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**ROLE OF MANAGEMENT ASSOCIATIONS AND INDUSTRIAL HARMONY IN PUBLIC ENTERPRISES**



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**VEER BAHADUR SINGH PURVANCHAL UNIVERSITY, JAUNPUR (U.P.)**  
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**THE DEGREE**  
OF  
**DOCTOR OF PHILOSOPHY**  
IN  
**COMMERCE**

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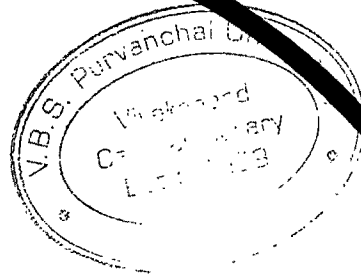
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**DEDICATED**  
**TO**  
**MY BELOVED MOTHER**  
**LATE MEENA SINGH**

## FORWARDED

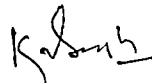
We have immense pleasure in forwarding the thesis of Mr. Vishal Noble Singh for the acceptance of "Doctor of Philosophy" in commerce, to Veer Bahadur Singh, Purvanchal University, Jaunpur, entitled "Role of Management Associations and Industrial Harmony in Public Enterprises".

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## **CERTIFICATE**

This is to certify that the study presented in this thesis entitled “Role of Management Associations and Industrial Harmony in Public Enterprises” has been carried out by Mr. Vishal Noble Singh under my supervision. He has fulfilled all the requirements for the degree of “Doctor of Philosophy”. The work included in this thesis is original and has been of very high standard.

  
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## PREFACE

The changing scenario of Unions and Management Union (Euphemistically called Associations ) in India has great impact on management. Management in Public Sector can not deny the importance and influence of Unions / Associations. The growing gap between the Management and Unions / Association is losing trust to each other.

This Thesis is an attempt to find the cause and its remedies to harmonise relations among Management, Trade Unions and Association.

The Part "A" of the Thesis covers the main areas, which are prevalent to harmonise Industrial relations and peace. These main areas are – concept of Industrial Harmony, Trade Union Scenario, Management of Organisational conflict Compensation Management, Worker's participation Human factor in Industry, stress Management and concept of Voluntary Retirement Scheme (VRS).

The Part "B" and "C" of the Thesis is concerned with analysis of Industry ( Public Enterprise ).

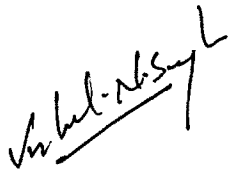
I wish to place on record my gratitude to Dr. P.C. Sharma ( Dept. of Commerce, TDPG College Jaunpur; VBS Purvanchal University Jaunpur ), for his valuable and immense guidance at each level for completion of this thesis.

I am also thankful to ( Head of Dept. of Commerce, TD College Jaunpur ) for this motivation and support in completion and presentation of this thesis.

I am also thankful to all Industry's personnel ( Managers, Supervisors and workers alongwith Trade Union Leaders and office bearers), who willingly provided their co-operation in Collection of required information.

I owe debt to gratitude to my father Mr. N.L. Singh and also Mr. Milan Mitra Sir, Mr. Rohit D'Cruze and Dr. G.C. Diwedi.

I extend my thanks to my wife Priydarshini Singh from whom I got constant encouragement in my academic endeavour.



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**CHAPTER-1**

**INDUSTRIAL  
HARMONY**

## CHAPTER-1

# INDUSTRIAL HARMONY

Literally, harmony is a state of agreement in feeling, interests, opinions, understanding, cooperation, etc. At macro level, industrial harmony stands for agreement in feeling, understanding; Co-operating, unity and place among management, workers, Trade Unions, competitors, government and society. It is the pleasing combination of above related elements. At micro level, management; workers and Trade Unions are internal variables whereas competitors, Govt. and society are external variables of industrial harmony.

### **(A) Rationale for Industrial Harmony:**

Any developmental efforts would be inadequate and their impact in the organisational growth and development will be marginal unless the development efforts are directed to cover all sections. Even the most developed managers would find it difficult to achieve corporate objectives in the company of stagnant, alienated and demotivated work force. If competent and qualified managers could alone run the organization, workers would not have been needed.

In any organization, workers constitute 70-80% of the workforce. If the organisational efforts are directed to develop this resource to unleash, the latent potential in them the organisation will bloom with energy leading to pleasant workers management

harmony.

Several development having long term consequences of industrial harmony are taking place which require increasing attention to develop the workers.

**(B) Changing Profile of working class:**

The modern worker is no more a dumb entity. Today he is more articulate, demanding and knowledgeable. If the potential of modern worker is allowed to be developed, he is capable to graduating to new positions requiring better application of his knowledge and skills. Conversely, if he is neglected and alienated, he can prove to be a big social liability.

Modern industrial worker is today much better compensated than, perhaps, his brethren in other sectors. But his needs are now changing. Together with this, the new worker has desire to have a say in organisational matters. The continued political pressure for worker's participation in management is an additional factor, which should require an organisation to focus on developing around capabilities in workers, which enables them to participate meaningfully in the matters concerning them.

**(C) Technological change:-**

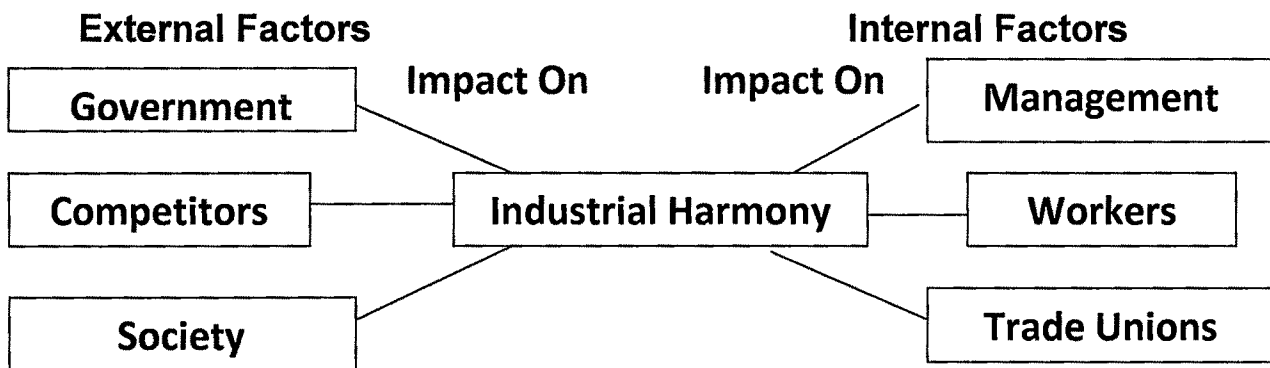
The Technological changes are forcing organisations to adopt new structures and to adopt new environment obsolescence of certain to be due to technological upgradation with make it irrespective for organisations to prepare workers with new skills and



attitudes to cope with changes. Recent spurt in computerisation calls for training, retraining and job shifting for workers. They also need confidence to adjust to technological revolution in view of confused talks about workers' future in a new technological context.

Apart from this; organisations must find ways to put the whole person in the job so that work and life are related more meaningfully. In this context, it should be recognised that money alone is an insufficient motivator and work must be viewed with a sense of satisfaction.

**(D) The Host of factors affecting industrial Harmony:**



Balancing the internal factors and external factors to maintain the industrial harmony is rather difficult but not impossible.

All these variables invariably present threats to industrial harmony especially in a democratic country like India. Because people have educated themselves about the fact that without their efforts industry cannot stand forth.

Triangular internal factors-Management, workers, and Trade Unions define the industrial relations (I.R.) and depicts the scene of

internal industrial harmony. Traditionally, industrial relations in India is equated with Collective Bargaining, Interpretation of rules, labour laws, court cases, problem of discipline, etc. Terms like conflict, power, litigation and legislation are often used in describing Industrial relations which are often seen as environmental constraints and which limit the ability of organisation rather than provide an opportunity to develop collaborative problem solving relationship. There are so many mistakes about I.R. that is often relegated to a specialist as his role presence.

The I.R. (Industrial Relations) suffer from lack of planning, absence of policies and strategies and short of any long term perspective.

Little wonder that I.R. is more or less seen as an Industrial Harmony nuisance. The fact of the matter, however, is that the continuous neglect of I.R. function by corporate top management and planners have only erected more problems for them. Problems of Indiscipline, deteriorating work culture, emergence of restrictive practice; flouting of authority, coercion and black mailing by unions is now the stuff of I.R. in India.

For too long employees have been considered as property of unions and this; perhaps has presented employees to build communication policies and strategies, encouraging individuals in attaining their goals, unleashing potential of individuals and in general building employee oriented personnel policies.

This has only provided raw materials to I.R. system in terms of unresolved grievances, employee apathy, etc.

**(E) Emerging Public Sector:**

In a developing country like India, Public Sector has come into being as a major instrument of economic and social transformation. Public sector seeks to achieve the commanding heights of our national economy. A major challenge to Industrial Harmony in Public sector is the heterogeneous composition of work force in so far as their education, exposure and work attitudes are concerned. The population 'Mix' of workers category comprise workman from socially disadvantaged groups, women and other category like physically handicapped and representations from religious minority groups. It becomes more significant how to maintain harmony as each group has its own assumption about the other and biases and prejudices based on consideration of caste, sex, language and religion calls for much more integrated effort to create cohesion in the work force.

**(F) Management Mechanism to maintain Industrial Harmony:**

**(At Organizational Level)**

Management may play vital role in harmonising work force. Approach may be from individual development to organisational development. Need based skill and Behavioral development of an individual approach may be positive attitude towards Internal Industrial Harmony. Management applies the following traditional ways for the achievement of the aforesaid objectives.

**(i) Training:**

Training is an important mechanism for workers development by management. For overall development and growth of workers, the direction of training effort needs to be focused not only on job skills, but inter-personal skills, collaborative skills and team building skills also. Besides this, skills in problem solving and self management are also required routine training programmes for upgrading only technical competence of workers have limited value for overall growth and personality development of the workers. Government of India in 1957 formulated a scheme for worker's education with the objective of developing strong and more effective trade unions through better-trained officials and more enlightened members.

The effort in training has to be basically an institutional effort, depending upon the actual training needs of workers in the technological context of a particular industry. More often it is presumed that technical training by itself will create all round competence amongst workers but that would be taking a narrow view. Behavioural training is equally important to develop inter-personal skills and also skills to help them in improving quality of their life in general. Some Indian companies have done excellent work in this area, particularly Petrofils (Baroda) where efforts are commendable in this regard.

**(ii) Counseling and Mentoring:**

The word mentoring has its origin in Greek mythology.

Odysseus, when going on a long 10 year Voyage, left his house and his son Telemachus in the care of an old man named Mentor, who not only helped the boy to become a competent young man, but also on one occasion saved his life. This relationship became a model and came to be known as mentoring. The concept of mentoring relates to emotional support, support and guidance given by usually an older person to a younger one who is called a Protege.

Levinson et al (1978) have contributed the most to the understanding of the mentoring process. Levinson's concept of a mentor includes being a teacher, sponsor, counsellor, developer of skills and intellect, host, guide exemplar, most importantly supporter and facilitator in the realisation of the vision the young person has about the kind of life he wants as an adult. Mentoring integrates characteristics of the parent - child relationship and peer support without being either.

### **Objectives of Mentoring:**

The main purpose of mentoring is to provide opportunity to young people to share their concern and get both moral support and guidance for their development.

It involves the following:-

1. Establishing a relationship of trust.
2. Modelling Behavioural norms for the young person.

3. Listening to the personal and job concern of the young person.
4. Helping him to search alternative solutions for the problem.
5. Sharing own relevant experiences.
6. Responding to his emotional needs.
7. Develop long- lasting personal and informal relationship.

The young employee above need's to develop trusting and supportive relationship with his/her immediate supervisor, who can help the former to set challenging task, goals; support him/her to achieve them help him/her to analyse why she/he could not have higher achievement in future. This process is called "COUNSELLING<sup>1</sup> or coaching or performance review which can be defined as help provided by a supervisor to the subordinates in analysing their performance and other behaviour on-the-job, in order to improve their performance while mentoring is concerned about the general development and psychological well being of a person; Counselling focusses on the analysis of performance on the job and identification of training needs for future improvement.

### **Objectives of Counselling:**

Developing the employee is the main purpose of counselling. It involves the following:

1. Helping the employee to understand himself, his

- potential, strength and weakness.
2. Presenting ample opportunity to acquire more insight into his behavior and recognising the dynamics of his behaviour.
  3. Helping him to have better understanding of the environment.
  4. Strengthening personal and inter-personal-effectiveness through effective feed-back..
  5. Motivating him to set goals for further improvement.
  6. Helping him to take right decisions through alternative evaluation process.
  7. Creating a pleasant atmosphere by sharing and discussing his tensions; conflicts, concerns, and problems.

### **Process of Counselling:**

Counseling helps the employee to grow and develop in the organisation. It requires understanding the employees' strengths and weaknesses and helping them to grow to improve further on the strong points and over come weaknesses. The process of counselling involves the following steps.

#### **1. Rapport Building:**

Rapport building phase involves generating confidence in the employee to open up and frankly share his perceptions, problems,

concern, feeling, etc. It can be done in the following ways:-

**A. Attending:**

General opening ritual may communicate messages of attending to the counselled and give importance to the counselling transaction.

Tricks offering the chair; closing the door to indicate privacy, asking the secretary not to disturb, asking the secretary to attend the telephone calls outside, etc.

**B. Listening:**

It is important to listen to what the employee says, as well as to his feeling and concern.

Tricks- physical posture (leaning forward) keeping eye contact, etc.

**C. Acceptance:**

The employee must feel that he is wanted and his counsellor is interested in understanding him as a person rather than as a role or a position in an organisation.

Tricks- Paraphrasing, feeling, sharing etc, <sup>2</sup>.

**Exploration:**

A good counsellor must help the employee to understand his own situation, strength, weakness, problems and needs.



### **A. Exploring:**

Exploring can be done by using questions and suggesting to the employee to talk more on a problem he mentioned.

### **B. Problem Identification:**

It is necessary for the counsellor to use questions both to generate information on some concern and problems, and to narrow down focus to identify a more probable problem.

### **C. Diagnosis:**

Exploration must lead to the diagnosis. The main attempt should be to generate several alternatives causes of a problem.

## **3. Action Planning:**

Identifying a training need, job-rotation, sponsoring for further training, increased responsibility, role clarification etc. Are some of the likely outcomes in such action planning. Three sub-phases can be identified in action planning.

### **A. Searching:**

This phase includes the help to the employee in thinking of alternative ways dealing with a problem. In addition to brain storming such alternatives, the counsellor at a later stage can also add to the list of alternatives for further exploration.

## **B. Decision Marking:**

The counsellor may help the employee to assess advantages and disadvantages of each alternatives.

## **C. Supporting:**

The final and crucial stage of counselling is to communicate support and plan for such support in implementing such action plan. Psychological contract of providing help in further increasing autonomy of the employee and not his dependence on the counsellor. Design and monitoring the action plan and needed followup may also be prepared.

## **Human Resource Development Approach:**

Human Resource development is like a flower in bloom to be experienced and difficult to describe. Behind performance are individuals and behind results are people.

