

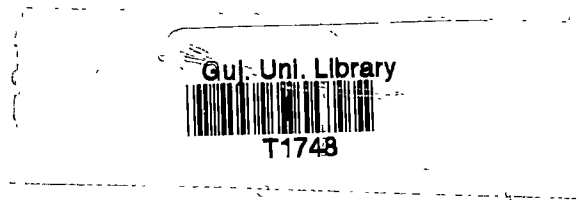
MANAGEMENT OF INDUSTRIAL RELATIONS

A CASE STUDY OF
A LARGE BANKING ORGANIZATION

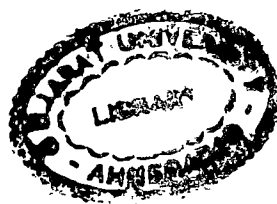
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BY
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Ph. D. THESIS
1991



UNDER THE SUPERVISION OF
Dr. N. R. SHETH
PROFESSOR
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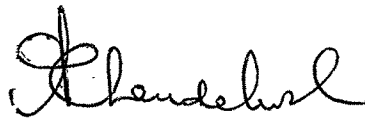
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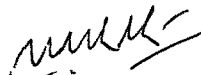
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-ANIL K. KHANDELWAL
AUTHOR

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N R SHETH

A C K N O W L E D G E M E N T

A longitudinal research study like this which is focussed on the strategies and policies of top management in IR covering a period of 30 years is difficult without the active involvement and support of the organization under study. I will ever remain grateful to the top management of the bank under study, for allowing me to study this sensitive function of corporate management. But for their active cooperation and facilities extended to me, this research would have been impossible.

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(ii)

under study who not only spared his lot of time for discussions but for kindness in making various correspondence and relevant files available in connection with the study.

I am also grateful to ex-chief executives, ex-executive directors and former as well as present members of top management who spared their valuable time for interviews and sharpening my understanding about events in industrial relations.

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Ahmedabad.

- Anil K Khandelwal.

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LIST OF ABBREVIATIONS

AIBEA	: All India Bank Employees Association
AIBEF	: All India Bank Employees Federation
AIBOC	: All India Bank Officers' Confederation
AICOBBO	: All India Confederation of Bank Officers' Organization
BEFI	: Bank Employees Federation of India
CE	: Chief Executive
COE	: Committee Of Executives.
EMC	: Executive Management Committee
IB	: International Bank
IBA	: Indian Banks' Association
IBEERC	: International Bank Employees Eastern Regional Council
IBETUC	: International Bank Employees Trade Union Congress
IBEU	: International Bank Employees Union
INBEC	: Indian National Bank Employees Congress
INTUC	: Indian National Trade Union Congress
NAIBO	: National Association of International Bank Bank Officers
NCBE	: National Confederation of Bank Employees
NOBW	: National Organization of Bank Workers.
PC	: Personnel Committee
RBI	: Reserve Bank of India
SSWA	: Scheduled Caste/Scheduled Tribe Welfare Association

C O N T E N T S

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CHAPTER 1

CONTEXT OF RESEARCH AND LITERATURE SURVEY

This is a study of the role of top management at enterprise level in industrial relations (IR). It focusses on the study of strategies and policies of top management in IR in a large nationalized bank. The study is aimed at understanding the managerial strategies in IR alongwith their contextual setting. The study focusses on understanding of the factors that shape the top management's strategies in IR, the way they are carried out, difficulties in implementing the strategies and the impact of managerial strategies on IR effectiveness. It is hypothesised that managerial strategies in IR are not a response to union pressure alone as is generally believed but to a component of factors at a given time.

The research is prompted by a strong conviction that historical probe into the top management's strategy in IR is essential, if we are to understand and analyse the present climate in IR in any organization. It seeks to look at management as a crucial actor in the conduct of IR and strives to show that union attitudes and initiatives of operating managers in IR are often shaped by the top management's strategies.

Relevance Of Study Of "Management" In Industrial Relations

I

The management of industrial enterprise is commonly concerned with the achievement of organizational goals such as profit, growth and return on investment through optimum utilization of scarce resources.

The reality of industrial life today makes it imperative for management to devote considerable attention to the management of IR to enable the organization to achieve its goals in an uninterrupted and peaceful manner. Malfunctioning of IR in an enterprise may manifest itself in various forms like protracted strikes, unreasonable demands and continuous challenge to managerial authority. This can seriously damage the organizational efforts for achieving the goals of the enterprise. In some cases, it may even threaten the survival of the organization.

Management of IR, while being critical to the success of an enterprise, is very complex. If an enterprise has to succeed in achieving its goals, it must ensure a congenial IR climate.

IR for far too long has been considered as a business of trade unions. Management has generally treated it at best as a problem rather than as a part of business. Hence managerial

initiatives are indeed very few in terms of strategic planning for effective IR. Winkler's (1974) analysis of directors' interest in IR brings out an attitude as being typically that of 'unconcern' and 'avoidance'. The report of the Royal Commission on Trade Unions and Employers associations (1968) has shown that much of the disorder in British IR was attributable to bad management.

The academic studies on IR assume the form of a general discussions and focus on how to improve IR and productivity. Some studies analyse the existing institutions such as grievance procedure (Goyal 1959), the tripartite consultative machinery of the government (Mathur and Sheth 1969), the government's role in national level industrial relations system (Walker 1970; Flanders et al 1963; Kennedy 1966); Workers participation in management (Thorsud et al 1973, Bhatnagar 1977, Blumberg 1968) and Collective Bargaining (Walton and Mckersie 1965, Clegg 1976). Many studies in IR focus on industrial conflicts and strikes (Dayal, Srivastava and Alfred 1969, Dayal and Sharma 1971, Dastur and Mankidy 1975). There are also studies on labour management relations (Sharma 1987; Pandey 1989), role of state in IR (Ramaswamy 1984) etc.

In most of these studies, trade unions have generally dominated the researchers' attention. Various aspects of trade unionism have been studied by economists, sociologists,

psychologists, union practitioners and others. For example, research has in general focussed on the study of growth and development of trade unions (Sheth 1960, Crouch 1966, Kennedy 1966, Punekar 1948, Ramaswamy 1977), trade union leadership, workers involvement in trade union (Sheth & Jain 1968, Mamkootam 1982) nature and extent of white collar unionism (Goil 1968, Pandey 1968).

It is thus evident that although substantial research on various facets of IR has been undertaken, the study of management has generally not caught the attention of researchers.

Basically there are four types of explanation put forward for the alleged neglect of management in the study of IR. First, the phenomenon of IR crystallized only after the establishment of the trade union movement which first caught and held the attention of social scientists. Also in its early stages of growth, the field of IR generally attracted students with trade union sympathies. Secondly, there is the technical argument in which it is claimed that it is more difficult to get access to data to undertake research into management aspects. For example, Bain and Woolven (1971) argue that employers are more secretive about their affairs than trade unions. Thirdly there is the view that the neglect reflects the dominant values of society in which trade unions are seen as a problem while managers and employers are not.

Fourthly, there is the position that the neglect reflect not only the trade union sympathies of IR specialists and others but more importantly a feeling among them that to study management is to support its existence (Wood 1982).

It is apparent that much of the debate focusses on one side of IR, namely, unions at the expense of management and more significantly, largely treated the organization of labour apart from managerial initiatives. Hence management's strategy was taken as given and not treated in any detail.

II

It is now increasingly realised that management possess considerable power and influence, although in a different form from the more visible expression of trade union power. Gospel (1983) has pointed out that it is the employer who makes several strategic decisions in IR. In the first place he must decide whether or not to recognize an organization of employees, what kind of organization, at what levels, and for what purposes. Second, he must decide on the kind of machinery through which to deal with the worker representative and handle disputes. Third, the level of bargaining and the scope and form of bargaining has to be decided.

In the context of United States, Kochan et al have pointed out :

.... It is largely management's strategic decisions that have initiated the process of fundamental change in the IR system (1984:20).

In fact, it is now being suggested by many writers that it is the management which calls the shots in IR and trade unions are merely reactive institutions. For example, Ramaswamy has recently asserted:

Unions are essentially the reactive institutions, moulding themselves into a shape by their environment. employers scarcely realise the impact their policies have on the course of labour movement. They influence also unknowingly the issues the union will focus on, the method it will adopt, the leadership it will choose and even how it will structure itself. (1988 : 212)

In other words, management's personnel policies and strategies are of importance in determining the level of industrial conflict or the extent of harmony and cooperation.

Obviously the management is not completely free in shaping its strategies and is constrained by economic, legal and political factors as well as by the nature of union organization. Increasingly, however, the complexity of the

role of management in the design and maintenance of system of employment of job regulation - both at the level of organization and the economy has come to be recognized and with it there is growing appreciation that there can be no adequate analysis of IR which does not take into account the historical, institutional and market contexts in which management must act.

The study of management and managerial roles in IR appears to be catching on as a new growth area in IR research. IR researchers, especially in the UK, have lately shown considerable interest in this emerging area which was highlighted by Donovan in the late sixties but received little attention during the seventies.

Literature Survey

I

The academic study of managerial strategies in IR have generally focussed on two kinds of research studies viz. historical analysis of employers' strategies at country level and contemporary management strategies at enterprise level. In the first category, the work of Gospel and Littler (1983) is worth mentioning. These authors, in their treatise on managerial structures and strategies in IR have presented new theoretical and empirical material on the subject. Their work deals with the structure and strategies of employers in the U.K. in the late nineteenth and early twentieth centuries.

The second half of the book deals comparatively with of employers' labour policies in the USA, Germany and Japan as the other leading capitalist economies. The book provides empirical account of the developments about British employers strategies in regard to union recognition, collective bargaining and dispute procedures. It has been shown that initially there was little recognition of shop-stewards before the second world war as a part of employers' strategies to discourage union activities. Along with opposition to shop-stewards, there was also strong opposition to recognize unions of clerical, technical and supervisory employees. Detailed accounts are given about employers' strategies to counter trade union influence by means of company unions in the U.S.A., welfarism in Germany, paternalism and works committees in Japan.

Another interesting historical work is by Commons (1909) in his article on the history of American shoe makers, in which he has demonstrated the crucial role of employers in shaping the development of an IR system. He emphasised the various forms of ownership and production and stressed the extension of the market and rising competition as key environmental factors.

II

As mentioned earlier the publication of the report of the Royal Commission in Britain in 1968, led to a debate on the role of management in IR. This resulted in a variety of

perspectives on IR. A number of scholars, especially in Britain, examined the managerial strategies and policies in IR.

The first major work in this field is that of Poole and Mansfield(1980) and Poole et al (1981) who considered the role of management in IR at great length even to the extent of proposing a model of management strategy formulation. Poole's analysis, however, fails to specify the nature and substance of strategy. For instance, while control as a management function is discussed in both volumes but it is not specified exactly why it is necessary and for what purpose it is exercised.

A comprehensive treatment of managerial role in IR is contained in the book 'Managerial Strategies and Industrial Relations' published by Social Science Research Council (Thurley and Wood 1983). The papers in this book provide a wide range of perspectives about the study of managerial strategies. They argue about the diversity of possible strategies at a given point of time on the assumption that management objectives are not fixed but open. The argument for an IR strategy in a firm is based on a need to accommodate different managerial objectives and definition of situation and hence to reconcile conflicting managerial behaviour, especially in multiplant situations.

The various papers in this book clarify the meaning of strategy (Brewster, et al, 1983) examine the external and internal constraints in the process of formulation of strategy (Marchington and Loveridge, 1983); offer a package of company IR strategy (Purcell, 1983) and review management strategy in response to unionism (Marsh and Gill, Smith 1983).

A number of papers in the second part of this book describe the context of management strategy. They identify three broad approaches to study the context of IR strategy. It is stated that strategies can be studied by understanding managerial role at macro level in the society and the beliefs that go with it. Henley points to the way in which macro level economic, political and social objectives involved in rapid development of newly independent nations place considerable constraints on employer policies in IR. He points out the closer relationship between the company policies and the state. He argues that the IR and personnel policies of firms are directly linked to the needs espoused by government to encourage multi-national enterprises to invest in the country concerned and to develop high productivity in export oriented industry.

The other approach suggests that managerial strategies in IR can be explained in relation to economic rationality. Thomson adopts this approach to compare IR strategies in the private,

the public non-market and market sectors. He has proposed broad classification showing the differences between the factors affecting decision making in the three sectors. The focus of his argument is on the different objectives of management (profit, growth in market share,, public service), the tendencies to centralization in the public sector and the way in which managerial actions at lower level are constrained in these different sectors. This enables him to argue that a close relationship exists between the economic and administrative context of organizations and the type of IR structures and procedures found in those organizations.

Lastly, an organizational approach to analyse managerial action is suggested. The argument is that managerial roles are essentially organizational roles concerned with decision making, control and the implementation of decisions in specific situations. Managers are likely to come up with different IR strategies, according to the organizational context of decision making.

There are also some enterprise level studies of managerial policies in IR. For example, James Killey (1984) has through two case studies attempted to show how different strategies employed by two management faced by similar constraints produce different kinds of output in IR. This research showed that managerial strategic choice at establishment level was an important variable explaining the outcome.

In a recent study, Whitaker (1986) has examined change in the IR strategy of a company as a result of relocation of a crucial part of the company's productive operations on a "greenfield" site. The study shows that relocation to a largely rural site, coupled with the recruitment of labour from the surrounding area, offered the prospect of introducing innovations in IR practice. The key dimensions of this were : the introduction of harmonized terms and conditions of employment; the recognition of a single union; the avoidance of piecework and bonus systems; the encouragement of employee participation and involvement and the achievement of a flexible and integrated work force. Collectively they perhaps embody what Fox (1974) has termed the 'sophisticated modern' pattern of IR management.

Analysis of employer's collective bargaining strategies is also available in Purcell (1981).

A promising approach to IR strategy is contained in the concept of strategic choice. For example, Kochan, McKersie, Cappelli (1984) introduced the concept of strategic choice in IR. According to them, strategic choice is made at three levels viz. employer, labour organization and government. They argue that in recent years, the most important strategic choice in the American case has been made by management in initiating fundamental changes in the IR system. It is also pointed out by them that the effect of a decision may appear at levels other than those where the decisions were made.

III

Scanning the IR literature relating to Indian context revealed that researchers have so far not focussed on the study of management in IR. Some material by way of case studies on strike or conflict situations is available which points out inter-relatedness of managerial strategies in IR with certain kinds of IR outcome.

Some researchers have made general comments about management's attitude in IR (Myer 1958). Kennedy (1966) in particular has commented on the traits of tender-mindedness in Indian managers that has guided the shaping of labour policy.

Sheth and Shah (1976) with the help of a case study of a commercial bank have shown that managerial strategies in IR based on a specific objective lead to effective management of a conflict ridden situations. It is argued that IR problems are much less untractable than they appear on the surface if there is willingness and ability to take clear-headed goal oriented decisions.

Dayal and Sharma (1971), while analysing the reasons of the first ever strike of supervisory staff in the State Bank of India, highlighted the centralization of rule making authority in the CE and the strategy of management in

minimising the supervisory staff association's influence in the rule making process, as a possible reason of supervisory defiance manifested through strike action.

In yet another study of a strike and a situation of industrial conflict in Andhra Bank, Dastur and Mankidy (1975) have also observed that it was the managerial strategies in not permitting a staff union to espouse the cases of officers that led to a major conflict situation.

There are other in-depth studies about IR and trade unionism where the strategies of management have also been analysed with a view to explain certain phenomena. In this category Mamkootam's study of trade unions in TISCO (1982) has shown that managerial strategies have amongst other factors, affected the development of trade unionism in TISCO. Similarly, other studies (e.g. Karnik 1978) have commented upon the hostility and opposition of employers as a strategy to discourage emergence of trade unionism.

There is atleast one historical account of employers' strategies towards labour. For example, Thakur (1988), traces the development and evolution of various aspects of the personnel function like recruitment practices, welfare, fringe benefits, discipline management and grievance management system in the case of a popular business house. The study also examines the response of the employer to the

emergence of trade union. But this study, does not give any account of employers' strategies in the area of IR in the context of market forces and internal pressures.

More recently, Ramaswamy (1988), while analysing recent trends in trade unionism has observed that employers' strategies have contributed to upheaval in labour movement. In commenting upon the employers' strategy, he observes that the Indian employers have begun to perceive labour as an expensive and a problematic resource and he has listed various strategies employed for reducing the cost of labour as well as problems emanating from a permanent labour force. He has listed a number of strategies adopted by employers to this effect. These strategies include a) farming out jobs to labour contractors despite the stringent statutory provisions against employment of contract labour (b) putting out system whereby certain lines of manufacture are either scaled down or even completely scrapped and the products obtained from small manufacturers; c) tendency in the organized sector to have on their rolls different categories of employees who get paid differently and enjoy vastly different levels of security for doing the same job and d) a tendency to expand employment in lower managerial positions at the expense of blue collar workers with the objective of de-emphasizing blue collar work by transferring the job and alongwith it the control away from manual workers. In addition to these

strategies, Ramaswamy also points out attempts on the part of employers at coaxing labour to take on higher work loads or commit to enhanced production norms.

There are other general commentaries about the role of top management in IR. In this category falls the several roles of top management in IR suggested by Bhide and Khandelwal (1986). They suggest several roles for top management in IR viz. a) policy making, b) organization design for IR, c) training in IR, d) professionalisation of personnel function, e) IR research, f) codification of personnel policy, f) improving communication system, g) installing personnel audit, h) pro-activity in IR.

Similarly, Luther (1987) has stressed the major role of management in IR. He says that "Weak management wedded to peace at all costs responds to militancy with appeasement." Luther suggests well chalked out strategies to deal with trade union militancy.

All these studies have suggested an important role of management in influencing many facets of IR which is a healthy departure from an earlier obsession with trade union's role in IR. However, as Purcell (1983: 1- 15) laments, " we know that management is important in influencing many facets of industrial relations. However, very little is known about the process of management and the way managerial initiatives are formulated and carried through.

..... the dominant variable is identified but not itself examined. This is matched by an unwillingness to go beyond the work-place into the higher reaches of the management. ... Attention should turn to the modern corporation, where the corporate headquarters increasingly exercise considerable control over the strategy and structure of the enterprise.

The present research is an attempt in this relatively unexplored area of IR. The research derives inspiration from the plea for research about top management's strategy by Purcell (1981) and the seminal work done by Poole (1980); Thurley and Wood (1983) and Gospel and Littler (1983) in U.K.

CHAPTER 2

RESEARCH PROBLEM AND DESIGN

I

The main focus of this research is to examine two inter related issues namely the top management strategies in IR and its impact on IR effectiveness. It is assumed that the top management's strategies in IR have profound impact on industrial relations climate.

Organizational theorists have now recognized the important and strategic nature of top management role. Every organization has a top management i.e. a group of individuals who either because of their formal position or expertise or political or other power have a major say in making of the strategy, long term decision of the organisation (Black and Mouton, 1976, Khandwalla, 1977). It is increasingly recognized that top management role is central to designing organization for generally speaking top management preferences get carried into organizational practices.

The idea of responsibility resting at the top level has become conventional wisdom in official government publication and was highlighted by the Commission on Industrial Relations (1973) which stated that the Board and top level managers have final responsibility for IR policy. The policies act as reference point for management. As Hawkins (1971) observed:

An assumption which underlines the concept of a policy in IR as much as marketing, production or finance - is

that realization of a company's objective is heavily dependent on a consistent approach. Without a set of guidelines, consistency in day-to-day management can be very difficult to achieve unless there is a tight central control of decision making.

The main objective in formalising IR policy is to assist management to establish an ordered and consistent framework for the conduct of IR.

It can be argued that the IR effectiveness or ineffectiveness would reflect the top management's strategies. Line managers have little difficulty in understanding the top management policies and strategies in IR by the manner in which top management deals with IR issues at their level, maintain control or accountability system.

The top management strategies however, develop in response to a set of environmental as well as organizational pressures. No strategy can be evaluated in isolation. In this sense the policies and strategies are not static but change in the external and internal environment as well as on account of unintended consequences arising out of implementation of a particular strategy.

It is however, important to inquire as to how top management strategies are shaped, what organizational and environmental factors dictate the change in policies and strategies, how policies and strategies are implemented and what difficulties are encountered in the process of implementation and what are the intended and unintended consequences as a result of implementation of strategies. These are some of the aspects that need to be understood in order to develop a balanced understanding of management and its role in IR. An important aspect of such a study is to understand what kind of strategic choices create what kind of IR outcomes. This has implications for both theoretical as well as practical understanding about the design of IR function in the organization.

II

The present study relates to the policies and strategies of top management in IR in a large nationalized bank. Banking being a service industry with geographical dispersion of branches, labour intensive character, high degree of unionisation and strong line orientation, provides an important setting for studying managerial strategies and policies in IR. Despite industry level settlements on wages and service conditions and a high degree of standardisation and strong government control, each bank has a unique structure of IR, based on its history, tradition and culture. Hence, the climate of IR in a bank can be understood only in the historical backdrop of managerial strategies and policies.

An important aspect of the present investigation is, therefore, the historical backdrop of managerial strategies in IR. The current reality of IR is examined in the background of past strategies. For this purpose, investigations are directed to cover the period of 1956-1985 covering tenure of six chief executives which provides the historical context of managerial strategies in IR. Initial exploration of the problem through unstructured discussions at various levels within management and unions revealed that over a long historical period, a distinctive pattern in the management's strategies in IR was visible, coinciding with the tenure of each CE. It was, therefore, decided to study the evolution of managerial strategies in IR coinciding with the CE's tenure with a view to understanding forces, both external and internal, as well as the unique settings in which IR strategies were formulated.

Subsequently, the current reality in IR as perceived by operating managers, senior management cadres like functional general managers/deputy general managers and union leaders is analysed in the backdrop of historical analysis of managerial strategies as well as understanding of structure and processes of IR for the contemporary period and studying their impact on IR effectiveness. The analysis is divided in five sections covering period of five chief executive.

For each period, concern was not only to evaluate managerial strategies in IR but also to examine the relationship between these strategies and the environment in which they operate. In particular, it was of interest to see if any discernible pattern emerged which might help to understand the context in which management formulated and implemented IR strategies. To sum up, the study addresses itself to the following research questions:

1. What are the environmental and organizational factors which contribute to development of a particular strategy during a particular period ?
2. Who decides the strategy in IR ? What is the role of chief executive, other senior executives and the personnel department the process of strategy formulation ?
3. What is the content of managerial strategies during each period ?
4. What structures and processes are initiated to implement a strategy ? What are the constraints in implementing strategies ?
5. What are the consequences of managerial strategies on IR effectiveness, union organization, union management relations and achievement of business objectives ?

The major aspects of the study are as described under:

1. Emergence and development of IR in the bank under study;
2. Strategies of top management during 1956-85; the background and objectives of the strategies and its impact on union organisation, union-management relations, IR climate at branch level and business performance;
3. Current reality in IR - managerial perceptions about the top management policy in IR.
4. Examination about the following key aspects of corporate IR mechanism and processes and their impact on work place IR:
 - a. The process of decision making in the context of personnel and IR structure and infrastructure for decision making
 - b. Union-management interaction process;
 - c. Role of personnel specialists.
 - d. The credibility of top management in terms of its espoused policy and the operating style;

Explanatory framework

The principal purpose of this research is one of description and fact finding of the attitudes of top management in relation to their strategies in IR over a period of time and

analyse the impact of various strategies on the IR effectiveness. Towards this goal, data has been collected for the period of each CE's tenure on various organizational and environmental factors influencing managerial strategies, about the content of strategies and the process of implementation of strategy and the IR effectiveness. It is however, necessary to conceptualize a framework as a means of ordering data.

The analytical framework within which the strategy, effectiveness nexus is sought to be explored, is presented in figure 2.1

The above framework is used in ordering the data collected for each period. It may be noted that the above framework as Parson has observed - merely an adhoc classification system constituting the least advanced stage in the development of theory. As such the analysis must be seen as no more than an attempt to establish a heuristic device which might lend itself to further development.

The analysis requires certain clarifications to be made about the model. The principal component of the model incorporates four fundamental analytical categories:

1. Strategies
2. Structures
3. Processes
4. IR Effectiveness.



1. Strategies Strategy has been regarded lying at the core of theorizing on IR (Poole 1980; Thurley and Wood 1983; Kochan, McKersie and Cappelli, 1984). Miles and Snow (1978) define strategy as consistent patterns in stream of decision of actions and include the stages of formulation (Intention), implementation (reworking the design of Institution or organization) and formation (in which unintended by-products of decisions affect actions). According to Thurley and Wood (1983) IR strategies refer to "long term policies which are developed by management of an organization in order to preserve or change the procedures, practice or results of IR activities over time."

According to Gospel (1983) "Strategies are taken as plan and policy of management to direct work tasks, to evaluate discipline and reward workers." Strategies are also defined as "strategic decision which are capable of altering a party's role or its relationship with other actors (Kochan, McKersie and Cappelli 1984).

In the present investigations, I have looked into the various managerial actions that may be aimed at strengthening a particular union organization or reaching any specific agreements on the joint regulation of work rules, actions to limit reinforcement of union power or the solidarity between various groups of employees, as strategies in IR. It also includes actions aimed at backing one union against the others. At another level, it also takes into account top

management's response to issues of discipline, productivity, restrictive practices and the infrastructure for IR decision-making to provide indication of support or apathy to managerial initiatives at lower level.

The strategic decisions of the management in practice are set within a multiplicity of environmental, organizational and institutional conditions. A number of factors which affect managerial strategies in IR are identified by various authors. For example, Poole (1986) in developing a comparative frame work of managerial strategies at country level has identified a number of forces affecting strategies such as structural, environmental, cultural, organizational, and managerial; institutional structure of IR; orientation of principal actors, power of IR organised group. The number of variables influencing managerial strategies in industry level-studies and enterprise level studies will vary.

For the present study, I have broadly classified the variables influencing strategy, in two categories viz. environmental and organisational. The environmental variables will include government control, industry level agreements, power of apex unions, political environment, centre state relations, psychological factors, competition, general law and order in the country etc. Organizational variables will cover union power, managerial attitudes, size of the industry, past history of the company; working of the past strategies, attitudes of the CE. It is extremely difficult to

identify and locate all the possible environmental and organizational factors especially when the investigation relate to study of the past.

2. Structure The structure denotes a number of dimensions such as specialization, centralization, configuration and formalization (Gill, 1976). The structure reflects the anatomy of the organization. For the present study, we have for tenure of each CE examined aspects such as structural configuration of IR function, degree of centralization/decentralization, specialization and institutions which exist for negotiations with unions and mechanism for handling grievances of employees.

3. Processes Processes denote mechanism for purposeful organizational behaviour for doing and achieving things within the particular organization. While structure reflects anatomy of IR, the process is like physiology or working.

For the present study, aspects such as level of participation/consultation, information sharing with unions, both through formal mode or through network of inter-personal contacts; response to union pressures; and attitude and response to problems of operating managers.

4. IR Effectiveness IR effectiveness is a difficult concept. The parameters of effectiveness are difficult to specify and quantify. Traditional measures of IR effectiveness, such as strike, personnel turn over, and absenteeism, are poor guides except in extreme circumstances (Purcell 1981). IR theorists typically have used party's goals as criteria for evaluating the effectiveness of IR but difficulties and problems have also been noted with this approach (Brett 1980). Ideally, these aspects can be evaluated from time to time by means of questionnaires. In a longitudinal study of this kind, it is all the more difficult to attempt such a precise measurement.

For the purpose of the present study we have taken subjective evaluation of managers and unions as indicators of IR effectiveness. Additionally, business performance during each period, developments such as the birth and growth of unions, inter-union rivalry, state of discipline and grievances of employees, loss of managerial control, emergence of restrictive practices etc. have been considered as indicators of ineffectiveness. For the period 1985, IR effectiveness has been gauged from the study of perceptions of senior management staff like zonal manager/ regional managers and union leaders; personnel officers and through a survey of 250 branch managers about their satisfaction with various aspects of IR policies of the top management.

DESIGN

This is a longitudinal study of top management policies and strategies for the period 1956 to 1985. The focus of the investigation is on the strategy of the top management in relation to IR management. Although the area of investigation being relatively new and sensitive, the researcher's acquaintance with the bank and both professional as well as academic interest in IR was a major factor guiding the decision to choose the bank for the purpose of present investigations. The study is, exploratory in nature. Considering the nature of investigation, we have chosen the case study method as Daulton (1974) has rightly quoted : "method of enquiry should be functional to the world being studied." We have chosen the case method for studying managerial strategies in IR in a large bank for following reasons :

- a. It is a powerful tool for analysing the complex nature of management policies and strategies.
- b. It allows to intensively understand the process associated in the IR through indepth analysis of a particular problem.
- c. Effectiveness criteria for inter-bank comparisons are not available and an attempt to define effectiveness of IR is fraught with difficulties in shaping relationships amongst them.

d. A more nebulous feature of IR such as tradition, beliefs, strategies, styles and motivation of actors are best investigated through detailed discussions and it is difficult to obtain objective response on these aspects through questionnaires alone.

In order to analyse the top management strategy for various periods a combination of techniques has been used. This included :

a. Interviews with the former chief executives and other key members of top management team like general managers and deputy general managers, interviews with the functionaries of the personnel department during each period, interviews with the trade union leaders dealing with the top management during different periods, interviews with some outsiders like officials of Indian Banks' Association, government and ex-consultants who possessed special knowledge about a particular incident/episode in IR at a given point of time.

b. For each period, circulars on IR issued by the management, the workmen unions and the officers' associations were also studied. These circulars provided useful insights into the attitude of both management and union as well as the quality of relationship between them.

c. Correspondence on important matters of policy and strategies between management and unions.

Interviews were conducted in a non-directive manner. This was useful in establishing rapport with the interviewees who in many cases were quite cautious and even cynical about the subject of research. From initial open ended interviews at different hierarchial levels of management and trade unions, a chronology of events and a list of key personalities was identified. Subsequently, interviews were conducted with the key personalities who were either the main actors in a particular IR episode or who had closely worked with the top management. These instances provided good insights into the constellation of forces that determined the initiation of a particular strategy by the management. This method was useful because it focused on concrete examples encouraging informants to describe what they knew best (actual events) and leaving the interpretation of data to the interviewer.

Given the nature of the study it was not possible to conduct interviews through a guided schedule. Interviews were basically unstructured but care was taken to focus the interviews primarily on the area of investigation. In order to build a story comprising important events in IR, the strategy of management and the outcome in terms of union management relations for each period, questions were asked frequently during the interviews to clarify the points. Many a time, interviews with a person in management or union provided tips for subsequent interviews. Sometimes an

interviewees had to be interviewed several times if some other interviewee gave a relevant and vital information that could be verified only through a repeat interviews.

Interviews were usually conducted at the residence of the interviewees to ensure uninterrupted interaction. The period of interviews ranged from one hour to eight hours in one sitting. Interviews with the general secretary of the federation and a top personnel specialist (both being on the IR scene during the tenure of all chief executives) were especially long and elaborate. For example, interviews with the general secretary of the federation lasted for about 26 hours in four sittings and similarly interviews with the general manager (personnel) and the assistant general manager (IR) also lasted for about 60 hours and 24 hours respectively in several sittings.

In all 30 interviews were conducted with senior and top management personnel: 3 general managers (from a total of 6), 5 deputy general managers (total 12), 5 zonal managers (total 9), 17 regional managers (total 52). Interviews were also conducted with 25 personnel specialists. Besides, interviews were also conducted with 4 ex-chief executives, 3 ex-executive directors and 5 ex-general managers/deputy general managers.

Interviews with trade union leaders including general secretaries of both the workmen union and general secretaries of officers associations were also conducted. Apart from

these, interviews were also conducted with -5- zonal secretaries, and 13 office bearers of various unions.

Another source of data was documentary material, inter-office memorandum, correspondence with unions, union settlements, minutes of meetings with the unions, minutes of meetings of personnel committee, committee of executives and executive management committee.

In order to understand the operational reality of IR in 1985, interviews were conducted with 95 branch managers of urban and metropolitan branches who attended training programmes at the bank's staff college.

Attempts were also made to understand the operational reality of IR by attending a number of meetings between the management and unions, meetings of the personnel committee, conference of personnel managers etc. In all, I attended eight management - union meetings at the central office, three conferences of personnel managers, one personnel committee meeting and eight management-union meetings at zonal level.

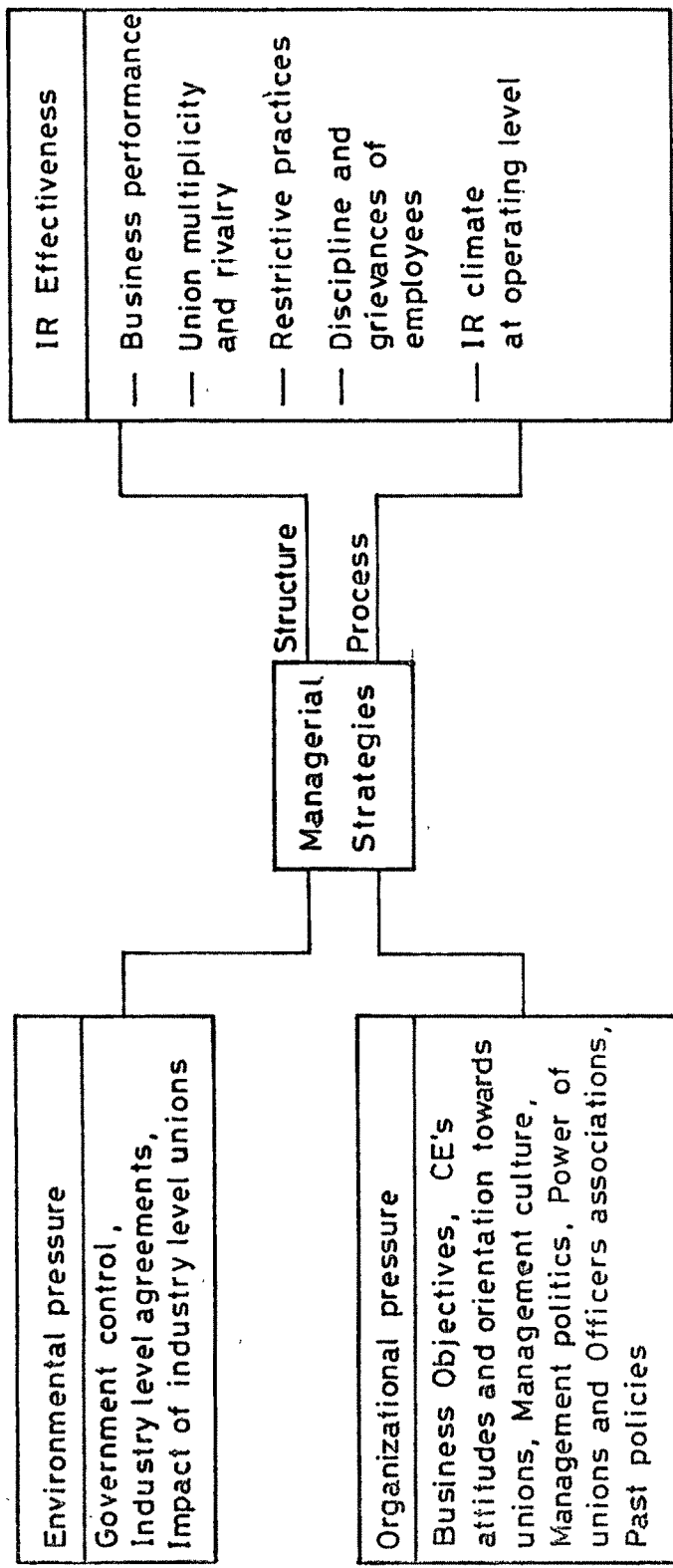
Lastly, a survey covering 250 branch managers of large urban and metropolitan branches on various aspects of IR climate as perceived by them in 1985 was undertaken. The details of this survey are given in the annexure IX.

Interview data as well as the information available from official records and circulars were put together to develop a general understanding of management strategy during a particular period. For each period, several incidents and developments were quoted by the respondents but only such episodes, incidents or observations were taken into consideration that highlighted, in a significant manner, the management strategy and attitudes towards union or employees or change in the existing policy. Cognizance of only such episodes was taken that symbolised clearly the strategy or that highlighted strategic change in relationship either way - positive or negative. Additionally, the episodes, which were quoted repeatedly by our respondents in management or the union or by a large number of people were also taken into consideration. These incidents/observation/development were then put together to construct a story for a particular period.

Limitations of data

Due to non-availability of official records in the bank for the period 1956-70, most of the historical account for this period is based exclusively on interviews with the relevant persons on management and union side who dealt with IR matters. Even for the period 1970-75, the data available was sparse but circulars issued by the bank and the unions as well as some information about the union-management relations for this period was gathered from the records such as correspondence with the bank and their replies etc, maintained in the office of the federation.

Figure 2.1: Managerial Strategies and IR Effectiveness: An explanatory Framework



CHAPTER 3

THE BANKING INDUSTRY IN INDIA

Banking activities in India in earlier times were largely undertaken by indigenous bankers who were giving such services to traders as well as farmers. The first Indian bank organized on modern lines was set up in 1806. Industrialisation led to establishment of a large number of small banks; Indian banking was modelled more or less on the British pattern.

Most of the banks were originally owned and managed by big industrial houses. One of the major functions of the banks was to provide financial support to large industrial houses through the banking system. There was hardly any concern for bank's helping to the under privileged sectors of society.

After independence, India opted for planned growth which necessitated a strong banking system to boost the growth process. Banking operations came under a closer scrutiny and control of Reserve Bank of India. The Banking Companies Act, 1949 and its amendment in 1960 have placed more onerous responsibilities on the banks.

One important implication of the act of 1949 and its subsequent amendment was that a bank's actual financial position is not presented in its balance sheet and its accounts books are not open for inspection by any authority

other than the Reserve Bank. Trade Unions and workers cannot evoke any authority to examine the bank's accounts books. This has significant implication for IR.

Social Control:

Though the Indian banking system had made substantial progress both functionally and locationally since independence, people at large were dissatisfied with the working of the commercial banks in the country. Social and community pressure for channelising bank credit to meet the needs of the small scale sector, agriculture and allied activities was gaining gradual momentum during this period.

In 1967, the government announced a policy for social control of banks. The basic objective of this policy was to ensure equitable and purposive distribution of bank credit. This was sought to be achieved by setting up the National Credit Council which was meant to : (a) reorient the outlook of banks (b) ensure flow of credit to agriculture, small scale industry and exporters and (c) improve resources mobilization by banks by reversing the trends of slow deposit growth. One expert on the Indian banking observed that social control was expected to achieve the objectives of nationalization without nationalizing the banks.

The social control scheme was accepted with great zeal by Indian commercial banks but enough time was not given for the scheme to show results. The government at that time felt

that much more fundamental changes needed to be made in the banking structure to make banking relevant to the poor strata of society.

Nationalization of Banks

On 19th July, 1969, 14 commercial banks were nationalized.

The basic objectives of nationalization were :

- a. to eliminate the concentration of economic powers in the hands of a few;
- b. increased flow of bank credit towards priority sector such as agriculture, small scale industry etc;
- c. fostering new class of employees so as to create, sustain and accelerate economic growth;
- d. professionalisation of bank management;
- e. extending banking services to unbanked rural areas.

Nationalization of banks opened new vistas before the banking system as a whole and gave a new dimension to the growth of economy. After nationalization, the public sector banks abandoned the obsession with the traditional concept of liquidity, safety and profitability and reoriented their credit policy to the urgent needs of the balanced economic

growth of the country in a socially desirable manner. Today banks lay relatively more emphasis on the purpose of the loan, viability of the project and the entrepreneurial ability of the borrower rather than his means, social status and reputation in the society.

During the first decade of nationalization, the banks made rapid strides in opening a number of branches in hitherto unbanked areas and also rendered signal services in financing agriculture and small scale industry. Encouraged by the experiment of nationalization and its fruitful results, government on 15.4.1980 nationalized six more scheduled banks. Thus over 90% of the banking in the country was brought in the public sector. In short, nationalization of banks was a bold and major economic step in the process of bringing reforms in the country.

The Banking Commission (1972) after examining the record of expansion of commercial banks' activities in rural areas and their limitations, expressed serious doubts about the capabilities of commercial banks for adequate coverage of rural sector in the foreseeable future and suggested creation of rural banks. In 1975, the proposal for rural banks was revived after the announcement of the 20 Point programme by the government and first rural bank was inaugurated on 2.10.1975. Thus another tier was added to public sector banking with the start of rural banks.

