



HR POLICIES AND PRACTICES: THE REALITY – A CASE STUDY

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Abstract: *The competitive advantage that any organization enjoys is attributed to its human capital. Retention of that resource is one of the major challenges faced by Human Resource (HR) Managers. This is generally accomplished through employee-friendly HR policies and practices. A major thrust is put on recruiting the best quality manpower, developing them through focused training programmes and motivating them with attractive financial packages, incentives, challenging tasks, etc. This paper showcases the inevitable result of the absence and non-implementation of structured and fool-proof policies, i.e., the impact HR policies and practices have on employee turnover. The focus is on Campus Placement and recruitment of Management Trainees (MTs) as well as the experience of these MTs through the case of one such individual. This live case study is based on primary data - pre- and post-placement interactions with the incumbent. The case is followed by the results of a questionnaire-based survey conducted on 50 non-HR employees with minimum 2 years of experience covering both service and manufacturing sectors, to get their feedback on how far HR policies are implemented. The overall scope of the study is limited as it covers the retention of only one position, i.e., Management Trainees taken in through campus placement. The practical implication of this original work is that though the survey has shown that the majority of the respondents have positive feedback regarding implementation of policies, HR cannot afford to have negative perception even from one individual as it deals with the soft 'S' of the employees.*

Keywords: *Human Resource (HR) Policy, Practice, Campus Placement, Management Trainees, Reality*

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INTRODUCTION

The backbone on which the day to day operations of an organization runs is its policies. As human beings can make or break an organization, a large impetus is given to the policies governing them, i.e., the HR policies. Unfortunately, some organizations do not pay much importance to this crucial resource of theirs and do not formulate any HR policies, whereas some do frame sound policies but fail to implement them. Those companies who do frame these guidelines and follow them also are the leaders in their respective fields and enjoy a competitive edge over others. Employee turnover depends a lot on whether a company has good HR policies and practices or not. Introducing HR policies and procedures gives organizations the opportunity to offer a fair and consistent approach to managing their staff.

Not all policies and procedures will be relevant to all organizations. Some may be needed to comply with legal requirements while others are to promote good practice. As companies grow and develop, they need to introduce policies to ensure a consistent and fair approach – and to avoid wasting time by having crises dealt with in an ad hoc way.

In an environment of economic growth, globalization and increasingly competitive markets, most fundamental challenge is the attraction and retention of an ample supply of manpower and appropriate skill in order to sustain growth. HR policies play its crucial role in responding to complex and erratic workplace issues and to minimize high turnover rates.

LITERATURE REVIEW

HR Policy is defined as guidelines on how key aspects of people management should be handled. They define the philosophy and value of an organization on how people should be treated and from these are derived the principles upon which managers are expected to act when dealing with HR matters.

Practices are those that are done repeatedly. In other words, the manner in which HR programmes are implemented in keeping with the procedures laid down for attaining the objectives, as stated in personnel policies, are the practices.

Various studies have been conducted to find out the link between HR systems, performance and turnover. Through a study of 30 steel minimills in the US, it was found that specific combinations of policies and practices are useful in predicting differences in performance and turnover (Arthur, 1994). The mills with commitment system (characterised by higher



levels of employee involvement in managerial decision, formal participation programmes, training in group problem solving and socializing activities, higher percentage of skilled employees and average wage rates) had higher productivity, lower scrap rates and lower employee turnover than control approach which emphasised on reducing direct labour cost, increasing efficiency by compliance to rules and procedures and basing employee rewards on measurable output criteria. (Eisenhardt, 1985 & Walton, 1985).

The effect of turnover on organizational performance is seen through disruption of social and communication structures, training and assimilation costs and decreased cohesion and commitment of members who stay (Dalton & Todor, 1979; Mobley, 1982; Staw 1980)

Organizations strive to develop committed employees who can be trusted to use their discretion to carry out job tasks that are consistent with organizational goals (Organ, 1988).

Studies have been conducted to establish the relationship between HR practices and turnover. Realistic job information, job analysis, work family balance, career development, compensation and supervisor support has been identified as HRM practices that have impacts on employee turnover.

