ii) Advising line management and employees on matters relating to promotions
- (iii) Evaluating the execution of promotion policies procedures.

(c) **Demotion:** It deals with downward reassignment to an employee in the organization.

- (i) Develop equitable, fair and consistent demotion policies and procedure.
- (ii) Advise line managers on matters relating to demotions.
- (iii) Oversee the implementations of demotion policies and procedures.

(ii) **External Mobility:** One of the areas that concern the human resource manager is the mobility of the workforce in a company. These include issues such as dismissal, redundancy, transfer, retirement and resignation.

When an employee fails to perform adequately, or has acted in a capacity that contravenes their employment contract, they may be

warned to improve their performance or face dismissal. Subsequent warnings and failure to conform may result in dismissal. The human resource manager needs to be careful to act fairly and guide the process in these cases, since their failure could lead to unfair dismissal claims in the court.

Where a company faces loss of profits and is struggling to maintain their position in the market place, or is undergoing a process of restructuring, the company may look to downsize the workforce by natural attrition (i.e., people leaving and not being replaced), or by redundancy. Redundancy clauses are usually found in individual employment contracts and provide the mechanism by which an employee may be made redundant.

Occasionally employees are transferred from one part of employment or location to another. There are many reasons why an employee may be transferred, such as promotion, work more common in another location (as is often the case with construction projects), or the person's skills are required elsewhere. For the human resource manager, transfers can cause problems due to the employee being unwilling to move, usually because of external factors such as family and mortgage commitments.

Retirement of individuals has to be managed in order for the human resource manager to plan adequately for replacement staff. Finally, the human resource manager must keep track of the resignation situation of staff. In particular they need to find out why a person is leaving the organization. One way of doing this is through an exit interview, where the human resource and other managers discuss with the person why they are leaving and, if applicable, use the information gathered to improve the current status of employees.

1.8.2.5 Organization development: It is a planned process designed to improve organizational effectiveness and health through modifications in individual and group behavior, culture and systems of the organization using knowledge and technology of applied behavioral science.

1.8.2.6 Compensation: It is the process of providing adequate, equitable and fair remuneration to the employees. It includes job evaluation, wages and salary administration, incentives, bonus, fringe benefits, social security measures, etc.

(a) Job Evaluation: It is the process of determining relative worth of jobs.

- (i) Select suitable job evaluation techniques.
- (ii) Classify jobs into various categories
- (iii) Determining relative value of jobs in various categories.

(b) Wage and Salary Administration: It is the process of developing and operating a suitable wage and salary programme. It covers:

- (i) Conducting wage and salary survey.
- (ii) Determining wage and salary rates based on various factors.
- (iii) Administering wage and salary programmes
- (iv) Evaluating its effectiveness.

(c) Incentives: It is the process of formulating, administering and reviewing the schemes of financial incentives in addition to regular payment of wages and salary. It includes:

- Formulating incentive payment schemes
- Helping functional managers on the operation
- Review them periodically to evaluate effectiveness

(d) Bonus: It includes payment of statutory bonus according to the payment of Bonus Act 1965, and its latest amendments.

(e) Fringe Benefits: These are the various benefits at the fringe of the wage. Management provides these benefits to motivate the employees and to meet their life contingencies.

These benefits include:

- (1) Disablement benefit
- (2) Housing facilities/Educational facilities to employees and children
- (3) Canteen facilities
- (4) Recreational facilities
- (5) Conveyance facilities
- (6) Credit facilities
- (7) Legal clinic medical, maternity and welfare facilities
- (8) Company stores.

(f) Social Security Measures: Management provides social security to their employees in addition to the fringe benefits. These measures include:

1. Workmen's compensation to those workers (or their dependents who involve in accidents).
2. Maternity benefits to women employees.
3. Sickness benefits and medical benefits.
4. Disablement benefits/allowance.
5. Dependent benefits.
6. Retirement benefits like provident fund, pension, gratuity etc.

1.9 Human Relations

Practicing various human resource policies and programmes like employment, development, compensation and interaction among employees and management, among workers and trade unions and management.

It is the process of interaction among the human beings. Human relations is an area of management integrating people into work situating in a way that motivates them to work together productively, co-operatively and with economical, psychological and social satisfaction. It includes:

- (i) Understanding and applying the models of perception, personality, learning, intra and inter personal relations, intra and inter group relations.
- (ii) Motivating the Employees
- (iii) Boosting Employee Morale
- (iv) Developing the Communication Skills
- (v) Developing the Leadership Skills
- (vi) Redressing employee grievances properly and in time by means of a well formulated grievance procedure
- (vii) Handling disciplinary cases by means of an established disciplinary procedure
- (viii) Counseling the employees in solving their personal, family and work related problems and releasing their stress, strain and tensions
- (ix) Improving quality of work life of employees through participation and other means.

1.10 Effectiveness of Human Resources Management

Effectiveness of various personnel programmes and practices can be measured or evaluated by means of organizational health and human resources accounting, etc.

(a) Organizational Health: Organizational health may study through the result of employees' contribution to the organization and the employee job satisfaction. The results of the employee satisfaction can be understood by labour turnover, absenteeism, commitment and the like. Low rate of absenteeism, specific and high rate of employee commitment most probably indicate employee satisfaction about the job and the organization.

Employee contribution to the organizational goals can measure through employee productivity of different types.

(b) Human Resource Accounting Audit and Research: Effectiveness of human resource management can also be found out through human resources accounting, audit and research.

(i) Human Resource Accounting (HRA): It is a measurement of the cost and value of HR to the organization. Human resource management is said to be effective if the value and contribution of human resources to the organization is more than the cost of human resources.

(ii) Human Resource Audit: Human resource audit refers to an examination and evaluation of policies, procedures and practices to determine the efficiency of the available human resource.

CONCEPTS RELEVANT TO THE PRESENT STUDY

With growing globalization, the accent has been gradually shifting from legal and welfare approach to view the human resource function as a tool for development of the total human resources in the organization to meet competitive environment. The rapid technological changes have also necessitated this. As a consequence of economic liberalization in India, there has been tremendous pressure on the government, as well as the enterprises to improve their competitive capabilities. Gearing up to the emerging opportunities and staying in a competitive environment requires greater responsibility innovative approaches than have been evident so far. There is also a need for strong element of professionalism in managing and developing human resources and employment practices. All these require an understanding of the strategic dimension of various practices that have a bearing on planning for people and employment practices in public sector organizations².

² Virmani B.R., *Personnel Today*, pp 4-6, April-June 2005

Modern organizations are facing unprecedented challenges of change. Globalization, technological innovation, the transition to service economy, rising expectations of the employees and the customers as well as the need to become ethical and socially responsible are changing the architecture of organizations and also the way people are managed. Most organizations are trying to cope up with new business realities by redesigning their organizational structure and process and changing their focus on people management. The provisions under WTO concomitant political, economic, and social factors are propelling changes and defining the contours of the 21st century organizations.

The function of HRM has also undergone transformation over a period of time. HRM has emerged as the most important functions in the area under management. In the field of HRM itself, there has been number of changes and these developments have been documented properly³. The erstwhile traditional personnel management has been transformed into HRM, which has now become the integral part of the overall business strategy. In this new paradigm, people occupy center stage in achieving sustainable competitive advantage.

In the new millennium, the key to achieve organizational excellence through HRM involves recruiting, utilizing, and retaining talent. Recruitment as a strategic lever is intimately linked to all other subsequent HR activities. Every business need top talent at every link because the business will be as strong as its weakest link. For understanding the intricacies of recruitment both individual and organizational perspectives are to be considered. The criterion of 'fit' (i.e., matching natural strengths to business needs) must be embedded in the recruitment process. Job-fit, organization-fit and other conditions viz., location, salary plays a key role in effectively attracting and retaining the talent.

