

# A Review of the Literature on Employees Working Conditions and Organisational Commitment: HRM Policies in Public Sector Enterprises, India

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## Abstract

The success of any enterprise will depend on two major factors: one is the environment of working and another is commitment, through which reliability and creditability increase among the various stakeholders. In India, most of the enterprises in public sector are suffering from heavy losses, continuously, and disinvesting is taking the place speedily. The main focus of this paper is concentrated on power sector, as the next era is related to digitalization, the challenges will also increase and these may also be converted into opportunities by implementing proper policies and practices. The parameter of human resources has also been changed in this changing environment, the researcher tried to cover maximum parameters applicable in public sector enterprises, leveraging HRM policies and critically analyse their impact on working environment and commitment. Further, this study includes the applicability of HRM policies with theoretical and in practice methods. This paper will also describe the various problems facing by the enterprise in public sectors in India and their remedies with respect to the current scenario of global market at competitive age, and providing facts and details to examine how HRM Policies has affected and is affecting the growth and market share of the business.

**Keywords:** HRM Policies, Organisational Growth, Working Environment, Commitment

## Introduction

Human resource management (HRM) may be considered as the optimum utilisation of the man power, for the fulfillment of managerial objectives of an organisation. In fact, organisational success will depends on their human

assets, and the importance of the human assets cannot be neglected at any time. HRM concerns the policies affecting the man power at workplace and impacting the working environment with managerial practices and society. Consequently, managerial person's deals with the human being, and faces different challenging task, prepare the employees more efficient and productive and meets the customer's demand in the competitive age. Porter (1980), developed the "importance of competitive strategy" for the success of any business enterprises and getting the desired results. Financial outcomes of the enterprises are directly related to the costing and competitors, with adequate and required plans the path of success may achieve. Collective working as a team in a company enhances efficiency and productivity and also reduces absenteeism, shifting and dissatisfaction among the workers.

HRM policies are the key factors for creating the healthy environment at workplace. Allen (2017), discovered workers involvement and socially cultural factors mostly seem failure to link with economic growth and sustainability in the long durability of a firm. Including the employees in decision making operation process and considering their views provides them healthy environment, and their stability also reduces the costing for the organisation. There should not be any doubt about the linkage between HRM policies and efficient results and performance of a firm (Wall, 2016).

After Economic Reforms (1991), in India, the process of disinvestment was started in public sector, although employment opportunities in the service sector

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increases in comparison to manufacturing sector of the public sector, but practically at the same time most of the companies were suffering from different types of difficulties, tough competition, political interference, high cost, lack of technological advancement, non-cooperation by unions etc were the major issues, the impact of these variables could be easily measured on the financial results of the organisation. Presently, India holds the 3<sup>rd</sup> position in electricity production with largest consumers at worldwide. During the 2018-19 fiscal year, the gross electricity generated by utilities in India was 1,372 TWh and the total electricity generation (utilities and non-utilities) in the country was 1,547 TWh [4]. In the changing scenario, digitalization has been applicable in every sector, and it's the responsibilities of power companies to provide the electricity at affordable rate with fully secure system and this task cannot be completed with uncertain environment and dissatisfied employees. HRM policies are linked directly with employees working behaviour and may observed in outcomes as getting better results. Basically, in this paper, researcher tries to cover the opportunities and challenges facing by the power distribution companies of the public sector and effects of HRM policies on employees working conditions as well as organisational commitment.

## **HRM Policies in Public Sector Enterprises, India**

With more than 50% capital in the enterprises the Government of India, established and managed the public sector enterprises and utilised for economic development and sustainable growth in the country. In India, central/state government is contributing through public sector employment, industrial growth, economic platforms, infrastructure connectivity, and better health facilities and helping for increasing to GDP with social welfare measures. The public sector companies have the significant importance for the development economically, culturally and socially with diversity of the country. Public Sector Companies continuously, have significant share in GDP, per capita income, infrastructure development, rapid industrialization, and social responsibilities (Ghuman, 1998).

