

An Analytical Study of the Proposed Voluntary Retirement Scheme in Bharat Sanchar Nigam Limited

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I.INTRODUCTION

Human, by nature, always remains or act either as a Salesman or a Customer. The Life itself is a business; a business, of course not to be measured its profit and loss in terms of money; rather a business to live up, to run a family, and then to run a society; a business governed by many ethical philosophies.

The human living itself begins with the power of people. People fought among themselves for living, fought the animals for eating fought the rivals for their territory and fought for what not. This primitive age of human used only the physical power for living, not the power of the brain. In fact, the civilization begins only when the brain starts functioning along with the physical strength to give the living a standard.

In this work, an effort will be made to make an analytical study of effect and implication of Voluntary Retirement Scheme (VRS), proposed in BSNL. This is totally an HR issue delicately poised in view of the strong opposition from a huge section of the employees. So, it has been an interesting and challenging venture to rip across the Human Resource strategies of BSNL in evaluating the various dimensions of the subject.

However, every effort was made to understand the issues related to HR philosophies of the giant telecom power house. A few case studies are also done in brief to compare the after fall out of implementation of such similar HR schemes.

Management of people in organizations is as old as the existence of organizations. However, this aspect of management process did not receive the kind of attention which it deserved. At the global level, with the increased competition in businesses. Organization started to look at the ways for creating competitive advantage on the basis of their human resources. During the process of economic field too in which an attempt has been made to link human resources management with corporate strategic management. In this link, the nomenclature of the subject 'personnel management' which was concerned mostly with reactive approach of managing people in organizations was changed to 'human resources management' which emphasizes proactive approach of managing human resources.

Human resources are the organization people and their characteristic at work, that represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employees. The companies will always look for less expenditure and earn maximum benefit. VRS is such an HR strategy to equate the profit with minimum expenditure. But, designing such a scheme is never an easy task on the part of the management. Because, it can't avoid some delicate interest and parameters concerning to the staff.

II.PROCESS OF HRM

HRM is a process consisting of four functions:

- i) Acquisition of human resources.
- ii) Development of human resources.
- iii) Motivation of human resources and
- iv) Maintenance of human resources.

THE PRACTICE WORLD OVER.....

Human resource management (HRM) is now the term most commonly used in academic circles to encompass the range of policies and practices used by 'modern' organizations in the management of employees. The shortened term human resource (HR) is increasingly found to describe the personnel department, director or manager. HRM as a term was first used by Miles (1965) in the *Harvard Business Review* to differentiate the human relations school which focused on managerial leadership from the creation of 'an environment in which the total

resources of [the organization] can be utilized' (1965: 150). The meant finding a means of utilizing the untapped resources of all organizational members, be it skills, tacit knowledge, commitment or competences. This presumption that certain forms of management can release or empower employees to work more effectively for the organization took hold in the 1980s and 1990s as industrial relations problems receded and many firms found that better management of their existing resources was required to meet more competitive markets.

In 1984 two books were published in the USA which established HRM but simultaneously revealed a fundamental division in the meaning of the term. Beer et al. (1984) emphasized, like Miles, the 'soft' elements of HRM, arguing that an integrated set of approaches focused on the individual employee linked to the strategic needs of the company could create what became known as high-value work systems. This was taken further by Schuler and Jackson (1987) to suggest that firms in different market segments will develop very different types of HRM systems. A firm in a price – sensitive market with relatively low – skilled worker is unlikely to invest heavily in training and development to empower the employees. This has been described by Storey (1992) in the definitive UK book as 'hard' HRM.

This distinction between the optimistic soft model and the potentially exploitative hard version is sometimes linked with the notions of loose tight to assess the extent to which HR policies are closely linked to corporate and business strategic. It is generally agreed that HRM requires a tight link to the strategy of the firm, whereas a loose connection is seen to typify personnel management, the term which predated HRM. Personnel management was restricted to the supply –side concerned to ensure that the right labor was available. In contrast HRM operates more on the demand side and involves all managers, not just the specialists. Here all factors which impinge on the performance of the worker- the design of jobs of forms of individuals and group communication, consultation and representation system – are all designed in the light of strategic need to maximize economic outcomes whether by the soft or hard approach to labor force management. The final distinguishing characteristic of HRM is that it is concerned with the internal policies and practices of the organization at the micro level and tends to ignore or take for granted wider macro issues of societal culture, the political economy and the role of the state. At the micro level, however, by the link with business strategy and focus on performance it does offer the proposed of a new theoretical sophistication (Boxall 1992).