The recruitment practices have been also changing over a period of time. Earlier little systematic recruitment research existed and it has advanced in a fragmented fashion. Lack of methodical and professional practices along with inordinate delays were a cause of frustration for the job applicants. The emergence of strategic HRM and the recognition of recruitment as a key strategic lever led to increased research attention to recruitment issues both at the individual and also at organizational level. Many organizations started exploring innovative recruiting practices for sourcing the executives⁴. Hence, it is a pertinent to examine some of the

3. See www.adtimes.nstp.com for details.

4. Rani Geeta Priyadarshini and Venkatapathi R., Extent of HRD Practices in Banking Industry, *Prajanan XXXI (3)*, pp. 223-228, 2002

conceptual aspects of recruitment and other related aspects in the public sector.

Definitions:

According to Yoder Dale⁵ "Recruitment is a process to discover the sources of manpower to meet the requirement of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force".

According to Edwin B. Flippo⁶, "Recruitment is a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organization".

Recruitment forms the first stage in the process, which continues with selection and ceases with the placement of the candidate. Recruitment makes it possible to acquire the number and types of people necessary to ensure the continued operation of the organization. Recruiting is the discovering of potential applicants for actual or anticipated organizational vacancies. In other words, it is a linking activity bringing together those with jobs and those seeking jobs.

Recruitment is a process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force. Accordingly, the purpose of recruitment is to like any other banking industry is to locate sources of manpower to meet job requirements and job specifications. This appears as an ongoing business in the APDDCF Ltd.

Factors Effecting Recruitment:

At this stage it is of great relevance to understand the factors that are effecting recruitment in Public sector as on HR practice. The following factors have been considered for this purpose. They are:

- The size of the organization;
- The employment conditions in the community, where the bank is located;
- The effects of past recruiting efforts which show the APDDCF Ltd., ability to locate and keep good performing people;

5. Robbins, Stephen P., *The Management of Human Resources*, p. 75

6. Flippo, Edwin B., *Personnel Management*, p. 131

- Working conditions and salary and benefit packages offered by the organizations which may influence turnover and necessitate future recruiting;
- The rate of growth of an organization; and
- Cultural, economic and legal factors.

Steps in Recruitment Process:

As mentioned earlier, recruitment refers to the process of identifying and attracting job seekers so as to build a pool of qualified job applicants⁷.

For further process it is relevant to understand the process and stages involved in it. This gives a bird's view of recruitment process in Public sector, as HR Practice.

The process comprises five inter-related stages, viz.,

1. Planning
2. Strategy Development
3. Searching
4. Screening
5. Evaluation Control

Methods or Techniques of Recruitment:

Further, it is also relevant to understand and appreciate recruitment as HR practice in public sector. Different methods of recruitment are to be examined, examined in this concept. The possible recruiting methods are classified into three categories;⁸ they are:

1. Direct Methods
2. Indirect Methods
3. Third Party Methods

1. Direct Methods: These include organizations sending traveling recruiters to educational and professional institutions, employee's contacts with public, and manned exhibits. One of the widely used direct methods is that of sending of recruiters to colleges and technical schools. In some organizations recruiting is done in co-operation with the placement office of an institution.

7. Memoria C. B. and Gankar S.V., *Personnel Management*, p. 185

8. Ibid, p. 192

These days most of the Private sector organizations are recruiting candidates from campus interviews. The placement offices in institutions usually provide help in attracting students, arranging interviews, furnishing space, and providing student resumes. For managerial, professional and sales personnel, campus recruiting is an extensive operation. Persons studying for MBA or other technical, diplomas are picked up in this manner. For this purpose, carefully prepared brochures, describing the organization and the jobs it offers are distributed among students, before the interviewer arrives.

Sometimes, organizations directly solicit information from the concerned professors about students with an outstanding record. Other direct methods include sending recruiters to conventions and seminars, setting up exhibits to fairs and using mobile offices to go to the desired centers.

2. Indirect Methods: Indirect methods mostly involve advertising in newspaper, on the TV, in trade and professional journals, technical magazines and brochures. Advertising in news papers and/or trade journals and magazines is the most frequently used method, when qualified or experienced personnel are not available from other sources. Senior posts are largely filled by such methods when they cannot be filled by promotion from within⁹.

Advertising is very useful for recruiting blue-collar and hourly workers, as well as scientific, professional, and technical employees. Local news papers are a good source of blue collar workers, clerical employees and lower level administrative employees.

Many organizations sometimes often place what is referred to as a blind advertisement, one in which there is no identification of the organization. Respondents for instance, are asked to reply to a post box number or to a consulting firm that is acting as intermediary between the applicant and the organization. The large organizations with regional or national reputation do not usually use blind advertisements. Professional journals are read by people with specialized backgrounds and interests. Therefore, advertisements in these are selective.

3. Third Party Methods: These include the use of commercial or private employment agencies, state agencies, placement offices of technical institutions and professional associations, recruiting firms, management consulting firms¹⁰, and friends and relatives.

9. Wendell, French, *The Personnel Management Process*, p. 259

10. Ibid p. 195

Private employment agencies are widely used. They charge a small fee from the applicants. They are specialized in specific occupations. These private agencies are brokers who bring employers and employees together. At present this is not practiced among the organizations under study.

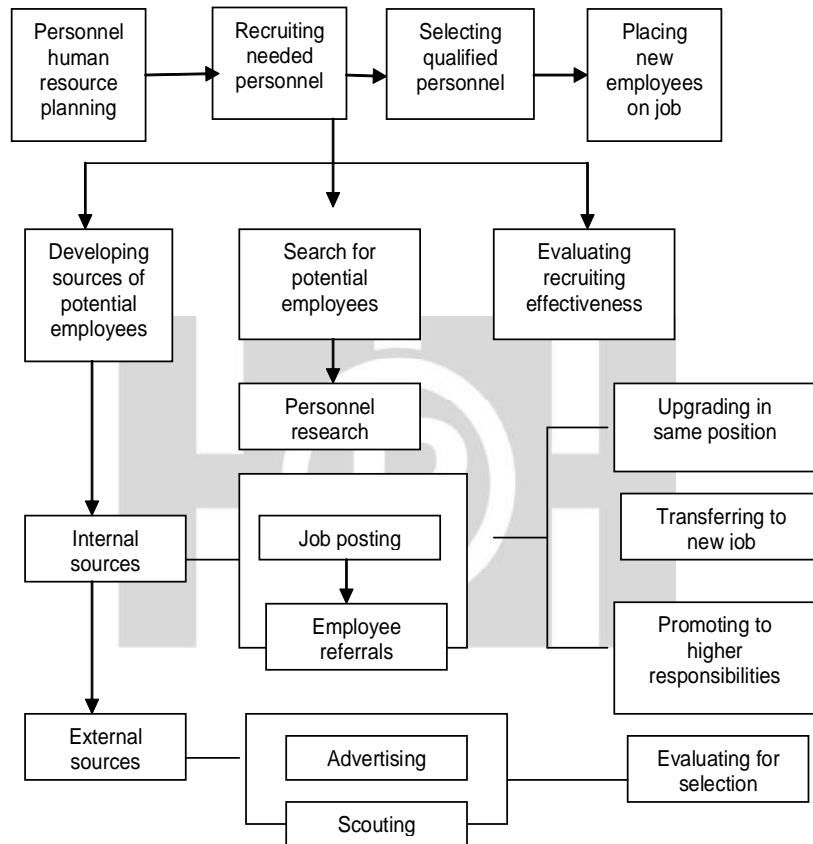


Fig. 1: Recruitment Process

State or public employment agencies also known as employment exchanges are the main agencies of public employment. Employers inform them of their personnel requirements, while job seekers get information for them about the type of jobs that are referred by employers. Colleges and professional institutions offer opportunities for recruiting their students. They operate placement services where complete bio-data and other particulars of the students are available. These general and professional institutions provide blue-collar applicants, white collar and managerial personnel.

SELECTION

The selection procedure is the next stage, concerned with securing relevant information about an applicant. This information is secured in a number of steps or stages. The objective of selection process is to determine whether an applicant meets the qualifications for a specific job and to choose the applicant who is likely to perform well in that job in the Public sector. That is being examined in the following paragraphs.

Selection is a long process, commencing from the preliminary interview of the applicants and ending with the 'contract' of employment.

The hiring process is of one or many 'go, no-go' gauges. Candidates are screened by the application of these tools. Qualified applicants go on to the next hurdle, while the unqualified are eliminated. Thus, an effective selection program is a non-random process because those selected have been chosen on the basis of assumption that they are more likely to be better employees than those who are being rejected¹¹.

