# CHAPTER - I

## RESEARCH DESIGN :-

### INTRODUCTION :-

Ours is the mixed economy. Both private and public sectors have a greater role in the overall development of the country. The gospel of laissez-faire, the product of capitalism, which is currently gaining the ground, is yet to dominate the economy of the country. The state is still an active participant in the economic, social and industrial fields. In fact, there is, at present hardly any sphere of human activity which is not in some way or other controlled and regulated by the state.

In our country, the rationale for the existance and growth of public sector steams from the adoption of the concept of mixed economy for the attaiment of the directive principles of State Policy enshrined in the constitution. The Directive principles lay down that the economic policies of the government should be directed towards the establishment of "Socialist pattern of society" without wholesome nationalisation and collectivisation in which all unnecessary, unjustifiable social, economic and political inequalities would disappear. The adoption of the socialist pattern of society as the national objective as well as the need for planned and rapid development, require that all industries of basic

and strategic importance or in the nature of public utility services should be in the public sector. Other industries which are essential and require investment on a scale which, only the state in the present circumstances could provide, have also to be in the public sector.

Public sector, it is said, is for public good and play a very vital role in the development of the country, especially those public sector undertakings like Life Insurance Corporation which work for social cause and economic development.

STATEMENT OF THE PROBLEM :-

Life Insurance in our country was nationalised in the year 1956. The main objective behind floating of LIC of India were providing security and the mobilisation of Savings of the people. Savings mobilised, thus, are being used by the LIC for providing long term/ short term loans to the State Government/ Municipal Corporations for executing public utility works such as providing drinking water to the public, construction of roads, bridges, power projects etc. It is also providing loan/ capital to both public and private sector undertakings.

Many a time life Insurance Corporation has acted as arbitrator to solve industrial disputes, prevented many industrialists from enjoying monopoly

powers by cutting their unjustifiable takeover bids. Further, LIC has provided the employment opportunities to many lakhs of unemployed youth.

Thus, LIC has greater role to play for achieving Socio-Economic objectives of the country. The success of LIC in achieving this end greatly depends upon its Personnel Management.

Very few studies have been made on the working of the branches of Life Insurance Corporation, No research has been made on Personnel Management of the LIC of India, Raichur Division (Karnataka State) whose operational area is in the most backward area of Hyderabad Karnataka. To bridge this gap, the present study is undertaken.

Objectives of the Study :-

Following are the specific objectives of the study :

1) To study the History of Raichur Division in brief.
2) To find out population covered by the Raichur Division.
3) To study the recruitment and selection practices in LIC.
4) To study the training methods.
5) To study the promotion precedure in LIC.
6) To study the Transfer policy in LIC.

Scope of the Study :-

The rationale behind the present research is worth to investigate the Personnel Management in the LIC is confined to..

1) Recruitment, Selection & Placement.
2) Training and Development.
3) Working conditions.
4) Transfers.
5) Promotion.
6) Employees Services.
7) Grievances procedure
8) Discipline.
9) Job satisfaction.

Limitations of the Study :-

The present study is limited to Life Insurance Corporation of India, Raichur Division, LIC in the organisation which is widely spread all over India, considering the time and cost factor, it is not possible to visit all the branches of LIC to collect the primary data. The unit selected is presumed will represent the whole LIC organisation. Even then, it is possible that, there will be some differences in the Personnel Management according to the respective different geographical area.

Methodology :-

The present study is mainly based on the primary and secondary data, the necessary data was made available from various sources for the purpose of present study. The primary data may be collected

by questionnaire, interviews and discussion methods, the secondary data has been collected through various books, reports, journals and newspapers etc.

The study period covering four years from 1992-93, 1993-94, 1994-95 and 1995-96.

The analysis of recruitment of various posts of LIC of India is made with the help of the relevent data obtained from the secondary sources.

## ORIGIN AND EVOLUTION OF LIFE INSURANCE IN THE COUNTRY

In early times men who engaged in trade by sea attempted to minimise the losses which resulted from the perils of the sea by spreading the losses amongst a large number of persons who are similarly engaged. Naturally many ships arrived safely in port and it was only a few that suffered loss. The many who did not suffer loss contributed to mitigate the sufferings of the few who did. So much good followed from this arrangement that the traders adopted the idea in many lands and gradually there came into existance groups of men who specialised in managing the funds and studied the rates of loss which occured in the different types of marine ventures. This was the beginning of marine insurance.

However the early history of insurance is hidden in the mists of antiquity. The earliest available reference to some form of insurance is found in the codes of Hammurabi and Manu (Manav Dharma Shastra). The term YOGAKSHEMA is used in the Rig Veda suggesting that some form of community insurance was practised by the Aryans in India over 3000 years ago.

In India, burial societies are known to have existed during the Buddhist period which are invariably mutual in their character. The village community came to the help of a family by building up a house, protecting the widow, marrying girls according to the status of the family. , Educating children and apprenticing boys in business. The same principle was observed through collection in temples, churches and charitable institutions. An outstanding example of the institution of mutual help in our country is the joint family system.

