

# Changing Paradigm of Hrm-some Cases in Manufacturing Sector

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## Abstract

*The world economy has undergone a significant change. India is no exception to it. As a sequel to globalization, in order to cope with the complexities and challenges in different parts of the world, the industries of our country have resorted to various innovative strategies in different areas including the functional aspects of HRM. The changes in business environment both in context as well as content dimensions have brought new challenges for the HR professionals. The effective utilization of human resources, their sustainability, imparting need-based suitable training, value addition to the organization, assessing in terms of human capital, visionary and strategic deployment of a highly committed, competent and capable workforce; have become challenges in the field of HR. Further, it is the human resource among all the factors of production, which activates in attaining effectiveness of organizations in a different way, has to be treated with great care. The paper addresses to the challenging functional dimensions in HR and suggests for integrated array of cultural, structural and personnel approach for achieving organizational success in long run.*

*Strategic management decisions for merger and acquisitions; investment in new locations; expansion of existing sites; disinvestments; closure of existing sites; divestments; launch of joint ventures; are being taken. However, in attaining such vision, mission, and the organizational goal; HR managers have to play an imperative role. Managing organizational culture is a complex venture. In order to attain organizational success in terms of attaining improved effectiveness, to gain the commitment of employees to the value of quality, service, customer sovereignty, which get translated into bottom line success; HRM strategy has to be linked with corporate strategy. Acting as transformational leaders, catalysts; for percolation of ideas, imaginations and visionary approaches; HR professional have to go beyond the traditional boundaries of their functions and to work as an organizational architect. In this paper, literature has been reviewed and how other functional aspects influence the HR functions is reflected. Some of the manufacturing sector industries have been studied. Besides, the impact of various factors on HR at different levels has also been discussed.*

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## Prologue

Change is occurring in almost all facets of economy. All the economies in the world have undergone changes. India is in no way exception to it. The widespread use of electronic technology and the internal changes in the social and market composition, deployment of diversified workforce in organizations as a sequel to globalization, have brought new challenges before the HR professionals. Acquisitions and mergers in banking sector, manufacturing sector; disinvestment in public sector undertakings especially the manufacturing industries, curtailing the manpower strength by means of downsizing/ right sizing strategy; all have created more problems for the effective management of human resources.

Management of organizational culture is a complex venture. Communication, co-ordination, impact of change in ownership, sustenance of talent resources, and over & above for attaining the effectiveness of the organizations; both managerial and operative functions of HRM have to be reconsidered. In this context, what strategically intervention is required and how far the HR professionals have to play as an architect of the organizations have been focused in this paper. Some cases in manufacturing sector have been studied.

## Research Methodology

The study is confined to three manufacturing industries operating in the State of Orissa. The industries namely; Bargarh Cements Limited,

HINDALCO as a unit of Aditya Birla Group of Industries, and Konark Jute Mills Limited; have been taken for the study. All these industries have undergone a change in ownership. As a sequel to such change, how far the management of human resources has become a great challenge is discussed in this paper. The functional aspects of HRM, impact of changes on employees, trade unions & managers have been critically assessed. A scheduled questionnaire is administered to employees, unions & managers. Their response to the open-ended questionnaire is reflected. The paper is mostly qualitative one resorting to analysis of the facts and factors affecting the organizations at different levels. The data is also taken from the secondary sources so far the profile of the industries is concerned. And the existing literature is reviewed.

## Review of literature

The concept of human resource management has evolved through a series of gradual changes. The changes have come to pass during its various phases of development though the discipline of HRM has evolved a great deal today, its beginning in India date far back to 1800 B.C. Kautilya also made reference to various concepts like job analysis, selection procedures, executive development and incentive system performance appraisal in his book *Arthashastra*.

The role of the HR started in the form of interpreter/mediator in the pre-independent era. To recruit, train and utilize the then workforce to whom language became a barrier. In order to cater

the manpower needs of the industries in India, jobbery system came into being. The jobbers took major role. But their financial exploitation in terms of wage cutting, extracting longer duration of work, merciless treatment beyond the contract all necessitated the employment of welfare officer in different factories. In different industrial laws statutory provisions have been made for the appointment of welfare officers. In due course of time, the corollary role of welfare officers has been played by personnel managers. And the current terminology is changed to Human -Resource Management. The functions of HR department are expanding, and diversified activities are coming within the work purview. The changing functional role of HRM is portrayed in Figure-I.

The changing relationship of labour-management is discussed by Purcell and Sisson (1983). Walton (1985) focused that if employees' commitment yields better economic performance. It is also sought as a route to greater 'human development'.

It has been discussed by Storey (1987) that as human resources are critical for business success, the HRM aspects have to be left to operational specialists. A great deal of HR activity and energy is directed at managers themselves, rather than shop floor employees. The dimensions and areas of intervention have changed. The personnel and areas of intervention have changed.