Selection processes or activities typically follow a standard pattern, beginning with an initial screening interview and concluding with the final employment decision in the organizations. The traditional selection process for instance, includes: primarily screening interview, completion of application form, employment tests, comprehensive interview, background investigations, physical examination and employment decision to hire¹².

Essentials of selection procedure:

These are dependent on three forms, they are:

- The Nature of Selection
- The Policy of the Company
- The length of the Probationary or Trial Period

11. *Ibid*, pp. 198-199

12. *Organization of Facilities and Personnel*, National Industrial Conference Board, Studies in Personnel Policies, No. 144, p.1

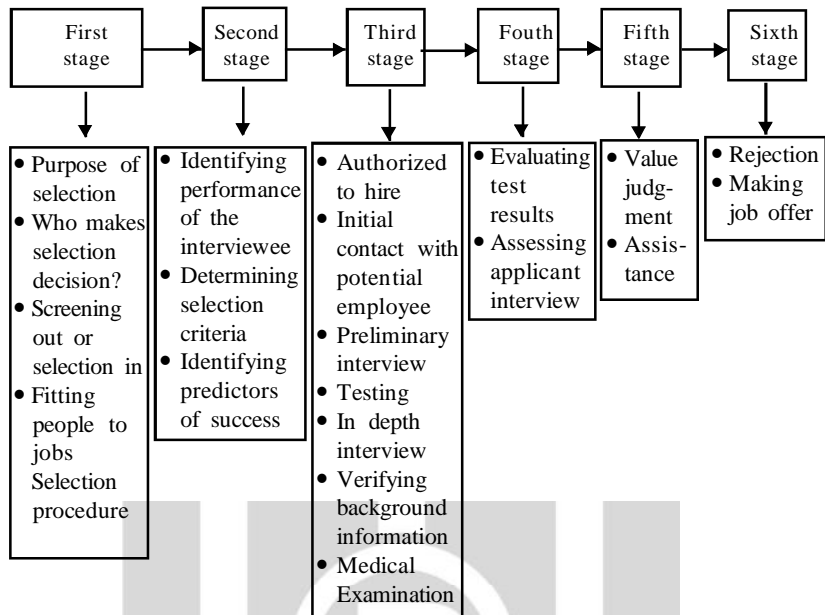


Fig. 2: Selection Stages

The hiring process can be successful, if the following preliminary requirements are satisfied:

- Some one should have the 'authority' to hire. This authority comes from the employment requisition, as developed by an analysis of the work-load and work-force.
- There must be some standard or personnel with which a prospective employee may be compared. i.e., they should be available, beforehand, a comprehensive job description and job specifications as developed by a job analysis, and
- There must be a sufficient number of applicants from whom the required number of employees may be selected.

Steps in Selection procedure

There is no short cut to an accurate evaluation of a candidate. The hiring procedures are, therefore, generally long and complicate.

The following is a popular procedure though it may be sometimes modified to suit individual situation in organizations. This is also presented pictorially in Figure 3.

1. Reception of Preliminary Interview or Screening
2. Application Blank
3. A well conducted interview to explore the facts and get at the attitudes of the applicant and his family to the job
4. A physical Examination
5. Physical testing to explore the surface area and get an objective look at a candidates suitability for a job;
6. A Reference Check
7. Final selection approval by manager; and communication of the decision to the candidate

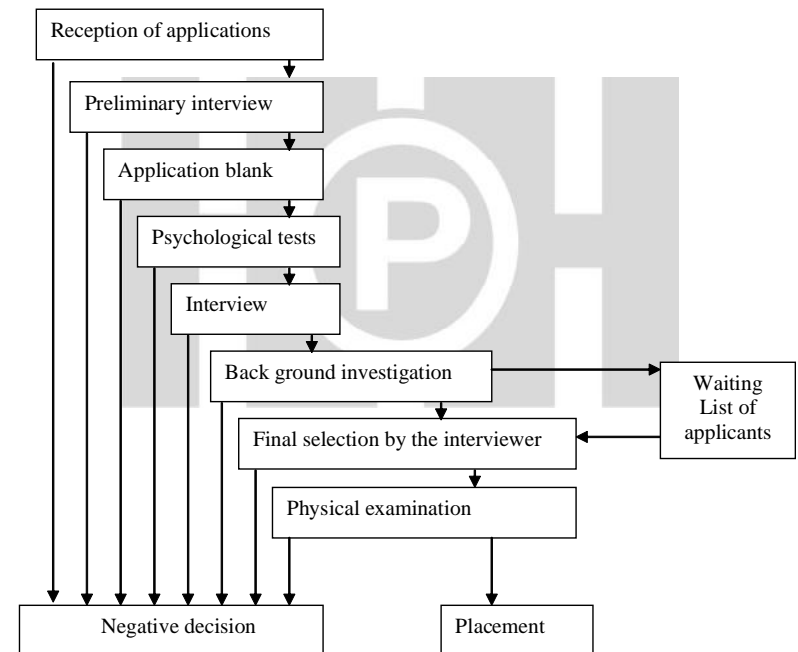


Fig. 3: Selection Process Flowchart

PLACEMENT

Once an offer of employment has been extended and accepted, the final stage in procurement function is to be conducted, namely that, of placement of the individual on the new job and orienting him to the organization¹³.

Placement may be defined as “the determination of the job to which an accepted candidate is to be assigned, and his assignment to that job. It is matching of what the supervisor has reason to think he can do which the job demands. It is a matching of what he deserves”. Companionship with others, promotional possibilities, etc., a proper placement of an employee minimises employee turnover, absenteeism, etc., improves morale in the companies.

TRAINING & DEVELOPMENT

Companies haven't been investing enough in people. Rather than train them, they let them go. Our people are our capital. The more we invest in them, the more they can be effective¹⁴. – (Nandan Nilekani, CEO, Infosys Technologies Ltd.)

In the present scenario of globalization and liberalization, the intensity of competition increases day by day in all spheres of business and the APDDCF Ltd., is no exception. While all the resources at the command of an organization can be imitated by the competitor to have an edge over the rivals, it is the human resource (HR) which eludes duplication due to its uniqueness. HR is not just a number game, it is the sum total of the inherited intelligent, acquired knowledge, learned skill and accumulated experience over the years. According to Pfeiffer (1994), the significance of HR as the greatest asset of an organization assumes highest importance since it constitutes the organizations intangible, irreplaceable and unimitable resource. While discussing the critical issues of Human Resource Development (HRD) in the public sector, Khandwal (1998) observed that failure to motivate the employees or develop collaborative process among them could severely jeopardize the purpose of banking itself. Commenting upon the role of Indian institute of banks in HRD, Sharma and Raipurohit (1993) noted that in the service oriented industry like public sector, the man-power was the key input and serious focus had to be placed on HRD so as to enable the existing system to successfully meet the emerging challenges in the coming years.

The survey conducted by Rani Geeta Priyadarshini and Venkatapathy (2002) indicated that the public sector with higher levels of deposits had higher HRD scores and the public sector with lower deposits had lower HRD scores.

HRD is a system of developing in a continuous and planned way the competencies of individual employees, dynamic groups, teams and the

14. Wwww. Maney.cnn.com, Julie Schosser, *Harder than Harvard*, March 17, 2006.

total organization to achieve organizational goals. Some of the important techniques involved are training, development, performance appraisal/potential appraisal, career planning, etc., of the various techniques of HRD, training occupies the major position as it has a direct bearing on the individuals.

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 the organization and it is the act of increasing the knowledge and skill of an employee for doing a particular job (Monappa and Saiyadain 1996).

Definitions:

According to Dale S. Beach, “Training as the organized procedure by which people learn knowledge and/or skill for a definite purpose.”

Training is a process of learning a sequence of programmed behaviour. It is application of knowledge. It gives people an awareness of the rules and procedures to guide their behaviour. It attempts to improve their performance on the current job or prepare them for an intended job.