One side in rapidly changing, market at the international level the competition has been increased and in comparison profitability also decreased, further, the government is

decreasing their stake and financial support from these companies. Due to financial crisis Government of India, implemented the public sector reforms "statement of Industrial Policy" (announced on 24 July 1991). In this regard major recommendations were policies related to review their portfolios and preparing these companies profitable so that these companies can face the challenges in competitive age with social responsibilities. In last three decades, in public sectors companies various new concepts have developed and implemented to sustain the economic growth. Optimum utilisation of available resources, improved efficiency and performance, quality parameters, demand-supply combination, consumer satisfaction, social integration and various other dimensions can be achieved by a company with employee's satisfaction and fairly implementation of policies related to human beings. With proper strategy, the companies of public sector can fulfill their financial, and operational requirements with the satisfaction of various stakeholders and society, with considering values at all (Moore, 2000). After keeping the differences in various sectors the empirical analysis proves that the companies covered under public sector, have adopted different HR systems, and these policies/practices enhance productivity and workers motivation, which can be observed in results (Kalleberg, 2006). Providing the opportunities in participating operational and decisional approaches in public sector highly motivate to the employees, as a part their improved efficiency can be measured as outcomes, whereas sometimes rewards and other incentives are not such effective, so without any financial burden also performance can be improved (Georgellis, 2011). To take the initiatives as providing guidance, and leading the team is also an important factor for succeeding the policies of HRM in public sector companies. As team the organisation as well as individual performance will improved and enhance productivity (Knies, 2014).

However, HRM policies in public sector organisations seem to get more efficient results and considered as innovation paradox. Continuously engagement in Innovation and working for further developments is considered as being a measure for the providing better services to clients and society, with flexibility. Development of new techniques and technology in Public sector is not only the one-dimensional process, but applies on different levels of the organisational structure.

## Objectives of the Study

- To enhance the economic status of the worker by improving wages, benefits and by helping the worker.
- To provide an opportunity to the workers to participating in the managerial decision making.
- To improve workers strength with a view to solve their problems through mutual negotiations and consultation with the management.
- To extend and maintain the organisational commitment with consumers, workers and Government.

## Review of the Literature

### Employees Working Conditions and HRM Polices

The success of any organisation may increase and measured as involvement at workplace with full dedication to achieve desired task by fully positive attitude and hard working (Macey, 2008). By optimum utilisation of the available resources, effective and efficient results may be obtained, through which any company can face the new challenges and establish the linkage between sustainability and compensation. For any corporate sector, human capital is also considered as valuable and important like other capital of the business, the behaviour of humans are unpredictable, through better working environment and welfare measures, as an organisation, the outcomes may improve and better. Financial results, market share, goodwill, post-sale services, customer satisfaction, innovation, potential and sustainable growth indicates the story of a successful company, but after analysing the results indicates without involvement of employees, and implementing adequate HR practices, these things cannot be achieved efficiently (Burud, 2004). Working as team, as well as individual efforts both the side employees and organisations, with moral behaviour practices, healthy environment, participating decisions, social and ethical practices increase the financial results of the organisation (Attridge, 2009). In study of 714 Dutch employees, Xanthopoulou, 2007 —find that employees feels dissatisfaction and exhaustion, under disturbing and suspected environment, also the organisation should not apply the problematic and inappreciable job demands otherwise their efficiency will declined and outcomes will also affected.

Policies drawing the working condition and incentive schemes provided by the organisations also significantly related to economic conditions, these conditions are vary as the position and concept of bargaining power. Political event may primarily responsible for the creation of economic conditions, which in turn after living standard and ways. The social and environmental factors both motivate the individual worker and affect general labour stability and turnover. Due to job insecurity and other measures if worker/employee shift/leave the organisation it will constitute considerable expenses for any employer. Many progressive and dynamic companies consider the turnover rate as a barometer of the soundness of their employee-benefit policies, organisational structure, and efficiency of their personnel department and as an index of industrial relations.

The following important factors for might be considered while drawing the HRM policies for measuring a low labour-turnover rate:

- Good working conditions and amenities, including proper lighting and ventilation, clean buildings, adequate transportation and similar facilities.
- Proper protection against all possible occupational hazards and discomforts.
- Welfare services, including canteens, medical attention, holiday allowance, recreation, education and training.
- Councils to deal with matters of concern and promote harmonious relationship.
- Housing facilities, either providing full living accommodation or partial financial assistance with rental payment.

Traditional practices of HRM, are not applicable as the global market has been changed in last two decades. As the technology change, inflation, and competitiveness also changed the labour rate and its growth. Under rapidly competitive market, the companies also required to focus on customer needs and their budget, similarly continuously focused on the development of new techniques, post-sale services and processing. These measures can be achieved by eliminating the conditions which are creating the problems and to developing the familiar environment at workplace (Warr, 2005). Employees' performance and organisational outcomes are significantly related to the

training and development programs. The firms can reduce the unnecessary pressure and problematic conditions efficiently with implementing HRM policies (Stavrou, 2005). The HR managerial persons can play the positive role for improving efficiency of employees, through motivating to workers, following proper procedure without biasing concerning the employees efforts, the profitability of firm may increase (Ferguson, 2010). Modern HRM practices play a major role for achieving firms' outcomes with some new developments, also these practices have positive significance statistically. For achieving firms' objective as external factors the role of social media is also considerable (Corral de Zubielqui, 2017).

