PERSONNEL MANAGEMENT
PRACTICES: A COMPARATIVE STUDY

Y. K. SHETTY*

Taking into consideration the conflicting viewpoints on transferability of managerial know-how from the developed to the less-developed countries, this exploratory study asks basically the following interrelated questions:

(a) Are human resource management practices of U.S. subsidiaries and Indian companies operating in the Indian environment similar or different, and why?

(b) Have the U.S. subsidiaries been able to adopt or adapt U.S. management practices in the Indian environment?

(c) How far do the environment factors explain the differences and similarities in management practices?

DESIGN OF THE STUDY

The study was conducted in five major industrial towns in India as a part of the larger study of management practices in Indian industry. The results of this study are based on an intensive case study of business firms in India—18 American subsidiaries (controlled or owned by American firms) and 18 Indian firms. The firms studied came from a number of industries such as pharmaceutical, engineering, consumer products, rubber products, and petroleum. The number of employees in American subsidiaries ranged from 200 to about 6,500 employees. The number of employees in Indian Companies ranged from 175 to 6,000. The median firm of the American subsidiaries studied had 450 employees and the median Indian firm had 500 employees.

In this research a comparative case study model which is somewhat similar to the classical Latin square experimental design is utilized. Two samples of companies were intensively studied: U.S. subsidiaries in India and comparable Indian firms. Each of the American subsidiaries were paired with the local firm on the basis of product, technology, number of employees, sales volume, and investment. Structured and non-structured personal interview techniques along with unstructured observation were employed to obtain necessary data from these companies. Two researchers were involved in conducting these interviews.

The interviews and observation investigated managerial policies, practices, and problems in the following areas: (1) status of personnel function, (2) recruitment and selection; (3) employee performance appraisal; (4) training and development; (5) employee compensation; and (6) leadership and motivation.

In this paper, only the main findings of the study concerning the differences and

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similarities of selected personnel practices of American subsidiaries in India and native firms are reported.³

SOME FINDINGS

Status of Personnel Function:—Of the 18 American companies studied 11 have specialized personnel departments and a full-time personnel officer, while 7 of them have the personnel function performed on a part-time basis by some member of management who is also responsible for other functions. Out of the 18 Indian companies studied, 10 have specialized departments with a full-time personnel officer in charge, while 8 of them have this function performed on a part-time basis.

The size of the personnel department varies from company to company. Out of 18 American companies surveyed, the personnel ratio to total employment varies from 2.0 to 0.6. For the Indian companies, the ratio varied from 2.1 to 0.2. There is no consistent relationship between the employment size of the company and the status and importance given to this function in this sample. In the American sample, one company with more than 3,000 employees has no specialized personnel department with status comparable to other major functions, but the function is combined with another one and receives marginal attention. Another company, however, having about 300 employees, has a full-fledged specialized department with status comparable to other important functions in the organization, headed by a senior member of the executive staff. This is more or less true of the Indian sample as well.

Apart from the status and importance given to this function, the quality of the function shows considerable variation. It is difficult to judge the quality of this function in a very objective manner. If it can be judged by such factors as the quality of the person who performs this function in terms of professional attributes as well as by the extent to which there is a forward-looking, planned, and balanced approach to the function, this shows wide variation. Only 6 American and 4 Indian companies out of 18 have a personnel officer who had a background as well as training and experience in the field of personnel management. A majority of the remaining companies have their personnel function headed by persons with training in social welfare or law, or else they have no specialized training at all. The companies which have a personnel officer with specialized training in personnel management also seem to indicate that they are forward looking and have a well balanced approach to all aspects of the personnel function. Others are just trying to meet the legal requirements of labour welfare and labour relations.⁴

In general, personnel managers in American companies seem to give more attention to selection, training and performance evaluation while Indian companies seem to be more concerned with welfare related programs. In addition, American companies have given their personnel managers a wider area of responsibility and senior positions in the organization.

