

The Role of HRM System in Ensuring Social Licenses for the Businesses: A Conceptual Based Comparative Case Study on Selected Businesses

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ABSTRACT: In modern day context every organization, big or small has to exist in a complex environment. For globalization even a local sweet shop has to build some strategy to carry on its business. On the other side, complexity of the internal and external environment of large companies becoming more and more complex at an accelerating rate over the years. Large global companies has to operate in a profoundly dynamic global environment and has to employ large number of employees of different background, race and ethnicity for which it faces a hugely complexity in its working environment. Every business, especially large businesses need to ensure desired internal environment to maintain business' competitiveness in different complex external scenario. Now for maintaining desired internal environment a team of committed, dynamic, loyal and innovative workforce is top most requirements. Hence a business whose internal environment represent a rich culture of dynamicity, innovativeness and loyalty, can bring unending value to the general people of the society. With the increasing rate of privatization the role of corporate houses and business organizations are being increasing constantly in ensuring human welfare. Now the fact is Human Resource Management system of an organization is primarily entrusted with the creation of good organizational culture. Hence researchers consider this time as most fruitful for conducting a study in understanding the relation between good HR system and the corresponding balance between social and economic objective of any organization, so as to ensure social license. The researchers conducted case study based approach in analysis. The results show a strong relationship between the two. The researchers identified several recommendations based on the understanding developed through the study.

KEY WORDS: - Dynamic Global Environment, Globalization, Human Resource Management, Innovative Work Force, Social License.

JEL Classification: C83, C88, M12, M14, Y10.

I. BACKGROUND:

Human resource management played a great role in creating and maintaining desired business management in every organization by creating a culturally committed, dynamic, innovative and loyal workforce in complex business environments and thereby delivers social innovation in the form of products, services, and other welfare activities for the people of the society. Business being a part of the society at large, it has a broader social responsibility in fulfilling its social obligations. If Business fails to fulfill its social duties while earning profits, it will face social protest in the long run. This will ultimately end the perpetual existence of business by losing its social license to operate in the society. It can be in the form of legal disasters or by rejection of society in informal way. Whatever may be the procedure, the ultimate force behind the death of business will be the other elements of the society; with respect to whom business has failed to satisfy its obligations under social contract.

As day by day role or duty of business organizations become more and more wide and long lasting to the society; it is seriously required by the organizations to fulfill their social responsibilities by delivering various sustainable social innovations or solutions to the social problems. With the expanding organizational foothold on social and environmental arena of the world, the fulfilling or non-fulfilling of desired obligations by the business houses has a far reaching and in-depth impact in the context of daily life. The Human Resource Management is nothing

but a planned scientific mechanism in extracting the desired behavior from the organizational personals in achieving desired business management. It has been well accepted that desired business management can only exist, if the organization can achieve the optimum balance between profit motive and social motive. It is prime time to study how Human Resource Management system of the organizations ensure social license for the long term operational success of the organization by balancing the profit motive and social motive in a splendid way.

The Tata Steel Ltd. formerly named as Tata Iron and Steel Company Ltd. Established nearly 113 years back in the year 1907, 26th August by great industrialist Dorabji Tata. The company falls among the few large companies of Indian in India in the pre independent period. These companies have immense role in socio-economic development of the country over the years. It started to operate the largest steel plant even in British India; by the year 1939. Tata Steel is a multinational company having operations in 26 countries and headquartered in Kolkata. The countries where it mainly operates are India, Netherlands and UK. The organization has achieved the status of one of the best and largest steel producing company in the world. It employed over 80,000 employees all over the world. There were futile attempts two times in the year 1971 and 1979 to nationalize the company. Over the years the company expands its operation and size over the globe by acquisition of existing companies and through establishment of new units. The organization has a huge brand value in the market and it's increasing over the years due to its overall success.