At the leveraging HRM policies and working conditions the job analysis is also applied. For instance, time-motion and work-study methods generally evaluate job content and work performance on the basis of final production objectives, as well as worker qualification and environmental conditions. So a convenient job-analysis outline may be formulated as follows:

**Table 1**

<i>Job Requirements</i>	<i>Responsibilities</i>	<i>Working Facilities</i>
Education and Experience	Material and Equipment's Maintenances	Environmental Conditions
Training	Supervision	Safety Level
Physical Efforts	Safety	
Mental Efforts	Public Relations	

Considering the importance of the monetary factors, while determining the HRM policies, many business firms throughout the world taken resource to introduction of some sort of 'payment-by-result' incentive scheme. Such systems have occasionally been implemented with insufficient structural formulation and development, on the assumption that even incompletely devised version of this scheme would provide panacea for all ills. However, as such financial incentive schemes generally affect most areas of employee life, cautious implementation is essential. Improper application could result in reduced employee co-operation and overall negative rather than positive productivity contribution. Paradoxically numerous industrial managements frequently exert meticulous effort in sale forecast and estimate, budget appropriation, production cost estimate, planning, scheduling and loading but seldom devote adequate

attention to formulation and introduction of leveraging HRM Policies.

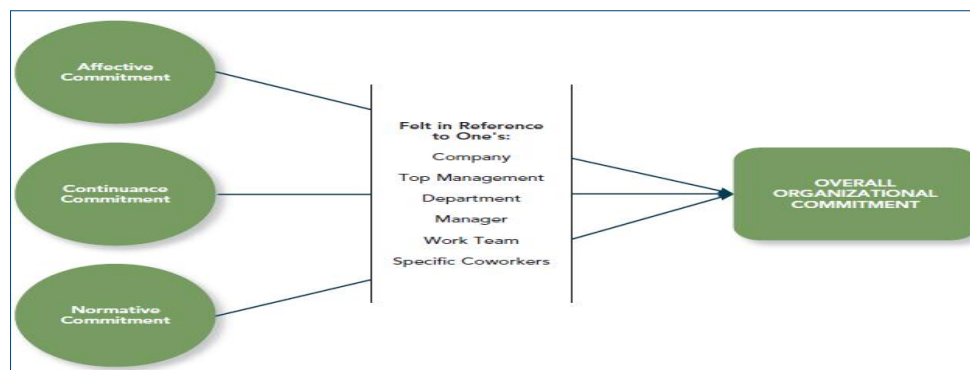
## Organisational Commitment and HRM Policies

Entire engagement of an employee with full dedication with the firm and feeling problems while shifting/leaving the firm, considered as organisational commitment (Becker, 1960). In his research of 340 employees working in 41 bank branches Benkhoff (1997), found that there was a significant relationship between employees' commitment and profitability results. With various factors, affecting performance and commitment proved the linkage by achieving desired sale volumes and profitability. Rashid (2003), observed those financial outcomes (solvency of a firm, RoI, Profitability ratios, liquidity ratios) are directly linked with organisational commitment and culture of the firms. In study of 202 managers working in public sector organisations the finding proves statistically significance relationship between OC and cultures of the firms including increasing profitability. By providing proper safety measures at workplace to employees, their satisfaction level may increase, and effect can be observed as organisational commitment. So, commitment may be described as employees' response and behaviour towards the assigned task. In his study of 2148 managers working in 463 firms in China Gong (2009), found that performance-oriented HR practices have proper impact on enchaining the companies' outcomes and influencing the affective commitment of middle-level managerial persons. Another side, maintenance-oriented HR system have also impact on the continuance commitment of middle level managerial persons; but, there was not significance linkage was found between affective commitment and companies' performance. Employee's response towards work may evaluate with three model, analytical, cognitive and behaviour also the commitment can be measured by the engagement of the employees inefficiently working at organisation (Greenberg, 2010).