H.R.D. has been widely accepted as one of the most effective tools for over all development and maintaining the industrial harmony. Now in India most of the developing organisation have either opened a separate H.R.D. department or in process of opening it.

H.R.D. Experiences of Public and Private sectors to maintain Industrial Harmony.

1. Larsen and Turbo Ltd (L & T)

2. State Bank of India (S.B.I.)
3. Indian Oil Corporation (IOC)
4. Eisher Motor Ltd.
5. Textile Labour Association (H.R.D. role by a Union)



**CHAPTER-2**

**TRADE UNION  
SCENARIO**

## CHAPTER-2

# TRADE UNION SCENARIO

### **(A) Introduction:**

The labour problem and labour movement are the result of modern industrialization. Great Britain was the first country in the world to industrialize. It is very relevant to India to study British Industrialization process and its consequences due to long political association between two countries. The British labour movement served as model for Indian Trade Unions. In the words of Royal Commission on Labour (1968) Britain has two systems - the first one is formal system, embodies in official institutions. The other is the informal system created by the actual behaviour of Trade Unions and employers associations of Managers; shop stewards and workers. The formal and informal systems are in conflict. The formal system undermines the regulative effect of industry wide agreement.

Nevertheless, the assumption of the formal system still exerts a powerful influence over human minds and prevents the informal system from developing into an effective and orderly method of regulations. The Indian Trade Unions Act 1926, was passed "to provide for the registration of Trade Unions and in certain respects to define the law relating to Registered Trade Unions."

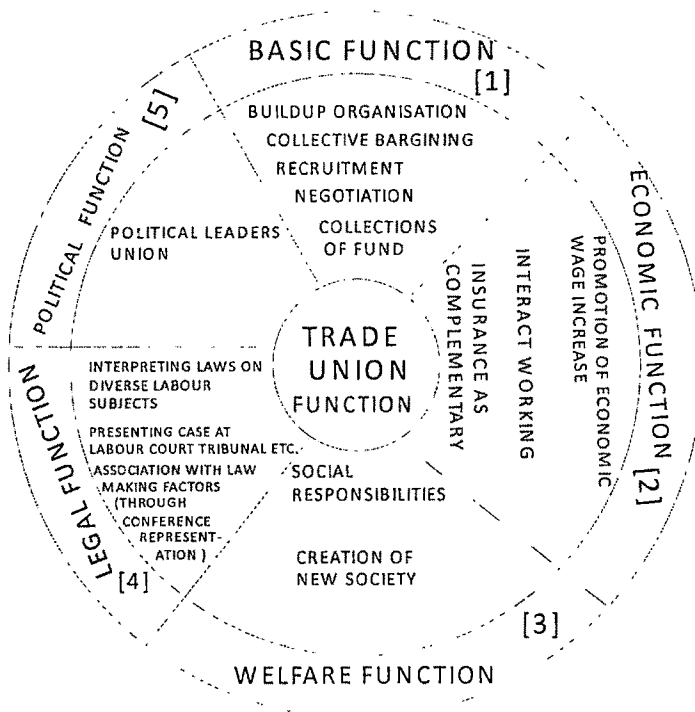
The Act defines a Trade Union as - "Any combinations whether temporary or permanent formed primarily for the purpose of

regulating the relations between workmen and employers or between workmen or between employers and employers or for imposing restrictive conditions on the conduct of any trade or business, and includes any federation of two or more trade unions."

**(B) Trade Union Functions:**

Trade Union according to Webs, "is a continuous association of wage earners for the purpose of improving conditions of employment." This definition of Trade Union is criticised on the ground that Trade Union is concerned about more than bread and butter issues.

The Trade Unions of today are more complex, have added to their responsibilities and have grown in stature.



### **1. Basic Function:**

The essence of Trade Union is their organised strength. Hence, their first test is to build up their organisation so that their collective action may achieve results.

### **2. Economic Function:**

The core Trade Union activities is the promotion of the economic interests of workers. With limited finance, trade unions in India are not able to make any provision on their own for the coverage of personal risks.

### **3. Welfare Function:**

It forms broader social responsibilities. It includes wide range of provisions for entertainment, sports, canteen, education, libraries, general facilities and vocational training, etc.

Most of the trade unions in India are of the opinion that it is the responsibility of the state or of the employer to conduct welfare programmes and provide amenities for workers.

### **4. Legal Function:**

Trade Unions are responsible for interpreting the laws on diverse labour subjects, pursuing the cases, related to their members, at the labour court and/tribunal level.

### **5. Political Function:**

In democratic environment the close association between Trade Union and Political field is inevitable. Since the freedom of struggle linkage between two has a long history.

Trade Union Association with political party can be utilized to bring about changes through legal enactment which are favourable to labour.

To perform all these functions, Trade Union can employ the following methods:

- A. Method of mutual insurance
- B. Method of collective bargaining
- C. Method of legal enactment
- D. Method of direct action

**(C) Trade Union Structure (Structural Position):**

There is neither a common approach nor structure of Trade Union and nor any general basis on which unions are organised. It has been developed on different line depending upon social and economic education of industries; institutional frame work, political and historical factor of the respective societies. In the socialist countries unions are organised on an industry wise basis.

All persons employed in a factory and establishment belong to one union and at the higher level each industry union compares



union of one branch of the national economy. French, Italians and Belgian unions are divided not only on industry and plant basis but also have religious denomination. In the U.K. where the unions grow out of the guild system, the occupation and trade became the basis of worker getting together for collective action. Similar is the experience in Australia. In the U.S.A. workers are the members of local union, most of which are adhered to national union based on occupation or an industry. In Japan 'Enterprises' is the basis of union structure. In no country union structure remain static.

#### **Trade Union structure in India:**

The experience in India has not been different. About 50 cases reveal the fact that union and its office bearers had to suffer in dignities at the hands of employers and penalties through state action. The strike of workers of Buckingham and Camatic Mills in Madras which lasted for nearly three months is a placing example of such a case.

The Madras Textile Labour Union and its Secretary Mr. B.P. Wadia who organised this strike, was prosecuted for conspiring against the management and causing considerable loss by taking their woman on strike, claiming damages from him and the union. The case went to Madras High Court who held that to form a union amounted to being parties to an illegal conspiracy and awarded to the management damages amounting to Rs. 75000 which the union could not pay even in 25 years with income of the union and from membership subscription. The management was reported to agree

not to recover this damage if Mr. Wadia could leave Madras permanently and Trade Union activities were stopped. This case caused lot of resentment and agitation and is considered as one of the factors which expedited the management of Trade Union Act, 1926.

## **Structural Frame work**

### **Plant or Unit Level Unions and Local Unions:**

In India the broad pattern of Trade Union structure has been the small unit-wise or plant level unions locally federated at area or national level. However, there have been some variation in structure and pattern. The need for plant level unions was felt when the bulk of labour consisting of unskilled or manual workers needing protection and improvement in their working conditions also started joining unions. Later on these plant level unions welded together into larger industry area wise unions.

### **Local Union:**

There are also local unions, which are not affiliated to any industry level or national level union or federation, they are independent unions centered round a particular plant or a multi plant organisation. They vary in number and strength from small to medium and large units. In times of crises they may seek assistance and guidance of large unions in related industries. Their source of funds is largely membership subscription but sometimes they make extra ordinary collection. Particularly at the time of bonus payment.

They are mostly concerned with their conditions of employment in a particular organisation,

### **Industrial Unions and Craft Unions:**

Such unions have been organised due to the need felt by workers in oral industry of a given centre to come together on a common platform. This development of industry-cum-centre unions was encourage by:-

- (i) The concentration of certain industries in certain areas.
- (ii) provisions in the industrial relations legislation in certain states permitting recognition of industry-wise unions in a given areas.
- (iii) Promotion of employer's association
- (iv) Setting up wage boards and tripartite industrial committee and with greater scope given by government for formal labour and informal consultation in the formulation of and implementation of labour policy matter.

Such unions have been formed by textile workers in Bombay, Ahemdabad, Kanpur and Indore; Plantation labour in Asam, West Bengal, Tamil Nadu and Kerala and Jute Mill workers in Bengal;, Engineering workers in Calcutta, Bombay and other important centres, workers engaged in chemical and pharmaceutical industries in Bombay and Baroda. Transport workers in many states also get organised on this basis.

### **Federation and Confederation of Unions:**

Unions have also been formed not only on industry-wise basis but also on the all India level. At present there are more than 70 such federation of workers engaged in Cotton Textile, cement, engineering, iron and steel, sugar, coal, plantation, chemicals, banks, insurance, railways, oil refinery and distribution, defence establishment, port and docks. Some industries have more than one union and affiliated to different federations. Some Unions have been sponsored by the central organisations themselves as they are specialized agencies for the industries concerned, such as National Federation of Railways. Major political parties such as the Congress, Communist and Socialist each has a federation at the apex or National level to which unions at the plant and state level are affiliated. Organisation pattern of a Trade Union Federation is usually three tier. Units exist at the plant or shop level, state level and national level. The federation can be registered under the Trade Union Act.

### **Liquor Confederation:**

The leading players in the Indian alcoholic beverages industry, the U.B. group, Shaw Wallace group and Jagjit Industries Ltd have decided to form a Confederation of Indian Alcoholic Beverages Companies (CIABC). The confederation will interface with various public bodies and issues related to the beverage industry. The confederation is meant to give the liquor companies a platform to interact with various authorities, enabling the industry to present its

views, so that the same can be factored before any policies are framed and implemented.

### **Craft Union:**

Although unions covering all workers without distinction on the plant and industry level are now the general pattern, but the craft unions have also come up in air transport, railways, ports and docks and industrial units based on modern technology. The formation of such unions have been encouraged by the apprehension on the part of skilled workers that their interest may not be protected adequately by the general purpose unions and because of the union rivalry. Formation of such unions has increased the multiplicity of unions and rivalry among them in the same unit. The National Commission on Labour has recommended discouragement of the federation of such unions.

### **Central Trade Union Organisations:**

In India, there are eleven (11) central Trade Union Organisations against one such organisation each in the U.K.; U.S.A., West Germany, Norway Sweden and Denmark. These organisations are also known as centres of Trade Union or National level federations.

They are sponsored by different political organisations/ parties with varying philosophies and objectives. This shows that the whole Trade Union structure in India suffers from multiplicity politicalisation, inter union rivalries on only at the craft unit, industrial

and regional levels, but also at the national level. Even at the international level, some of these organisations are associated with different international organisation, known as World Federation of Trade Union (W.F.T.U.) established in 1946, largely under Soviet leadership (although the organisation has weakened in value due to separation of Soviet Union) and International Federation of Free Trade Union (ICFTU) established in 1949 under American leadership. The latter is running an Asian Trade Union College in India.

The minimum requirements for recognising for consultation tripartite for units like International and representation on a national and international tripartite for unit like International Labour Organisation. Indian National Conference and Industrial Committee as laid down by the government, are that the organisation should have a membership of five lakhs or more and it should be spread over five states and industries. Their requirements are at present being met only by the following four organisation:-

1. All India Trade Union Congress (AITUC)
2. Indian National Trade Union Congress (INTUC)
3. Hind Mazdoor Sabha (HIMS)
4. Centre of Indian Trade Union (CITU)

**All India Trade Union Congress (AITUC):**

The first Trade Union was the Madras Labour Union

established on April 27, 1918. After that seven new unions were started in 1918 and 7 more in 1919. The AITUC was brought into existence by 64 trade unions. It was established in 1921 by the Indian National Congress for electing labour delegates in International Conference at Geneva. Organised as a National Organisation it soon started showing signs of militant tendencies and revolutionary ideas. Now it is linked with the communist philosophy and therefore has more radical approach as compared to some other organisation. It's major objectives are:-

- (i) To establish socialist state in Indian and nationalisation of the means of production, distribution and exchange as far as possible.
- (ii) To safeguard and promote the workers right to free speech, freedom of association and assembly and right to strike.
- (iii) To improve the economic and social conditions of the working class by securing better terms of conditions of employment.

For achieving the above objectives, approach adopted is to be legitimate, peaceful and democratic.

### **Indian National Trade Union Congress (INTUC):**

It is considered as the labour wing of Congress Govt. It was organised in 1947. Its main aim is to bring about a peaceful and non violent solution to industrial peace.

### **Hind Mazdoor Sabha (HMS):**

This national federation came into existence in 1948. It exposes social philosophy and has linkage with socialist parties. However, there has been division within the socialist ranks with the emergence of Hind Mazdoor Panchayat and other federations with socialist leaning.

**Centre of Indian Trade Union (CITU):**

Its emergence is the result of split in AITUC in 1971, which was a sequel to the split in the CPIM. It's main objective is to organise workers to further their interest in economic, social and political matters and attain the same by legislation, demonstration, agitation and intensification of class struggle.

**other national trade unions:**

Apart from above four trade union organisations at the national level, there are seven others, these are --

1. Bhartiya Mazdoor Sangh (BMS)
2. Hind Mazdoor Panchayat (HMP)
3. National Labour Organisation (NLO)
4. United Trade Union Congers (UTUC)
5. National Front Indian Trade Union (NFITU)
6. Trade Union Coordination Committee (TUCC)
7. United Trade Union Congress (UTUC)



**(D) Registration of Trade Union**

Any seven or more members of a Trade Union can be subscribing their names to the rules of the Trade Union and otherwise complying with the provisions of this Act, apply for registration under the Act. The application has to be made to the registrar of Trade Unions appointed by the appropriate Govt for the state dissolution.

In case a trade union is dissolved, notice of such dissolution signed by seven members and the secretary must be sent to the registrar within fourteen days of such dissolution.

**(E) Recognition of Trade Union:**

The law relating to the recognition of Trade union in India was incorporated in chapter III A by an amendment of the Indian Trade Union Act 1926 in the year 1947. But these provisions have not been put into operations so far and have thus remained a dead letter on the statute book. Sect 28 C to 28-1 deal with the law relating to recognition of trade union.

**Sec 28 C - Recognition by Agreement:**

- (i) A memorandum of agreement by the employer and the officer of the trade union or their authorised representatives may be presented to the registrar.
- (ii) Such an agreement may be revoked by either party thereto on application made to the registrar.

- (iii) With the enforcement of the agreement Trade Union have all the rights of recognised trade union under this Act and shall for all other purposes considered to be recognised trade union.

**Sec 28 D Condition for recognition by order of a labour court.**

- (i) That all its ordinary members are workmen employed in the same industry or industries closely allied to or connected with on another.
- (ii) That it is representative of all the workman employed by the employer in that industry or those industries.
- (iii) That its rules do not provide for the exclusion from membership of any claim of the workmen referred to in clause (b).
- (iv) That its rules provides for procedure for declaring a strike.
- (v) That its rules provide that a meeting of its executive shall be held at least once in every month.
- (vi) That it is a registered Trade union and that it has complied with the provisions of this Act.