Varanasi (*Banaras, the traditional name*) or *Kashi* (the Vedic name), the city of *Ghats*, is considered to be the oldest city of the world according to Hindu mythology. It is the most renowned place in the earth and is recognized as the cultural capital of India. The city has been enjoining this reputation since the very beginning of the human civilization as stated in the Vedas and Purans. It has been housing for learning, culture and civilization for thousands of years. Varanasi district lies in the eastern end of the state of Uttar Pradesh. The two prominent rivers of the district are Ganga and Varuna. Though the District is mainly famous for its cultural heritage, it has undergone rapid industrialization since independence with regard to establishment and development of Small scale industries, especially across the river belt. Electrical, engineering, construction, etc., goods produced in small scale

sector in the district have considerable market in India along with traditional handcrafts and silk works.

II. LITERATURE REVIEW

The literature contains several articles, reports, surveys and case studies regarding the concern research problem. The researchers have gone through selected existing literatures, which were discussed below.

Hindustan Times, December 25, 2019: It's not just the surface, River Ganga is polluted from deep inside, a new research has found. The research by a team of scientists from Banaras Hindu University (BHU) and Mahatma Gandhi Kashvidyapith University in Varanasi has found that the river's underwater has got fragmented, meaning no existence of aquatic life, due to untreated sewage flowing into the river from cities. The scientists have found millions of litres of waste water, containing toxic elements and metals, are dumped in the Ganga, thereby depleting the level of dissolved oxygen in its water, particularly near the river bed, triggering a condition known as hypoxia, in which marine life cannot survive.

According to the DISTRICT DEVELOPMENT PLAN – VARANASI, Final Report, January 2019 (Submitted to: Office of Economic Advisor, Department of Industrial Policy and Promotion, Ministry of Commerce and Industries, Submitted by: Indian Institute of Management Lucknow), there is a need for improvement of workers health and scope under Ayushman scheme need to be ascertained specially in textile industries. It is also identified in the report that Women participation is lacking in small scale sector.

Nema, P. (2017), in her research work titled 'Transformation of human resource management practices in India after the liberalization-a case of Tata Motors' shows that HRM practices are important for enhancing the organizational performance and MNCs need to mould their HRM practices to cater the need of the employees and to retain them for the longer duration of time. This paper tried to understand the impact of liberalization in transforming the HRM practices. It concludes that tradition and culture has the deep rooted impact on the HRM philosophies of any company which governs the behavior of the organization.

Saini, D. & Buhawar, P. (2014), in their study titled 'Managing the Human Resource in India: Perspectives & Challenges' presents a broad overview of the current scenario of human resource management (HRM) in India, the national

institutions that support the HRM framework and the challenges that the HR profession and companies in India face. To provide the required context, this section provides a brief overview of some relevant demographic details of the Indian economy and society. They concluded that many companies are putting primacy on proactive management of employee relations, beside their other strategic HRM priorities. If HRM function grows fast it can help in diluting or even altering the hurdles created by the existing cultural realities to facilitating professional excellence. MNCs are expected to contribute towards a still faster dawn in India of the era of strategic HRM as a way of organizational life.

Thite, M. (2014), studies the heads of human resources (HR) in four emerging Indian multinationals, in automotive, information technology (IT) services, bio-pharmaceutical, and conglomerates in multiple business segments, are interviewed on three main themes, namely, the evolution of HRM, the role of HRM in managing global operations/workforce and the future outlook and challenges for HRM in his research work titled 'From Local to Global HRM: Interviews with HR Heads in Emerging Indian Multinationals'. The researcher highlights the need for developing a truly global workforce and leadership pipeline, global mindset, managing diversity, retaining core elements of organizational culture, building world class workforce competencies and agility. They uniformly stress that "they have a long way to go" in their learning process to become truly global corporations.

Saini, D. (2006), in his research paper titled 'Managing Employee Relations through Strategic Human Resource Management: Evidence from two Tata Companies' focuses on the dynamics of changes that are taking place in management of employee relations and how HRM strategy is being used in this regard. Thus, it analyses the contribution of HRM philosophy in building "new IR" or "strategic IR." Taking note of the global developments in IR, the paper focuses especially on the IR scenario in the Indian context. On the basis of extensive analysis of two case studies of Tata group companies, the researcher concluded that HR interventions are being used in various ways to promote change acceptance, like it happened in the cases of NDPL and Tata Steel.

