

PRINCIPLES OF A SOUND PERSONNEL POLICY

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"People must come to accept private enterprise not as a necessary evil, but as an affirmative good."

—EUGENE BLACK

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By

S. R. MOHAN DAS *

In the management of organised work system such as industries, two types of resources are required to be deployed and effectively co-ordinated to obtain the best productive results economically. They are material resources and human resources. It is easier to manage material because material resources are subject to measurement, quantification and predictability. Management of human resources, however, becomes more complex because human resources are subject to different types of disciplines for an understanding of them and proper utilisation.

Usually, the view concerning the human resources is very simple in the under-developed societies. Very often, because under-developed societies have large populations, it is assumed that the quantitative population can be automatically utilised to work in the industrial system. This is, however, not possible because in order to work in the industrial system, the quantitative population is required to go through a quality transformation.

* The author, Director of Industrial Relations Institute of India, is a regular contributor to the Indian Press on Industrial Relations. This text is based on a talk delivered under the auspices of the Forum of Free Enterprise in Bombay on September 26, 1975.

Only human resources with quality can be placed in the industrial system because of the need to enlarge their capabilities arising out of quality factor.

In addition to these problems, the basic problem of human resources in the organised work system involves a number of activities such as generating quality human resources, selecting them, giving them work induction, organisational induction, utilisation, training and development and severance. All these exercises constitute what we call personnel functions. The correct definition of personnel functions will be actually human resources management.

The human resources in the organised system have to work in an integrated manner in the overall organisation. This is because in the work organisation, activities of every unit of human resource have a close link with the activities of other human resources in the same organisation. This makes it necessary that all human resources work as an integrated team. The necessity to work as an integrated team requires that there should be a close and continuous relationship between all the members of the team in the organisation. This relationship will not only deal with work relationship, but also inter-personal and group relationship.

While all human resources in the organisation are required to work in an integrated manner, there does also develop what may be called functionally conflicting interests amongst the various human beings in the organisation. This is because of the nature of organisation itself. In an industrial organisation, for instance, it is possible to identify developing interest groups within the integrated team work. A large mass of human resources in an organisation is required to be engaged in what is called "directed activities". Another set of human resources is required to assume responsibilities to direct operations and also to ensure the efficient working of the total organisation. The first group of human resources

is called labour or workmen employees. The second group is called employees with management responsibilities. There is also a third interest group in an organisation which comprise the owners of the organisation. Owners may be of various types. They may be individual proprietary owners, family owners, private corporate owners, public corporate owners, co-operatives or worker owners themselves. Irrespective of the nature of ownership in the organisation, owners represent an important interest group.

As a result of these groups emerging naturally and normally in an organisation, there develops a need for a continuous and reconciling relation between these three interest groups in an organisation. The role of providing such meaningful and effective relationship is also that of a sound personnel policy.

A sound personnel policy can therefore be identified as consisting of management of human resources in the various aspects of both work and non-work spheres related to the industrial organisation.

This policy has to be sophisticated enough to perceive that human resources management does not merely mean handling the conflicts between the so-called labour or workmen group and management. This is so because the management of relationship in the organised system involves many "different interest groups" both inside the work organisation and outside the work organisation, involved with organisation. Such interest groups can be identified as follows:

Inside interest groups within the organisation can be identified as mentioned earlier as "owners", "employees" and "management" within the organisation. Outside interest groups can be identified as Government of the country, suppliers of goods and services to the organisation, and clients of the organisation. All these interest groups accept

the significance of industry but have conflicting and often partisan interest claims to make on the organisation. The owners, for instance, would like to seek maximum returns on their investment as owners. Employees in the workmen and labour category would like to obtain maximum wages and income for least work. Similarly outside, the government would like to obtain through corporate taxes, excise levies, sales tax, provident fund contributions maximum revenues. Suppliers of materials and services would like to get higher and higher contract rates. Similarly the clients of the organisation would like to obtain maximum quantity of products or services with best of quality for the cheapest price.