Every organization needs to have well trained and experienced people to perform the activities that have to be done. If the current or potential job occupant can meet this requirement, training is not important. But when this is not the case, it is necessary to raise the skill levels and increase the versatility and adaptability of employees. Inadequate job performance or technological break through requires some type of training and development efforts. In a rapidly changing society, employee training and development are not only an activity that is desirable but also an activity that an organization must commit resources if it is to maintain a viable and knowledgeable workforce¹⁵.

We use training, education, and development frequently. On the face of it, there might not appear any difference between them, but when a deep thought is given, we find some differences between them conceptually. In all training there is some education and in all education there is some training¹⁶. And the processes cannot be separated from development. Precise definitions are not something possible and can be misleading; but different persons have used these activities in different ways.

15. Cambell J.P., *Personnel Training & Development*, P.1, 1971

16. Memoria C.B. & Gankar S.V., *Personnel Management*, p. 277, 2002

Development is related process. It covers not only those activities which improve job performance but also those which bring about growth of the personality. Training a person for a bigger and greater job is development in a long term perspective¹⁷.

Need for Basic Training:

In basic purpose of training in fact provides different advantages¹⁸. They are mentioned below.

- To increase productivity
- To improve quality
- To help a company fulfill its future personnel needs
- To improve organizational climate
- To improve health and safety
- Personal growth

Importance:

Training is a practical and vital necessity because, apart from the other advantages mentioned above, it enables employees to develop and rise within the organization, and increase their 'market value', earning power and job security. Trained employees make better and economical use of materials and equipment; therefore, wastage and spoilage are lessened, and the need for constant supervision is reduced.

The importance of training has been expressed in several ways by different authors. However, it may be used that training is a widely accepted problem-solving device.

Responsibility for training:

- The top management, which frames the training policy.
- The personnel department, which plans, establishes and evaluates instructional programmes.
- Supervisors, who implement and apply developmental procedure.
- Employees, who provide feedback, revision and suggestions, for corporate educational endeavors.

17. *Ibid*, p. 278

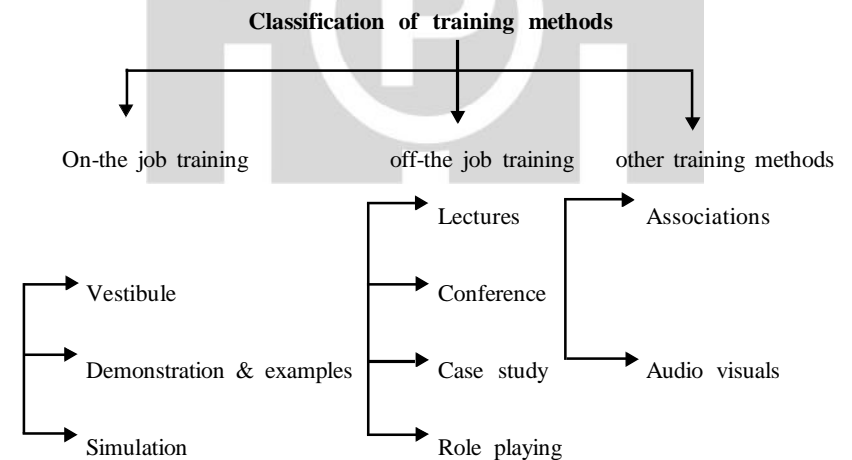
18. *Ibid*, p. 278

Steps in training programmes¹⁹ :

- Discovering or identifying the training needs
- Getting ready for the job
- Preparation of the learner
- Presentation of operation and knowledge
- Performance tryout
- Follow-up or evaluation of the programme.

Training Methods and Techniques:

The forms and types of employee training methods are inter-related. It is difficult, if not impossible; to say which of the methods or combination of methods is more useful than the other. An effective training technique generally fulfills these objectives; provide motivation to the trainee to improve job performance, develop a willingness to change, provide for the trainees active participation in the learning process, provide a knowledge of results about attempts to improve, and permit practice where appropriate.



On-the-job-training (OJT)

Virtually, every employee from clerk to the president gets some on the job training, when he joins a firm.

19. McGehee, William, and Tayler, Paul W., *Training in Business and Industry*, pp. 25-26

Trainees learn as they learn under the watchful eyes of a master mechanic or craftsman, receive immediate feedback, practice in the actual work environment, and associate with the same people they will work with after training. Under this technique, concerned with developing in an employee a repertoire of skills and habits consistent with an employee is placed in a new job and is told how it may be performed. It is primarily an employee is placed in a new job and is told how it may be performed. It is primarily with the existing practices of an organization, and with orienting him to his immediate problems. It is mostly given for unskilled and semiskilled jobs- clerical and sales jobs²⁰.

Vestibule Training (Training Center Training):

This method attempts to duplicate on the job situations in a company class room. It is a classroom training which is often imparted with the help of the equipment and machines which are identical with those in use in the place of work. This technique enables the trainee to concentrate on learning new skills rather than on performing an actual job. Theoretical training is given in the class room, while the practical work is conducted on the production line.

Demonstrations and Examples:

In the demonstration method, the trainer describes and displays something, as when he teaches an employee how to do something by actually performing the activity himself and by going through a step by step explanation of why and what he is doing²¹.

Demonstrations are very effective in teaching because it is much easier to show a person how to do a job than to tell him or ask him to gather instruction from the reading material. Demonstrations are often used in combination with lectures, pictures, text materials, discussions, etc.

Simulation:

Simulation is technique which duplicates, as nearly as possible, the actual conditions encountered on a job. The vestibule training method or the business game methods are examples of business simulations. Simulation techniques have been most widely used in the aeronautical industry²².

20. Das Gupta A., *Business and Management in India*, p. 109.

21. Sikula A.F., *Personnel Administration & Human Resources Development*, p. 245.

22. Beach D.S., *The Management of People at Work*, p. 388.

Off-the-job training or Classroom Methods:

Off the job training simply means that training is not a part of everyday job activity. The actual location may be in the company class rooms or in places which are owned by the company.

These methods consist of:

- Lectures
- Conferences
- Group discussions
- Case Studies
- Role Playing

Lectures:

Lectures are regarded as one of the simplest ways of imparting knowledge to the trainees, especially when facts, concepts, or principles, attitudes, theories and problem solving abilities are to be taught. Lectures are formal and organized talks by the training specialist, the formal superior or other individual specific topics.

The lecture method can be used for very large groups which are to be trained with in a short time, thus reducing the cost per trainee.

The Conference Method:

In this method, the participating individuals confer to discuss points of common interest to each other. A conference is basic to most participative group centered methods of development. It is a formal meeting, conducted in accordance with a organized plan, in which the leader seeks to develop knowledge and understanding by obtaining a considerable amount of oral participation of the trainees.

Seminar:

It may be based on a paper prepared by one or more trainees on a subject selected in consultation with the person in charge of the seminar. It may be a part of a study. The trainees read their papers, and this is followed by critical discussion. The chairman of the seminar summarizes the contents of the papers and the discussions which follow their reading²³.

23. Asthana G.P., *Training Methods in Management Development*, p. 165.

The person in charge of the seminar distributes in advance the material to be analyzed in the form of required readings. The seminar compares the reactions of trainees, encourages discussion, defines the general trends and guides the participants to certain conclusions²⁴.

Case Studies:

The case is a set of data, written or oral miniature description and summary of such data that present issues and problems calling for solutions on the part of the trainee. The person in charge of training, makes out a case precedes the necessary explanations, initiates the discussion going; and then, once the discussion gets going, he intervenes as little as possible.

In the incident method, a full detailed description of a situation is not given. The trainer merely presents an outline, often in the form of a complaint from a customer or a severe conflict in the management of a business. The trainee arrives at the facts in issue by asking questions from the trainer or by finding out solution by acting out the situation in which a trainee plays a role.

Role Playing:

In role playing, trainees act out a given role as they would in a stage play. Two or more trainees are assigned parts to play before the rest of the class. These parts do not involve any memorization of lines any rehearsals. The role players are simply informed of a situation and of the respective roles they have to play. Some time after the preliminary planning, the situation is acted out by the role players.

Role playing is primarily involves employee-employer relationships-hiring, firing, disciplining a sub-ordinate or salesman making a representation to customer.