A distinctive feature of Indian Commercial banks is that it follows the systems of branch banking. Unlike other countries of the world, branch banking in India is unique. India is the country with a network of about 55000 banks branches. On account of branch banking system, Indian commercial banks have the following type of organizational structure:

BANK

HEAD OFFICE

ZONAL OFFICE

REGIONAL OFFICE

BRANCH

Post-nationalization Scene and Growth Problems:

The table below shows the development in business as well as increase in the number of branches and staff in the decade since 1969 in respect of 22 public sector banks. It can thus be seen that the expansion in this area is unmatched in the history of banking development anywhere in the world:

Table 3.1

PERFORMANCE OF PUBLIC SECTOR BANKS

(RS. IN CRORES)

	1969*	1979*	1983+
(A) Capital Funds (Capital + Reserve)	98.05	362.39	699.04
(B) Deposits	4669.25	29553.83	60448.00
(C) Advances (Total)	3189.84	19333.00	39829.00
(D) Advances to Priority Sector.	671.64	8002.45	14113.07
(E) Branches	6633	22651	32035
(F) Staff	188536	475640	692672

* Performance of 22 public sector banks.

+ Performance of 28 public sector banks.

Source: Financial Analysis published by IBA.

This unparalleled growth, however, has brought about in its wake certain problems. In achieving the growth, the banks could not give adequate attention to several important aspects such as customer service, staff discipline, housekeeping etc.

Over the years, various experts and committees have pointed out the problems that the banking system has experienced due to break-neck pace of the expansion programme. Some of the problems identified are the problems of motivated and trained staff specially in the rural areas, management information system, system of follow-up and monitoring of

credit portfolio, profitability, customer service (Bandopadhyay (1978), Singh (1978)). A committee appointed by RBI and popularly known as James Raj Committee has also observed :

the rapid growth in the number of branches and their geographical spread over wider area of operation, at times remote from the head office of a bank have not only caused severe strains on the bank management, but also resulted in growing dilution of supervisory control and reduced the degree of contact of higher management with the branches which usually imparts greater work motivation to the staff (1978:18).

This in turn has led to delays in communication, delays in decision making.

In the eighties, a number of frauds both in India and abroad were reported involving in some cases the bank staff including top management. Issues relating to customer service, frauds, house keeping have been echoed in the parliament. The state of affairs of Indian banking never came for as sharp criticism as during the eighties. Even the Prime Minister remarked: "As for banking, the less said the better."

A seasoned banker and a former Chairman of a major bank summed up his observations as under :

All these quantitative growth has been at the cost of quality. Organizational strength could not keep pace with the break-neck speed at which the quantitative progress was being achieved. There was no respite, no time for consolidation, nor for training the new generation of bankers, whose role was to satisfy the authorities by fulfilling quotas of new branches and priority advances regardless of security and recovery checks.

It is thus evident that massive expansion of the banking industry has created a multiple problems.

Important Features of Banking Industry

The following are some of the important features of banking industry (Bhide and Khandelwal 1986) :

1. Banking activities are mainly directed towards service to its customers. It does not produce any material goods. It plays an important role in the economic development of the country and in recent years, the banking industry is given the important task of socio-economic development.

2. In comparison with manufacturing organizations, banking operations demand a very high rate of interaction between the bank employees and the customers. These interactions make banking an extremely open system. What happens in a bank may be strongly influenced by the expectations across the bank's counters.
3. Banking operations are governed by very elaborate laws, controls and close scrutiny. Since the main transactions are in money, bankers are extremely cautious to avoid legal complications.
4. There is a very high level of inter unit transactions within a single bank and between different banks all over the world. This creates communication and correspondence gaps. Operations are complicated by varied international regulations governing such transactions.
5. Wages and service conditions of the clerical and subordinate staff in banks are covered by four successive bipartite settlements at the industry level between all India unions and the Indian Banks' Association, representing banks. In view of this, managements can hardly give any monetary incentive beyond what is provided in the settlement/awards. Thus, economic issues of collective nature are not subject matter of discussions at individual bank level.

6. As there are industry wide settlements on wages and service conditions, banks are vulnerable to industry-wide agitations creating dislocation in the entire industry.
7. There are strong associations of officers in the banks. Officers are often called a part of the management as they execute important responsibilities on behalf of the management and enforce rules. They too have organized and their organizations operate as protest organizations.
8. The most peculiar feature of the industry and particularly the public sector banks is the control of the government and the Reserve Bank of India in every respect. Unlike in other commercial organizations, it is only in banks that an authority outside the banks takes all important decisions such as :
 - (a) where banks will open their branches;
 - (b) At what rate of interest they will accept deposits;
 - (c) at what rate of interest they will lend;
 - (d) to whom they will lend and at what rates of interest and what security they may take;
 - (e) how the large borrowers of banks will manage their inventory and cashflow to get credit;
 - (f) what salaries, allowances and perquisites they will pay to their officers;

While all these factors are decided by an authority outside the bank, the banks are expected to show a high level of efficiency, higher profits and good customer service in all their branches.

9. Unlike an industrial establishment where administrative blocks are generally away from the gaze of factory workers, in banks the managers/officers are under constant scrutiny of their juniors. Their style of functioning has a great impact on the general pattern of behaviour of the staff.
10. The new generation of employees joining the banking industry are intelligent, educated and their intellectual level may be on par, if not better with that of the managers.
11. In view of the distance between the head office and the branches, the normal means of communication is written communication which has its limitations and problems. The lines of communication are much too intended to be efficient. This necessarily introduces bureaucratic orientation in a commercial organization, which ought to be run efficiently in a business like manner.
12. In view of the rapid expansion of banking industry, promotions have been fast and in some cases employees with only 3 to 4 years experience in the clerical cadre are

promoted. This creates problems of acceptability at the work place as also lack of maturity in handling diverse/difficult situations.

The above features of banking industry makes IR management much more complex in terms of operational efficiency and employee motivation.

Importance of Industrial Relations in the Banking:

Banking industry is one of the high profile industry in the public sector. The role assigned to it by the government makes it a major instrumentality of socio economic development in the country. Many strategic programmes of the government like agricultural growth, loans to educated unemployed, housing finance to poor, boost to exports, place banking at the centre of social development.

The quality of banking service is determined to a large extent by the quality of internal environment in the banks including the environment at the branch level. As banking is essentially a labour intensive industry and characterized by a strong line orientation, it is vulnerable to human problems arising out of multiple expectations in the society, nature of routine tasks and risk orientation. Despite similarities in the content and context of banking across the industry, the public image of the banks in terms of quality of service varies a great deal, depending on the concern amongst employees for customer service in each bank.

The management - employee relationship in banks have a historical context. At present IR in banks are characterized by fairly well stabilised tripartite relationship at the apex level (between Indian Banks' Association and all India unions). The work place IR are, however, characterized by frequent disruption of work.

The attitude of the unions and employees are manifested in almost continuous challenge to management's authority to allocate work and take disciplinary action (Menon, Bhide and Khandelwal). The phenomena of multi-unions has already started showing its repercussions. There is almost a total break down of managerial authority and unions rule the roost at least at the work place level.

The apathy of management to tackle the fundamental issue in relation to personnel practices in the work place has only strengthened those who have created what Fox (1974) has described as continuous challenge from the below.

The deterioration in the quality of customer service has been repeatedly echoed by the All India Depositors Association which has considered union highhandedness due solely to management failure to take appropriate measures to tackle the situation. The depositors' association has demanded representation on the negotiating committee of the Indian Banks Association in the process of bargaining with unions (Gadgil, 1979).

Banks being open systems, they are exposed to public scrutiny and this makes them much more vulnerable to criticism than any other public sector organization. The managerial strategies dictated by the government as well as the top management in the bank seem to take IR in their stride treating it merely as a business constraint. The field of IR, therefore, suffers from biased and prejudiced reporting based on unanalysed facts and events.

Absolved from the direct responsibility for negotiations with the employees on wages and service conditions, many managements have given much less attention to IR issues than would have been necessary had they acted in individual capacity. The growth in the size of banks led to increasingly impersonal relations between top management and their work force and also made necessary a sub division of management function and the creation of a complex administrative organisation. Commentators on banking scene have often stressed the need for tackling the problem of IR to put the banking system in order (Shah 1985).

Harmonious IR is sine-qua-non for creating a climate of effective service. The nature of the banking makes it necessary to develop a committed work force. This makes IR management much more central to the issue of survival of banking itself. For one may wonder how long the load of banking can be sustained on the shoulders of demoralised and often reluctant group of bank employees.

CHAPTER 4

HISTORY OF INDUSTRIAL RELATIONS IN PUBLIC SECTOR BANKS

Although the first trade union in the banking industry was started in the then Imperial Bank of India in 1925, it was only in 1946 that the first Confederation of trade unions in banks called the All India Bank Employees Association (AIBEA) was launched. The period of two decades between 1925 and 1946 did not witness much union activity in the banking industry. This can be attributed to the nature of banking industry which was highly traditional in its structure and well known for the paternalistic management during these days. Most of the banks were dominated by large industrial houses who followed a conscious policy of recruiting employees only through family connections or recommendations from the customers or the family members.

The employees generally came from the middle class and had a tendency to identify with the management. Despite poor wages and unsatisfactory service conditions an employee preferred to suppress his dissatisfaction primarily to protect the image and relationship of those who had helped him to get the job. Trade unionism during these days was associated with the blue collar industrial workers and hence bank employees belonging to the middle class generally refrained from showing much interest in trade unions or volunteering to form trade union.

The second world war gave rise to severe inflationary tendencies. Bank employees too suffered a great deal due to high price rise. Industrial workers and government employees received some compensation through the instrumentality of the trade unions. This was the time when white collar employees including bank employees were getting restive and decided to come under the umbrella of unionism to demand a better deal. In this background, unions were formed in some banks.

In many cases the process of unionisation was fuelled by dissatisfaction of employees with the management practices in the matters of transfers, promotions and an apathetic attitude to employees' grievances and needs. The nature and extent of unionism varied from place to place depending upon the nature and magnitude of employee grievance as well as the general IR climate prevailing in a local area. The first national union, All India Bank Employees Association (AIBEA) was formed in 1946. Soon after this, unionisation in banking industry gathered momentum.

The emergence of unions was resisted by employers. The management was guided by their traditional belief that they had the exclusive right to manage and they knew what was best for the employees. The response of management to the emergence of trade union was typical of any management of those days. The employers did their best to resist the upsurge of employees protest through the age old methods of

harrassement through transfer and victimization and the temptations of adhoc financial help and promotions to dissuade them from joining the union. In one case an active unionist was promoted to the rank of an officer and then dismissed on some minor charge. In this atmosphere, the majority of employees preferred to keep away from unions for fear of victimization although emotionally they supported the unions. It took several years for the unions in the bank to create a sound membership base.

The Industrial Disputes Act, 1947, legitimized the right of trade unions to raise demands and disputes and recognized the principle of compulsory adjudication through tribunals constituted by government.

Litigatory Culture in IR

During late forties, various bank level trade unions presented demands for higher salaries and allowances and better conditions of service. In some cases, notice of strike was served on employers. The unrest became acute in the provinces of Bombay, United provinces (Uttar Pradesh) and Bengal as they were then known. A 46 day long strike was launched in some banks in these areas. This strike brought the disputes into open. It also succeeded in creating pressures on the concerned state governments who invoked adjudication and referred the dispute to tribunals. Awards

were announced by the tribunals in the period 1947-1948. These awards were binding on the parties in their respective regions.

Banks with branches all over India faced a variety of problems due to the anomalies between awards of tribunals in different states. These awards led to differences in service conditions of employees within the same bank in different states. For example, the wages and service conditions of Bank of India staff in Bombay were different from those of their counter parts in Calcutta. This anomolous position warranted a centralized agency to deal with industrial adjudication in banks on an all India basis. An ordinance in 1949 made the central Government the appropriate goverment to refer industrial disputes to adjudication.

The trade union movement among bank employees got a shot in the arm with these awards which gave them a direct role to take up the grievance of bank employees with management and advance arguments to substantiate their claim.

In exercise of the new powers vested in it, the government of India, referred all disputes between banks and their employees to a tribunal in 1949. This gave a very significant boost to the trade union movement. The award of this tribunal proved to be very favourable to workers and this led to number of leading banks to appeal against it in the Supreme Court. The Supreme Court declared the Award void and

inoperative on technical grounds without going into its merits. As a consequence of the Supreme Court judgement the disputes between the banks and employees remained unresolved. This created frustration amongst the bank employees and a number of strike notices were served in various banks. This gave further impetus to unity amongst bankmen and a new strength to AIBEA to spear head the trade union movement. The pressure on government was strong enough to persuade it to refer the dispute to a new tribunal.

The government referred to this tribunal a list of 34 disputed issues between banks and employees. 129 banks were parties before this tribunal. The tribunal heard all the parties and gave detailed and exhaustive award in March 1953 known as the Sastry Award.

During the proceedings of Sastry Tribunal, the unions continued to gain importance as an equal party vis-a-vis management before the tribunal. The unions got a number of concessions from the tribunal even during the hearings. One such concession helped the unions to get special leave for hundreds of employees representing various local unions to prepare for representing the case before a tribunal. The prolonged hearings of the tribunal for about two years helped to legitimize the trade union work during working hours by hundreds of bank employees.

The Award of the tribunal covered important issues relating to categorisation of banks and areas, wage scales and special allowances. However, it created dissatisfaction both amongst management and unions. The appeals were filed by both parties before and appellate tribunal which modified certain provisions of the award.

The appellate award improved the wage scales for clerical staff and also improved the basis of dearness allowance. The modified award put additional financial burden on the banks which made a representation to the central government. The government further modified the award in certain respects.

During the period of operation of the tribunal award the banks underwent expansion and also improved their financial results notwithstanding the apprehensions expressed by them. Other developments like better settlements/awards of clerical staff in other industries, and the guidelines of Indian Labour Conference of 1957 for wage fixation and cost of living led to a new charter of demands being served by AIBEA in April 1959 on the IBA. The all India Bank Employees Federation and various other unions of banks also submitted their charter of demands. The all India State Bank of India Staff Federation submitted its charter of demands to the management of the State Bank. After protests by way of a call for strike etc., the government in March 1960 appointed a new tribunal. The award of this tribunal in June 1962 modified the provisions of the earlier awards, particularly in the

matter of basic pay scales, schemes of DA, Special Allowances etc. This award which was popularly known as 'Desai Award' was to be valid till June 1964.

During this entire period, the union power continued to grow. Their spirited advocacy of the workers cause before the tribunal and their success in getting benefits for employees through various awards gave them the required confidence. However, the litigatory approach of bank managements led to unhappy relationship between bank management and unions.

The new confidence generated in the bank unions through their experience before tribunals also strengthened the union activities at the operating level. The grievances of employees which were earlier not allowed to be aired, now found new manifestations and employees were becoming increasingly articulate in viewing their grievances at the branch level. Under the protective umbrella of central trade union leaders, the local union leaders who often did not understand the intricacies of awards and settlements, were exercising pressures through their collective strength. The employees' reaction to management at the local level was perceived by management to be retributive. The employees and unions developed the feeling of having won a victory over the management.

The Begining of Bipartite Relationship:

In the background of the strategic importance of the banking industry, the growing hostility between management and unions was soon recognized as being detrimental to the interest of all parties. This led to a realisation about the need to resolve disputes through collective bargaining. The government initiated a bipartite relationship between the bank unions and the management represented by Indian Banks' Association (IBA) and through its positive intervention a major breakthrough took place culminating in the first bipartite settlement in 1966.

This Bipartite settlement (BPS) was a landmark in the history of IR in India and an outstanding example of the evolution of collective bargaining. The advantages of such settlement covering the entire industry are obvious. The most important is the spirit of goodwill and understanding generated between employers and unions. This settlement was also an example of how, given sincerity of purpose and the spirit of give and take on both sides, agreements can be reached on such important issues as scales of pay, allowances and retirement benefits. As the then Labour Minister remarked, "it also eliminates bitterness which is bound to be generated in any protracted conflict over demands and their resolution."

The process of collective bargaining in the banking industry began with the signing of the first bipartite settlement in 1966. Four bipartite settlements have been signed so far between all India unions and the bank management. The major highlights of these settlements and the names of the participating unions are given below :

Table 4.1

Major highlights of bipartite settlements between IBA and all India unions.

Bi-partite Settlement	Year signed	Participating unions	Issues	Major Highlights
I	1966	AIBEA & AIBEF (signed with NOBW also though not a party to negotiations)	Wages and service conditions	Settlement on limited use of Accounting machines
II	1970-1973	AIBEA	Wages and other Issues like LFC Medical, HRA.	
III	1979-1983	AIBEA & NCEE (It was also signed with NOBW & INBEC)	New Spl.Allowances like Agriculture Assistant allowance.	For the first time management gave its own charter of demands. Joint declaration on 'Restrictive Practices.'
IV	1984	AIBEA & NCEE	Wage & Service conditions, discipline & disciplinary action.	Settlement on Computerisation

The major achievement of collective bargaining process in the banking industry has been the adoption of a uniform wage structure and service conditions for bank employees all over the country. In view of the industry level settlement, the individual banks are spared the trouble of negotiating with their respective unions on such major issues. The bilateral relationship with the unions has also helped the pace of development in the banking industry and it has also helped in creating bipartitism at the individual bank level.

Multiple Unionism in Banks

Multiplicity of unions is a bane of the Indian IR system. Banking industry is no exception. The multiplicity of unions in the banking industry started increasing once the service conditions of staff stabilised around sixties. At the time of first bipartite settlement, there were only two all India unions viz. All India Bank Employees Association (AIBEA) and All India Bank Employees Federation (AIBEF). However, at the time of the second bipartite settlement in 1970, AIBEF had virtually become non-existent and the settlement was signed with AIBEA which was recognized as the sole bargaining agent in the banking industry.

The State Bank Employees Federation and Employees' Unions of two large banks had remained outside the AIBEA and they federated to form a new organisation called the National

Union of Bank Employees (NUBE) in 1970. Over the years, the Indian National Trade Union Congress - INTUC had been trying to enter the banking industry and in 1973, the INTUC started its banking wing, the Indian National Bank Employees Congress (INBEC). During the emergency in 1975-76, the NUBE merged with INBEC, apparently to gain political support through INTUC. After the end of emergency in June 1977, a large break-away group including State Bank Employees Federation came out of INBEC to continue in the same name. After some litigation the break away group formed an all India union called National Confederation of Bank Employees (NCBE). The NCBE claimed a large membership which included the employees of the State Bank and other banks including International Bank.

The State Bank of India was not a member of Indian Bank's Association and it used to negotiate separately with AIBEF. In June 1976, the State Bank joined IBA and thus IBA became truly representative of the banking industry. The NCBE with its large number of members won its claim to be a party to the third bipartite settlement. The third settlement was signed by IBA with AIBEA and NCBE. One of the interesting features of negotiations at this stage was that IBA negotiated with a bargaining council consisting of representatives of AIBEA and NCBE. This also helped bringing two major all India trade unions together for bargaining on the major issues of wages and service conditions of bank

employees. This not only helped in cutting avoidable delays but also in avoiding the irritating process of balancing claims and counter claims of the two unions. Both political and legal factors forced IBA to also sign the third settlement with NOBW and INBEC. The INBEC became a party on account of a high court intervention and NOBW due to its political links with Janta Government then in power.

The political factionalism within trade unions also contributed to the emergence of multi unions. This is highlighted by the events which overtook AIBEA in 1980 especially in the eastern region. The split in AIBEA began as a result of the decision of some of its leaders to break away from the Communist Party of India (CPI) and support CPI (Marxist) which controlled the government in West Bengal. Such division within a powerful militant organization such as AIBEA was a setback to the bank employees movement in the country. The intra-union struggle within AIBEA and the subsequent birth of Bank Employees Federation of India (BEFI) led to increasing unrest especially in the eastern part of the country and the state of Kerala. This had its obvious impact on management who had to deal with claims and counter claims for recognition and review their structured relationship with unions while dealing with the claims and counter claims for office space. In order to show their respective strength, the parties resorted to pressure tactics in the form of violent agitations, often at the cost of

customer service. In such a race for power, operational efficiency as well as genuine interest of employees obviously were the worst victims.

With the massive recruitment in the banking industry after nationalization and implementation of the reservation policy, a new pressure group of socially disadvantaged employees (SC/ST) started emerging. Even though these employees were members of one or the other union in the industry, they often suffered from the feeling that the existing trade unions which were dominated by high caste employees, were not able to look after the special interest of these communities. The political environment and the political lobby representing SC/ST came handy for these groups to launch their own association. These associations began to develop increasing awareness of the special privileges available to them (in respect of recruitment, promotions, education, welfare etc.) by statute and government actions. One may justify the origin and existence of these ethnic associations on the basis of prevailing social, economic and political exploitation but it also added a new dimension to IR scenario in the banking industry by promoting fissiparous tendencies among bank employees eventually resulting in struggle for power.

A recent study has pointed out the extent of membership of unions in the banking industry (Khandekar 1984).

Table 4.2
Membership position of trade unions of workmen at industry level

Workmen data (percentage membership)					
<u>AIBEA</u>	<u>NCBE</u>	<u>INBEC</u>	<u>NOBW</u>	<u>BEFI</u>	<u>Not known</u>
41.42	35.93	0.44	2.72	4.08	15.42

It can be seen that more than 75% of the membership is distributed between two all India Federations i.e. AIBEA and NCBE.

It may appear that due to overwhelming strength of two unions, the impact of inter-union rivalry may not be as grave as experienced by other industries. This can however, be debated. For example, some unions like BEFI who represent only 4 to 5% of total bank employees have their majority representation in the eastern part (West Bengal) of the country. In many banks where AIBEA or NCBE affiliated unions are in majority, the settlements signed with them are thwarted by BEFI in eastern zone. The political patronage in West Bengal to BEFI adds to the problem of dealing with its uncompromising and aggressive postures. Similarly, despite AIBEA and NCBE being the two all India unions to sign bipartite settlements and displaying some amount of mutual understanding in the context of signing the agreement, the work place rivalry between the two unions creates tension.

The overall problems faced by management due to inter-union rivalry include difficulties in enforcing all India agreements, litigatory battles, dilution of discipline etc. The presence of rival unions and their negative impact on IR, has evoked concern amongst IR experts. The study group for banking industry appointed by the National Commission on Labour (1969) also took cognizance of these issues and suggested some remedies. The group recommended that "A single union should be sole the bargaining agent in a collective bargaining unit." Since banking is all India industry with uniform service conditions, the majority union should be determined on all India basis." As regards the problem of recognition at industry level the study group recommended as follows :

Industry-wide negotiations should be conducted with two major all India organizations viz. AIBEA and AIBEF and allowing representation also to those unions having substantial membership in individual banks and which are not affiliated to either of these organizations. Similarly in each bank, representations at different levels (Branch/region/all India) may also be given to unions on the basis of verified membership in the bank (1969: 35).

Inspite of all these useful ideas and suggestions, union rivalries have continued to plague the banking industry.

Unionism amongst Officers

Bank officers had kept away from trade unionism till the mid sixties. Initially the officers staff in the banks was small in number and was relatively better paid. Moreover, it considered itself a part of the management and viewed trade unions as something below its dignity. Over the years, many environmental and organizational factors have contributed to the emergence of officers' associations in the bank. One of the major contributory factor which has fuelled the desire to form unions amongst officers is the environment under which they had to work during the sixties in the midst of trade union militancy.

Due to the upsurge of trade union movement in those days and the militancy of trade unions, a psychological feeling of insecurity developed amongst officers. Besides, they could not articulate their grievances in the absence of a forum for fear of victimization. Having witnessed the success of workers' union through united action, the officers too, perhaps, realised the importance of organised protest. The first officers' associations were formed in the mid sixties. While analysing the supervisory strike in State Bank of India, Dayal and Sharma observed:

The supervisors suffered a mounting sense of being squeezed between what were perceived as the two powers in the bank, the management and the clerical union. This was very strongly reflected in the feeling that (a) Supervisors got the crumbs of what the management could spare from the table of the workmen staff (b) that in their anxiety to maintain peace and avoid trouble, the management placated the clerical union at the cost of supervisory personnel and (c) the growing belief that without pressure and show of strength the supervisory staff cannot obtain the advantage that the clerical union has forced out of the management by being aggressive and by showing their solidarity and strength (1971 :75).

In this context, Mohan Das (1975) has observed :

One reason, why the officers' organization emerged, is the quantitative logic involved in the situation (which has nothing to do with hostility or antagonism against any target). Emergence of a very large number of people with common problems of work condition and

experiences which at a given point of time they feel cannot be sorted out individually, gather in a collective exercise and that is how an organization is born (1975:21).

Subsequently other factors like expansion of the banking industry and the concomitant problems such as transfer of officers in rural and semi-urban areas etc. change in the nature of work, communication problems etc. led to intensification of association activities for taking up the problems of officers' staff.

The pattern of unionism amongst officers vary from bank to bank. In some banks, officers in executive cadre are also members of the association, while in some other banks membership is confined to middle management only.

A unique feature in some banks is that many officers are members of the workmen unions and in some cases workmen staff unions have been taking up the cases of officers. The representation of officers by the workmen unions was a subject of a long drawn conflict in the Andhra Bank leading to a strike for seventy three days (Dastur and Mankidy, 1975).

Though the workmen staff in the bank had uniform service conditions, determined by the national level bipartite agreements, the officers' service conditions before mid seventies were mainly governed by the understanding between officers association and the respective bank managements. This had created a number of anomalies in the area of salary and service conditions. The government, with a view to create uniform service conditions, appointed a committee in 1973 to standardize the pay scales, allowances and perquisites of the officers in the nationalized banks. The committee submitted its recommendations to central government in 1974 but the government initiated its implementation only in 1976. Initially, the committee's recommendations were not discussed with the officers' associations. The implementation of the recommendations by the government without dialogue with the officers' associations was seen as an action to destabilize officers' unions. Accordingly, all India confederation of bank officers organizations (AICOB00) representing majority of officers in the industry opposed the introduction of the new service conditions. Government finally yielded and after discussions with the AICOB00 the recommendations of the committee was implemented in 1979. This created a special sense of solidarity amongst the officers.

Although the officers' associations are well stabilized in the banks, having their own confederation on all India basis, the government has not given to them a representative status for collective bargaining on par with the trade unions of the

workmen staff. The Indian Banks' Association holds discussions with the confederation of officers but no formal settlement is drawn from these discussions.

Multi Unionism amongst Officers

The problem of multiplicity of unions is not confined to the workmen staff. Over the years, it has also infected the officers. A number of factors such as style of the association leaders, politics within an association, management policy, government policy etc. have contributed to formation of rival associations in the banks (Khandekar 1984).

The first central federation of bank-level associations of officers was established in 1968. A large number of bank-level officers' associations /federations representing majority of officers are affiliated to the AICOB00 which was founded in 1975. Till 1985, it has been the main functioning central federation of bank officers. It has been representing the bank officers' interest in relation to both IBA and the central government.

AICOB00 has by now got three rivals viz. National Organization of Bank Officers (NOBO), All India Bank Officers Association (AIBOA) and the Indian National Bank Officers Congress (INBOC). The membership of various central organizations is as under (Khandekar, 1984) :

Table 4.3

Membership position of officers organizations at industry level

AICOB00	AIBOA	NOBO	INTUC/INBOC	Not known
64.8	6.7	1.5	4.7	22.3

There are 65 associations in 27 public sector banks. Thus on an average 2.41 associations are operating in each banks. This average is however, lower than the average number of workmen staff unions operating in these banks viz. 3.56. In 1985, there was vertical split in AICOB00 also which led to formation of All India Bank Officers Organization (AIBOC). It is reported that after the split, the AIBOC has emerged as a majority organization of officers at the industry level.

The inter association rivalry in some banks is acute and has complicated the already charged environment in IR in these banks.

Organization of IR Function in Banks

Typically the personnel/IR function in Indian banking is handled at four levels viz. apex level (IBA and all India unions), bank level (top management and bank-level union), zonal/regional level (zonal/regional management and

zonal/units of bank-level union) and branch level (branch manager and branch representatives of bank level unions). The following table gives the details about the issues negotiated and settled at different levels.

Table 4.4

Personnel/IR issues discussed at various levels

Level	Parties	Issues	Personnel/IR Competence
Apex	Indian Banks' Association and central organization of bank employees (viz. AIBEA, NCBE)	Salary scales, allowances, service conditions, issues of industry level importance like automation.	IBA's personnel department, consultations with solicitors/use of competence of specialists from banks.
Bank	Bank management and bank-level union/s.	Promotion policy, bonus, staff loan schemes, interpretations of service conditions, staff welfare and amenities, facilities to unions.	Personnel executives at central/HO level; IR Advisers/solicitors. Advice from IBA.
Zonal	Zonal management and zonal units of bank level unions.	Staff shortages, staff amenities, interpretation of settlement, unresolved issues at branch level.	Personnel officers/staff officers generally and in some banks professionally qualified personnel specialists.
Br-anch	Branch manager and branch secretaries/representatives of branch level units of bank level unions.	Work allocation, overtime, implementation of awards settlements, job rotation, inter-personal problems, inter union/intra union rivalry, discipline management to some extent.	No specialized knowledge in personnel/IR.

Role Of Government

The government is an important actor in IR in industries including banking. The Industrial Disputes Act 1947 is the main instrument for the government intervention in labour disputes. The ID Act provides a machinery for settlement of disputes through conciliation and adjudication. The government also plays a key role in persuading both managements and unions in banking industry to avoid litigatory transaction and come forward for a bipartite relationship.

After nationalization of banks in 1969, the role of government as the owner of the nationalized banks has become much more important. It lays down the policy for compensation in the banking industry. It also appoints chairmen and executive directors in the banks and also nominates members on the boards of these banks. It also appoints directors representing workmen and officers in the nationalized banks in terms of the statutory requirements of such representation.

Over the years, government has taken a number of steps to standardize the service conditions of bank employees and officers. In the last one decade the government has taken a number of steps to streamline the personnel and IR function in the banking industry. Some of the steps taken by government include stoppage of overtime, introduction of job

rotation scheme amongst employees, schemes for rural and semi-urban postings for bank officers and computerization of banking operations. It also put pressure on individual banks to stop involvement of union leaders in union work during working hours and to enforce the norms of attendance and punctuality.

These steps have brought some semblance of order in the personnel policies of banks which were for a long time heavily under pressure by the unions. The increasing control of the government in personnel matters has severely restricted the discretion of bank management in the area of personnel management. By implication it has also substantially reduced the vicarious power of unions which now cannot squeeze from the management any new benefits beyond the perview of all India settlements and awards.

While the government action has generally been welcomed by the public, some of the action taken by the government has raised question marks about its credibility in IR as an impartial actor. For example, the government decision to put INTUC leaders on the board of nationalized banks in 1983 apparently to push the INTUC supported union in banking industry has severely eroded its credibility and has also caused a set back to the banks' efforts to streamline IR practices.

ROLE OF INDIAN BANKS' ASSOCIATION

The Indian Banks' Association (IBA) founded in 1946 is a bank employers' organization. It serves as a thinking and regulating forum for banks in matters of concern to the whole industry. One of the important role of IBA since its inception has been to provide service to members banks in the area of IR by representing their cases before various tribunals and initiating actions/discussions on behalf of banks with the all India unions.

After 1969, the role of IBA as a representative of public sector banks has become more prominent vis-a-vis the banking division of the government. The government has found in IBA an organization which has already established a bilateral relationship with the trade unions. The IBA's personnel department coordinates all personnel advisory services to member banks. It has two important committees viz. managing committee and the personnel committee, which decide important personnel matters. For the purpose of negotiations with the workmen unions and the officers' associations, adhoc negotiating committees are constituted by the IBA.

IBA has been maintaining liaison with the member banks and has been helping them by providing interpretation of awards/settlements through its expert and legal services. It has also represented member banks before conciliation and adjudication authorities. Over the years, IBA has emerged as the sole spokesman on IR matters for the banking industry.

CHAPTER 5

THE INTERNATIONAL BANK

I

Founded in 1906, under the patronage of the princely state of Vaishalinagar, in western India, the International Bank (IB) has over the years made rapid strides to achieve the top position in Indian banking.

For the first 40 years of its operations, the bank's progress was rather slow in comparison with other such institutions, although, few others enjoyed the kind of security IB enjoyed under the state patronage.

The second world war gave much needed fillip to the country's economy and the banking industry benefitted immensely. After independence, the state control over the bank was removed to put it on the path of progress. It improved its ranking from fifth to fourth largest commercial bank in the country within a span of two decades. Around 1956, the bank initiated an aggressive strategy in business development and expansion. The business attitude of the second generation leaders was more convincingly reflected in domestic and overseas expansion. The bank opened several overseas branches in the 1950s. This marked the beginning of the bank's foreign exchange business and its exposure to banking in affluent societies. The bank also simultaneously expanded its Indian operations in various states like West Bengal and

Maharashtra. In an effort to galvanise its operations, the bank paid considerable attention to professionalisation of management by establishing new departments like economic research department, agriculture finance department and personnel management department etc.

The bank carefully diversified the pattern of its services during the sixties and introduced a number of attractive deposit schemes. The bank made innovations by launching mobile branches in and outside India. IB was the first to introduce the credit card in 1964.

The progress made by the bank in the six decades is illustrated below.

Table 5.1

Progress of the bank between 1906- 1966

Year	Branches No.	Deposits Rs. crores	Advances Rs. crores	Staff No.
1906	1	0.17	0.22	17
1916	4	1.85	1.45	134
1926	16	5.05	2.22	325
1936	22	6.42	2.69	470
1946	36	31.55	13.28	1110
1956	82	60.40	36.10	2735
1966	302	282.44	176.53	8905

The nationalization of banks in 1969 was an important milestone in the history of Indian banking. Although the banks were brought under a common ownership, they were

expected to continue to compete in various areas of business in almost the same manner as they had done before. IB's growth acquired a strong impetus after nationalization. To meet the objectives of nationalization as well as strengthen its commercial base, the bank brought out necessary changes in its organizational set-up.

Under the lead bank scheme formulated soon after nationalization, the bank expanded at a phenomenal rate in the unbanked regions of Uttar Pradesh, Rajasthan, Karnataka and Maharashtra. In the first five years after nationalization, the bank set up a solid infrastructure to serve the weaker sections and rural population and the relative ranking of the bank in the league of nationalized banks had gone up by one step from the fourth position in 1969 to the third in 1975. The bank pioneered an innovative scheme, called multi service centres (MSC) to meet the financial and non-financial requirements of the vast multitude of self employed persons with modest income not only in rural and semi-urban areas but also in metropolitan cities and towns. Under this scheme, the bank made finance available to self employed artisans, small traders, cobblers, rickshaw pullers etc. Similarly in 1977, the bank pioneered the concept of Village Levelopment Centre (VDC) by identifying a number of branches in rural and semi-urban areas to focus their attention on rural development. As at

the end of 1985, the bank had 365 MSCs spread out in all parts of the country and 268 VDCs. The bank also sponsored - 18- regional rural banks between 1975 to 1985.

The most distinctive feature of the bank, however, has been the emphasis on overseas expansion. It was the outcome of the bank's visionary management that took lead in starting its overseas operations in early fifties. Over the years the bank expanded its overseas operations to many advanced countries. The bank at the end of 1985 had 54 branches abroad spread over 11 countries and continued to occupy the pride of place in overseas operations. In 1985 the bank's operations were spread over 1900 branches managed through a decentralized zonal and regional structure. The corporate functions are managed from two locations namely Vaishalinagar, the head office (where the bank was established in 1906) and the central office, Bombay. The seat of top management is Bombay. The chief executive, executive director and all general managers operate from central office, Bombay. In Vaishalinagar, three deputy general managers handle three important functions namely, inspections, operations and personnel. The organizational chart of top management structure of central office, head office and zonal office is given in the annexures I and II. The overall progress of the bank, at a glance, is given in Annexure III.

II

The Personnel and IR Function in International Bank

In the early years after its establishment, the personnel function in IB was handled by the staff department at the head office. This department mainly looked after recruitment, salary administration and terminal benefits. The recruitment function was limited to recruiting persons from known sources like customers, relatives and friends of executives. In early forties, the bank introduced a written test in arithmetic and English for the new entrants and an element of objectivity was thus introduced in the recruitment.

In response to the litigatory battles between bank managements and unions as mentioned in the previous chapter, IB recruited a labour welfare officer in 1956 primarily to represent the bank's case in tribunals, attend to employee grievances and deal with the workmen staff unions.

The bank built a sound culture of collective bargaining within the bank. IB was the only bank at that time which recruited specialists to perform the personnel function.

Fast expansion and government control following nationalization of banks created some strain between the bank management and its majority union. In order to cope with the demands of rapid expansion, the bank handed over its recruitment function to the National Institute of Bank

Management (NIBM), which undertook recruitment on scientific lines. Subsequently with the establishment of Banking Service Recruitment Board in 1977, the entire recruitment was handled by this Board. In view of fast development of the bank, the bank paid increasing attention to training and development of its employees. It started a training college at Bombay jointly with another major bank in 1962 and later in 1965 its own college. In 1978 the bank converted its existing training college to a full fledged staff college with provision for training, research and in-house consultancy. In 1978, the bank also started a department of human resources development to pay attention to nurturance of human resources through training and development. The personnel and IR function was mostly staffed by the trained personnel specialists. It was the only bank in the public sector which had hired personnel specialist. In 1985, when this research was undertaken, senior personnel staff were all specialists except deputy general manager, who was an operational banker. At zonal and regional level, the personnel staff were all specialists. The structure of the personnel function was as under:

The bank has a 'Welfare Committee' on which the recognized workmen union and officers' association is represented by their general secretaries. This committee discusses the issues relating to employees welfare like establishment of holiday homes, scholarship to talented wards of the employees and other matters related to employees welfare.

CHAPTER 6

TRADE UNIONISM IN INTERNATIONAL BANK*

The trade union activities in the bank first began in Bombay, the principal centre of bank's activities and seat of decision making. The employees of the bank, at the initiative of an employee, came together to form IB Employees Union in Bombay in July 1946. The union was headed by an eminent trade union leader. He was an outsider.

Some employees did not welcome the formation of the union as it appeared to reduce their power. For example, a Havaldar (Head Peon) saw the formation of the union as an attack on his privileges to recruit subordinate staff, granting of leave to subordinate staff, their placement etc. which were and often influenced by senior members of staff. Subsequently, the senior employees reconciled themselves to the formation of the union. Initially for about ten years from 1946 to 1956 union activities were confined to large cities like, Bombay, Calcutta, Ahmedabad, Madras, Coimbatore, Bangalore and a few places in Saurashtra.

The history of trade unionism and IR in the International Bank has not been documented before. The information presented here has been collected from various sources such as circulars of the unions and associations; official records of the union/association and interviews with knowledgeable person among trade union leaders, senior managers and retired executives and employees.

During the period of implementation of the modified tribunal Award as mentioned in the chapter, the unions at various places decided to form an all India union for proper implementation of awards through a coordinated approach. This resulted in the emergence of the All India IB Employees Coordination Committee. The general secretary of the IB Employees Union, in Bombay was elected as secretary of the Coordination Committee.

Emergence of All India IB Employees Federation* (AIIBEF)

The coordination committee leaders were divided into two powerful groups - one having strong affiliation with the socialist party and the other strongly influenced by AIBEA supported by the communist party of India (CPI). The ideological differences among the key leaders of the union created a split in the union with a powerful group led by the secretary of the Bombay unit forming All India IB Employees federation in May 1959. An outsider and prominent trade union leader was elected as president of the federation. The coordination committee was wound up. Many of the federation units continued their affiliation with the AIBEA for quite some time.

The formation of the federation, independent of the mighty and militant AIBEA was welcomed by the top management of the bank. The management encouraged the federation and kept out

Throughout for further discussions, we have used the term 'federation' for the AIIBEF.

the influence of militant trade unionism. The bank developed a durable and cordial relationship with the federation. It adopted a policy of accomodation towards the federation and showed willingness to enter into settlements on various matters and have informal consultations on a number of issues of common interest.

The relations between the management and the federation for over a decade between 1959 to 1970 remained extremely cordial. During this period, the bank entered into a number of settlements with the federation on various matters relating to employees, extended participation to the federation in organization and methods committee, extended facilities of trade union work during working hours and also encouraged development of leadership within the federation by deputing its general secretary to a programme on labour welfare in the U.K. The federation in return extended co-operation to management and ensured a period of industrial peace at a time when the bank was expanding rapidly by expanding the branch network and through the process of merger of smaller banks with IB.