The goal of human resource management is to help an organization to meet strategic goals by attracting and maintaining employees and also to manage them effectively. The key word here perhaps is "fit", i.e. a HRM approach seeks to ensure a fit between the management of an organization's employees, and the overall strategic direction of the company (Miller, 1989).

The basic premise of the academic theory of HRM is that humans are not machines; therefore we need to have an interdisciplinary examination of people in the workplace. Fields such as psychology, industrial engineering, industrial, Legal/Paralegal Studies and organizational psychology, industrial relations, sociology, and critical theories: postmodernism, post-structuralism play a major role. Many colleges and universities offer bachelor and master degrees in Human Resources Management.

One widely used scheme to describe the role of HRM, developed by Dave Ulrich, defines 4 fields for the HRM function:

- Strategic business partner
- Change management
- Employee champion
- Administration

However, many HR functions these days struggle to get beyond the roles of Administration an employee champion, and are seen rather as reactive as strategically proactive partners for the top management.

III.BUSINESS PRACTICE

Human resources management comprises several processes. These processes can be performed in an HR department, but some tasks can also be outsourced or performed by line managers or other departments. When effectively integrated they provide significant economic benefit to the company. The Processes are:

- Working planning
- Recruitment (sometimes separated into attraction and selection)
- Induction and Orientation

- Skills management
- Training and development
- Personnel administration
- Compensation in wage or salary
- Travel management (sometimes assigned to accounting rather than HRM)
- Payroll (sometimes assigned to accounting rather than HRM)
- Employee benefits administration
- Personnel cost planning
- Performance appraisal

Careers in HR

The sorts of careers available in HRM are varied. There are generalist HRM jobs such as Human Resources Assistant. There are careers involved with employment, recruitment and placement and these are usually conducted by interviewers, EEO (Equal Employment Opportunity) specialists or college recruiters. Training and development specialism is often conducted by trainers and orientation specialists. Compensation and benefits tasks are handled by compensation analysts, salary administrators, and benefits administrators.

Professional organizations of HR

Professional organizations in HRM include the Society for Human Resource Management, the Australian Human Resources Institute (AHRI), the Chartered Institute of Personnel and Development (CIPD), the International Public Management Association for HR (IPMA-HR), Management Association of Nepal MAN and the International Personnel Management Association of Canada (IPMA-Canada), Human Capital Institute (HCI).

The Human Relations Movement

The Human Relations movement “argues that people are not just logical decision makers but have needs for creative support, recognition and self-affirmation”. The movement presents an alternative and opposite approach to scientific management as it focuses on the individual and not the task.

Challenges ahead For the HR Professionals

While maintaining the special body of HR knowledge, professionals in human resource management must also be generalists who understand economics, politics, social and cultural trends, technological innovations, changing work values, skill shortages, government mandates in labor laws, affirmative action, health care management, privacy concerns, international trends, and myriad other issues. For HR professionals, the challenge of today’s business environment is to understand and manage the important interaction of technology, work, flow, organizational strategies and most important, people.

The human resource profession has come a long way since the early days of Henry Ford and other industrial giants who believed they needed little more than able bodies to keep production lines running. In our new age of technology, work, flow, organizational strategies and, most important, people.

The human resource profession has come a long way since the early days of Henry Ford and other industrial giants who believed they needed little more than bodies to keep production lines running. In our new age of technology and rapid product innovation, unleashing the minds and creative souls of tomorrow’s workforce is the factor most likely to propel businesses and the HR profession into the future.

Human Resource Planning:

An Introduction:

A British Foreign Office official looking back over a career spanning the first half of the twentieth century commented: ‘Year after year the fretters and worriers would come to me with their awful predictions of the outbreak of war. I denied it each time. I was only wrong twice!’ Some would see this as the arrogant complacency to be associated with planners. Critics think of the inaccuracy and over-optimism of forecasting – the ‘hockey stick’ business growth projections. They regard planning as too inflexible, slow to respond to change, too conservative in assumptions and risk averse. These points are made about any sort of planning.

Practical benefits

When it concerns human resources, there are the more specific criticisms that it is over-quantitative and neglects the qualitative aspects of contribution. The issue has become not how many people should be employed, but

ensuring that all members of staff are making an effective contribution. And for the future, the questions are what are the skills that will be required, and how will they be acquired.