III. RESEARCH GAP

Based on the above extensive review of literature; the researchers have found that no specific study has been conducted by descriptive,

analytical and explorative way through case study based approach regarding how the Human Resource Management system of any organization is responsible for its long term successful existence in the complex business environment. The area has huge socio-economic significance in the current time when privatization becoming the main wheel of the economies over the world. Understanding the HRM system's role in this main area is very vital for planning and developing good HR system in organizations. The researchers have conducted the current study to fulfill this clearly visible and vital research gap.

IV. OBJECTIVE OF THE STUDY

Based on the above research gap, sole objective of the study is to know how far human resource management system of any organization are responsible for creating an optimum balance between social and profit motive of the organizations. It is done through ensuing of social license for long term sustenance and how its absence or failure can be felt also need to be looked into.

V. RESEARCH QUESTION

The main question that has been raised here by the researchers to corroborate the research objective is how HRM system of an organization through its HR policies can bring an optimum balance between social and profit motive of the organizations. This balance is the most important requirement for ensuring social licenses for the sustainable existence of the businesses.

VI. METHODOLOGY

The researchers conducted the following research based both on primary data and secondary data sources. The study is based on presentation of two separate independent case studies of two different organizations. The case studies contains information regarding HR practice systems and policies of the organizations and how far the organizations are successful and have earned name and fame in regard to fulfillment of economic and social objectives in a balanced format.

First of all, the researchers collected secondary data regarding Tata Steel which is the first case study. The researchers collected information regarding different policies, direct and indirect measures of HR department. These are employee policies, environmental policies, different social action plans and innovative product developments. The information regarding CSR spending pattern for last 5 years, profit earning

pattern for last 10 years and most important awards for last 5 years as per researcher's judgments has also been collected and presented. The following information has been logically and conceptually discussed and analyzed to meet the research objective. The researchers have chosen Tata Steel based on their personal judgments; backed by idea about different company images.

The researchers have gone for primary sources of data in presenting the following information regarding the small scale establishments in the gangetic belt of Uttar Pradesh which is the second case study. One of the researchers, who have a family origin root in this place of Varanasi, have physically visited the sites in the month of October, 2019 and communicated with the workers of the small scale establishments which are primarily situated across the Ganga River. A simple and easily understandable questionnaire is being prepared and the questions were lucidly explained to the workers in **local languages (Bhojपुरी and Banarasi)** to record their responses, as most of the respondents were not comfortable in English language. The following questions were asked:

- Do you know what Human Resource management is?
- Have you heard about the terms personnel management and personnel development?
- Is proper training provided here?
- Are you satisfied with your wage rate?
- Are you aware of the methods of wage payment (Time Rate or Piece Rate) followed by your employer?
- What is your duration of work?
- Are you incentivized for overtime?
- Do you get overtime payment at normal rate or at premium rate?
- Do you get other benefits such as Bonus, Group Insurance, Medical Leave, etc.?
- Are you aware of proper and scientific waste management techniques?
- Are you aware of the guidelines regarding acceptable prescribed limits of effluents discharge in the river as provided by the UP Pollution Control Board and NGT?

The names of the enterprises as well as the respondents are not disclosed in this research paper for the joint benefit of the workers and their employers, as they are small scale business houses and their operations and demand for their products may be affected. It is significant to mention that the researchers have got full cooperation and support from the workers, their employers and the local

people in recording the valuable responses of the respondents, keeping their identities anonymous. This information was logically and conceptually discussed and analysed to meet the research objective. The researchers have selected this specific group of businesses because of easy accessibility for primary data collection regarding them and these companies are for long accused of polluting the surrounding areas of its operations.

Based on the analysis of the information provided through both the case studies, the researchers made the final conclusion in fulfilling of research objective.

VII. DATA PRESENTATIONS

The researchers have put forward following case studies for fulfilling the research objectives.

Tata Steel:

The human resource management team of Tata Steel which includes officials from all levels of management and from all departments, coupled with highly qualified and experienced HR personals have devised following policies for ensuring desired organizational behavior.