Training Need Identification Areas:

According to the survey conducted by Venkatswamy G., there were some key areas to train the employees working in public and private sector enterprises. These are, team building, communication skills, employee's motivation, leadership programmes, computer education/programme, attitudinal development, interpersonal relationship and effectiveness, employee development and HRD, creativity management, time management, training for trainers, managerial skill development, technology developments, on-the-job training, etc²⁵.

24. *Ibid.*, p. 292

25. Venkatswamy G., *Training & Development in Public Enterprises in India*, pp. 13-14, Indian Publishers distributors, 1998

Performance Appraisal:

The authors Rummel and Brache have pointed out six variables that affect the job performance, namely, barriers, performance expectations, consequences, feedback, knowledge/skill, and individual capacity.

Performance appraisal is a basic tool to measure the efficiency and potentiality of an employee. Now-a-days, most of the Indian organizations introduced latest trends in performance appraisal to know the efficiency of the employees at work place.

“Performance Appraisal is a process of evaluating an employee's performance of a job in terms of its requirements”²⁶. It is a process of estimating or judging the value, excellence, qualities or status of some object, person or thing²⁷.

Importance:

Performance appraisal has been considered as a most significant and indispensable tool for an organization, for the information it provides is highly useful in making decisions regarding various personal aspects such as promotions and merit increases. Performance measures also link information gathering and decision-making processes which provide a basis for judging the effectiveness of personnel sub-divisions such as recruiting, selection, training and compensation. Accurate information plays a vital role in the organization as a whole. They help to pin-point weak areas in the primary systems (e.g., marketing, finance, and production). It is easier for managers to see which employees need training or counseling, because jobs are grouped by categories (e.g., production foremen, sales manager, and financial analyst). These categories can break into smaller and smaller groups, if necessary. If valid performance data are available, timely, accurate, objective, standardized and relevant, management can maintain consistent promotion and compensation policies throughout the total system.

McGregor²⁸ says: formal performance appraisal plans are designed to meet three needs, one of the organization and the other two of the individual, namely;

26. Scott W.D., Clotheir R.C., and Spriegel W.R., *Personnel Management*, p. 160

27. Heyel C., *The Encyclopedia of Management*, p. 654, Reinhold Publishing Corporation Ltd., New York, 1973

28. An uneasy look at performance appraisal, *Harvard Business Review*, pp. 89-94, May/June, 1995.

(i) They provide systematic judgments to backup salary increases, transfers, demotions or terminations.

(ii) They are means of telling a subordinate how he is doing, and suggesting needed changes in his behavior attitudes, skills, or job knowledge. They let him know 'where he stands' with the boss.

They are used as a base for coaching and counseling the individual by the superior.

On the other hand, Levinson²⁹ has given three functions of performance appraisal.

It seeks to provide an adequate feedback to each individual for his or her performance.

- (i) It purports to serve as a basis for improving or changing behaviour toward some more effective working habits.
- (ii) It aims at providing data to managers with which they may judge future job assignments and compensation. It stresses the fact that the existing systems of performance appraisal do not serve any of these functions effectively but focus on outcome of behaviour.

Process:

The process of performance appraisal follows a set pattern, viz., a man's performance is periodically appraised by his supervisors.

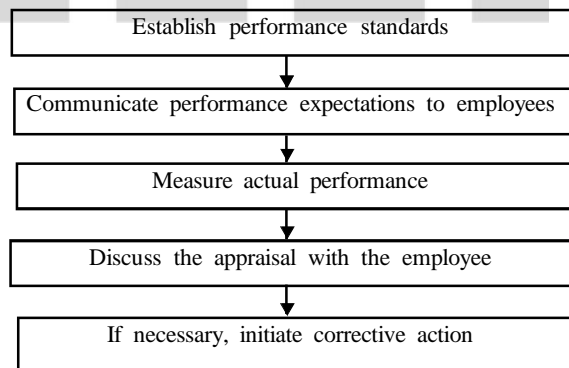
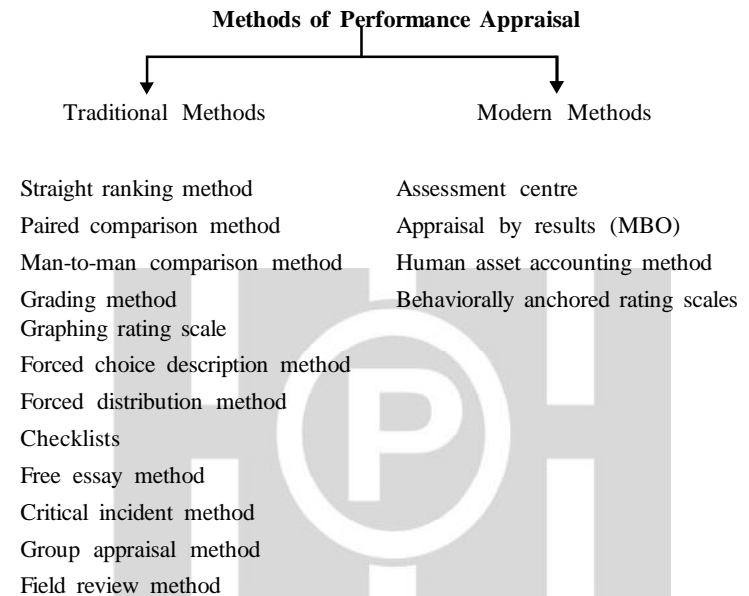


Fig. 4: Process of Performance Appraisal

29. Levinson H., *Appraisal of What Performance*, p. 30

METHODS OF PERFORMANCE APPRAISAL

We have discussed the importance of PA process. It is also equally important to understand the methods used in performance appraisal and their relevance to Public sector. These methods can be broadly classified into two. They are traditional and modern methods which are explained as under.



Traditional Methods:

1. Straight Ranking Method: The 'whole man' is compared with the 'whole man', that is, the ranking of a man in a work group is done against that of another. The relative position of each man is tested in terms of his numerical rank. It may be done by ranking a person on his job performance against that of another number of competitive groups by placing him s number one or two or three in total group.

2. Paired Comparison Method: In this method each employee is compared with the traits identified, with all the other persons in pairs one at a time. With this technique judgment is easier and simpler than with the ordinary ranking method. The number times each individual is compared with another is tallied on a piece of paper.

3. Man-to-Man Comparison Method: This technique was used by the USA army during the First World War. By this method, certain

factors are selected for the purpose of analysis, and a scale is designed by the rater for each factor. A scale of man is created for each selected factor. The each man to be rated is compared with the man in the scale, and certain scores for each factor awarded to him.

4. Grading Method: The actual performance of the employee is then compared with grade definitions, and he is allotted the grade which best describes his performance. Such type of grading is done in semester examinations. The grades may be in the form of A: outstanding B: very good C: good D: fair E: poor.

5. Graphic Rating Scale: This is the most commonly used method. Under it, a printed form, one for each person to be rated. These factors are employee contribution and employee characteristics. In employee characteristics are included such qualities as initiative, leadership, cooperativeness, dependability, industry, attitude, enthusiasm, creative ability. In the employee contribution are included the quantity and quality of work, the responsibility assumed, specific goals achieved, regularity of attendance, leadership offered, attitude towards supervisors and associates, etc³⁰.

6. Forced Choice Description Method: Under this method, the rating elements are several sets of pair phrases or adjectives relating to job proficiency or personal qualifications. The rater is asked to indicate which of the four phases is most and least descriptive of the employee.

The following statements are illustrative of the type of statements that are used;

As Compared to	A	B	C	D	E
A		+	+	-	-
B	+		+	+	+
C		-		-	+
D	+	+	+		+
E	+	-	+	-	

30. Jucius H.J., *Personnel Management*, pp. 272-273

- (a) Makes little effort and individual instruction
- (b) Organizes the work well
- (c) Lacks of ability to make people feel at ease
- (d) Has a cool; even temperament
- (e) Is punctual and careful
- (f) Is a hard worker and co-operative
- (g) Is overbearing and disinterested in work.

7. Forced Distribution Method: This system is eliminate or minimize refers bias, so that all personnel may not be placed at the higher end or at the lower end of the scale. A five point performance scale is used without any descriptive statement. Employees are placed between the two extremes of good and bad job performances³¹.