Pitt and Ramaseshan (1995) found that individuals who displayed a higher tendency to leave their jobs were those who perceived that the job previews that they received during the interview process were not realistic. According to Firth, Mellor, Moore, & Loquet, (2004) monitoring workloads and supervisor-subordinate relationships by management may reduce intention to quit and subsequent turnover. Bame (1993) suggested that firms that provide employees with flexible work schedules had the advantage of reducing employee turnover. Batt and Valcour (2003) found that most effective organizational responses to work family conflict and to turnover are those that combine work family policies with other human resources practices including work redesign and commitment enhancing incentives.

In studies related to compensation, Park, Ofori-Dankwa, & Bishop, (1994) and Trevor, Barry, & Boudreau (1997) found that salary growth effects on turnover were greatest for high performers, that is, high salary growth significantly reduced turnover for high performing employees. Abassi and Hollman (2000) in their study have identified lack of recognition and lack of competitive compensation systems are some reasons for employee turnover in the organization.



Miller and Wheeler (1992) found that the lack of meaningful work and opportunities for promotion significantly affected employees' intentions to leave an organization. Promotion opportunities, evaluation criteria used in the promotion and reward system also had significant effects on employees' turnover intentions (Quarles, 1994). Ineffective performance appraisal and planning systems contributed to employees' perceptions of unfairness and they were more likely to consider leaving the organization (Dailey and Kirk, 1992).

Job Analysis forms the foundation upon which all HR systems are built and it therefore has a significant effect on employee turnover in general (Hoon, et al., 2000). Conducting a Job Analysis and subsequently providing employees with a job description prevents the situation in which employees do not know what is expected of them to do.

OBJECTIVE:

The objective of this case study-based paper is to study the impact of HR policies and practices on employee turnover.

METHODOLOGY:

The study is based on primary data. The case has been built on interactions with the incumbent pre- and post-placement. A questionnaire-based survey was also conducted on around 50 employees with minimum 2 years experience. The employees were mainly from the Marketing Department of various organizations. The overall scope of the study is limited as it covers the retention of only one position, i.e., Management Trainees taken in through campus placement. Microsoft Excel was used for statistical calculations.

CASE STUDY

Introduction

This is the story of a young MBA, Ms Neha Rai, with strong academic background and realistic ambitions. In the backdrop we have recession hard hitting the placement season and final year students, eager to start their career in the professional world, hanging on to the first job that they could lay their hands on. The worst hit specialisation during this period is HR (Human Resource) Management.

The organization:

Let us call it, Crocodile India Pvt Ltd. It was established in the 1960's in western India to look over its operation of manufacturing consumer products, across India. With operations



covering more than 140 countries, it is one of the top 3 manufacturers of such products in the world. In a nut shell, Crocodile India Pvt. Ltd. was well established in terms of its business, employee strength, market share and profits. An organization of such a stature came for campus placement to a management institute looking for students from all functional areas – Marketing, Finance, Systems and HR. Obviously, as a student pursuing MBA - HR, Neha was elated.

The Initial Shock:

A day after the students were informed about the campus placement, a pre-placement talk (PPT) was arranged in the campus at 2:30 pm to be delivered by the higher officials of the company. After a long wait, at 4:45 pm, the International Head (HR) and the VP (Marketing) met the students. The International Head (HR) was 51 years of age and the VP (Marketing) was 29. They gave a presentation which included only their company and product profile ignoring the role of Management Trainees (MTs), their pay package, location and growth prospects in the organization.

During the interaction and question-answer session, any question by the students on job profile and location of work were brusquely ignored by the International Head (HR) and VP (Marketing) respectively. The students were spell-bound to hear that the International Head (HR) had promoted an MBA (Finance) person to the post of Head (HR) and an MBA (Operations) person to the post of Personal Assistant to the CFO (Chief Financial Officer) of the company within a span of one year. They were confused between whether the organization lacked proper structure, performance appraisal and promotion policy or it was that it had a culture where growth was not an issue as long as one showed potential and interest and that it had a strong cross functional policy?

The Selection Process:

The selection process was a 2-tier one: group discussion (GD) and interview. Students were not shortlisted on any criteria. As long as they were interested they were welcome to appear for the GD, which was the screening process.

