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# HRD Practices in Indian Public Sector Companies: A Study on NALCO, Odisha

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## Abstract

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*The present study attempts to analyse the human resource practices adopted by National Aluminium Company Limited, Odisha. The selected sample respondents for the study is selected from the NALCO Corporate Office (Bhubaneswar), Smelter Plant and Captive Power Plant (Anugul) and Mining and Refinery Complex (Damanjodi) units. The survey was conducted with the help of a structured questionnaire for eliciting the responses from the non-executives. The results reveal that the non-executives belonging to the aforesaid units of NALCO has a poor perception about the HRD practices prevailing in the organisation.*

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**Keywords:** HRD Practices, Non-executives, NALCO

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## Introduction

The changing scenario of global competition due to technological advancements and economic liberalization has led to a gradual shift from muscle to machine and brawn to brain power. It has been observed that organizational effectiveness hinges more on human resources. Of late, it has also been felt that Human Resources Development (HRD), is the key that provides a competitive edge to an organization. The public sector organizations in India are the forerunners of industrial economy. Being under the aegis of government ownership, they are considered as Model Employers. NALCO, established in 1980's, is a blue chip organization has been high in profitability in realm of public sector. There being a few empirical studies on the HRD practices of NALCO, any study in that area, would throw a new light on the unexplored aspects. The present study

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assumes its importance as it would provide a new dimension to the existing literature of HRD.

There have been several studies on the different aspects of HRD mechanisms and HRD climate. Rao & Abraham (1986) observed that successful implementation of HRD involves making use of different mechanisms as training, performance appraisal, rewards, feedback and counselling etc. In another study, Anandram (1987) concluded that HRD was better practised in public sector as compared to private sector. Bose and Natarajan (1991), in their study concluded that HRD can build a firm foundation of mutual trust between labour and management. Dandekar, (1993) tried to modify the personnel policies of SBI to make it transparent in order to avoid any ambiguity thereby making the career path of the bank clear to the employees. Naidu (2011) studied the employee perceptions on HRD in Vishakhapatnam Port Trust and observed that training in the organization serves as an important mechanism of HRD. Similarly, Sudhakar (2012) concluded that training and performance appraisal tend to ensure organizational effectiveness in the case of Vishakhapatnam Port Trust.

From the above review of literature, it can be concluded that there have been a number of studies on the various aspects of HRD in different industries. However, a very few empirical studies in India, have been conducted, on the HRD in Aluminium industry. Therefore, a humble effort has been made, through this study, to bridge the knowledge gap that seems to exist in the area of HRD in Indian Aluminium Industry.

## **Objectives of the Study**

The present study is descriptive in nature and it holds the objective of analysing the human resource practices adopted by National Aluminium Company Limited, Odisha.

## **Methodology**

The present study is based on the survey method. This method was adopted to have a better understanding of the employees' perception regarding the HRD practices prevailing in the different units of NALCO in Odisha.

## **Data Collection**

Data was collected from primary and secondary sources. The primary source of information was the cross section of non-executives belonging to the different departments of NALCO.

The secondary source comprised NALCO's Annual Reports, Monthly Bulletin, Personnel Manual, the website of NALCO, books, research journals and periodicals.

The relevant information about the organization was collected from its corporate office in Bhubaneswar. It was collected with the help of a structured schedule. The schedule included the complete profile of the organization, information related to the human resources and the various HRD mechanisms. The HRD mechanisms specifically included training and development, performance and potential appraisal, career planning and development, feedback and counselling, reward systems, Quality Circles, employee welfare as well as organization development.

## **Instruments Used**

A structured questionnaire was prepared to elicit the responses of the non-executive sample respondents, regarding the HRD practices. Apart from this the technique of participant observation method has been adopted. This method has been used to understand the nature of superior-subordinate relationship, relationships among the sample non-executive employees and their attitude towards work.

## **Techniques of Data Analysis**

The questionnaire incorporated all those statements that were related to the HRD practises adopted by NALCO. Deliberate dichotomy and close ended questions were included in the questionnaire. This was done to make it convenient for the sample respondents as they could furnish their responses without any ambiguity.

## **Sample**

A total of 250 Non- Executives were selected for the study. These respondents were selected from the Corporate office and other units of NALCO, namely, the Mining and Refinery Complex, Smelter Plant and the Captive Power Plant.

**Table 1. Composition of the Sample**

Units	Sample Taken	Total Strength
Corporate Office	24	223
Mining and Refinery Complex	88	1951
Smelter Plant	96	2568
Captive Power Plant	42	1047
Total	250	5789

Source: Primary data

## Analysis

The pay differentials between the lowest and the highest paid employees in the public sector used to be 20 times in the early 1970's. This came down to less than 6 in the mid 1990's. With time, the pay architecture has evolved in a way that the floor was raised but the ceilings are not raised accordingly. Also, the level of workers, staffs, supervisors and the number of grades has multiplied causing a great deal of compression.