Recruitment :—An analysis of Table 1 shows that recruitment sources utilized by American and Indian companies reflect some significant difference, in terms of varying emphasis on different sources. The American companies generally used more sources than Indian companies for all categories of personnel. They utilized private employment agencies and colleges and universities significantly more than Indian companies to recruit white-collar workers, particularly managerial and technical personnel. Indian companies rely more on sources of recruitment, which are mostly informal and non-institutional.
An analysis of advertising for new employees in the newspapers and of company literature made available to prospective candidates in colleges and universities clearly shows that American companies are much more aggressive in their recruitment programs than Indian companies.

American companies seem to favor sources, which might involve higher investment in terms of time and money. This is particularly true in the case of advertising, recruitment through private employment agencies, visits to colleges and universities, etc. Indian companies rely more on those sources which involve less investment, such as word of mouth, relatives and friends of present employees, hiring at the gates, etc.
Selection:—Generally, those seeking work as unskilled laborers are selected by the personnel officer or by his representative on the basis of experience and personal judgment. In the selection of skilled and semi-skilled workers, a majority of companies, 16 American and 13 Indian, use some kind of trade tests. Trade tests ranged from highly developed methods in a few American companies and one or two Indian companies to a mere testing of the employee on the machine to see whether he knows how to operate it. The highly developed tests used by few firms, mostly American, covered the educational attainment and technical knowledge required on the job, including the discussion of some technical problems connected with the job and the actual performance on the job. Five American firms also administer intelligence tests, for the blue-collar workers. Comparatively more Indian firms prefer to measure the applicant's performance on the job instead of relying on an indirect measurement of his skills through different kinds of tests. Psychological tests which are extensively used in the United States are rarely applied in India. Only three American firms in the whole sample used them for the junior and middle management personnel. The American companies who used psychological tests claimed that the tests developed in the United States can be applied profitably in India with certain modifications in terms of language and background. These firms usually hire a qualified psychologist to interpret tests. Many firms used intelligence tests coupled with personal interviews, school certificates and recommendations in evaluating candidates for managerial positions. A few American companies emphasized the group method of selection. In general, we can say that American companies appear to have more than Indian firms a systematic and impersonal method of selection.

Performance Appraisal:—The systematic assessment of employees' performance is a comparatively recent development in India. The analysis shows that 12 American companies and 9 Indian companies use what can be called a formal and systematic personnel appraisal program. Others have no formal system of appraisal. Rewards and punishments in all other organizations are entirely based on the impressions of supervisors and top management.

A close look at the use of personnel appraisal (vide table 2) reveals interesting differences between the American and Indian companies. First of all, significantly more American companies use appraisal as a basis for employee training and development. The majority of American companies use it for establishing training needs and informing the employee where he stands so as to improve his performance and morale, while only 2 Indian firms use appraisal results for these purposes. A majority of Indian companies use this program for mostly administrative purposes such as promotion, transfer and determining wage increases. Fifty per cent of American companies use it for discovering supervisory personnel as against 22 per cent of the Indian companies in the case of white-collar workers, and 33 per cent as against 50 per cent in the case of blue-collar workers.

Sixty-six per cent of the American companies and 33 per cent of the Indian companies use merit as the prime consideration, along with education, training and leadership qualities, for promotion in the case of managerial personnel. They also state that all factors being equal, seniority will prevail in promotion decisions. About 30 per cent of the American companies and 50 per cent of the Indian companies give consideration to merit and seniority in determining employees for promotion. In the remaining firms it is not clear what criterion is used for promotion.
TABLE 2
PURPOSE OF PERSONNEL APPRAISAL PROGRAM
WHITE-COLLAR EMPLOYEES