8. Checklists: A series of questions are presented concerning an employee to his behaviour. The rater, then checks to indicate the answer to question about an employee is positive or negative. The value of each question may be weighted equally or certain questions may be weighted more heavily than others.

9. Free Essay Method: The supervisor makes a free from, open ended appraisal of an employee in his own words and puts down his impressions about the employee.

10. Critical Incident Method: The essence of this system is that it attempts to measure workers performance in terms of certain events and episodes that occur in the performance of the rate's job. These events are known as critical incidents. The basis of this method is the principle that "there are certain significant acts in each employee's behaviour and performance which make all the difference between success and failure on the job".

11. Group Appraisal Method: Employees are rated by an appraisal group, consisting of their supervisor and three or four other supervisors who have some knowledge of their performance. The supervisor explains to the group the nature of his subordinates duties. The group then discusses the standards of performance for that job, the actual performance of the job-holder, and the causes of their particular level of performance, and offers suggestions for future improvements.

31. Flippo E.B., *Principles of Management*, p. 269.

12. Field Review Method: Under this method, a trainer employee from the personnel department interviews line supervisors to evaluate their respective subordinates. The appraiser is fully equipped with definite test questions, usually memorized in advance, which he puts to the supervisor³². The supervisor is required to give his opinion about the progress of his subordinates, the level of the performance of each subordinate, his weaknesses, good points, promotability, etc.

Modern Methods:

1. Appraisal by Results (MBO): MBO is potentially a powerful philosophy of managing an effective way for operationalising the evaluation process. It seeks to minimize external controls and maximize internal motivation through joint goal setting between the manager and the subordinate and increasing the subordinates own control of his work. It strongly reinforces the importance of allowing the subordinate to participate actively in the decisions that affect him directly³³.

Process:

- Set organization goals
- Joint goal setting
- Performance reviews
- Set check posts
- Feedback

2. Assessment Centre Method: Many evaluators join together to judge employee performance in several situations with the use of a variety of criteria, it is used mostly to help select employees for the first level (the lowest) supervisory positions. Assessments are made to determine employee potential for purposes of promotion. The assessment is generally done with the help of a couple of employees and involves paper and pencil test interviews and situational exercises.

3. 360 Degree Feedback: The appraisal may be any person who has through knowledge about the job done by contents to be appraised, standards of contents and who observes the employee while performing a job. The appraiser should be capable of determining that is more important and what is relatively less important. He should assess the performance without bias. The appraisers are supervisors, peers,

32. *Merit Rating Plus in Management Record*, National Industrial Conference Board, pp. 323-324

33. Carroll, Steven and Henry Tosi, *Management by Objectives*, p. 3

subordinates employees themselves users of service and consultants. Performance appraisal by all these parties is called “360 degree appraisal”.

4. Human Asset Accounting Method: The human asset accounting methods refers to activity devoted to attaching money estimates to the value of firm’s internal human organization and its external customer goodwill. If able, well trained personnel leave a firm, the human organization is worthless if they join it, its human assets are increased. If distrust and conflict prevail, the human enterprise is devalued. If team work and high morale prevail, the human organization is very valuable asset.

5. Behaviorally Anchored Scales: The procedure for B.A.R.S. given in following five steps.

- (i) Generate critical incidents
- (ii) Develop performance dimensions
- (iii) Reallocate incidents
- (iv) Scale of incidents
- (v) Develop final instrument

REVIEW OF LITERATURE

The literature referred for the current study includes books, journals, magazines, internet, websites, and annual reports and also through personal discussions with the employees. Some of the studies that are directly or indirectly related to the present study are being reviewed and presented below.

It is rather difficult to say spontaneously what management means, though we have studied a course in management. But it is necessary to recall what management is before studying Human Resource Management. Management has been defined by Mary parker Follet as “The art of getting things done through people.”

But it is felt that management is much more than what is said in this definition. Management is further defined as, “That field of human behavior in which managers plan, organize, staff, direct & control human, physical and financial resources in an organized effort, in order to achieve desired individual and group objectives with optimal efficiency and effectiveness.”

It is clear from this definition that management is concerned with the accomplishment of objectives by utilizing physical and financial resources through the efforts of human resources.

According to Leon C. Megginson, the term human resources can be thought of as, “The total knowledge, skills, creative abilities, talents and aptitudes of an organization’s work force, as well as the value, attitudes and beliefs of the individuals involved.”

Study³⁴ based on **Relationships between Selected Human Resource Management Practices and Dairy Farm Performance** by Holden, L.A.; Hyde, J; Stup, R.E. The objectives were to identify relationships between human resource management (HRM) practices used by dairy farm businesses and the productivity and profitability of the dairies. Explanatory variables were the following practices: training, job descriptions, standard operating procedures, milk quality incentives, and the employment of Spanish-speaking employees. The dependent variables were return on assets, return on equity, rolling herd average, and somatic cell count. The effects of individual HRM practices were analyzed to test for means separation between groups that “used” and those that “did not use” HRM practices.

Rao P.L. conducted a research³⁵ of Restructuring Innovative HR Practices in HPCL (2002), the objective of the study is to implement common wage structure and conditions of service, residual difference in working hours, and time bound promotions, etc., to the employees after nationalization. The innovative practices are working satisfactory.

Mathialagan, G.M., conducted a research³⁶ on Innovative H.R. & I.R. Practices of Neyveli Lignite Corporation Limited; he observed that higher profit is an indication of lesser IR problems & optimum utilization of human resources. The practices followed in HR and IR has earned NLC, the national best organization for training award and outstanding Industrial Relations Award (2003-2004).

Radjamanogary, explained³⁷ the impact of globalization on HRM Practices and discussed the restructuring of HRM practices in the context of Globalization. It is being proved that, HRM practices in globalized era have to move across boundaries of culture, geography, and language. HRM practices such as training and development, performance appraisal, communication, etc., need to be restructured in order to develop the organizations.

34. Relationships between Selected Human Resource Management Practices and Dairy Farm Performance, *Journal of Dairy Science*, March 1, 2006

35. Restructuring: Innovative HR practices, *Personnel Today*, pp. 10-11, April-June 2005

36. Innovative H.R & I.R. Practices, *Personnel Today*, pp. 40-43, April-June 2005

37. Globalization and its Impact on HRM in Corporate Sector, *HRM Review*, pp. 26-29, September 2006.

Konakanchi Prasanth, and Vivek Gupta, conducted a research³⁸ on Human Resource Management: Best Practices, at Marriott International. It describes the spirit to serve culture and the company’s HR philosophy which guided its various HR initiatives. It provided the best practices employed by the company in the recruitment, selection, training and development of employees. It also detailed the employee retention strategies and grievance redressal system at the company. Finally, it reviewed the benefits reaped by the company because of its employee-friendly HR practices.

Bhushan Y. K. conducted a research³⁹ and is being identified that, the training culture in effective training institutes tended to move towards openness with more emphasis on collaboration and simultaneous de-emphasizing of hierarchy.

A Study is being conducted by Venkatswamy G., Training & Development in Public Enterprises in India. The study⁴⁰ examined the status of existing training facilities and programmes in public sector enterprises. Studied the coverage and contents of “training programmes” and methods/aids used by them; data is being collected from 36 public sector enterprises.

While discussing the determinants of HRM policies and practices in India, Budhwar (2000) reported⁴¹ that in public manufacturing sector the amount of money spent and the number of employees trained was less compared to MNCs and private sector organization.

Even though the study is related to manufacturing unit, an effort has been made to go through some literature on manufacturing sector HR practices and their relevance to organizations; if any. It is done because; most of the studies have been on public sector unit experiences in India.