The role of professional management, and personnel management is to understand the complex nature of human behaviour in the organised setting of an industrial system and by application of the proper perspectives and operational methods in the organisation, obtain the best possible creative performance from the human resources at work. This requires first and foremost a view that human resources are quality resources which are scarce. Like all scarce resources, they have to be viewed as investment and not as costs alone. If they are viewed as investment, then logically it becomes necessary to apply the scarce skills to obtain the best possible returns on the investment. If, however, the view is taken that human resources are just costs, the approach becomes negative and only consumption oriented and not investment oriented.

The second aspect of good Personnel Management function is to deal with quality human resources not merely in their individual identity but more significantly in their collective and group identities. This requires skills in understanding the nature of organisations, their characteristics and how to generate quality organisational characteristics.

Very often, personnel people do not understand the fact that all human resources in the industrial system come with

three separate identities in the same individual. The first identity is the socio-cultural identity relating to their race, language, religion, caste and so on. The second identity is an occupational identity in the organisational system such as a turner, fitter, stenographer, typist, or even a manager. The third identity is a collective identity as a member of an interest or professional group. Industrial relations require that the relationship factor be conditioned to deal with human resources in all these three separate identities without mixing up one identity factor with the other.

The first and foremost exercise required for an organisation in the management of its human resources is a structured policy which will provide the guidelines for activities and operations. The absence of a policy generates *ad hoc* and uncoordinated piecemeal exercises which result in a lot of confusion. The policy, therefore, is a perspective tool which provides common guidelines and standards for all people in the organisation to adjust themselves to. The following represent the components of such a policy:

(1) The objectives of industrial relations :

The industrial relations objectives are required to be performance-oriented and not merely peace or harmony oriented. This is because the performance factor is the core requirement for the effectiveness of an industrial system. Very often there is a mistaken view that the objectives of industrial relations are to have peace and harmonious relationship forgetting that in reality the industrial system with its dynamism and complexities is a tension-generating and conflict-prone system. Tensions and conflicts in the industrial system are normal and natural arising out of the dynamic nature of the industrial system. Evading this factor produces the distortions of merely trying to purchase peace and not striving to generate performance and creativity.

- (2) Since all relationships in the organised system of industry cannot be of a piece-meal or individualistic basis, the relationship is required to be organised with proper standards and guidelines. Therefore, this is referred to as an exercise in organisational behaviour and not merely individual relations. All positions of human resources in the organised system are representative role positions in the organisation and not merely individual styles. Whether one be a worker or a manager, both are required to have relationship with each other on a role basis and not as merely individuals. This is much more significant in organisational relationship between interest groups such as owners as represented by the board of directors, the management as represented by the managers, and non-managerial employees required to do directed activities. In this type of a situation, the relationship is to be between the organisation of employees, the organisation of management and organisation of owners. Since all organisations operate on the basis of their organisational power, industrial relationship is also called as a power relationship involving power balance.
- (3) In modern societies, the role relationship of one human factor with another human factor in the industrial system is based on contracted arrangements which involve implicit or explicit mutuality and reciprocity. The industrial system cannot be operated on the over-simplified "command and obedience" or what is called "master-servant" relationship that prevailed in the feudal times. This is because in industrial work, the human resources are not supposed to merely mechanically obey orders, but perform functions using their own discretion at various levels. This is a complex process which involves developmental and promotional exercises and not blind control exercises. The worst results will inevitably emerge if the human resource in the industrial system

decides to mechanically obey all orders given from the top. It is this logic that brings out the concept of mutuality and reciprocity in the relationship process. Under this concept the resources are viewed as quality adult personalities and not dependent children to be either looked after benevolently or spanked as and when required.

- (4) Since all relationships in a dynamic situation involve continuous activity, industrial relations are defined as a continuous relationship and not just a piece-meal relationship. Again the relationship cannot be restricted only to top levels, but must have widespread constituency involvement. Therefore, it is described as a multi-level relationship right from the shop floor to the highest levels involving workers at all levels and managerial personnel at all levels.
- (5) Industrial relations also constitute an apprenticeship in development of leadership skills, problem processing ability, generation of self-confidence and wider perspectives amongst all groups by inter-action through problems. It can, therefore, be described as an exercise in the quality development of manpower.
- (6) Industrial relations are designed to convert the nature of conflict into a game type of a conflict instead of a guerilla warfare type of a conflict. In a game type of a conflict, there is an absolute need for playing the game between strong opponents. In a guerilla warfare the tendency is to liquidate the "hated enemy".