**28E Application to and grant of recognition by labour court**

- (i) When a registered Trade union having applied for recognition to an employer has failed to obtain recognition within a period of 3 months from the date of making such application, it may apply in writing setting out such partialness as may be

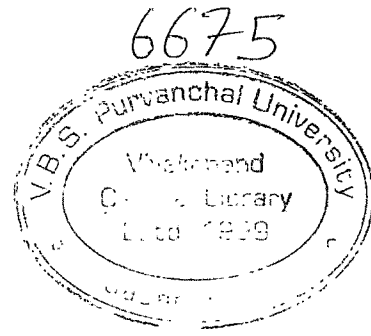
prescribed to the labour court for recognition by that employer.

(ii) A single application may be made under sub sec-1 for recognition;

1. By more than one employer or
2. By one association of employers as well as one or more member thereof.
3. Labour court may call for further information if required.
4. The labour court shall after serving notice in the prescribed manner on the employer investigate whether the trade union fulfils the condition for recognition set out in sec 28D and class (b).
5. If labour court is satisfied that the trade union is fit to be recognised by the employer it shall make an order directing such recognition.
6. Every order made under such Sec 5 shall be forwarded to the appropriate Govt. Which shall notify it in official Gazette.

**Sec 28-F Right of Recognised union.**

(i) Executive of a recognised trade union shall be entitled to negotiate with employers in respect of matters connected with the employment / non employment of the terms of employment



conditions of labour.

- (ii) Any dispute between the employer and the executive shall be referred to the registrar.
- (iii) The executive of a recognised Trade union shall be entitled to display notice of the Trade union in any premises where its members are employed.

**Sec 28-G Withdrawal of recognition.**

Registrar or employer may apply in writing to the labour court for withdrawal of the recognition on any of the following grounds.

- (i) That the executive of the member of the Trade Union have committed any unfair Practice within 3 months prior to the date of the application.
- (ii) That the trade union has failed to submit any return.
- (iii) That the trade union has ceased to be representative of the workman.
- (iv) If after giving reasonable opportunity to the trade union to show cause the labour court is satisfied that a trade union is no longer fit to be recognised it shall make an order declaring that recognition of trade union has been withdrawn and order copy is forwarded to the appropriate Govt.

A trade union whose recognition has been withdrawal can apply again after 6 months following the process as mentioned in

Sec 28C to 281.

### **F. Union Security:**

Although most unions see safety in numbers and hence propose expansions they also recognize the necessity to strengthen their own organisation's union, intended to develop and maintain a fight secure organisation that can speak with assurance for their members and enforce the agreement they conclude.

Union Security refer to guarantee of union status during the process of collective bargaining agreement types of union security include the closed shop, union shop, agency shop and dues check off system.

#### **Closed shop:**

It is the powerful form of union security. Unions keep control of labour supplies in closed shop system, this arrangement allows only the union members to be employed in the organisation. Management agrees to keep men on his pay roll and in which non union men may be hired on the condition they can join the union within a specified period to time.

The closed shop system is mostly banned in most private and public employment.

#### **Open shop:**

In this system, management is free to employ any person, he

may or may not be the union member: Trade Union has nothing to do with recruitment of employees in the organization. Management favours this method.

### **Verification of Trade Union Membership (Check off System):**

Generally employers follow "Code of Discipline" to verify the union membership. But management faces problems when there is more than one union.

Presently, labour department on the request of management does the verification work and certify which is the majority union. The verification is done on the basis of records of membership with the trade union which they submit to substantiate their claim about the membership. But this is time consuming process because trade unions do not maintain their membership records properly and in spite of several request from labour department, union do not produce the member as well as receipts.

Another method for verification was proposed by non-congress unions. The proposed method. "Secret Ballot system," which is being followed in U.S.A. and U.K. was approved by INTUC.

### **Check off System:**

Under this system union membership is collected through the pay roll at the time of payment of wages. This is on the rights of the unions recognised under the code of discipline. This method is favoured by employer and to some extent by INTUC also.

Under this system, the employer will deduct from the wages of worker union membership fees and so deducted amount will be transferred directly to the union concern such deduction is made with the written consent of worker under the Payment of Wages Act, 1936.

The subscription so collected on behalf of each union shall provide reliable evidence of its membership and the same can be used for determining its representative character or otherwise.

**(G) Trade Union Rivalry (Adversely affecting the union relationship and industrial peace):**

The division of the central union organisations of the organisational level and the emergence problem of multiplicity of unions at both the plant and industry level have led to the disintegration of the movement at the lower levels and this added to the proliferation of unions at different levels along with threat to industrial peace and harmony in India. The impact of multiple unionism has far reaching consequences on the relation system as a whole. It has adversely affected the union relationship. The outcome of all these variables is dominating the features of the Trade Union scene in India today resulting in Inter-Union rivalry and intra union rivalry.

**Inter-Union Rivalries:**

It is expressed to various factors like multiplicity, outside leadership, absence of statutory bargaining agent, competitive

pressure etc.

### **Causes of Rivalries:**

1. **Competition:** The nature of competition sooner or later, tends to convert itself into unfair rivalry.
2. **Counter act:** During the wage negotiation or collective bargaining, each union tries to counter-act against each other and thus resist the implementation of any agreement made by opposite union.
3. **Government Policy:** The leverage of multiple union is provided by law itself which instead of eliminating this evil allows various unions to emerge, thereby resulting rivalry.
4. Rivalry is often manifested in speeches or hand bills and evidences of personal rift or physical injury of rival leaders.

Even the triangular approach by management, government, and Trade Unions themselves, to prevent rivalry is positive step though strict statutory provisions are still to be declared and implemented to smooth out the problem.

### **Intra Union Rivalry:**

Intra-union rivalry can be defined as discontent, dissatisfaction difference of views, selfishness, prejudices, power demonstration etc. among the trade union office bearers and members.

Inter-Union rivalry weakens the union's competitive strength in



front of management and among the other Trade Union while intra-union rivalry strikes at internal strength of the Trade Union.

Rivalry is always the curse and creates barrier in industrial production, industrial peace, industrial relations and harmony in many industrial organisations.



**CHAPTER-3**

**MANAGEMENT OF  
ORGANISATIONAL  
CONFLICT**

**(Organisational conflict - spur to  
industrial harmony)**

## CHAPTER-3

# **MANAGEMENT OF ORGANISATIONAL CONFLICT**

(Organisational conflict - spur to industrial harmony)

### **(A) Introduction:**

Management today is faced with the awesome responsibility of ensuring optimum levels of growth and productivity in an environment that is full of conflicting situations. Conflict is a theme that has occupied the thinking of man more than any other with the exception of God and love. Conflict has always been wide spread in society but it is only recently it has generated a lot of interest and has been the focus of research and study to maintain industrial harmony.

We are living in the age of conflict emerges at Interpersonal level, in terms of various choice, and interpersonal level confronting decisions. Conflict is not confined at the individual level alone but it is manifesting itself more and more in organisations disturbing the equilibrium of industrial harmony. Employees have become more vociferous in their demands for better deal. Various departments in an organisation face situation of full conflicts due to a number of reasons like goal diversity, scarcity of various tasks, interdependence, etc.

### **(B) Sources of Conflict:**

A large number of potential sources of conflicts exist in

organisational life as antecedent conditions and realistic basis for some conflict. Such sources are:

**1. Diversity of Goals:**

Groups in organisation have different functions to perform and as such they develop their own norms and goals. These goals should commensurate with organisational goals. But often in real life the reverse is true. Goals of one group are incompatible to the goals of another group.

**2. Task Interdependence:**

Groups in an organisation have to interact with one another in order to accomplish their task. For example sales department can not sell unless the production people produce goods and goods can not be produced unless finance department provides the money for the purchase of raw materials. Three types of interdependence can cause inter group conflict- pooled, sequential and reciprocal.

**a. Pooled Interdependence:**

It exists when two work group's may not directly interact with each other but they are affected by each other's actions.

**b. Sequential Interdependence:**

It occurs when one group's performance depends on another group's prior performance.

**c. Reciprocal Interdependence:**

It occurs when two or more groups are mutually interdependent in accomplishing their tasks.

**3. Competition for Limited Resources:**

No organisation is capable of providing all the resources depended by various units. Resources are limited and different groups have to compete for these resources and many conflicts arise from this source.

**4. Organisational Ambiguities:**

Conflict may emerge when two organisational units compete over new responsibility. Inter group conflict stemming from disagreement about who has responsibility for on going task in an even more frequent problem. New comers to organisations are often struck by the ambiguity that exist about job responsibility.

**5. Organisational change:**

Change is law of nature, change can breed inter group conflict. Acquisition and mergers, for example, encourage inter group conflict, competition and stress when one organisation is merged into another; a power struggle often exists between the acquiring and acquired company. An attempt is usually made to minimize conflict by laying out plans for power sharing before the acquisition or merger is consummated.

## **6. Difference in values and Perception:**

Sometimes Organisation holds 'conflicting' values and perceptions. For e.g. Management- Labour conflict. Labour feels that management is exploiting it because inspite of making a profit, management does nothing for the economic welfare of labour. On the other hand management feels that the profit should go to cash reserves so as to make the company an attractive proposition for investors.

## **7. Egoistic Nature of People:**

Personality characteristic that account for individual idiosynchronies and differences create conflict.

## **8. Others:**

- Communication barrier
- Autocratic style of leadership
- Over control

## **C. Types of Conflicts:**

(Conflict within an individual level) - Basically there are three types of conflicts.

### **1. An approach avoidance conflict:**

One may have better job opportunity in other state but not willing to go to. In such case, one is attracted to and repelled by the

same object an approach avoidance conflict.

## **2. Conflict between Individuals:**

Conflict between individuals takes place owing to several factors, but most common are personal dislikes or personality differences. A marketing manager may put the blame for low sales volume on particular dealer not taking initiative to achieve allotted sales quota and may start disliking the particular dealer as an incompetent dealer.

## **3. Conflict between an Individual and a Group:**

An individual's inability to conform to the group norms results in inter group conflicts frequently. For example, most groups have an idea of a "Fair day's work" and may pressurise an individual if he exceeds or falls short of the groups productivity norms. If the individual represents any such pressure or punishment he could not come into conflict with other group members.

## **4. Conflicts between groups within an organization:**

As an organisation is structured in the form of several interdependent task groups, inter group conflicts are one of the most important types of conflict. Some of the usually chrome conflicts in most of the organisations are found at this level, e.g. Union Vs. Management, one Union Vs another Union, One functional area like production Vs another functional area like maintenance, direct recruit Vs promotees, etc.

The newly emerging field of organisation politics has started systematically investigating such types of conflict.

### **5. Conflict between Organisations:**

Main source of conflict between organisations is the competition. It is limited to economic context only. The Laissez Faire economy is based on this concept. It is assumed that conflict between organisations leads to innovative and new products, technological advancement and better services at lower prices.

#### **(D) The Process of Conflict:**

Conflict can be found on several levels. Interpersonal, conflicts directly influence effectiveness of an organisation.

For a conflict to exist it must be perceived by the parties to it. If no one is aware of a conflict then it is generally agreed that no conflict exist.

Still, does a more awareness of opposing goals, or differences of opinion or antagonistic feelings that there is a conflict? Dynamic process to understand conflict includes antecedent conditions, cognitive states, affective states, and conflicting behaviour conflict between two parties, individuals, groups or organisations can be described and analysed in a chain a episodes which tend to unfold conflict in a particular sequence.



### **A. Potential Antagonism:**

The first stage is the presence of antecedent conditions that create opportunities for conflict emergence. They need not necessarily lead to conflict and may be present in the absence of conflict as well. Some of the antecedent conditions may refer to scarcity of resources, heterogeneity of members and diversity of goals, values, perception, degree of dependences between groups, insufficient exchange of information, etc.

### **B. Cognition and Personalisation:**

The antecedent conditions may or may not lead to conflict. That may be perceived as threatening if conflict is to develop. The situation may be ignored if it is seen as minimally threatening. Moreover if a conflict is perceived, it does not mean that it is personalised ("felt conflict"). However, if feelings are generated, they tend to influence perception of the conflicts. It is at the felt level, when individuals become emotionally involved and involved and parties experience feelings of threat, hostility, fear or mistrust.

### **C. Conflictive and conflict management behaviour:**

Manifest behaviour is the action resulting from perceived and/or felt behaviour. At this stage a conscious attempt is made by one party to block the goal achievement of the other party. Such behaviour may range from subtle, indirect and highly controlled

forms of interference to more forms of aggressive behaviour like strikes, riots, war etc.

#### **D. After math:**

The interplay between different forms of overt conflict behaviour and conflict influence the consequences. These consequences (in terms of performance of the group, the level of satisfaction and quality of relationship in the involved parties, change of structure and policies etc.) in turn influence the antecedent conditions and probability of future conflict. Some times, the after math sows the seed of yet another conflict episode in which case the entire process is repeated.

The four stage conflict process model is very useful frame work to understand the episode of any conflict.

#### **E. The Impact of Conflict:**

Conflict can have both positive and negative impact on individuals, groups and organisations eg. as a result of inter group conflict certain changes occur within groups and between groups some changes have positive effects, others have negative effects. Edger Schein (1980) has compeiled a list of changes on the basis of research findings that may occur within the groups involved are;

- A. Increase in group cohesiveness.
- B. The group becomes task-oriented.

- C. Leadership becomes more directive.
- D. Organisational structure becomes more rigid.
- E. Group unity stressed.

Prolonged group conflicts cause the following changes in relationship between groups.

- A. Perceptions are distorted.
- B. Groups become antagonistic towards each other.
- C. Communication ceases to exist.
- D. Group apply a double standard.
- E. Conflict resolution solidifies inter group relationship.

Thus, conflict in certain forms can be functional or dysfunctional depending upon its nature, intensity, duration and the manner in which it is handled. The balanced view to conclude that conflict is inherently neither good nor bad but simply has the potential to improve or impair an organisation performance through its consequences. Conflict that result in increased organisation performance and help an organisation to attain its goals may be termed as functional. On the other hand conflict that hinders an organisation's growth and prevents it from achieving its goals can be termed as dysfunctional.