**Table 2. Satisfaction level of existing Wage and Salary Structure**

Responses	Respondents	Percentage
Yes	184	73.60
No	66	26.40
Total	250	100.00

Source: Primary data

Against such a backdrop, the sample respondents were asked to opine whether they are content with their existing salary structure or not. Their responses are tabulated in the above Table 2 which shows that out of the total number of respondents, 73.60 percent are satisfied with the existing wage and salary structure of their organization. The rest 26.40 percent seem to be dissatisfied with it. Therefore, it is important for the management to

conduct a thorough analysis of the those factors that make the wage and salary structure of the organization satisfactory for maximum employees as it still remains one of the most important motivating factors for an employee.

**Implication and suggestions:** A possible solution to this problem is, apart from the problems that the public sectors facing due to additional costs of social responsibilities or the high degree of government interference, the pay can be linked to the employee's performance which associated with the job content, responsibility, skill and experience involved, mental and physical requirements and the hazards involved.

NALCO has a full-fledged compensation package for the employees involving the medical facilities and leave travel concessions. Apart from this it has a family welfare benefits, provision of Group Insurance Scheme and Benevolent fund Scheme. The responses of the sample of non-executives regarding the monetary benefits, against this backdrop can be found in the following Table 3.

**Table 3. Monetary Benefits provided by the Management**

Responses	Respondents	Percentage
Yes	205	82.00
No	45	18.00
Total	250	100.00

*Source:* Primary data

A cursory look at the above table reveals that out of the total number of non-executive sample respondents, 82 percent have experienced that the monetary benefits provided by the management has indeed motivated them, however the rest 18 percent do not feel so. Therefore, the management of an organization must focus on this aspect.

**Implications and suggestions:** The monetary benefits have increased the earnings of the employees as they are not taxable. Some of the common monetary benefits are medical insurance, retirement benefits, life insurance & saving plans. They help to protect the employees from the financial risks

inherent in their daily lives. The organizations carry standardised benefit packages in which the employees have very little to chose. However, these packages are becoming irrelevant due to the change in workplace demographic. Also, the employee preference for benefits should be considered before establishing the benefit programmes.

NALCO, on retirement, provides a lump-sum financial support as provident fund. It provides gratuity benefits and benefits on retirement, resignation, termination, wilful negligence or permanent disablement. On the basis of the response of the sample of non-executives regarding monetary benefits, following was the finding:

**Table 4. Satisfaction with the Post Retirement Benefits**

Responses	Respondents	Percentage
Yes	168	67.20
No	82	32.80
Total	250	100.00

Source: Primary data

The results show that 67.20 percent of the total number of employees are satisfied with the post-retirement benefits, whereas the rest 32.80 percent are dissatisfied with these benefits. Therefore, it is important for the management to analyse and work on those factors related to the provisions of such post retirement benefits that makes the employees satisfied.

**Implication and Suggestions:** The post retirement benefit is the defined contribution plan largely followed in organizations. They are financial programmes providing benefits to the retirees. It is essential for the organization therefore, to assess the environmental factors before establishing the plan for post retirement benefits. It is also essential to communicate the related information effectively to the employees. In order to keep the employees satisfied with such benefits, it is essential for the management of NALCO to foster external competitiveness, meeting the individual employee needs as well as complying with the legal compulsions.

As far as the training for non-executives in NALCO is concerned, the training needs are identified through the forms approved by the ISO system. It includes induction programmes, on the job training, apprenticeship training, refresher training, safety awareness programmes and workshops. The opinion of the sample non-executives regarding training can be seen in the following table:

**Table 5. Training Programmes for Employees**

Responses	Respondents	Percentage
Yes	179	71.60
No	71	28.40
Total	250	100.00

*Source:* Primary data

The results in the above table indicate that near about 72 percent of the non-executive respondents agree that the management regularly arranges training programmes for the employees. However, the rest 28 percent do not agree with this. It is therefore, important for the management to concentrate on the training of these non-executives for their skill up gradation with the changing technology.

**Implication and Suggestions:** A proper training to employees tends to foster authenticity, openness and trust in an organization. Apart from the usual benefits of training, some benefits that need to be mentioned, as far as the non-executives are concerned are motivation, problem solving skills, higher productivity, better communication and the ability to adjust to changes. It is essential for the management, therefore, to provide training programmes for the non-executives and should start from the level at which the trainees are. These can be done on a proper focus on lectures, job rotation, coaching, demonstration etc.