Beer (1985) and Guest (1987) in their study referred that flexible structure; team work and committed workforce are the key areas for which HRM should strive. Reichers in his research

suggested that workers can express commitment to potentiality conflicting targets such as work group, career and company.

Different factors effect the organizations. And accordingly the HR Manager has to take the requisite strategies. The different contextual factors effecting HRM is given in the Figure-II which is self explanatory.

Labour-management relationship has been taking the shape of business-customer relationship. Hendry and Pettigrew (1990) have reflected HRM from 'developmental humanism' point of view.

Wickens(1987), Garraham and Stewart (1992), Wickens (1993) discussed that high emphasis should be given for attaining organizational success. They have also referred that unions should take an active role in promoting positive elements of HRM.

The changing scenario of the business environmet, political arena, technological revolution, attitudinal change; organization have to give emphasis on HR functions for attaining leadership in the competitive market (Nicholson and West, 1988).

Thomas Kochan and Lee Dyer(1989) highlighted while referring to HR system in USA, strongly argued that to achieve goal competitiveness and satisfactory standards of living would require broadened prospects of human resource systems. The development of more realistic models would cater to the needs of the organizational change.

Grant(1991) points out that the commitment and loyalty of employees determines the firm's ability to maintain competitive advantage.

Guest and Dewe (1991) in their study in electronics industries found that workers were commitment to company and union.

Chris Brewster (1993) has reflected that HRM is required to take account of State and trade union involvement.

It was only in the seventies and later decades that the Personnel and welfare function were enlarged to accommodate the introduction of behavioral and motivational approaches. and after 1991, economic aspects have been emphasized in different organizations (Venkat Ratnam, 2002).

Human resource management is still marching on. For dealing these resources from multicultural perspective, international HRM is taking the place of HRM. The reality and hidden agendas are changing attempts are being taken for lining corporate strategy with human resource management strategy. Now, training and development, reward systems, involvement and participation; have been more pronounced. The changing focus of HRM is delineated in figure-III.

## **Cases studied**

Three cases have been covered in this study. These are as follows.

### **Konark Jute Mills Limited**

#### **(i) Konark Jute Mills Limited (KJL)**

Konark Jute Mills Limited (KJL) is located at Dhanamandal in the district of Jajpur. it was

established in the year 1979. After functioning as a unit of Industrial Development Corporation of Orissa Limited (IDCOL), it was taken over by Sanatan Commercial Private Limited of Kolkata. It was given on lease and license basis for a period from March 2002 to 10<sup>th</sup> February 2005. Since then it has been taken over by IDCOL. Now it is running with its previous manpower and technical resources. Its jute production for the year 2003-04 was 12,024 tones. The total manpower strength was 2250. It includes 4 officers, 37 supervisors, 20 clerical staff, 1040 operators, 300 supply labours and 849 badli workers.

#### **(ii) HRM practices at KJL**

In KJL different decisions on HR policies and practices are taken by IDCOL. But the routine wise decisions are taken at the department level. In this concern, the HR department plays a major role. The change of ownership has affected the functional aspects of HR. The sustainability of man power, imparting training, appraisal of employees' performance, and over & above in attaining industrial effectiveness, the industry faced many problems. KJL is the mute spectator of a series of disputes and changes. The change in ownership from IDCOL to Sanatana Commercials Private Limited, kolkata and again to IDCOL; has severely affected the industrial relatios scenario. The industru was under financial crisis during 2001 to 2002. It was closed down for one year. The private employer could not manage and the industrial harmony was broken. Low quality production, favouritism, factionalism, internal rift in the management,

politicization of activities were some of the features of IR during the tenure of private ownership. The industry has gone through many disputes which is given in the Table-1. These issues portray the IR scenario of the industry. For last one year, the industry is running on no profit no loss basis.

Different strategical HR practices have been implemented. Different bipartite fora have started functioning and gradually the labour-management is improving. The management is creating better opportunities for all the industrial actors for a better organizational climate.

**Table-1: Industrial Disputes in Konark Jute Limited, Dhanamandal**

Form	Cause	Year
Go-slow	Demand for more incentive	3.12.1979
Strike	By workers of Spinning Department relating to Wage issues	31.07.1980
Strike	All weavers went for strike due to ill treatment of supervisor	2.6.1981
Strike	By unions, demanded for more bonus	8.10.1983
Lockout	Declared by employer due to financial crisis	11.10.1983 to 14.04.1984
Lockout	Due to financial crisis	16.06.1995 to 11.12.1995
Work Stoppage	One unionsupported by management, crated union management rift	7.02.1996
Work Stoppage	Due to wage demand worers were instigated by Konark Jute Mills Shramik Congress	19.04.1996
Work Stoppage	Due to shortage of working capital	1.04.01 to 28.02.2002

Source: Data collected from trade unions.