## The Conflict Process

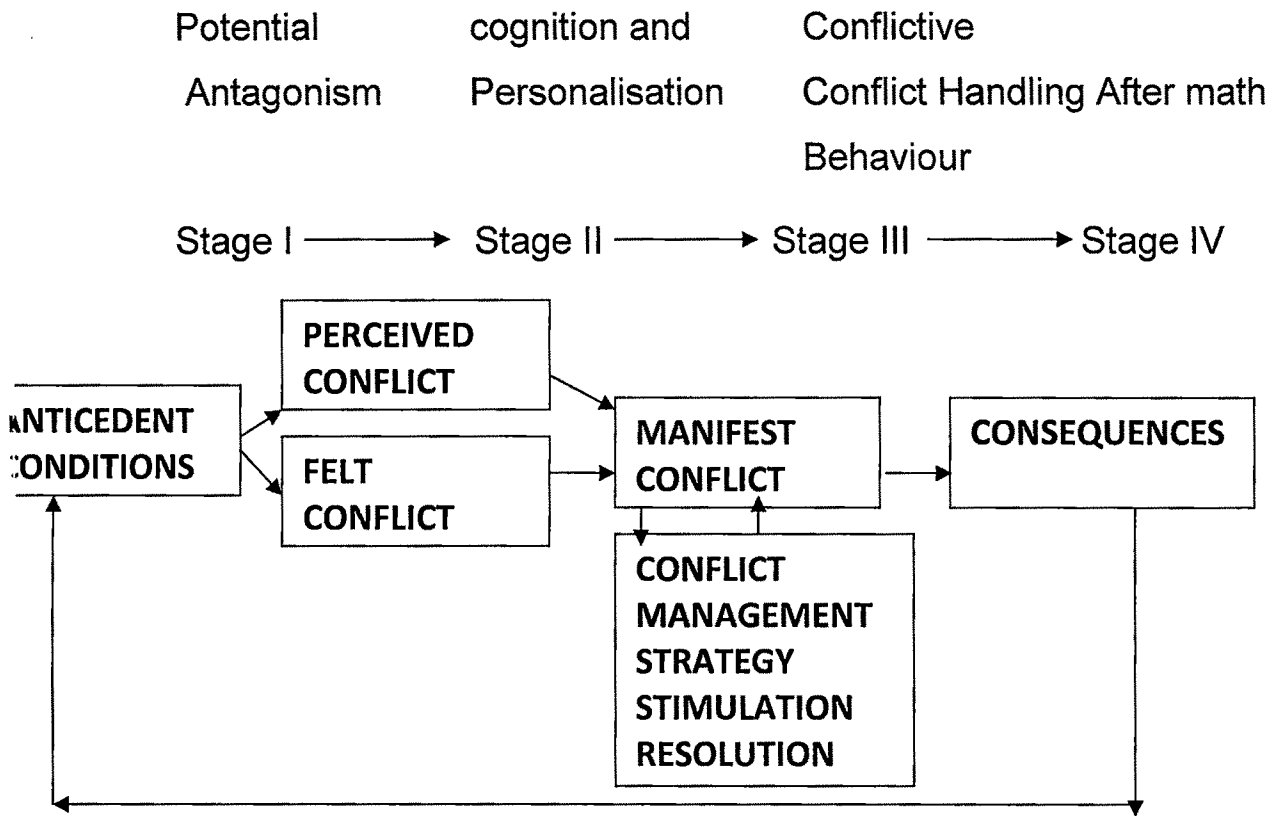


Fig shows the relationship between organisation conflict and group or unit performance.

(Functional and Dysfunctional)

The unit's performance is at the maximum. This can happen because at that level of conflict the group or the unit's internal environment is characterised by self-criticism and innovativeness. When the conflict level is too low, it is dysfunctional as the unit's performance is low due to apathy, stagnation; lack of new ideas and non responsiveness of the unit-members to the demands of change. In such a situation a manager may have to resort to stimulating conflict to make the unit more viable. On the other hand, when the conflict level is too high, it is again an dysfunctional as the survival of

the group or the unit is threatened owing to diversion of energies away from performance and goal attainment activities of the members. Chaos and disruption prevails. Naturally, the most important managerial task become show to resolve the conflict.

**(F) Strategies, stimulation and Resolution:**

**(A) Stimulating Productive Conflict:**

The tendency to avoid conflict, even disagreement, statement like "Don't Aruge" "stop fighting" etc. is not always productive and there are times when there is a need to stimulate conflict.

Robbins (1978) suggested the following as sign where conflict stimulation is needed:

1. The organisation is filled with "yes men".
2. Employees are afraid to admit ignorance.
3. Compromise is stressed in decision-making
4. Managers put too much emphasis on harmony and peace.
5. People are afraid of hurting the feelings of others.
6. Popularity is given more importance than technical competence.
7. People show great resistance to change.

8. New ideas are not forthcoming.
9. There is usually low rate of employee turnover.

The presence of one or more of these signs is usually an indication of the need for conflict stimulation. Once the need has been identified, one can adopt one or more of the following techniques.

**1. Manipulate communication channels:**

- A. Deviate Message from traditional channels.
- B. Repress information.
- C. Transmit too much information.
- D. Transmit ambiguous or threatening information.

**2. Alter organisation's structure (redefine jobs, alter tasks, reform units)**

- A. Increase specialization or standardisation.
- B. Increase a unit's size
- C. Recruit, delete or transfer organisational members.
- D. Increase interdependence between units.

**3. Change or Modify Personal Behaviour Factors:**

- A. Change personality characteristics of leader.

B. Create role conflict.

C. Develop role incongruence.

Some suggestions may even be unethical depending upon the values and organisations value-system (as one may feel that a desirable end- state does not always justify the questionable means like transmitting threatening information).

### **B. Resolving Interparty Conflict:**

There is no dearth of literature in this area and different authors have given different taxonomies in reviewing possible conflict resolution strategies.

The primary dimension along which intergroup conflict-resolution strategies vary is how openly once as a manager should address the conflict. The chief characteristics of conflict -avoidance strategy is that they attempt to keep the conflict from coming into the open. The goal of conflict - defusion strategy is to keep the conflict in abeyance and to "cool" the emotions of the parties involved. Conflict containment strategy allows some conflict to surface, but tightly control which issues are discussed and the manner in which they are discussed.

Conflict - confrontation strategies are designed to uncover all the issues of the conflict and try to find a mutually satisfying resolution.

### **C. Conflict - avoidance strategies:**

**a. Ignoring the conflict:**

This strategy is represented by the absence of action. One as a manager often avoided dealing with dysfunctional aspects of conflict. Although ignoring the conflict generally is ineffective for resolving important policy issues, there are some circumstances in which it is at least reasonable way of dealing with problems.

**b. Imposing a solution:**

This strategy consists of forcing the conflicting parties to accept a solution devised by higher- level manager. Imposing a solution does not allow much conflict to surface, nor does it leave room for the participants to air their grievance, so it also generally is an in effective conflict - resolution strategy. Any peace that it does achieve is likely to be short - lived.

Forcing a solution can however be appropriate when quick, decisive action is needed. An example of this is when an organisation must cut back on the funding of programmes. It is unreasonable to expect pt that any department would agree to cut its staff and expenses for the greater good, yet some hard unpleasant decisions ultimately must be made.

**C. Conflict Diffusion Strategies:**

**C. 1. Smoothing**

It is way of dealing with conflict to try to "smooth it cover" by playing down its extent or importance. One can try to persuade the



groups that they are not so far apart in their view points as they think they are, point out the similarities in their positions, try to "pat" group members whose feelings have been hurt, or play down the importance of the issues. By smoothing the conflict one can hope to decrease its intensity and avoid escalation or open hostility. For instance inter group conflict frequently occurs between older and younger employees because of their different political beliefs and moral values. Smoothing can help to defuse the tension so that the conflict does not spill over into central work issue.

However, smoothing sometimes can serve a stop-gap measure to let people cool down and regain perspective.

### **C. 2. Appealing to Super ordinate goals:**

One can defuse conflicts by forcing attention on the higher goals that the groups share or the long-range aims that they have in common. This tends to make the current problem. Seen insignificant beside the more important mutual goals.

Finding super ordinate goals that are important to both groups is not easy. Achieving these goals requires co-operations between the groups, so the rewards for achieving the goals must be significant.

### **D. Conflict - Containment Strategies:**

#### **D.1. Representations Help:**

One of the strategies one can use to contain conflict is the use

of representatives. In order to decide an issue, one can meet with representatives of the opposing groups rather than deal with the groups in their entirety. The rationale is that the representatives know the problems and can argue the group's points of view accurately and forcefully.

The research on the use of representatives as means of solving inter group conflict is fairly negative. Representatives are not entirely free to engage in compromise, rather, they must act out of a loyalty and are motivated to win (or at least avoid defeat) even though a solution to the inter group problem may be sacrificed in the process.

#### **D. 2 Structuring the interaction:**

There are many ways to structure the interaction between group to deal with conflict. Some of the most effective strategies include.

- (a) Decreasing the amount of direct interaction between the groups in the early stage for conflict resolution, (It helps to prevent back - sliding from tentative agreements).
- (b) Decreasing the amount of time between problem-solving meetings.
- (c) Decreasing the formality of presentation of issues (Helps to induce a problem- solving, rather than win-lose orientation to the conflict).

- (d) Limiting the recitation of historic events and precedents and focussing instead on current issues and goals (Helps to keep the focus on finding a solution to the current conflict).
- (e) Using third party mediators (can act as a go between; transmits offers and message, clarify the group positions, suggests possible solutions).

The above strategies reveal some conflict to surface but prevent it from getting out of hand and reduce hardening of the groups positions.

#### **D. 3. Bargaining:**

Bargaining is the process of exchanging concessions until a compromise solution is reached. For bargaining to be feasible at all as conflict resolution strategy, both parties must be of relatively equal power. Bargaining also is more likely work if there are several acceptable alternatives that both groups are willing to consider.

#### **E. Conflict - Confrontation strategies:**

##### **E. 1. Problem Solving-**

Problem solving is an attempt to find a solution that reconciles or integrates the needs both parties who work together to define the problem and to identify mutually satisfactory solutions. There are two preconditions for successful, integrative problem solving. The first is a minimal level of trust between the groups. Secondly,

integrative problem solving takes a lot of time and can succeed only in the absence of pressure for a quick settlement.

Alderfer (1977) summarises the most critical ingredients in successful problem solving.

1. Problem should be defined with joint efforts and shared fact findings.
2. Problem should be stated in terms of specifics.
3. Points of initial agreement in the goals and beliefs of both groups should be identified along with the differences.
4. Discussion should consist of specific, non-evaluative comments.
5. The groups should work together in developing alternative solutions or at least present a range of acceptable solutions.
6. Solutions should be evaluated objectively in terms of quality and acceptability to the two groups.
7. All agreements about separate issues should be considered tentative until every issue is dealt with.

## **E. 2. Organisational Redesign:**

Redesigning or restructuring the organisation is especially true

when the sources of conflict result from the coordination of work among different departments or division. One way of redesigning organisations is to reduce task inter dependence between groups and to assign each group clear work responsibilities. (This is most appropriate when the work can be divided easily into distinct projects). The other way to deal with conflict through organisation redesign is to develop overlapping or joint work responsibilities.



## **CHAPTER-4**

# **COMPENSATION MANAGEMENT**

**(An Indispensable Aspect of  
Human Resource Management  
Leading to Industrial Harmony)**

## CHAPTER- 4

# **COMPENSATION MANAGEMENT**

## **(AN INDISPENSABLE ASPECT OF HUMAN RESOURCE MANAGEMENT LEADING TO INDUSTRIAL HARMONY)**

### **(A) Introduction:**

Any amount of planning and motivating would be unfruitful, if the people are not properly compensated for their efforts. This may, perhaps, be the reason why compensation (wages; allowances and bonus) has been the cause of between 40-62 percent of industrial dispute in India from 1961 till to day. Demand of state of employees for parity in wages with central Govt. employees, is one of the example of barrier in Industrial Harmony, (Parity within the state and with Central Govt.).

Even after the independence of India, no national wage policy, which is applicable to all states, is enforced with computation. The National wage policy declared by Central Govt is applicable with reference to 'capacity to pay' by states. It has empowered the state government to discriminate the wages according to its own available resources and consequently giving birth to employees grievances.

No wonder, a good compensation is an indispensable aspect of human resource management leading to industrial harmony.

Wage fixation in Public sectors are not commensurate with Private sector or Vice- Versa. Some of the Public Sector

Organisations are yielding higher wages to its employees. Where others are on the verge of closure and providing only minimum wages to its employees. Multi National Corporations/ Companies have much higher wages than National Industries.

### **Compensation:**

Compensation is the recompense, reward, wage or salary given by an organization to a person; persons or group of persons in return to a work done, service rendered or a contribution made towards the accomplishment of goals. Compensation can be given in monetary or non-monetary terms or as a special rewards for a specific type of accomplishment, achievement on contribution. Wage; D.A. Bonus and other allowances are example of monetary compensation, while good accommodation, children's education, transport facilities, subsidised ration of essential commodities etc; come under non monetary compensation. In short, wages paid to blue collar workers or salaries paid to white collar employees can be classified as compensation. It is a responsibility of priority for a human resource manager to formulate policies and strategies to establish as remuneration system acceptable equitable and adequate for every employee to satisfy his or her needs. A good compensation package or a well accepted take home remuneration package is a good motivator

A company which does not pay remuneration adequate enough to meet the needs of its people can not claim for good harmony within the industry.



**(B) Three Parts of compensation:**

1. Base compensation for the job.
2. Incentive compensation.
3. Supplementary compensation.

**1. Base Compensation:**

Base compensation is the basic pay fixed to various categories of jobs, posts or positions. Scales of pay are fixed for different posts in every on the job; job content, job importance, job skills etc. Most often base compensation is paid in monetary terms and the base compensation is considered as monetary compensation. In the process of fixing base compensation some important factors are generally taken into consideration.

1. Job- content.
2. Bargaining power of the Trade Union.
3. Demand supply interplay of the specific category of jobs or positions.
4. Position of the Industry.
5. Firm's ability to pay.
6. Productivity, profitability and the firm's financial positions.
7. Standard of living or cost of living.

8. Legal provision.

### **Equity Principle in compensation Plan:**

Equity focuses on justice, every employee must get justice from his employer. The compensation that an employer gives to his employees must be in accordance with what every employee deserves. Obviously, equity does not mean equality, though all those who do the same work with the same efficiency deserve the same compensation.