<table>
<thead>
<tr>
<th>Purpose of Personnel Appraisal Program</th>
<th>American No.of Co's</th>
<th>Companies Percentage</th>
<th>Indian No.of Co's</th>
<th>Companies Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total companies with formal personnel appraisal program</td>
<td>12</td>
<td>100.0</td>
<td>9</td>
<td>100.0</td>
</tr>
<tr>
<td>Promotion and transfer</td>
<td>9</td>
<td>75.0</td>
<td>7</td>
<td>77.6</td>
</tr>
<tr>
<td>Determining wage increases</td>
<td>12</td>
<td>100.0</td>
<td>9</td>
<td>100.0</td>
</tr>
<tr>
<td>Establishing training needs</td>
<td>4</td>
<td>33.3</td>
<td>1</td>
<td>11.1</td>
</tr>
<tr>
<td>Informing employee where he stands</td>
<td>4</td>
<td>33.3</td>
<td>1</td>
<td>11.1</td>
</tr>
<tr>
<td>Discovering supervisory personnel</td>
<td>6</td>
<td>50.0</td>
<td>2</td>
<td>22.2</td>
</tr>
</tbody>
</table>

BLUE-COLLAR EMPLOYEES

<table>
<thead>
<tr>
<th>Purpose of Personnel Appraisal Program</th>
<th>American No.of Co's</th>
<th>Companies Percentage</th>
<th>Indian No.of Co's</th>
<th>Companies Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total companies with formal personnel appraisal program</td>
<td>12</td>
<td>100.0</td>
<td>6</td>
<td>100.0</td>
</tr>
<tr>
<td>Promotion and transfer</td>
<td>10</td>
<td>83.3</td>
<td>5</td>
<td>82.2</td>
</tr>
<tr>
<td>Determining wage increases</td>
<td>12</td>
<td>100.0</td>
<td>6</td>
<td>100.0</td>
</tr>
<tr>
<td>Establishing training needs</td>
<td>4</td>
<td>33.3</td>
<td>1</td>
<td>16.7</td>
</tr>
<tr>
<td>Informing employee where he stands</td>
<td>3</td>
<td>25.0</td>
<td>1</td>
<td>16.7</td>
</tr>
<tr>
<td>Discovering supervisory personnel</td>
<td>4</td>
<td>33.3</td>
<td>3</td>
<td>50.0</td>
</tr>
</tbody>
</table>

Training and Development:—Three interrelated characteristics of training and development programs provide the most useful framework for comparison and analysis. First, few companies established formal programs, others did not deem this necessary and, therefore, relied on more informal programs or no program at all. Company training plans written down in accordance with company policies were described as formal. All others were described as informal. Secondly, the type of training techniques utilized in terms of on-the-job or off-the-job also varied among companies. Normally companies limited their programs to only on-the-job training and few firms established both on-the-job as well as off-the-job training programs. For purposes of analysis, training programs composed of programs in both the areas were considered more comprehensive than those with programs in one area. Those companies with formal procedures to implement the programs were considered to possess more systematic implementation than companies not establishing them. By classifying the training programs in terms of formality, comprehensiveness, and systematic implementation, it was possible to designate five levels of programs among companies. Indeed, a close look at these levels shows roughly what can be called a range in sophistication and intensity of employee training and development programs. Of the 18 American companies studied, 4 have well developed management training programs for their managerial staff. These firms usually recruited young graduates from colleges and universities in order to develop them through their management development programs which are composed of systematic on-the-job and off-the-job training. Two Indian companies have also instituted their own management training programs. A few other companies utilize the facilities available at the Indian Institute of Management at Ahmedabad and Calcutta, as well as Administrative Staff College and Universities in different parts of the country. The remaining
firms in the sample largely depend on on-the-job training for managers, which is in a majority of cases haphazard and unimaginative. Occasionally, they may send their selected staff members to take courses in outside institutions. A few American firms have the practice of sending some of their technical personnel to the States for training in their parent company or in educational institutions. On the whole, very few companies have systematic training programs for their employees.