The above constitute the perspective and policy approach to industrial relations. The operative method of the above policy requires that the entire organisation of management should be involved in industrial relations. This means that the line supervisors and line managers have to be as much

(2)

involved in the relationship exercise as the specialists. No industrial relations can be really creative if it is restricted to a high degree of specialisation such as personnel managers or legal people trying to handle the complexities of industrial relations in the over-simplified litigatory or law terms.

The industrial relations system must also deal with a proper structure for handling individual grievances of employees in the organisation in an efficient and equitable manner. This is done by setting up a time-bound, decision-oriented grievance procedure.

Another important part of industrial relations exercise requires regular communication and information system to all the constituency groups in the organisation and the facility for receiving the communications and information from the various groups to the organisation.

These constitute some of the basic and essential requirements of an effective personnel policy.

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The views expressed in this booklet are not necessarily the views of the Forum of Free Enterprise.

CODE OF CONDUCT*

PRODUCERS and distributors owe it to the consumers of their products that they shall always be of the highest quality and available at reasonable cost. They shall maintain fair measure and guard against adulteration. Customers are entitled to courtesy, promptness and good service, and every endeavour shall be made to see that they receive them.

EMPLOYERS owe it to labour to recognise that welfare is not conceived in terms of philanthropy, but as a social obligation. Men and women engaged in production shall do so with dignity, honour and a sense of security. Fair wages should be paid for work done. Working conditions shall be as pleasant as possible. Opportunities should be made available for the worker to gain technical skills and better his economic prospects and social status. Procedures should be instituted for the removal of legitimate grievances so that the employee is satisfied that he gets a fair deal. The employers should welcome the existence of stable and democratic trade unions. They should recognise that in the sphere of employee-management relations, as in other spheres, checks and balances are essential for the working out of rational and democratic solutions. They should accept the role of labour as one of creative co-operation and recognise the need for providing increasing opportunities for consultation of employees and their progressive association with Management to help in the promotion of increased productivity from which all will benefit.

MANAGEMENT owes it to those who invest in their enterprise that they receive a fair return on their investments commensurate with the risk they take. At the same time,

* In the context of Mr. Mohan Das' reference to various interest groups, the above excerpts from the Code of Conduct expounded by the Forum of Free Enterprise in 1957 will be of interest.

reserves must be created for expansion and modernisation of the plant and machinery and in their utilisation the Management remains accountable to the investor. Money must also be provided for research. The earning by the shareholder of a fair return or profit by the entrepreneur under competitive conditions and after payment of fair wages must be regarded as a legitimate reward for the risk and the work of promotion and development which the community urgently needs. Certain malpractices have crept into the system of company management. They are to be condemned and should be removed. Hoarding, black-marketing and profiteering are anti-social and evil. Honest business practices can be promoted and encouraged by an honest and efficient administration in a democratic State.

PROFESSIONAL MEN—lawyers, teachers, doctors, auditors, or writers—owe it to those who avail themselves of their services to maintain the highest standards and traditions. They should discharge their duties truly and faithfully, and should always subordinate considerations of personal gain to the larger objective of service.

WE ALL owe it to the community that we accept our obligations as good citizens. We shall bear our share of taxation honestly. We condemn unequivocally any attempt at tax evasion. We shall actively participate in the promotion of social, cultural and civic improvements. Wealth or power shall not be a justification for vain-glory or ostentatious display, but an opportunity for rendering service to the community.

"Free Enterprise was born with man and shall
survive as long as man survives."

—A. D. SHROFF
(1899-1965)

Founder-President,
Forum of Free Enterprise.

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The Forum of Free Enterprise is a non-political and non-partisan organisation, started in 1956, to educate public opinion in India on free enterprise and its close relationship with the democratic way of life. The Forum seeks to stimulate public thinking on vital economic problems of the day through booklets and leaflets, meetings, essay competitions, and other means as befit a democratic society.

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