### **Equity are affected by two factors:**

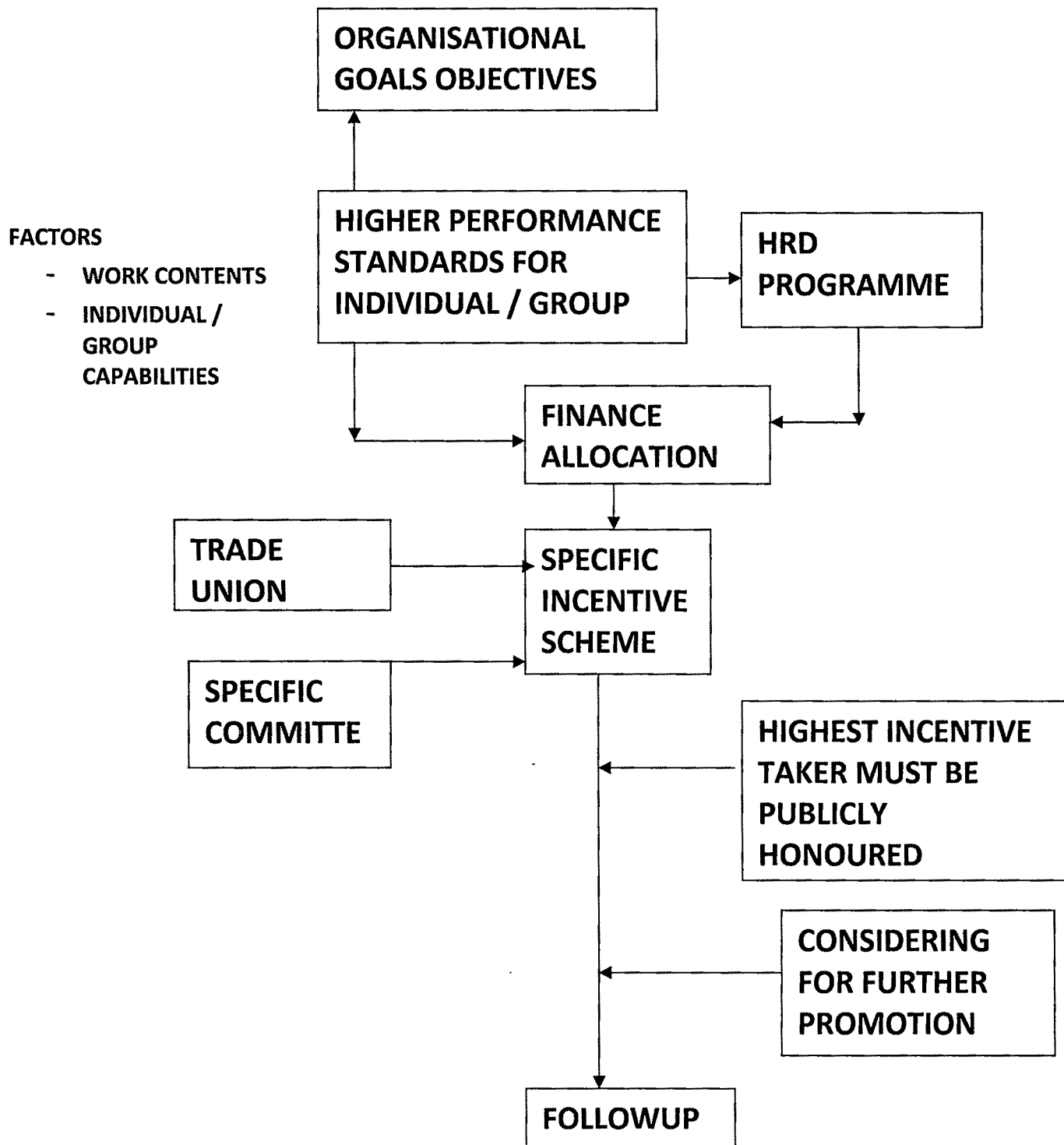
- A. The ratio of compensation to one's input of effort, education, training, endurance or adverse working conditions etc.
- B. The comparison of this ratio with the perceived ratios of significant other people with whom direct contact is made.

Equity usually exists when a person perceives that the ratio of outcomes to inputs is in equilibrium, both internally with respect to self and in relation to others.

### **2. Incentive Compensation:**

A good incentive system motivates people to put in their best efforts to perform well.

**(C) Steps in Incentive Plan:**



Figure

**(D) Incentive Plans/Methods of wage Payment:**

The various plans are designated as incentive to workers to produce more and are paid bonus or premium for additional work. This additional payment may be called incentive plan/wages or bonus. Such incentive wage payment systems or plans, which provide for additional payment for the better performance of workers over and above the standard performance, may be called incentive wage payment system or plans. Almost all such incentive plans provide for minimum guaranteed or hourly basis.

**Essential features of incentive plans:**

1. Acceptability (Management, workers & Trade Union)
2. Simplicity.
3. Scientifically set standards- work device, time & motion study etc.
4. Direct effort reward relationship.
5. Stability
6. Equitability.
7. Minimum guaranteed wages.
8. Conducive to workers health and welfare.
9. Flexibility.

10. Follow up.

### **Reasons of opposing incentive Plan:**

1. Opposition from indirect labour.
2. Arbitrary standards.
3. Inefficient workers.
4. Barriers in speeding work.

### **Types of Incentive Plans;**

There are two types of incentive plans.

1. Personal incentive Plans.
2. Group incentive Plans.

#### **1. Personal Incentive Plans:**

This may be either time based or production based.

In time based plans workers are rewarded for better performance on the basis of time saved in completing a minimum standard of work in standard time (Halsey & Rowan Plans).

Under production based plans a worker is allotted a standard work to be completed in standard time and bonus is paid only if he completes the standard work within given time otherwise no bonus is paid to him. (Taylor's and Gnat's plan)

## **2. Group Incentive Plans:**

The whole group of workers are included. Each member of the work group is rewarded on the basis of performance of the group either equally or in specified proportions.

## **Personal/Individual Incentive Plans:**

### **1. A. Halsey Premium Plan:**

Under this system/plan the workers is paid a percentage of the time saved over the standard rate per piece. A standard time is fixed for each job or operation. If a worker completes the job with in standard time or more than standard time he is paid standard rate.

But if the job is completed in less than the standard time fixed for the job he is given, wages for the actual hours taken plus bonus equal to (normally) one half the wage of time saved. However, in practice the bonus rate, various from 33.3% share of the employer.

**EARNING = TIME TAKEN X RATE + % OF STANDARD TIME**

= (TXR + 50% (ST) x R) Time taken x rate eg.

Time allowed for the job = 12 hours

Time taken = 9 hours

Rate per hour = Rs. 12/-

### **Solution:**

Standard time or (S) = 12 hours

Time Taken (T) = 9 hours

$$\begin{aligned}
\text{Rate (R)} &= \text{Rs. 2/- per hour.} \\
\text{Total Earning} &= \text{TXR} + 50\% (\text{S-T}) \times \text{R} \\
&= 18 \times \frac{1}{2} \times 6 \\
&= 18 + 3 \\
&= \text{Rs. 21/-}
\end{aligned}$$

Effective Rate of Earning p.H.

$$= \frac{\text{Total Earning}}{\text{Time Taken}}$$

$$21/9 = 2.33 = 2.33 \text{ P.H.}$$

(If percentage of bonus to be given to workers is unknown it should be taken as 50%).

### **1.A.I. Halsey Weir Premium Plan:**

Under this plan; other thing being the same as Halsey plan; the rate of premium usually applied is 33 1/3: 66 2/3 sharing plan basis.

### **Solution:**

$$\text{TXR} + 33 \frac{1}{3}\% (\text{S-T}) \times \text{R}$$

$$= 9 \times 2 + 33 \frac{1}{3}\% (3) \times 2$$

$$= 18 + 2 = \text{Rs. 20}$$

## 2. Rowan System:

This system is similar to Halsey plan. The only difference the two systems is in calculating the premium. In this system the worker is guaranteed at ordinary rate of wages and bonus is paid in respect to time saved. The bonus hours are calculated as the proportion of the time saved bears to the standard time allowed.

Example:

Formula =  $S - T/S \times T \times R$  and the total

Earnings =  $T \times r + s - T/S \times T \times R$

T = Time Taken (Actual Time)

S = Standard time (Time allowed)

R = Rate per hour,

Time allowed = 10 hours

Time Taken = 8 hours.

Rate (hourly) = Rs. 50

Bonus =  $S - T/S \times T \times R$

=  $10 - 8/10 \times 8 \times 5$  or  $2/10 \times 4$

=  $8/10 = \text{Rs. } 8 \text{ or } 80 \text{ paise}$

Earning =  $T \times R = 8 \times 0.50 = \text{Rs } 4.00$



Total Earning = Rs. 4.0 + Rs. 0.80 = 4.80/ +

Rate per hour (Premium rate) =  $4.80/8 = \text{Rs. } 0.60/=$  per hour

For 10 hours = Rs. 6/= (If workers works for tow hours after completion of Join in 8 hours.)

### **Taylor's differential piece rate system:**

This system was originated by F W Taylor, the father of scientific management. It is based on the assumption that the degree of efficiency varies from worker to worker and hence the workers must be paid according to their degree of efficiency.

Under this system there in no guarantee of minimum wages, standard of time and standard of work is determined on the basis of time study. A dual system of piece work rate is used one lower rate applicable to poorer or newer worker whose production is below standard and another higher rate is applicable for more efficient and experienced workers whose production is above the standard.

### **Merits:**

1. Penalise inefficient worker and rewards efficient worker.
2. System is scientific and based on proper work study and standardization of jobs.
3. Easy to understand and simple to operation.

**Demerits:**

1. Against the labour unity and solidarity.
2. No guarantee for minimum wage.
3. Creates in security among workers.

**Application:**

The efficiency of a worker may be determined as a percentage either-

1. Of the time allowed for a job to the actual time taken or.
2. Of actual output to the standard output, within a specified time.

**Example:**

- A- Standard time allowed for a job - 9 hours.  
Actual Time taken for the job - 12 hours.
- B- Standard output - 5 units perhour.  
Actual output - 6 units per hour.

**Efficiency:**

- (i)  $9/12 \times 100 = 75\%$
- (ii)  $6/5 \times 100 = 120\%$

From the following particulars calculate earning of worker  
Standard time per piece 10 minutes

Normal rate per hour Rs. 0.60/=

In a 8 hourday

A. Produced - 45 units

B. Produced - 55 units

**Solution:**

Standard Production per hour= $60/10 = 6$  units

Standard Production Perday =  $8 \times 6 = 48$  units

Piece Rate =  $60/6 = \text{Rs. } 10.00$

**Efficiency:**

A =  $45/48 \times 100 = 93.75\%$  (Less than 100%)

B =  $55/48 \times 100 = 114.58\%$  (more than 100%)

**Payment (Earnings):**

A = Low piece rate 80% of Rs. 10 = Rs. 8.00

B = High piece rate 120% of Rs. 10 = Rs. 12.00

A's Earnings =  $45 \times 0.08 = \text{Rs. } 3.60$

B's Earnings =  $55 \times 0.10 = \text{Rs. } 5.50$

**Gantt's Task System:**

In order to moderate the tailors plan, Mr. H.L. Gantt evolved a

new system of wage payment. Under this system, wages on time basis are guaranteed. A standard of performance is also ascertained if a worker fails in completing the standard work in standard time, he is paid only minimum wages and no bonus but if he attains the standard; he will get minimum wages plus a fixed percentage of bonus decided before hand at the fixed percentage of the time taken.

The rate of bonus usually is 20% to 50% of the time allowed and not the time saved. If a worker completes the job in lesser time, he is paid a higher piece rate for the whole production.

**Merits:**

1. Easy and simple.
2. Stronger incentive to efficient worker but also guarantees minimum wages to inefficient worker.

**Demerits:**

1. Like Taylor's system, creates disunity, weakens trade unions.
2. If the minimum wage is too high worker will not bother for improving performance.

**Example:**

Total Wages for the week

A = 32 units of time rate of Rs. 5 per hour

- = 40 hours or Rs. 2.00 (per unit cost Rs. 6.25)
- B = 37 units of time rate or Rs. 5 per hour.
- = 40 hours or Rs. 200 (5.41 per unit)
- C = 42 units × Rs. 5 plus 20% bonus of total
- = output with higher piece rate.
- = 210 + 42 or 42 X 6 - Rs. 252.00

### **3. Supplementary Compensation:**

Supplementary compensation is an additional Compensation package given to the employee annually, so that the employee would be motivated to renew his commitment to work. Additional annual wage, employee profit sharing (present day bonus), production sharing plans, employees equity participation as an additional bonus etc.

In India 8.33 percent of the annual wages are paid as statutory annual bonus. But the companies who have plan to pay more can do as per their plan. An annual gift scheme in cash or kind, an annual get together, or some other valuable device can be chosen to motivate the employees.

### **(E) Wage Administration:**

In recent times, wage administration has become an important concern of every actuating manager because wage matters have become important issues for industrial conflicts, disputes and struggles.

Good payment get better employees who stick for longer time.

On the other hand turnover of exactions and people would be greater when their remuneration is understood to be less than what is prevalent in the industry, identical firms and in the same locality.

A good wage system must be-

1. The system of wage should be fair to all.
2. A minimum wage should be assured to all workers.
3. The system should be acceptable and adoptable by workers.
4. It should have features of simplicity, certainty and flexibility.
5. It should provide adequate incentives to workers.
6. It should have conformity with various labour laws and regulations.
7. It should be fair and practically applicable.

There are various types of wages. In practice piece rate, time rate, living wage, fair wage minimum wage etc. are prominent among the various approaches to wage payment.

#### **A. Piece Rate:**

Fixed wage paid for completing a give an amount of work can be called piece rate. The time under this system/method in not of essence. It is assumed that the worker will not take more than the

average time to complete a job. The earning of worker depends upon the speed of his work and his own individual. Skill and efficiency, wages differ from worker to worker depending upon quantum of output.

**Example:**

Wages/ earning →

= No. of units produced × Rate per unit / piece.

**B. Time Rate:**

The definite wages for a given period of time like one hour, two hours, weekly or monthly can be called time wages. The minimum wage rate, the need based minimum wages, fair wage, living wage etc. Fixed by Govt or the wage board or through the collective bargaining mechanism, are on time based principles.

**Example:**

Wage = Hours worked × Rate per hours

or = Days worked × Rate per day.

**C. Fair Wage:**

Fair wage is fixed between the minimum wage and living wage. The committee on Fair wage, in their report as early as 1949 concluded, "while the lower limit of the fair wage must obviously be the minimum wage, the upper limit is equally set by what may

broadly be called the capacity of industry to pay." According to the committee, fair wage may depend on the following factors :-

- (i) The productivity of Labour.
- (ii) The prevailing rates of wages in the same or similar occupations in the neighboring location.
- (iii) The level of national income and its distribution.
- (iv) The place of the industry in the economy of the country.

**D (a) Need based minimum wage - (NBMW):**

The 15th session of the Indian Labour Conference held in 1957 at Nainital decided to accept "NEED" as the criterion for the determination of minimum wage for industrial workers. The resolution adopted at the conference (ILO Tripartite-management, workers and Govt.) has included five main principles for determination of the need - based minimum wage.

- (i) Supported by a single worker the standard working class family should consist of three adults.
- (ii) Minimum food requirements should be calculated on the basis of a daily intake of 2700 calories per adult (recommended by Dr. Aykroyd).
- (iii) Clothing requirements should be estimated at a per capita consumption of 18 yards per annum.



- (iv) Housing needs should be calculated on the basis of house rents charged by the Govt. for houses that it provides to its employees under the subsidised industrial housing scheme for low income group.
- (v) Expenses on light, fuel and miscellaneous items etc. should approximate 20 per unit of the total minimum wage. (The recommendations could not find favour in first and second pay commission. However, it was considered in the third pay commission to some extent.)

**(b) Minimum Wage:**

As the name suggests minimum wage , represents the level of wages below which wages are not allowed to drop. It implies the minimum payment of wages to a worker, which is just sufficient to cover the base physical needs of the workers and his family and also to maintain his efficiency. Thus, minimum wages should ensure a reasonable minimum standard of living from stand point of health, efficiency and well being of a worker.

The Minimum Wages Act, 1948, has not defined minimum wages. But the Act empowers the State and the Central Govt. to fix minimum wages rate payable to the workers of specified industries, viz woolen market making, shawl weaving, establishment of doll, rice or flour mills, tobacco including bidi workers, plantations, oil mills employment under any local authority, road construction or building operations, stone breaking or crushing, mica works lac

manufacturing public motor transport, leather manufacturing and agriculture.

The courts and industries generally follow the definition given by the fair wages committee 1948. The fair wage committee has defined the minimum wages as under:-

"..... a minimum wage must provide not merely for base substance of life but for the preservation of the efficiency of the worker. For this purpose the minimum wage must also provide for some measures of education, medical requirements and amenities."

The content of minimum wage varies from time to time and place to place. The state Govt. take the following three factors into account before fixing minimum wages.

- (i) The need of the workers.
- (ii) The capacity of industry to pay.
- (iii) The job contents of different categories of work.