TABLE 3
CLASSIFICATION OF COMPANIES IN TERMS OF THE TRAINING AND DEVELOPMENT PROGRAMS

<table>
<thead>
<tr>
<th>Type of Training Programs</th>
<th>American</th>
<th>Indian</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Operative</td>
<td>Supervisory</td>
</tr>
<tr>
<td>No on-the-job or off-the-job programs are established; complete reliance on hiring trained personnel</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>II. Informal programs are established; mainly off-the-job programs; no formal procedures were established to implement the program</td>
<td>—</td>
<td>6</td>
</tr>
<tr>
<td>III. Informal programs were established; mainly on-the-job programs; no formal procedures were established to implement the program</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>IV. Formal programs were established; they were mainly composed of on-the-job programs; formal procedures were established to implement programs</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>V. Formal programs were established; they were composed of both on-the-job and off-the-job programs; formal procedures were established to implement them</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>TOTAL</td>
<td>18</td>
<td>18</td>
</tr>
</tbody>
</table>

Note:— On-the-job training programs include mainly understudy, job rotation and apprenticeship for operators; off-the-job programs include mainly courses offered by training divisions, individual study and supplementary outside courses.

Employee development through self-motivation in order to improve one's performance by self-improvement, private study and job rotation are all more or less absent in most of the firms. One important dimension of management training is to develop subordinates through decentralization and delegation of authority, which is not widely prevalent in most of the companies studied. Most of the firms are highly centralized. There seems to be some kind of distrust between superiors and subordinates.
The supervisors are reluctant to delegate authority to their subordinates and the subordinate is often seen as a rival, and any delegation of authority and development would only speed up the preparation of a subordinate to take over the superior's position. The failure of the superior to develop his subordinate is often a result of his own insecurity or that of the senior personnel.

A few companies—3 American and one Indian—have introduced new methods of promotion and personnel appraisal programs to actively encourage senior members of the management group to train and develop their subordinate staff. Under these programs, the performance of senior members is evaluated, among other things, on how well they have trained their subordinates. Second, a senior member's promotion is partly dependent upon whether he has trained one of his subordinates to be able to take over his position. These firms claim that they have made considerable progress after the introduction of this practice, not only fostering the development of junior members but also developing healthy relationships between superior and subordinate staff.

Employee Compensation: The system of annual increments, which is often automatic, is widespread in the companies covered in this study and it is applied to manual workers and to clerical and management staff. This system appears sound if, year by year, the skill, efficiency, experience, and responsibility of the workers receiving the increments increase in approximately the same proportion as the rise in their pay. However, this is not so, and the increments are paid by a majority of the firms solely on the basis of seniority without relation to merit or productive efficiency of workers.

A majority of American companies seem to dislike the practice of automatic wage increments. Three American firms and one Indian company have introduced changes from this widely prevailing practice by completely abolishing salary scales with more or less automatic yearly increments for their managerial personnel. The increments are given entirely on the basis of merit. The companies have improved their performance appraisal system so as to make their system of increments effective. The personnel officer of one of the American companies, which has introduced this system for managerial personnel, is trying to introduce more or less a similar method for blue-collar workers also.

When we compare the wage levels of workers in Indian and American companies, the latter are generally higher. The difference is considerable in certain cases, ranging 30 to 50 per cent for clerical and blue-collar workers. The percentage differences for junior and middle management personnel vary considerably, ranging from 100 to 150 per cent in certain cases.

Fringe Benefits and Labor Welfare: The data shows that Indian companies with one or two exceptions consistently provide higher fringe benefits to their employees than American companies. In case of Indian companies the percentage of average fringe benefits to total earnings—wages and all other fringe benefits—varies from a minimum of 28 per cent to a maximum of 45 per cent. In the case of American companies, this percentage varies from about 20 per cent to 35 per cent. When we compare this to an average of 28 per cent for the engineering industry, most of the American companies are meeting the competitive requirements of their industry without going too far in providing all kinds of benefits to their employees. Indian companies, on the other hand, spend considerably more resources in fringe benefits and welfare measures for their employees.
Leadership and Direction: The analysis of the companies studied shows that a majority follow traditional practices in leadership, direction, and motivation of human resources. A majority of Indian and a significant number of American companies are highly centralized in their organizational structure and are authoritarian and paternalistic in their approach to their employees.