The early development of insurance was spasmodic and was restricted mostly to fields other than life. Scientific life assurance is a heritage from England, where the first life policy, providing temporary cover for a period of twelve months, was isssued as early as 1583 A.D. The 'Amicable Society' (1705) granted fluctuating sum on death till this society had accumulated sufficient funds to grant a fixed sum on death (1757). The development of mortality table was a Landmark in the history of life

assurance, with this development life asurance acquired a scientific character. The equitable society, founded in 1762, was the first to be founded on a scientific basis with premiums computed according to age and period of insurance.

The early history of modern insurance in India is somewhat obscure. The earliest reference are traceable to the days of the East India Company when policies on the lives of its officers were issued by some British offices in Sterling Currency. Also one or two societies, attached to the Churches had started 'Funds' to help the members of the Parish.

The few British Companies which attempted to write business on the lives of indians, came to grief or where amalgamated with others. The failure of two British Companies, the 'European' and the 'Albert' in 1870, adversely affected many people in this country.

The first organised effort to establish a life insurance office in India was made in 1870 with the formation of the Bombay Mutual Assurance Society Limited. In the initial years after its formation, this society commenced with operating on a limited scale and it was left to the "Oriental Government Security Life Assurance Company Limited" (Estd.1874), the first proprietory Life office to be formed in India, to expand the business in an organised manner

throughout India and abroad. A few years later, the 'Bharat' (Estd. 1896) and the 'Empire of India' (Estd.1897) were established.

The Swadeshi movement of 1905 provided impetus to the formation of several companies such as the 'Hindustan Co-Operative', the 'United India', the 'Bombay Life', the 'National', the 'General', the 'Asia' and the 'Indian Merchantile'. It was in the wake of the Freedom movement that a number of companies such as the 'New India', the 'Industrial and Prudetial', the 'Jupiter', the 'Lakshmi', etc., came to be established. A further spurt in the formation of new companies was witnessed during the second world war when inflationary pressures tended to swell the volume of business written in the country.

Although a number of Indian offices had come into existence, the volume of business written by them was negligible till the end of the First World War, the insurance field being mostly in the hands of British and American offices. After the termination of the First World War, the pace of industrialisation was accelerated in India. The Swadeshi movement had already gathered momentum and with the intense nationalism that permeated India's thought in the twenties, Indian offices began to take their due share of the country's business. From then onwards, Indian

insurance business continuously progressed and every passing year witnessed a slow but steady rise in the per capita insurance in the country. At the close of the Second World War the proportionate share of the business written by the Indian Insurance had increased to over 90% of the total new business written in India.

The Government was eager to exercise a certain measure of control of Insurance Business with the passing of the First Insurance Act in 1912. The marked increase in the volume of Life Assurance Busines since then and the development of other forms of insurance business soon suggested that more comprehensive legislation was needed. With a view to establishing closer supervision and control in matters of investment of funds, expenditure and general management of Insurance business, Government enacted the Insurance Act, 1938. Simultaneously, the Department of Insurance under the authority of the superintendent (now controller) of insurance was established. This Act was extensively amended in 1950. The controller of insurance is currently responsible for the administration of this Act. An Insurance Year Book (Blue Book) is published by the Controller of Insurance every year giving information relating to the progress of Life and other types of Insurance Business in India.

In the year 1955, approximately 170 Insurance Offices and 80 Provident Societies had been registered for transacting Life Assurance in India. A few of these were foreign companies with their Head Office outside India. In addition to these insurers, a large number of other insurers who had registered themselves for transaction of Life Assurance Business had either gone into liquidation or had been taken over by the existing insurers.

From a study conducted at about that time, it was found that the trusteeship which should be the cornerstone of Life Insurance seemed entirely lacking and most managements had no appreciation of the clear and vital distinction that existed between trust monies and those that belonged to joint-stock companies owned by the share holders. Therefore it was felt necessary to nationalise insurance business in India with a view to :

1. Providing for centpercent security to policy holders
2. Ensuring the use of Life Insurance Funds for nation building activities,
3. Avoiding wasteful efforts in competition.
4. Saving the dividends paid to share holders of Insurance Companies.
5. Avoidance of certain undesirable practices adopted by some of the insurance companies managements who have been misusing their power, position and

privilege frittering away the resources belonging to policy holders, and

6. Spreading the insurance ~~is spread~~ beyond the more advanced urban areas well into the hither to neglected rural area.

The Government of India took the first step towards nationalisation of Life Assurance Business in India on the 19th January, 1956, by promulgating an ordinance vesting the management and control of Life Insurance Business in India in the Central Government. However, the companies continued to exist as separate entities and the ownership continued with the respective share holders until the LIC Act came into force.

The Corporation has been established by an Act of Parliament which received the assent of the president on 18th June, 1956. The Act came into force on 1st July, 1956 and the Corporation began to function on 1st September 1956. Since that day the Corporation is having the exclusive privilege of carrying on Life Insurance Business in India. The Corporation is an autonomous body and has necessarily to run on sound business principles. The Corporation has been fully carrying out the role assigned to it and justifying the confidence of the public offering absolute security, better policy conditions, cheaper rates, dependable service, economic management and favourable returns to the nation at large.