Neha's GD was scheduled the next day after the PPT. Again it was behind schedule – it started at 8 pm instead of 6 pm. After the GD, the International Head (HR) asked questions individually to each of the candidates. He was caustic with each of the answers given by the students. Neha was confused as she didn't understand what would she answer when her



turn comes? There was a lot of expectation gap between the answers given by the 23 or 24 year old students and the 51 year old International Head HR. Thankfully Neha moved up successfully to the next tier.

Personal interview was scheduled for the following day. Again it was to start at 10 am but it started at 11.30 am. It was a one man show. Neha was the 4th candidate to be interviewed. The International Head (HR) did not exhibit excellence in either interviewing skill or soft skills. When the candidate was asked to give location preference, she was given Hyderabad despite her choice of Mumbai, citing no vacancy as the reason. Surprisingly, all other candidates after Neha were placed in Mumbai. The take home salary offered was Rs. 3 lakhs/annum for freshers and Rs 3.5 lakhs/annum for engineers or experienced candidates. The sky high ambition and self estimation nose-dived but the recession made Neha swallow her pride and accept the offer. It was true for all the 19 MTs picked up by the organization from the Institute, out of its total 20 new MTs.

The Offer Letter

Finally, a month after the interview and the offer, the offer letters came. It had no reference no., the designation of the individual who signed the offer letter, the address of the factory where each individual was to report and even the CTC (Cost to the Company) was not mentioned. It took the Institute a long time and a number of reminders to confirm the CTC from the organization. Through a brief e-mail it was communicated that the CTC offered was 3 lakhs to the freshers and 3.5 lakhs to engineers or people with prior work experience. This disappointed all 19 MTs as the amount was supposed to be their take home and not CTC.

The joining date mentioned was 1st of June in respective locations. Suddenly the company changed all the plans. The selected candidates were to report to Mumbai and stay there for a week before joining their respective locations. Rumours spread thick and fast across the Institute with this period of stay in Mumbai varying from 3 months to 1 year. Fed up, Neha contacted the International Head (HR) who confirmed that all MTs were to be in Mumbai for 1 year.

The organization promised to provide accommodation for a few days till the MTs arranged their own accommodation. But at the last moment, when they called up an HR Executive to get the address of the place where they were to put up, she mentioned that the Company was not providing any accommodation, not even for 1 day, citing that the Finance



department was not sanctioning the same. Even talking to the HR Head did not solve the problem as according to him “finding an accommodation in Mumbai is not at all tough” and that he found his in three days when he had come to Mumbai for the first time. Neha took the help of the alumni network and was welcomed by one to share with her till she found her own.

All these disturbed the selected students. They lost trust in the organization even before they actually joined it.

The Joining

The MTs assembled at the HR Centre on the assigned date of joining. HR Centre was a small air conditioned class room, equipped with age old furniture, a white board, an LCD and white sheet for projection. The two ACs were in dire need of maintenance, as, when switched on they produced such a noise that audibility became a problem.

The MTs were immediately handed over a form and a green coloured paper on which it was written “AGREEMENT”. Some of the clauses of the agreement were as follows:-

1. There was a bond of 3 years post 1 year training period in the organization.
2. If the company felt that the MT was promising (post-training), he/she will be absorbed as Assistant Manager, with or without increments, and must continue with the organization for a minimum period of 3 years. On the contrary, if the company felt that the trainee is unsuitable, then he/she would be asked to leave without an experience certificate.
3. If the trainee decides to leave during the training period then he/she would have to pay back the company the entire stipend received till then and at the same time also pay back the training cost as ascertained by the organization at the time of leaving.

No experience certificate will be granted even in this case.

After the agreement was signed and submitted by all the MTs, the appointment letter was issued the very next day. But the photocopies of the agreement were given after 7 days and that too after constant reminders. Neha’s appointment letter had a number of errors in her address.

The Induction Programme

A 3-day induction programme was organised which covered introduction about the organization and its products, details about their manufacturing process, their competitor,



certain unethical practices they follow to continue their business, bribes they give to the trade union to solve labour issues and so on. The speakers – in-company personnel – generally arrived late and overshot the time allotted to them. They also boasted about the company and their contribution to the organization.