### (iii) Opinion of respondents

The employer, management, unions and workers expressed their view points on the HRM practices in KJL. Most of the respondents expressed that the change in ownership has reduced the production and productivity. The quality could not be ensured. The industry could

not meet the market demand. The unions emphasized that their involvement in decision making process was curtailed during the private ownership period. The employees also agreed that suitable training, employees sustenance and customers demands were given due consideration. Both unions and employees

expressed that the social issues were partially neglected by HR department. The industry could not win over the trust of the customers. After the change in ownership to IDCOL, the scene is gradually changing. Since last 2003, no major dispute has occurred. Majority of the employees have also expressed that the management is considering individual, union and various social issues with due consideration. The management has viewed that by creating nurturing, team and participative environment, all the actors in Industrial Relations System (IRS), are committed more towards the organization and efforts are being given by all to glorify the history of KJL. The unions agreed that they have resorted to concession bargaining. And major unions focused the importance of training & development programs for improving quality and quantity of production.

### **Hindustan Aluminium Company Limited (HINDAL)**

#### **(i) Hindustan Aluminium Company Limited**

Hindustan Aluminium Company Limited is the pioneer in Indian aluminium industry. It was incorporated as a private limited company on 17<sup>th</sup> December 1938. It became public limited company in 1945. HINDAL is now owned by Aditya Birla Group. It took over the ownership from from ALCAN Group of Canada. The Aditya Birla Group holds a total of 74.6% equity in the company. One of the units of INDAL is located at Hirakud in the Sambalpur District of Orissa. It has its own power plant. Hirakud smelter is on the North-West bank of Mahanadi river, near the

Hirakud Dam. The smelter plant was established to utilize the abundant and surplus power generated by the dam. The Horizontal Staggered Soder Berg (HSS) technology is adopted in this plant. The plant was started with an initial installed capacity of 10,000 metric ton per annum. Now, its production capacity has increased. Its production for the year 2002 was 30,162 metric ton. The manpower strength is 786. It consists of 86 officers, 338 permanent and 362 contract labour. In the plant, new management technique viz, World Class Manufacturing (WCM) has been adopted since December 2000.

#### **(ii) HRM practices at HINDAL**

The industry has a sound HR policy. The retention of qualified, creative and talent human resource has been given importance. And towards this, strategies are taken by the department concern. Adequate training, development of skilled workforce, development of the community, workers' participation in management, better career advancement scheme, succession planning, appraisal of employees' performance and follow up action, lucrative salary package and over & above customer satisfaction with organizational niche have been constituting the HR practices of the industry.

Since last five years (2001-2005), no major dispute has occurred. Prior to taken over by Aditya Birla, labour-management relationship was not harmonious. The HR climate in the industry is almost peace and prosperous. Unions are cooperating to management. The grievances

are addressed at the lower level. The industry is earning profits. The sound economic industrial position coupled with employees' participation in decision making process has promoted IR scenario of the industry.

### **(iii) Opinion of the respondents**

Some of the executives of HINDAL expressed that the change in ownership has created a positive and participative environment. The introduction of WCM, strategically intervention in conflict resolution has enhanced production and productivity. Most of the unions functioning in the industry and the employees have given their view points that the timely intervention of management in different minor disputes, grievances; innovative managerial practices in developing the potentiality of the employees are remarkable. While reflecting on the functional aspects of HR, management has focused that their role and activities are no more confined to traditional boundaries of welfare/personnel department. In the changing scenario of economies in the global market, technology, finance and other aspects are also taken care of along with human resource issues. The role of the human resource managers is gradually becoming more and more challengeous.

### **Bargarh Cement Limited (BCL)**

#### **(i) Bargarh Cement Limited (BCL)**

Bargarh Cement Limited (BCL) is located at cement Nagar, Bardol in the district of Bargarh. It is in the revenue village of Khalipali

Bargaon. It is 6 kms. Away from the district headquarter of Bargarh. The industry is connected to the Dugri limestone quarry through a meter gauge railway line over a distance of 43 kms. From transportation of limestone. It was one of the units of Industrial Development Corporation of Orissa Limited (IDCOL).

The preliminary plant construction work was started in early 1963 AT Hirakud. Initially, it was planned to transport limestone from Dugri limestone quarry to the plant by aerial ropeway over Hirakud reservoir. Subsequently, the plant site was shifted to Bargarh due to certain inherent problem in raw material transport system. It was name "Hira Cement Works" and presently it is known as BCL. The factory came up over 1124.10 acres of land, out of which 994.70 acres is taken on lease from the State Government while the remaining 129.40 acres on freehold. The capital investment of the plant was 8 crore the commercial production commenced from April 1968. The Dugri limestone quarry initially operating under Orissa Mines Corporation (OMC) transferred to Hira Cement Works as its captive mine with effect from 25<sup>th</sup> June 1968.