There are others, though, that still regard the quantitative planning of resources as important. They do not see its value in trying to predict events, be they wars or takeovers. Rather, they believe there is a benefit from using planning to challenge assumptions about the future, to stimulate thinking. For some there is moreover, an implicit or explicit wish to get better integration of decision making and resourcing across the whole organization, or greater influence by the centre over devolved operating units.

Cynics would say this is all very well, but the assertion of corporate control has been tried and rejected. And is it not the talk of the process benefits to be derived self indulgent nonsense? Can we really afford this kind of intellectual dilettantism? Whether these criticisms are fair or not, supporters of human resource planning point to its practical benefits in optimizing the use of resources and identifying ways of making them more flexible. For some organizations, the need to acquire and grow skills which take time to develop is paramount. If they fail to identify the business demand, both numerically and in the skills required, and secure the appropriate supply, then the capacity of the organization to fulfill its function will be endangered.

Why human resource planning?

Human Resource Planning: an Introduction was written to draw these issues to the attention of HR or line managers. We address such question as:

- What is human resource planning?
- How do organizations undertake this sort of exercise?
- What specific uses does it have?

In dealing with the last point we need to be able to say to hard pressed managers: why spend time on this activity rather than the other issues bulging you're in tray? The report tries to meet this need by illustrating how human resources planning techniques can be applied to four key problems. It then concludes by considering the circumstances are which human resourcing can be used.

IV.COMPANY PROFILE

Bharath Sanchar Nigam Limited

Bharat Sanchar Nigam Limited (known as BSNL, India Communications Corporation Limited) is a public sector communications company in India. It is the India's largest telecommunication company with 25.14% market share as on December 31, 2007. Its headquarters are at Bharat Sanchar Bhawan, Harish Chandra Mathur Lane, Janpath, New Delhi. It has the status of Mini-ratna – a status assigned to reputed Public Sector companies in India.

BSNL is India's oldest and largest Communication Service Provider (CSP). Currently BSNL has a customer base of 68.5 million (Basic & Mobile telephony). It has footprints throughout India except for the metropolitan cities of Mumbai and New Delhi which are managed by MTNL. As on December 31, 2007. BSNL commanded a customer base of 31.7 million. Wire line, 4.1 million CDMA-WLL and 32.7 million GSM Mobile subscribers. BSNL's earnings for the Financial Year ending March 31, 2007 stood at INR 397.15b (US\$ 9.67 b) with net profit of INR 78.06b (US\$ 1.90 billion). Today, BSNL is India's largest Telecom company and one of the largest Public Sector Undertakings with estimated market value of \$ 100 Billion. The company is planning an IPO within 6 months to offload 10% to public.

Bharat Sanchar Nigam Ltd. Formed in October, 2000, is World's 7th largest Telecommunications Company providing comprehensive range of telecom services in India. Wire line, CDMA mobile, GSM Mobile, Internet, Broadband, Carrier service.

MPLS- VPN, VSAT, VoIP services, IN Services etc. Within a span of five years it has become one of the largest public sector units in India. BSNL has installed Quality Telecom Network in the country and now focusing on improving it, expanding the network, introducing new telecom services with ICT applications in villages and winning customer's confidence.

Today, it has about 47.3 million line basic telephone capacity, 4 million WLL capacity, 20.1 Million GSM Capacity, more than 37382 fixed exchanges, 18000 BTS, 287 Satellite Stations, 480196 Rkm of OFC Cable, 63730 Rkm of Microwave Network connecting 602 Districts, 7330 cities/town and 5.5. lakhs villages.

The British founded Government owned telecom service operator, known as Department of Telecommunications (DoT) was converted to a Public Sector Unit, named as Bharat Sanchar Nigam Limited (BSNL) on October 1, 2000. Today, BSNL is the largest Public Sector Undertaking of India and its responsibilities include improvement of the

already impeccable quality of telecom services, expansion of telecom network introduction of new telecom services in all villages and instilling confidence among its customers.

At present the BSNL is the World's Largest Seventh and India's First Telecommunication Company.