The MTs were asked to come to the organization on a Sunday at 3 pm to meet the Global CEO. After waiting till 7pm, they were met by the Personal Secretary to the Global CEO. He met each of the MTs individually and asked them if they wanted to be a part of his team that involved work related to Finance, Accounts, Auditing and so on. Most of them declined as they were HR and Marketing MBAs and wanted to work in their respective fields except for one HR specialist who grabbed the offer. Unfortunately, she was put on the job without any guidance and every time she approached anybody for help she was snubbed. Clearly, she was unwelcome to the department.

The MTs were taken for a factory visit to see the manufacturing process. The shop floor was neat and clean. Workers had proper uniform. The food at the Canteen was being offered at a subsidised rate - Rs 3 per plate and unlimited quantity. However, the canteen needed renovation, number of utensils increased, and the quality of food and hygiene had to be improved. There was a bus facility for workers that were being availed mainly by women workers. Also there was a crèche for children below the age of 6 years. Women were not put to operate machines. They were put into the packaging department. Hence, their safety was taken care of. There was a medical room to provide first aid. Provisions for clean drinking water and clean toilets had been made within the factory premises. All legal compliances under the Factories Act 1947 had been taken care of.

All the workers - men and women - were equally happy to receive the MTs and explained the processes with a lot of enthusiasm. But as soon as they came to know that they were coming from the management and were there to work as managers, their facial expression turned to suspicion.

The workers mentioned that they were receiving pending wages after a period of 3 months each for a period of 2 years in continuation as the company had been making severe losses since the past two years. This was contrary to what the company projected itself as – a profit making organization. On enquiry, the MTs were told that they would receive their salary on the 10th or on the 15th of the next month. This came in as a shock as it is difficult to survive



in Mumbai with salaries being paid 10 or 15 days late when all expenses towards rent and fooding needs to be met on the 1st day of each month.

The only good thing was the lunch offered on the first day of the induction in a good hotel. On the second day they were taken to the factory canteen for lunch, which was not up to the mark.

The Resignation

After analysing all these points Neha decided to resign. The fact that another colleague had already put in her paper influenced her decision too. After a lot of persuasion she was released without any release letter.

Neha felt that the organization was like a crocodile ready to swallow everything in sight. It had already swallowed her image of an ideal corporate life, her zeal to work and all her HR-related knowledge about policies and procedures that have been taught class after class. This continuous clash between theory and practise and the unprofessionalism of the organization made her resign.

Today, Neha is jobless but a happy person.

THE SURVEY

A survey was conducted amongst the non-HR employees about their satisfaction towards the implementation of HR policies in their respective organization. Close ended questions related to various aspects of HR policies and practices were asked in the same.

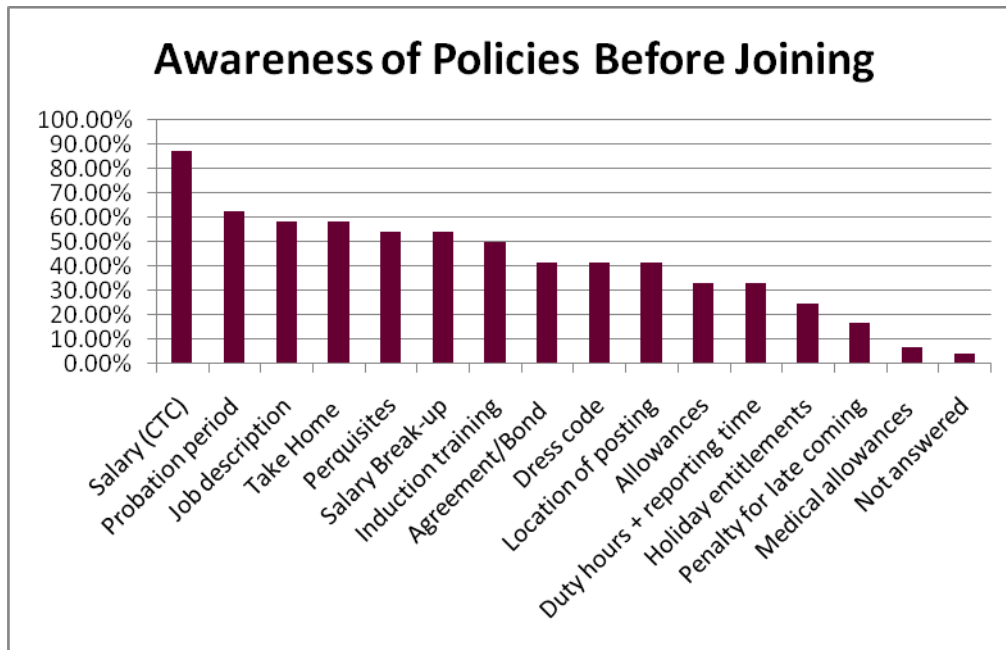
70.8% of the respondents were predominantly from the service sector, while the remaining belonged to the manufacturing sector. 75% of the employees who have responded to this survey were working in organizations that have large scale business operations, whereas employees working in organizations with medium and small scale business operations formed 13% and 8% of the population respectively. Most of the respondents belonged to the Marketing Department and had a minimum of two years experience. Hence, they had a fair idea on the implementation of HR and other organizational policies.