The superior-subordinate relationship is highly authoritarian and bureaucratic in the companies studied. Neither one trusts the other. The middle management in quite a few organizations, mostly Indian, appears to regard its opportunities for participation in managerial decisions and for promotion to top management ranks as rather limited. In these companies the management is not only highly centralized but also often family oriented.

The approach of the majority of companies, mostly Indian and a significant number of American, is characterized by a sense of paternalism. The high rate of illiteracy and a low standard of living of Indian workers make them dependent on employers for providing all sorts of assistance. From this point, it is true that paternalism as expressed through extensive employee welfare activities is required of Indian employers not only by law but by the necessity of developing a stable and committed industrial force; but it is equally true that paternalism carried to its extreme is a hindrance to the growth of positive and healthy industrial relations and the self-development of human beings.

As against this, there are firms, a few American and still fewer Indian, which are comparatively successful in providing greater opportunities for workers and middle management to participate through decentralization, encouraging delegation of authority and innovating and experimenting with new concepts as an effective measure to build better qualified personnel and effective human organization. They have systematically avoided most of the pitfalls of paternalism by paying higher direct wages and more and more employee participation at all levels.

DISCUSSION

The practice of modern management in general and manpower management in particular has by no means gained the degree of acceptability and sophistication in Indian industry that it has in the U.S. and other Western countries. This, however, does not mean that this is an unknown field in India. The study shows vividly that there are a small but growing number of firms whose policy and practice are quite comparable to those of the more progressive and enlightened firms in the industrialized countries, like the U.S. For example, a few of American subsidiaries as well as a smaller number of native firms, have introduced many of the elements of modern manpower management in their organization. There is a large group of firms (both American and native) which have yet to recognize the role of human resources in terms of its importance and contribution to enterprise efficiency or have little or no knowledge of the basic concepts of the field or its techniques.

One important aspect of Indian manpower management is the wide diversity in outlook, policy, and practice between the more progressive and less progressive firms. Such divergencies are much greater in India than in the U.S., and they are wider still when we take Indian companies alone.
The functions of recruitment, selection, personnel appraisal, employee training and development, motivation and supervision, with the exceptions in a small number of American companies and a still smaller number of Indian firms, has received little attention even today. This particularly reflects the conditions of the Indian labor market. More importantly, it reflects the inadequacy or lack of recognition of the utility of investment in human beings in terms of systematic selection, training and development of human resources.

Careful recruitment and selection of employees is particularly important in India for two major reasons: Under the existing legal conditions, when an industrial worker is discharged an industrial dispute can be raised by the workmen in regard to such discharge and labor Court or Tribunal adjudicating such disputes would be competent to determine whether the termination of service was justified and to order reinstatement if such order appeared appropriate and necessary. As a precaution against unreasonable discharge by way of punishment, certain rules of procedure are required to be strictly followed by the employers before the order of discharge is passed. Failure to carry out this procedure, or even a technical mistake in the procedure itself, may undermine the case if it goes to an industrial Court. Under these conditions, most of the employers are reluctant to go through this elaborate procedure, which may involve considerable time and resources.

Secondly, the chances of mismatching the job and the person are much higher in India. Matching the job with the suitable applicant is naturally a two-way process. Under the present job market conditions of India the employee's choice is very much limited and he will accept any job irrespective of his suitability. Under these conditions, the pressure to properly match man and job is only one-sided—from employer's side only.