Statutory minimum wage is the wage, which is fixed by the statute and it, may be higher than the base subsistence or minimum wage.

### **E Living Wage:**

The concept of living wage is also enriched in the Constitution of India. The objective of the International Labour Organization laid down in the preamble to its constitution provide, among other things,

for an adequate living wage and recognition of the principle of equal remuneration for equal work.

The living wage concept has received further attention ever since the preparatory Asian Regional Conference of 120, held in New Delhi in 1947, adopted a resolution in respect of wage policy. The resolution held that every effort should be made to improve wage standards in industries and occupations in Asian Countries, with a view to achieve a living wage for every worker. In its pursuance, Govt of India in 1948 has emphasised the two concept of minimum wage and living wage. According to the report (1949) , a living wage should enable the male wage earner to provide for himself and his family not merely the base essentials of food; clothing and shelter, but a measure of frugal comfort including the education for the children, protection against health, requirements of essential social needs, and a measure of insurance against the more important misfortunes including old age.

(Living wage is a desirable rate of wage adequate enough to maintain the worker and his family for the present and future minimum wage is the lowest rate of wage inevitable for the worker especially sweated labour, to make both ends meet.)

#### **F National Minimum Wage:**

A national minimum wage was suggested by Boothalingram panel in May 1978. The proposal of a target national minimum of Rs. 150 to be attained about seven years (in 1978, prices) need not to be taken seriously now. The panel, felt that this figure itself was not

attainable, hence it begins with, a national minimum wage below which no regular employment will be permitted is to be fixed at four rupees per day of eight hours, unskilled work for an adult or Rs. 150 is reached and thereafter revision can be made every three years. Statutory minimum wages may be brought up to this level wherever it is lower.

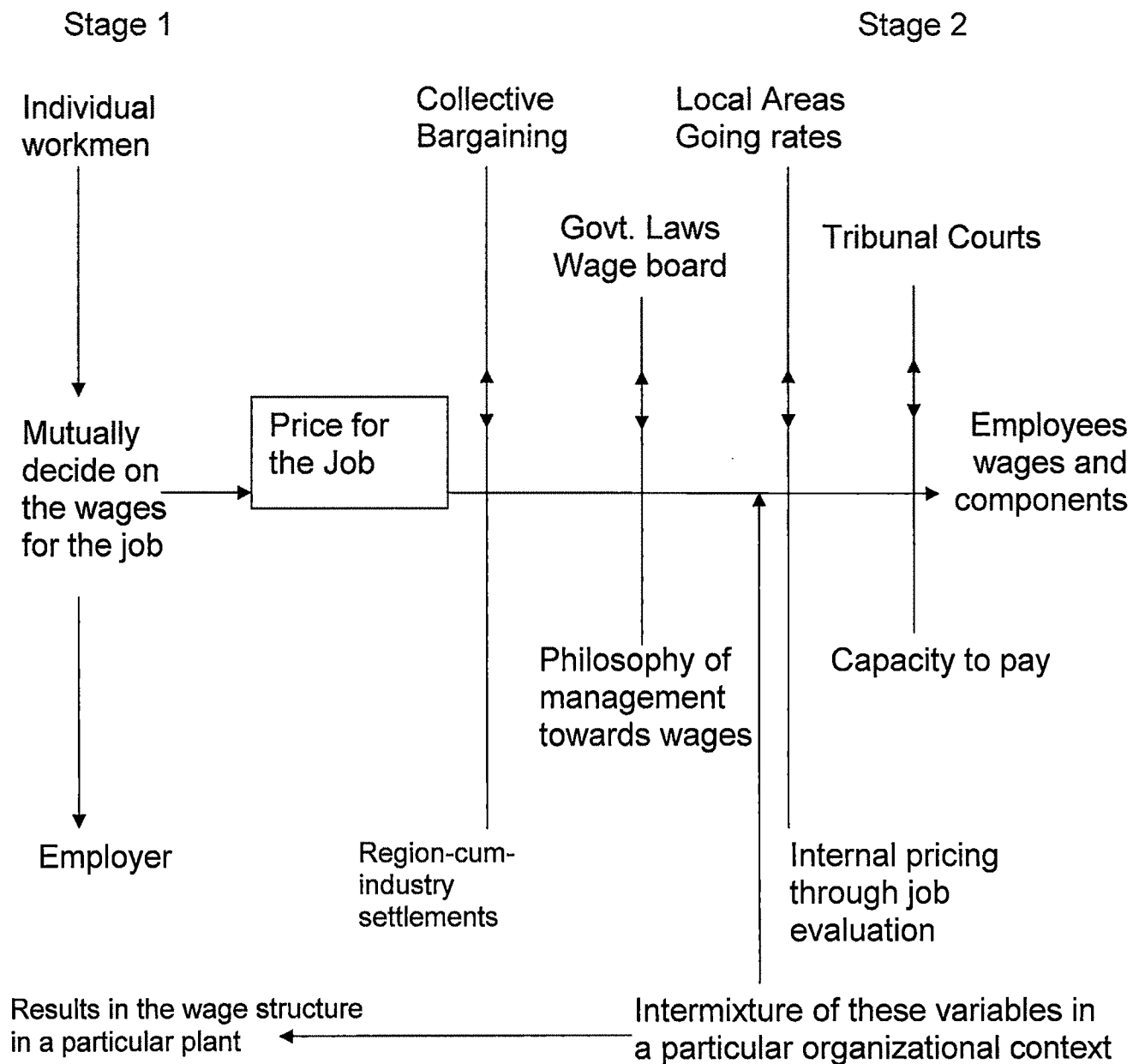
India is one of the ten industrialized nations in the world, large scale employment has become the order of the day, Consequently, a national wage policy may be necessary.

#### **G. Wage Determination:**

The unit employer or manager who is involved in wage determination, may keep his work's welfare in his mind. This may promote a cordial relationship in his organization.

As far as an individual company is concerned, wage administration includes wage determination, job evaluation and wage payment performance evaluation date may also be taken into account in wage administration. However, on many occasions it may not be practicable.

## Wage Influencing Variables



Stage 1 self contained model where external influence is marginal.

Stage 2 Depicting the interplay of external and internal influence.

Job evaluation is generally used in relation with the determination of wages.

## **H. Job Evaluation:**

Job evaluation is the process of establishing the value of jobs in a job hierarchy. Job values may be determined by negotiation or fixed on the basis of broad assumptions about market rates and internal relations. Job evaluation is a comparative process which enables to compare jobs by using common criteria to define the relationship of one job to another.

Job description and job specification are required as a part of job evaluation as it provide necessary data concerning the factors to be measured. Job analysis is closely linked with job specification and description.

### **Job description:**

A primary output or result of job analysis is a job description. A complete category of information.

1. Job mission and location.
2. The work performed.
3. The content in which the action take place.

It should be as brief, factual and precise as possible.

### **Coverage/ Headings:**

1. Job title
2. Reporting to
3. Reporting to him
4. Overall responsibility.

### **Job specification:**

Job specification is a product of Job analysis and a refined form of job description may experience, special attitude, etc. (Job description is related with job while job specification is concerned with employee).

### **Job Analysis:**

Job analysis is the process of collecting information regarding the operation and responsibilities of a specific job and studying it in detail leading to job description and job -specification. It defines the activities involved in job requirements, machines, tools and materials to be used; time taken by employees to meet the job evaluation.

It helps in the functions like procurement of people, training them, wage fixation, etc. It uses the methods of observation, interview and questionnaire.

### **(I) Methods of Job Evaluation:**

Several techniques are available for job evaluation:

1. Ranking method.
2. Job classification.
3. Point - Rating.
4. Factor comparison.

### **1. Ranking Method:**

This is the oldest and simplest method of job evaluation. The aim should be to judge each job as a whole and determine its relative place in a hierarchy by comparing one job with another. This can be done by arranging order of importance.

### **Facts of Job:**

Decisions, complexity, knowledge, and skills, physical effort required to carry out the job.

### **Procedure:**

1. Analysed and describe the jobs bringing out those aspects which are to be used for purpose of comparison.
2. Identify key and bench mark jobs - the most and least important, a job midway between the two extreme, and another at the higher or lower intermediate points.
3. Rank the other jobs around the benchmark jobs until all jobs are placed in their rank order of importance.



4. Divide the ranked jobs into grade by grading jobs together with common features such as similar duties, skills or ranking requirements.

It is advisable to use the statistical- technique of paired comparison. A matrix can be fluid showing the score for each job against all the other jobs being ranked.

## **2. Job classification:**

This method involves the establishment of job classes or grades. The system was evolved as an improvement over the ranking method. In this system job descriptions and job specifications are widely used.

1. Select representative sample of benchmark jobs covering all the occupations to be included in the scheme.
2. Analyse the jobs and prepare job descriptions.
3. Decide on the number of grades required. (This will depend on the range of responsibility or skills in the job covered by the scheme). For manual workers it is not likely to be more than six to eight, and the clerical staff in most firms can be grouped into four or six grades the number of managerial grades will vary according to the size of firms and the level of salaries at the top.
4. Define each group in terms of discernible differences in

skill and responsibility.

5. Slot each bench mark job into a grade with reference to the job and grade description.
6. Grade the other jobs and grade descriptions.

Alternatively, one may start a job clarification exercise from a predetermined grading scheme. In this case, it is necessary to prepare job description and place the jobs into the grade.

The main problem with job classification system is that one can not deal with complex jobs which will not fit nearly into one grade. They are less useful for more senior jobs where the descriptions are so generalized that they did not provide much help in evaluating borderline cases.

### **3. Point Rating:**

The point rating scheme is based on Analysis of separately defined characteristic or factors which are assumed to be common to all the jobs. One has to further assume that differences in the extent to which the characteristics are found in the jobs will measure differences between the letters of the job. When selecting the factors in the point scheme, one should ensure that they are considered the most important in determining their relative degree of difficulty of responsibility.

Steps in points rating scheme-

1. Select a representative sample of bench-mark jobs.
2. Decide on the factor to be used in Analysing and evaluating the jobs. The aim should be to restrict the number to number then eight or so. The use of two many factors.
3. Prapare a preliminary definition of each factor and divide it into degree of level each of which is also defined. It is useful to restrict the number of levels to five to six.
4. Analyse each bench-mark job in terms of the factors and decide on the degree to which each factor is present by the reference to the preliminary definitions of the factor degrees.
5. Decide on the weight to be attached to the factor (total points value).
6. Redefined the factor definition and points score in the light of the result of step 4 and step 5 to produce the final scheme.

The golden rule in choosing a scheme is to go for the simplest approach first and reject it only if the complexity of the situation on to the need to impress everyone demands a more complicated method. All job evaluation is largely subjective when it comes to making final judgments.

<b>Job</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>T.Score</b>
A	-	0	0	1	£ 2	3

B	2	-	0	2	2	6
C	2	2	-	2	2	8
D	1	0	0	-	1	2
E	0	0	0	1	-	1

In this example job A is compared with job B to E. It is considered to be less important than job B and C and received no points in both case, equally important to job D and received one point and more important than job E and received two points. The total score is three. The same procedure is adopted for jobs B to E. The lighter the score the lighter the rank.

The main disadvantage of ranking method is that there are no definite standards of judgment and there is no way of measuring the differences between jobs.

#### **4. Factors Comparison System:**

(An application of the person to person system of merit rating of job- evaluation) it is process of comparing the important job factors and according to Flippo, "It is a refinement of simple ranking in that comparisons are accomplished job to using money values today most firms convert the dollar amounts into points to avoid adjusting the scales to charging price and wage levels." Seven important steps are followed:-

1. Select job factors
2. Select key jobs
3. Determine correct rate of key jobs
4. Rank key jobs under each job factors.

5. Allocate the correct rate of each key job among the job factors.
6. Evaluate all other jobs in terms of these factors yardsticks
7. Design, adjust and operate the wage structure.



**CHAPTER-5**

**WORKER'S  
INVOLVEMENT IN  
MANAGEMENT**

## CHAPTER - 5

### **WORKER'S INVOLVEMENT IN MANAGEMENT**

**Worker's** participation in management has been advocated not only for ensuring industrial democracy and industrial harmony but also for developing human resources.

Worker's participation is a means of industrial democracy, industrial peace and harmony. Communication, consultation and cooperation between workers and management, a basis for trust and amity. It must reduce industrial conflict and increase industrial peace.

#### **(A) Industrial Democracy:**

Democracy is Government of the people, by the people and for the people. Industrial democracy should likewise, mean management of a unit by the people, and for the people. People here concerned with a unit the owners, the managers, the workers, the customers, the supplies, the state and the society as a whole.

The purpose of industrial democracy is to give the workers a sense of belongingness to the organisation and a sense of commitment to various decisions taken.

Recently industrial democracy has become area of great interest. The possible gains from effective functioning of industrial democracy include: -

1. More share of workers in making decision that affect their work, there would be less likelihood of their taking actions that lead to interruption of work. This will lead to industrial peace.
2. Peaceful resolution of industrial conflict would reduce the loss of production.
3. Democratization may lead to human happiness in the industrial harmony.

**(B) Worker's Participation:**

Worker's participation is not the same thing as industrial democracy. Industrial democracy is an ideal and ultimate goal that should be approached for the benefit of the employees, the industry the society as a whole, where as worker's participation is a process through which efforts are being made to approach that goal. It is an essential step in the direction of industrial democracy. The term 'worker's participation' means different thing to different people, depending upon their objectives and expectations.

**For Management:** It is joint consultation prior to decision-making.

**For workers:** It is co-decision or co-determination.

**For Trade Union Leaders:** It is the harbinger of a new order of social relationship and a new set of power equation within organisations.



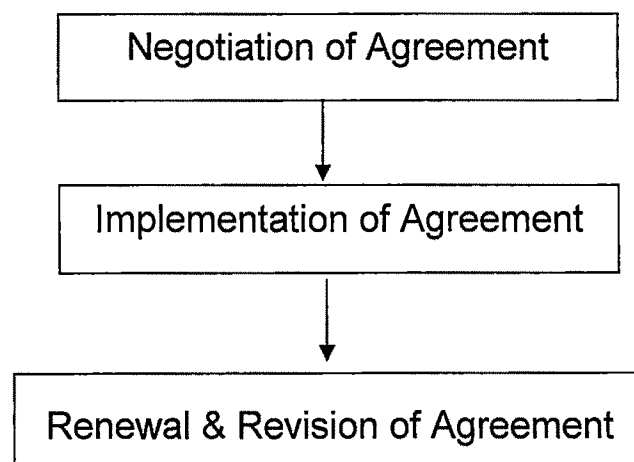
**For Administration:** It implies the association of labour with management but without final authority or responsibility in the decision making process.

**(C) Participative Forms:**

**1. Collective Bargaining:**

Collective Bargaining is a procedure by which the terms and conditions of employment of workers are regulated by agreement between their bargaining agents and the employees.

- It is a relation of give and take.
- It is process of retreat without seeming to retreat.
- It is a process of persuasion and reasoning.
- It is a power relationship.