Contrary to the experience of our protagonist, the survey showed that of the 75% of the respondents who got selected through campus placement, 62.5% of the employees got a detailed power point presentation in the PPT while only 12.50% claimed that they did not receive the same. For 25% population this is not applicable as they got placed through other means like Placement Agencies, direct company recruitment through Advertisements,



Referral Policy, etc. Even 87.50% employees felt that they were encouraged to ask questions after the PPT where as 4.17% employees felt the opposite.

In reply to a question “Were the various policies to be followed clearly explained to you prior to joining?” 62.50% of the employees answered in the affirmative and 37.50% of the employees disagreed. With respect to the category of policies about which the respondents were aware pre-joining, the responses are presented below with the help of a bar diagram.



58.33% employees surveyed underwent structured formal induction training after joining their organization whereas 41.67% did not have induction training.

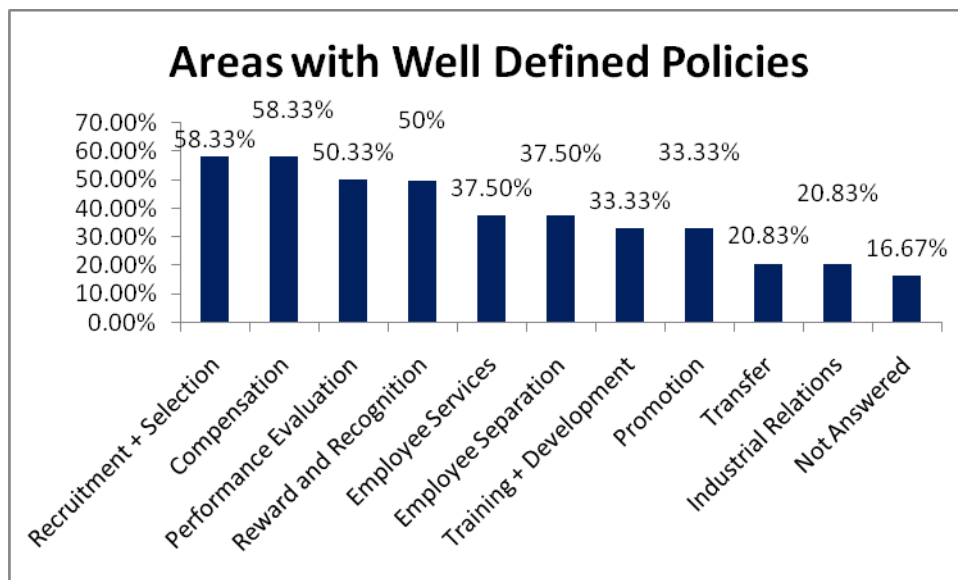
Most of the respondents (75%) were aware that their organization had documented HR policies. Of them, 58.33% employees were informed about their HR policies during their induction and training, 16.67% employees were informed about the same much later but during probation and the remaining 16.67% employees were informed about the same only on enquiry. Again, while 58.33% of the employees were aware that a handbook/employee manual on HR policies existed in the organization, 41.67% said that such a thing did not exist in the organization. Those employees who were aware were either given an individual copy at the time of induction or the HR policies were available on intranet.