The federation did not seek affiliation with any of the two all India unions, viz. AIBEA and AIBEF and therefore, it was not a party to the first two bipartite settlements at industry level between the Indian Banks' Association and the all India unions. The bank however, implemented the industry

level settlement by offering additional concessions to the federation and signing a settlement on the lines of the industry level settlement with the federation.

In 1970-71, the non-AIBEA unions of some banks formed a new organization, The National Union of Bank Employees (NUBE) and subsequently NUBE was also dissolved and the non-AIBEA union in the IB and some other banks formed an all India Confederation in 1979 known as National Confederation of Bank Employees (NCBE) which participated in the third bipartite negotiations.

The federation has a chequered history in its relations with the bank. After over a decade's cordial relations between 1959-1970, the relations between the federation and the bank soured and experienced considerable turmoil. The closeness and mutuality that existed in the sixties between the bank and federation underwent a drastic change after nationalization of banks in 1969 when the bank wanted to make the relationship more formal than it was. The efforts of the bank to formalise the relationship with the federation created one of the worst IR crisis in the bank in the mid seventies. Although the federation was recognized in May 1973 and one of its representatives was nominated on the Board of Directors the relations between federation and management remained luke-warm.

Over the years, the federation as a sole collective bargaining agent on behalf of the employees signed a number of settlements with the bank on issues like promotions special allowances and other service conditions not covered by the industry level settlements. It has a majority status in the bank and has strong following in Bombay, Gujarat, UP and Rajasthan.

Through the system of periodical meetings between the bank and the federation at different levels, issues relating to individual member's grievances and other policy matters are discussed at regional/zonal and corporate levels. The federation has its representatives on the welfare committee at the corporate level, and on the committee for allotment of flats of subordinate staff in Bombay. Over the years, the federation has maintained its independent character except for a brief period during emergency when it sought affiliation with Indian National Trade Union Congress - labour wing of the political party in power at that time.

All India IB Employees Coordination Committee* (AIIBECC)

As mentioned earlier, when the federation was formed in May 1959, the coordination committee became defunct. It was revived in 1961 when many state units wanted to continue

*Throughout further discussions, we have used the word 'Coordination Committee' for the AIIBECC.

their connection with AIBEA. The coordination committee was affiliated to AIBEA. The coordination committee, however, was a minority union in IB.

Despite its minority status, the coordination committee over the years has maintained a highly militant posture in the bank and has from time to time organized a number of agitations on various policy matters like promotions, right of consultation, special allowances for employees etc. According to a senior personnel executive in the bank, the militant postures of the coordination committee has helped the federation to take up various issues with the bank management which were originally raised by the coordination committee. Over the years, the coordination committee has organized a number of agitations in Delhi, Rajasthan, Uttar Pradesh and Gujarat.

After recognition of the federation in 1973, the coordination committee launched a major agitation demanding the right of consultation on policy matters and after agitation lasting 54 days, a land mark settlement was signed between the management, the federation and the coordination committee which provided for the right of consultation to the coordination committee on all policy matters. This is a unique settlement of its kind in the banking industry providing for a significant status for a minority union. Over the years this arrangement has worked well and has provided stability to IR in the bank.

The coordination committee has membership pockets in Gujarat, Delhi, Punjab, Haryana, Uttar Pradesh and Rajasthan. Till the division of AIBEA in 1980, the coordination committee enjoyed a majority status in West Bengal.

Some of the important office bearers of the coordination committee have been doing union work on a full time basis during working hours at various levels and have also occupied office space at various centres. These facilities were not officially granted by the bank but appropriated by the coordination committee on the plea that similar facilities were enjoyed by the federation. The management holds periodical meetings with the coordination committee at the various levels on the lines of meetings with federation.

In several important centres the coordination committee members have a hold on the sports and cultural activities of employees.

IB Employees Eastern Regional Council (IBEERC)

In the eastern zone comprising of West Bengal and north eastern states, the coordination committee affiliated to AIBEA enjoyed the majority status. After a vertical split in AIBEA in 1980, the pro-CPI(Marxist) group and pro-CPI group parted ways. While the pro-CPI group stayed with the AIBEA, the pro-CPI(M) group formed a new union called Bank Employees Federation of India (BEFI). In the eastern

zone of the bank, the pro-CPI(M) group formed IBEERC and most of the employees who were members of pre-split AIBEA joined this union. Thus, in Eastern zone, both AIBEA and IBEERC continued to command membership.

The split in AIBEA created intense inter-union rivalry in the eastern zone of the bank and the bank management often faced IR problems due to militant and often violent postures of the two unions. In 1985, the IBEERC organised a 60 day strike in the eastern zone against the implementation of job rotation for the employees. The IBEERC has also not allowed computerisation of operations despite an industry level settlement on the plea that it was not a party to the bipartite negotiations at the industry level. Apart from the eastern zone of the bank, the BEFI has strong presence in the branches in Kerala region. The bank holds discussions with this union in these two regions to resolve grievances of their members.

IB Employees Trade Union Congress (IBETUC)

The emergence of IBETUC in 1983 is rooted in the government's attempt to push INTUC led unions in the banking industry. This move was however, indirectly aided by the dissension within the federation in Bombay. A section of employees left the federation in 1981 due to internal problems and formed IBETUC. This was affiliated to Indian National Trade Union

Congress (INTUC)- an organization close to labour wing of the party in power. The IBETUC has adopted a militant posture inspite of its minority following. It is reportedly indulged in brow-beating tactics at the branch level and according to majority of branch managers in Bombay, government support and apathy of management has encouraged IBETUC to indulge in restrictive and militant practices. The bank has adopted cautious approach to IBETUC. While the IB has not stopped its leaders to undertake union work during working hours, it has also not encouraged any structured relationship with this union.

IB Employees Union (IBEU)

The bank has to deal with a union affiliated to NOBW at a few places. NOBW is affiliated to Bhartiya Mazdoor Sangh. Although NOBW has a negligible membership at the industry level, it was invited to participate in the third bipartite negotiations during 1977-79 due to its close link with the contemporary government.

Due to very limited and regional base, IBEU does not occupy any important position in the IR scenario of the bank. The bank does not hold any meetings with this union which has to depend on conciliation and adjudication.

SC/ST Welfare Association (SSWA)

The SC/ST Welfare Association is not a union in the legal sense but it constitutes a strong pressure group and represents the employee belonging to the scheduled castes and scheduled tribes category. SSWA was formed in 1977. It was registered in 1979 under Societies Registration Act. It was formed "as the unions of the employees were not able to look into the problems of SC/ST due to pressure from non SC/ST groups." In fact the unions encouraged the formation of SSWA. There is another SC/ST Employees' Union also operating in Gujarat, apart from SSWA.

With the introduction of the reservation policy in the public sector banks, there has been an increasing intake of SC/ST employees in the bank. The employees belonging to SC/ST have their own problems of social acceptance, inter-personal relations and issues relating to training and development. Apart from this, the employees belonging to SC/ST seem to have a feeling that all the benefits flowing from reservation policy are not accorded to them. SSWA is therefore, a watchdog which is primarily formed to ensure the implementation of reservation policy in letter and spirit and also to ensure equality, justice and dignity to members of their community.

The bank has a sympathetic policy towards SSWA. Earlier the bank had accorded a concession by way of not transferring a SC/ST employee on promotion to any other centre. In view of

increasing number of SC/ST employees getting promotions and also pressure from officers' associations, the bank revised its policy and has since started transferring SC/ST officers also. This has brought major discontent among the SC/ST employees. The issues normally raised by the SSWA relate to posting, transfers, non-implementation of reservation policy, training, job rotation and harassment. In case of social discrimination at a particular centre, the bank has been following a liberal policy in transferring the members of SC/ST community to a suitable place.

The bank periodically discusses the issues relating to SC/ST members with the SSWA. However, the welfare association is not recognized and minutes of any meeting held with them are not officially exchanged. SSWA has resorted to legal machinery in many cases wherever the interest of its members is involved. The bank has a liaison officer from the SC/ST community in every zone, whose main job is to act as a link between the SC/ST staff and the bank management and take up with the bank the grievances of the SC/ST community.

There is a feeling in SSWA that unless pressure is put through members of parliament or the government, no results are achieved. SSWA also believes that "we cannot achieve anything without agitation". The bank's policy in dealing with the association is cautious and non-committal.

This pressure group adds another dimension to industrial relations at the branch level and there is an increasing tendency to demand benefits and concessions on the basis of caste affiliations.

Emergence of IB Officers' Association (IBOA)

In the International Bank the main impetus for the formation of an officers' association came from officers belonging to two banks which merged in IB. Some of the officers coming from these banks suffered from a feeling of discrimination and mal-treatment. Around 1963, some of these officers formed a regional associations but they could not succeed. Although efforts of some of these officers in forming an association of officers did not click, due to the general feeling of frustration, the idea was well received by some of the activists in the employee federation who were officers themselves. In this background an activist of the federation who was an officer took initiative under the guidance of the general secretary of the employees federation and formed IB officers' association, a full-fledged union of officers in 1964.

Thus the IBOA was formed with the full support of the employees federation. As the employees federation enjoyed cordiality with the bank management, its moral support in the formation of an officers association gave IBOA the necessary

advantage in the form of positive response from the management. Immediately after formation of IBOA, the management appointed a joint committee comprising of representatives of the management and the officers to look into the grievances of the officers. Although officers had, for a long time, suffered the militancy of the workmen staff, IBOA due to its closeness with the employees federation avoided taking up issues relating to conflicts between the workmen staff and the officers.

For about ten years after its formation in 1964, the relationship between the management and the IBOA remained extremely cordial and the bank had little difficulty in dealing with the officers. The cordial relations between the IBOA and the employees federation provided an uninterrupted period of industrial peace. The management granted to IBOA all the facilities which it had provided to the employees federation. IBOA enjoyed de-facto recognition.

After nationalization of banks in 1969, and the consequent allotment to IB of lead districts in Uttar Pradesh and Rajasthan, Gujarat and Karnataka and concomitant expansion programme, a number of problems arose in relation to transfers and promotions of officers. Many other developments like nomination of general secretary of IBOA on the board of directors of the bank and rift between association and the employees federation created industrial relations problems in

the bank. After cordial relations for about a decade, IBOA had a major confrontation with the bank in 1977 which led to a change in leadership and change in the structure of the association.

The management holds periodical meetings with IBOA. Matters relating to officers grievances in the matters of transfers, promotions as well as other issues relating to welfare etc. are discussed in these meetings at various levels. IBOA is also associated in the welfare committee of the bank. It enjoys the facilities such as airconditioned office in the bank's central office building and duty leave to its general secretary for association work.

National Association of International Bank officers(NAIBO)*

The circumstances leading to formation of this association are mentioned in the Chapter 9. The emergence of NAIBO in the bank added another dimension in the IR scenario in the bank in as much as the inter union rivalry which caused concern to the bank in the matters of workmen staff was now also extended to officers. The inter-association rivalry in the bank was quite intense in some zones like Uttar Pradesh and Rajasthan and it had its consequences on the developmental work in these zones. Frequent disruption of work, defiance of authority and dilution of supervisory control were frequently reported on account of inter-association rivalry

*Throughout our discussions we have used the word 'New Association' for this association.

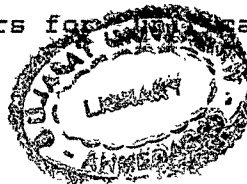
especially in Uttar Pradesh. The strong connection of NAIBO with the federation has further complicated the IR environment in the bank.

NAIBO has a chequered past in the bank. It shot into prominence when the management had problematic relations with IBOA in 1977 and it was at that time that NAIBO was accorded a number of facilities by the bank. Subsequently, this association also developed problematic relations with the bank. NAIBO is affiliated to all India confederation of bank officers organisation (AICOB00), the sole representative body of the officers at the industry level.

Right from the beginning, NAIBO had an outside professional trade union leader as its president and general secretary of the employees federation as Chairman.

The management holds periodical meetings with NAIBO at regional/zonal and central office level on various issues raised in relation to grievances of individual members. Between the years 1983-85, the management cold shouldered NAIBO due to its frequent campaign against management. There has been intense power struggle within NAIBO between its chairman and the general secretary.

The cold shouldering of NAIBO by the management as well as continued power struggle within, led to a strong feeling in a majority of NAIBO members for cooperation with IBOA to



strengthen officers movement in the bank. Finally in 1987, NAIBO merged with IBOA. A chapter of inter-association rivalry in the bank came to an end with the unification of two associations.

A summarised version of trade unions in the bank is given in Annexure IV & V.

CHAPTER 7

PERIOD OF CO-OPERATION (1956-1968)

1956 was the year of golden jubilee celebrations of IB. After half a century of conventional banking, since its inception in 1906, it appeared poised for development and growth under the leadership of a professional banker of eminence.

The upsurge of the trade union movement in banking in the 50's however, posed a major challenge to any efforts of the bank to develop and grow. The IR climate in the banking industry was considered to be a major problem in the process of growth at that time.

Despite the general militancy of bank unions and culture of agitations in other banks, IB was able to maintain a comparatively peaceful climate which gave IB an edge over other banks in business development. During this period the bank made rapid strides in domestic business and expanded its business abroad.

During this period there was complete rapport and trust between the management, the federation and the officers association.

It is important to understand the factors which contributed to shaping the industrial relations policy and strategy at that time leading to a durable relationship between management and employee organizations.

The bank had continued its conservative policies until 1956 under the leadership of British top management. In the decade after independence, the bank opened only 40 new branches. The first Indian chief executive, who was appointed in 1956, was an astute banker with special aptitude for international banking. Before joining IB, he had worked in another bank where he had supervised international operations. The management under the leadership of this chief executive was anxious to spread its wings and follow an aggressive policy of expansion and growth. The new chief executive (CE) was anxious to cover the lost ground on account of the conservative policies of the past.

The traditional profit orientation was to be changed to enable the bank to move towards more aggressive growth oriented strategies. In the IR environment prevailing at that time, industrial peace held the key to growth and development.

As mentioned in Chapter VI, the first union of IB employees was formed in 1946, with affiliation to AIBEA. While union activity was conducted at various centres, the hub of this activity was Bombay where more than 50% of the bank's business was concentrated. The bank had to often face problems arising out of intra-union tangles on account of two strong pressure groups within the union each trying to overpower the other.

The split within the union and the consequent emergence of the federation provided an opportunity to the bank to counter the influence of AIBEA. According to Personnel Manager at that time :

The bank's preference was obviously for the federation whose leadership was from within. The sober and intelligent leadership of the federation against the rustic and rowdy behaviour of AIBEA leaders helped us in establishing a rapport with the federation. The management obviously wanted a union that understood the problems of the management and believed in negotiations and discussions.

Later events show that the bank management through a strategy of informal recognition of the federation was able to ensure a peaceful climate in the bank.

Towards Mutual Cooperation

As mentioned earlier, the process of implementation of tribunal awards had provided legitimacy and strength to union activity in banks. There was, therefore, considerable give-and-take in the relation between the management and the

federation. It was common for the senior executives of the bank to spend a lot of time in settling employees' grievances as represented by the federation. As a senior executive at that time observed:

The federation would raise technical and legal issues requiring a lawyer's skill to convince them. Obviously it took away a lot of our time at the cost of business. We had also to bear heavy cost of lawyers' fees for advice on legal issues.

In this background, the bank recruited in 1956 a legal specialist designated as Labour Welfare Officer (LWO). His primary responsibility was to prepare the briefs for national tribunals, liaise with Indian Banks' Association and deal with the federation in the matters of interpretation of service conditions and employees' grievances. The role of LWO was purely advisory and he was not expected to take decisions which function was strictly retained by top management.

The recruitment of the LWO did not help much. "Problems kept cropping up with federation becoming militant" observed a senior executive. According to the general secretary of the federation "LWO was a typical lawyer; rigid, inflexible,

argumentative and stickler for rules. He was by temperament a negative person who believed that unions existed only to destroy the organization."

Under pressure from and persistent attack by the federation, the LWO left and the bank recruited another LWO with legal background and experience in adjudication. The new LWO was regarded as quite mature and humane in his approach. He played an important role in turning around the IR climate in IB. Describing the change of IR scenario in the bank after the induction of new LWO, the federation leader** observed:

In contrast to his predecessor, the new LWO was quite understanding, a good listener and very objective in his judgement. He would take immense pains to understand problems and explain to us the logic of a decision if it was not in our favour. Though he was a firm believer in rules, he did not attempt to use rules against the interest of employees and advocated a liberal interpretation of rules whenever it was possible. He did not twist facts. He always explained our view point to top management. For us, convincing the LWO was as good as convincing the "Management".

**Throughout our subsequent discussions we have used the word 'federation leader' for the general secretary of the federation.

Supplementing the above with an example, the General Secretary mentioned a case :

We had made a demand that in small branches having only one manager and one cashier, the cashier may be authorised to sign jointly the bank's instruments like demand draft, mail transfer and telegraphic transfer and be paid an allowance for this additional work. There was no provision of such an allowance in any award or settlement. We were able to convince the LWO that if a small allowance is given to cashiers, the bank can be saved from the problem of providing for a second officer in small branches for signing the instruments. We were able to convince the LWO about our logic and later federation signed a settlement with the bank on this issue. Many other banks subsequently followed this practice.

Most of the issues raised during this period by the federation were settled by negotiation. Before any decision was taken on any matter by the Chief Executive, the LWO was always consulted and his opinion was given due weight by the

bank. When agitations were launched in branches, it was common for the bank to depute LWO for an on the spot study of the matter. In the matter of employee's grievances, normally the federation first discussed the matter with LWO and finally it was handled by the chief executive.

The trust reposed by the CE in the LWO and the good rapport between the LWO and the federation leader saw resolution of many pending matters during that time. Some of the important settlements signed with the federation through mutual negotiations were :

(a) an agreement in the matter of fixing the proportion between the direct recruitment of officers and internal promotions to officers cadres;

(b) an agreement regarding payment of special allowance to cashiers entrusted with the work of signing demand drafts, mail transfers, fixed deposit receipts in addition to the cashiers work;

(c) absorption of "Ramoshi" (retired policeman) who were working as temporary watchman, in the regular service of the bank;

(d) an agreement on promotion from clerical to Supervisory cadre.

Discussions with personnel department functionaries revealed that not a single case was referred by the federation either for conciliation or for adjudication during the entire decade. An attitude of mutual understanding and problem solving across the table characterized the union-management relations.

Healing Touch Through Humanistic Approach

Apart from bank's policy to settle IR issues and disputes bilaterally, the bank also encouraged participation of the federation leaders in dealing with managerial tasks and problems of the bank. For example, the CE often shared the information regarding profits and performance with the federation. He sometimes invited the federation leader to the annual general meetings of shareholders to help him to understand the concerns and problems of share holders'.

The spirit of consultation was also extended to cover areas of improvement in the bank's systems and procedure. A representative of the federation was nominated on the Standing Committee on Organisation and Methods. As federation leader observed "We were consulted on any thing that affected the employees and also in matters of common good.

For example, the federation was involved, at the request of the bank, in mobilising contributions from employees towards famine relief in Bihar.

A factor of strategic significance that later became a major contributory factor to a trustful relationship between the bank and the federation was the humanistic orientation of the CE.

A number of examples were cited by both management and union officials as well as by the individual employees to describe the humanistic approach of the CE. A federation official remarked :

On our demand for housing accommodation for subordinate staff in Bombay, there were two proposals; one for building chawls with provision of rooms and common toilets and the other for flats with independent self contained rooms and attached toilet facilities. The CE, approved the proposal for flats and remarked that he wanted his subordinate staff to live comfortably in flats with attached toilet facilities.

A Chief Manager who was a clerk at that time observed :

I secured admission for higher studies in one of the US universities. I was earlier refused permission to have a lien on my service. Later, I approached the CE who

after getting convinced about my sincerity, granted me two years leave for going to the US and also a lien on my service. He also gave a letter of introduction to a senior executive of an American bank to provide me a part time job in his bank while pursuing higher studies.

About human compassion and breaking barriers of rules, the Personnel Manager mentioned an instance:

Once, an employee disappeared from the bank and was not traceable for about six months. The CE gave employment to his wife purely on compassion when no rules or conventions on such matters existed.

A retired peon said :

I had requested the bank to give me reimbursement of expenses for replacement of my denture. This was refused on the ground that there were no rules in this regard. Even the union had shown its inability to pursue my case as rules did not provide for the same. I hesitatingly approached the boss (CE) who allowed reimbursement to me.

About his sense of justice an ex-manager stated :

I was dismissed by the bank for some bad advances which resulted in some financial loss to the bank. I was, therefore, not paid gratuity as per the rules. After the advances were recovered, I was paid gratuity on the personal instructions of the CE, eventhough the rules did not provide for it.

About staff welfare, the federation leader remarked :

He encouraged formation of staff housing co-operative societies by giving loan to these societies when such facilities did not exist in any other bank. He also introduced a system of paying additional ex-gratia gratuity to those who retired after 30 years of service.

It was this human approach that made him popular with staff and the federation.

Problem Solving Through Spirit of Accomodation

It does not follow that there were no tensions ever between the management and the fedsration during this period. Whenever tension arose, the issues were sorted out in the

spirit of mutual accommodation. Each party demonstrated flexibility in accommodating the view point of the other. In 1966, the bank decided to implement the provisions of the bipartite settlement between IBA and the industry level unions namely AIBEA and AIBEF. The federation, however, was not a party to this industry level settlement and therefore protested against its implementation in the bank.

The contention of the federation was that a settlement signed by its rivals could not govern the service conditions of the employees in the bank, a majority of whom were its members. According to the federation, it was also a matter of its prestige and identity. If the industry level settlement was implemented in the bank, it could reduce its influence and give a special advantage to a rival union.

The bank salvaged the prestige of the federation by granting one additional increment to employees with certain years of service over and above the industry level settlement and persuaded the federation to accept the bi-partite settlement. Thus the bank was able to solve the crisis even at the cost of inviting criticism from the IBA and AIBEA.

The coordination committee launched agitations in the bank's branches in the North and in Gujarat where it had majority membership. According to an executive in the personnel department, the coordination committee started taking even small problems to the streets and launched violent agitations

involving harassment of managers and executives. At that time the bank started supporting federation to reduce the influence of the militant coordination committee .

The bank extended a number of concessions to federation leader such as allowing him to do union work during working hours and use the bank's phones for union work. A liberal view was also taken of his travel to various parts of the country for canvassing membership. The bank also promoted the general secretary of the federation to the officers' cadre and allowed him to lead a workmen union even as an officer. The favours were extended to the federation leader, as viewed by a personnel executive, "to help the federation counter the influence of the coordination committee and enable the federation to maintain its supremacy over employees."

Birth of the Officers' Association: Positive Response of the Bank

Despite cordiality existing at the top level between the bank and the federation, the scenario in the branches was quite different, especially in the western region comprising Bombay and Gujarat. Due to an upsurge of the union movement, the indiscipline amongst the workmen staff members was on increase and increasing incidents of harassment of officers by workmen staff were reported. The management could do very little to curb the growing indiscipline of the workmen staff

and officers had to suffer this. The officers also felt discriminated vis-a-vis the workmen staff as the salary differential between the two categories had reduced and the commitment of workmen staff to work had also shrunk considerably. As one executive who was an officer at that time put it:

It was common for the officers to sit late beyond working hours and complete the work left uncompleted by the workmen staff. There were no forums for resolving the grievances of officers who were expected to show results. Many other policies of the bank had created frustration among officers. There was a general feeling among officers to unite and get a better deal from the management.

Accordingly, an effort to form an association was made by some officers but the move fizzled out due to a general fear among officers. An activist of the federation who was an officer took the initiative to form an officers' association in 1964 under the guidance of the federation leader. The promotion of the association by an activist of the federation did not pose much problem in relation to the management which had an excellent rapport with federation. Immediately after formation of the association, the management appointed a

joint committee consisting of some executives and office bearers of the association to look into the grievances of the officers and submit a proposal to the CE. Simultaneously, the management granted an interim relief of Rs.50 to every officer indicating their willingness to enhance the wages of officers. This acted as an immediate relief to the frayed attitudes and feelings of officers.

The committee eventually submitted a report to the CE and this report provided the basis for improvement in service conditions of officers in the bank. The bank then began to periodically discuss the grievances of the officers with the association. The bank thus displayed a responsive and cooperative attitude in relation to the emerging unionism among officers.

Throughout this period, both the organizations namely the federation and the officers association worked with complete understanding. Their leaders visited the branches together and canvassed membership for the association. Many a times both the organizations issued joint circulars in various matters of common interest. Each pleaded the case of the other with the management. For example in 1968 while the management did not invite the officers' association for discussion on bonus issue the federation refused to enter into discussion with the management on bonus until the

association was also invited for discussions. The management accepted this demand. The management supported the federation-association combine, apparently to maintain a peaceful IR climate.

The prevailing peaceful IR environment helped the bank make a spectacular progress through aggressive expansion and multiplication of branches through mergers of four smaller banks with it. It achieved about four-fold increase in the number of branches from 82 in 1956 to 302 in 1968. Apart from this, it made impressive progress in overseas operations by opening branches in various countries. Thus the management succeeded in converting a regional institution into a national and to some extent an international institution by adopting innovative and aggressive business strategies. The bank's performance during this period was better than the average performance of the other banks in terms of deposits and advances. The table below gives the progress made by the bank during the period 1956-68.

Table 7.1
Bank's growth (1956-68)

	1956	1968
No. of branches	82	302
No. of Foreign branches	05	17
Deposits	60 Cr.	282 Cr.
Advances	36 Cr.	177 Cr.
No. of Staff	2735	8905
Credit Deposit- Ratios	60.0%	62.7%
Representation of the Bank	9 State	14 States

Conclusion

During the period under discussion, the banking industry evolved from the traditional "profit-making" concept of banking into a service industry in the modern sense. Accordingly, one of the major business objectives of IB was to expand its service to cover a wide variety of national and international clientele. It was, therefore, necessary to ensure smooth sustenance and growth in banking operations. At the same time, AIBEA - a strong and militant-union was rising on the horizon posing a real threat to industrial peace and maintenance of normal activities.

In this background, the CE's major concern in IR was to contain the adverse effects of AIBEA on the IB employees and on the bank. The relevant strategy was to promote and nurture an internal union. So he responded positively to the federation and provided to its leadership full support and encouragement through various concessions and favours to maintain its hold over employees. The federation leaders reciprocated with equal support and encouragement to the management in business performance and development.

This process of building a spirit of cooperation and collaboration between management and the federation was supported by the personal attitudes and orientations of the CE and the federation leader. The CE consulted the federation and the officers, shared information with its

leaders and sought their support in business matters. The CE's experience as a freedom fighter and his socialistic ideology had fostered in him an understanding and cooperative attitude towards unions and employees. This was reinforced by a personal friendship between him and the federation leader.

Another important aspect of the CE's strategy in IR was to recognize personnel management and IR as a specialized managerial function. Accordingly, he recruited an IR specialist as labour welfare officer and thus began a process of creating a separate IR department in the bank. This action helped the management to deal with employees' grievances in a consistent professional manner. It also helped in achieving the objective of containing the effects of militant unionism.

In sum, we notice during the period under discussion the emergence of a concrete IR strategy in response to various environmental and organizational forces. The management was successful in maintaining industrial peace, and dealing with IR problems in a mutually satisfactory manner. It is, thus, not difficult to put into practice the theoretical formulation of Flanders (1970: 96) "management must share control to regain control". In the present case, the variety of strategies adopted by the bank such as sharing of information with the employee organizations about various aspects of business including profitability, granting employees participation in important areas including reforms

in systems and procedures of the bank etc., goes to demonstrate that management shared the power which in turn helped to increase its own power.

However, an unintended consequence of this IR process was that the cooperative and accommodative spirit of the CE was perceived as leniency and indulgency from the point of view of unions and employees. For the unions, this yielded an excellent opportunity to strengthen their power and control over employees by raising increasingly new demands on management on employees' behalf. This new dynamics of power in IR became a decisive factor in management of IR and business over succeeding periods, as we shall see later.

The quality of IR during 1956-68 fits the 'adaptive cooperative pattern, as described by (Purcell).

The dominant characteristics in this pattern is high trust and cooperation between negotiators which extends the institutional trust and which is embroiled in the personal relationship between a few key people on either side supported by their advisers. There are few, if any, formal written agreements especially of a procedural nature or if there are any, they are largely ignored,

replaced by the informal adaptive relationship between the negotiators. This pattern tends to develop either through crisis and emergence of a dominant personality or more slowly over a period during which time IR are increasingly seen in terms of personal inter-action (1981:66).

CHAPTER 3

PERIOD OF FORCED CO-OPERATION (1969-1970)

The year 1969 was a very critical and significant year for the bank. First, the sudden death of the CE after a massive heart attack removed one of the most dynamic and charismatic leaders in the banking industry from the bank. Although he was to retire within a fortnight, his sudden death plunged the entire organization in a state of uncertainty. Second, the nationalization of the bank marked the beginning of a new era calling for major strategic shift in the objectives of commercial banking in the country.

The new CE had worked as general manager under the earlier CE, had grown with the bank and symbolised continuity. As an insider, he was no stranger to bank's traditions, strategies and areas of concerns.

Taking over reins of the bank from a dynamic and a popular predecessor was, however, both a challenge as well as a handicap, for the new chief executive. It was a challenge because of the expectations of maintaining the tempo of business development that his predecessor had set in motion and also because of new challenges as a result of nationalization of the bank. The handicap arose from the uncertainty of the CE's tenure as he had already reached the age of superannuation.

The new CE was known to be a strict disciplinarian and rule-oriented. Hence many people in management were concerned about the possible negative impact of his image on IR.

Describing the contrast in the personality of the new CE and his predecessor, the personnel manager (who had worked with both the executives) said :

the earlier CE was liberal and democratic, but the new incumbent was rule-oriented and a hard core disciplinarian.

A similar observation was made by the federation leader when he observed :

the new CE was a stickler for rules and believed in management's right to manage as against the earlier CE who did not allow rules to come in the way of his concern for employees. He (the predecessor) also believed in managing through collaboration with unions and employees.

Many others in the management at that time had also predicted new problems in IR due to the formal and disciplinarian approach of the new CE.

Apart from the differences in personality between the two CEs, the new CE was not in agreement with certain aspects of the IR policy pursued by his predecessor, especially the concessions granted to top union leaders. He said :

The management under my predecessor had been extravagant in giving concessions to the federation and to officers' association. For example, promoting the general secretary of the federation and allowing him to do union work as an officer was a wrong decision and the bank had to pay for it by agreeing to allow the same privilege to the member of rival union."

In spite of the apprehensions summarized above, during 1969-1970, the bank continued to pursue the earlier strategy of supporting the federation by extending concessions and favours and thus ensured industrial peace.

The status quo maintained in IR policy and strategy pursued by the bank needs to be understood in the context of various external and internal pressures on the management at that time.

Nationalization of the Bank : New Problems in IR

The nationalization of banks had brought about major reorientation in the objectives of banking in terms of change of focus from class banking to mass banking. Banks were now expected to channelize their resources for intensive rural development through expansion of branches in rural areas. One of the principal mechanisms by which the new objectives of social transformation through rural development were sought to be achieved was the lead bank scheme. Under the lead bank scheme, each bank was allotted certain districts for which it acted as a consortium leader to expand and popularise banking. The bank under this scheme was allotted 35 districts - 12 in U.P., 10 in Rajasthan, 7 in Gujarat, 2 in Karnataka and 4 in Maharashtra. Except Maharashtra and Gujarat, the bank did not have much presence in the regions where it was allotted lead districts. The bank was expected to open about 100 new branches every year especially in lead districts.

The change of ownership after nationalization, brought about increasing control of the government in the form of exclusive authority to appoint chief executives in the banks and close monitoring of development and expansion through a newly created banking department in the ministry of finance. The Reserve Bank of India acquired increasing control over the credit policy and branch expansion programmes of the nationalized banks. In short, nationalized banks came under

increasing control of RBI and Ministry of Finance and their authority in the matters of business and expansion were curtailed to a great degree.

In the matter of personnel management initially no major changes were imposed by government. However, it was understood that banks would not enjoy the freedom that they had enjoyed in the past in the matters of personnel management and IR and that they had to now operate within the overall framework of the industry level bipartite agreements.

Nationalization also provided a shot in the arm to the powerful AIBEA, the militant and majority organization of employees at industry level which had been demanding nationalization of banks for a long time. In the background of the management's continued policy in discouraging the coordination committee which was affiliated to AIBEA, its top leaders nurtured a grievance against the bank. It was, therefore, apprehended that the coordination committee would increase pressure on the management to gain acceptance and might even launch agitation to draw public attention, especially in the north region where the union had a firmer base and where the bank was given lead bank responsibilities.

Apart from external pressures as stated above, the bank had also to deal with a variety of pressures from within. For example, the continuance of the present chief executive even

after superannuation was seen as an adhoc arrangement by two ambitious top executives who were vying with each other for the top position. This posed problems in creating a cohesive top management team. It was no secret that both these executives maintained liaison with the leaders of the federation and association for gaining their acceptance and also with government officials.

A factor that caused considerable anxiety at that time was the attitude of two key leaders of the federation and the association who had acquired tremendous power during the tenure of previous chief executive and who frequently interfered in various personnel management functions. Although these leaders were cooperative throughout, and espoused resolution of problems through peaceful means they expected special favour and treatment from management. Many senior executives resented the power of these leaders but hardly any executive stood up to challenge the interference of any union leaders in the day-to-day management of the bank. As one senior executive who later became the CE of the bank commented :

Management had all along pampered the leaders and they had emerged as parallel management. They interfered in day-to-day management and they did not hesitate to black-mail the executives who questioned their interference.

Tackling Growth Problems by Buying Peace

The nationalization of banks had two major implications for personnel policies. One was in the area of personnel administration in terms of the need for massive recruitment in clerical and officer cadres, accelerated promotions, and training of existing personnel as well as new recruits.

Secondly, a major task of personnel function in the bank was to facilitate smooth opening of new branches by ensuring industrial peace during the process of expansion.

In order to meet the growing pressure on the personnel function as a result of fast expansion, the bank recruited professional personnel specialists. Each region of the bank was given professional support by posting one personnel specialist. At the regional level, these specialists were expected to lend support to regional managers in all aspects of personnel administration and industrial relations.

At the corporate level, the personnel department was also strengthened with more specialists. A new department called "Management Services Department" was established to design induction and training policies. It was expected to arrange for expansion of inhouse training infrastructure by opening training centres to train employees for manning new branches and also prepare existing employees to take up new roles as "social bankers" in the changing context of banking.

During this period of transition, the bank had to undertake massive recruitment and promotion exercises to provide the manpower for the newly opened branches, deal with the number of issues raised by the federation and the coordination committee in the matters of payment of new allowances, and resolve issues raised by the officers' association regarding the problems encountered by officers on account of transfers.

The sudden growth in the manpower size, aggravated the problem of union rivalries as each union tried to take the new recruits into their fold. The task of personnel management thus became more difficult. While the personnel department was bogged down with routine personnel administration chores, the unions, especially the federation wanted a greater say almost on all aspects of personnel management. It frequently pressurised the management to grant special concessions so that it could maintain its hold over employees to checkmate the coordination committee.

The management in this period of transition continued the previous strategy of supporting the federation and the officers' association. Although the CE did not favour union interference, he had seen the positive results of cooperation received from both these organizations in the past just by extending some concessions and favours.

The CE, therefore, continued the policy of his predecessor to provide for formal participation of the federation and the association in important business meetings. The management

also allowed several other concessions to the federation like giving them results of promotion test from clerical to officers one day in advance before the declaration of the result; sanctioning about 25 posts of Daftary (a post carrying special allowance in the subordinate staff cadre) for the Bombay main branch etc.

The special attention accorded to the federation and the officers' association reinforced the power of their leaders. Officers and executives approached them for seeking favours in the matters of transfers and postings. According to a close aide of the CE, these leaders would often approach for transfers and postings of officers and the CE often obliged them. A specialist officer was transferred in 1970, from Bombay to Madras. His representation against the transfer and the recommendations by his immediate superior who was a senior executive were rejected by the CE. Later, this transfer, according to this officer, was cancelled on the intervention of an important activist of the officers' association.

Apart from extending favours in the matters of transfers and promotions, the management also obliged an important federation leader in matters of recruitment of subordinate staff. According to a senior official of the personnel department, a number of candidates belonging to the native place of the federation leader were recruited in the

subordinate cadre during that time. This is substantiated by the fact that later there were internal squabbles within the federation on this issue, ultimately creating two groups - The resentment on this issue was so grave that some members of one group eventually left federation and organized an agitation demanding recruitment of locals only in the subordinate cadre.

It is thus apparent that the personnel function which management was professionalising was at the same time getting eroded by the successful interference by the unions. The boundary between the union and the management was getting blurred.

Strike by the Federation

Despite every effort of the bank to help the federation to maintain its distinct identity by extending various concessions even under the changed circumstances, there were times when the bank just could not help the federation. For example, in 1970 the federation refused to accept the implementation of the second bi-partite settlement at the industry level signed between the IBA and AIBEA in the matter of wages and service conditions. The federation's plea was that it was not a party to the settlement. Accustomed to special favours and concessions, over and above the industry level settlements, to maintain their unique identity, the federation demanded a separate settlement on the wages and

service conditions of the bank staff. However, the implementation of Industry level agreement was mandatory for all the member of banks.

The bank knew very well that as a member of IBA and as a nationalized bank, it was duty bound to implement the settlement and it could not oblige the federation on this issue as could be done earlier when the bank was in the private sector. The federation too was aware of the limitations and the constraints before the bank in this regard. At the same time, signing of the settlement arrived at by AIBEA, its rival, without any additional benefit was something that the federation did not want to accept. This would have meant loss of credibility.

Consequently, the first time ever since its inception in 1959, the federation gave a strike call in the bank against the implementation of the second bipartite settlement. It was unusual for the bank to face a strike from the federation but it certainly knew that the strike was not against the bank management. In fact the rival union claimed that the top management helped the federation to disrupt clearing in different metropolitan centres to bring pressure on the government for some understanding on the issue in favour of the federation.

According to the general secretary of the federation,

the strike was in fact to put pressure on the Central Government to intervene and was not against any policy of the bank as such.

The strike continued for 14 days and the bank suffered considerably in its business. As a result of intense pressure by the federation, the government advised the bank to consider some additional demands in the nature of welfare measures raised by the federation. The federation called off the strike and an understanding was reached that certain concessions would be granted as a welfare measure.

The bank management then arrived at an understanding with the federation, to provide for certain benefits including subsidized quarters to subordinate staff residing in Bombay, reduction in interest on housing loan, welfare fund for employees etc. As expected the coordination committee protested but did not go too far because it involved benefits to all employees of the bank including their members. Even the Indian Banks' Association resented the behaviour of the bank in extending concessions beyond the industry level agreement. The bank, however, had pursued a logic of its own. As the personnel manager put it:

No union worth its name would sign on the dotted lines of the settlement signed by rival unions. The bank had a stake in the federation which had throughout maintained industrial peace in the bank. Isolation of the federation would mean inviting coordination committee whose militant and agitational methods would have cost the bank a lot in terms of industrial unrest.

It is evident from the above analysis that both, at the time of the first bipartite settlement in 1966 as well as the second bipartite settlement in 1970, the management took a lot of pains to protect the identity of the federation and gave additional benefits to employees over and above the industry level agreements. The management and the federation thus maintained their relationship of mutual accommodation leading to industrial peace.

The progress made by the bank during two years under the new CE suggests that the management successfully achieved the objective of settling down in the period of transition from the pre-nationalization to the post-nationalization stage and achieved success in specific areas of its operation. For example during the period 1969-70, the bank opened over 150

branches and achieved a deposit growth better than the average of the banking industry due to industrial peace ensured by the federation and the officers' association.

Conclusion:

The period under discussion was marked by the pressures and exigencies of banking industry in the immediate post-nationalization period. The most urgent exigency in IR was the need for massive recruitment of clerical staff and officers as well as transfers and promotions involving semi-urban and rural areas. Meanwhile, the unions had become more militant and demanding by exerting rising pressures on management on promotions and placement of employees. This pressure was compounded by the rivalries between the federation and the coordination committee.

From management's point of view, industrial peace was most consequential for its ability to achieve the goals of development banking inherent in the act of nationalization. Hence the CE continued his predecessor's strategy of soliciting cooperation from the federation, and ignore the militant AIBEA's coordination committee. The federation leadership was kept in good humour by making concessions to their demands. Some people in the bank interpreted this strategy as a convenient method adopted by the CE to buy peace from union leaders to resolve the power politics at the

top level of management and reduce the uncertainty of his tenure as CE. However, it was a necessary part of the strategy to avoid militant unionism for achievement of business results.