(Employee policies) -

It is the motto of the company to put its employee first in every initiative they undertaken and they recognize their employees are the primary source of competitiveness; they first in India introduce 8 hours a day work in 1912, leave with pay in 1936 and WPFS in 1920 all of this latter adopted by ILO and enacted in India. Tata Steel organizes regular health checkup for its employees, counsel them on lifestyle management, checked that first aid centers are well equipped, special health program for women employees, use of 'gas visibility cameras' to detect any gas leakage point from a distance, develops proper risk free flexible machines, air and water pollution control devices, mobi-safe application, hazardous gas detection system, nutritious food in air-conditioned canteen, training of canteen staff, muskan-crèches, celebrations of professional and personal milestones, reward and recognition event and get-together directed to provide optimum value to customers.

(Environmental policies)-

"Respecting and safeguarding the environment is a fundamental principle held by all Tata group companies". Tata steel embedded in its vision and policies environment management as per Tata, code of conduct and UN global climate protection principles. Tata Steel's mining and

manufacturing operations strictly followed environmental norms; all major sites are certified ISO 14001. All environment performance is subject to review by the board of directors of the company, with the board’s safety, health and environment (SH&E) committee providing directional inputs. Tata steel undertakes extensive investment programs in place for ongoing improvements to air quality through include extensive site greening, segregation of clean and dusty activities, installation of dust suppression systems and road infrastructure modifications. In Ijmuiden, they are investing €98 million in an advanced bag filtration and gas reactor system for improved emissions control at the sinter plant. 27 sites out of total of 46 operating sites in India have achieved zed status. A higher capacity effluent treatment plant (4,500m3/hr.) was commissioned at SukindaChromite mines. A 4 mgdCETP (common effluent treatment plant) was commissioned in April 2015. There has been a 55% reduction of dust: 25 kt dust, 45 kt SO2 and 18 ktNOX emission has been avoided across all operational locations in India. There is 7% less CO2 intensity and 44 mntCO2 emissions have been avoided as well. 11% increase in waste utilisation. Tata Steel Europe is also working with other steelmakers in Europe on major research and development project, ULCOS (ultra-low co2 steelmaking), to develop breakthrough technologies which can reduce CO2 emissions per tone of steel produced by at least 50%.

(Direct societal works)-

Tata Steel partnered with Odisha government in development of Odisha. Tata Steel Thailand is one of the first 30 companies that joined UNICEF in child friendlybusiness in “the children sustainability forum” to make a commitment in protecting children's rights. Tata

Steel endeavor to preserve and promote tribal culture and heritage by running tribal language centers, curating tribal literature, teaching tribal musical instruments and creating documentaries on tribal heroes. In healthcare, Tata Steel partner with governments and independent organizations worldwide to work towards improving the overall health and hygiene of the communities present in the areas in which they operate.

(Innovative products)-

- 1) Launched Tata Agrico in 1920s, the 1st brand of steel agricultural implement in India.
- 2) First to introduce a retail brand of reinforcement bars with Tata Tiscon.
- 3) First to introduce branded stirrups - TisconSuperlinks, also available online.
- 4) First to introduce branded footings from Tata Tiscon.
- 5) A high strength variant of steel hollow sections called Tata Structura 355.
- 6) CELSIUS, steel which can reduce construction time of new building.
- 7) SERICA a premium surface finish on hot-dip galvanized steels for exposed car body panels that offers a superior paint appearance.

It is the principle policy of Tata steel to provide best possible product at minimum possible price by earning a normal profit and employees are directed that way and a culture supporting it are developed.

Tata group is the most valuable brand in India constantly for 2015 and 2016 as per Brand Finance a global brand valuation and strategy consultancy organization. Its value is estimated at \$13.7 billion, though its value dropped 11% in compare to 2015 due to fall in profits of its various business in last three quarter it is still a champion in brand value due to high brand value of its different industries.