Responsibilities that BSNL has managed to shoulder remarkably, definitely. BSNL is the largest telecom operator in India and is known to everybody for Basic Telephony Services for over 100 years. Presently the plain old, countrywide telephone service is being provided through 32,000 electronic exchanges, 326 Digital Trunk Automatic Exchanges (TAX), Digitalized Public Switched Telephone Network (PSTN) all interlinked by over 2.4 lakhs km of Optical Fiber Cable, with a host of Phone Plus value actions to our valued Customers. BSNL's telephony network expands throughout the vast expanses of the country reaching to the remotest part of the country. Driven by the very best of telecom technology from chosen global leaders, it connects each inch of the nation to the infinite corners of the globe, to enable you to step into tomorrow.

- Along with its customer base, BSNL's financial and asset bases too are vast and strong.
- The telephone infrastructure along is worth about Rs. 1, 00,000 crore (US \$ 21.2 billion).
- Turnover of Rs.22,000 crore (US \$ 4.6 billion).
- Now from latest news BSNL records a net profit of Rs. 6,312 crore on revenues.
- Rs. 24,300 crore for the financial year 2001 -02.
- BSNL is working round the clock to take India into the future by providing world class telecom services for the people of India.

V.DOWNSIZING STRATEGY

Downsizing strategy has become a buzz term in management, both in the context of strategic management as well as human resource management. The term downsizing means lowering down of size of an object. In the context of strategic management, downsizing strategy involves cutting the size of business operations through restructuring process in which an organization keeps only those business operations which match with its core competence. In the context of human resource management downsizing strategy involves elimination of certain jobs with a view to have greater efficiency. Elimination of certain jobs results into separation of those employees who have been performing these jobs. The basic objective of downsizing strategy is to achieve rightsizing, which is, having employees in accordance with organization's needs. There are number of factors because of which an organization may face the situation of over-staffing. Some of the common factors are as follows:

1. An organization may have faulty human resource planning because of which assessment of human resource requirement has not been accurate.
2. Because of technological advances, there is a change in man-machine ratio. With the result, even after the increased volume of operations, lesser number of employees is required.
3. An organization may opt to outsource certain business functions. In such a situation, all employees employed in performing these functions become surplus. Outsourcing has become a key strategy in the present environment which is characterized by extreme Competitive pressure.

Though downsizing strategy may be beneficial to organizations, it has following adverse consequences from the point of view of human resource mgt:

1. Research on downsizing has shown that it has not only failed to deliver promised results but has eroded the skill base further.
2. Survivors of downsizing exercise suffer from increased insecurity resulting into low morale and high stress. Employees develop the feeling that they are paying the price for the corporate greed and lack of long-term vision of top management.
3. Many HR experts feel that job security is fundamental to the implementation of most other high performance management practices, while downsizing is against the basic concept of job security.

ROLE OF HR PERSONNEL IN DOWNSIZING

In this era of increasing complexity of managing human resources, downsizing has put further challenges before HR personnel. They have caught in a fix between downsizing requirements and employee requirements. Therefore they have to perform the following roles.

1. For effective implementation of downsizing strategy, it is essential assessment of requirements of employees is made on realistic basis. In this context, HR personnel should prepare a long-term plan.

2. Most of the organization relies on HR personnel to sell the idea of downsizing to the employees; they have to convince line managers that a reduced workforce means higher productivity.
3. HR personnel are required to convince unions and win their support for downsizing. With such a support, implementation of downsizing strategy will be in jeopardy.

3. In India, downsizing strategy is implemented through Voluntary Retirement Scheme in which compensation is paid to the employees opting for VRS. HR personnel should help the top management to formulate equitable compensation which benefits both organization and employees.

VI. VOLUNTARY RETIREMENT SCHEME (VRS)

Voluntary retirement scheme (VRS) involves separation of employees – both managerial and operative level – based on mutual agreement between the organization and its employees. VRS is not new to Indian corporate sector as it has been practiced in the past though the magnitude was not large enough to attract attention. This scheme has attracted attention during 1990s after the beginning of liberalization in Indian economy. The liberalization has increased competition almost without any advance notice and has forced many organizations to have a relook at their redundant human resources which have been a source of fat wage bill without corresponding productivity. VRS has been applied as a downsizing strategy to cut the size of this bill offering one-time compensation, atleast from the organization's point of view, employees opting for this scheme. Simply because of this fatness, VRS is also known as 'GOLDEN HAND SHAKE'. This one-time compensation can be theoretically proved to be a long-term profit and medium – term investment.

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