Concurrently, the CE continued the process of building specialized personnel-IR function in the bank by recruitment of specialists at the corporate level as well as decentralization of the function at the regional level.

This strategy served the main objective of maintaining peace for business performance. However, it enabled union leaders to extract more and more concessions from management regarding service conditions, transfers, promotions etc. The union leaders began to browbeat and blackmail operating managers while they showed a spirit of cooperation in relation to corporate management. The 14 day strike by the federation leading to concessions for employees beyond the industry level agreement is a dramatic illustration of growing union power. The balance of power in IR had begun to tilt in favour of the unions and as Flanders (1970: 155) put it 'Peace at this price apart from obstructing economic and social advance, merely stores up trouble for the future.' The events after 1971 amply confirm this as we shall see in the next chapter.

CHAPTER 9

PERIOD OF CONFRONTATION (1971-1974)

Between 1956 and 1970, the bank pursued IR strategies with a clear objective of promoting the bank's growth and image. The strategies included a paternalistic attitude towards employees, informal recognition of the federation and the officers association and nurturing federation leadership on the basis of mutual support and favourable attitudes. The climate of IR was characterized by informality and personal equations.

In this background, the bank experienced a long spell of industrial peace. However, an unintended consequence of management's strategy was the reinforcement of power of the federation and the officers association. Both these organizations started interfering in recruitment, promotions, postings etc. The two key leaders of these organizations put pressures on management to consult them in matters of transfer and promotions of employees, including senior officers. In a bid to develop consensus, management in the past had informally consulted these organizations on promotions and placement of senior executives. Both federation as well as the association were now demanding that they should be consulted as a matter of right. Management's authority to promote and post senior executives was increasingly questioned by them.

The Felt Need to Formalize IR

The CE who took over the reins in 1971 was an insider. The management decided to formalize the relations with the federation to minimise the ambiguities in the roles of management and unions regarding their respective rights. These efforts and their effects should be understood in the larger context of management and union behaviour.

As stated earlier, the bank was obliged to undertake a major and quick expansion programme in the early seventies under the lead bank scheme. The new rural branches were set up mainly in Uttar Pradesh, Rajasthan, Gujarat, Maharashtra and Karnataka. AIBEA had a majority in union membership in most of the banks in Uttar Pradesh and Rajasthan. As a consequence, the new employees in Uttar Pradesh and Rajasthan were loyal to AIBEA. In 1972-73, the coordination committee, an affiliate of AIBEA, started an agitation in Uttar Pradesh and Rajasthan against posting of officers from surplus areas of Maharashtra and Gujarat in the branches in their region. They wanted local staff to be promoted to man these branches.

Although the bank took a firm stand and forced coordination committee to call off the agitation unconditionally, the management realised that the coordination committee could no more be ignored. The bank also needed to review its

relations with the federation. As one senior executive explained: "We learnt a lesson that we cannot run the bank only with the cooperation of the federation. If we wanted smooth development of our lead bank areas, we had to restructure our IR policies."

Another significant development after the nationalization was the increasing control of government in the functioning of public sector banks. As an appointee of the government, the CE no longer enjoyed the freedom to grant benefits to employees beyond the industry level bipartite agreements. Nor could he extend favours to union leaders as before. The IR policy would now be guided by institutional arrangements rather than personal trust.

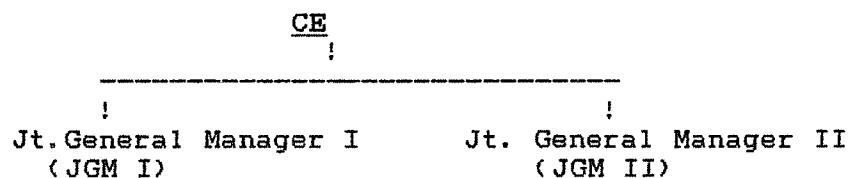
An important consequence of nationalization was the statutory provision for worker directors. Two directors one each representing workmen and officers were to be appointed on the board. In the environment of inter-union rivalry, the management had to restructure its relations with the majority and minority unions.

The CE's views about management of IR in the bank also appear to have played an important role in initiating changes in IR. Recounting the experiences of heading the personnel function for a few months just before his appointment as CE, he observed:

Even-though we have had no formal strikes or work stoppages in the bank, the IR scenario was far from satisfactory. IR were conducted in an ad-hoc manner with little guidance to operating managers. The managers and officers were scared of leaders. On the slightest exercise of supervisory authority, an officer or the manager had to face the wrath of the leaders, if a decision was not acceptable to them. The union leaders constantly interfered in all aspects of personnel management. They wanted all kinds of concessions and personal favours.

It can thus be seen that a combination of factors as described above contributed to management thinking to bring about strategic change in its strategies in IR during this period. In order to understand these changes, it is necessary to first understand the top management structure and the positions of some top executives concerned with IR.

Just before the CE took over, the top management structure was as under :



JGM I (in charge of personnel) and JGM II (in charge of operations) were strong rivals for the CE's position. When the previous CE reached the age of superannuation and his tenure became uncertain, both executives lost no time in strongly lobbying with the government for the top slot. Government's choice was JGM I. Immediately, after his appointment as CE, he totally sidelined the JGM II who was assigned planning and development portfolio as against the more important portfolios of credit and operations. According to many senior executives, JGM II was not involved in any important managerial decision making. He was not invited to participate in the annual budget meetings in which regional managers finalized the business plan of the bank. A senior executive explained the reasons for sidelining JGM II as under :

It was essentially because of a sense of insecurity of the CE who thought that if JGM II was given any important portfolio, he could come in contact with government officials and create problems for the present CE. JGM II was, thus, made a non-entity.

Apart from sidelining JGM II, another significant change was the demotion of the personnel specialist who had headed the personnel department since 1958. For the first time since

1956, an executive from operations was posted as head of the personnel department and was designated as chief manager (personnel).

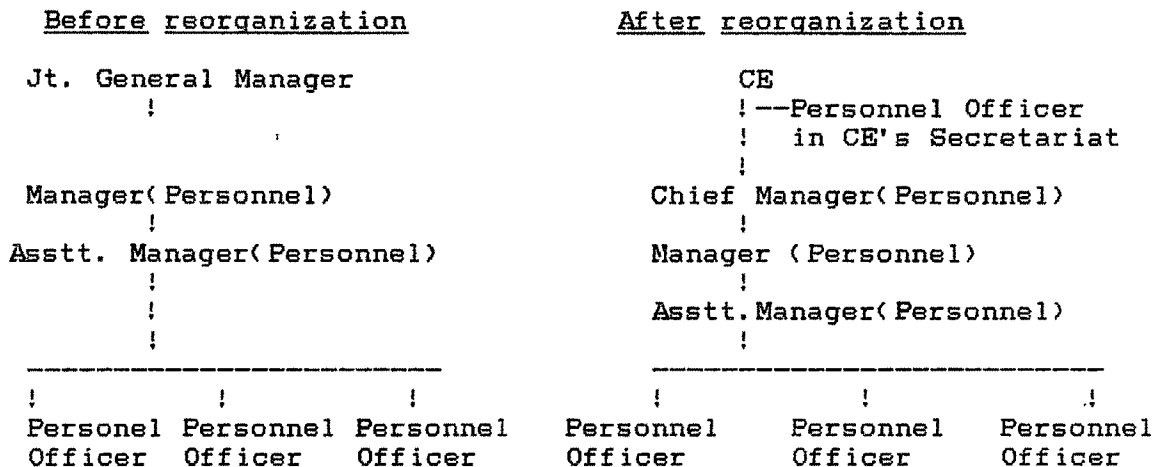
Over the years, the personnel specialist had enjoyed the confidence of top management and earned appreciation from CEs for contribution to the spirit of cordiality between management and the unions. Apparently in recognition of his contributions, the bank had sent him abroad in 1965 which during those days was considered a rare reward reserved for the confidants of top management. He was also given additional increments in recognition of his services. The decision of the new CE to sideline him was ascribed to his close contact with JGM II. It was feared that JGM II might influence the personnel department through this specialist and create problems for the new CE. A note submitted by this personnel specialist to CE confirms this version. In this note, the personnel specialist explained the relationship with the JGM II and clarified the basis of certain decisions that were taken at the behest of JGM II.

The change in the roles of JGM II and the personnel specialist, who were close to the federation had important consequences for IR. The federation strongly protested the CE's action and considered it as an attempt to disrupt cordial relations between the federation and the management.

Structural Changes : An Impediment to Formalization Efforts

In the next move in reorganization, the personnel department was placed directly under the CE. A personnel officer was posted in CE's secretariate to assist him on personnel matters. Negotiations with unions were directly conducted by the CE and even circulars on critical personnel matters which were earlier issued under the signature of JGM were now issued in CE's name. A new group of advisers emerged within management. The new advisers to CE in pioneering IR policies included a deputy general manager, an ambitious and extrovert banker known for his strong views against union power: the secretary to CE, a bright young officer, known for his typical British mannerisms and a junior but aggressive and action-oriented personnel officer in the CE's secretariat who was known in the union circles as the muscleman of the management. The structure of the personnel department before and after these changes is given below:

Structure of the personnel department



The CE and his new advisers at the corporate level exercised close control over all aspects of the personnel function. While earlier the personnel specialist handled all IR matters, especially negotiations with the unions, these were now handled directly by the CE and his close aides. Training and management development were handled by the secretary to CE.

In spite of these changes, there were initially no indications about a change in IR strategy. In fact, an internal note circulated by the CE acknowledged the cooperation of the federation in maintaining good IR in the past and favoured continuance of support to the federation. During 1971-72, management followed the past policies of extending concessions to the federation and ideas and proposals for formalization were discussed occasionally in an informal manner. The association and federation leaders were accorded all the attention they had received earlier.

For example, when the bank introduced an innovative scheme called 'Multi Service Centre' for granting loans to self employed persons, the association and federation leaders were involved in the process of selection of 'cash collectors' who played an important role in implementation of the new scheme.

The union leaders were also invited as principal speakers in various functions of the bank. The bank also continued to consult the federation and the association leaders in matters

of executives transfers, promotions and postings. Such behaviour reinforced the power of the general secretary of the federation who demanded more and more attention and concessions from management. According to some senior executives, the federation leader used to interfere in all aspects of administration whether it was a decision regarding purchase of a property or appointments of senior executives. Many senior executives resented the tendency on the part of federation leader to brow beat them through his circulars amounting to character assassination, if they acted independently.

During 1971-72, the bank's expansion programme was at its peak. Many of the functionaries found it difficult to implement various policies on business development in view of the federation leader's continuous interference. An executive who was in-charge of the priority sector department at the corporate office said:

We had appointed agriculture clerks in branches having large agriculture accounts. In our circular to branches we had listed their duties. On this issue, the federation leader created havoc by issuing nasty circulars against the concerned executive on the plea that he (the leader) was not consulted about the duties of the agriculture clerks.

The duties were mentioned as per the existing awards and settlements but the federation leader made it an issue to demonstrate his power. Later under pressure from the federation leader, the top management instructed branch managers to keep the circular in abeyance.

There were differences within management about the policies adopted towards the federation. The key advisers of the CE favoured a more business-like approach with the federation and did not quite agree with the soft attitude of the CE. One of the advisers remarked: "Although the CE wanted to formalize the relations with the federation, he soft-pedalled the issue because he did not want the federation leader to make a common cause with the sidelined JGM.

Failure of Formalization Efforts

Alongwith this approach, management also pursued the agenda for formalizing relations with the federation. An IR consultant was hired to draft proposals which included a grievance redressal procedure, areas of sole discretion of management and union control, a check-off system and providing facilities like office space, use of telephone and telex for union work as well as the freedom for doing union work during working hours. A number of meetings were

organized in which the CE, his advisers, the IR consultant and the federation leader participated. A number of proposals and counter-proposals were put forward. However, there were some issues on which differences persisted between management and the federation. On the grievance redressal procedure scheme, the federation insisted on arbitration as the last step which was not acceptable to the management. It also did not agree to the federation's proposal to permit its regional level leaders to undertake union work during working hours.

One of the obstacles in the formalization proposal was the lack of rapport between the federation leader and the key aides of the CE. As the leader commented:

CE is sincere and understands the tradition of the bank but his advisers do not understand the bank's fine tradition in IR. The advisers were obsessed with the idea of 'management prerogative.' They were basically anti-union and their strategy was to neutralize the influence of unions.

A key aide of the CE said: the federation leader dilly-dallied over the formalization proposal for fear of losing his control over employees. He did not want even a formal grievance procedure lest his authority as a 'sole grievance manager' was diluted.

While the formalization proposals were under discussions, the management as a gesture of goodwill recognized the federation in May 1973, after verification of its membership by government for the purpose of nominating workmen-director.

The recognition proved to be a shot in the arm for the federation which became more and more demanding in the matters of executive transfers and promotions. Many senior executives including key advisers of CE put increasing pressure on him to control the federation. Under pressure from his key advisers, the CE confronted the federation on an issue of promotion of a senior officer. This incident as narrated by a close aide of the CE and confirmed by official record is as follows.

The management had promoted a personnel officer working in CE's secretariat and posted him as an officer-in-charge of central office administration. Federation took objection to this on the ground that the federation was not consulted despite an understanding with the CE that the federation would be consulted on such issues. The federation in their letter of protest quoted several instances when it was consulted in the matters of executive promotions and transfers. The management in its reply questioned the propriety of the federation raising an issue relating to a non-workmen cadre. The federation was informed that such

matters were beyond the competence of the workmen union and that informal consultations did not mean veto or acquiescence.

This episode marked the beginning of tension ridden relations between the bank and the federation.

Gestation of Conflict with Federation

Subsequent to management's firm stand against the federation's interference in matters relating to transfers and postings of officers, the federation's attitude became non-cooperative and at times hostile. This is evident from the many circulars issued by the federation during that time criticizing management's policy in various personnel matters. It objected to many day-to-day decisions about transfers and promotions as well as other matters like payment of allowances etc. The federation also raised a dispute about the payment of bonus for the year 1973 and issued a number of circulars attacking the attitude of the CE. According to a representative of the top management, the federation's strategy at that time was to find faults with the various administrative measures. The workman director in the board, nominated by the federation, also raised a number of issues about the functioning of the bank with the intention of, as a top aide of the CE put it "embarrassing the CE before the board members."

The increasing interference of the federation and its obstructive approach to administrative matters heightened the awareness of the senior management that "something needed to be done about the federation." At the same time, management felt constrained to initiate any strong action against federation owing to its strong influence over the officers' association. The bank could not have fought a united front of workmen staff and officers. The main hurdle for the bank in chastening the federation was the close personal and institutional relations between the general secretary of the federation and the general secretary of the officers' association. Thus, the solidarity between the two organizations supported and nurtured by the bank, now posed a challenge for the management in times of strained relations.

Management Strategy : 'Divide and Rule'

Hence, the bank's strategy focused on weakening the influence of the federation leader by creating a rift between the two key leaders of the federation and the association. Members of management described the two leaders as "two sides of the same coin." Between them, the federation leader was considered to be a force to reckon with because of the time he had spent in the trade union movement and his clout with the top management in the past. The federation leader's caliber and his negotiating and communication skills, gave him an edge over the association leader who, as his deputy, was groomed to head the officers' association. Describing the

difference in the two leaders, a senior union leader who had worked with both, said that while the federation leader enjoyed the role of a king maker, the association leader wanted to become the king.

The subservient position of the association leader was exploited by management to create a rift between the two leaders. A factor that helped in this process was the association leader's nomination on the board as 'officer director' which brought him in close touch with top management.

The management began to "give increasing attention to the association leader and simultaneously ignore the federation leader" as observed by a top executive at that time. Cases taken up by the association leader were promptly resolved, and special increments were given to officers recommended by the association leader. According to a senior functionary of the personnel department: "In those days, no formal meetings took place with the association for discussing officers' grievances. The association leader personally took up the cases with the CE and got them resolved."

The management also extended personal favours to the association leader and his colleagues. For example, the general secretary of the association was promoted from a branch manager's position to senior executive's cadre. According to many senior executives, the management laboured

hard to prepare a case for promoting the general secretary by diverting the business of other branches to the branch headed by him and giving him credit for business development. It was well known in the bank that the association leader spent most of his time on the association's work and neglected his responsibilities for branch development. His promotion as a senior executive, therefore, symbolized the growing affinity between the bank and the association. He was also given a car and a flat when posted in Bombay, perquisites that were not given to officers of his cadre at that time. The growing power of the association leader cast him in a new image against his past reputation of being a protege of the federation leader.

The management strategy in bolstering the power of the association had an impact on the association-federation relationship as well. The association now began to act on its own and stopped consulting the federation. The tilt in the association's attitude was seen when some general managers were to be promoted as chief general managers in 1974. There was a keen tussle between two general managers, one a close confidant of the CE and the other who was sidelined. The federation through the workman director espoused the case of the sidelined general manager at the board level. The officers' association, however, supported the management's choice. For the first time, the association and the federation took different stards. This marked the beginning of strained relations between them.

Reorganization and Escalation of Conflict

The growing tension between the association and the federation on one hand and between management and the federation on the other culminated in bitter conflict when the bank sought to implement a scheme for reorganization. The need for reorganization had been felt by the management for quite some time with the widening geographical coverage of the bank's operations and need for decentralizing authority at lower level for speedier decision making.

In early 1974 a team of consultants submitted a proposal for reorganization. The regional set up was considerably expanded and dovetailed to a new sub system comprising zonal offices for specific geographical areas. A number of new positions were created to shoulder the burden of administrative chores. Several new positions of area managers, assistant area managers and development managers were created at the zonal level. Similarly, a number of new positions were created at the corporate level. The reorganization programme provided major promotion opportunities to the senior officers. The officers' association and the federation also saw the reorganization as an opportunity to push the claims of their supporters and maintain control over officers.

While the officers' association accepted the management's proposals, the federation raised a number of issues and wanted more time for studying the proposals through their own

management consultants. The management rejected this demand. As one top management executive observed: "We did not want to make reorganization a subject matter of collective bargaining."

From the point of view of the officers' association, the reorganization provided an opportunity for development and growth of officers and any disruption would have harmed the officers as well as the bank. The federation, however, claimed that reorganization "was a ploy used by management as an opportunity to break the solidarity between officers and workmen."

The various steps taken by the management during reorganization, suggest that they wanted to neutralize the influence of the federation on matters regarding officers by openly favouring the association. The management started offering promotions to office bearers and activists of the association. Among 31 office bearers of the association, 24 were promoted to the executive cadre. Many of these activists were posted in important places as regional managers and area managers. The general secretary of the association was promoted as an executive in-charge of a large office in Bombay.

Soon after this, he came in conflict with the federation leaders. In his administrative role, the association leader took several measures to enhance 'productivity. His attempt

to control overtime invited the ire of the employees, most of whom were federation members. Most of the employees in this office including some activists of federation had in the past claimed hefty overtime without actually doing in extra work. The sudden monitoring and control in overtime was now resented by the employees. Many activists of the federation challenged the action of the association leader who, not long ago was one of them.

The federation leader challenged the association leader on the issue of overtime. After this confrontation, the conflict between the federation and the association became much more pronounced and open. According to the federation leader, "the attitude of the association leader in suddenly acting tough was the result of his desire to prove himself and impress upon management that he could play the managerial role effectively.

Federation Launches a New Officers' Association

In consequence of reorganization, many officers complained about being neglected and nurtured a feeling that the association had extracted maximum number of promotions for its activists and office bearers. An executive who was an officer at that time complained that he was not promoted despite the fact that for three years successively he had received awards for deposit mobilization. He felt that he was

deprived of promotion because he had no contacts with the association leader. Many other officers held a similar grievance.

Some senior executives were apprehensive about the growing power of the association leader and his arrogant attitude. One of the senior executives who resigned in protest, said: "It was humiliating to take orders from the association and suffer the dictates of its leader who behaved as a de-facto chairman. Top management did nothing to control him."

A majority of the officers in the branches across the country also felt alienated from the association as their long pending grievances were not resolved. Many also complained about the attitude of the general secretary of the association in not meeting visiting officers without prior appointment. When he met them, he was very curt and rude. A common joke amongst officers was that it was easier to meet chairman of the bank than to meet the general secretary." Most members of the association found it hard to represent their grievances before the office bearers.

The alienation amongst the officers provided an opportunity to the federation to undermine the officers' association. The federation leader launched a new officers' association which promptly received a positive response from officers. The new association also received support from some senior executives.

The emergence of the new association symbolized the failure of management strategy in eliminating the control of the federation leader over the officers. The members of the new association appointed the federation leader as chairman of the new association and an ex-federation activist, was appointed as general secretary.

Destabilization of Federation : Suspension of Federation Leader

The new association was seen by the existing association as a "a direct challenge to their existence". It became a common adversary for both management and the association. Over a period the conflict turned into a personality clash between the key actors in management, the associations and the federation, with each one denying the legitimacy of the other and attempting to destroy each others' power base.

For example, the federation raised the question of association leader's legitimacy in simultaneously holding positions as regional manager, member of the board director and general secretary of the association. The association, on its part, launched criticism of the acts of omission and commission by the federation leader. Amidst the warfare conducted through circulars issued by both federation and association, the atmosphere was further charged by the CE's issuing a set of circulars titled "union-management

relations." The tenor of these circulars, as illustrated below, demonstrates mistrust between the management and the federation. Examples quoted below prove this point:

.....I advised you in my circular of 26th September that the general secretary met me on 17th September and not on 18th September as stated by him.

....on 24th August, the general secretary of the federation called on me and advised me of his securing a BA degree. The issue of method of payment of bonus was not raised by him. However, such an impression was given by him to manager (administration).

It was believed that the CE had issued these circulars to branches under the influence of the officers' association to discredit the federation. Whatever be the motive, these circulars symbolized a break-down of the relations between the management and the federation. The management also extended certain facilities to the association like permitting regional offices to enter into written communication with the association. Management appeared to be under strong influence of the association leader and was dragged into a situation of fighting a war with the

federation on behalf of the association. The management also undertook a number of transfers at the behest of the association leader to give him an edge over the federation leader.

Many senior executives acknowledged that a number of executives who were considered close to the federation leader were transferred by the CE at the behest of the association leader. They quoted the transfer of the top personnel specialist from the corporate office to Calcutta. Management also appeared to help the association create a schism in the federation by encouraging coordination committee. The management supported the association's efforts in enticing some federation members in Bombay to join coordination committee. Management also considerably softened its attitude towards coordination committees. This was a major departure from its earlier policy of discouraging coordination committee. The coordinatoin committee during this period was able to resolve some of its long pending issues. For example, the bank entered into a settlement with coordination committee with regard to cases of employees facing departmental enquiry for acts of gross misconduct including manhandling of managers during the coordination committee sponsored strike in UP and Rajasthan in 1972. The settlement provided only minor punishment of warning to these employees.

Echoing the grievances of some executives, one senior executive who had handled the agitation as a regional manager observed:

We had a very tough time at the hands of coordination committee. Many of us were physically assaulted by the staff members. We were assured, by the management and the officers association that strict disciplinary action against guilty employees would be taken and the honour of the officers will not be compromised. We are surprised, that both management and the association subsequently backed out.

The conflict between the management and federation reached its climax when the federation leader was suspended on an incident of misbehaviour which was reported by a coordination committee member, who had recently left the federation. The federation leader was suspended with support from the officers association which nursed grievances against him for launching a new officers' association. It is relevant to mention here that the coordination committee member who complained had left the federation on the persuasion of the association leader.

Several members of management including some key advisers to the CE did not approve of this decision and described it as an unwise act of the CE. Although there were only symbolic protests from the federation members which did not affect the functioning of the branches, the suspension had some serious consequences as evident from later events.

Aftermath of Suspension: Pre-mature Departure of the CE

After he was suspended, the federation leader charged the CE with corruption which included granting of loan of Rs. 60 lakhs to a firm headed by his close relatives. The federation alleged that its leader was victimized for exposing the said corruption, though the records show that the loan proposal was approved by the board and all procedural formalities were observed by the CE. By mobilizing the support of 40 members of Parliament, the federation managed to put pressure on government for revoking suspension of its leader. Subsequently, the government did not extend the term of the CE although he still had two years to go before reaching the retirement age.

This conflict had immediate impact on the bank's development and growth. As against the target of opening 90 branches in 1974, the bank could open only 39 branches. Similarly, against a 15% growth in deposits at industry level, the bank's growth rate of deposits was only 5 per cent. The poor

performance could be attributed in part to the conflict as CE was for most of the time preoccupied with it. The branch managers and officer could not concentrate on business development owing to their involvement in the association's activities. One manager explained:

In 1974, the association's activities were at their peak. After the emergence of a new association, there were problems of inter-association rivalry. We had now to face problems from two associations, in addition to inter-union rivalry, at the branch level. The officers behaved like workmen staff refusing to undertake additional jobs and to shoulder responsibility. They questioned managerial authority on the basis of their affiliation to one or the other association.

A regional manager who supervised the bank's operations in the lead areas observed:

Our expansion programme during this period suffered. We could not open more branches as there was intense inter-association rivalry resulting in officers refusing to go to rural areas.

Motives were attributed to management on each posting in the background of the proximity of management with the association.

Another manager said :

Apart from the trouble from the officers' association, top management did nothing about the troublesome workmen staff. Even in matters involving gross defiance of authority by workmen, the management soft-peddled and often privately counselled officers at the operating level against raising any problem at that time.

It is thus evident that IR environment at the operating level was highly charged with unions' power immensely heightened and general demoralization prevailing among officers.

Conclusion

During the period under discussion, the pressure on the bank from the government to implement the lead bank scheme increased considerably. This period was, therefore, marked by rapid expansion of operations in the rural areas of the lead districts allotted to the bank. Such expansion inevitably

involved a number of problems in the matter of recruitment, promotions and transfers. This was accompanied by increasing interference from unions in various areas of personnel management, especially transfers and promotions. The bank, however, had to maintain discipline of industry level agreements and it was no more possible for the management to extend any concession or favours either to the employees or to unions over and above such agreements. In addition, the government tightened its control over the bank on all personnel matters making it increasingly difficult for the bank to enter into any local understanding with the unions on policy issues. The growing influence of the militant AIBEA in the lead districts added another dimension to the IR scenario in the bank.

In response to these conflicting pressures from government and unions, the management felt the need for formalization of relations with the unions with a view to achieving clarity on the rights and duties of both the parties for effective management of IR. In this endeavour the bank took a number of decisions that aimed at moving away from the prevailing culture of leniency towards employees and unions to a more formal and professional pattern in IR. Accordingly, some key executives and personnel specialists who were perceived as pro-union were sidelined. The bank also hired the services of an IR consultant to make a proposal for formalization of IR and help the management to implement the relevant plan in consultation with the federation.

While this action for formalization of IR was in progress, the CE continued to soft peddal the federation. The management also continued to give special attention to the federation by involving its leaders in various activities and consulting them on various personnel matters.

The federation continued to interfere in the matters of transfer and promotion of senior executives. Since the federation had an overwhelming influence on the officers' association, the federation strengthened its power and the management found it difficult to prevent it from interfering in various administrative matters. In this background, the management adopted the strategy of 'divide and rule' by extending favours to the officers' association in matters of promotions and special increments. This resulted in a rift between the federation and the association. In the process, the association got the upper hand and dictated its own terms to the management in matters of transfers and promotions of officers and executives.

In this complex scenario, the conflict between the management and the federation on one side and between the association and the federation on the other side culminated in suspension of the general secretary of the federation. With this, the IR conflict in the bank reached its crescendo. The subsequent reinstatement of the federation leader under government pressure and non-renewal of the CE's term of office re-established the balance of power in the federation's favour.

This was followed by a split in the officers' association, adding a new dimension in the form of inter-association rivalry. These events created turbulence in the IR climate at the operating level with inter-union and inter-association rivalries which considerably affected the business development during 1971-74. In the vortex of claims and counter claims by rival unions and associations, the managerial authority at the grass root level eroded causing serious negative effects on business operations at the branch and regional levels.

The IR situation during this period resembles what Fox has characterized as 'continuous challenge pattern' :

Here the union refuses to legitimatise management's claim to assert and pursue objectives..... The union may be forced to submit but it continues to withhold the legitimacy,, fighting guerrilla skirmishes wherever possible, seeking ways to undermine management's position and aspiring to mobilise enough power for an effective challenge. No equilibrium relationship develops only periods of uneasy truce as each side licks its wounds and watches the enemy for signs of a weak spot in its defence (1974 : 310-11).

CHAPTER 10

PERIOD OF DIVIDE AND RULE (1975-1981)

The premature departure of the previous CE in 1974 was followed by the appointment of one of his close aides as his successor. The new CE was chief general manager under his predecessor. The IR scenario after the 1974 conflict posed a major challenge to the bank in its effort to refurbish its image and regain the lost ground in business. While on one hand, federation emerged powerful after its secretary's unconditional reinstatement and premature exit of CE, the officers' association had on the other hand became very powerful due to its clout with the previous CE. The association interfered in the matters of promotion and transfers. The union power at that time was at its zenith and the credibility of management was very low. In such a situation, the CE felt anxious about the management's ability to recover lost ground in terms of the bank's performance. He said:

There was general demoralization among officers and executives. The officers hanged around the union leaders for their promotions and transfers and management authority was severely undermined. The bank's image had suffered very badly after the events of 1974 and the business was totally out of gear. There was so much to be done but things looked grim and uninspiring. Under the

circumstances, my main priority was to restore the credibility and confidence of management.

The CE as a key adviser to the previous CE, was seen by the federation as having influenced the strategy to create a rift between the federation and the association. Hence, there already existed 'mistrust' between the CE and the federation. The association which rode high during 1973-74 had become very powerful and its leader was a force to reckon with.

Notwithstanding the above scenario and the state of nervousness in top management, the events during 1975-81 demonstrated that the management with dogged determination pursued the strategy to reduce the power of the officers' association and the federation and regained much control from them in the matters of personnel management. It also covered the lost ground in business and achieved the top position in the banking industry.

It is, however, important to understand the various environmental and organizational forces that helped management to neutralize the influence of the federation and the associations and achieve the top position.

Amidst an uneasy air that pervaded the bank, the sudden declaration of national emergency in June 1975 (barely a month after the new CE took over) proved a god sent opportunity for the bank to consolidate and streamline its administration as well as operations. The general stoppage of trade union activities and the climate of discipline during emergency helped the bank to redefine its relations with the unions.

The government's twenty point programme of socio-economic reforms after emergency placed heavy responsibilities on the bank to undertake rural development through branch expansion and innovative financial schemes for the rural poor. Twelve out of the twenty points in the programme required bank's involvement. The bank was expected to open about 125 branches per year and undertake intensive rural development programme especially in Uttar Pradesh, Rajasthan, Karnataka, Maharashtra and Gujarat. The bank was also expected to deploy 60 per cent of its deposits through rural and semi-urban branches in these areas.

Apart from commitments under the twenty-point programme, the bank was asked to establish Regional Rural Banks (RRBs) under its patronage in Uttar Pradesh. This scheme aimed at creating autonomous banking institutions to provide credit facilities to small and marginal farmers, agricultural labourers, artisans and small entrepreneurs in rural areas.

The bank's responsibility was to provide various kinds of managerial and financial assistance to these newly created institutions. The bank's work in Uttar Pradesh was further increased with the allotment to it of two small sick banks by the Reserve Bank of India. It meant providing managerial resources to these two banks.

The new business responsibilities and commitments under various government schemes had major implications on personnel policies in terms of recruitment, promotions and mobility of staff. In view of the major developmental responsibilities in Uttar Pradesh and Rajasthan, two deficit manpower areas, movement of officers from surplus manpower areas like Gujarat and Maharashtra was unavoidable. Heavy expansion in certain areas also involved transfers of senior officers to man branches and administrative offices.

The management traditionally discussed the issue of transfer of officers from one zone to another with the officers association. The association ensured that its activists were not transferred without their concurrence. The present management however, did not favour continuance of this practice. It regarded transfers as 'pure management function'.

During emergency, management stopped any consultation with the association on officers' transfers. On the other hand, it began to improve communication with the officers. The

objective of this strategy was to reduce the influence of the association on the officers and restore the credibility of management.' Accordingly, the management made a number of changes in the postings of senior officers and transferred many officers including the office bearers of this association. Management also withdrew many privileges that were earlier given to this association. For example, management refused to pay salary of office bearers who did not work and also withdrew the facility of paying the telephone bills of the association office. Expectedly, the association reacted in a hostile manner but it could hardly do anything during emergency.

Simultaneously, management undertook various measures that aimed at building credibility with the officers. They included rehabilitation of some key executives and senior officers who were earlier sidelined; seeking employees' cooperation through formal circulars in the task of business growth. The CE visited many important centres in the country and met the employees and officers of the branches. According to those who attended such meetings with CE, he gave patient hearing to the problems of officers and other employees and also shared the bank's plan to revive its past glory. The impressions of a manager who attended one such meeting are given below.

For the first time in my career of twenty years, a chief executive visited our branch and was talking like a colleague. His approach was one of seeking help from the rest of the family for the common good. The entire staff of the branch was very happy talking to the CE.

These meetings helped him, as he put it "to gauge the pulse of the organization." He felt amazed at the overwhelming response and the concern demonstrated by the staff for the bank's growth and development. An important discovery during these visits was "the general frustration of employees at the grass-root with their leaders." In short, these meetings helped management to bridge the communication gap.

Towards Restoration of Management Rights : Begining of Conflict with Officers' Association

After the lifting of emergency there was a general upsurge in the trade union movement in the country. Strikes, go-slow and many other militant modes of trade unionism against the so called "emergency excesses" of the employers were the manifestation of this upsurge. In the banking industry, the militant AIBEA spearheaded a number of agitations in many banks against what it called suppression of trade union rights during emergency. The bank, however, did not face any problem from the AIBEA's affiliate, the coordination

committee apparently because it gave a kid glove treatment to coordination committee during emergency. Its leaders acknowledged that unlike other banks the bank did not create any problems for coordination committee during emergency.

The federation also did not pose much problem after emergency because it had remained preoccupied with its own organizational matters. Although the bank did not experience much problem from the workmen unions, its relations with association were becoming problematic. The association through a number of circulars issued during that time raised a number of issues such as victimization of their members, partisan attitude of management, transfers of officers in mid-academic year etc. The association also raised the issue of tardy performance of the bank compared to other banks and attributed it to the high-handedness of management in dealing with the officers.

Many of the transfers were challenged and management's right to transfer became one of the main grievances of the association. The focus of the attacks was the CE and his policies in "harrassing association activists through transfers."

Records show that management during that time transferred a number of activists of the association. One particular transfer triggered off a conflict between the association and the management. The bank had transferred a chief manager

who was also a central committee member of the association from Madras to Delhi. He suffered a heart attack while in Delhi and requested a transfer back to Madras. Management granted him leave but refused to accede to the request of the officer for transfer. In the background of the tension between the association and the bank on the question of transfers, this issue marked the beginning of a conflict between management and the association.

Call for Agitation by the Association

The skirmishes between management and the association on the issue of transfer policy finally culminated in a call for agitation by the association that included advice to officers in the branches to stop doing clerical work, stop sending various performance statements to higher authorities etc. As a part of the agitation programme, the association also gave a call for a one day strike. The threat of the agitation and strike marked the climax of tension between the association and management which appeared determined to face the consequences.

All the tactical planning to face the strike was done by the CE. Only selected executives enjoying the confidence of the CE were given specific instructions for implementation without disclosing to them the rationale or logic of the strategy. Certain changes were made in the personnel

department to ensure complete confidentiality. A senior executive from the credit department was put as head of the personnel department to guard against any leakage as this executive was known to be introvert, and curt. As the CE put it "he would not have allowed any association man to know what was happening." The personnel department directly reported to the CE throughout the strike period.

On the external front, government and the Reserve Bank of India (RBI) were taken into confidence. The CE himself had sought the support from government and RBI by meeting the prime minister, finance minister and the governor of RBI. Armed with their support, the bank initiated a number of measures that aimed at dividing the officers. They included issuing threats over phone to senior executives and officers who were activists of the association against joining the strike, removing pro-association executives from important and strategic positions and replacing them with anti-association executives. All these measures were adopted to ensure failure of the strike. The management also sought support of the new association which had 25 per cent membership of the officers to be in readiness to run the operations, should the strike materialize. The new association was also extended facilities such as office space and telephone to ensure speedier communication between its leaders and the units. The new association during this period

issued a number of circulars to officers denouncing the strike call by the association. Many such circulars, were issued at the behest of the CE.

This multipronged strategy of the bank ultimately divided the ranks of officers and created a public opinion against the association. This forced the association to withdraw the strike call at the last moment. It was a clear defeat for the association. This was symbolized by the resignation of many central executive members of this association.

The failure of the strike can be attributed to lack of support for the strike call by the the officers, most of whom saw it as a power struggle motivated by the personal ambition of the general secretary. Echoing the popular sentiment, one officer said:

Our leaders were all along busy in power broking. They were more interested in executive promotions than in the plight of the officers in remote branches or the harassment by the workmen staff. The association leaders never thought of asking for a transfer policy until the office bearers were transferred.

Another officer said :

The association had become a shadow of management. When we approached them with our problems, we were bereted by the leaders most of whom were senior officers and executives with whom we could not communicate freely. They had become 'king makers' and many of them wanted to become 'kings' themselves.

Aftermath of the Agitation : Towards Regain of Management Control

Although the strike failed, there was no guarantee that in future the association or their leaders would not create problems. Management was less than thrilled with its success; it was more worried about the future, should the association regain its power and influence.

In management's view the real problem was the nomination of the general secretary of the association on the board as officer director which gave the association legitimacy to interfere in executive matters as matters relating to senior management promotions were decided by the board. As the CE put it; "The real IR problem started in the bank from the time when union leaders were nominated on the board."

With this firm conviction, the management influenced government to nominate on the board an officer who was not a member of either of the two officers' associations, when the term of the previous nominee expired in 1977. Describing the modus operandi, a member of top management said:

The relevant procedure provided that government in consultation with RBI should nominate an officer on the board of the bank. It did not suggest that this officer must be nominated by the officers' association as was the procedure in nominating workmen director. We took benefit of this clause and pleaded with government that, because of interference by the officers association and inter-association rivalry, continuation of the present incumbent on the board could jeopardize the IR situation in the bank which in turn would create problems for growth and development. We were able to convince the government and place our own nominee on the board.

Subsequently, management transferred the key office bearers of the association who were in the executive cadre to overseas centres. Some executives were also transferred to far-off places within India. These transfers came to be known in the bank as "exile postings."

Many of the actions taken by the bank and its continued tough stance demoralized the association and there was clearly a mood of remorse and reflection in the association. This culminated in the resignation of its general secretary and restriction of membership of the association to non-executive cadres. The management was thus able to free the association from the influence of senior officers and executives.

Thus came an end of an era of the association's interference in the personnel function in respect of officers. The subsequent behaviour of the association, according to some top executives, was subdued and shorn of the arrogance that was typical of its previous leaders. The association then stopped interfering in the management functions of transfers, promotions and placements.

Power of Federation Worries Management:

Although the management successfully undermined the power of the officers' association, it was worried about the growing influence of the federation leader on the officers and junior

executives. It may be noted that during 1977 when management had problems in dealing with the association it had sought cooperation from the new association which during this period had consolidated its position. The federation leader (who was chairman of the new association) alongwith with the workmen director through extensive travel in the lead districts of UP and Rajasthan, had canvassed substantial membership especially from among those officers who before their promotion to officers cadre were members of the federation.

In the prevailing tension between the top management and the association during 1977-78 and the cooperative overtures of management towards the new association, a number of officers had joined the new association. At one stage, the new association had staked its claim for recognition as a majority association of officers. In an atmosphere of claims and counter-claims, management maintained the status-quo and did not recognize the new association but the new association was able to make its presence felt and the management had to discuss matters relating to their members at regional/zonal and central level. This act was publicized by the new association, as a major concession to it from management.

The federation leader, as chairman of the new association frequently raised issues relating to transfers and promotions of officer staff. The management strongly expressed their views against allowing the federation leader to take interest in officers' matters but it found difficult to disallow the

federation leader from taking up officers' issues as he represented officers in his capacity as chairman of the new association.