Sue Hutchinson, Nick Kinnie, John Purcell, conducted an interesting research⁴² on Bringing Policies to Life: Discretionary Behaviour and the Impact on Business Performance. Despite the progress made in identifying possible associations between HR practices and business

38. Human Resource Management: Best Practices, *Case Folio*, pp. 39-58, September 2005

39. *Training and Human Resources Development - an experience in symbiosis*, Rawat Publications, 1997

40. *Training & Development in Public Enterprises in India*, Indian Publishers Distributors, 1998

41. Determination of HRM Policies and Practice in India – an empirical study, *Global Business Review*, pp. 229-245, 2000

42. Journal of Policy analysis and Management, Volume 17, No. 2, p. 268

performance over the last 10 years serious gaps in our knowledge remain. In particular, the research leaves a number of key questions unanswered concerning how and why HR practices impact on the performance of the business. The difficulty in addressing these questions is linked, in part; to the research methods employed which have often been based on the analysis of large scale survey data. There is a clear need for research which builds on and complements our existing knowledge and employs methods that allow us to develop an understanding of the detailed and intricate relationships between HR practices and business performance.

Alexander Ardichvili, Alexander Gasparishvili, conducted a study⁴³ on Human resource development in an industry in transition: the case of the Russian APDDCF Ltd. This study documents issues and problems faced by the human resource development (HRD) system in the Russian banking industry, and identify future trends for the development of this system. The study was conducted in 1998; it was based on a mixed-method methodology and included seventy large and medium-sized public sectors from six regions of Russia and forty-five educational and training institutions. Some of the themes that emerged were: in Russian public sector, HRD was a part of 'personnel management', and not a function in its own right; HRD was regarded as a part of a larger lifetime education system; there was a stronger emphasis on selection and recruitment than on training and development or assisting personnel in realizing their long-term growth potential; training and development activities had a higher priority than organization development; there was a growing trend towards the use of learning technologies in medium-sized public sector; in general, to provide outside training, the bank executives placed a higher trust in state-owned institutions than in private ones; the majority of participants had a goal of creating internal training centers in the future; a turbulent political and economic environment was regarded as a major barrier in the development of the banking education and training systems; another serious problem was the lack of instructors with practical experience. Further, it is also noticed that recommendations for the transfer of Western HRD practices and a number of future research directions are formulated in the study.

Michael Muller conducted a research⁴⁴ on Human resource and industrial relations practices of UK and US multinationals in Germany. Most of the research about HRM and IR practices of MNCs in their host

43. *Human Resource Development International*, Volume. 4, No. 1, pp. 47-63.

44. *International Journal of Human Resource Management*, Volume 9, No. 4, pp. 732-749, August 1998

country has been conducted in deregulated countries such as the UK and the US. Host countries with relatively weak institutional arrangements facilitate the transfer of home-country practices. In contrast, those with institutionally strong systems, such as Germany, impose stronger pressures for adaptation. This paper reports research about nine US and four UK subsidiaries operating in Germany. It examines how their HRM and IR practices are shaped by German labour and IR institutions, how they differ from a control group of indigenous firms and what room for manoeuvre is left for the introduction of home-country practices. The main conclusions are that small and medium-sized subsidiaries in particular can to some extent avoid the pressures exerted by German labour and IR institutions. This facilitates the transfer of home-country practices. However, even larger affiliates that comply with the German institutions can transfer practices from their parent company. The highly regulated German system leaves some room for flexibility. Nevertheless, the institutional environment prevents large companies from following a unitary HRM and IR approach.

Adriana Lleras-Muney, Getting Inside the "Black Box": How HR Practices Affect Performance in Retail Bank Branches: The New Environment in Banking⁴⁵. Although there are only five public sectors in the Canadian banking industry, Canada has the highest ratio of full-banking branches to population of all the major industrialized nations. The availability of numerous retail branches, coupled with reforms that have allowed public sector to expand their product lines, has resulted in a very competitive environment in which much attention is paid to opportunities to increase the profitability of retail banking. In addition, technological change has resulted in a major organizational redesign in the Canadian banking industry. Many paper-processing tasks typically performed by branch personnel have been moved offsite to "centralized accounting units," thereby radically changing the tasks performed by branch personnel. For example, in the past, tellers simply processed customers' transactions. Today, they are evaluated on the basis of their ability to sell various financial products or make referrals to the proper sales personnel. In the words of the executive vice-president of human resources at the bank used for this study, "Sales is now the name of the game in this industry." In the new sales-oriented environment, branches are evaluated based on their sales of products.

45. *Journal of Canadian Bankers Association*, pp. 41-52, 1994.

Susan E. Jackson and Randall S. Schuler conducted a survey⁴⁶ on RM Strategies in Service Based Organizations. Increasingly, service firms are pursuing strategies that feature a greater customer orientation. In the implementation of these strategies, service firms are recognizing that getting customer-oriented behaviors from their employees is critical. Because these behaviors are often different from those exhibited by the employees in the past, service firms are utilizing their human resource practices to stimulate and reinforce the behaviors needed for the successful implementation of greater customer-oriented strategies. This article describes human resource practices being used in service firms pursuing customer-oriented strategies. After presenting the findings of an extensive questionnaire survey, a specific case study is offered. The case study illustrates how a firm tailors its human resource practices to get very specific behaviors from employees in order to implement a customer-oriented strategy.

Jonathan Michie and Maura Sheehan studied on HRM practices, R&D expenditure and innovative investment: evidence from the UK's 1990 Workplace Industrial Relations Survey⁴⁷ (WIRS). Labour 'flexibility' is often portrayed as a necessary component of a dynamic, innovative economy. This paper considers what is meant by such 'flexibility' and what relation it bears to innovation. Using evidence from the UK's 1990 Workplace Industrial Relations Survey (WIRS), this paper investigates the relationships between firms' human resource management practices on the one hand, and their 'innovative' activities on the other. Our results suggest that 'low road' HRM practices of short-term contracts were *negatively* correlated with investment in R&D and introducing new technology. The study also finds that firms that used more innovative work practices were more likely to engage in R&D and new technology. Further, it is found also find that the use of 'high road' work practices – 'high commitment' organizations and other systems – was *positively* correlated with investment in R&D and new technology.

Some other relevant research⁴⁸ studies:

Many of the existing studies are based on large scale surveys which are analyzed using sophisticated quantitative techniques and recent reviews (Purcell, 1999; Richardson and Thompson, 1999; Wright and

46. *Advances in Service Marketing and Management*, Volume 1, pp. 123-157, 1990

47. *Industrial and corporate change*, Volume 8, No. 4, 1999.

48. References quoted are based on (as given in) HR Practices in Business Performance: What makes a difference? www.bath.ac.uk/management/research/papers.htm

Gardner, 2000) have highlighted the strengths and weaknesses of this approach. One benefit is that this research has identified what appear to be stable and robust associations between the adoption of various HR practices and improvements in business performance. However, various shortcomings have also been discussed.

The level of analysis varies from the plant (Arthur, 1994; MacDuffi, 1995; Youndt *et al.*, 1996; Thompson, 2000; Applebaum, Bailey, Berg and Kallenberg, 2000), to business unit to corporate level (Huselid, 1995). Many seek to count the number of HR practices in place (Guest, 2001) but there is little agreement over what the core HR practices should be with different researchers claiming success for rather different HR packages. For example, employment security is included in some (Delery and Doty, 1996; Ichniowski *et al.*, 1994; Pfeffer, 1998) but is notably absent from others (Huselid, 1995; Arthur, 1994). There is no agreement on the level of description of each HR practice. For example, 'sophisticated recruitment and selection' does not describe the techniques, which is of little help to the practitioner. These practices are also measured in different ways. One study, for example, may look at the existence of a practice ('yes/no' answer) (Gardner *et al.*, 2000), another at the percentage of people covered by that practice (Huselid, 1995) and another at the amount or level of the practice (e.g., how much training do employees receive). Typically, this data is collected from a single respondent often using self completion questionnaires. Finally, there is very limited use of performance measures and these are often drawn from the published results or based on self-assessment (as, for example, in the Workplace Employee Relations Survey 1998, (Cully *et al.*, 1999)) which while understandable, has severe limitations.

One notable exception to this pattern of research is work carried out by Appelbaum and her colleagues⁴⁹ (Appelbaum *et al.*, 2000) who investigated the links between high performance work systems and performance in a major study of 44 manufacturing sites in steel, apparel and medical equipment between 1995 and 1997. They identified three types of generic people management practices (Appelbaum *et al.*, 2000) which they thought were critical to business performance. Skill enhancing practices are important because changes in work organization are only effective if employees have adequate skills to take up these opportunities (thus placing emphasis on recruitment, selection and learning).