The Corporation's Central Office is located at Bombay. There are 6 Zonal Offices, one each at Bombay, Calcutta, Delhi, Kanpur, Madras and at Hyderabad which started functioning from 30-6-1990 with jurisdiction over the States of Karnataka and Andhra Pradesh. At present, the Corporation has 67 Divisional offices and over 1550 Branch offices in India. In addition, there are Branches at London, Fiji and Mauritius; in territories outside India. The sums assured by all policies issued by the Corporation including any bonuses declared in respect thereof are guaranteed as to payment in cash by the Government of India. This provides unimpeachable security to the insuring public. The Corporation is once at least in every two years, required ~~to clause an~~ investigation to be made by Actuaries into the financial condition of its business including a valuation of its liabilities and submit the report of the Actuaries to the Central Government. Out of the surplus disclosed as a result of such an investigation, 96 percent thereof or such high percentage of the Central Government may approve, will be allocated to or reserved for the Life Insurance Policy Holders of the Corporation and the remainder after meeting the liabilities of the Corporation if any, which may arise under section 9 of the LIC Act, will be paid to the Central Government or if the Government so directed by utilised for such purposes

and in such manner as the Government may determine. The manner in which the surplus allocated to the policy holders is to be distributed will be determined by the valuing Actuary.

WHAT IS LIFE INSURANCE ?

Life Insurance is a contract whereby the insurer, in consideration of payment of a certain premium either in a lumpsum or in periodical instalments, undertakes to pay a certain sum of money either in a lumpsum or in instalments called annuities to the assured or to his nominee or to the person for whose benefit the policy is taken, on the death of the assured or on the expiry of a certain specified period whiehever is earlier.

N E E D :-

A family is generally dependent for its food, clothing and shelter on the income brought in at regular intervals by the bread winner of the family. So long as he lives and the income is received steadily, that family is secure; but should death suddenly intervene the family may be felt in very difficult situation and sometimes, in stark poverty. Uncertainity of death is inherent in human life. It is this uncertainity, that is risk, which gives rise to the necessity for some form of protection against the financial loss arising from death. Insurance substitutes this uncertainity by certainity.

OBJECTIVES OF THE LIC OF INDIA :-

1. Spread Life Insurance much more widely and in particular to the rural areas and to the socially and economically backward classes with a view to reaching all insurable persons in the country and providing them adequate financial cover against death at a reasonable cost.

2. Maximise mobilisation of people's savings by making insurance linked savings adequate attractive.

3. Bearing in mind, in the investment of funds, the primary obligation to its policy holders, whose money it holds in trust, without losing sight of the interest of the community as a whole; the funds to be deployed to the best advantage of the investors as well as the community as a whole, keeping in view national priorities and obligation of attractive return.

4. Conduct business with utmost economy and with the full realisation that the moneys belong to the policy holders.

5. Act as trustees of the insured public in their individual and collective capacities.

6. Meet the various Life Insurance needs of the community that would arise in the changing social and economic environment.

7. Involve all people working in the Corporation to the best of their capacity in furthering the interests of the insured public by providing efficient service with courtesy.

8. Promote amongst all agents and employees of the Corporation a sense of participation, pride and job satisfaction through discharge of their duties with dedication towards achievement of corporate objectives.

OBJECTS OF INSURANCE :

The Corporation would normally entertain proposals for assurance where the object of assurance is :

1. Family protection.
2. Provision for old age, or
3. In exceptional cases, the object of insurance may be
   a) to serve as security to educational funds in respect of loans advanced for educational purposes, or
   b) to provide donations to charitable institutions like Hospitals and Schools.

ADVANTAGES OF LIFE INSURANCE :

1. It is Superior to an Ordinary Savings Plan :

This is so because, unlike other savings plans, it affords full protection against risk of death.

In case of death, the full sum assured is made available under a life assurance policy, whereas under other savings schemes the total accumulated savings alone will be available. The latter will be considerably less than the sum assured, if death occurs during early years.

2. Insurance Encourages and Forces Thrift :-

A savings deposits can be too earily withdrawn. Many may not be able to resist the temptation of using the balance for some less worthy purposes. On the other hand, the payment of life insurance premiums becomes a habit and comes to be viewed with the same seriousness as the payment of interest on a mortgage. Thus insurance, in effect brings about compulsory savings.

3. Easy Settlement and Protection Against Creditors :-

The life assured can name a person or persons (Nominee/s) to whom the policy moneys would be payable in the event of his death. The proceeds of a Life Insurance Policy can be protected against the claims of the creditors of the Life Assured by effecting a valid assignment of the policy. A married woman's property Act Policy constitutes a trust in favour of the wife and/or Children and no separate assignment is necessary. The beneficiaries are fully protected from creditors except to the extent of any interest in the policy retained by the assured.