The interference of the federation leader in officers' matters became a major irritant for the management as the CE frequently mentioned that: "any axis between the workmen and the officers was not acceptable to him." It was this conviction of the management that apparently upset the management whenever an issue related to officers matters was raised by the federation leader. In 1978, the management had announced a promotion exercise for senior officers. The federation leader, in his capacity as chairman of the new association in one of its communications to the CE suggested that there was frustration amongst senior officers because the norms for selection were not shared with them. The bank was asked to declare the number of vacancies in advance, lay down the eligibility criteria and the policy for promotion of officers to the executive cadre. The federation leader also approached the board to intervene in the matter. The board, thereafter, laid down norms for promotions and selection of officers. This was claimed by the federation leader as one of his major achievements.

In the context of the management's strategy to exercise full rights in the matter of promotion of executives, successful intervention by the federation leader through the board was considered by the CE as "interference in management

function." It is thus evident that what was considered by the federation leader as a legitimate role was interpreted by management as an act of interference. Apart from the federation leader raising issues relating to officers and executives, another matter that apparently bothered the management was the initiative taken by the federation leader for uniting the two officers' organizations. This was considered by management as "a smart move by the federation leader to control the officers and eventually enter the board as officer director." Management, therefore, was opposed to the unity move between the two officers associations under the initiative of the federation leader.

Divide and Rule : A Strategy to Weaken Federation

In the background of strong opposition of the management to solidarity between officers and workmen, management strategy now focused on neutralizing the influence of the federation leader in the new association. This was achieved by the management by creating rift between the two key leaders of the new association. It may be noted that apart from the federation leader who was chairman of the new association, the other principal office bearer was the general secretary. Although the general secretary was chief executive of the association, the federation leader directed and steered the policies of the new association and he wielded considerable influence, on its members. To counteract this influence, the management tried to create a rift between the chairman and

the general secretary of the new association by offering the latter favours and concessions. A liberal view was taken about his spending time on association work during working hours. The cases sponsored by him were promptly resolved. It was a common knowledge at that time that the general secretary had access to the CE and could resolve pending issues relating to the members of his association.

The special attention given by management to the general secretary helped him to establish an identity of his own. According to a senior personnel executive "the general secretary suddenly became active in association work. He would often visit the personnel department and discuss various issues. The chairman of the association often cross checked with the personnel department about the general secretary's visits and the matters discussed by him."

The sudden emergence of the general secretary under the patronage of management created a bitter power struggle in the new association. According to one office bearer of the new association: "Often the two leaders rebuked or attacked each other during meetings, and also conspired against each other." Later in one of the hard hitting circulars, the chairman of the new association mentioned about the general secretary's collusion with the CE and his tendency to sidetrack, humiliate, and ignore the chairman.

It was believed by senior officers and executives that the special attention given to the general secretary by management was on the understanding that he would dislodge the federation leader from the chairmanship of the new association. During the next election, the chairman's re-election was opposed by the general secretary but finally, the chairman was reelected. Thereafter, the management started ignoring the general secretary. This fact was acknowledged by a very senior executive who was considered close to CE:

We initially encouraged the general secretary. When he failed to overthrow the chairman of the association, we started ignoring him.

The management strategy in neutralizing the influence of the federation leader in the new association failed but the power struggle in the new association created a schism which resulted in many members leaving the new association and joining the old one. This led to increasing intra-association and inter-association rivalries at the operating level.

An Experiment in Participation that Failed:

Towards the end of 1979, management organized meetings with employee organizations on business matters. The leaders of the employee organizations saw this initiative not in line with management philosophy of 'divide and rule'. However, their response was generally positive.

According to a senior executive in corporate office, the bank had registered a slower growth of business in 1979 compared to a very rapid growth during 1975-78. The effort of the bank to maintain its leadership position in the 1980s required allround effort. This realization led the bank to seek cooperation of the employee organizations.

The management organized separate meetings with the two workmen unions and two officers associations to discuss issues relating to bank's deposit growth, house keeping, profitability and image. According to top management these meetings with the employee organizations were aimed at "comprehending the problems of each other with a view to find solutions to various problems and attain corporate growth." The CE in particular shared his concern regarding the slow deposit growth of the bank in 1979 compared to 25% deposit growth rate of the banking industry. The CE sought the cooperation of the employee organizations in taking the bank to the top position in 1980-81.

All the employee organizations submitted detailed proposals for improving deposit growth, profitability, house-keeping and image. A summarised version of suggestions made by various employee organizations is given in the annexure VI.

According to those who attended these meetings, the response of all the employee organizations was positive. The employee organizations suggested that such a dialogue with them should be a regular feature and should also percolate down to the zonal/regional level. The federation during this meeting contended that a good IR climate was a pre-requisite for participation of employee organizations in such meetings. It also made a number of suggestions to improve IR climate which included training of branch managers and regional managers in IR management, expeditious disposal of employee grievances and regular participation of employee organizations in matters of planning and development of business.

Although employee organizations demonstrated positive attitude towards the bank's growth and development, this experiment in participation was soon given up. The management developed cold feet on the entire exercise due to the federation's objection to inviting coordination committee, the minority union, and insistence on raising IR issues in such forums. The prevailing mistrust between management and the federation appears to be the main reason for the failure of the experiment. This is suggested by a circular of the federation which pointed out: "The kind of experiment contemplated can succeed only in a situation where the IR problems are attended to satisfactorily and the exercise would be hypothetical exercise if the basic IR issues were not settled."

Towards Further Weakening the Federation: Some Strategic Steps

Soon after the failure of business meetings, the management took several decisions in personnel and IR that signalled its resolve to tighten its policy towards the federation and weaken its control over personnel matters. In one of the major strategic moves, a major part of the personnel function including recruitment, promotions, disciplinary action, officers' service conditions and industrial relations was shifted from Bombay to Vaishalinagar. A small IR policy cell was retained at Bombay.

Commenting upon the shifting of the personnel department one office bearer of the federation said : "it was like Akbar suddenly deciding to shift his capital from Delhi to Fatehpur Sikri".

Prior to this reorganization, only human resource development (HRD) and staff administration (wage and salary administration, staff loans) functions were administered from Vaishalinagar. The structure of the personnel department before and after this reorganization is given below :

Before reorganization

Dy General Manager (Personnel), Bombay

Bombay	Vaishalinagar
AGM (IR) ↓ Chief Manager (IR) ↓ Senior Manager (IR) ↓	Chief Manager (Recruitment and Promotions) ↓ Chief Manager (HRD) ↓ Chief Manager (Staff Administration) ↓ Principal, Staff College, Ahmedabad.
↓ ↓ ↓ Personnel Personnel Per- Officer Officer sonnel Officer	

After reorganization

Dy General Manager (Personnel), Vaishalinagar

AGM (IR), Bombay.	Principal, Staff College, Ahmedabad.
Chief Manager (IR) ↓ Manager (Per- sonnel)	Chief Manager (Staff Admini- stration)
↓ ↓ Perso- Perso- nnel nnel Officer Officer	Chief Manager (Recruit- ment and Promotions)

Although the management officially ascribed this move to acute shortage of space in Bombay and availability of infrastructure at Vaishalinagar, the dramatic manner in which

it was carried out created surprise and resentment among employees. It was widely believed that the relocation of the personnel and IR function was aimed at reducing the power of federation.

It is important to analyse the strategy of the bank in shifting the personnel department and the reasons for the resistance of the federation. When the personnel department was in Bombay, the federation leader had a free access to it to discuss and influence decision making on various matters. It was well known in the bank that the relations between the federation leader and the personnel specialists were very cordial. In the top management's view, this closeness was detrimental to its strategy of reducing the power of the federation leader. As one top management representative observed:

The federation leader through his influence with the personnel specialists, was often able to delay or stall the implementation of various decisions in personnel matters on the plea that he would discuss the matter with top management. This delayed the implementation of decisions.

From the point of view of the federation, shifting of the personnel department to Vaishalinagar meant loss of power in influencing the personnel decision making process. As the federation leader observed:

Whenever a problem was referred by our out station unit, we could contact the personnel department, brief them about the facts of the case promptly and help sorting out the issues fast. Similarly, whenever the personnel department had any problem with our units, they contacted us and we helped them to sort out issues. This reciprocity helped to maintain equilibrium in IR.

The shifting of personnel department thus helped management to reduce the influence of the federation leader over personnel matters and by implication over the members also. There were other structural changes which appeared to aim at marginalising the federation further and reduce the influence of the federation leader on personnel decision making. This was done by divesting the individual functionaries in the personnel department of their power and centralizing the decision making in a newly created committee called personnel committee (PC). This committee was based at Vaishalinagar. The members of the committee included two general managers, deputy general manager (operations), deputy general manager

(personnel) and the assistant general manager (industrial relations). The deputy general manager (personnel), an operational executive was appointed as convenor of the committee.

According to a circular of the CE, the committee was expected to facilitate the process of personnel decision making in the bank and was to decide matters requiring interpretation of awards and settlements where differences of opinion existed. It was also expected to scan the IR environment from time to time.

Although the management claimed that the formation of the personnel committee was to facilitate decision making, senior executives believed that the real intention in forming the PC was to reduce the authority of the personnel specialists. Conventionally, whenever there was difference of opinion between the union and the operating management on any aspect of rules and regulations, the decision of the personnel specialists was honoured. The creation of PC did away this power of the personnel specialists and thus neutralized the potential influence of the federation leader over the specialists. Divesting them of this power through the creation of PC was apparently to check-mate any possibility of federation's influencing the specialists.

The personnel function at the zonal level was also reorganized during this period. A new post titled "senior

manager (personnel administration)" was created in four major zones alongside the existing post of personnel manager which was held by a personnel specialist. Ex-activists of the officers' association who were side tracked after failure of strike call in 1977 were posted on these positions. These activists were known to be anti-federation and the intention of the management, as one senior executive revealed, was "to give tough time to federation at the operating level."

The senior manager (personnel administration), was assigned the function of recruitment, promotions, grievance handling and staff placement. These functions were earlier handled by the personnel manager. The personnel manager's job was made advisory with responsibilities to attend to union negotiations and give opinion on interpretation of awards and settlements. The management officially announced that these changes were aimed at strengthening the personnel management at the operating level. However, the real intention of the management, according to a close aide of CE "was to prepare itself for any eventuality like agitation which was threatened by the federation and to neutralize the power and influence of personnel managers in IR matters against management strategy."

These changes, led to a significant change in the management's approach to IR, especially in relation to the federation. The CE and the federation leader clashed viritually on every issue. As one top personnel functionary

put it: "it was common in those days for the federation leader to issue threats of agitation and disrupt the working of the bank. The CE retaliated by creating one or the other problem for the federation leader."

Management also toughened its approach towards the federation in dealing with its demands. For example, in 1980-81, the federation submitted following demands:

- a) Facilities to federation:
 - i) 100 office bearers (whether officers or workmen) of federation should be relieved from office work for trade union work.
 - ii) Accommodation with telephone and other equipments like typewriters, cabinets etc. in various union offices.
 - iii) Correspondence by zonal/regional authorities with federation and its affiliate units.
- b) Check-off facility;
- c) Appointment of canteen bcys in branches in metropolitan cities.
- d) Subsidised canteens.
- e) Assistant head cashier allowance to cashiers.
- f) Shifting of personnel department from Vaishalinagar to Bombay.
- g) Formation of IR council at corporate level.

The management for the first time prepared its own agenda for discussions which included -

- a). Norms of behaviour by federation leaders;
 - i) Federation to vacate premises usurped by their leaders in various zones.
 - ii) Federation to cooperate in the implementation of bank's policy in respect of regulating payment of overtime.
 - iii) Federation leaders at all levels to desist from indulging in activities like gherao etc.
- b). Norms of job rotation with emphasis on mobility of staff;
- c). Redeployment of staff from surplus branches to deficit branches.
- d) Transfer of office bearers of federation on their promotion.
- e) Time bound implementation of agreements/understandings reached between the federation and the bank.

The management refused to discuss and settle the demands of federation until the federation agreed to discuss the 'management agenda' also. The management insisted on a 'package deal' which should include 'give and take' on both

the sides. Due to uncompromising stand taken by both the sides, none of the issues raised by the federation, both policy matters affecting a group of employees as well as individual grievances, could be resolved.

The personal mistrust between the two key actors had reached a high pitch with little hope of reconciliation. Each side appeared determined to destabilize the other. The management neutralized the federation leaders influence by rejecting the prime nominee of the federation for appointment as workmen director. Describing the modus operandi, the CE observed:

The federation leader often interfered in the matters raised in the board by briefing the workmen director. Sometimes, he used the information collected informally from the workmen director on the board matters against the bank. This often created controversies and it was not in the interest of the bank. In 1981 after the expiry of term of the workmen director, the federation had sent three names in order of preference to government for nomination on the board. The person at serial No. 1 was considered close to the federation leader and his nomination would have strengthened the

federation leader and given him access to board matters. The bank prevailed upon the government to nominate person at serial No. 2. The bank had no interest in this person but it was known that he was not close to the federation leader and hence could not be influenced by him.

It is thus evident that the management did everything possible to achieve its goal to reduce the power of the federation leader.

Turbulence at Operating Level

The managerial strategies in IR during 1975-1981 aimed at reducing the power of the association as well as the federation to regain control over important personnel management functions. This gave management freedom to pursue its business objectives in a highly competitive environment. The freedom in the matters of promotions and placements gave the bank the much desired manoeuvrability.

During the period 1975-81, the bank made rapid strides in business. It almost doubled the number of branches. Deposits multiplied about four fold, advances nearly three fold and the priority sector credit over four fold. The bank expanded its overseas business and opened branches in the advanced countries. A summary of the developments is given below:

Table 10.1

Bank's Growth (1975-81)

Activity	1975	1981
Deposits	Rs. 745 Crore	Rs. 2577 Crore
Advances	Rs. 524 Crore	Rs. 1482 Crore
Priority Sector Advances	Rs. 131 Crore	Rs. 555 Crore
No. of branches	798	1502
No. of foreign branches	37	51
Profit	Rs. 2.6 Crore	Rs. 5.6 Crore
No. of staff	17100	28419

An unintended consequence of management's IR strategy was the deterioration in IR climate at the branch level. The branch managers increasingly complained about the rising instances of indiscipline, restrictive practices on the part of the workmen staff, falling standards of customer service and virtual loss of managerial control.

A report of the Reserve Bank of India during that time expressed concern about the rising number of frauds in the bank and inadequacy of house-keeping and control mechanisms. Many managers attributed these problems to unconcern in the lower level staff about completing the day's work as also to their inability to ensure completion of work in the face of mounting staff resistance. Excerpts from the consultant's report on branch level organization are pertinent:

The main problem at the branches is the the staff problem. Most managers state that a large portion of their time is

spent on the staff problem and the branch manager has no control whatsoever over the workmen staff. The work place has become a place of tension and work a source of dissatisfaction for branch managers.....The branch manager is not perceived effective. Unions are seen as having the capability of getting any decision they want from the regional and top levels.

At the branch level, managers had to often cope with the rising militancy of the workmen staff. The support of top management in handling IR problems at branch level as one manager put it "was very minimum." Managers had to often deal with the issues of inter union rivalry, restrictive practices on the part of staff and increasing indifference of staff towards customer service. The branch managers and their immediate bosses viz. regional/zonal managers bought peace and ensured completion of day-to-day work through the carrot of overtime. The overtime payment in the bank reached an alltime high in 1980 and recruitment of additional staff did not control the overtime bill as is evident from the following table. According to many senior executives who were managers at that time, the overtime was claimed and paid irrespective of the work done by staff after their normal working hours. Records also reveal that in some zones like eastern zone, Calcutta and Bcmbay main branch, overtime was

paid much beyond the ceiling of 175 hours per year. Union activists who did not attend to even normal work were also paid overtime on par with other members of the staff.

Table 10.2

Staff And Overtime Position year-wise (1975-81)

Year	Total No. of workmen staff (in thousands)	Total Overtime paid (Rs. in lacs)	% increase over previous year	
			Workmen staff	Overtime
1976	16,027	63	---	---
1977	17,965	112	12.09	77.78
1978	21,682	203	20.69	81.25
1979	21,887	204	0.95	0.49
1980	22,786	299	4.11	46.57
1981	24,497	200	7.51	-33.11

It is important to analyse the reasons for deterioration in the IR climate at branch level even though union power at the corporate level was considerably reduced.

The answer to this problem lies in the managerial strategies in IR pursued throughout the period 1975-81. The aggressive strategies of the bank in isolating and reducing the power of the federation leader had two consequences which created turbulence at the operating level. Firstly, the strong-arm methods of management towards the federation leader during 1980-81 gave an opportunity to a dissident group in the federation in Bombay to form a new union IBETUC affiliated to INTUC. As one activist of this union put it:

We have been asking the federation leader to attend to the basic issues of employee welfare. We did not have even a canteen in the bank's largest branch in Bombay and our leader settled for a union office against the demand for a canteen. Our leader has been more busy with officers and executive matters ignoring genuine grievances of the workmen staff. We had no alternative but to come out of the federation as it was losing its influence with the management.

The formation of an INTUC backed union - IBETUC in Bombay added another dimension to the prevailing IR scenario. Records show that managers at that time increasingly complained about the militancy of these leaders and their tendency to do union work during working hours. Describing the impact a manager observed:

So far we had only the federation in our branch but with the emergence of IBETUC we started having inter union rivalry at the branch level. The IBETUC leader brow-beated the managers and indulged in union activities during working hours. There was no effort by the bank to check the

IBETUC leaders from indulging in indiscipline and undertaking union work during working hours.

Thus, the managerial strategies in uprooting power of the federation directly contributed to schism within the federation leading to the formation of an IBETUC which added to the problem of inter-union rivalry.

Another consequence of the weakening of the federation which had its implications on the branch level IR was the growing militancy of the federation members at the operating level.

The failure of the federation leader to get things done and resolve grievances of employees resulted in growing frustration amongst the federation members at the operating level. This is evident by an increase in the number of cases filed by the federation units in various states in conciliation and tribunals against non-resolution of grievances of employees.

The following table gives the figures about the cases in conciliation and before tribunals raised by various state units of the federation. This indicates sharp increase in the cases both in conciliation and before tribunals in 1980-81:

Table 10.3

Cases in Conciliation And Tribunals (1976-81)

Year	Cases in conciliation	Cases before tribunal
1976	9	2
1977	6	3
1978	9	4
1979	14	5
1980	22	11
1981	36	16

Apart from sharp rise in litigation between the bank and the federation, many cases concerning militant acts of federation leaders were also reported from various zones. For example, in the year 1980-81, six cases of gherao and five cases of strike undertaken by federation units were reported by various zones. In one case, the secretary of a regional unit of federation usurped the office of an executive and declared it as a 'federation office'. Against the history of federation's docile profile, such actions symbolised growing frustration in the rank of federation.

It is thus evident that management strategy in weakening the federation led to emergence of IBETUC - another rival union as well as militancy of activists of federation at the operating level. Together these developments considerably vitiated the IR climate at the operating level, with managers struggling to deal with increasing IR problems. In the

prevailing environment in the bank, the response of the top management to branches' problem was "ad hoc and often unpredictable," as one manager described it.

Conclusion

The period under discussion was marked by growing aggressiveness and interference from both the officers' association as well as the federation. The IR crisis that engulfed the bank in 1974 had made both the association and the federation extremely powerful and demanding. They interfered in various personnel functions including promotions and postings of officers and executives. The officers increasingly depended on union leaders for their postings and promotions. The management's authority in this regard was severely undermined. Consequently, senior executives were highly demoralized. Their demoralization was compounded by the poor business performance of the bank.

The bank's problems were further aggravated by inter-association rivalry. Although this rivalry was of recent origin, it divided the officers in two warring camps. The association and the federation did not see eye to eye and the relations between the officers community and the workmen were quite strained. In sum, the IR scenario in the bank posed a serious impediment in the effort of the management to steer it towards business growth and development.

In this background, restoration of managerial authority in the personnel function, especially in matters of promotions and placements of officers, was paramount from management's point of view.

Accordingly, the CE focussed his strategy of IR management on reduction of the power of the unions, especially of the leaders of the officers' association and the federation who together ruled the roost. This strategy was reinforced by the CE's personal orientatin in favour of exercize of management's authority and business-like dealing with unions. Concurrently, the personnel function was centralized to be coordinated by CE himself, which implied that the personnel executives close to union leaders were sidelined. The personnel department was manned by key confidants of CE and some major functions of the department were transferred from the corporate office to another location. These steps weakened the federation's influence in the area of personnel decision making.

Simultaneously, the management stopped consultations with the officers' association and the federation in matters of promotions and transfers. An agitation launched by the officers' association demanding consultations on transfer of officers was dealt with firmly. The management also stopped sharing information with federation as well as association on important matters concerning development and growth of the bank. The federation was told that management would negotiate

the federation's demands provided the management agenda was also discussed during union-management meetings. All these actions together put tremendous pressure on the association and the federation and weakened their power in respect of the personnel decision-making process in the bank.

Apart from these structural changes, the CE adopted a strategy of divide and rule, by playing unions as well as their leaders against each other and managed to keep them busy in sorting out inter-union and intra-union tangles.

Thus, the management reasserted its freedom and acquired the control in personnel matters by structural changes as well as processual manouvre as stated above. This gave it considerable freedom to utilize its human resources in the best manner for the attainment of the corporate objective of expansion and growth. During this period, bank made spectacular progress in expanding its branches as also substantially improving its business performance. Its size doubled in five years, raising it to the top position in the banking industry for the first time in its history of over 70 years.

However, the weakening of unions at corporate level did not help in improving the IR climate at the operating level.

As the management was preoccupied with reducing the power of the unions at the corporate level, it could not address itself to the ever increasing problems of IR on account of restrictive practices, union intransigence and inter-union rivalries at the operating level. The operating managers under pressure of business and in the absence of any positive direction by the top management, made compromises with local unions in matters of discipline and productivity of staff. Thus, while the top management attained complete control at the corporate level in personnel/IR management, the operating management's control weakened considerably. During this period, the work place unions posed what Fox (1974) calls 'Challenge from the below'.

Moreover, the management strategy of weakening union power through the process of 'divide and rule' led to a climate of suspicion and mistrust in the union management relations in the bank. The quality of IR during 1975-81 fits the 'uninhibited antagonism pattern' as described by Purcell:

.....Under this pattern, the IR are conducted in an adhoc, conflict based manner with bargaining advantage frequently exploited by either side when circumstances permit.

..... The relationship is marked by mutual suspicion and distrust. The behaviour of one party is often seen by the other as irrational and unpredictable. Management in IR tends to be reactive and concerned with coping with short term crises. The role of personnel management is limited. (1981 : 62).

CHAPTER 11

PERIOD OF INDIFFERENCE (1982 -1984)

The bank achieved in 1981 the top position in the industry in terms of total deposits. Over the years it had also emerged as the largest institution in terms of spread of international operations. Retaining its top position in 1982 was projected as the management's prime concern in relation to the celebration of the bank's platinum jubilee in 1983. The board of directors approved a long range plan for the years 1982-85 containing the business priorities of the bank. Its entire thrust was to maintain lead in the areas in which it was already ahead of others and reducing the gap between its own performance and that of its competitors in the areas in which it lagged behind. The plan for the period 1982-85 included the following targets :

- a. To achieve annual Deposit accretion to the extent of 20% ;
- b. To open 100 new branches per year;
- c. To increase the share of priority sector advances to 43% of total credit;
- d. To increase the paid up capital and reserves from Rs.35 to 45 crores; and
- e. To maintain existing level of productivity and profitability.

On the business front, the bank faced cut throat competition from other banks whose performance was not far behind it. The bank was, however, determined not to lose the top position that it had achieved.

The IR environment in the bank caused considerable challenge to management's efforts in maintaining its top position. The minority unions in particular posed considerable problems in the bank. Due to a verticle split in AIBEA in 1980 and formation of BEFI, the branches in the eastern zone (comprising of West Bengal and north eastern states) encountered inter-union rivalry between coordination committee and BEFI, with each trying to gain hold over members. In the background of general militancy of union movement in West Bengal, the inter-union rivalry posed special problems in this zone. The managers increasingly complained about the violstion of the provisions of settlement with the federation by the BEFI affiliated IBEERC. All along the bank had avoided any confrontation with this union in this zone, now the situation deteriorated and posed serious threat to the operations.

Similarly, emergence of pro- INTUC, IBETUC in Bombay where in the past the federation always held sway created tensions in IR. As INTUC was supported by the government, the IBETUC adopted a highly militant posture in the branches. For the first time, branches in Bombay experienced problems on account of inter-union rivalry.

There were similar problems at the level of officers. The presence of two associations created inter-association rivalry. . This problem was at its peak in Uttar Pradesh and Rajasthan, where maximum expansion had taken place under the lead bank scheme.

The unions and associations complained about the non-resolution of their grievances, lack of information sharing, frustration among employees, and bureaucratic personnel decision making. The senior union leaders especially the leaders of the federation and the officers' association complained about interference of the previous management in the internal dynamics of the unions. They called upon the present management to review the decision of the previous management and pleaded for reintegration of the personnel function based at Bombay.

Most of the operating managers interviewed cited increasing instances of indiscipline, restrictive practices, inter-association rivalries and virtual loss of managerial authority to ensure discipline leading to deterioration in productivity and customer service. They complained about the lack of support from higher authorities in their efforts to maintain discipline at branch level. Most of the zonal and regional managers interviewed complained about the ineffectiveness of the personnel decision making at the corporate level.

Apart from this, there were also problems within the top management. There was power struggle between senior general managers to reach the top position. It was commonly known in the bank at that time that these general managers maintained contacts with senior leaders in the unions and associations to ensure their support for their promotions. Thus the internal IR climate in the bank at that time posed a challenge to the bank in its effort to retain its top position.

Besides the prevailing internal climate, the government was putting increasing pressure on public sector banks to improve customer service, reduce restrictive practices and improve work place discipline.

In view of the rising public opinion against inefficient functioning of public sector banks, the government had announced tough measures such as reduction in overtime, job rotation of staff and discontinuance of the practice of allowing union leaders to do union work during working hours. On the other hand, government encouraged INTUC supported unions during that period. During reorganization of the boards of public sector banks in 1983, the government had nominated activists of INTUC in each bank. In most of the large banks there were no INTUC affiliated unions, hence their appointments did not have direct implications for IR. The IB, however, had an officers' association and a workmen union which were affiliated to INTUC. The nomination of an

INTUC activist on the board enabled him to frequently meddle in union politics and openly canvass membership for INTUC affiliated unions in the bank.

The management thus had to cope with a variety of internal and external factors in IR. The CE had a three years term and the Executive Director's had one and half years to go before retirement.

Softening of Approach Towards Unions:

The most difficult of the bank's IR problems during this period were the tensions and stresses at the branch level. In management's assessment much of the turbulence at the branch level was on account of the unresolved grievances of the workmen staff. A system of structured meetings between the management and the unions was introduced at all levels to deal with the grievances of the employees. Union-management meetings at the regional level had existed since long, but regular periodical meetings had to take place at zonal/regional/branch level. All the zones and regions were asked to draw a calendar of meetings which were monitored by corporate management. The purpose of these meetings as highlighted by CE in a circular to branches was to accord urgency to employee grievances and ensure employee satisfaction. It was also laid down that the agenda of these meetings should be broad based to discuss issues relating to business development.

The management pursued a cautious policy in dealing with unions. Documents reveal that many cases of growing indiscipline by the activists of minority unions were handled cautiously. In one case, a branch manager in Bombay complained about the early leaving of office by IBETUC members and union work undertaken by IBETUC leaders during working hours. He was advised not to make an issue of such behaviour.

Similarly, official records and interviews with managers of eastern zone branches suggested that members of BEFI affiliated union indulged in brow-beating tactics at the branch level and used restrictive practices which affected customer services and business of the bank. In many branches of the eastern zone, the house-keeping function was performed poorly and it invited adverse comments from the Reserve Bank of India. The corporate management soft peddled the IR issues despite pressures from the zonal management. This led to a sense of helplessness among the local executives and after some time the two top zonal executives offered to resign if top management did not act.

The management also softened its attitude towards the federation and its leaders. Several matters raised by the federation remained unresolved under the previous CE on the contention that these issues should be considered as a part of a package deal including union as well as management agenda. These issues were now settled by

the management without insisting on discussion of management agenda that included issues such as norms for union work during working hours and acts of omission and commission on the part of federation leaders.

During this period, the management signed two important settlements with the federation: (a) Sanction of a new allowance of assistant head cashier in the branches allowing additional benefits to cashiers in majority of branches and (b) criteria for selecting special assistants and selection of officers from open market.

According to a top aide of the CE, the federation leader was obliged to management on account of transfers of some of the persons recommended by him. Although the management occasionally faced pressure from the federation for undertaking structural reforms in the personnel department the management wanted to avoid any long term measures and managed the federation's pressure by extending favours and concessions to it. As one personnel functionary put it: "whenever the federation leader came and raised issues of policy, he was favoured by the bank by some small concession."

For example, once the telephone bill of the federation's office amounting to Rs. 22,000 was received for payment by the deputy general manager in-charge of the Bombay Main

branch where the federation office was housed. The DGM in-charge of this branch referred the matter to the general manager (personnel) in view of the large amount of the bill. The General Manager referred back the matter to the DGM of the Bombay Main branch for seeking certain clarifications from the federation in respect of such a high bill. Later the general secretary of the federation approached the CE and got his approval for payment of the bill. In another case the bank sanctioned a loan of Es. 50,000 to federation to celebrate its silver jubilee.

It is thus evident that the management extended favours and concessions to the federation to avoid any problem that could disturb the prevailing equilibrium in the management - federation relationship and eventually affect the business.

The management also pursued a policy of accommodation with regard to the recognized officers' association. Many instances were cited by the functionaries of the personnel department about the helping and accommodating attitude of the top management towards the association. In a promotion exercise in 1983, six out of nine zonal secretaries of the officers' associations were promoted. The association requested the bank initially to defer the transfer of these officers from one place to another until the election of new office bearers. The request was accepted by the bank and these officers were not transferred for two years. According

to a senior functionary of personnel department, the association was accommodated to avoid any conflict with it although the bank was not obliged to accede to such requests.

Similarly, inspite of persistent pressures from the government to abolish the practice of union work during working hours, the management ignored such instructions.

Management Politics : A Barrier to Reforms in IR

Although the bank retained its top position during its Platinum jubilee year in 1983, the IR scene in 1984 became much more chaotic with increasing reports from managers about deterioration in the IR climate at branch level. The employee organizations in turn increasingly complained about the delays in personnel decision making.

The analysis of circulars issued by various organizations of employees during 1984 revealed their "heightened concern" about the state of personnel management in the bank. The intensity of their frustration was represented by titles such as "wanted management in the bank"; "state of personnel management in the bank", in the circulars issued by them at that time. The federation and the new association passed resolution against the deteriorating state of personnel function in the bank. Official documents show that during this period, the federation addressed a number of communications to the CE about deteriorating IR in the bank

and pointed out in particular the facilities enjoyed by the minority unions, lack of interest among line executives in resolving employee grievances and failure of the system of structured meetings. The federation also demanded the shifting of the personnel department from Head Office, Vaishalinagar to Central Office, Bombay. The new association also, through a number of circulars and communication, showed their frustration about adhocism in decision making on personnel matters.

An important development, symbolic of growing frustration among the line executives, during this period was an attempt to form an executives' association by a small group of senior executives like regional managers.

It is important to analyse the reasons for deterioration of IR climate and prevailing frustration amongst employee organizations as well as operating management about the quality of IR. While complaints from employee organizations related to delays in decision making at the corporate level, the operating management complained both about delays in personnel decision making as well as favouritism in transfers and promotions.

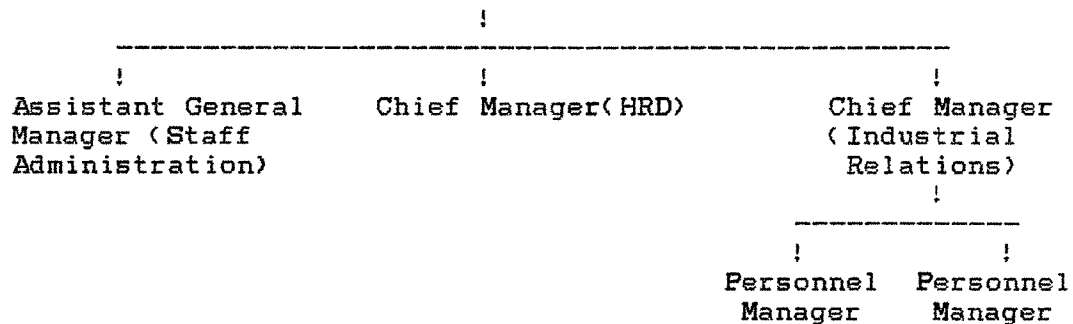
In order to understand this situation, it is necessary to study the structure of personnel decision making in the bank as well as the authority and power structure at the corporate level.

After the structural changes in personnel department in 1980, the personnel function was divided between Vaishalinagar and Bombay. The entire personnel department including IR was shifted to Vaishalinagar with only a small IR policy cell at Bombay. By the end of 1982, some more changes had taken place in the structure of personnel department, which led to delay in personnel decision making. The structure of the personnel department as prevailing in 1980-81 and 1982-83 is given below:

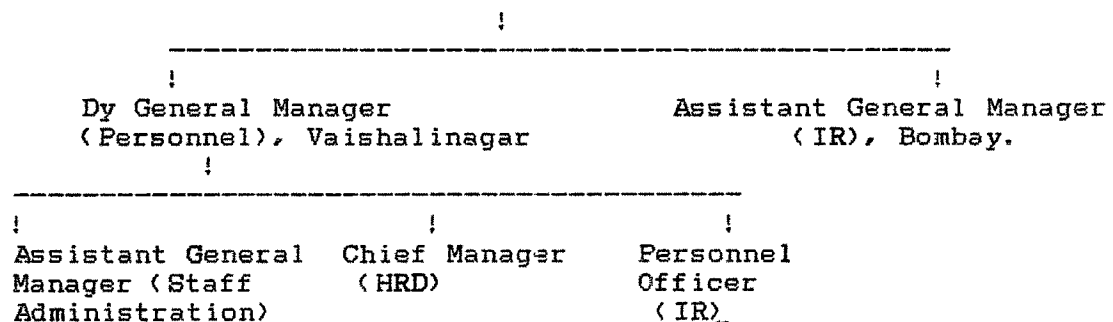
Structure of personnel department

1981

Dy General Manager (Personnel), Vaishalinagar.



(1982-1983)
General Manager
(Personnel & Planning), Bombay.



The chart shows that the position of personnel manager and Chief Manager at Vaishalinagar had disappeared and a full-fledged IR department that operated from Vaishalinagar was reduced to a small cell headed by a Personnel Officer. The disciplinary matters which were earlier handled by the Chief Manager (IR) at Vaishalinagar were now assigned to a separate cell under General Manager (Legal), at Bombay. Records show that most of the issues on IR that were referred to Vaishalinagar by various zones and regions were in turn referred by Vaishalinagar to Bombay.

Documents show that the split locations of personnel department led to considerable delays in transmitting decisions to regions and zones and in many cases the delay escalated the industrial conflict at the operating level. This also invited the ire of the operating managers against the corporate office.

Though the top management acknowledged delays on account of the split location of the personnel department, it did not make any changes in the prevailing structure as were being demanded by the employee organizations. The intention of the top management was to avoid any step that could once again heighten the power of the unions. It may be recalled that the personnel department was shifted to Vaishalinagar by the previous management to reduce the power of the federation from interfering in the day-to-day management of personnel at the corporate office.

A factor that apparently contributed to lack of reforms of any kind in IR was the prevalent differences and mistrust among the top executives. Among the three top executives namely the CE, Executive Director and the General Manager (Personnel), the executive director was known for his anti-federation attitude. Both the CE and general manager (personnel) acknowledged that the bank's efforts to develop a working rapport with the federation were scuttled by the executive director.

For instance the CE had agreed to give representation to the federation leader in a house allotment committee headed by the executive director. The executive director protested against the decision of the CE and did not convene even a single meeting of this committee during his tenure of one and a half years.

Similarly, the government had asked public sector banks to constitute customer service committees in various branches and to give representation to recognized union on these committees. According to a member of the top management, the executive director who supervised this arrangement did not allow representation of the federation on these committees. The relations between the executive director and the federation were strained because in the past the federation had complained to the board about the alleged corrupt practices on the part of the executive director. While the executive director opposed any initiative on the part of the

CE and the general manager (personnel) to build rapport with the federation and scuttled any proposal that aimed at improving relations with it, both CE and the executive director had strained relations with the general manager (personnel). While the CE acknowledged that he disliked general manager (personnel) because he was promoted by the board against his wishes, the executive director disliked the general manager (personnel) because he considered him as pro-federation.

The strained relations among these three executives concerned with the personnel decision making appeared to delay the decision making in personnel and also demoralized the line executives. It was acknowledged by the general manager (personnel) that many proposals submitted by the unions and officers' associations and put up to the executive director or the CE for final decision were delayed because each viewed the other with suspicion.

The lack of cohesion in the top management team and the embittered relations among the top executives resulted in increasing frustration amongst executives at the regional and other levels, especially regarding their transfers and postings. Records show that the executive postings in the bank were decided by the CE and the executive director and the general manager (personnel) was not consulted regarding such matters. Many executives resented absence of any policy

in this regard. Many executives who were interviewed informed that their grievances were not heard by the top management.

As one executive put it :

I have been away from my family for about eight years and I have two grown up daughters of marriageable age. I have requested the management for transfer back to my place to fulfill this social obligation but there has not been any response. In contrast, some executives have not moved at all from their original place of posting. You have to be closer either to the CE or the executive director to get desired posting.

The executive cadre were divided along ethnic lines. The executives were frequently mentioned as belonging to CE's group or executive director's group. It was, according to many senior executives, common for the executives to maintain direct relations with either CE or the executive director (ED) to seek personal favours in the matters of promotions and postings including overseas posting.

An often cited case in this regard was that of a regional manager known to be corrupt in his business dealings, who was rewarded with an overseas posting due to his contacts with the executive director.

It is thus evident that both the structure of the personnel department as well as the management politics at the top contributed to the deterioration in the quality of IR.

Another important factor that enabled the bank to take adhoc measures in IR and avoid any long term reform was the absence of pressure from the federation and the officers' association. Although both these unions often complained about the deterioration in IR and delays in personnel decision making, their protests were intermittant and feeble due to the rewards they received from management. The general secretary of the federation frequently remained absent for long durations ranging from two to three months. He either went to his home town or performed his union related work from his residence in Bombay. Although he occasionally issued circulars about the deterioration in IR situation in the bank and also shared his frustration about the delay in decision making, he did not pursue it beyond a point.

The officers association also privately shared their frustration about personnel management in the bank but their strategy was to get things done through persuasion and not invite any confrontation. Although there was considerable pressure on the association from the officers for the transfers and placement, as revealed by the interviews with the officers and regional level leaders, the association leaders wanted to maintain good personal relations with management and projected itself as a sober association.

According to sources within the association, the strategy of the association was to get an edge over the rival militant association, which was indulging in a discrediting campaign against the management. Thus the absence of effective pressure from employees and officers' organisations on management enabled management to continue its adhoc policies in IR.

IR Becomes Chaotic at Operating Level

Managerial strategies in IR pursued during this period were aimed at soft-pedalling the IR issues and buying peace. This helped the bank to maintain its top position in the banking industry. Its domestic deposits in 1982-83 grew at an average rate of 19% per annum which was well over 15.25% achieved by the banking industry as a whole. The credit expansion also showed similar trend. The bank opened on an average 70 branches per year.

In spite of these achievements, the quality of IR especially at the operating level deteriorated. The impact of soft-pedalling strategies of management in IR and the ineffectiveness of apex level unions and associations in resolving their members' grievances, was evident in the prevailing chaotic IR scene in the branches. Records show that during that time there were increasing number of complaints to central offices about the inter-union and intra-union problems in the various zones. The managers

acknowledged that they had to yield under pressure from branch level union representatives in matters of discipline. Describing the problem the branches faced during that time, a manager said:

IR in the branches were chaotic. There were intense inter union rivalry and the activists of the union undertook union work during working hours which the higher management failed to check. Unions interfered in matters of allotment of work, job rotation and discipline. For fear of lack of support from higher authorities and under constant pressure to achieve targets, we had to give in to union pressures. The management's authority at branches was totally undermined as there was little support from the higher authorities.

Many managers mentioned the rise in restrictive practices, the violation of existing settlements as well as unethical financial claims by staff members. A list of restrictive practices in vogue and instances of violation of settlements is given in the annexures VII and VIII. Managers conceded that they had to spend major time in sorting staff problems and they used the system of overtime to get day's work complete. During the period 1982-84, the bank's expenditure

on overtime to staff amounted to Rs. 110 lakh which was the highest amongst nationalized banks and which also invited adverse reaction from the government.