The first phase expansion took in the year 1992. there was a spurt in the production of cement in the country and to compete with cement manufacturers like Century, Raymond, TISCO, Ultratech, Grasim and Ambuja; the plant was modernized. A new plant was set up by investing a capital of 186 crores with the assistance received from FIS, IDCOL and the State Government. The old plant simultaneously

operated with the new plant up to August 1995. it was finally closed. The commercial production from the new plant commenced from April 1996.

As per the direction of the State Government, IDCOL initiated steps in restructuring of this industry. As a result, the entire share conforming to 86.76% of the industry held by IDCOL was acquired by the Associated Cement Limited. BCL became a wholly owned subsidiary of the ACC Limited. It is both ISO 9000 and ISO 14001 certified industry. It manufactures 3 types of cement viz. Ordinary Portland Cement (OPC), Portland Slag Cement (PSC) and Portland Pozzolana Cement (PCC). These are marketed with brand names ACC Super, ACC Surakshya and ACC Samrat. It produced 7,88,776 metric tons of cement for the year 2004-05.

The cement is mostly marketed in Orissa, Assam, Meghalaya, Kolkata and Chhattisgarh. The total manpower strength is 1902. The category-wise distribution of manpower shows that there are 590 permanent workers, 1000 contract male workers and 200 female workers. It has the future planning to construct a captive power plant.

### **(ii) HRM practices at BCL**

The industry is giving importance on performance appraisal and on the job training. It has various bipartite fora. Technological innovation, modernization, quality production, assured value, customer satisfaction, expansion of business, and harmonizing the industrial relations scenario form the core aspect of HRM activities. The grievance handling committee, works committee and various collaborative

strategies are being taken by the industry for better commitment and involvement of employees.

### **(iii) Opinion of the respondents**

Major chunk of the workforce especially the workers claimed that the industry is operating by the employer. In no way they are being given the opportunity to give their views in different participative forums constituted in BCL. The management is also succumbing to employer's pressure. The attitude, downsizing policy, management's monopoly; have all created a negative HR climate. The unions focused that they have no trust on management. They have also commented that different statutory forums are there, but almost all the decisions are taken unilaterally and imposed on them. Even the unions are not getting a conducive environment to function democratically. There was a strike by the workers for 21 days in July 2005. It was relating to wage demands. They have aggrieved that with regard to wage, basically the management delays in taking decisions, intentionally.

Both the management of BCL and the union operating in the industry agreed that the industrial production has improved after privatization. The workers have fear of loss of job due to management's unilateral decision pertaining to downsizing. Most of the workers expressed that the union-management relationship in the industry is not cordial.

The change in ownership has affected unions. During State Government ownership



(IDCOL), unions were getting conducive atmosphere to operate unions. And workers' participation in management scheme was sound. But after IDCOL cement's take over by ACC, Mumbai; the unions feel diffident. The union busting strategy by management was strongly protested by unions. Some employees have given that HR focus should be given more for union involvement, communication, skill enhancement, market forecasting and on internal customer satisfaction. The management agreed that in the competitive market, most challenge is faced by the HR professional. They must be well equipped with, to face the forces making resistance to change.

## Common Findings

The industries taken above have faced some difficulties at different levels. Almost all the respondents in all the organizations agreed that the role of HR Department is of paramount importance to meet the challenges in the business scenario. The functional focus of HRM should be given more on retention than other operative functions of HRM. In all the industries the importance of training & development program has been felt. In procuring the talent resources, integrating their efforts, utilizing them to their optimum potentially, developing committed human assets, and mostly in maintaining their aspirations, inspirations, and in keeping their motivational level high; the HR professions have to take great responsibility. They have to deal human resources with great care as the future of an organization lies with them.

## Epilogue

In the changing scenario of business houses, no unique strategy can constantly function effectively for the achievement of organizational goal. Need less to say, there is always a continuous search for better strategies to meet the challenges in the competitive environment. The entire responsibility in the issues relating to market, finance, Information Technology, modernization, Structural Adjustment Programs (SAP), retaining the talents, improving the organizational climate, creating organizational citizenship and in building a better industrial image; lie with the HR manager. In order to meet the ongoing changes in various dimensions of different economies in the world especially in the post-globalization phase, the focus of HRM should be on employees' involvement, commitment, participation, collaboration and on capacity building. Though it seems simple and sounds better, but in practice, it is more challenging. And to meet such challenges, attempts among academicians, practitioners and a proper conglomeration of both is imperative. It would shape the industries in a much better way than ever before.

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