Collective Bargaining is done periodically or on a continuing basis between management and worker's representatives, on issue

over which the interest of workers and management are competitive. The issue has wage rates, bonus rates, working hours, and number of holidays. The agreements arrived at are normally binding on the parties. Actually, each party tries to outbid the other and get maximum advantage by issuing necessary threats and counter threats, live strikes, lock-outs and other direct actions.

## **2. Works Councils:**

These are exclusive bodies of employees, assigned with different functions in management of an enterprise. In some countries their role is limited only to receive information about the enterprise.

## **3. Joint Management Councils and Committees:**

These bodies are mainly consultative and advisory. As these are only consultation and advisory, neither the management, nor the workers take seriously.

## **4. Board Representation:**

The role of worker's representation on the board of directors is essentially one of negotiating the worker's interest with the other members of the Board. The effectiveness of worker's representative at the Board depends upon his ability to participate in decision – making, his knowledge of the company affairs, his educational background, his level of understanding and also on the number of

worker's representatives on the Board.

#### **5. Worker's Ownership in enterprise:**

It refers to complete control of management by workers through an elected Board and worker's council. This system prevails in Yugoslavia. In this system two different sets of persons perform two distinct managerial and operative functions. Though workers have the option of influencing all decisions taken at the top level, yet in actual practice, the Board and the top management team assume a really independent role in taking major policy decisions for the enterprises, specially on economic matters.

#### **6. Equity Participation:**

In March 1994, the Company, Steel Authority of India proposed to offer a maximum of 200 shares to each of its 1.91 lakh employees.

All regular employees who were on the rolls as on April 1, 1992 and who continue to be on the rolls on 17<sup>th</sup> March, 1994 will be entitled for shares.

Sachar Committee and Ravindra Varma Committee focus some light on equity participation. A committee was setup by the Government of India under the chairmanship of Rajindra Sachar in June 1977. Their suggestions about equity participation included.

1. 10 to 15 percent shares should be reserved for workers which can be called "workers shares".

2. If offered shares are not bought by workers same can be offered to shareholders or public.
3. Section 81 of the Companies Act should be suitably amended for this purpose.
4. Employees and workers should be granted loan by the company not exceeding Rs. 12000/- (up to 12 months salary)

Trade union representative totally rejected this type offer. Ravindra Varma Committee said that not less than 10 percent of the new shares should be reserved for workers of the same organization in future.

The committee vision was not very clear about equity participation.

In this reference (equity participation) it would be quite suggestive on the part of a company to offer its share to its own people (managers, executive, supervisory staff, all categories of employees).

### **Worker Director:**

Workers Director is another form of participation widely discussed in India. But could not be practiced.

This Sachar Committee report, submitted in August 1978, suggested that worker Director must be a workman from the same

unit elected by secret ballot participated by all the workers at the company's premises.

Ravindra Varma Committee, which felt the need for a three tier model, had supported the corporate level representation is, worker-director also.

**(D) Level of Participation:**

To achieve the objective of Industrial harmony and peace, participation is possible at all levels of management. The areas and degree would differ considerably at different levels of management.

The levels of participation may range from mere information sharing to decisive participation as given below.

**Information Participation:**

Information sharing may be such items as may be agreed to like production profit 85 and loss or balance sheet, economic condition of the plant, plant stability in industry etc. worker's have no right of close scrutiny of the information provided.

**Consultative Participation:**

Welfare programmes and methods and safety are the areas where workers are consulted. Management has option to accept or reject the suggestions. Here, members get an opportunity to express their views.

### **Assuasive participation:**

Here the management is under a moral obligation to accept and implement the unanimous decision of council. The role of the council is not just advisory.

### **Administrative Participation:**

Matters covered here are welfare measures and safety operation of vocational training and apprenticeship programmes, preparative of schedules of working hours, holidays, payments for valuable suggestions received and other matters agreed upon by the members. In this kind of Participation decisions, already taken, comes to councils for implementation with alternatives to select from them.

### **Decisive Participation:**

Jointly taken decision on matters related to production, welfare etc. workers participation in management can deal with and exercise supervisory, advisory and administration functions on matters concerning safety, welfare etc. Though the ultimate responsibility is vested in management, the matters of individual grievances are excluded from its shape.

### **(E) Scheme: On worker's Participation in Management:**

The recommendation of the 21 member committee on worker's participation in management and equity were considered by the Government formulated and introduced a new

comprehensive scheme on a voluntary basis for worker's participation in management on 30th December 1983.

**Features of the scheme:**

1. The scheme would cover all Central public sector undertakings except those which are given specific exemption by the administrative ministry or department concerned in consultation with the ministry of Labour.
2. All undertaking of the Central Government which are run departmentally will be excluded from the new scheme. This is because joint consultative machinery is expected to exist in all governmental undertakings which contain proper mechanism of employes's participation in these undertakings.
3. The scheme will be operated at both the shop floor and plant levels. There is also provision for introducing it at Board level.

The scheme provides for an equal representation at the shop floor and plant level forums. The presentation of the workers would cover different categories of workers such as skilled and unskilled, technical and non-technical. Managerial personnel would be excluded but supervisors such as foreman, charge man, etc. would be covered. Each party will have a representation of 5 to

10 members depending on the size of the workforce.

Another special feature of this scheme is that it envisages adequate representation for women in the participative forums where women workers constitute 10 percent or more of the total work force.

4. The functions of the participative form have been made more elaborative and comprehensive in the new scheme. At the shop floor level, the participative forums will look into a wide range of functions such as production facilities, storage facilities in a shop material economy, operational problems, wastage control, hazards, safety problems, quality improvement, production schedules, cost reduction programmes, formulation and implementation of work system design, welfare measures, etc.

**(F) Connotations and practices in others countries:**

Worker's participation is known by various other names also. These are worker's participation in Industry, labour Management Co-operation, Joint Consolation, worker's control, Joint Decision making and co-determination. They represent different forms of participation, which differ only in degree, not in nature.

- In U.S.A. participation is known as union Management Cooperation, which operates through collective bargaining agreements.



- In great Britain and Sweden, participation is in the form of joint consultation through joint consultative committees. These committees have only advisory power.
- In west Germany participation is in the form of co- determination and auto-management through workers councils and co-determination committees.
- In France, it has taken the shape of works committees.
- In Belgium, participation in management is through joint-works councils.
- In Yugoslavia, where enterprises are owned by society as a whole, the units are run by the employees themselves under a scheme known as self Management<sup>1</sup> which operates with the help of an elected worker's councils and a management board.
- In India it is Labour Management co-operation, and worker participation in management and it is sought to be brought about through the agencies of works committees, joint management councils, shop councils, unit councils and joint councils.

**(G) Progress and problems in implementing Schemes:**

In spite of various efforts the workers participation schemes in India are not satisfactory. The worker's representative seen to be

concerned more with redressed of grievances, of grievances, higher wages, better conditions of work and security of service than with larger problems such as reducing absenteeism, increasing productivity or suggesting better methods for a more efficient utilization of Machinery. The main difficulties in implementing the schemes are -

- There has been a lack of proper understanding between employers and employees regarding the concept, purposes and benefits of the scheme.
- The existence of a number of joint bodies has caused confusion and duplication of efforts as well as wastage of time and energy.
- Progressive employers with long standing tradition of a healthy system of internal communication and consultation with their employees find the new schemes to be superfluous.
- Inter and Intra union rivalry has made the working of the scheme some what difficult.
- Absence of Proper training and education has affected participation on the part of the workers.
- Delay in implementing the suggestions and recommendations of these bodies has often led to the warning of workers interest in such bodies.

### **Suggestive Issues:**

- The selection of active workers representatives in the participative forum.
- The efforts to minimize intrusion rivalry.
- There should be closely formulated objectives for participation and should be mutually agreed upon.
- There must be strong, democratic and representative unionism for the success of participation in management.
- Too much emphasis on hierarchical structure and close supervision is not conducive to participation.
- Inculcating enthusiasm among workers for the effective consultation for formulating the policies that affect them directly.
- Management and workers both must develop a favourable attitude and outlook.
- Employers, trade unions and Government can play a major and meaningful role in organising and conducting training programmes and in development skills among representatives.

## CHAPTER- 6

# LEGISLATIVE MEASURES

**(Legalistic Approach to Harmonise Industrial Relations)**

### **(A) Introduction:**

Labour legislation is one of the most important institutions of modern society. Its origin and growth may be ascribed to several social forces, the most important of which is the development of organised industry, where a considerable number of men, women and children are employed under conditions which tend to be detrimental to their health, safety and welfare and against which they are often unable to protect themselves.

Labour problems constituted a serious menace to the society and needed solution, if not to eradicate then at least to mitigate them in the very beginning. And for this purpose Labour legislation in any country should be based on the principles of social justice, social equity international uniformity and national economy.

Social justice implied two things first. Equitable distribution of profits and other benefits of industry between industry owner and workers. Secondly, providing protection to the workers against harmful effects to their health, safety and morality. Social justice does not mean doing every thing for the welfare of labour to the utter disregard of the employer.

The concept of social security is based on ideal human dignity and social justice. Social security measures are significant from two

view points. First, they constitute an important step towards the goal of a welfare state. Secondly, they enable workers to become more efficient and thus reduce wastage arising from industrial disputes.

According to the report of National Commission on Labour social security has become a fact of life and these measures have introduced an element of stability and production in the midst of the stresses and strains of modern life. It is a major aspect of public policy today and the extent of its prevalence is a measure of the progress made by a country towards the ideal of a welfare state. It is an incentive for development; substituting as it does, hope for fear in the process improving the efficiency of the working force.

Workers are the dominant partners in the industrial undertaking and without their cooperation and good work, discipline, integrity and character, the industry will not be able to produce effective results or profits and it will adversely effect the industrial harmony.

The Government and management fully understand the labour psychology and a change in their outlook and attitude is desired to secure the industrial peace.

Nothing should be done under threat or coercion but on a clear understanding that whatever is good and is due to the labour must be given. Industry owners should treat the workers as co-partners. Similarly workers in the country must fully realise that if they desire to secure their due place in the industrial economy of the country they must think more interms of responsibilities and duties and not

interpret independence for impertinence and liberty for licence.

In India, a number of labour legislations have been enacted to promote the condition of the labour, keeping in view the development of industry and National economy. These legislations protect employees and workers and also dictate directions to keep industrial peace. The legislative measures are :

**(B) The Factories Act 1948:**

The Factories Act, 1948, provides for the health, safety, welfare and other aspects of workers in factories, the Act is enforced by the state government through their factory inspectorates. The Act also empowers the state government to frame rule, so that the local conditions prevailing in the state are appropriately reflected in the enforcement, provisions have also been made for the workers participation in safety.

**(C) Trade Unions Act, 1926:**

Trade unions are organisations of workers which work for the maintenance and enhancement of their economic status and improvement in working conditions along with other facilities and benefits. This Act also defines the rights and duties of its members and its application with management within the legal framework.

**(D) The Workmen's Compensation Act, 1923:**

The growing complexity of industry in this country, with

the increasing use of machinery and consequent danger to workmen; along with the comparative poverty of the workmen themselves renders it advisable that they should be arising from accidents. A legislation of this kind helps to reduce the number of accidents in a manner that cannot be achieved by official inspection, and to mitigate the effect of accidents by provision for suitable medical treatment, thereby making industry more attractive to labour and increasing its efficiency.

**(E) Industrial Disputes Act, 1947:**

The object of the industrial relations legislation in general is industrial peace and economic justice. It depends on harmonious relationship between the labour and management. Therefore, every industrial relations legislation necessarily aims at providing conditions congenial to the industrial peace. The object of the act as laid down in the preamble of the Act is to make provision for the investigations and settlement of industrial disputes, the promotions of measures for securing amity and good relations, the prevention of illegal strike and lockouts, relief to workman in the matter of lay-off, retrenchment and closure of an undertaking and collective bargaining.

**(F) Employees Provident Funds and Family Pension Fund Act, 1952 :**

The object of the Employees Provident Funds Act is to provide for the institution of funds for employees in factories and other establishments. The principal duty is laid upon the employer to put

the provident fund scheme into operation and to make contributions of both the employers and employees share. Family Pensions schemes ensure the economic support to the family after the retirement/death of the employees.

**(G) The Employees State Insurance Act, 1948:**

Many social security schemes have been introduced in our country. The Employees State Insurance Act was first of such measures adopted in India to provide for social insurance to the labourers. The Act provides for certain benefits to employees in case of sickness, maternity and employment injury and for certain other matters in relation thereto.

**(H) The Minimum Wages Act, 1948:**

The object of the act is directed against exploitation of the ignorant, less organised and less privileged member of the society by the capitalists. This Act has been enacted to secure the welfare of the workers in a competitive market by providing for a minimum limit of wages in certain employments. The justification of statutory fixation of minimum wages is obvious; such provisions which exist in more advanced countries are even necessary in India, where worker's organisations are yet poorly developed and the workers bargaining power is consequently poor.



**(I) Other :**

Apart from above Acts some Acts are also in practice which provides legal guidelines and directions for smooth running of the industries and harmonising industrial relations.

These are :

1. Apprentices Act, 1961.
2. Bonded Labour System Act, 1966.
3. Child Labour (Prohibition and Regulation) Act, 1986.
4. Contract Labour (Regulation and Abolition) Act, 1970.
5. Employers Liability Act, 1938.
6. Industrial Employment (Standing Orders) Act ,1946.
7. Minimum Wages Act 1,948.
8. Payment of Bonus Act ,1965.



**CHAPTER-7**

**ROLE OF  
INTERNATIONAL  
ORGANIZATIONS  
IN INDUSTRIAL  
HARMONY**

## CHAPTER-7

# **ROLE OF INTERNATIONAL ORGANIZATIONS IN INDUSTRIAL HARMONY**

### **(A) World Federation of Trade Union (W.F.T.U.):**

World Federation of Trade Union has been established before three months of Second World War. In 1945, in London a first really international trade union conference was held. The conference unanimously resolved to create a world trade union organisation, including all the trade unions of free countries on a basis of equality, regardless of race; real political faith excluding none or neglecting none to a secondary place. It appealed to all workers of the world, and to all men and women of goodwill to consent to the building of a better world to the service and sacrifice they have given to the winning of war.

The creation of W.F.T.U. was the climax of the long period of historical development during which the workers sought to setup a real and essentially united international trade union organisation. The Federation inaugurated after the war in 1945. It claimed that it represented 65 million members at that time. This increased to 90 million in 1953 and 150 million in 1965.

The secretariat, at present is in Prague Czechoslovakia. It consists of 10 members composed of the general secretary and 1 other secretaries coming from U.S.S.R., China, France, Italy,

Czechoslovakia, Rumania, Indonesia and Republic of Sudan. Besides affiliation fees and donations it also collects funds from fraternal organisations to carry on its activities.

WFTU also maintains contracts with INTRA-governmental and with other international organisations.

Among essential tasks of the WFTU. defined by the constitution is to plan and organise the education trade union workers (members) on the question of International Labour unity and to awaken them to a conciseness of their individual responsibility for the realisation of trade union purpose and aims."

The WFTU and its national centres are offering fraternal aid to the trade union in newly liberated countries. Trade union schools are functioning with the aid of WFTU in Mali, in Guinea and in other countries.