NALCO has specific rules with regard to promotions of non-executives known as "NALCO Promotion Rules for Non-executives, 1990". It comprises the general rules for promotion. In NALCO promotion is given on the basis of seniority. Promotion of non-executives takes place on the recommendation

of the Departmental Promotion Community (DPC) and the ratio between the vacancy and the eligible candidates is 1:3. The opinion of the non-executives as far as merit being the criterion for promotion can be seen in the following table given below:

**Table 6. Merit as the only Criterion for Promotion**

Responses	Respondents	Percentage
Yes	174	69.60
No	76	30.40
Total	250	100.00

Source: Primary data

The above table reveals that 69.6 percent of the non-executive respondents are of the opinion that merit should be the only criterion for promotion. As against this the rest 30.40 percent of them feel that apart from merit various other criteria should be there for the promotion of non-executives.

**Implication and Suggestions:** Though promotion on the basis of seniority has lesser scope for arbitrariness and loyalty is rewarded with time, but it may not indicate competence. The responsibility lies with the management of NALCO to maintain transparency while promoting the employees as well as to explore other suitable criteria for the promotion of the employees that is acceptable by them to a larger extent. Therefore, the management can consider competence also as one of the criteria for promotion that in turn can increase productivity.

**Table 7. Satisfaction with the Ethical Standards of the Organisation**

Responses	Respondents	Percentage
Yes	222	88.80
No	28	11.20
Total	250	100.00

Source: Primary data



The above table shows that out of the total number of sample respondents, 88.80 percent are found to be satisfied with the ethical standards of the organization, however only 11.10 percent are not satisfied with the standard of ethics in the organization.

**Implication and Suggestions:** A few important HR ethical issues in an organization may be related to employee responsibility, cash and incentive plans, performance appraisal, race and disability, restructuring and laying, safety and health, privacy issues and job discrimination. It is, therefore, important for the organization to redress at the earliest, any ethical issue that comes to the notice of the management. Therefore, the management of NALCO should encourage transparency. Also, any action to correct unethical conduct should not depend upon one's designation.

NALCO gives monetary and non-monetary rewards in the form of Suggestion Schemes, Sarjana Awards, Problem Solving Reward scheme, Merit Awards and Foundation Day Awards. Against such a backdrop, the respondents were asked to opine about the recognition and rewards.

**Table 8. Recognition and Reward**

Responses	Respondents	Percentage
Yes	164	65.60
No	86	34.40
Total	250	100.00

*Source:* Primary data

The above table reveals that 65.60 percent of the non-executive respondents felt that the services of the employees are properly recognised and they are rewarded by the management /superiors. However, 34.40 percent of them do not agree with this.

**Implication and Suggestions:** The reason behind these 34.40 responses is that the existing rewarding policies are outdated or do not suit their requirements. The organization may be following a progressive policy but it may be perceived as old and outdated. Therefore, NALCO should go for innovations and changes in the existing reward system. The management

also should try to introduce some newer categories of reward systems to have a better motivated and committed workforce.

NALCO has adopted the approach of Quality Circles that creates an environment for active participation in the area of problem identification and analysis, together with implementation of corrective measures. Presently, they have 25 Quality Circles in Mines and Refinery Complex, 13 in the Smelter Plant and 6 in the CPP. As far as the sample non-executives of NALCO are concerned, their opinion on participative problem solving is depicted in the Table 9.

**Table 9. Participation in Problem Solving**

Responses	Respondents	Percentage
Yes	188	75.20
No	62	24.80
Total	250	100.00

*Source:* Primary data

The above table indicates that out of the total number of respondents, 75.20 percent feel that the employees play a vital role in problem solving of the organization. As against this, 24.80 percent of the non-executives opine that employees are not able to participate in problem solving when required.

**Implication and Suggestions:** The concept of participation follows the philosophy that every employee in an organization is valuable and is involved in running the organization. In a way it provides them with the tool and authority for the smooth functioning of the organization. As far as participation in problem solving is concerned, some of the ways through which NALCO can satisfy its non-executives are management's attention, top management support, facilitator guidance, operational support as well as training. It can include any of the techniques such as suggestion systems, focus groups, surveys, self directed work groups, giving more responsibility to employees, process re-engineering, employee involvement or total quality management.

## Conclusion

The prevalent HRD scenario in NALCO remains to be fluid. This raises a question on the smooth functioning of the organization. The opinion of the sample non-executives on the prevailing HRD system is not satisfying. The various aspects of training, promotion, post retirement benefits, monetary benefits, recognition and rewards etc. if left unattended can lead to a lack of commitment, fire fighting orientation, un-preparedness for risk taking or accepting change etc. The management should adopt a nurturing leadership approach. The training module should suit and improve individual performance. Also, the management can introduce new category of rewards and the disgruntlement regarding the promotion of non-executives must be handled carefully. Also, the management can identify the different HRD interventions with the help of employee consensus. These requirements and expectations can be conveyed to the concerned authorities for further actions.

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