Institutional factors such as the difficulty of dismissing an employee have been mildly felt by the companies in recent years, but their full impact has not been felt on the selection process. Labor is comparatively cheap in India. Under this condition the wasteful use of labor, in terms of selecting through less efficient methods as well as keeping surplus labor within the organization due to the possible difficulty of dismissing does not seem to be an important factor in cost consideration. This has been further reinforced by the fact that the product market for most of the industries in India is a seller's market, and again the cost consideration, if any, receives little emphasis. Therefore, advantages of the abundance of low-cost unskilled labor available for industrial enterprises in India coupled with a seller's market seem to outweigh the disadvantages of mismatching and the difficulty of dismissing workers.

Moreover, the prevailing practice of probation seems to have some kind of influence on the selection process. The practice of hiring on a probation basis is widely prevalent in Indian industry. In theory, the probation time is considered as a training period for unskilled workers, blue-collar as well as white-collar. But in actual practice, this device has been used as a substitute for an effective selection process. The workers who cannot train themselves are weeded out during the probation period. The result is inefficient utilization of human resources accompanied by enormous losses to the organization as well as to the individual.

There are several factors which seem to account for the neglect of training and development programs in Indian industry
in spite of skill shortages. One reason often quoted by the firms interviewed, particularly American subsidiaries, is the fear that the competitor will lure away trained personnel. We can expect this to happen in certain types of skills under the Indian labor market conditions. But in fact, based on the study, it appears not to occur in any significant manner. On the contrary, turnover seems to be greater in firms where there is no systematic and well developed personnel program. On the whole, the rate of turnover is much lower in American firms compared to Indian firms.

Although there is a tight labor market for certain skills, there is a very loose market for other categories of manpower. Under the latter conditions, it seems that employers with shortrun objectives (most of the Indian employers fit in this category because of their historical trading background) are tempted to utilize human resources haphazardly and wastefully and neglect the training which is a kind of investment. Also a significant part of the business enterprises in India consider resources spent on training and development as current expenditure rather than as investment which will yield continuous results in the years to come.

Most of the employers want to hire trained personnel and very few are interested in developing people through investing in them. Of course, this attitude may partly reflect the unrelatedness of the present education system to the country's immediate needs in industry. Education over-emphasizes humanities and concentrates less on the type of training which develops competence and skill for industrial employment. But to the extent the companies are reluctant to hire fresh graduates and train them, this practice of business has resulted in gross malutilization of educational facilities of the country, which could have been put to more productive use.

The comparatively less emphasis on fringe benefits and more emphasis on direct wages seems to be the pattern of American subsidiaries as against lower wages and higher fringe benefits in Indian companies. This differing emphasis seems to emerge from the belief among most of the American subsidiaries that direct wages are better devices of motivating employees in India than indirect benefits beyond the competitive level. This approach has two implications: first, the direct relating of wages to the work of the employee is more visible and would probably result in a better psychological feeling among the workers that they are being paid much better than in comparable Indian companies. Second, they seem to avoid the implication of paternalism as much as possible. This is reflected in their approach of getting the active participation of the union in the administration of their benefit programs.

Similarities, Differences, and Patterns

This study revealed that the manpower management of American subsidiary and Indian companies showed significant similarities as well as differences. On the one hand, we find that a few Indian companies are much closer to some American companies in terms of their attitudes, approaches and practices in recruitment, selection, training and development and employee motivation. On the other hand, we find some American firms are closer to native firms in their approach to manpower management, which is highly primitive, haphazard, and shortsighted in its basic approach.

Within the sample of American companies operating in India the approach showed wide variations. When American companies establish themselves in countries like India, one would expect that they would follow parent company practices, modified to the prevailing
conditions and expectation of the host country. Our study shows that only a few companies are very close to their parent companies in their approach to human resource utilization. Others are nowhere near their parent companies, but much closer to native firms in their attitude and practices. The firms which are closer to their parent companies do not necessarily resemble them in terms of utilizing specific strategies and techniques, but basically follow the same approach and utilize similar practices and are open to continuous innovations when new knowledge is available. They have to adapt their strategies and techniques to the conditions prevailing in India. Most of the discernible differences in the use of different strategies and techniques seem to be due to the different environmental conditions prevailing in these two countries. For example, there are relatively few institutionalized sources of recruitment available in India compared to the United States.