(CSR Expenditure Policy):

Prescribed and Actual CSR expenditures for Tata Steel, Table: 1

Year Type	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Actual CSR	171.46 Cr	204.00 Cr	193.61 Cr	231.62 Cr	314.94 Cr
Prescribed CSR	168.26 Cr	150.00 Cr	115.80 Cr	85.62 Cr	82.40 Cr

Source: https://csrbox.org/India_Company_Tata-Steel-Ltd-Maharashtra_62

It is clearly visible from the above data set that the company considered the CSR activities as a spiritual duty, if the researchers taken into

consideration of Carol’s Pyramid of Responsibilities. The excess over prescribed is continuously increasing over the years.

(Financial Performance):

Profit Before Tax (PBT) of Tata Steel for Last 10 years Ending in Rs. Cr., Table: 2

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
PBT	7,215.30	9,776.85	9,857.35	7,836.60	9,713.50	8,508.89	6,126.52	5,214.51	6,793.64	16,231.13

Source: <https://www.moneycontrol.com/financials/tatasteel/profit-loss/tis/1#tis>

It is visible from the above table 2 that for last 10 years the Tata Steel has earned a decent amount of profit every year, though there are yearly fluctuations. Those fluctuations are mainly attributable to various business environment complexities arising from different national and international problems, not attributable to factors within company control.

(Other Achievements):

The top 5 awards for Tata Steel in last 5 years for diversified achievements has been discussed below, though the company has been awarded various awards over many years for Excellency in different operational and non-operational fields.

1. The Tata Steel Ltd. has been jointly awarded as 2019 Steel Sustainability Champions in 2020 by World Steel Association for a third time in this three consecutive years. The award has been given for recognizing the principle of balancing the quality and sustainability principles in steel manufacturing.
2. The Tata Steel has been awarded as a Great Place to Work organization among “Large Organizations” category by Great Place to Work Institute in 2019. It has been awarded for excellent organizational culture.
3. The Tata Steel has been awarded CII-ITC Sustainability Awards 2018. It has been awarded for showing excellence in biodiversity conservation.
4. In the year 2017, Tata Steel has been awarded Prime Minister’s Trophy for assessment years 2014-15 and 2015-16 in respect to ‘Best Integrated Steel Plant’.
5. In the year 2016, Tata Steel has been awarded first prize for its marvelous achievement in Energy Conservation and Management in the Integrated Steel Sector by the Bureau of Energy Efficiency under Government of India.

Small Scale Establishments of the Gangetic Belt in Uttar Pradesh:

Varanasi has been experiencing wide development of small scale industries since decades, which has increased the employment opportunities especially for unorganized workforce and had helped in development of backward

regions. The increase in number of small scale industries is accompanied by mismanagement of human resources, mainly the unorganized workers. It is also witnessed that the establishment of these sectors across the gangetic belt has increased the toxification of the river due to improper treatment of the waste water.

In view of the above facts and response to the environmental changes, it is necessary to enquire and inspect about the human resource management practices adopted by these small scale sectors.

According to the responses collected, none of the respondents are unaware of the terms associated with Human Resource Management. They admitted that there is no arrangement for basic training of the workers and the safety measures are of lower standards, as cited by the researchers. The respondents stated that they are indifferent to the wage payment rate as the small scale sectors is an important source of living for the lower income population of Varanasi. Most of the respondents revealed that they are paid under time rate system and they are paid for overtime work at normal wage rate. The duration of work ranges from eight to twelve hours. However, some of the respondents admitted that work time varies according to the demand of products and they find difficult to get their overtime payment. Majority of the workers revealed that they are not paid for medical leave. Moreover, the workers work without any safety equipment in electronic and engineering sectors. This practice is exploitative in nature. They are benefited by annual bonus, mostly in Diwali time. No other such benefits are provided to them such as group insurance which is considered necessary for workers of electrical and engineering sector. It is also cited by the researchers that women participation in these industries is lacking leading to uneven distribution of employability.

However, the benefits of different social security schemes of central and state governments, namely *Pradhan Manti JanDhanYojana*, *Pradhan MantriShram Yogi MaanDhanYojna*, *Pradhan Mantri Jeevan JyotiBeemaYojna*, *Ayushman Bharat Yojna* and *Atal Pension Yojana* are made available

to them. But the number of workers covered by the various schemes is under question.