4. Administering the Legacy for Beneficiaries :

It often happens that provisions which a husband or father had made through insurance is quickly lost through speculative or unwise investment or by unnecessary expenditure on luxuries. These contingencies can be provided against in the case of insurance. The policy holder can arrange that in the event of his death the beneficiary should receive instead of a single sum ;

(i) Payment of the net claim amount by equal instalments over a specified period of years, or (ii) payment of the claim amount by smaller monthly instalments over the selected period followed by a lumpsum at the end thereof.

5. Ready Marketability and Suitability for Quick Borrowing :

After an initial period, if the policy holder finds himself unable to continue payment of premiums can surrender the policy for a cash sum. Alternatively, he can tide over a temporary difficulty by taking a loan on a sole security of the policy without delay. Further, a life insurance policy is sometimes acceptable as security for a commercial loan.

6. Tax Relief :

For computing Income-Tax, the Indian Income-Tax Act allows deduction of certain portion of the taxable income of individuals or Hindu Undivided Families,

which is diverted to payment of Life Insurance Premiums, from income chargeable to tax in India. When this tax relief is taken into account it will be found that the assured is in effect paying a lower premium for his insurance.

## THEORETICAL FRAMEWORK

Any business is sound because of its people. Personnel Management is that part of the process of management which is primarily concerned with the human constituent of an organization.

The organic, economic, social, human and national objectives can be achieved only through efficient utilization of human effort and efficiency of the employees, mostly depending upon the personnel practices of the organization.

P-E-O-P-L-E are the main subject matter of Personnel Management and it is its business to educate employer managers (line and staff) and supervision, to place a high value on the dignity and work of the individual human being.

The Principal component of an organization is its human resources, or people, at work. Human resources have been defined from the national point of view as the knowledge, skill, creative abilities, talents and aptitudes obtained in the population; whereas from the viewpoint of an individual enterprise, they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employees.

People-at-work comprise a large number of individuals of different sex, age socio-religious

groups and different educational or literacy standards. These individuals in the workplace exhibit not only similar behaviour patterns and characteristics to a certain degree, but they also show many dissimilarities, each has his own physical and psychological traits.

Personnel management is concerned with managing people at work. It covers all levels of personnel, including blue-collar and white-collar employees and it is concerned with employees, both as individuals as well as a group; the aim being to get better results with their collaboration and active involvement in the organization's activities.

In short, the challenge of personnel management or administration is P-E-O-P-L-E, their organization or management, their development, their well being and their satisfaction.

MEANING OF MANAGEMENT :

The Management of an undertaking is expected to aim at producing tangible results out of the given operations. It regulates man's productive activities through a co-ordinated use of material resources. Without the leadership provided by the management, the resources of production remain resources and never become production.

As per British Management thought, management is regarded as a generic function comprising the entire process of planning, policy-making, co-ordination of efforts, controlling the operations, maintaining the discipline in order to accomplish the best possible productive results.

'Management' is an executive function that concerns itself with carrying out administrative policies laid down by the administration. Management directs the active operation within the enterprise and combines the work of employees and materials to produce an acceptable product or products.

Overall, it has been noted that management is a process of directing human activity to achieve the given objectives by harnessing the available and necessary resources.

DEFINITIONS OF 'PERSONNEL MANAGEMENT' :

'Personnel Management' is variously known as 'Personnel Administration', 'Manpower Management', 'Labour Management', 'Industrial Relations', 'Employee Relations', or 'Human Resources Management'. Some of the standard definitions are :

1. "It is a method of developing potentialities of employees so that they get maximum satisfaction out of their work and give their best efforts to the management" (Pigours, Paul and Myres, Charles).

2. "It is concerned with planning, organizing, directing and controlling of the procurement, development, compensation, integration of people for the purpose of contributing to organizational, individual and social goals" (Flippo, Edwin, B.).

3. "Personnel administration is concerned basically with manpower or 'People', organizational resources of output" (Shukla, Andrew .F).

4. "It is a function of guiding human resources into a dynamic organization that attains its objectives with a high degree of morale and to the satisfaction of those concerned. It is concerned with getting results through people" (Lawrence, Appleby, former President of American Management Association).

5. "A 'Personnel Management' is the recruitment, selection, development, utilization of and accommodation to human resources by organizations. The human resources of an organization consists of all individuals, regardless of their role, who are engaged in any of the organizational activities" (French, Wendell).

MEANINGS OF 'PERSONNEL MANAGEMENT ' :

'Personnel Management' is that part of the management function which is concerned with people at work. The purpose of Personnel Management is to establish and maintain sound personnel relation at all levels of the organization.

It aims at getting the best out of people by winning and maintaining their whole hearted collaboration. Personnel Management is the art and science of managing the people who are engaged in productive occupation.

Personnel Management will enable the industry to secure both efficiency and economy consistent with the principles of natural justice and equity, while guaranteeing the reasonable demands of different groups in the industrial system.