Environmental Variables: In an economy like India, which is going through the early phase of development, the labor market is generally unorganized and fragmented. Thus, certain sources of recruitment which may be very effective in a more structured labor market, become less effective. For example, advertisement as a medium of attracting certain types of personnel is not at all effective in India for two reasons. First of all, this media does not reach the entire country, since villages are isolated from the big cities and newspaper circulation is almost nil in rural areas. Secondly, the ability to read and write is not widespread among the Indian workers; only about 24 per cent of the total population was literate in 1966. Under these conditions, the U.S. subsidiaries have modified their parent company practices to suit the local conditions and utilize more noninstitutionalized and informal sources than their parent companies for recruitment. The psychological tests are very little used by the subsidiaries in India. They claim that in most cases it is not economical to have a trained psychologist on the staff, and outside specialized help available is meagre and extremely expensive; and finally, personnel managers of these companies do not seem to believe that the adolescent work force of India is capable of facing these kinds of evaluation techniques. Therefore, they emphasize other techniques such as personal interview, group method of selection, testing on the job, etc. Likewise, the American subsidiaries who are concerned with systematic employee development, emphasize on-the-job and company training programs because the present education system of the country does not reflect the immediate needs in industry.

When analyzing the influence of environmental factors, we find that the following environmental variables have some impact on the application of modern management in India: low level of education; lack of industrial tradition among the workers; the educational system; product and labor market conditions; nature of trade unions; and the public policy of compulsory arbitration and external wage setting machinery.

The differences in the use of different techniques and strategies can be explained through differences in environment. But how can we explain the differences in the basic approach and thinking on the wide variations in terms of concern and programs to utilize human resources within industrial enterprises?

Managerial Approach: There is considerable evidence to show that something
internal to the firm influences the approach to a substantial degree. For our purposes, the internal variable can be identified as managerial approach (policies and practices toward human resources). This internal variable, explicitly stated or implicitly made but permeating the whole organization and reflected through definitely identifiable and differentiable practices, seems to play an important role in influencing human resource utilization within organizations. For example, let us consider the attitudes of two American subsidiaries in regard to executive development programs and the chances of losing trained executives to other firms in the industry.

We are, of course, sorry; but if a man, whose potential we have given help in developing, decides to go to work for a competing organization, we prefer to look upon the experience as a gain for the whole industry and the country.

Why should we develop executives in our company if they are going to work for our competitors after training? Our investments in training and development will yield returns to somebody else. How can you expect to have management development programs under these circumstances? We prefer to hire from outside than have our own program of training and development.

Examples like this can be multiplied. Needless to say, these differing attitudes of management would produce different approaches and practices among those companies in regard to training and development of their personnel.

If we analyze and compare the organization and operations of American subsidiaries in India and Indian companies, we find that some companies, irrespective of whether ownership is American or Indian, and irrespective of industry or size, have similar outlooks expressed explicitly or implicitly, which are reflected in their actual practices. There may be variations in strategies and techniques, but they all have more or less the same thinking and approaches to similar problems concerning human resources. They all have a common outlook in human resource utilization, that is, these firms emphasize the importance of human resources and believe in investing in man, in terms of an extensive search for high talented personnel and developing him through intensive on-the-job and off-the-job training and providing a conducive organizational environment for individual growth and organizational efficiency.

In a number of studies one sees an attempt to explain differences among industrial enterprises in foreign countries and in the United States on the basis of environmental and cultural factors. No one can deny that societal environment is a composite of multifarious variables; and they have much bearing on managerial practices. However, environmental factors alone cannot explain the existing differences in management practices among the industrial firms. If the environmental factors were the sole determinants of management practices then one should expect close similarities among the firms, when size and technology are held constant.