In reply to a question “Do you think your organization is transparent with reference to policies?” 54.17% employees thought that their organization was transparent with policies where as 12.50% employees felt that their organization was not at all transparent with



policies. 25% employee's felt that they were transparent with select few policies and 4.17% felt that they were transparent with all the policies.

Regarding the areas in which the organizations had well defined policies that were implemented, Recruitment and Selection (58.33%), Compensation (58.33%), Performance Evaluation (50.33%) and Reward and Recognition (50.00%) were the ones that had a predominant choice. Responses on the areas in which the organizations had well defined policies are shown graphically below.



Despite, having very positive feedback regarding HR and implementation of its policies through separate questions, it has been found that only 45.83% of the employees are satisfied with their organization and its policies. While 4% employees refrained from answering the question directly, 37.5% were hovering between satisfied and unsatisfied and 12.5% were absolutely unsatisfied.

ANALYSIS

The central theme of the case study is focused on the policies and practices related to the campus placement, induction and compensation of Management Trainees. There is no doubt that the organization is at fault. The questions that intrigue us the most are related to the implementation of HR policies and the actual practices. The entire case highlights on the unprofessionalism of the organization – right from its recruitment policies, its communication, its induction, unethical practices, high handedness, whimsical nature of its top brass, etc. The problem areas are certain areas of weaknesses of the individuals who represented the organization as well as that of the organization as a whole. They lacked:



1. Marketing skill as well as presentation skill
2. Punctuality
3. Transparency
4. Soft skills (hence, unapproachable)
5. Communication skill including written one
6. Uniform and fair policy including salary
7. Coordination among its various departments
8. Planned induction programme
9. Employment engagement policies
10. Trust among workers

True, the Management Trainee should have given a bit more time to get acclimatised to the organizational culture but as it has been pointed out in the case there was a threat of financial loss, her personal traits coupled with strong academic background and realistic ambitions revolted against the unprofessionalism as she had “lost trust in the organization even before ... (she) actually joined it.” Never-the-less, it is never a wise decision to leave a job and then look for an alternative one. Moreover, when placement is through the campus, then students should think of the reputation of the Institute and how such quick resignations may affect its future relationship with the Institute.

CONCLUSION

Based on the above case it can be concluded that an employee’s ultimate intention to depart or continue his job is the consequence of HR policies and practices [Ehrenberg, R. and Smith, R. (1994)]. Interpretation of the survey results have shown that majority of the respondents have positive feedback. Statistically, low percentage with negative feedback may be overlooked. But, when we deal with human resources, we cannot ignore even such low negative feedback as then we have cases like Neha Rai’s whose first interaction with the corporate life ended in such a bitter note.

RECOMMENDATIONS

The International Head (HR) representing the organization is a senior and very responsible role. When an individual represents an organization, this responsibility increases manifold. Hence right from the beginning the International Head (HR) should have given the students a very different set up.



- First and foremost, punctuality, openness, strong communication skills including a well rehearsed focused PPT would have created a strong impression in the mind of the students. They should have been clearly told about the requirements, available locations and the package offered along with the agreement that one is required to sign. It should have been made very clear that though personal choices for locational preferences will be taken but management decision will be final. The offer letters would have been given there and then or commitment given to the Institute about the numbers taken and despatch the offer letters as soon as possible.
- Compensation and induction along with the clause for an agreement should have been absolutely clear in the offer letter.
- If the organization was not in a position to provide accommodation during induction period the students should have been informed about it right at the beginning.
- During the induction training, an Executive should be designated to take care of their doubts and other requirements. Even talking about unethical practices that the organization had with its Trade Unions, etc. should have been avoided.

It is important that new Management Trainees start their journey with the organization with an unbiased mind and feel proud about being associated with such a reputed brand. Robust retention policies should be put in place and frequent interaction with the freshers done to retain a group of vibrant intelligent group.

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