Employees' stability and satisfaction with the policies of a firm might be considered as organisational commitment. In general, the organisational commitment may be of three categories. If the employees of an organisation are stable and not leaving/shifting the jobs due to emotionally relation, and engagement in a firm, will be consider as affective commitment. They will provide their services

to the firm, continuously because they are willing and enjoying this situation. When the employees know very well in actual what's they are getting?, directly or indirectly from the organisation, and make the comparison with market, its considered as cost based, continuance commitment and employees requirements not allowed them to shift the firm. At last, when the employees provide their services to the firm because of some obligations considered as normative commitment (Meyer & Allen, 1991 & 1993; Irving, 1997) analysed the with various factors and linkage the above three commitment to the job stability and satisfactory conditions

at workplace, with a sample size of 232 individuals in a firm. The outcomes proved that satisfactory conditions were significantly related with emotion based and cost based commitment. Cohen (1995), analysed emotion based, Cost based and Obligation based dimension of commitment were used to know the linkage of organisation commitment and non-work measures of 227 nurses from 2 different hospitals. The results proved that there was a positive linkage between resource enrichment and commitment associated with emotion and cost, while the linkage was negative with obligation based commitment.



Source: Colquitt et al., *Organisation Behaviour, Improving Performance and Commitment in the Workplace*, (McGraw Hill Education, 2015), 93.

**Fig. 1**

Virtanen 2000 found that ethical and social values are linked with the employees' behaviour and their culture. The employees working conditions and their attachment with the organisation as per their need, emotions, and obligation influenced their behaviour. Consequently, when employees are willingly associated with the organisation, the firm will also get the better outcomes in terms of financial results as well the operational activities. For instance, the people will follow all the rules and regulations with more awareness, and the probabilities of accident will also decline at workplace. The research results also describes that any firm can receive the more profitability with dedicated/committed employees through the efficiently utilisation of man power. These employees are the valuable asset to a firm through which the objectives of the firm will achieve.

Wright (2003), found in his research of 50 autonomous firms that HR practices with organisational commitment

are directly associated with financial results, employees performance and efficiency. In general, any organisation would not be in favor of labor turnover and absenteeism at workplace, because the costs will increase. Therefore, most of the firms always focused on employees' stability and maintain healthy employee-employer relationship.

Finally, the economic conditions in which firms run the activities have the important short-term effects on the working environment. In the changing competitive and global environment also these conditions may subtle and more long-lasting effects. With respect to the former, one hardly needs to point out that the relative prosperity of the economy at any particular time can strongly influence the motivation of employees to maintain membership in their present organisation (as is typical in times of recession) or look for more attractive opportunities in other organisations (as is frequent in times of prosperity).

## Conclusion

After independence, Indian government focused for industrial development and PSEs continuously contributing in the growth and development of Indian economy. With the leveraging HRM policies in organisations, these companies ensuring that the economic growth of the nation will achieve new scale in development and growth at competitive market. This review focuses on the electricity-distribution companies in Uttar Pradesh. It explores the linkages between employee's performance/efficiency and organisational commitment. It recounts the emergence of a competitive power market so far and examines possible future development of this market. India faces many challenges on the energy front, but must deal simultaneously with economic, social and environmental challenges as well. These considerations weigh on energy policy formulation. Wider access to modern commercial energy sources, the reduction of airborne pollutants in cities, and improvements in the reliability and the quality of energy services are strong drivers of Indian energy policy. In addition to general policy issues, we review electricity-supply industries and its various market components or sub-sectors, examining the demand side of the power market, then distribution, transmission and generation. Rural electrification is considered in its own rights, as it involves specific market dynamics.

At the same time we observed that in the public sector all kinds of developments/innovations are related to digitalization. These innovations are not only technological, which enable the redesign of all kinds of processes, like service delivery. The emphasis can also be put on more organisational and conceptual developments.

## Limitation of the Study and Scope for Future Research

HRM policies in public sector companies have significant role. In India, after the economic reforms, 1991 the various measures and changes implemented in this sector also. The power distribution companies are covered in service sector, also these companies are suffering from huge losses due to various reasons. In Uttar Pradesh, the distribution work of power was conducting by UPPCL, in 2003; the governments of Uttar Pradesh constitute 4 different subsidiaries company for the power distribution

work in different area. Presently all these companies are continuously running with heavy losses and any research are also not conducted on this area till now.

After several limitations, the research indicates that performance of these companies can be raised with proper leveraging of policies of human resources. Providing the healthy environment and satisfaction at workplace the labor turnover can be controlled and definitely from efficient utilisation of the available resources these companies may be turn out from heavy losses, as well as contribute to growth and development of Indian economy.

The privatisation agenda involving sector unbundling and introduction of competitive markets must carefully proceed after the much-needed comprehensive commercialisation of the sector, tariff reform, social safety net reform, and the stabilization of the functioning of the newly created regulatory bodies.

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