IMPORTANCE OF 'PERSONNEL MANAGEMENT' :

The role of Personnel Management in any working organization is assuming more and varied importance :

1. The first and the foremost responsibility of any management is 'Planning'. On account of speedy technological changes, supply of skilled manpower, or personnel, assumes more importance. To ensure the supply, selection and training of personnel have to be planned.

2. Organizational pattern is changing rapidly, so employees have to be prepared to fit into this changing organizational pattern.

3. Labour force, in general, is becoming more and more sophisticated and mobile. Also, the increasing degree of economic security is available to them. Therefore, securing employee-commitment and motivation need special attention.

4. Costs on training and development of employees are adding to the investments on the workforce. Expert consultation has to be provided with the help of personnel management to gain maximum benefits from such investment.

5. Policy of government relating to employment of human resources is changing. Policy regarding minimum wage, reservation of jobs for minorities and backward classes, etc., are the examples of these. Therefore, the complexities of manpower management are increasing.

6. It has become necessary to reduce labour-cost by increasing productivity, so that increasing competition can be met effectively. Therefore, innovation and experimentation in the management of human resources have become necessary.

7. As more and more firms are entering into business activities covering overseas countries, need of getting competent managers to handle such business is increasing.

CHARACTERISTICS OF 'PERSONNEL MANAGEMENT' :

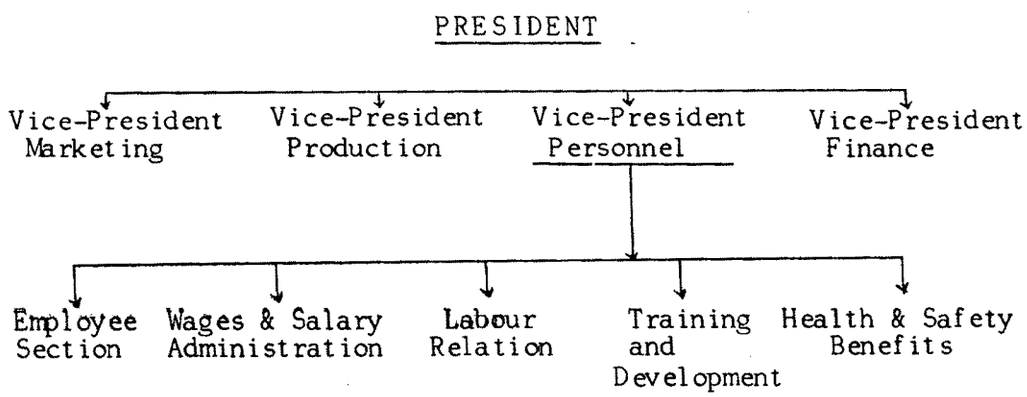
Following are the basic characteristics of the 'Personnel Management'.

1. It is concerned with individuals as well as groups ;
2. It helps the employees to develop their potentialities and capacities to the full, to get them work satisfaction ;

3. It attempts to get willing co-operation of people to attain the desired goals ;
4. It includes functions like planning, directing, controlling of recruitment, selection, development, utilization, compensation, etc.
5. It covers all levels of personnel, blue-collar and white-collar ;
6. It is of continuous nature.

PERSONNEL DEPARTMENT :

As personnel activities are generally of a complex nature, a separate department is organized for the purpose. This department is variously known as the 'Personnel Department'. Generally, it is headed by Personnel Manager or Personnel Director or Labour Relations Officer, Labour Superintendent or Employment Officer, depending upon the nature of duties assigned to him and the terminology used. Following is the organizational chart of personnel department ;



It is seen from the above chart that the personnel-incharge has under him subordinates who look after the employee section, training and development section, wage and salary administration section, health and safety and benefits section. The respective incharges of these sections are generally known as 'Employment Office', 'Training Director', 'Wage and Salary Administrator', 'Labour Welfare Officer' and 'Security Officer'.

In the present-day business and industrial set-up, every big organization has no choice, but to set-up a personnel department, it is essential to lay down the objectives of a personnel department itself first, which are to produce, compensate and motivate the people-at-work for the achievements of the following organizational goals.

- Routine Goal, which provides for the maintenance needs of the employees and assure stability in operation of the organization.
- Problem-solving Goal, which seeks to deal with people's problems such as excessive absentiesm and to return the organization to equilibrium.
- Innovative Goals, which utilize dissatisfaction with the organization's equilibrium to strive to achieve a job-structure and provide positions leading to self-actualization of the employee needs ;

With the help of Human Resources Development, following activities are conducted :