Describing the situation in the branches at that time, branch managers made remarks like "management did not exist in the bank", "management had sold itself to unions", "management was impotent", "unions were too powerful etc."

The IR scenario at zonal and regional levels also was quite muddled. The system of structured meetings introduced by the bank to resolve employee grievances and ensure good IR, was not implemented seriously by the regional managers. Regional managers complained about lack of time amidst their business pressures to attend to meetings with various unions. The regional managers also complained about the delay in decisions from corporate level on the matters arising from the structured meetings at the zonal offices.

The overall situation of IR was thus chaotic although there were no strikes or go slow. Branches were, as one branch manager put it "under a permanent state of turbulence."

During this period IR deteriorated further with inter-union and intra-association rivalry at its peak and growing frustration among operating managers about failure of top management to take any concrete steps to bring reforms in IR.

At operating front, two major frauds were discovered which pointed to the failure of control systems. The government took serious view of these developments and ordered the CE to proceed on compulsory leave. The services of executive director were terminated. In 1984, the bank also lost its top position in the banking industry. These developments were attributed to failure of leadership by many senior executives.

Conclusion

During the period under discussion, one of the principal concerns of the management was to maintain the top position of the bank in terms of business performance which it had achieved during the preceding period. This required speedy branch expansion as well as mobilization of resources in an increasingly competitive environment.

The IR environment in the bank, however, posed a major challenge to achievement of this goal. At the corporate level, the unions and associations demanded structural reforms in the conduct of the personnel and IR function. The unions suffered from a feeling of humiliation at the hands of the previous CE, hence they wanted the present CE to undo various measures taken by his predecessor to reduce union power. This problem was aggravated by the lack of cohesion in the top management team regarding the strategy of dealing with unions.

In this background, the CE pursued a strategy of buying peace on IR front and avoiding any trouble that could even remotely pose any problem in the bank's plan for growth and development. The new CE, reversed the policy of the previous management to reduce the power of the unions and eased the IR environment by settling some of the long pending demands of the federation and the association without linking them with 'management agenda' as was done by his predecessor. Both the federation and the association were granted occasional favours and concessions to enable them to maintain their identity. In short, the management followed a strategy of 'live and let live'.

However, barring small concessions here and there, the management avoided any structural changes in the personnel function as demanded by the federation and the association and largely maintained the existing structures as well as systems apparently to avoid any fresh controversy or problem that such changes could have generated.

Apart from this, the management largely ignored government directives to control restrictive practices by unions and conduct of union work by leaders during working hours. Consequently, the major issues of productivity, indiscipline and restrictive practices were ignored by the management as well as unions. At corporate level, the CE allowed the

executive director to go his own way in the matters of executive placements and transfers of officers and also in dealing with unions lest it created any problems.

In sum, the management strategy was to ensure peace by accomodative attitudes and behaviour towards unions and by avoiding any long term measures that could invite trouble from any quarters.

This strategy served the main objective of maintaining peace and helped the management to maintain the top position of the bank for two successive years. However, the obsession with peace resulted in adhoc compromises and expedient solutions of IR problems at operating level. Consequently, the unions at the operating level further strengthened their control in the affairs of work and IR. There was an increase in restrictive practices, indiscipline and deterioration in the quality of house keeping.

The management's inability to initiate long term measures for reforms in the IR practices at the operating level and expediency - oriented approach to serious issues of indiscipline demoralized the managers and officers at the branch and regional levels. The discovery of two major frauds in 1984 and subsequent fall in its ranking in the banking industry was symbolic of increasing problems at the operating level.

CHAPTER 12

CONTEMPORARY PERIOD (1985)*

The exit of the CE and executive director in 1984 consequent upon the discovery of two major frauds had shaken the people in the bank, especially senior executives. The executive morale was at its lowest and there was a general mood of despondency in the top management. Many senior executives talked about the continuous neglect by management on the affairs in the eastern zone, Calcutta, where the frauds had occurred and felt that something drastic needed to be done. The IR environment was recognized as a crucial factor in the deterioration in performance.

Many executives lamented the slow deposit growth in Calcutta despite high business potential. This was attributed to the management attitude of neglect and 'writing off' Calcutta all these years. The mood was one of reflection, self criticism and the consensus was for action.

In this background, the government posted a new CE who came from another nationalized bank, which was much smaller than the International Bank. For the first time in the post-nationalization history of the bank, an outsider was posted as CE. Echoing the sentiments of senior executives in consequence of this appointment, a deputy general manager

*From January 1985 to December 1985, I undertook field work in the corporate IR department and the zonal office of Maharashtra zone at Bombay. This department was the hub of IR activities in the bank and provided understanding about the management of IR function from the management point of view.

said : "our bank has produced six CEs for other banks after nationalization. It is indeed a pity that today we have to have an outsider heading this bank."

However, the response from the executives began to change soon after the new CE took over. Senior executives started praising the new CE for showing understanding about that all had happened and a positive approach towards the bank's performance and potential for future growth. They praised him for his gentle manners, amiable nature and commitment to rescue the bank from the present crisis. The CE assured executives of a collective and collaborative spirit. The CE also met the top leaders of various employee organizations. During these meetings, the unions complained about the state of affairs in Calcutta, especially in IR and complained about the attitude of BEFI in flouting all-India settlements. The unions bitterly complained about the neglect of Calcutta by successive CEs and pointed out the deviations in implementation of the personnel policy in Calcutta. They wanted management to take firm action in Calcutta and promised all their support.

Records show that in past management had paid overtime upto the level of 250 - 300 hours to individual employees against the ceiling of 175 hours prescribed in the all India settlements. Similarly, the bank under heavy union pressure permitted the appointment of 'canteen boys' in every branch when no such practice prevailed in any other branch of the

bank located in other centres. Many other local practices which were not in vogue anywhere, were prevalent in Calcutta. This was symbolised by the fact that the posting of an executive in Calcutta was considered as a 'punishment posting'.

It was realised by management as well by the unions that unless initiative was taken to change the IR climate in the eastern zone, it would be difficult to improve performance. The government also demonstrated its concern about the deterioration in the customer service and the climate of IR and advised the public sector banks to take tough measures against erring union leaders and staff and restore discipline.

In this background, the management decided to get tough with the the BEFI union in Calcutta. A senior personnel manager who had earlier worked for a long time in Calcutta and was known for his forthrightness, was posted there again. Another senior executive having reputation as a "tough guy" was posted as zonal manager and a bright young executive as regional manager in the Calcutta region. Soon after these postings, the new executives initiated several steps to improve the functioning of the zone. These steps included insistence on attendance and punctuality of staff and removal of restrictive practices. As expected by management, the BEFI union resisted these efforts and began an agitation. The union contended that the management by initiating such

action was trying to divert the attention of the people from major fraud which it attributed to the failure of top management.

The top management extended all support to the zonal management in its efforts to restore discipline in the zone. The central government also assured the bank of its support in fighting out the restrictive practices in Calcutta.

The action of the top management, in handling the IR problems in Calcutta, were widely appreciated within management. Many senior executives complimented the new CE for this bold initiative.

However, when the agitation by BEFI was still at its peak, the central government transferred the CE as CE of another large bank. A CE from a smaller bank was posted as CE in the International Bank. It was widely rumoured that the new incumbent had managed this position through political connections.

The new CE also continued the policy of firmness in the eastern zone. The policy of firmness was perhaps unavoidable because the agitation was in full swing and government had supported the action of the bank. The agitation continued for about 54 days.

The tough stance taken by the bank eventually forced the militant BEFI to discuss the matters across the table and reach a negotiated settlement. The Calcutta agitation was considered a moral victory by the zonal management and it helped to assert its right to maintain discipline. The business results subsequently were spectacular. For example, it was the first centre to close its annual accounts a rare thing for this zone.

The Calcutta case provided a classic example that given clarity of objective and corresponding action on the part of top management, the operating managers could substantially improve IR.

After the agitation in Calcutta was over, the management got down to its usual business. The atmosphere in the corporate office and especially in the IR department was one of relief.

Although management fought the agitation in Calcutta and withstood the disruption of work for about two months, it did not make any difference in Bombay. Union leaders in Bombay continued to do union work during working hours, workmen staff continued to leave office well before closing hours and cases of indiscipline and restrictive practices were reported as usual. The attitude of the management was one of 'indifference' to the issues of discipline.

Throughout 1985, the unions and associations leaders frequently met the CE and made suggestions for reforms in IR. Both the federation as well as the officers' association demanded structural changes in the personnel function such as shifting of personnel department from Vaishalinagar back to Bombay, disbanding of various committees that caused delays in personnel decision making and greater decision making role of personnel specialists.

The management appointed a committee headed by a general manager to have a comprehensive review of the personnel function in the bank. This committee was however, made ineffective soon after it was formed.

During my field work, I observed that the management during meetings and informal dialogue with the unions gave assurances for undertaking reforms like unification of personnel department which operated from two locations and for expediting the process of personnel decision making. In reality, however, the management did not make any serious effort. This was evident from the various notes on reform proposals put up by the personnel department which were returned by the CE with notings such as "noted", and 'seen'. This symbolised the strategy of maintaining status quo in the existing structure and policy in the personnel function.

In 1985, both operating managers and union leaders complained about the deteriorating IR climate. While the top management favoured status quo, the growing problems in IR were quoted

by operating managers as a main constraint in their efforts to develop business. An average operating manager attributed the ineffectiveness in IR to top management policies.

The responses of 250 branch managers of urban and metropolitan branches to a survey on IR climate were analysed to understand the extent of their satisfaction with the quality of IR in the bank. Interviews were also held with various groups of management and union officials to understand the factors that contributed to prevailing IR climate. (For details of the survey as well as summarised version of various groups about their responses, see annexe IX).

There was remarkable similarity in the reaction of management at all the levels about the factors contributing to IR ineffectiveness. The managers at various levels ascribed ineffectiveness in IR to the delay in personnel decision making, quality of union management interactions at corporate level and the ambiguous role of personnel specialists and finally the low credibility of top management in terms of gap between preaching and practice.

These aspects were explored by me during my field work in the corporate office. Attention was focussed on understanding the process of decision making in the personnel and IR function, management union interaction, role of personnel specialists, top management's attitude in dealing with

problems of discipline; and managing crisis situation, and the impact of all these factors on the IR effectiveness. This analysis is presented here.

A. Personnel Decision Making

I

Expeditious decision making in personnel symbolises management's concern for good IR. Conversely a tardy process of decision making signifies a negative attitude and approach to IR.

In the International Bank, delay in personnel decision making was considered one of the main reasons of the ineffectiveness of IR. A majority of managers/executives as well as union leaders regarded delay in personnel decision making as the main irritant in IR effectiveness. For example, six out of eight executives in the general managers/deputy general managers category observed that delay in decision making was the main cause of IR effectiveness in the bank. Similarly, 19 out of 22 zonal and regional managers, and all the 18 union leaders interviewed were of the same view.

In the context of this near unanimity of views on this matter and the importance of decision making for IR effectiveness, I decided to make a detailed study of this aspect.

During the field work, I could identify three major variables affecting decision-making in personnel matters namely

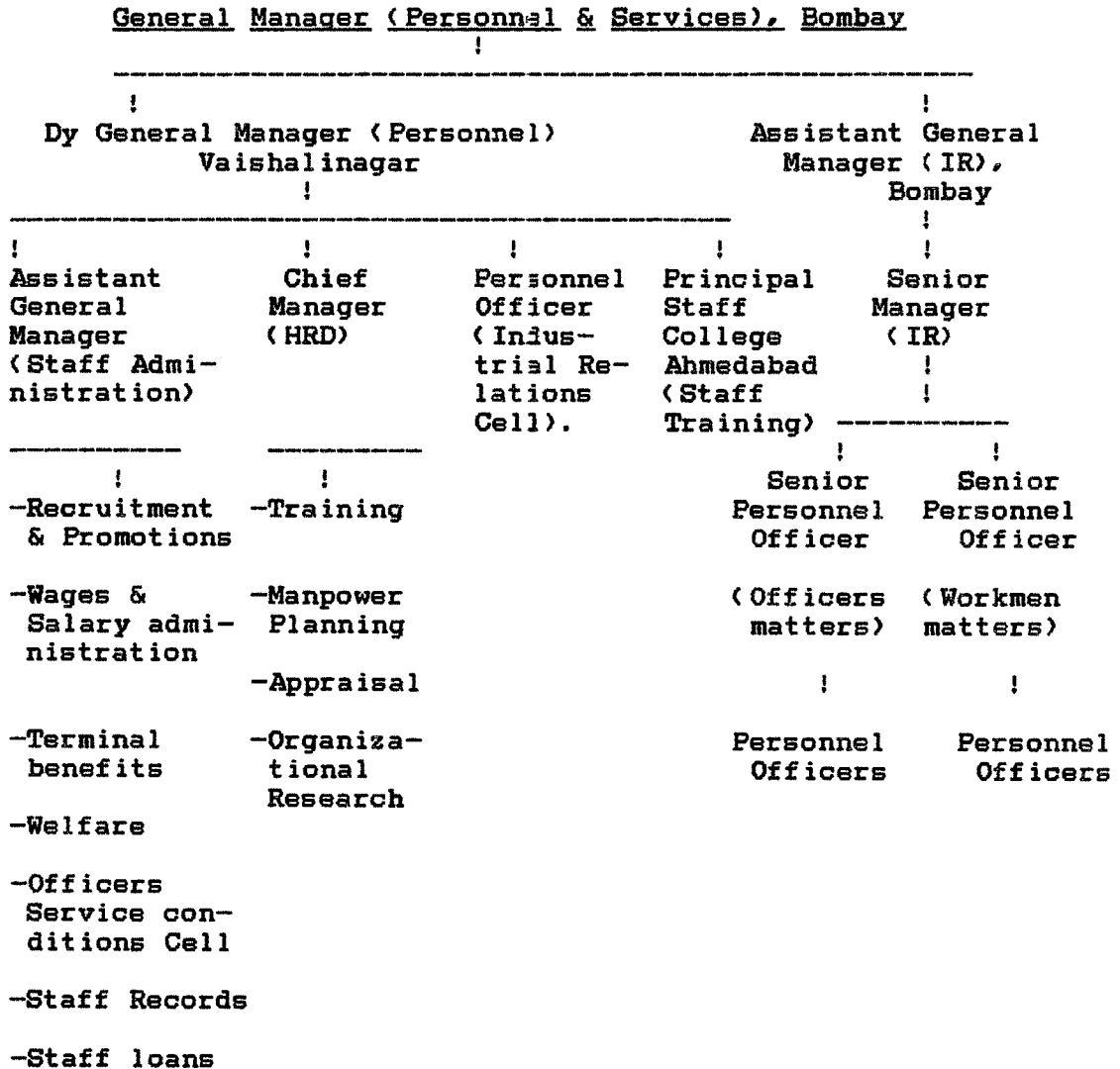
- (i) the structure of personnel department;
- (ii) infra-structure for decision making, such as authority and power of personnel functionaries and
- (iii) the role of personnel specialists.

Structure of Personnel Function

The personnel department of the bank operated from two locations namely Head Office, Vaishalinagar and Central Office, Bombay. In order to understand the implications of the existing structure of the personnel decision making, we need to examine the following issues:

- (a) the division of functions and authority between the segments of the personnel department at Bombay and Vaishalinagar.
- (b) implications of the structural arrangements for IR effectiveness.

The structure of personnel department in 1985 was as under:



The matters relating to disciplinary action involving both vigilance (cases of misappropriation of funds, frauds, graft etc) and non-vigilance relating to officers were handled by a separate cell called 'Disciplinary Action Wing' (DAW) which reported to the general manager (legal and vigilance). The matters relating to industrial law/writ

petitions in courts and other litigations on personnel matters were from time to time referred by IR department to Manager (DAW). It is relevant to mention here that in 1983, disciplinary matters which were all along handled by the personnel department were shifted to the legal department after numerous complaints about delay in disciplinary matters.

The DGM(P) at Vaishalinagar was authorised to take decisions in certain routine personnel and IR matters as illustrated in the following list :

- (a) Leave for going abroad;
- (b) Claims of compensation in case of injury or death while on duty;
- (c) Voluntary retirement of workmen staff;
- (d) Request for change of place of domicile;
- (e) Reimbursement of medical expenses for treatment, investigations not covered under officers' service regulations or bipartite settlement;
- (f) Grant of special assistance to handicapped employees;
- (g) External training nominations for officers upto non-executive cadre;
- (h) Issues relating to wages and salary administration;
- (i) Grant of housing and other staff loans;
- (j) Matters relating to terminal benefits;
- (k) Acceptance of resignations of officers in junior and middle management cadre;

- (l) Power of suspending an officer in junior and middle management cadres;
- (m) Other routine matters relating to staff administration;
- (n) dealing with the IR matters relating to interpretations of awards and settlements;
- (o) Financial grants to various sports clubs of employees.

Although a number of routine decisions on various aspects of personnel administration were taken at Vaishalinagar by DGM(P), the issues referred to by zones/regions involving any conflict situation with unions, matters relating to awards and settlements and change in policy with regard to service conditions (recruitment, promotions etc) were invariably referred by Vaishalinagar to Bombay. Every day a large number of cases on above issues were referred to Bombay. Issues often remained pending and unreplied from Bombay for a long time while the zones reminded Vaishalinagar for the decisions. Sometimes, Vaishalinagar informed the zones to directly contact Bombay, to get their issues resolved. In this process, decisions of higher authorities were considerably delayed and under local pressures, the zones and regions made compromises with the local unions even during pendency of refernces made by them.

A case was cited by the personnel manager of a zone. In one of the branches in the zone, the branch management had refused to pay an allowance to a member of subordinate staff on the plea that the existing settlement with the unions did

not provide for it. The local union insisted on payment of the allowance on the plea that other nationalized banks in the city paid the allowance for identical work. The issues involved interpretation of the bipartite settlement governing the service conditions of bank employees in the matter of payment of a special allowance to subordinate staff for maintaining office files/records, stitching vouchers and filing papers.

The branch level union had started an agitation and the branch work was adversely affected. The branch reported the matter to the zonal office. The zonal office referred the matter to Vaishalinagar who in turn sent the matter for clarification to Bombay. Following is the sequence in which the matter moved between the zone, Vaishalinagar and Bombay.

14.9.1985. Deputy General Manager of the zone referred the matter through an urgent telegram to the DGM(Personnel), Vaishalinagar and sought clarification and guidance.

29.9.1985. DGM (Personnel) sent a telegram to the zone to refer the matter to IR department at Bombay.

13.10.1985. DGM(Personnel) also sent telegram to IR department at Bombay about the issue.

29.10.1985. DGM of the Zone sent a letter to IR department, Bombay.

10.12.1985. DGM of the zone sent a telegram to IR department Bombay requesting guidance.

15.12.1985. The zone received a letter from the IR department, Bombay seeking some clarifications on the issue.

26.12.1985 DGM again sent a letter to IR department Bombay giving the facts asked for.

15.1.1986. the DGM again sent a reminder telegram to IR department, Bombay for expediting the matter.

Thus a relatively small matter remained unresolved for about four months. Later, it was learnt from the zonal personnel manager that under constant threat of agitation and disruption of work by the union, the allowance was paid under the authority of zonal manager.

Commenting on the delay in the above matter, the personnel manager of the zone said:

"This may appear to be a small matter to higher authorities but for us such matters have the potential to disturb industrial peace. Unfortunately IR problems of the branches and the pressures created by inter union rivalry are not appreciated at the higher levels. Such delays put us in a very

embarrassing position and sometimes we have no alternative but to make unhealthy compromises with the local unions.

Apart from delays, the bifurcation of personnel function between Bombay and Vaishalinagar had also created a lot of confusion about the decision making authority in personnel matters. For example, some zones referred matters invariably to Vaishalinagar while some others referred the same kind of matters directly to Bombay. Commenting upon the confusion a zonal personnel manager said:

The Vaishalinagar- Bombay affair cause lot of confusion. As per standing instructions of the bank in 1980, we refer all IR matters to Vaishalinagar. In reply, we are informed by Vaishalinagar that they have referred the matter to Bombay. Sometimes when we talk to Bombay, we are informed that they have referred the matter back to Vaishalinagar.

Another Personnel Manager from a zone said :

We refer all the matters to Vaishalinagar to the functional head i.e. the DGM(P) eventhough it involves delay. We do not want to by pass the authority of DGM(P).

The views of another personnel manager, were however, different than his colleagues. He observed :

We refer matters to Central Office, Bombay. We know that ultimately IR matters are referred by Vaishalinagar to Bombay. This being the situation, we do not waste time in going to Bombay Via Vaishalinagar.

At this stage it is necessary to understand as to how the IR department at Bombay operated in reality and how coordination was maintained between Bombay and Vaishalinagar.

The Industrial Relations department at Bombay apart from its main responsibilities of holding negotiations with the unions and the officers' associations on various policy matters, also attended to various references that were made by the Vaishalinagar or directly by the zones. It also liaised with other banks, IBA and the government for collecting information on various matters either at the request of Vaishalinagar or on its own use. The IR department also attended to 'fire fighting' operations with unions, gave advice to various zones on day today basis during conflict situations. It also attended to matters relating to industrial law, major conciliation cases having policy

implications, preparing draft letters for government and IBA and also preparing background notes on various communications received from the unions for the perusal of CE or GM (P).

It is thus evident that the IR department at Bombay which was originally designed to function as a 'policy making cell' in the reorganization of 1980 (as mentioned in Chapter 10) played a variety of operational roles.

During the fieldwork at Bombay, it was observed that on most of the matters raised by the employee organizations, government or the zones/regions relating to various aspects of personnel administration, reference was made to Vaishalinagar for background information as most of the basic information was stored there. The concerned department at Vaishalinagar prepared elaborate notes and submitted them to Bombay. Before the drafts of various proposals submitted by Vaishalinagar were finalised, the IR department examined these proposals in the light of industry level practices and the policy of the government. If any changes in the draft were suggested, these notes were sent back to Vaishalinagar for incorporating necessary changes and Vaishalinagar would again send the revised draft to Bombay.

After a final decision was taken at Bombay on a matter, the entire bunch of papers were sent by the AGM (IR)'s office to Vaishalinagar for issuing circulars to branches. If the circular needed to be issued under the

signature of the general manager, the draft circular used to be prepared by Vaishalinagar and then sent to GM (P) at Bombay via AGM(IR)'s office. If for any reason, general manager made any corrections in the circular, the IR department at Central office would send the draft circular again to Vaishalinagar to carry out the corrections.

This process invariably led to delays in the issue of circulars and final decisions. On complaints from unions and associations about delays in various personnel matters, Bombay contacted Vaishalinagar for expediting the matter. Everyday, it was common for both the offices to exchange a number of telephone calls. Sometimes personnel officers at the Bombay office conveyed the annoyance of higher authorities about the delays to their counter parts in Vaishalinagar. Similarly, Vaishalinagar executives often complained about the delays in receiving the advice from the IR department in Bombay.

Sometimes, the IR department at Bombay took decisions in urgent matters, without referring to Vaishalinagar although such matters were usually handled there. About matters on which immediate information was sought by the government or matters on which parliamentary questions were asked, the Bombay office directly sought information from the zones, compiled them and submitted to government. For example, usually the matters relating to job rotation and overtime were dealt with by the staff administration section at

Vaishalinagar and they compiled the information on these issues in respect of all the branches. But on two occasions, I observed that the Bombay office directly sought the information from various zones about the overtime paid to staff in a particular year.

At this stage, it is important to analyse the cause of delay both at Vaishalinagar as well as at Bombay in various personnel matters.

Explaining the delay in decision making at Vaishalinagar, the DGM(P) observed :

Earlier in 1980-82, there were two personnel managers (specialists) and also a Chief Manager (IRO), a senior personnel specialist. Subsequently they were transferred from Vaishalinagar and we do not have any specialist support as of now. We have to necessarily refer various matters involving interpretations of awards and settlements and industrial law matters to Bombay. The real problem is the delay on account of inadequate attention given by the people at Bombay to matters sent by us.

During the field work at Bombay, I observed that most matters referred by the zones either directly to the Bombay office or via Vaishalinagar were delayed. The IR department attached priorities to matters concerning government, the Board or the CE. Next in order of priority came the matters raised and pressed by the unions. Then came fire fighting issues in the zones and last in the order of priority were the matters raised by zonal or regional offices or by Vaishalinagar. At the operating level the last category of issues were most crucial, but they received the last priority at the corporate level. As seen earlier, delay at corporate office in such matters led to local settlements with the unions under threat of disruption of work.

A number of factors contributed to delay in decision making in IR department at Bombay. Firstly, staff support in IR department was limited. Although the AGM (IR) often complained about the shortage of manpower in his department, no concrete proposal was put up to higher authorities for augmenting the staff.

Secondly, the IR department lacked staff resources with expertise and competence to deal with intricate matters of IR law. Hence such matters were referred to the legal department which took its own time to give its opinions. The IR department usually informed the zones that they had referred the matter to the legal department and official records show that some matters languished for more than one year before

the legal department gave its opinion. Sometimes, the opinion given was also considered vague by the operational functionaries and matters were again referred to the IR department and then back to the legal department.

Lastly, a factor that contributed to delays in decision making was the alienation and lack of involvement of the senior personnel specialist who often referred even the most routine matters either to the personnel committee or to the committee of executives as explained later in this chapter.

Apart from delays, there were other serious consequences of the prevailing structure, in relation to application of rules and the conflict between operational executives and specialists in the personnel department which in turn reduced the effectiveness of IR function.

As mentioned earlier, zones referred matters to both Vaishalinagar as well as to Bombay on personnel matters. Each of these offices sometimes responded directly to zones. There were some instances when the clarification given by Vaishalinagar on a particular matter to a zone and the interpretation given by Bombay on the same matter to another zone deferred. An example would be germane.

For example once a zone had sought clarification from Vaishalinagar enquiring as to whether an employee who had submitted resignation could be given privilege leave during

notice period. Vaishalinagar advised to the concerned zone that 'it will be in order to sanction leave even during notice period'. In an another similar reference from a zone to Bombay, the zone was advised not to sanction privilege leave during the notice period.

Sometimes different interpretations from two offices also created union-management conflicts especially when management had to retract from its earlier decision. An issue that generated considerable strain between a union and the management in one zone would illustrate this point.

As per the existing settlement with the recognized union in respect of 'special assistants',* it was provided that at the time of internal promotion from clerical to officers' cadre, some posts of 'special assistants' would be created by promoting clerks on regional seniority basis. In one zone, one special assistant retired and the union demanded that the vacancy must be filled up. On reference of the matter by the zone to Vaishalinagar, it clarified that the vacancy be filled up as demanded by the union. Vaishalinagar had also endorsed a copy of this letter to Bombay for information. Bombay office immediately advised Vaishalinagar about the incorrectness of the interpretation and pointed out that the settlement with the union was silent on this issue and it was not advisable to fill in the vacancy caused due to

*(Special assistants are basically in workmen cadre with supervisory responsibilities. They are given powers to pass cheques and other instruments upto a limit.)

retirement. Subsequently, Vaishalinagar advised the concerned zone about this. The reversal of the earlier decision caused a lot of problems and threats of agitation from the union.

The dependence of Vaishalinagar on Bombay on IR matters sometimes brought the two offices in sharp conflict, each finding fault with the others. Vaishalinagar office was headed by DGM (personnel) to whom AGM (IR), Bombay, reported. In real practice, however, the AGM (IR) operated independently. The dependence of Vaishalinagar office on Bombay on technical matters in IR as also due to AGM(IR)'s location gave him special importance. The AGM(IR) as well as the GM(P) were specialist in the personnel function. This divided the Vaishalinagar and Bombay office into operational and specialists categories. The two often exchanged mutually mistrustful correspondence. They accused each other of deliberate delays. DGM (personnel), an operational functionary who was considered close to top management occasionally flouted the instructions of GM(P) to whom he reported. Some examples from official records would prove this point. The GM once instructed Vaishalinagar to transfer a personnel officer from one zone to another. The DGM(P) did not follow this instruction under the plea that bank conventionally did not transfer non-specialist officers before five years of service and therefore transferring a specialist officer before completion of five years would set a bad precedent.

In another case, GM(P)'s office informed Vaishalinagar to discontinue an officiating status of a junior officer as a senior officer was posted to look after his officiating work. The Vaishalinagar office did not discontinue the arrangement under the pretext that the motivation of the junior officer who was officiating in a higher position, would suffer if the arrangement was discontinued.

At one stage, the management and the union were discussing the policy for promotion from clerical to officers cadre for the Uttar Pradesh zone where the bank had difficulties in finding enough officers in view of the fast expansion. A proposal under consideration was, therefore, to hold a separate test for this purpose. The CE and the executive director had agreed to the proposal. However, one of the senior personnel executives at Vaishalinagar prevailed upon the executive director to drop this proposal without consulting the GM (Personnel). It is thus evident that the rivalry between the operational and specialist personnel functionaries at two locations created problems of coordination and coherence in decision-making.

The split location of personnel department and the delays arising out of it also led to strains and mistrust in union management relationship. It was not uncommon for the management team during union meetings to experience embarrassment at the hands of the unions who often pointed out non-implementation of decisions. An example from official records would illustrate this.

In 1984, during one of the meetings between the management and the officers' association, the latter pointed out the difficulties experienced by the officers in getting their medical claims settled due to questions and doubts raised by the insurance company. It was argued that the management would streamline the procedure for early settlement of the claims. To this end, management agreed to : (a) appoint a medical officer at Vaishalinagar to examine doubtful claims before the claim was further submitted to insurance company; (b) to appoint a joint committee comprising representatives of the association, the bank and the insurance company and also bank's medical officer to review the cases from time to time.

In its meeting with the management in December 1985, the association pointed out the non-implementation of this decision and expressed its annoyance and frustration on this delay. Later in a communication to DGM (P) at Vaishalinagar, the GM (P) expressed his response as follows:

In one of the recent meetings, the association representatives pointed out the delay in implementing the decision of posting a doctor and appoint a joint committee for sorting out medical claim matters of the officers. The management was highly embarrassed on this issue of non-implementation of a decision already

taken about a year back. Records show that IR department, Bombay, had written three letters to your office pursuing the matter. I would like to know as to why no action has been taken so far.

The unions often showed their frustration with the 'shuttling of papers between Vaishalinagar and Bombay' as they called it during meetings with management. The federation and the new association passed resolutions in their annual conferences about unification of personnel department and threatened to launch agitations on the issue.

Thus it is evident that split location of personnel division created a number of problems like staff - line conflict, inconsistencies in rule implementation, overlapping of jurisdiction, confusion of roles and mistrust between union and management.

It is important to examine why the management, despite the problems mentioned above, did not bring the personnel function under one roof. It may be recalled that in 1980, the management as a part of its overall strategy had shifted a major part of personnel department from Bombay to Vaishalinagar to contain the influence of the federation on personnel matters, to use personnel specialists as advisers, to solve the space problem in Bombay and use the unutilized infrastructure at Vaishalinagar. Although, the functioning of

personnel department from two locations created a number of problems as discussed above, it served an important purpose for management in reducing the influence of unions on personnel decision making and help the bank to maintain exclusive control over personnel and IR functions and especially on the the sensitive functions like recruitment and promotions. This explains the continuance of two locations of personnel department notwithstanding its impact on ineffectiveness of IR at operating level.

II

Apart from structural problems, the delay in decision making in personnel and IR matters were due to the manner of functioning of the various committees concerned with personnel and IR matters.

In order to understand functioning of these committees and their impact on personnel decision making, it is important to understand following questions:

- (i) What are the various committees for personnel /IR decision making ? What is their jurisdiction and authority ? What kind of decisions are taken in these committees ? What is the contribution of operational functionaries in the personnel decision making ?

(ii) What is the contribution of these committees in facilitating the decision making process in personnel and IR and influence on the formulation of management strategy in IR ?

In order to answer these questions, it is important first to understand the background of these committees, their constitution, the kind of issues referred to these committees and the contribution of these committees the conduct of industrial relations.

At the time of field work three committees of the top management were involved in personnel matters. These were:

1. Personnel Committee (PC)
2. Committee of Executives (COE)
3. Executive Management Committee (EMC)

Among the three committees, PC was concerned exclusively with personnel matters. The other two committees discussed a variety of issues relating to performance and growth of the bank and occasionally items relating to personnel matters were also referred to them.

PERSONNEL COMMITTEE (PC):

PC was created as a part of reorganization of personnel function in 1980. The general manager (personnel) chaired the committee and DGM(P) was convenor of the committee. The

committee meetings took place in Vaishalinagar and all relevant records relating to PC were maintained there. There was no fixed periodicity for convening the meeting of the PC and the meeting was often convened to synchronise with the visit of the GM(P) to Vaishalinagar.

The background for creating PC has been discussed in Chapter 10.

One of the principal objective of creating PC, according to a circular of the bank, was to 'facilitate the process of decision making.'

The specific roles assigned to PC according to a circular of CE included :

- (a) dealing with matters which were beyond the purview of the delegated authority of the individual executives.
- (b) dealing with matters involving difference of opinion in the interpretation of agreement, rules and regulations
- (c) review of IR environment in the bank or in any particular region or zone and to give suitable instructions to deal with the situation as may be emerging from time to time.

An internal note in the personnel department mentioned that the PC would take decisions on the following matters:

- a. Major issues within the policy guidelines laid down affecting the group of employees.
- b. Important issues affecting individuals which in the opinion of the convenor should be brought before the personnel committee for decisions.
- c. All matters of policy/decisions requiring changes in the norms or decisions on policy matters, the Personnel Committee will put up the matter to committee of executives with its recommendations.
- d. Consideration of issues requiring urgent attention.
- e. Cases of request for inter zonal transfer on compassionate grounds.
- f. Individual cases not falling within the rules at the discretion of the deputy general manager (personnel)
- g. Interpretation of policies in cases of doubt and above the discretion of deputy general manager (personnel).

I observed that both IR department, Bombay as well as personnel department, Vaishalinagar, referred various matters to PC. A number of issues relating to IR such as

interpretation of settlements, new demands made by the unions, and many other assorted issues like bank's policy in regard to giving facilities to unions etc. were referred by AGM(IR) to PC. The personnel officers at Bombay prepared detailed notes for PC.

Matters relating to inter-zonal transfers of officers, cancellation of transfer requests from one zone to another; were put up to PC by the staff administration department at Vaishalinagar. These items were sponsored either by DGM (P) or AGM(Staff Admn.).

A detailed examination of the minutes of PC reveals that it mainly discussed issues of interpretation of settlements and awards, individual requests of officers for inter-zonal transfers or cancellation of transfers. Transfer request of lady officers on marriage grounds etc. which were earlier decided by individual executives like general manager (P) or DGM(Personnel) were now put up to PC. In five years of its working from 1980 to 1984 the PC held 42 meetings. About 82 per cent of the items discussed at these meetings related to requests for transfers from one zone to another or transfers on special grounds such as marriage.

Issues like promotin policy, IR climate in the bank, general discipline and quality of IR in different zones were not discussed by the PC. On an average it took about 4 to 5 months for an issue referred by any zonal office to the Central Office or Head Office to be decided by PC.

A number of cases, involving reference of routine matters to PC and the delays involved, were cited by the representatives of unions/associations. They were critical about the reference to PC of issues calling for interpretation of awards and settlements, which they regarded as the job of specialists, legal experts and IBA. The officers association in particular complained about the hardship caused to officers in the matter of inter-zonal transfer due to delays involved in referring such routine matters to PC.

In a PC meeting that I attended, there were 11 items on the agenda, out of which 9 items pertained to transfer requests made by officers from one zone to another. The note submitted by staff administration department at Vaishalinagar contained background of each of such cases. Most of these cases contained request for cancellation of transfers from one zone to another zone on promotion. The issue was discussed in general for 5 minutes and it was decided that such requests should not be accepted in view of the basic policy of the bank. A transfer request made by a lady officer on marriage ground was acceded to in consonance with the existing policy on the subject.

An important item on the agenda was the case of suppression of educational qualifications by some subordinate staff at the time of appointment. The personnel department had put up 80 such cases in the bank along with gist of their understanding with the federation on the issue. The personnel department

had collected information on the policy adopted by the other banks in this regard. PC was supposed to take decision on the punishment to be awarded to such employees. During discussions the AGM(Industrial Relations) briefed the PC about the discussions with the federation and the understanding arrived at in regard to punishment to be awarded in such cases. The two operational executives who were present endorsed the views of AGM(Industrial Relations).

The meeting lasted about 40 minutes. No mention was made of a long drawn agitation going at that time in the eastern zone of the bank.

After the meeting the deputy general manager (operations) opined :

These meetings are a waste of time for us. It is the personnel specialists who are in touch with the top management or the unions and are in the know of the things.

It was interesting to observe that PC generally avoided decisions on critical industrial relations issues referred by the zones. If sometimes PC took a decision on such issues, it was not uncommon for the top management to supercede the decision of the PC. Examples would prove each one of these points.

In one zone, the union wanted to include an outside leader in their team for discussions on various matters with the management. The zone sought clarification as to whether this could be permitted. This agenda item from the personnel committee was withdrawn. The Committee, however, suggested that the present practice in the matter may continue.

Later the personnel manager of the zone averred thus :

Outsiders have been creating lot of problems in the union meetings and a policy decision in this respect would have helped us a great deal in taking a stand. Our efforts to reform IR are discouraged by such ambiguous decisions.

In another case, one zone had sought the guidance of the central office about holding structured meetings with minority union which had acquired majority status in a particular zone or region. FC deliberated on this issue and advised that on the basis of precedence in the eastern zone, management could hold meetings with such unions. Later, this decision of FC was reversed by the top management on an intervention by the federation which did not want management to deal with a union having minority status at bank level, notwithstanding its majority status at regional level. Thus, crucial issues involving relationships with the unions

remained outside the purview of the FC. In fact, decisions on strategic aspects such as relationship with unions and their office bearers were handled by CE.

The marginal role played by PC in IR management as stated above can be understood in the context of the management's IR strategy.

It may be recalled (Refer Chapter 10) that PC was created as a part of management strategy to weaken the power of the federation over personnel matters. The creation of PC ensured vesting of power in a group of executives especially operational executives and diluting the influence of specialists in personnel decisions. At that time, this structure served a purpose in achieving managerial strategies that were aimed at reducing the power of federation.

Subsequently, the managerial strategies underwent changes (Refer Chapter 11) with management no more pursuing the policy of weakening the federation. The continuance of the structure in spite of the change in strategy created a multitude of problems and consequences for IR such as centralisation of personnel/IR decisions, loss of discretion of individual executives, delay in personnel decision making and passing the buck by personnel specialists.

COMMITTEE OF EXECUTIVES:

There were two top level committees at the central office, Bombay to decide various issues relating to banks business and administration. These two committees were known as Committee of Executives A (COE A) and Committee of Executives B (COE B). While the COE A discussed all the matters relating to credit, the COE B discussed issues relating to inspection, general administration, house-keeping, premises and personnel. Both these committees were chaired by the CE and all the general managers and deputy general managers at the central office were members of these committees.

Though, according to functionaries of personnel department, there was nothing on record on the terms of reference and powers of COE B in personnel matters, such issues having financial implication were referred to COE B.

Records suggest that the personnel department maintained no specific distinctions in referring the matters to PC or COE B. For example, a number of routine issues relating to interpretations of awards and settlements as well as demands raised by the unions were referred to either personnel committee or to COE B. On enquiry, a functionary of the personnel department stated that "no specific criteria are followed in referring the matters. Depending on the urgency

of an issue, if a particular committee meeting was scheduled in the near future, the issue was referred to that committee."

An analysis of the items submitted to COE B revealed that apart from issues requiring interpretations, demands of the unions, a number of routine administrative matters like sanction of increment to all those officers who had reached "Efficiency bar" (EB) level; financial grants to staff sports club operating at different centres etc. were referred to COE B.

The references on routine matters to COE B often invited the ire of senior executives. For example, once the personnel department referred an issue requiring decision on "Whether clearing department in the branches was a part of cash department". After the meeting, a senior executive remarked: "Could it not be enquired from DGM (Operations). Why are such routine references are made to COE?"

Later in a meeting of COE, it was resolved that "the personnel department should carefully examine the possibility of avoiding reference of routine issues to COE."

It is important to mention that while COE resented references of routine issues from the personnel department, it did not take decisions on critical issues that might have IR implications. For example, once the federation had brought to

the notice of the bank the forcible occupation of office space by a minority union in various branches. The personnel department in their elaborate note had also pointed out that the minority union had forcibly occupied the office space in various large branches and no action was taken in the past. The COE B did not take any decision in the matter and, in fact, advised the personnel department to withdraw the issue from the agenda items.