While communicating with the respondents, the researchers witnessed that most of the factories are unaware of the various norms of waste disposal. The licensed enterprises which have to legally comply with the UP PCB regulations are not strictly following the norms. The workers are not trained and are ignorant about proper waste disposal techniques. It is noticed that majority of the factories are discharging untreated toxic wastes into the river which is increasing the level of pollution. This fact is also published by many newspapers.

However, in recent times, the state government had taken the initiative to clean Ganga and reduce the discharge of effluents by the factories. The workers and the local people admitted that the frequency of pollution inspection in the small scale industries by the UP PCB officials have increased and penal actions such as imposing fines to temporary suspension of operating license are being taken against those who are not abiding the regulations.

VIII. DISCUSSIONS AND CONCLUSIONS:

It is clear from above data that a particular company which has an efficient and continuing HR policies; Tata Steel in this case; will create a dynamic, committed, innovative, customer oriented and loyal work force. Tata Steel provides a lot of benefits to its employees in all types apart from developing a sense of customer orientation. In Tata Steel the total organizational culture is highly committed to organizational goals, always looked for optimum customer satisfaction and employees thought employer as friend, philosopher and guide as every decisions is being taken after consulting with them, which acts as a moral boost. Each and every employee is being properly groomed to consider for welfare of society through socially innovative products and environmental consciousness, at par with profit motive. The company's main motto is balancing social obligations and earning decent or optimal profit to meet desired needs and it is done through repeated orientation and training programs of all company employees that shape their culture; which is desired for long term organizational success. In short this can be achieved due to great human resource policies which deal with labour welfare measures to proper direction and labour empowerment. Tata Steel has won many awards for last many years for exemplary performance in diversified fields, apart from commercial arena. It

is also observable from the above data that company has spending for CSR purpose in a philanthropic manner and also earning decent profit over all the last 10 years as given above. This is the result of huge goodwill and social acceptance that Tata Steel has acquired through creation of values for the people of the society through its innovative products and through welfare measures for general public and of its employees, apart from earning adequate profits so as to maintain the optimum balance between social and economic needs. This balance is most vital in ensuring social licenses and thereby long term existence. Due to all these things; Tata Steel develops various green technologies and new innovative sustainable products, performs various direct CSR activities; as managers to workers all are embedded with the mantra of putting social welfare above profiteering and focus only on decent profit. Hence it brings real success to the

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So it is cleared from above discussion that in a complex modern business environment; a business to be a true success needs to fulfill social obligations through products, technologies and welfare activities, backed by optimum or decent profit. Human Resource management system of the organizations needs to develop good organizational culture in achieving it. This is top most requirements for ensuring social license for successful sustainable business operation. In short it can be concluded that an organization to be successful need to maintain a balance between profit and social motives and this can be ensured by good HR policies of the organization and this things are reflected through good organizational behavior.

IX. RECOMMENDATIONS

It has already been proved theoretically that a positive and strong relationship has been in existence between a good Human Resource Management System and the corresponding optimum balance between social and economic objectives of any organization. It is also clearly understandable that social welfare and business welfare in a sustainable sense is complimentary. Hence the researchers are recommending that every business irrespective of size need to have proper system of grooming their human resources from top level to bottom level. This is very urgent and important in delivering services to the society with minimum social cost. A highly cultured workforce

will create social enrichment in a sustainable manner by ensuring social license through making of optimum balance between economic and social goals. This understanding is very much serious for all types of organizations for long term successful sustenance.

X. LIMITATIONS AND FUTURE RESEARCH SCOPE

The above research work is based on conceptual study of available data, secondary in nature, of Tata Steel Ltd. as well as extensive analysis of the facts regarding Human resource practices followed by Micro and Small establishments of Varanasi, collected through personal interview. The study mainly focuses to comparatively analyze the HRM practices followed by established corporate and unregulated small scale enterprises which can bring an optimum balance between social and profit motive of the organizations. In this context, it is necessary to mention that sophisticated statistical tools can be used to analyze the data collected through primary survey and personal interview. Moreover, the researcher has analyzed the secondary data available of only one corporate. The research work can be extended by comparative study of HR practices of more such companies.

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