## 1. RECRUITMENT, SELECTION AND PLACEMENT :

### a) Recruitment :-

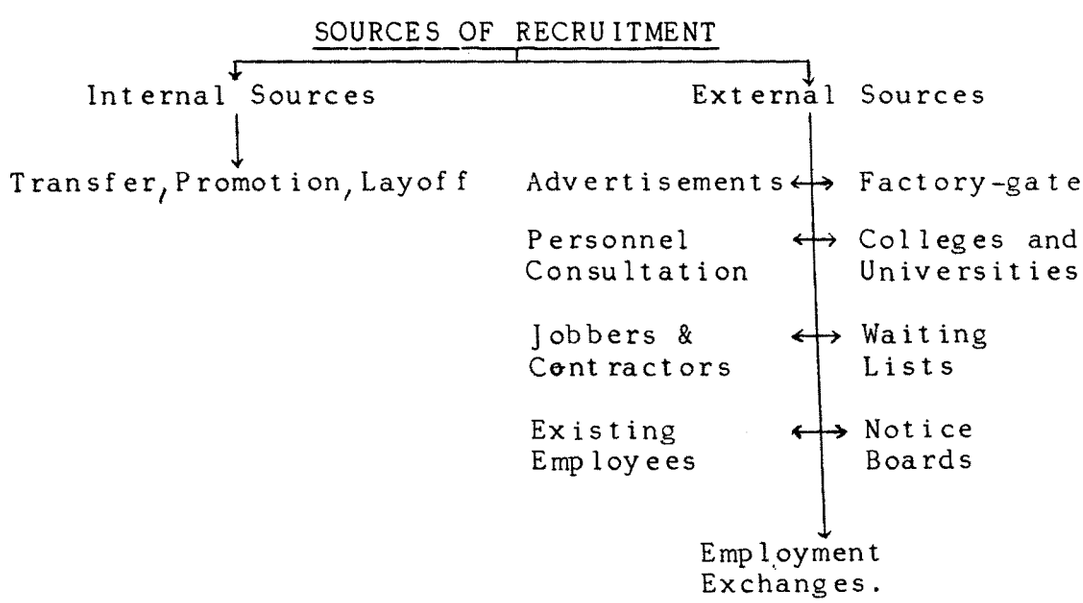
'To Recruit' means to obtain fresh supplies, Recruitment is the process of search for prospective employees and stimulating and encouraging them to apply for jobs in an organization. Thus recruitment is a positive process because it stimulates people to apply for jobs. Recruitment process begins only when the requisite number of persons and the requirements of different jobs are known.

The various sources of recruitment are classified into two groups ;

(1) Internal-Sources, i.e. recruitment from within the organization ;

(2) External-Sources, i.e. recruitment from outside the organization.

Chart below gives an idea of the various sources of recruitment :



A successful and effective recruitment programme necessitates a well-defined recruitment policy, proper organizational structure, procedure for locating sources of manpower-resources, suitable methods and techniques for utilizing these and a constant assessment and consequent improvement.

b) Selection :

Selection is the process of discovering the most suitable and promising candidates to fill up the positions vacant. In this process, those candidates who appear to be the least promising ones are eliminated. Yoder wrote that, 'Recruitment is a positive process, while selection is a negative process because selection attempts to eliminate and screen the applicants, leading to only those who are best to be hired'. Following usually are the steps in the selection process :

1) Scrutiny of application received.
2) Preliminary Interview.
3) Application Blanks.
4) Tests.
5) Interviews.
6) Checking References.
7) Medical Examination and
8) Final selection.

c) Placement :

Even when a person has been finally selected for the job, the selection process is not complete. 'Placement' may be defined as 'the determination of the job to which an accepted candidate is to be assigned and his assignment to that job'. It is a matching of what the supervisor has reason to think what he can do with the job demands (job-requirement).

After selection, the employee is generally put on a probation period, ranging from one to two years, after which his employment may be regularized provided that during this period his work has been found to be satisfactory.

2. Training and Development ;

Training is a process of learning a sequence of programmed behaviour. It is an application of the knowledge. It gives people an awareness of the rules and the procedures to guide their behaviour. It also attempts to improve their performance on the current job.

Development is a related process. It covers not only those activities which improve job performance but also those which bring about a growth of the personality.

Training is a short-term process utilizing a systematic organized procedure by which non-managerial

**personnel learn to implement knowledge and skills for a definite purpose**

Development is a long-term educational process utilizing a systematic and organized procedure by which managerial personnel learn conceptual and theoretical knowledge of general purpose.

OBJECTIVES OF TRAINING :

The main object of training is to prevent the obsole-scence of the employees by updating their skills, knowledge, abilities, etc.

Importance of Training :

Training is important for attaining following aims :

1. To increase productivity.
2. To improve quality.
3. To improve organizational climate.
4. To improve health and safety.
5. To reduce supervision.
6. To reduce accidents.

SALARY AND WAGES :

The Primary requirement of all the employees is adequate wages and salaries, which should commensurate with the responsibilities and duties involved.

SALARY :

Salary is a compensation to an employee for the personal services rendered on weekly, monthly or annual basis. The term 'Salary' is usually associated with office employees, supervisors, managers and professionals as well as technical staff.

WAGES :

Wage is a remunaration paid by the employer to his employees. Wage signifies the price paid to the worker for the services he has sold to the employer. Wages are usually paid in terms of money soon after the completion of certain amount of service, like one-day, one-week, two-weeks or a month.

Wage and Salary Administration should be controlled by some proper agency. This responsibility may be entrusted to the personnel department or the general company organization or to some executive.