A senior functionary in the personnel department later told me: "whenever important critical issues were referred to the committee, the issues were either postponed or withdrawn from the agenda".

Thus COE B, like PC, also mainly dealt with routine administrative issues in personnel administration and sensitive issues involving policy towards unions, strategy formulation in IR etc. were not discussed by this committee.

EXECUTIVE MANAGEMENT COMMITTEE (EMC)

EMC was the highest decision making management committee in the bank which was chaired by CE with all the general managers as its members. It met once in a fortnight and discussed important policy issues in the area of business, deposit mobilisation, credit policy, profitability, inspection, personnel and industrial relations. There was

nothing on record as to what kind of issues needed to be referred to EMC. However, from the records it was clear that issues initiated and raised by the government were generally discussed at this level. For example, during 1985, the government had advised the banks to improve quality of the personnel and IR administration in the bank by reducing payment of overtime, implementation of job rotation scheme for employees, stopping bank's discretion to give any new allowance to employees and enforcement of attendance and punctuality. All these matters were discussed by the EMC. The EMC discussed the steps to be taken within the bank in response to government instructions.

The focus of discussions in EMC was mainly on complying with the government instructions by creating minimum problems. For example, in compliance with the government's instructions to organize surprise check for attendance and punctuality, the EMC developed an elaborate plan and assigned each general manager the responsibility for undertaking surprise checks in certain specified branches.

Apart from the matters raised by government, the EMC also discussed various issues relating to personnel administration like categorization of posts in various administrative offices, number of vacancies to be declared in a particular cadre for promotion etc.

In sensitive matters like attendance and punctuality of staff or problems of union work during working hours by the union leaders, the top management on their own did not initiate any measures to improve the position. Under pressure from government, bare minimum action was taken by management. Such action of top management was not challenged by staff or unions because they knew that they were acting under pressure from government.

A close review of functioning of these committees reveals that various committees as discussed above spent most of their time on routine administrative issues. The Committees were also used to put the official stamp of approval on many matters that were already decided between unions and the personnel department. Reference of various matters, especially those having implications in IR sometimes travelled from one committee to another causing delay.

The blurred jurisdiction and preoccupation with routine among the various committees, led to delay in decision making in personnel/IR matters. This in turn led to compromises with the unions at zonal/regional level to avoid delays. Thus the existing system of decision making resulted in loosening of corporate office's control over the functioning of personnel policies at operating levels leading to inconsistencies, violation of rules, and a culture of compromise under union pressure.

B. Union- Management Interaction

I

Union-management interaction at the corporate level was a subject that generated considerable heat among the operating managers as well as the senior executives in the bank. During interviews they held common views that the bipartite meetings helped the unions to strengthen their hold and control over IR, while management failed to get any mileage from these meetings.

During my field work in the corporate IR department, I had an opportunity to examine this issue in detail. In particular, I studied the union-management interaction at corporate level in relation to: (a) its usefulness as a mutual problem-solving forum; and (b) its usefulness as a mechanism to create a better IR climate by developing a shared understanding on critical problems like customer service, discipline and productivity.

In the above context, the following questions are relevant :

(a) What arrangements existed at different levels for union-management interaction ? and

(b) What was the content of the discussions and conclusions at the joint meetings ? In what way did management seek cooperation from unions in solving IR problems ?

The bank held negotiations with its two major unions namely the federation (recognized union) as well as the coordination committee on policy matters relating to promotions, transfers, staff loans, criteria for sanction of various allowances etc. At the zonal and regional levels discussions were held in the matters of individual grievances of the employees both with the federation as well as with the coordination committee. The bank also held discussions with its two officers associations on various matters pertaining to officers.

The bank had laid down a system of regular meetings with various employee organizations. These meetings with unions/associations were called 'structured meetings' in the bank. The details of such arrangements are given below.

Table 12.1
Management- Union meetings at various levels

Level	Frequency of meeting	Meeting to be convened by	No. of union representatives allowed	Payment of TA/DA	Whether minutes exchanged
Branch level	Once in Fortnight	Branch Manager	Two	No TA/DA	No
Regional level	Once in 3 months	Regional Manager	Five	TA/DA for 3 representatives	Yes
Zonal level	One in 6 months	Zonal Manager	Five	TA/DA for 4 representatives	Yes
Central Office	Once in 4 months	AGM(IR)	Fifteen	TA/DA for 10 representatives	Yes

In accordance with a settlement signed in 1973, with the federation and the coordination committee, the bank held discussions with both the unions on all important policy matters but signed settlements only with the federation which was given the status of sole bargaining agent.

An analysis of the minutes of meetings held between the bank and the federation reveals that apart from matters like promotion policy and transfer policy a lot of other assorted items like fixing of norms for assigning duties carrying special allowances, disciplinary action; policy for converting part time employees into full time employees; new amenities and facilities to staff; etc. were often raised by the federation in these meetings. Many similar issues were also discussed with the coordination committee. Records show that in the past in these meetings many demands of both the unions about promotion policy, special allowances, facilities to unions etc. were settled.

These meetings were invariably arranged at the request of the unions and associations. The unions generally submitted agenda in advance. Records show that except for the period 1979-1980, management did not prepare any agenda in advance about their issues and problems.

As mentioned earlier, a common belief among operating managers was that these meetings did not help in any way to improve the quality of IR and it in fact, strengthened the

unions' power. In order to understand these issues in the wider context of IR effectiveness, I attended a few such meetings with the unions and associations at the corporate level, as an observer.

During negotiations the union was represented by the general secretary and other principal office bearers and central committee members from various states. The management was generally represented by AGM (IR) and personnel officers in the corporate IR department. Occasionally GM (personnel) or DGM (personnel) and officers of personnel department, Vaishalinagar, also participated in the meetings. On every occasion it was observed that discussion was initiated and carried on by union representatives. Many state level leaders raised issues specific to their zones. They also gave an account of the state of IR in their zones, pointed out inconsistencies in implementation of rules and made observations about the managerial styles of zonal managers/regional managers in IR. The participation by the management representatives was confined to issues raised by the union or the officers' association.

Considerable time was spent by the unions in pointing out the inconsistencies in application of rules in various zones and regions, attitude of zonal and regional managers in implementing policies, issues of inter-union rivalry, delay in decision making at the corporate level and functioning of

the bank in general. The management team generally listened to union representatives in silence and occasionally pleaded helplessness in dealing with zones and regional offices.

Take for instance, a meeting with the coordination committee at the central office in September 1985. The union team was led by the general secretary of the coordination committee. The union had a negotiating committee of 10 members drawn from various states. The management side, for most part of the negotiations, was headed by the AGM (IR) assisted by three personnel officers. For part of the meeting GM (personnel) was also present. While opening the discussions, the secretary of the union pointed out a number of cases of adhocism in personnel policy. The union was agitated on the issuance of a circular by the AGM (staff administration), Vaishalinagar to branches for appointment of data entry operators for computers on the basis of an aptitude test. The union strongly objected to this circular announcing the management's decision without discussing the selection criteria with the unions. The AGM (IR) replied that the circular can be ignored. The union also raised the problem of coordination between Vaishalinagar and Bombay.

After that, the union raised the issue of functioning of disciplinary action wing (DAW) under general manager (vigilance). The union questioned the need for non-vigilance cases to travel upto general manager (vigilance), especially when the disciplinary authority was vested in the regional

managers . The union alleged that the general manager (vigilance) was interfering in disciplinary matters at lower levels. It contended that in non-vigilance cases involving misconduct like disobedience of orders or non-performance of duties, the regional managers as disciplinary authority should be fully empowered to take decisions. The union especially resented the delay in resolving disciplinary matters when they were referred to the corporate office. The union wanted that position be rectified, failing which they threatened to launch an agitation.

The general manager (personnel) responded by pleading ignorance on the subject.

This was followed by a discussion on the proposals on promotion policy which was under discussion for about a year.

The next item on the agenda was the conversion of part time subordinate staff into full time employees. The union wanted that all those daily wage workers who had completed 240 days should be absorbed in regular service, as per a recent ruling of the Supreme Court. The union stated that management had agreed to such an arrangement in Calcutta. The union further questioned the legitimacy of having different policies in different places. The GM (personnel), AGM (IR) promised to look into the cases of daily wage workers.

The union also demanded their representation on the welfare committee of the bank. The union argued that on the basis of their consultative status they should get representation on the welfare committee. The GM (personnel) replied that he would convey their feelings to the CE.

The union also raised an issue regarding installation of computers in the branches. The management's action in this regard was alleged to be against the spirit of industry level settlement. The union spokesmen gave lot of data to prove that the machines installed were in fact computers and not ledger posting machines which were approved in bipartite agreements. The management team pleaded ignorance about the difference between the electronic machine and the computer and called for two officials from the computer department to convince the union that the electronic machines were not computers.

Throughout the meeting the personnel specialists maintained a low profile, listening to the union leaders with attention and responding gently with factual data. Although, the meeting held in an atmosphere of cordiality, the union demonstrated frustration with the delays, inconsistencies and lack of coordination in personnel matters.

The other meeting was between corporate management and the federation. At this meeting, the management wanted to sign a settlement on the procedure for appointment of data entry

operators for computers. The -15- member federation team was led by its general secretary. The management side was headed by AGM (IR) who was assisted by three personnel officers. The AGM (computer services) also participated for leading the discussions on computer matters.

The general secretary opened the discussions narrating his frustration with the way things were happening in the bank.

There is a feeling among our units that things are not moving in our bank. The feeling is that the top personnel specialists have no sense of involvement and lack initiative. Although they agree with us, they are not able to convince the management. Personnel department which at one time was very powerful is emasculated. For the sake of decency we don't want to use harsh words. There are inconsistencies, delays, disowning of commitments made. The personnel function is totally fragmented. It has become a high watermark of non-decision making. This is destruction of the bank's tradition in IR.

The federation leader cited a number of cases awaiting decisions from the top management. He also resented the absence of general manager (personnel) from the meeting and questioned his presence in the management's meeting with the minority union.

The first item on the agenda was computerisation at the branches. The federation questioned the fairness of the decision to leave out Calcutta in implementation of the policy on computerisation. The federation also questioned the action of management in not tackling the threat posed by the minority BEFI union. Thereafter, the main issue i.e. criteria for selection of data entry operator for computers at the branches was discussed.

Some members of the federation raised the issue that the electronic machines installed in the branches were in fact computers. AGM (computer services) explained that these machines were not computers. After a lot of discussions between the AGM (computer services) and some members of the federation, the general secretary of the federation commented that he had requested GM (personnel) to start an appreciation programme for union leaders on computers and had he done so, the problem of this sort would not have arisen. After a lot of discussions, the federation agreed to the criteria for selection of staff as data entry operator.

While negotiating this issue, the federation demanded some of the long pending demands to be settled and later the personnel specialists in consultation with the CE agreed to two main demands. Special leave was granted to representatives of the federation for attending conciliation proceedings under the Industrial Disputes Act, 1947. The second demand was regarding permission for representatives of federation to come for negotiations one day in advance and stay one day after the negotiations were over.

Although these corporate level meetings mainly discussed policy matters having implications on all India level, it was common for the regional level leaders who were members of the negotiating committee to raise pending issues for their area. These issues were sometimes discussed in smaller meetings. Sometimes the personnel manager of the concerned zone was also called for such meetings. In these meetings, pending matters, including individual cases and interpretations of settlements were sorted out. In one such meeting, relating to Rajasthan zone, I observed that a number of pending matters like ex-gratia medical aid to an employee, grants to employees' sports club, permission for deputing employees for workers' education programme and inter-zonal transfers of some employees were sorted out. These issues were pending in the IR department for a long period. It is thus evident that these meetings were used by the unions to sort out both policy matters as well as individual cases.

During both the meetings, the management side did not raise any issue. On no occasion the issues regarding productivity, discipline or customer service were raised by the management team or any concrete cases of violation of policy by state level unions were brought to the notice of apex union although a number of such references were made to the central office either by the minority union or by the personnel managers from various zones.

Although a circular of the bank in 1983 stipulated discussions on business developments and deposit mobilization and none of these issues were discussed in any of the meetings, I attended. Nor did any of the minutes of the past meetings gave indications about such discussions ever having taken place.

II

Thus it is evident that the system of structured meetings mainly discussed the problems raised by the unions, while the problems faced by the management at organizational level as well as at operating level were not raised. To this extent, this mechanism worked to the distinct advantage of the unions and failed as an effective forum for mutual problem-solving. The reasons for this are to be sought substantially in the strategies of the management in dealing with the issues of IR in general and general priority given to the problems of IR.

Firstly, the management team in the structured meetings at corporate level comprised mainly of personnel specialists. The members of top management like CE and General Managers did not participate in these meetings. Further the personnel specialists by nature of their jobs and limitations of their role did not have much information about the operational problems of business development, profitability, deposits, house-keeping etc. This worked as a handicap for the management team to raise substantive issues of business, share problem areas and seek involvement of the unions in the problem solving process.

Secondly, personnel specialists did not enjoy the confidence of the top management and played merely an advisory role. In a real sense they did not represent management in terms of authority and power to take decisions during negotiations. They, therefore, avoided making commitments during negotiations. In their advisory capacity they merely listened to the view points of the unions for communication to higher management. This reduced the value of these interactions as an effective problem solving forum.

Thirdly, the negotiations with unions was not considered by the management as an opportunity to share information about the bank and seek participation of the employees in the problems affecting the bank. This is evident in the top management's policy in considering these negotiations as the main show of the 'personnel department'.

Fourthly, the structured meetings were not based on relevant consultation with the operating managers, who had to implement the decisions and policies arrived at through the settlement with the unions. Even in critical matters like promotion policy, granting of special allowances, the views of operating managers were not sought. Records show that operating managers like zonal manager and regional manager were not invited to attend meetings, although, many a time matters relating to their zones were discussed in such meetings.

To this extent collective bargaining which is a two-way mechanism for problem solving is reduced to almost to a unilateral arrangement in favour of unions.

The findings of survey lend credence to the above observations as a majority of managers (74 %) stated that structured meetings functioned under pressure from and to the sole advantage of unions and contributed to strengthening union power. A majority of managers (68%) showed dissatisfaction with the level of consultation by top management with them for various matters discussed in the union-management meetings. 65.60% of the respondents also believed that the top management did not care to understand the problems faced by the managers at the operating level. This overwhelming feeling among operating managers also affected their initiatives in IR. As one

manager put it "why should we bother, why should we break our heads with IR ? Let things go on as they are. Let the top management realise its fault."

C. Role of Personnel Specialists

I

Most line managers and members of senior management like zonal managers considered personnel specialists at corporate level as the root cause of all the problems in IR. They held personnel specialists responsible for the growing power of the unions and deterioration of the IR climate. They ridiculed them by calling them academicians or theoreticians and observed that they (personnel specialists) were uncommitted to the bank and were pro-unions. Statements such as "we are dying with the help of doctors," "all problems are due to personnel functionaries" etc revealed the nature of dissatisfaction amongst the operational functionaries about the personnel specialists in the bank.

A majority of branch managers (65.60%) expressed dissatisfaction about the way the personnel department functioned and an almost equal number of managers (62.40%) expressed their dissatisfaction with the specialists in the personnel department.

Even senior executives like deputy general managers and general managers expressed negative feelings about their counter-parts in the personnel department whom they

considered as 'non-assertive and incompetent' and responsible, as one general manager said for "all the mess in the personnel/IR management in the bank."

The effectiveness of personnel functionaries needs to be examined in the context of related issues such as : the nature of their authority and power, their orientation to operational problems, personal characteristics and the managerial strategies in IR.

At the corporate level, the personnel department was headed by a general manager who was a specialist. He was recruited in 1958 as labour welfare officer and reached this position in 1982. He was also allotted "Services Department" alongwith the personnel function. The work relating to services department included matters relating to premises and equipment. The other senior personnel specialist at the corporate level was an assistant general manager who headed the IR function. Records show that no formal authority or powers was delegated to these specialists in the personnel/IR area.

During the fieldwork in the corporate IR department, it was observed that the AGM (IR) mainly dealt with the matters raised by various employee organizations, coordinated the personnel function between the Vaishalinagar and Bombay

offices and attended to matters referred for technical opinion about interpretation of awards and settlements from Vaishalinagar as well as from various zones or regions.

The general manager (personnel) mainly attended to routine references on various personnel matters from Vaishalinagar, dealt with matters referred to the board and top level committees, occasionally participated in union meetings and maintained liaison with the government and the IBA on various personnel matters.

One of the major role played by these specialists was to maintain active liaison with various employee organizations by meeting them and hearing their grievances and view points. On the various demands raised by employee organizations, the specialists collected necessary background information from the IBA and other banks, prepared notes and submitted the matters for the decision of either one of the committees or for the consideration of the CE. In their approach they were usually cautious and conservative. Whenever there was a proposal to withdraw any facility from the unions and staff as per government instructions, or a change that could create a conflict situation, the specialists cautioned the higher management about the possibility of an IR problem, if a change was carried out. An example would illustrate this point.

Once the federation had pointed out through a written communication the tendency of the coordination committee to usurp various premises of the bank and instal their own offices. The federation wanted strict action to be taken against the coordination committee. The personnel department submitted the information collected from various zones about the coordination committees usurping various offices and submitted the same to the committee of executives with their opinion that if any decision was taken to ask the coordination committee to vacate the occupied space, it may lead to IR problems.

When any union predicted an IR problem in any region or zone or complained about violation of any rules and regulations in any place, or about the attitude of any executive in IR matters, the response of these specialists was generally non-committal. If a union insisted on taking any remedial steps in any zone, the typical response of these specialists was as I heard in one of the meetings, "we are like doctors, our job is to give advice and if the patient does not heed our advice, we cannot do anything.

In their interaction with the zonal or regional managers on IR matters, the specialists gave their technical opinion in various matters but whenever zonal or regional managers phoned them and sought an on-the-spot decisions on various IR matters, they normally avoided giving any decision and invariably told the operating managers that they would consult the CE.

In case, the zone reported a conflict situation like a call for strike or agitation by any union, the specialist at central office often contacted senior leaders of these unions requesting them to intervene. Occasionally, the regional leaders were also called for discussions at corporate level in such circumstances.

Thus the specialists in normal course avoided getting involved in any problem unless there was a threatened or actual agitation. The specialists therefore, mainly played an advisory role.

II

The advisory role played by personnel specialist had several organizational consequences affecting the effectiveness of IR. Firstly, the advisory nature of the role created delays in the decision making process. For example, whenever matters were referred by the zones on any important or critical aspect of IR requiring urgent decision of the central office, the specialists referred the matter either to PC or to COE B which took three to four months for decision leading to delays. Secondly, the advisory nature of role and the consequent delays led to inconsistency in rule implementation. An example would explain this.

The third bipartite agreement at the industry level had provided for payment of agriculture assistant allowance to those clerks who performed such duties relating to

agriculture financing. A list of duties to be undertaken by clerks in agriculture financing were mentioned in the agreement. Accordingly, the bank issued a circular advising branches to pay allowance to concerned clerks. Some zones referred the matter to the IR department wanting to know the exact criteria for sanctioning this allowance.

The personnel department called for information from other banks enquiring about the criteria they had followed in sanctioning this allowance. Meanwhile, the personnel department was informed by a union that in one zone, the zonal management had agreed to sanction this allowance in all branches where there were 300 or more agriculture accounts. The unions in some zones demanded this criterion to be applied uniformly. The personnel department did not question the zone although the personnel specialists resented the unilateral decision of one zone creating problem for the bank. Later, the personnel manager of the zone stated :

Our experience with the central office is that they do not respond to problems in time. This creates conflict at local level. We have to promptly sort out the issues to avoid any agitations etc. and to conduct business smoothly.

This was not a solitary example where zonal management agreed with the local union about an adhoc criterion for an allowance. Other zones also entered into local understanding with the unions. A number of cases were cited in this regard where different practices prevailed in different zones in regard to various matters. The personnel department acknowledged such variation but felt helpless in the matter on the plea that they were 'advisers' and did not hold executive powers. The best they could do was to write to the zones drawing their attention to violation of the norms and asking them to correct the situation.

The advisory role played by personnel specialists brought them into sharp conflict with their operational counterparts who expected them to play executive role like any other functionary of the corporate office, giving the line managers guidance, support and encouragement in various day-to-day matters.

A number of such instances were observed. In critical IR matters, which threatened stoppage of work or agitation or involving the prestige of any executive, the personnel specialists avoided giving any decision. At best, they offered their guarded opinion subject to various 'ifs' and 'buts' and warning the operational functionaries of the consequences of the stand taken by them. An example would support this point.

Once a zonal manager who had the reputation of being a straight-forward and effective manager, transferred a local union leader belonging to the coordination committee from one branch to another under the job rotation plan within the guidelines of the corporate office. The local union resisted this transfer and made its reversal a prestige issue. On the other hand, the federation threatened that if this transfer was withdrawn, their members would also not accept the job rotation. The zonal manager was thus keen that the transfer of the local union leader should not be withdrawn. The zonal manager referred the matter to personnel specialists at Bombay, who advised the zonal manager that he could go ahead considering the consequences. The zonal manager later told me "I cannot go ahead on the basis of guarded advice of the specialists. Unless I have the support of the corporate office, how can I go ahead? If anything goes wrong, they would say "look, I told you so". Finally, the zonal manager did not implement the transfer order and members of the federation also flouted the job-rotation plan. In this zone, the job rotation plan thus could not be implemented.

Thus the advisory nature of role of personnel specialists itself is the cause of their isolation and is dysfunctional unless executive functions in personnel are separately performed. Lack of clear definition of the specialists' role thus was at the root of the problem. As Rice (1949) has also observed:

Advisory function in itself is anomolous unless it is clearly defined and its authority clearly stated.

III

An important question that needs to be examined at this stage is: In spite of widely expressed dissatisfaction at all levels with the personnel specialists, why did management continued the policy of recruitment of specialists at various levels and post them at corporate, zonal and regional level? The other related question is to why management did not empower personnel specialists with the necessary authority and power to enable them to deal with various personnel matters ?

The answer to these questions should take into account the general style of management, its strategy and priorities and degree of importance attached to IR.

In assigning the fire fighting role in IR to personnel specialists, without giving them any specific authority, the management had a definite strategy to rid itself of irksome and difficult problems faced by it on day-to-day basis. The policy of top management was that the routine IR function should be left to IR specialists to let the rest of the management deal with operational problems. Under this system, the personnel specialists played a shock-absorbing role on

behalf of the top management. In spite of a low profile maintained by these specialists, they remained at the centre of controversy and were held accountable by a majority of operating managers for all the problems in IR.

The strategy of the top management in not vesting the specialists with any real authority in IR matters was to keep control of strategic matters like relations with unions, manoeuvrability to play one union against another and authority to distribute favours.

Thus, despite, the widely prevalent dissatisfaction among the management at all levels with the personnel specialists, this category has continued. The specialists are reconciled to their advisory role with no real authority to influence the conduct of IR. They are also torn between the expectations of the top management who want to restrict them to an advisory role and the expectations of the operating managers who want them to play an executive role. The advisory nature of their role has led to a sense of powerlessness and alienation among them which has resulted in a lack of involvement in resolving concrete IR issues. This attitude resembles what Winkler (1974) has termed as "anti-concern". This anti-concern was not an unintended consequence of organization but was built intentionally into the management strategy in IR. At personal level, it was

effectively used as coping mechanism by the personnel specialist enabling them to avoid uncontrollable situations and getting into problem situations.

In sum, it can be mentioned that the policy of management towards specialization of personnel function and consequently the role of personnel specialists, has led to several consequences like bureaucratization of personnel decision making, alienation among specialists, loss of corporate control over personnel function and inconsistencies in rule implementation. These factors have contributed to ineffectiveness of IR function.

D. Credibility of Top Management

The strategy of management in retaining the old structure and system in personnel and avoid any initiative that signalled its desire to improve quality of IR led to loss of credibility of top management in the eyes of operating managers. The operating managers openly spoke about the insurgency of unions, increasing cases of indiscipline, restrictive practices, attitude and behaviour of union leaders and held top management responsible for lack of initiative and support in IR and their policy of pampering unions leading to ineffectiveness of IR at operating level.

A number of instances were cited by the branch managers as well as the regional managers in support of their contention that the action initiated by them for enforcement of discipline had to be dropped half way in the absence of top management support. Statements such as 'management does mean business in IR', 'management is impotent', 'management buckles under union pressure', 'management has abdicated its right to manage', made by managers, manifested their extreme dissatisfaction with the top management policies in the matters of IR. The prevailing scenario of IR and its implications for branch management were well narrated by a manager in following words:

The Branch Mnager is stripped of even a semblence of authority and his position resembles that of a last unrecognized batsman who is expected to hold onto a shattered innings and achieve success in face of hostile balling (union leaders) and a biased (or an equally helpless) umpire (Regional Manager) with his index finger ever raised towards the heavens. To top it all, he is unpadding (no support) and holds in his hands only the handle of a broken bat (his staff - which is left free to determine its own level

of output) - an impossible task !! But he carries on somehow, often getting flogged on the way.

Another branch manager revealed the plight of an average manager as : "disliked by the staff (if he insists on discipline, punctuality and output) ; disowned by the management (if he ever carries a problem to them).

The reaction of senior management personnel like regional manager and zonal managers about the top management policy in IR were also significantly negative. Of the 22 zonal managers and regional managers interviewed, as many as 17 expressed their dissatisfaction about the top management policy in dealing with the issues of IR, unions and discipline. They pointed out that the low priority accorded by the top management to the critical issues of discipline and union behaviour was at the root of IR problems at the operating level.

General sharing of this perception among senior management staff, was symptomatic of the general mood of helplessness prevailing on the question of the management of IR.

During the field work, I investigated the reality by examining the following questions:

1. How did top management in reality deal with the issues of IR and discipline ? How did they ensure effectiveness of IR at operating level ?
2. How did top management deal with conflict situations and with the union pressures ?
3. What impact did the top management policy have on discipline and IR at the operating level.

The bank's central office and other administrative offices headed by senior executives symbolised the top management and the manner in which the top management dealt with the problems of discipline and tackled union, sent signals about the policy of the management. Since the major part of the field work was done in Bombay, the observations in this section are based on the events observed by me in the bank's offices and branches in Bombay.

II

During the field work, I observed that everyday a number of union leaders from majority and minority unions visited the central office. They generally came without prior appointments and met various executives like CE, GM(P), AGM(IR) and discussed their members' grievances and other policy matters.

A number of second line leaders also visited the zonal and regional offices everyday and held discussions with the personnel officers about their members' problems in the branches. During these meetings they also pointed out the state of affairs in various branches. On an average about two to three hours of the personnel officers time was spent everyday in meeting the union leaders.

The leaders also visited various branches during the day and undertook union activities during working hours. Many managers complained about the disruptions in work created by these leaders. In one instance, four local union leaders from other offices came to a branch to question the authority of the branch accountant to ask a staff member to complete the day's work. There was considerable shouting and commotion in the banking hall.

The top management was generally indifferent to operating managers' grievances on this account as well as to the pressure from government to enforce discipline on unions and employees. An example would explain this point.

During 1985, the government took an initiative to put a stop to restrictive practices of unions including indulgence in union work during working hours. Accordingly, it advised all the public sector banks to enforce discipline through a time bound programme.

In response to government instructions, the IR department sought information from all the zones about the number of employees who undertook union work during working hours. Many zones submitted the information giving the names of union activists who, on full or part time basis, undertook union work during working hours.

The office manager of the corporate office and the personnel manager of the Bombay main branch at Bombay submitted a list of their employees who undertook union work during working hours. In all, it was found that about 30 employees of both the offices undertook union work on full time or part time basis. According to a rough estimate, the bank spent about Rs. 1 lakh per month on their salaries, allowances and other perquisites. It was revealing that a senior officer of the bank attached to the central office had not attended office for many years and was in fact attending to the work of officers' association sponsored by AIBEA at some other place. This association had no membership in the bank and thus this officer, who held no office in any of the union or association in the bank was being paid salary for undertaking union work for the officers of the other banks.

The information on this subject was submitted to executive management committee which informally decided not to take any drastic action as this practice was prevalent in almost all the banks. It formally decided to issue a circular to branches reiterating government's concern and instructions.

This circular was clearly a formality in compliance of government instructions as management failed to initiate any concrete action in regard to stopping the unfair and indisciplined behaviour of unions leaders.

Commenting upon this circular a regional manager of Bombay local branches ridiculed the management circular and remarked: "I know this kind of circulars are issued under government pressure. Let the central office set their own house in order. I do not want to set my own house on fire on the basis of this circular."

Another branch manager commented "Everything is known to the management. Why do they keep issuing such circulars ? This practice has been going on for quite sometime. Why don't they (higher ups) refuse to meet union leaders during working hours ? It may solve our problems."

From this, it appears that the line functionaries expected the corporate office to first initiate action in this regard and they did not seem to give much importance to the circular issued by the top management.

Similarly many branch managers reported the acts of misbehaviour on the part of leaders of a minority union, union work during working hours by activists and general interference by its leaders in the day-to-day administration. The recognized union also complained about the activities of

this union. Many of such complaints received by the personnel department were sent for the information of the CE or general manager (personnel). Normally, such communications were returned with the remarks "noted" by these executives.

One day the personnel department received an information that the activists of the minority union had installed a statue of a national hero in the main banking hall of the Bombay Main branch. The officer in-charge of the branch sought instructions from the top management on the bank's response. The personnel department informed this office to deal with the matter using their discretion.

In another case, a group of minority union leaders one day unauthorisedly occupied a vacant room which was to be allotted to an executive and declared it as their union office. Apart from putting the banner of the union, they also installed a photograph of the prime minister in the occupied office. The matter was reported to the central office who deputed a very senior executive to enquire into the matter. It was decided in this meeting to lodge a criminal complaint against the union and also take disciplinary action against those employees who were responsible for unauthorisedly occupying the room. Later under the threat of criminal complaint the union agreed to vacate the room. The memos seeking an explanation from the employees, which were prepared by the personnel officers were, however, not served on any of the activists of the union who had occupied the cabin. It was

believed that the management decided to drop the idea of taking disciplinary action under the pressure of an influential politician.

A manager of a local branch in Bombay later commented :

The minority union has been creating problems for the last one to two years which is known to the management. Neglecting to take notice of this and allowing their leaders to create problems in the branches, have boosted their morale. The present incident had provided the right opportunity for the management to take action against erring members of this union but once again the management has compromised on principles. The message is loud and clear that we must live with the situation.

This statement seems to agree perfectly with the general perception of the managers about management policies in dealing with the present militancy of the unions.

It is thus evident that the top management followed a cautious policy in IR often avoiding conflict situations by not confronting the union directly even when they indulged in highly provocative activities. It also remained indifferent

to the activities of the union leaders during working hours. This was indicative of the low priority that the top management accorded to the hard core aspects of IR such as maintenance of discipline and also unconcern about the issues of union behaviour.

This strategy of higher management had its consequences on the IR climate at lower levels. Branch managers were generally disinclined to get involved in any aspect of IR that may lead to conflict. A widely prevalent tendency was to deal with conflict situations by avoiding them and buying peace.

This gave an opportunity to operating managers to use their attitude as a means to justify their own non-action in controlling indiscipline and managing IR. When they were questioned, these managers quoted examples of higher authorities and also expressed apprehension about whether they were free to take any action in IR. For example, in one branch in Bombay, where I happened to interview the manager, the joint manager of the branch reported to the manager about one employee belonging to a minority union who left office two hours early consecutively for three days. The joint manager said that this was a new tendency on the part of this employee which needed to be curbed and proposed that he should be asked to explain his behaviour. The manager counselled the joint manager to relax and avoid any action which might create conflict at the branch. In support of his advice, he told the joint manager that similar practices

prevailed in the corporate and zonal offices. He went on to add that in his previous posting, the higher management did not support his action even during a conflict situation arising out of collective indiscipline of the staff. Similar views were expressed by most managers during the survey on IR climate. A large number of managers (70.80%) showed dissatisfaction with the way the higher management responded in a conflict situation. 82.40% of the managers expressed their dissatisfaction about the way conflicts were resolved.

Although a majority of managers (93.60%) resented union's interference in day-to-day administration, they did very little to control it as they experienced powerlessness to improve the situation which can be explained by their dissatisfaction with the top management policy in IR and the way it dealt with unions. They felt helpless in improving IR due to absence of proper communication on management's IR policy (74.40%), lack of support from higher management when IR matters were referred to it (67.60%), lack of authority (74.60%), lack of top management support in initiating disciplinary action (76%), recognition in effectively dealing with IR matters (63.20%), lack of consultation in decisions regarding employees' transfers and punishment (77.60%). Table 1 to 6 (annexure IX) present data which shows the extent of dissatisfaction of the branch managers with various aspects of top management policy in IR management.

Thus the implication of top management's policy in IR and discipline are not difficult to understand. It is argued here that the quality of work place IR depends to a great degree on the manner in which IR policies are formulated and executed and the extent to which the top management is willing to enforce a particular policy.

In sum, it can be concluded that the top management adopted a cautious strategy in the matters of discipline and union behaviour. It avoided conflict and pursued an adhoc policy of making compromises under provocation from unions.

Conclusion

The period under discussion was marked by the pressures and tensions created by the two major frauds which came to light in the immediately preceding period. The most urgent exigency for the management was to improve its image in the banking sector as well as its business performance by streamlining the bank's internal functioning.

The IR climate at the operating level was a major impediment in any effort of the bank to improve its image, growth and customer service. This climate had turned chaotic in the last

few years due to mounting insurgency of work place unions, indiscipline by employees; restrictive practices and continuous challenge to management authority. The operating managers felt demoralized and considered IR as a major constraint in improving the functioning of the branches. The IR climate in the eastern zone was especially difficult to handle.

In this background, the new CE, an outsider for the first time in the post nationalized history of IB, considered improvement of IR at operating level as an important priority and accordingly initiated measures to bring discipline and order in the eastern zone where the bank had suffered a major fraud. The bank for the first time confronted the militant BEFI and successfully restored managerial authority after facing a strike for 54 days.

Even before this IR crisis in eastern zone was over, the government in a surprise move shifted the CE elsewhere and a new CE from another bank was posted in IB. With the change of CE, the strategies and priorities in IR also underwent changes.

In the background of the negative image of the bank and the fall of IB's ranking among the nationalized banks, the most immediate priority of the new CE was to improve the business performance and the ranking of the bank.

In view of his limited understanding of the traditions and culture of IB, the new CE adopted the safest strategy of 'live and let live' as practised by his predecessor during 1982-1984.

Hence, no initiative was taken to review personnel/IR policies despite pressures from corporate level unions and operating managers. The previous structures, systems and institutions in IR were largely retained and little action was initiated, despite directives from the government for enforcing discipline and curbing restrictive or unhealthy practices.

The existing structure of the personnel function and centralized decision making also contributed to inconsistencies in rule implementation, confusion of roles among executives at the central office and head office, delay in personnel decision making, mistrust between unions and management, decline of the corporate office control over personnel practices at the operating level and culture of compromises at operating level under union threats.

The process of union-management interaction at the top level also remained a one way traffic with management avoiding to raise any problems faced by operating managers. The lack of authority among personnel specialists led to their alienation and lack of involvement in dealing with the problem of operating managers.

In sum, the management pursued a clear strategy to avoid any problem on IR front. The new CE was able to direct all his efforts to business development.

The continuation of management strategy of 'live and let live' further complicated the already chaotic IR environment at the operating level. A survey revealed that in 1985, the operating managers were extremely dis-satisfied about the top management's strategies in IR. They experienced a sense of powerlessness in dealing with the IR problems. They felt that they were hapless victims of top management's lack-a-diasical approach in dealing with unions and IR problems. Also the unions at the corporate level had become less effective and active than the past. Unions at the operating level ruled the roost.

CONCLUDING OBSERVATIONS

In the earlier chapters, we have examined the managerial strategies in IR pursued by different CEs during their tenure in the context of various environmental and organizational pressures. The content and context of these strategies, the structures and processes adopted to implement the strategies and their implications for organizational effectiveness, especially for the IR climate, have been discussed in the relevant chapters. This chapter contains an overview of main observations and conclusions of the study.

Environmental and Organizational Forces

There was a significant variation in the environmental factors contributing to the shaping of managerial strategies before and after nationalization of the banking industry. In the pre-nationalization period, two factors which predominantly influenced the management's strategy were competition in business and the militancy of the industry level union. The nationalization of banks in 1969 and the subsequent implementation of the lead bank scheme brought about a major shift in the objectives and priorities of the banking industry. The government acquired control over critical functions, including appointment of the CE. This control then became a crucial factor influencing the bank's IR strategy. It entailed change from an informal and unstructured approach in management of IR to a formal and

structured approach resulting in a serious restraint on management in granting any special concession to unions and employees beyond the industry level agreements.

The main organizational variables influencing IR strategies included the power of unions, management politics and CE's attitude and orientation towards the unions and pressures of business. It is intended here to summarize the impact of each of these variables on managerial strategies in a generalized manner as each variable has been discussed in detail in the previous chapters. The pressures of business and the compulsions of conducting it without interruptions are factors of over-riding importance in a sensitive industry like banking. We have seen in the individual chapters how these factors laid a basic constraint within which the CEs dealt with unions and employees.

The power of internal unions was an important factor in shaping IR strategies at different times. In 1969-70, increased union power caused management to soft-peddle IR and yield to pressures of unions in order to contain any adverse effect of confrontation on the bank's expansion plans. But during 1975-81, the union power was considered a great impediment in the development process and managerial strategies were aimed at reducing the union power.

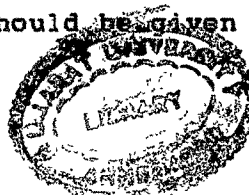
A factor that has been of no less significance was the politics within top management. This also contributed in shaping of managerial strategies in IR. The events during 1971-74 and 1982-84 especially highlight this. Although the management was determined to formalize the relations with the unions at the beginning of 1971, the politics at the top forced management to go slow on formalization proposals and eventually the formalization scheme suffered a pre-mature demise. Similarly, in 1984, the management's efforts to develop a working relationship with its recognized union were short circuited because of the competition for power between the CE and the executive director.

Another crucial factor in shaping the managerial strategies in IR was the orientation and belief system of CEs about unions. The dominant influence of this factor comes out quite distinctly in the analysis of IR strategy during the period 1956-68 and 1975-81. It was the positive orientation and progressive attitude of the CE towards unions that contributed to shaping of IR strategies aimed at developing collaboration and cooperation with the unions between 1956-68. A contrast is provided by the strongly negative orientation of the CE against the unions during 1975-81. The corresponding strategy centred around efforts to reduce the power and influence of unions.

The managerial strategies in IR during different periods have been influenced by the pulls and pressures of a number of factors acting in tandem. In other words, strategies have rarely been shaped by a single factor. Instead various environmental and organizational factors have in combination influenced managerial strategies in IR. For example, the strategy of IB in discouraging the AIBEA, an industry level militant union and supporting an internal union during 1956-68 was influenced by the pressures of business, availability of a docile internal union ready to co-operate as well as complete freedom enjoyed by the management in distributing favours and concessions to employees and unions. Similarly, the change of strategy from an informal mode to formalization in the conduct of IR during 1971-74 was dictated by a number of factors such as government control after nationalization, the limit imposed on management's freedom to accord favours and concessions to employees or to unions over and above the industry level settlements, increasing influence of AIBEA in the lead districts and the increasing interference of the internal union in the management functions.

The Dynamics of IR Strategy

Despite the rapid growth of the organization during the post-nationalization period, the key aspects of decision making in IR continued to be centralized in the CE. This covered all the strategic decisions such as: which union should be supported? what concessions should be given to unions over



and above bipartite agreements ? what kind of bargaining relationships should be developed with the unions ? when should unions be sidelined ? what information should be shared with unions ? what participative mechanisms should be established in IR management ? These aspects have been amply highlighted in the previous chapters.

Apart from playing a key role in the process of strategy formulation, the CEs have played equally important role in the strategy implementation as well. The various aspects of strategy implementation such as methods used for seeking a union's cooperation, methods used for confronting a union by colluding with a rival union, methods used for reducing the power of the union at the board level by appointing a pro-management employee as worker director etc. were personally maneuvered by the CEs.

During the period before nationalization (1956-68), though the decision making was highly centralized, the personnel specialists were given a key role in reinforcing the cordial relation that prevailed between the management and the employee organizations. Within the broad strategy of encouraging an internal union, the personnel specialists worked out the details of various matters raised by the unions and through the process of negotiations and discussions signed settlements on various aspects of personnel matters. Continuation of a clear strategy in IR for

over a decade and the long tenure of the CE enabled the specialists to assist the top management effectively in evolving a consistent approach to IR management.