49. *Ibid*, p.6

Motivation enhancing practices are important because even if we assume that employees have the opportunity and the skill, it is still essential that they have the motivation in order to take up these opportunities (here a focus on extrinsic and intrinsic rewards is necessary).

Finally, involvement enhancing practices are concerned with designing on line work systems and off line involvement activities so that employees have a chance to become involved and participate in decision making. This research represents a major step forward because it abandons the input-output model and places the organizations studied within their sectoral context. Gardner, Moynihan, Park and Wright⁵⁰ (2000) use a similar framework of skill, motivation and empowerment enhancing HR practices to test the impact of these on employee job satisfaction and organizational commitment and relate these to performance outcomes of labour turnover and absenteeism.

According to Ichniowski⁵¹ (1997) *et al.*, These theories also identify complementarities among specific practices which span seven different HRM areas: incentive compensation plans, extensive recruitment and selection, work teams, employment security, flexible job assignment, skills training, and labour-management communication. Taken, as a whole, these theories also predict that adopting this entire complement of practices across all seven HRM policy areas will produce the highest level of productivity.

Black and Lynch⁵² (1997) emphasize the importance of complementarities in work practices and the extent of workers' voice associated with such practices: ...simply introducing high performance workplace practices is not enough to increase establishment productivity. The increased employee voice that is associated with these practices seems to be a necessary condition to making the practices effective. For example, although almost three-quarters of all of the establishments in their sample have some form of Total Quality Management (TQM) system in place, TQM is not itself associated with higher productivity. Instead the percentage of workers involved in regular decision-making meetings is positively related to labour productivity.

Factors associated with a firm's adoption of innovative work practices include: producing in an internationally competitive product market, having a technology that requires high levels of skill, and

50. *Ibid*, p. 7

51. *Ibid*, p. 14

52. *Ibid*, p. 24

following a 'high road' strategy that emphasizes variety, service, and quality rather than low cost (Ichniowski *et al.*, 1996). There is also evidence of a link between high levels of investment in training and the use of innovative work practices: ...those companies that have invested heavily in training (Rover Group, Norsk Hydro) have normally done so as simply one part of a broader shift to very different models of industrial relations and personnel management, which stress commitment, trust, good communication between management and employees, and the breakdown of status that divides.

Human Resource Management departments with the designing and implementation of HRM Practices play an important role in developing a firm's unique human capital (Lado and Wilson 1994; Lepak and Snell 1999). Also, empirical evidence shows that human resource management can be designed to influence rational capital (Gant, Ichniowski, and Shaw, 2002; Gittell, 2000; Kang *et al.*, 2006; Leana and Van Buren, 1999; Ordonez de Pablos, 2001) as well as technological and organizational capital (Ordonez de Pablos, 2004; Wright *et al.*, 2001; Youndt and Snell, 2004)

Overall, however, much of the research to-date has been frustrating for those seeking to understand how and why HR practices influence operational and financial performance. Indeed, existing studies have actually posed more questions than they have answered because of the analytical model and research methods employed. In particular, three further concerns remain.

First, we need to investigate to what extent the practices which are in existence are put into operation, in other words, how are they actually delivered? How well do HR Managers/ Line Managers, for example, bring these policies and practices to life? In asking this question we need to distinguish between explicit policies, such as say the requirement to appraise employees annually (does it happen?, how well is it done?), from more diffuse HR practices which the firm find difficulty in defining or codifying. An example here may be the written Policy 'to take suggestions from employees' or to discuss problem-solving/decision-making issues with them.

Second, the best people to judge how well managers exhibit these types of behaviours or put these policies into practice in a meaningful way are the employees themselves.

Finally, how might we measure performance in ways which make sense to the managers and employees we are investigating? Each firm will choose operational growth which is important to them and which is likely

to be directly related to business strategy. It is these targets or measures which are likely to be really important, and be ones where employee discretion is likely to have a measurable impact. Examples here may be quality or involvement in work or levels of job satisfaction. Pure financial measures of the sort reported publicly for the whole corporation are much more remote and numerous other factors cloud the relationship between input and output. In short, we need to find measures which are meaningful to the organizations and which are likely to be susceptible to employee behaviours. If we can answer these questions we can then begin to look more closely at the intricate links between HR practices and measures of performance.

Thus, the above review of literature for the present study suggests that most of the studies are related to performance, productivity, job satisfaction, training, etc. some of them, however, related to international experiences. It is being noticed that quite a few number of studies are focused on one of the HR functions, for example, recruitment and selection or motivation or performance appraisals. Hence, an attempt has been made, by and large, to cover some of the important core practices in HR in the present study with special reference to APDDDCF. It may be noted that studies in regard to HR practices are scanty. Hence, the present study focusing on HR Practices in dairy industry.

The term Human Resources can also be explained in the sense that it is a resources like any natural resources. It does mean that the management can get and use the skill, knowledge, ability, etc., through the development of skills, tapping and utilizing them again and again.

Problem Background

Maintaining and implementation of HR activities is important to achieve organization's objectives in every organization irrespective of its size. The present study is conducted in APDDDCF Ltd., where there is a specialized HR Department looking after the affairs of the employees working in this organization.

Problem Definition

This study examines the existing HR practices and observes the functioning of each and provides suggestions if any in order to streamline the HR activities.

OBJECTIVES OF THE STUDY

The main objective of the study is: –

To Study various HRM practices followed by APDDDCF Ltd., viz:
– Selection, Recruitment, Training & Development and Employee Welfare.

- (1) To examine the Executive satisfaction with regard to HR Practices in APDDDCF by ascertain their perception.
- (2) To examine the Non-Executive satisfaction with regard to HR Practices in APDDDCF by ascertain their perception.
- (3) To analyze the effectiveness of activities in APDDDCF Ltd between Executives and Non-Executives.

RESEARCH METHODOLOGY

Primary and secondary data sources have been used to collect the required and relevant data for the study.

Primary data is collected through administering two separate structured questionnaires i.e., one to the executives and another to the Non-Executives to gain first hand information even the interview method is adopted. An interview schedule was also employed to the executives with a view to collect more information about the subject.

Secondary data is collected from the books, journals, acts, published and un published thesis, brochures, pamphlets, records, etc., informal interactions of the researcher with the officials and non-officials were further strengthened the study.

Research Design:

The present study was undertaken using exploratory type of research, tools used for the research were:–

1. Questionnaire and
2. Personal Interviews.

Questionnaire:

For the purpose of the survey a structured questionnaire was prepared which consists of close-ended questions with a minimum of two and maximum of six options.

(1) Sample Design: The employees working in APDDDCF Ltd., are divided into Executives and Non-Executives. Both cadres are working in

different shifts in the organization. They were selected by following to collect the data in the present study.

(2) Sample Size: The sample size in the present study is:

(a) Executives 50 members. (Census survey or population study)

(b) Non-Executives 300 members. (There were 590 non-executives in APDDCF in that, 117 employees are IV class employees and 102 non-executives taken VRS. From the remaining sample size i.e., 371 only 300 questionnaires are workable questionnaires)

(3) Sampling Technique: Complete enumeration is used as sampling technique that is used in the present study.

(4) Period of Study: The study covered the period from 26th November 2006 to 30th December 2008 for analysis of primary data relating to various aspects of HRM.

- (a) Primary data has been collected from the respondents up to December 2008
- (b) Secondary data is collected from the records of APDDCF Ltd.

SCOPE OF THE STUDY

The scope of the research is strictly confined to the study of HR Practices in APDDCF Limited, Hyderabad, the findings and conclusions drawn therein cannot be expected to be valid outside this scope of the study.

The study has been conducted with a limited sample size for both executives and non-executives working in this organization at Hyderabad unit only. The observations can be valid elsewhere.

Limitations of the Study

The following are the limitations in this research:

- (i) The research has been conducted with respect to APDDCF Hyderabad unit only.
- (ii) The study is purely based on the responses given by the respondents which cannot be ruled out to be free from bias.
- (iii) Some of the people were reluctant to answer some of the questions; this may be hindrance in the research work.