WORKING CONDITIONS :

'Working Conditions' means the conditions under which a person works. These leave a marked influence on his health, efficiency, psychology and the quality of the work he does. It is not possible to carry on hard work in unhealthy surroundings. Uder working conditions, we also include a number of things like sanitation, dust and dirt, temperature, humidity, ventilation, lighting, etc.

Good working conditions can remove various causes of instability of labour force and also reduce absenteism and labour turnover to a great extent.

TRANSFER :

Transfer is a horizontal movement of an employee from one job, section, department, plant or position to another at the same or another place, where his salary, status or responsibility remain the same. Every organization should have a just and impartial transfer policy. The purpose of transfer is :

1. To satisfy organizational needs,
2. To increase the versatility of the employee,
3. To utilize properly the services of an employee,
4. To meet an employee's own request,
5. To adjust the workforce of one department or plant with that of another,
6. To help employees work according to their convenience,
7. Transfer for the maintenance of tenure system.

PROMOTION :

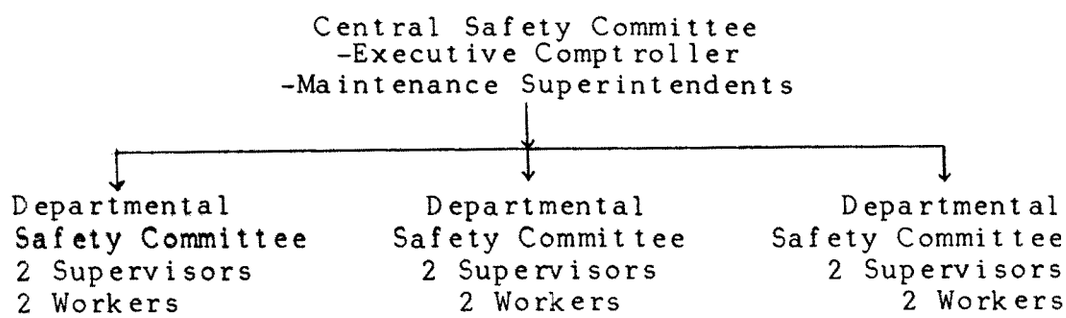
Promotion may be defined as an upward advacement of an employee in an organization to another job, which commands better pay, better status and higher opportunities, responsibilities and authority, better working environment, hours of work, facilities and higher rank. According to Scott and Clothier. 'A promotion is the transfer of an employee to a job which pays more money or one that carries some preferred status'.

A definite and well-planned system of promotions is one of the effective methods of securing contentment among the workers and creating loyalty to the organization to which they belong. Promotions policies of an organization are symbolic of the attitude of the managemet towards its employees.

SAFETY AND SOCIAL SECURITY :

Every organization should formulate and implement a safety procedure. The procedure to be adopted naturally depends upon the size of the organization. Safety is the primary responsibility of the management.

The organization should establish a safety programme, the primary goals of which should be to reduce the number of hazardous factors which are likely to cause accidents and to develop safe working habits among its employees. In a large organization, it is desirable to have a full-time safety Director. The following Chart shows the type of a safety organization.



SOCIAL SECURITY :

Social security is a dynamic concept, which is considered in all advanced countries of the world as an indispensable chapter of the national programme to strike at the root of poverty, unemployment and disease. Social security is that security, which furnishes through appropriate organization against certain risks to which its members are exposed. These risks are essentially contingencies against which an individual of small means, or a worker cannot effectively provide for by his own ability or foresight alone or even in private combination with his fellowmen. It is characteristics of these contingencies that they imperil the ability of the working man to support himself and his dependents in health and decency.

LABOUR WELFARE :

The term labour welfare is so comprehensive that it lends itself to various interpretations. It is a dynamic concept bearing a different interpretation according to the value system, social institutions, degree of industrialization and general level of social and economic development.

According to the General Report of the International Labour Organization, workers' welfare should be understood as meaning such services, facilities and amenities which may be established in or in the vicinity of undertaking to enable the persons employed in

them to perform their work in healthy, congenial surroundings and to be provided with amenities conductive to good health and morale.

Labour Welfare activities increase the efficiency of employees, reduce the labour turnover and absenteeism and create a permanently settled labour force.

Labour welfare activities may be classified as under :

1. STATUTORY :- Every welfare state promotes the welfare of the labour by securing and protecting a social order in which justice, social, economic, political, confirms with all the institutions of the natural life. For this, some legislations are passed and it is essential for all the employers to follow the provisions of the Act and Rules. These legislative measures generally increase with the industrial development in all the countries.

2. VOLUNTARY :- Under voluntary welfare, all those are included which are undertaken by the employers for their workers on their own. These activities are not statutory but the employers undertake these activities because these help to increase the efficiency of the workers and maintain industrial peace.

3. MUTUAL :- Mutual welfare activities are those activities which are initiated by the workers for their own betterment. Welfare activities undertaken by the trade unions are included under this head.