In the post-nationalization period, the personnel function became further centralized in the hands of CE. The personnel specialists who were considered architects of harmonious union-management relations were totally sidelined. The decision making power in personnel even on routine matters was centralized in various committees at the corporate level and the role of personnel functionaries remained ambiguous, peripheral and perfunctory. The personnel specialists often functioned as "clerks of works" (Tyson 1983).

High centralization of personnel decision making and alienation of personnel specialists as has been shown in Chapter 12, led to bureaucratization of personnel decision making, inconsistencies in implementation of rules at operating levels, loss of corporate control in personnel matters, and an increasing tendency at the operating level to make compromises with unions under pressure to maintain business levels. Cumulatively this contributed to ineffectiveness of IR at the operating level.

The present study shows that managerial strategies in IR have changed with each CE. The strategies have undergone changes in response to the various environmental as well as

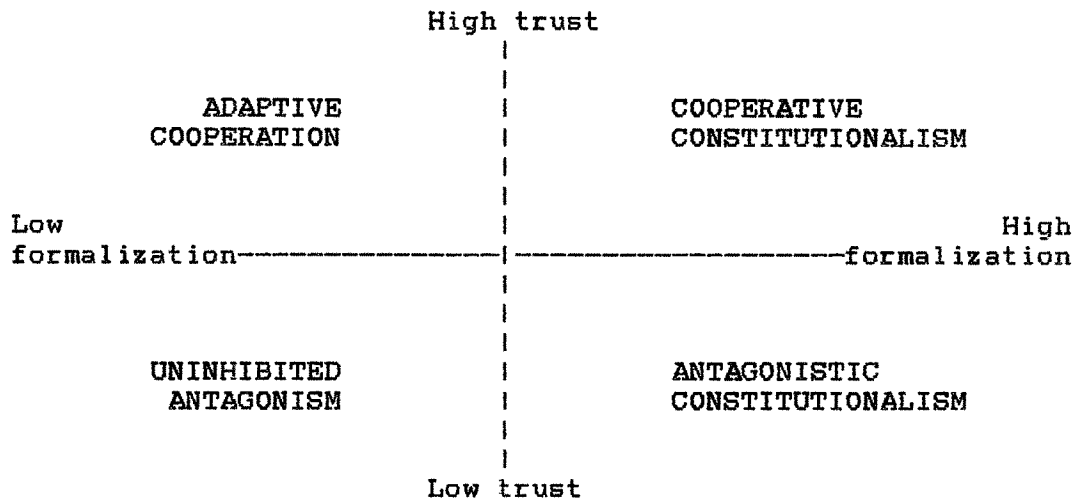
organizational pressures faced by various CEs at different points of time. The changes in the strategy has produced varying patterns of IR at different times.

In the area of alternative patterns of IR strategy, Fox (1974: Chapter 7) has made a seminal contribution. He has identified six patterns which vary according to the degree of legitimacy which is an important element in trust between management and unions. The six patterns alongwith their main characteristics can be presented as follows:

<u>Pattern</u>	<u>Characteristics</u>
Traditional	Adversory style, opposition to trade unions/overt exploitation of employees.
Sophisticated Paternalistic	Non-union, unitary philosophy/great attention to employees commitment.
Sophisticated Modern	Legitimizing and involving trade unions.
Standard modern	Pragmatic, fire fighting approach.
Classical conflict	Organized challenge to management by unions to counter management actions in imposing rules and restrictions on the work force.

Continuous challenge Mistrust between management and union, rejection of management authority by unions.

In an elaboration of Fox's classification of IR patterns, Purcell (1981) has postulated that while trust is fundamental for good IR, the character of relationship is substantially influenced by the structural setting in which or through which it is expressed. Purcell has provided four generic types of IR by combining the two scales of formalization and trust together. The patterns of IR suggested by Purcell (1981: 61) are as follows :



The characteristics of these four patterns are as under :

<u>Pattern</u>	<u>Characteristics</u>
Adaptive Cooperation	High trust and cooperation embodied in the personal relationship between a few key people on management and union side.
Cooperative Constitutionalism	High trust and cooperation between management and unions within the framework of comprehensive agreements.
Antagonistic Constitutionalism	Heavy reliance on formal procedures. Agreed procedures and institutions are used as a means of expressing the distrust and aggression which exist between the parties.
Uninhibited antagonism	Management-union relationship marked by mutual suspicion and distrust. IR conducted in an adhoc, conflict based manner.

The patterns developed by Purcell are similar in some dimensions to the conceptual scheme proposed by Fox. Purcell argues that different patterns of IR may exist at any one

time. According to him these patterns are unlikely to correspond closely with real situations. In reality most companies are clustered towards the centre of any particular quadrant except in unusual or temporary circumstances where reality may compound to extremes of a pattern.

Furcell observes that the prevailing pattern in a company may change particularly in response to internally or externally generated crises. For example, changed technical requirements and deteriorating product market conditions may lead a company to announce the need for substantial retrenchment of workforce. Any close cooperation or high trust between management and union is likely to be sorely tested at such a time. But the way crisis is handled, and the way it develops in favour of one or the other parties could shift the pattern towards more or less structure and/or more or less trust.

The IR in IB have also undergone several patterns between 1956-68. These patterns resemble with certain patterns as suggested by Fox and Furcell. The changes in IR pattern in response to managerial strategies can be put in the following sequence:

Period

IR pattern

1956-68

The main characteristic of this period was the high trust between the CE and the key leaders of the unions. Both management and unions supported each other and protected

each other's interests. The quality of IR during this period resembles the 'adaptive Cooperation' (Purcell).

1969-70

The main characteristic of this period was the cooperation between management and the unions despite difficulty faced by the management to continue the special favours and concessions to unions to which they were accustomed. The management pursued a pragmatic policy of supporting an internal union despite several constraints. The IR during this period shows some similarity with the 'standard modern pattern' (Fox).

1971-74

The main characteristic of this period was the breakdown in the cordial relationship between the management and the union on account of management's efforts to formalize relations. The union rejected management's efforts to assert and pursue its objective of formalizing the management-union relations. The IR during this period resembles the 'continuous challenge pattern' (Fox).

1975-81 Industrial relations during this period were conducted in adhoc manner with management playing unions and their leaders against each other. The management-union relationship was marked by mutual suspicion and distrust. The IR during this period resembles the 'uninhibited antagonism' (Furcell).

1982-85 During this period, the IR became turbulent at the operating level. There was general distrust between management and the unions. The IR pattern remained similar to 'uninhibited antagonism' (Furcell).

It will be useful to add here that the above presentation of the change in IR strategy in IB during the various periods covered in this study is a preliminary attempt to conceptualize IR reality with the help of the contribution of Fox and Furcell in the relevant field. As the theoretical and empirical context of the work of these scholars is different from that of the present study, it would be naive to claim any close correspondence between the patterns of IR as postulated by them and what has been attempted here. However, I have tried to bring out the similarities between the various patterns of IR strategy identified in the present study and the patterns suggested by Fox and Furcell.

As seen earlier, the IR pattern in IB has changed on account of both external as well as internal pressures. It thus supports the observations of Purcell that the IR pattern may undergo changes in response to external as well as internal crisis.

This research also supports the observation of Fox that sophisticated modern pattern is inherently unstable as it is unlikely to be able to cope with increasingly complex market, political and social environment. He suggests that the pattern could revert to classical conflict. If the high trust pattern which develops is adaptive cooperation than the change would be likely to be towards uninhibited antagonism.

It may be recalled that IR in IB during 1956-68 which were based on high personal trust between the CE and the chiefs of the federation and the officers' association and which corresponded to 'adaptive cooperation' underwent change after nationalization of the IB in 1969, due to management's efforts to formalize and institutionalize the relations.

The new pressures on management after nationalization with increasing government control and check on management's power to extend any new favours to union leaders or to even continue some special privileges made management to withdraw the privileges granted to union leaders which ultimately led to industrial conflict and distrust between the management

and the unions. In this context, it is relevant to mention that management's refusal to continue to discuss the matters of executive promotions and postings with the federation, a privilege which was granted earlier, ultimately led to one of the worst industrial relations crisis in the bank in 1974.

It can thus be concluded that a structure of IR based on high personal trust between key personalities on both sides may prove to be unstable and lead to conflict as the favours and concessions granted by each party to the other has no constitutional validity and change in leadership on either side may disturb the existing relations.

The Core Element of IR Strategy and its Effects

Although IR strategies had changed with each CE, a common pattern is noticeable in the content of the changing strategies. The main focus of managerial strategies both in the pre-nationalization and post-nationalization period was on neutralizing labour militancy by focussing attention on some key leaders by extending favours and concessions, yielding to their pressures and thereby ensuring industrial peace. When the union power increased on account of management's surrender to pressures, the strategy of the management was to control their power by playing one leader against another. The strategy of the management to manage IR

by focussing all its energies on managing key leaders of the organization led to a number of consequences for the IR climate at the operating level.

First, the facilities and concessions extended to union leaders to neutralize union antagonism, in fact, reinforced the power of key leaders who started demanding more and more favours and concessions. As management found it inconvenient to accede to the escalating demands, the IR became more conflict-prone. The facilities and favours granted to some key union leaders were also enjoyed unauthorisedly by the rival unions as these facilities and concessions had no constitutional validity to be offered exclusively to the recognized union. The IR climate was thus vitiated by claims and counter claims by various unions.

It may be recalled that the various concessions and favours accorded to federation leader such as out of turn promotion, consultation in the matters of executive promotion and transfers, liberal view of his travel etc. during 1956-70 reinforced the power of the federation leader. After nationalization of the bank in 1969, when management found it difficult to continue to give special attention to this leader and accede to his demands to have say in executive promotions and transfers, it led to conflict with the federation.

Secondly, the management's strategy of pampering union leaders had a significant adverse effect on union organization. With extraordinary attention focussed on key union leaders, the leaders began to alienate themselves from the rank and file and underplay the grievances of their constituents. The concern to demonstrate responsible behaviour as a quid-pro-quo to various concessions and favours that they received prevented them from entertaining grievances from rank and file and ensuring satisfactory resolution of these grievances. Concurrently, the special status and closeness acquired by union leaders with the management isolated them further from the rank and file. Those who raised grievances or questioned the leaders behaviour were punished by the leaders through their influence with the management. This process created a fissiparous tendency in the union organization. The consequent frustration among union members was exploited either by a rival union or by a dissident group within the union, culminating in the emergence of multiple unionism.

For instance, the management strategy of patronizing the general secretary of the officers' association by offering him special concessions and benefits including special increments and influence in transfers and promotions led to alienation of members and inter-union rivalry.

Thirdly, the IR strategies of management centred on union leaders had pernicious effect on the motivation and morale of managers. In the background of their close relations with top management and the concessions and favours received from them, the leaders began to brow-beat and blackmail the operating managers in getting things done to their advantage. In many cases, they were able to prevail upon the top management to get a non-cooperative manager transferred or sidelined. Torn between their obligations on the business front and the lack of support from top management, the operating managers made compromises at the local level and yielded to union pressures in matters of job rotation, allotment of work, financial benefits to union members etc. In a multi-union situation, favour to one union under pressure from their leaders leads to problems from the other unions who continuously challenge management authority. This leads to turbulence in IR and loss of managerial control at the operating level. The management strategy in IB in dealing with union leaders during 1971-1981 and its effect on turbulence in IR at the operating level illustrates this process.

Lastly, the oscillation in management strategies in dealing with various leaders of employee organizations, sent conflicting signals to operating managers about the importance and priority accorded by the top management in dealing with critical and sensitive issues of IR including discipline and productivity. In a hierarchical organization,

lower level managers find it convenient to imitate such strategies in managing their day-to-day affairs. Interviews with management personnel at various levels (Please see Annexure IX) suggest that oscillation in management strategy in IR was regarded as one of the principal causes of turbulence in IR in the bank.

It has been shown in Chapter 12 how operating managers neglected the issues of discipline, productivity at branch level and allowed the branch level leaders to do union work during working hours under the pretext that higher authorities too allowed such practices at their level. A survey covering 250 branch managers confirms a sense of powerlessness among managers in handling issues of discipline and productivity on account of their apprehensions against lack of support from higher management and the way higher management responded in the conflict situation. Interviews with branch managers reveal that they adopted a cautious strategy in dealing with unions and their leaders at branch level to avoid any trouble. A majority of managers who were interviewed confessed that at the branch level they managed IR by managing the key leaders by allowing them the freedom to do union work during working hours and favours in the matters of job rotation and indiscipline on the part of their members. In a multi union situation, such a strategy contributed to turbulence in IR due to pressure and counter pressure applied by members of different unions to seek concessions.

Lessons for Management Practice

The management of IR in a large, geographically dispersed and highly unionised organization like a bank, poses special problems in relation to development of a strategy based on a proper diagnosis of problems. Such organizations face special problems of inconsistencies in application of the rules, and in managerial styles at various levels. They also find it more difficult to develop systems and institutions of handling grievances and for speedy resolution of conflict.

This research suggests that mere weakening of unions at corporate level does not help in improving the IR climate at operating level. Such a strategy needs to be accompanied by improvement in personnel decision making and installation of an effective and consistent system at all levels.

An effective approach to IR must take into account all aspects of relationships between employers and employees. A relevant company policy must be framed in a comprehensive way. It should cover relationships with unions, collective bargaining, arrangements for consultation, trade union recognition, facilities to union functionaries, method of conflict resolution and the broad range of personnel decision making, all of which have impact on IR. Once an organization adopts a view that IR policy should be an integral part of overall management policy, there are obvious advantages in

defining its IR policy formally. A well defined policy is likely to promote consistency in management and enables all operating managers as well as trade union representatives to know where they stand in relation to company intentions and objectives. It further encourages, the orderly and equitable conduct of IR by enabling the management to plan ahead by anticipating events and taking initiative to deal with changing situations.

This research has attempted to examine the problems of managing IR from the management point of view. The research originated in the realization that there is a dearth of empirically validated guidelines for top level managers to help them in their efforts to improve the effectiveness of the IR function. The IR function is often mystified with exaggerated stories of trade-union anarchy while management is presented as a helpless victim of unions. Exaggerated accounts of pro-union legislation and pro-labour judicial process further complicate the situation, leaving a manager with the feeling that there is hardly anything that he can do to improve IR.

This research has attempted to analyse the reality of IR in a large nationalized bank with empirical data covering a long span of organizational history. The reality of IR at any given point of time is conceptualized as a product of historical as well as contemporary forces. In any social

analysis, preoccupation with the the present may limit our comprehension of events, situations, behaviours and institutions unless they are examined in a historical context.

Effectiveness of IR system at the establishment level was visualized as related to the top management's strategies in IR at different points of time. It was found that the top management played a critical role in shaping IR. Each CE had consciously shaped IR strategies in relation to the constellation of forces operating at a given point of time.

The analysis of management strategies over a long period as presented here shows that despite the external environment which is common to all banks, it is the management of internal pressures within a bank which is of crucial importance in managing IR. This confirms the findings of Nayar (1980) who in her studies of six banks observed that two banks having very similar environmental characteristics varied in IR effectiveness primarily because different forces were operating within each bank.

This research also demonstrates that management is an active 'actor' in IR and plays an important role in creating a congenial climate of IR in the organization in relation to the overall objectives of the organization.

This research, moreover, suggests that the study of managerial strategy in IR and its implications for the organization is not merely a matter of academic or theoretical interest but is central to policy issues.

Although it is difficult to generalize the findings on the basis of a case-study of one bank, this research has value for the banking industry in the public sector which operate within more or less similar external environment under the overall control of RBI and government.

The findings of this research dispute the common belief of bank management that industry level agreements alone determine the state of IR in each bank and that management's discretion and initiative is reduced by state control of the banks. The study indicates that inspite of the industry wide character of IR in banking, the top management in an individual bank has considerable discretion in shaping its IR strategy at the enterprise level. The research shows that the IR at the enterprise level is governed by the relationship that exists between the management and the unions on the one hand and between the management and the employees on the other. It shows that IR at enterprise level are governed by a host of factors such as the initiatives taken by the management in seeking involvement of unions and employees in the work related problems, information-sharing on the vital issues of the bank's growth and development, working of

institutions of collective bargaining for problem solving the working of mechanisms for management of grievances or disputes and the structure of the personnel function.

The research also shows that despite stabilization of IR through bipartite mechanism at the industry level, the enterprise level IR can be turbulent on account of a variety of factors. Industry level agreements rarely encompass the whole spectrum of IR. Hence, there is considerable discretion available to individual management in structuring IR. Industry level agreements may constrain management initiatives in IR to a certain extent but the internal climate of industrial peace and tranquility in an organization depends largely on the managerial initiatives in installing structures, systems and processes that are conducive to general trust and collaboration between the management, unions and employees. Thus, it may be hypothesised that the quality of IR in an organization is primarily determined by the forces within the organization and external factors operate merely as a constraint. In this background, the management has an important and critical role in shaping the IR climate.

This research further points out that the IR climate sets stage for effective business growth and development. If the IR climate is harmonious and trustful, it helps the organization to develop its business and improve all-round

performance. Conversely, if the IR climate is characterized by mistrust between management and employees, the business growth and performance of the organization is likely to suffer. In sum, IR is as much vital to the growth of the organization as any other business function like marketing, production or research and development. If it is so, IR management needs to be seen not as a constraint in the total management but as an opportunity to initiate planned change and seek commitment of the work force to the goals of the organization. In this sense, IR is a general management function which requires planning, organization, motivation, control and proper manpower allocation. Also its general management orientation implies that IR cannot be the sole responsibility of a single individual in the organization or of few specialists but of every manager who has to deal with people.

This research further brings into focus the important role of top management in planning for effective IR. It has been brought out very clearly that the top management plays a crucial role in shaping IR strategies and its actions have a great bearing on the initiatives of line managers in managing IR. The top management has a number of roles in IR, including the development of a proper structure for IR decision making, recruitment, training and development of IR functionaries, identification of IR responsibilities at various levels and design of systems, processes and institutions for collective

bargaining and speedy resolution of disputes. This means that IR is not just another function that can be centralized in CE or can be managed without any specialized knowledge and skills. It must be recognized that IR is a specialist function requiring knowledge, aptitude, skills and training of a particular kind. It means that there is a need to assign responsibilities and authority in IR to specific individuals. The individuals may be operational bankers fully trained in personnel management or they may be IR and personnel specialists having a thorough understanding of banking operations. Either of these strategies to develop a cadre of IR managers in the bank may be made to work with the appropriate systemic inputs of training and development.

This research may also help to question some myths about IR research. Continued attention to IR systems at the industry level and neglect of enterprise level IR system is justified by researchers with the argument that the major issues of IR such as wage settlements are handled at the industry level. The fallacy of this argument is brought out by the present study.

Future Research

This research was only an exploratory venture in the strategies of top management in IR, a field that has so far remained almost unexplored. Its value lies in bringing out the importance of comparing the results of different

strategies in different situations and in the awareness that the IR function like any other business function requires strategic orientation. This being the first study of its kind, it may be useful to conduct more comprehensive and comparative research in the following direction:

- a. Longitudinal studies of top management strategies in IR in other industries should be made both in the nationalized as well as non-nationalized sectors. Such studies may enrich our understanding of managerial issues in IR.
- b. Comparative studies of managerial strategies in IR may be undertaken in other sectors of industry, including dispersed and centralized organizations to gain insight into the similarities and differences in various types of enterprise.

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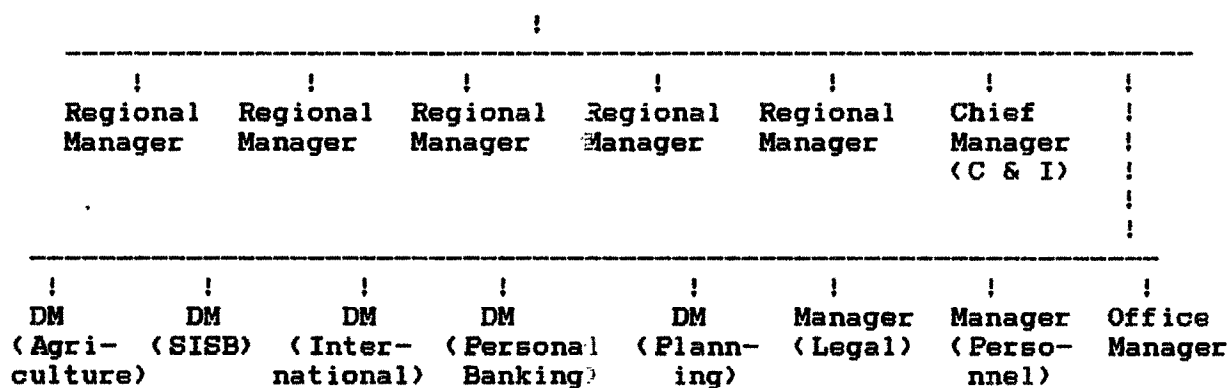
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INTERNATIONAL BANKOrganizational chart showing the Management
Set-up of the Zonal offices of the Bank in IndiaAssistant General Manager
(in-charge of the zone)

DM= Development Manager

Annexure IIIINTERNATIONAL BANK 1985
AT A GLANCE

I. No. of branches:	In India -	1902	OF WHICH:	Rural	921
	Overseas -	54		Semi urban	360
				Urban	346
				Metro	275
II. Deposits	In India : Rs.	5000.97	Overseas : Rs.	1185.70	
			Global : Rs.	6186.67	
	No. of Deposit Accounts -	91.46 lacs			
III ADVANCES:	In India	Rs. 2865.30	Overseas : Rs.	690.18	
			Global : Rs.	3575.48	
	Priority	Rs. 1139.85			
	Non-Priority	Rs. 1745.45			
IV. Credit Deposit Ratio:	Aggregate	57.69%			
	Rural	54.00%			
	Semi Urban	52.70%			
V. Specialised Agencies:	Total No.		No. of Accounts		Amount Disbursed
	GVKs	298	3.28 lacs		Rs. 121.65
	MSAs	405	1.95 "		Rs. 28.00
	No. of RRBs	19			Rs. 71.43
VI. Staff Strength :	11101 Officers		21479 Clerks		
			9449 Subordinate staff		
VII Net Profit	Rs. 9.85 Crores.				

INFORMATION ABOUT OFFICERS' ASSOCIATION IN THE BANK (As on 31.12.1985)

S1 No	All India International Bank Officers' Association	National Association of International Bank Officers
1. Year of establishment	1964	1974
2. Is it registered as per T.U. Act, 1926	Yes	Yes
3. Is it recognized by the bank	Yes	No
4. Facilities granted by the bank	A fully furnished office in the bank's central office building given. General secretary full time free for association work.	A semi furnished office given. General secretary of the association undertakes association work on full basis.
5. Is it run by insiders	Yes	Yes
6. Affiliation - Industry level	INBOC	AICOB00
- Political	INTUC -Congress Party	-
7. Areas of concentration	All over India	UP, Bombay, Goa, Kerala
8. Membership	72.12%	27%
9. Is it represented on Board of the Bank.	Yes	No
10. Relationship with workmen union	Normal	Informal understanding with the federation. The General Secretary of the federation is the Chairman of this Association.
11. Relation : a) Is with management structured meeting held at corporate level	Yes	Earlier held. Now discontinued.
b) -do- zonal/- regional level	Yes	Yes, occasionally.
12. Is it a party to industry level negotiation with IBA.	Yes, through INBOC	Yes, through AICOB00

Annexure VSALIENT FEATURES OF THE WORKMEN UNIONS IN THE BANK (As on 31.12.1985)

Sl		AIIBEF	AIIBECC	IBEERC	IBETUC	IBEU
1	2	3	4	5	6	7
1.	Year of establishment	1959	1946	1980	1980	1983
2.	Is it registered under Trade Union Act, 1926.	Yes	Yes	Yes	Yes	Yes
3.	Is it recognized by the bank	Yes	No	No	No	No
4.	Facilities granted by the bank.	A fully furnished office in bank's central office and at Ahmedabad given. General secretary and some other office bearer free for union work.	Office space used at several places for union work.	-	-	-
5.	Is it run by insiders.	Yes	Yes	Yes	Yes	Yes
6.	Affiliation (a) Industry level (b) Political	NCBE -	AIBEA -	BEFI Communist Party of India (Marxist)	INTUC Congress	NOBW -
7.	Are officers also members & office bearer	Yes	No	No	No	No

Contd..

1	2	3	4	5	6	7
8. Area of concentration.	Maharashtra, Gujara- rat, Rajasthan, UP Karnataka.	Saurashtra, Delhi, East Zone, Hyder- abad, Madras.	Calcutta North East, Kerala	Bombay		Nagpur Vidharba area
9. Membership	54.68%	34.68%	6.4%	3.46%	0.43%	
10. Relations with Officers Assn.	Cordial Upto 1972. Thereafter Conflict.	-	-	-	-	-
11. <u>Relation with Management</u>						
(a) Are structured meetings held at corporate level	Yes	Yes	No	No	No	No
(b) Are structure meetings held at Zonal/Regional office level.	Yes	Yes	In W.B. & Kerala only	No	No	No
(c) Whether resorted to trade union action in the past	Only in 1970	Many a times	Yes, Num- ber of times	No	No	No
12. Is General Secretary continuing since inception	Yes	Yes	Yes	Yes	No	No
13. Is it a party in bi-partite negotiation at industry level.	Yes	Yes	No	No	No	In 1980 party to bipartite Negotia- tion at industry level.
14. Has it signed Code of Discipline.	Yes	No	No	No	No	No
15. Is it represented at board level through 'Workmen Director'	Yes	No	No	No	No	No

Annexure VISummarized version of suggestions made by various employee organizations in business meetings with management

I. Branch Expansion : Branch expansion should be selective to ensure consolidation of growth and fuller utilization of business opportunities.

Extension counters should be opened at railway stations and in the premises of Law courts.

Bank's branches in only such rural centres be opened where the branch at district head quarters already exist.

Besides opening branches in lead districts allotted by the Reserve Bank of India, 'catchment areas' with huge inflow of funds from overseas should be identified for branch expansion.

Quarterly meetings should be held with unions at zonal/regional level to explain business targets, branch expansion.

Meeting at central office with employees organization to discuss bank's business and business growth plan.

II. Motivational measures to ensure sustained contribution of employee to corporate objectives:

- a) Fixing of job roles and the concept of accountability at all the levels.
- b) Career path for employees.
- c) Right man for the right job.
- d) Training of employees.
- e) Recognition of meritorious contribution in terms of special increments, foreign postings etc.
- f) Development of concept of 'Human Resource'

..Contd.

III. Profitability

- a) Better management of the cash and currency chests to reduce idle cash.
- b) Check on executive travel and better planning and coordination of activities at corporate level.
- c) Better utilization of bank's assets.
- d) Review of all large advances accounts.
- e) Proper follow-up of recoveries and control on legal charges.
- f) Disposal of old furniture like airconditioner, typewriters, and other equipments.

IV. Rapport between employees organization and the management

- a) Participative management and communications through periodical meetings at branch/regional/zonal level.
- b) Grievance procedure in consultation with employee organizations.
- c) Involvement of trade union organizations with the planning process like budgetary/performance review etc.
- d) All aspects of personnel management be modified in consultation with employees organization.

Annexure VIIList of Restrictive Practices

1. Resistance to sit on counters by senior clerks in case of exigencies.
2. Resistance to share the work of another desk in case of exigencies.
3. Refusal to do other clerical duties by those performing special allowance duties within clerical cadre.
4. Refusal to undertake combined duties by those holding double designations.
5. Refusal to undertake balancing work during normal working hours and insistence for payment of overtime for such work.
6. Reluctance to receive cash after business hours even under special circumstances.
7. Reluctance of cashiers for second counting of cash.
8. Refusal to undertake receipts and payments work together even when work load is not heavy.
9. Counting of cash as per the limits arbitrarily fixed.
10. Reluctance of head cashiers to sit in cash cabins.
11. Reluctance for split duty and staggering of duty.
12. Refusal to undertake job related correspondence on the plea that this is officer's job.

Annexure VIIIList of Violations Beyond Award/Settlement.

1. Non-observance in attendance and punctuality.
2. Non-wearing of uniform supplied by the bank by subordinate staff members.
3. Resistance by unions against transfer of any staff from one place to another or from one branch to another despite such right being available to management under award/settlements.
4. Interference of unions in the matters of work allotment and job rotation of employees, although, such a right is granted to management by industry level settlements.
5. Exorbitant claims on account of conveyance charges within the city though it has to be fair and legitimate.
6. Heavy conveyance charges claims by members of subordinate staff for undertaking outdoor duties despite payment of cycle allowance as per all India settlements.
7. Claims of special allowance based on the seniority irrespective of competence and qualifications.
8. Non-performance of normal duties of one's cadre once special allowance is paid for any extra duty.

Contd...

9. Self determination of quantum of work.
10. Union work undertaken by a number of activists of both majority and minority unions/associations against the administrative instructions in this regard.
11. Gross violations of provisions of leave travel concession and irregular and unethical claims.
12. No prior intimation about availment of leave.
13. Availment of consumer loans without purchasing the article.
14. Claims of special allowances against the laid down norms in the awards/settlements.

Annexure IXANALYSIS OF INDUSTRIAL RELATIONS CLIMATE

An analysis of IR climate was attempted using interviews and a structured questionnaire. The IR climate was a matter of concern for all categories of employees irrespective of their level and discipline. Interviews were conducted to understand specific concerns at various levels viz. top management (general manager, deputy general manager etc); senior management (zonal manager, regional manager); personnel officers at zonal/regional level; top union leaders (senior trade union leaders operating at corporate level, union leaders at regional level). The interviews were mainly focussed on one main question - How they viewed the IR climate and what factors, according to them, contributed to the climate.

In order to get the views of the operating managers at branch level on IR, survey was undertaken using a questionnaire on IR climate covering the dimensions: (a) their satisfaction* with the management of IR in the bank (b) satisfaction with their own power in handling IR (c) their satisfaction of unions role in IR (d) their satisfaction with the IR policy (e) their satisfaction with the organization of IR function in the bank and (f) satisfaction with the way, conflicts were resolved.

*Satisfaction in terms of positive contribution of a particular factor in attaining bank's objectives.

Sample - The sample consisted of 250 branch managers in the middle management cadre scales II and III in metropolitan and urban branches of the bank spread over various geographical regions. The questionnaire was administered to 290 branch managers. However, only 250 questionnaires were received duly filled-in in all respects. The respondents were randomly selected from among the branch managers who attended executive development programmes at the bank's staff training college.

Design of the questionnaire : The questionnaire (Annexure IX) consisted of 28 questions, responses on which were measured on a 4 point scale. The 4 point scale was chosen for the purpose of controlling any central tendency by the respondents. The responses ranged from extreme satisfaction (1) to extreme dissatisfaction (4). The respondents were required to tick mark that response which best described their perception. There were 8 questions on general satisfaction of the branch managers on management of IR in the bank, 3 questions on their satisfaction about their own power in handling IR matters, 5 questions on their satisfaction about the unions, 4 questions on their satisfaction about IR policy, strategy, procedure and practice in the bank, 4 questions on their satisfaction with the organization of IR function in the bank and 4 questions on their satisfaction with the way conflicts were resolved in the bank.

Administration of the questionnaire : The questionnaires were individually administered to the respondents after explaining to them the objectives of the study, the details of the questionnaire and the method in which responses were to be given. They were not required to reveal their identity. Thus all precautions were taken to ensure unbiased responses.

Analysis of the questionnaire The responses of the participants were analysed by clubbing together the responses in first two categories and putting under one head "satisfied". Similarly the other two responses were clubbed and put under category 'dissatisfied'. Following this, percentage of respondents falling in these two categories were computed for each question.

TABLE I

SATISFACTION OF BMS* ON MANAGEMENT OF IR IN THE BANK

S1 No	Satisfied (%)	Dissatisfied (%)
1. Satisfaction with the IR in the Bank.	37.60	62.40
2. Satisfaction with management's objectivity in decision making in IR.	49.60	50.40
3. Satisfaction with support provided by higher authorities when IR matters are referred to them.	32.40	67.60
4. Satisfaction with quickness of response by higher authorities when problems are referred to them.	42.10	57.90
5. Satisfaction with management support in initiating disciplinary action.	24.00	76.00
6. Satisfaction with the consultation made with you in management - union meeting.	32.00	68.00
7. Satisfaction with the understanding of problems faced by the higher authorities.	34.40	65.60
8. Satisfaction with management's communication about IR policy including on discipline.	25.60	74.40

*Branch Managers

TABLE 2

SATISFACTION OF THE BMS ABOUT THEIR OWN POWER IN HANDLING IR

Sl No.		Satisfied (%)	Dissatisfied (%)
1.	Satisfaction about the approach of higher authorities in issuing circulars to put in full day's work.	28.00	72.00
2.	Satisfactin about your influence in transfer and promotion decisions of the staff working under you.	22.40	77.60
3.	Satisfaction about the free hand in initiating disciplinary action against erring staff.	29.20	70.80

TABLE 3

SATISFACTION OF THE BMS ABOUT THE UNIONS

Sl No	Satisfied (%)	Dissatisfied (%)
1. Satisfaction with working of union-management meetings free from undue pressures from the unions.	25.60	74.40
2. Satisfaction with objective decision making in IR matters free from union pressures.	37.20	72.80
3. Satisfaction with day-to-day administration without any interference of unions.	6.40	93.60
4. Satisfaction with the resolving of conflicts without undue pressure of the union.	32.80	67.20
5. Satisfaction with the way top management deals with the union.	31.20	68.80

TABLE 4

SATISFACTION OF THE BMS ABOUT THE IR
POLICY/STRATEGY/PROCEDURE/PRACTICE.

Sl No	Satisfied (%)	Dissatisfied (%)
1. Satisfaction with the way grievances of employees are handled in the bank.	37.80	62.20
2. Satisfaction with recognition in the bank for dealing IR matters effectively.	36.80	63.20
3. Satisfaction with the authority given to branch manager in IR area.	25.40	74.60
4. Satisfaction with the management policies about disciplines.	38.70	61.30

TABLE 5

SATISFACTION OF BMS ABOUT THE ORGANIZATION OF IR FUNCTION IN THE BANK

Sl No	Satisfied (%)	Dissatisfied (%)
1. Satisfaction with the way the personnel department functions.	34.40	65.60
2. Satisfaction with the specialists in the personnel department.	37.60	62.40
3. Satisfaction with the way instructions are communicated in IR.	54.80	45.20
4. Satisfaction with the availability of reference materials such as manuals, books and circulars for IR decision making.	46.40	53.60

TABLE 6

SATISFACTION OF BMS ABOUT THE WAY CONFLICTS WERE RESOLVED

Sl No		Satisfied (%)	Dissatisfied (%)
1.	Satisfaction with the way IR decisions are taken.	46.40	53.60
2.	Satisfaction with the way conflicts are resolved in the work place.	17.60	82.40
3.	Satisfaction with final resolution of conflicts.	27.20	72.80
4.	Satisfaction with the way higher management responds in a conflict situation.	29.20	70.80

Factors responsible for current state of IR.

Group : General Managers/Dy General Managers N=8

Summarized factors

1. No wider consultation within top management on IR matters
- Highly centralized decision making.
2. Vascillating policy of top management towards unions/associations.
3. Bureaucratic attitude of Personnel specialist and lack of involvement in the bank.
4. Lack of decision making by top personnel specialist.
5. Delay in decision making in personnel.
6. Soft peddling of trade unions.

Factors responsible for current state of IR.

Group: Zonal Manager/Regional Managers.

N=22

Summarized factors

1. Delay in personnel decision making.
2. Vascillating policy in IR.
3. Management meddling in the internal affairs of the unions/association.
4. Weak-kneed policy towards unions - unions are pampered, unethical compromises are made by the top, no norms for union behaviour.
5. Lack of general priority to IR - Expectations in IR not communicated.
6. Role and attitude of personnel specialists - lack of decision making by them.
7. No consultation with operating executives in IR policy formulation and rule-making process.

Factors responsible for the current state of IR.

Group: Union leaders/officers association leaders.

N=18

Summarized factors

1. Meddling by the management in the internal affairs of the union/association.
2. Vascillating IR policy - Confused signals.
3. Delay in personnel decision making - Defective structure - Bureaucratic decision making.
4. Lack of authority and ambiguous role of personnel specialists.
5. No seriousness in union-management interaction - No authority to negotiators.
6. Absence of centralised control and failure to maintain consistency in rule implementation.
7. Lack of priority to IR function - No accountability fixed on line managers for orderly conduct of IR. Lack of training in IR.

Factors responsible for current state of IR.

Group: Personnel Officers/Personnel Manager.

N=25

Summarized factors

1. Absence of any policy in IR - oscillations in IR policy, adhocism.
2. Delay in decision making in IR at the top level.
3. Lack of interest in IR by line executives like zonal managers/regional managers/branch managers.
4. Wrong selection and placement of executives -
-Executives without any training and background in handling IR are posted in highly conflict prone zones.
- Inconsistent executive behaviour.
5. Lack of accountability and lack of authority.
6. Nebulous nature of specialists role - routine, fire fighting, confusing whether advisory or administrative.
7. Weak-kneed policy towards unions.

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Q U E S T I O N N A I R EQ N

YOUR VIEWS WILL BE OF VITAL IMPORTANCE FOR THE RESEARCH. WE REQUEST YOU TO PLEASE READ THE QUESTIONS CAREFULLY AND RESPOND TO EACH QUESTION FRANKLY GIVING YOUR PERSONAL OPINION BY TICK MARKING (_/) ONE OF THE ALTERNATIVES, NAMELY a, b, c or d.

1. How satisfied are you with the industrial relations in the bank ?
 - (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.

2. How satisfied are you with the way top management deals with the unions ?
 - (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.

3. How satisfied are you with the way personnel department functions ?
 - (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.

4. How satisfied are you with the specialists in the personnel department ?
 - (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.

5. How satisfied are you with way grievances of employees are handled in the bank ?
 - (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.

6. How satisfied are you with the recognition in the bank for dealing with industrial relations matters effectively?
 - (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.

7. How satisfied are you with the authority given to you in the industrial relations area ?
 - (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.

8. How satisfied are you with the top management policy towards discipline ?
 - (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.

9. How satisfied are you with the management's policy of consulting you in transferring and promoting employees working under you ?
 - (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.

10. There may be occasions when you must be referring industrial relations problems of the branch to higher authorities. How satisfied are you with the support they provided you ?
 - (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.

11. There might be occasions when you have to initiate disciplinary action for insubordination or non-performance of work. How satisfied are you with the support provided by the management under such circumstances ?
 - (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.

12. How satisfied are you with the management's objectivity in decision making in industrial relations ?
- (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.
13. When you refer any staff problem of the branch, to higher authorities, how satisfied are you with the quickness of the response given by them ?
- (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.
14. How satisfied are you with the way decisions in industrial relations are taken ?
- (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.
15. How satisfied are you with the consultations made by higher authorities while discussing industrial relations matters of your branch with the unions in union-management meetings ?
- (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.
16. How satisfied are you with the understanding of your higher authorities about the problems faced by you at branch/office ?
- (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.
17. Management periodically issues circulars that everyone should put in full day's work, including union leaders. How satisfied are you with such an approach of higher authorities to make them work ?
- (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.

18. How satisfied are you with the way management communicates industrial relations instructions ?
- (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.
19. How satisfied are you with the management's communication about its policy in industrial relations matters including the policy in relation to discipline ?
- (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.
20. How satisfied are you with the availability of reference material such as manuals, books and circulars for industrial relations decision making ?
- (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.
21. How satisfied are you with the way management responds in a conflict situation ?
- (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.
22. How satisfied are you with the way conflicts are resolved in your work place ?
- (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.
23. How satisfied do you feel after a conflict is resolved ?
- (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.
24. How much free hand do you have to initiate disciplinary action against erring staff ?
- (a) Yes, to a great extent.
 - (b) Yes, to some extent.
 - (c) No, not much.
 - (d) Not at all.

25. How satisfied are you with the working of union-management meetings free from union pressure ?
- (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.
26. How satisfied are you with the decision making in industrial relations matters free from union pressure ?
- (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all satisfied.
27. How satisfied are you with the functioning of day-to-day administration without any interference of the unions ?
- (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all.
28. How satisfied are you with the conflict resolution free from union pressures ?
- (a) Satisfied to a great extent.
 - (b) Normally satisfied.
 - (c) Satisfied to a little extent.
 - (d) Not at all.

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