The results of this study tend to show that managerial approach along with external environmental conditions which determine the management practices.
relationship can be shown graphically as follows:

**Figure 4**

*Variables Affecting Manpower Management*

<table>
<thead>
<tr>
<th>Firms Managerial Approach</th>
<th>Affect</th>
<th>Manpower Management Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identifiable Environmental Variables</td>
<td></td>
<td></td>
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</tbody>
</table>

The data generated by this study suggests that the environmental factors seem to be of two kinds. Broadly classified, some seem to be non-facilitating forces while others are restraining forces and their impact on the management practices may be quite different. For example, the environmental factor, the sellers' market situation existing in a shortage economy such as India, may not be a real restraining force in the introduction of modern practices, such as the introduction of systematic training programs within industrial undertakings; but it is not a fostering force, because the necessity is not seriously felt. The absence of proper educational attributes and the lack of an industrial tradition among the Indian workers may be a restraining force to the introduction of certain practices, such as employee participation. When the fostering forces are absent, the internal management induced factors as against the external environmental forces seem to play a major role in inducing the introduction of modern management practices. When the fostering forces are present, internal factors need not be powerful to influence the actual application. It seems also that when the restraining forces are present and powerful, the internal variables may be weakened, but do not seem to be completely powerless. The managerial approach seems to be largely controlling and consequently more important.

**CONCLUSION**

The manpower management practices of American subsidiaries and the Indian companies showed significant similarities as well as differences. While we find few American subsidiaries are successful in adapting similar practices of their parent companies; the others are closer to native firms in their approach to manpower management, which is primitive in nature. The firms which are closer to their parent companies have to adapt their strategies and techniques to the conditions prevailing in India; but they basically follow a similar approach.

The ownership—American vs. India—as well as industry, technology, size and environment do not completely explain the differences in manpower management practices between the Indian companies and American subsidiaries and within the subsidiaries themselves. Internal factors—the management induced forces—that is, how the management conducts its affairs in human resource management, seem to be an important variable influencing the application of modern management know-how. The pattern emerging from the study shows that irrespective of ownership, industry, technology and size, some companies—subsidiaries and Indian—have a similar approach to manpower management; they all emphasize the importance of human
resources and believe in investing in man, broadly defined.

Because of their background and accumulated knowledge, American companies are in a much better position than native firms to introduce modern know-how in the management of business enterprises of underdeveloped countries such as India. Unfortunately, the personnel practices of some U.S. companies in India are marred by a lack of a fully conceived purpose and sincere desire and effort to help the host country in modernizing the management system which is the critical need of the present time. Also because of the leadership role which American firms play in their managerial and technical supremacy in the modern sector of India, they are frequently in a position to influence significantly the evolution of modern management practices. Their know-how in technical and managerial field is highly respected and sought after. If a significant number of American companies in India show the skill and imagination, which they usually do in their own country in the application of modern and innovative techniques of management, they may succeed in transmitting the modern management know-how to underdeveloped countries like India and make a significant contribution to modernizing of industries in these countries and facilitating their economic progress.

REFERENCES


2. A. R. Negandhi and Barnard Estafen, Ibid.


4. The Factories Act of 1948 States, "in every factory wherein five hundred or more workers are ordinarily employed, the occupier shall employ in the factory such number of welfare officers as may be prescribed." These statutory officers are expected to perform a number of functions in the areas of Labour Welfare, Personnel Administration, and Labour Relations.

5. The research data from 8 U.S. parent companies, as we'll as the knowledge gained from the writings of other management scholars concerning prevailing practices of the American Industrial enterprises, were utilized for comparison.

6. Environmental variables are being used in a collective sense to (include socioeconomic, educational, political-legal, and cultural factors which impinge upon the firm's internal operation but are external to the firm.

7. Managerial approach is defined to mean an implied and expressed beliefs, attitudes, values and supporting actions that condition the way in which an enterprise manages its human resources.