Labour welfare activities may be further divided/ classified under two heads :

a) Intra-mutual Activities :-

Intra-mutual activities are those amenities and services, which have been provided by employers inside the factories, eg: sanitary conditions, medical facilities, shelter, canteens, etc. These activities are part of working conditions.

b) Extra-mutual Activities :-

Extra-mutual activities are those amenities and services which are available to workers outside the factory, eg; Housing, Medical facilities, Education, Recreation, etc.

GRIEVANCE PROCEDURE :-

Grievance is a type of discontentment which must always be expressed. A grievance is usually more formal in character than a complaint. It can be valid or ridiculous and must grow out of something connected with company operation or policy. It must involve an interpretation or application of the provisions of the labour contract.

A grievance is any discontent, or dissatisfaction, whether exposed or not, whether valid or not, arising out of anything connected with the company which an employee thinks, believes or even feels to be unfair, unjust or inequitable.

In the opinion of the National Commission of Labour, Complaints affecting one or more individual workers in respect of wage payment, overtime, leave, transfer, promotion, seniority, work assignment and discharge constitutes grievances. In other words 'grievances are feeling', sometimes real, sometimes imagined, which an employee may have with regard to his employment situation.

Without any analysis of the nature and causes of the grievances, it is not possible to remove them. Therefore, grievance redressal procedure should be framed and implemented. A grievance procedure is a device by which grievances are settled. Personnel administration of the organization should go into the details of the grievances and find out the best possible method of settling them. For this, a certain procedure, known as 'grievance procedure' should be followed. It is a formal process which is preliminary to an arbitration. It enables both the employer and the employee to resolve their differences in a peaceful manner.

DISCIPLINE :-

The word 'discipline' cannotes that the members of a group should reasonably conform to the rules and regulations (i.e. a code of behaviour) which have been framed for it or by it, so that everyone may benefit by them. Webster's Dictionary gives three meanings of the word 'discipline', first, it is training that corrects, moulds, strengthens or perfects; second, it is a control gained by enforcing obedience; and its third meaning is punishment, ~~or castisement~~.

AIMS ~~AND~~ OF DISCIPLINE :-

1. To obtain a willing acceptance of the rules, regulations and procedures of an organization so that organizational objectives can be attained;
2. To develop among the employees a spirit of tolerance and a desire to make adjustments;
3. To give and seek direction and responsibility ;
4. To create an atmosphere of respect for human personality and human relations ;
5. To increase the working efficiency and morale of the employees ;
6. To impart an element of certainity despite several differences in formal behaviour patterns and other related changes in an organization.

Discipline is essential for the smooth running of an organization and for the maintenance of industrial peace which is the very foundation of industrial democracy. Without discipline, no enterprise would prosper.

JOB-SATISFACTION :-

According to Yoder, the work and job-behaviour are inter-connected. It assumes that if the work is to be highly motivated, it must offer opportunities to satisfy the unsatisfied needs of individuals. In the earlier view, work was not necessarily a source of any wide-range of satisfaction; many needs could be satisfied only outside the job.

Satisfies or Motivates represent the clue to commitment and drive. Management must seek to build such factors: opportunities for achievement, recognition, challenge, responsibility and advancement into the job assignment. At the same time, management must prevent hygiene factors; policies, practices, administration, supervision, wages, working relationships and other working conditions, from becoming sources of dissatisfaction.

The concept of job satisfaction is more or less based on the following factors :

1. Job requirements and recruitment policy,
2. Aspirations of job-seeker or expectations towards employment,
3. Acceptance of employment as the set-up of working conditions,
4. Conditioning to work, to environment and to placement procedure,
5. Wage-fixation, payment, promotion, grievance-accumulation and settlement procedure.

Thus, it could be said that the feeling or impression towards job-satisfaction is based, more or less, on the factors given above.

HUMAN RELATIONS IN THE ORGANIZATION :-

Modern management has become increasingly aware of the fact that the 'human factor' is the most important of all factors of production. Many managers would agree

that the effectiveness of their organization would be atleast doubled if they could discover how to tap the unrealized potential present in their human resources.

In the broadest sense, human relations refer to the interaction of people in all walks of life - in schools, homes, business and government; but when a relationship exists in an organization, it is referred to as "employee human reltions". Huneryager and Heckmann define the expression thus: 'Human relations is a systematic, developing body of knowledge devoted to explaining the behaviour of individuals in the working organization'.

Human relations is the study and practice of utilizing human resources through knowledge and through an understanding of the activities, attitudes, sentiments and interrelationships of people at work.

Chapter Scheme :-

The chapter scheme consists of the following:

First Chapter :-

Introduction : It deals with the Research design which includes -Introduction - Statement of the problem, objectives of the study - limitations of the study - Methodology, origin and evolution of life insurance in the country, Theoretical frame work of personnel management.

Second Chapter :-

It deals with the - Profile of the Raichur Division.

Third Chapter :-

It deals with the Recruitment, Selection, Placement, Procedures in LIC.

Fourth Chapter :-

It deals with the Training methods.

Fifth Chapter :-

It deals with the Promotion policy.

Sixth Chapter :-

It deals with Transfer policy.

Seventh Chapter :-

It deals with the findings and suggestions of the study.

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