### **Objectives of WFTU:**

1. To organise and unite within its ranks and trade unions of whole world irrespective of consideration of race, nationality, religion or political opinion.
2. To assist wherever necessary the worker in the countries specially of industrially less developed, in setting up their trade unions.
3. To carry on the struggle for the elimination of all fascist forms of government.

4. To combat war and cause of the war and work for stable and enduring peace.
5. To represent the interest of world labour in all international agencies.
6. To organise the common struggle of trade unions of all countries.

The activities are based on two fold structure. The national centres that are affiliated to its work in close co-operation with its trade departments. At present (in 1968) there are 11 trade union internationals.

The number of trade unions affiliated to trade union internationals rising after IInd World War. Some trade unions in newly independent countries are in Africa, Asia and countries of Latin America.

The Trade Union internationals have increased their work recently in the ILO particularly in the industrial committees and tripartite technical meetings.

**Some of the franchisee of the trade union internationals:**

1. Agricultural Forestry and Plantation Workers TUI Rome.
2. TUI of workers in commerce.
3. TUI of Transport, post and fishery workers Prague.

4. TUI of Metal Engineering industries, Prague.
5. TUI of Mines Prague (TUI) stands for trade union internationals.

**(B) International Confederation of Free Trade Unions (I.C.F.T.U.):**

The International Confederation of Free Trade Union was the part of WFTU. This was named at that time British Trade Union Congress. It disaffiliated itself from the W.F.T.U. in March 1949, this was followed by others and the non communist leaders took steps to form an international confederation of free trade unions.

On December 7, 1949 the free world labour conference converted itself into the first congress of the international confederation of free trade unions. It was formed in order to "Establish a powerful and effective international organisation, composed of free and democratic trade unions independent of any external domination and pledged to the task of promoting the interest of working people throughout the world and enhancing the density of labour." Its objectives can be summed up in these three words Bread, Peace, Freedom.

**The functions of ICFTU are:**

It is interested in securing and maintaining freedom of association, the right to collective bargaining and the right to strike. It hoped to utilise there freedom to win improvements in the working conditions. Status and social society of labour. It seeks to uphold

international minimum standards through demands which are conched in very general terms. It is interested in problems of economic planning, unemployment, industrial accidents and diseases, joint consultations migration of labour, worker education, representation, active cooperation to the international labour organisation. It gives encouragement and assistance to the growth of trade unionism in under developed countries.

The secretariat of I.C.F.T.U. is in Brussels, Belgium. It is a centre of manifold activities of in such field as organising education, information and research. The activities are financed by free and direct contributions from the workers through the regular affiliation fees paid by national centres and through special additional grants to the international solidarity fund which was started in 1957. It also initiated a programme on problems of women worker in 1959. It has also a youth programme since 1952.

In ICFTU, the USA, UK and European countries command over one half of the membership. There is no membership from U.S.S.R. and China. Looking at these facts it may be considerable that ICFTU is the democratic form of trade union.

### **Regional Organisation of ICFTU:**

The ICFTU works through 4 regional organisations. These regional organisations hold their conferences and effect their own governing bodies. The ICFTU Asian Regional organisation : (ARO) was founded in 1951 with headquarters in New Delhi and has sub-office in Singapore, Djakarta. (Indonesia), Tokyo (Japan) and Okinawa.

### **Special Interest in Trade Union Education:**

In Nov. 1952 the ICFTU trade union college was established, In 1965 it was shifted to New Delhi. Besides conducting a number of training programmes courses, seminars, conference etc, also published literature in simple language in the series, "Educational News". "You an your union know your facts."

### **International Trade Secretariat : Associated with the ICFTU:**

The I.T.S. has been born out of practical necessity. In ICFTU most of the unions of workers are affiliated more than 85 years. The ICFTU recognises the autonomy of the ITS. This implies the adoption by the ITS of the general policy of the ICFTU. The ICFTU is a confederation of autonomous national trade union centres. The ITS are represented structurally on all the governing bodies of the ICFTU.

In 1962 there were 16 International Trade secretariats with the total of over 35 million members.

**Some of the few important ITS are :**

#### **(i) International Metal Workers Federation (IMF):**

Its head quarters is in Geneva especially due to its effects, the working week has been reduced to 45 hours generally in Europe and 42½ in West Germany and 42 hours in Great Britain. Its regional activities are now expanded so as to cover India, Japan, Africa, Latin America, etc.



**(ii) International Transport Workers Federation (ITF):**

It was founded in London in 1896. Its headquarters is in London. It has setup sectional committees for inland navigation, Railwaymen, Dockers; Sea facers, fishermen, Road Transport workers and civil aviation.

**(iii) International Textile and Garment Workers Federation (I.T.G.W.F.):**

It was founded in 1893 at Jurich on the initiative of the British Textile workers' union in the same year the international garment workers federation was also formed. Its headquarters is in London.

**(iv) International Federation of Plantation Agriculture and Allied Workers (IF PAAW) :**

Its headquarters is in Geneva. Under the regional organiser it constitutes its activities in India Indonesia, Vietnam, Sri Lanka and Malaysia.

**(v) Functions of International Labour Organisations (I.L.O.):**

After the national level remedies there is also an international industrial organisation that has been made for the industrial harmony and make all possible efforts to reduce the disputes and conflict on organisational level.

And under the ILO there are organisations at the international level. Due to its functions I.L.O. plays a very

important role in maintaining the industrial harmony at international level.

The important functions for international labour organisation, are as follows:

1. Intensive study of international labour problems and economic system and research concerning these problems together with the provisions of incentives to nations prepared to remedy them.
2. Efforts to eradicate the problems on the basis of intensive study of research.
3. Some nations are anxious to provide legislation concerning labour problems and want to encourage such organisations.  
The International Labour Organisation provides them expert advice.
4. Publications on different subject and the accumulations of data concerning labour problems together with encouragement to labour power are some of the functions of ILO. The subject of publications and accumulation of data include unemployment, social security, social welfare and labour organisation.
5. Providing suggestions from time to time to the member nations about labour welfare and industrial development.

6. Information can be secured about the problems of various countries with the help of ILO. It also provides information about remedies to these problems. It also gives information about the causes of failures and success in this direction.
7. The countries, which require help, apply to ILO, which sends delegations for study of these problems and provides suitable advice.

### **INTERNATIONAL LABOUR CONFERENCE**

Which examines social problems and adopts conventions and recommendations for ratification of government electoral colleges of the conference elect the:

### **GOVERNING BODY**

Representatives of

Government	Ratio
Employers	2:1:1
workers	

### **INTERNATIONAL LABOUR OFFICE**

Research

Investigation	Ratio
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Technical Cooperation	2:1:1
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Publication

International Centre for  
Advance Technical and  
Vocational Training.

**TURIN**

International Centre for  
Advance Technical and  
Vocational Training.

**GENEVA**

### **Structure of the ILO**



**CHAPTER-8**

**HUMAN FACTORS  
IN INDUSTRY**

## CHAPTER-8

# **HUMAN FACTORS IN INDUSTRY**

It is obvious that while enterprise objectives may differ somewhat in various organisation, the individuals involved also have needs and objectives that are specially important to them. Through the function of leading, managers help people see that they can satisfy their own needs and utilize their potential and at the same time contribute to the aims of an enterprise. Manager thus requires an understanding of the roles assumed by people, the individuality of people and the personalities of the people.

### **(A) Roles Variety:**

Individuals are much more than merely a productive factor in management's plans. They are members of social systems of many organisations; they are consumers of goods and services, and thus they vitally influence demand; they are members of families, schools, churches, trade associations and political parties. In these different roles, they establish laws that govern managers, ethics that guide behaviour, and a tradition of human dignity that is a major characteristic of our society. In short, managers and the people they lead are interacting members of a broad social system.

### **(B) Persons are alike:**

People act in different roles, but they are also different themselves. There is no average person. Firms develop rules, procedures, work schedules, safety standards and position

descriptions all with the implicit assumption that people are essentially alike. Of course, this assumption is necessary to a great extent in organized efforts, but it is equally important to acknowledge that individuals are unique. They have different needs, different ambitions, different attitudes, different desires for responsibility, different levels of knowledge and skills, and different potentials.

Unless managers understand the complexity and individual of people, they may misapply the generalisation about motivation, leadership and communication. Principles and concepts, although generally true have to be adjusted to its specific situations.

### **The significance of Personal Dignity:**

Achieving result is important but means must never violate the dignity of people.

The concept of individual dignity means that people must be treated with respect, no matter what their position in the organisation. The President, Vice President, Manager, First line supervisor, and worker all contribute to the aims of the enterprise. Each is unique, with different abilities and aspirations, but all are human being and all deserve to be treated as such.

### **(C) Person's Complete Personality :**

Persons complete personality not just separate and distinct characteristics such as knowledge, attitudes, skills, or personality traits should be considered. A person has them all to different degrees. Moreover, these characteristics interact with one another,

and their predominance in specific situations changes quickly and unpredictably. The human being is a total person influenced by external factors. People cannot divest themselves of the impact of these forces when they come to work. Managers must recognize these facts and be prepared to deal with them to harmonize human relations leading to industrial harmony.

**(D) Behavioural Models:**

In order to understand the complexity of people, writers on management have developed several models. Managers, whether they consciously know it or not, have in mind a model of individual and organizational behaviour that is based on assumptions about people. These assumptions and their related theories influence managerial behaviour.

Dealing with all of them would not be practical, but consideration is given to models by Schein, Maslow's Need based, Herzberg's two factor and McGregor's classic assumptions about people.

**(i) Rational-Economic View to the complex person:**

Edgar H. Schein developed four conceptions about people. The first concept, rational-economic assumption, is based on the idea that people are primarily motivated by economic incentives. Since these incentives are controlled by the enterprise, people are generally passive and are manipulated, motivated, and controlled by the organization.



The Second concept, concerning social assumptions, is based on Elton Mayo's idea that, basically, people are motivated by social needs. Thus, social forces of the peer group are more important than controls by managers.

The third concept, concerning self-actualizing assumptions, suggests that motives fall into five classes in a hierarchy ranging from the simple needs for survival to the highest needs of self-actualization with maximum use of a person's potential. According to this conception, people are self-motivated—they want to be, and can be, mature.

The fourth concept, based on complex assumptions, presents Schein's own view of people. His underlying assumptions are that people are complex and variable and have many motives, which combine into a complex motive pattern. In addition, people are able to learn new motives and to respond to different managerial strategies.

#### **(ii) Maslow's Theory of Human Motivation :**

Abraham Maslow, a famous social scientist and a psychologist, developed a theory of motivation, which is based on the hierarchy of needs. According to him there are five kinds of needs viz. physiological, safety, social, esteem and self-actualization.

## **Maslow's Hierarchy of Needs**

1. **Physiological Needs**: Physiological needs refer to those needs which are so essential that the survival of human being will be in danger if these needs are not satisfied e.g. food, shelter, clothing, water, air, sleep, etc. These needs are biological in nature and keep the body fit. There is a famous saying that a man can live on bread alone if there is no butter.

2. **Safety needs**: After the physiological needs are satisfied to a reasonable degree, the safety needs take the place e.g. security of job, pension for old age, insurance plan compensation for lay off or retrenchment in choosing a job, security plays a important role.

3. **Social needs**: Social needs include needs for love, affection, friendship, acceptance by group, etc. A man is a social being and he has a need to love and to be loved. (Workers form informal groups for having a meaningful relationship with others) Management should not mind to such groups unless they are detrimental to the organization.

4. **Esteem Needs**: These needs are concerned with one's self esteem such as self-respect, self-confidence, status, recognition, approval, appreciation, etc. The satisfaction to these needs produces a feeling of self-confidence among the employees. The employees should be praised for good work since it amounts to recognition of their good work.

**5. Self Actualization needs:** These needs include need for self-development, self actualization, self advancement, desire to take an increased responsibilities, etc. Not many employees try to fulfill these needs but an employee who wants to develop will feel restlessness till he satisfies his need. According to Maslow, this need might be phrased as the desire to become and more what one is, to become everything that one is capable of becoming.

**Maslow's motivation theory emphasizes three basic ingredients:**

(i) A man is a social animal and he always wants more and more. His needs are of many types.

(ii) There is a hierarchy of the occurrence of these needs i.e., these needs are arranged in series of preference. After the lower level needs are satisfied the needs at the higher level take their place. A man whose stomach is satisfied becomes conscious of other needs.

**(iii) Hygienes and Motivators:**

Some people argue that productivity of an employee depends on his job-satisfaction and productivity of organisations or their work units can be raised by improving the job-satisfaction of employees. Unfortunately the relationship between job-satisfaction and productivity is not that simple. It is possible to have highly satisfied workers not giving their best to an organisation. This happens when they are not highly motivated to work. Absence of dissatisfaction or presence of job-satisfaction does not mean presence of work

motivation. A behavioural scientist by the name Herzberg, differentiated these factors.

Both work-motivation and job-satisfaction are dimensions that influence the productivity of any employee. Some factors in the work environment that contribute to job-satisfaction do not necessarily ensure motivation,

Research has shown that adequate salary, good working conditions, job security, physical facilities, goods human relations and the quality of supervision all contribute to the job-satisfaction of employees. Factors such as recognition of work done status, opportunity for growth play an important role in creating a motivation to work on the part of employees. The first set of factors that prevent job dissatisfaction have been called hygiene. The second set of factors are called 'motivator's Both sets need to be consideration in order to improve employee productivity.

Hygiene factors are essential for people to work but motivators play an important role in helping people to work more and better. The top managers in organisations as well as personnel and Human Resource Development (HRD) departments should understand the distinction between the two. Every supervisor in all types of organisations should understand this distinction. This will help them to create conditions for work-motivation.

#### **(iv) McGregor's Theory 'X' and Theory 'Y':**

Another view about the nature of people has been expressed in two sets of assumptions developed by Douglas McGregor and

commonly known as "Theory X" and "Theory Y". Managing, McGregor suggested, must start with the basic question of how managers see themselves in relation to others. This viewpoint requires some thought on the perception of human nature. Theory X and Theory Y are two sets of assumptions about the nature of people. McGregor chose these terms because he wanted neutral terminology without any connotation of being "good" or "bad".

### **Theory 'X' assumptions :**

The "traditional" assumptions about the nature of people according to McGregor are included in Theory X as follows :

1. Average human beings have an inherent dislike for work and will avoid it if they can.
2. Because of this human characteristic of disliking work, most people must be coerced, controlled, directed, and threatened with punishment to get them to put forth adequate effort toward the achievement of organizational objectives.
3. Average human beings prefer to be directed, wish to avoid responsibility, have relatively little ambition, and want security above all.

### **Theory Y assumptions :**

The assumptions under Theory Y are seen by McGregor as follows:

1. The expenditure of physical effort and mental effort in work is natural as play or rest.
2. External control and the threat of punishment are not the only means for producing effort toward organizational objectives. People will exercise self-direction and self-control in the service of objectives to which they are committed.
3. The degree of commitment to objectives is in proportion to the size of the rewards associated with their achievement.
4. Average human beings learn, under proper conditions, not only to accept responsibility but also to seek it.
5. The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organizational problems is widely, not narrowly, distributed in the population.
6. Under the conditions of modern industrial life, the intellectual potentialities of the average human being are only partially utilized.

These two sets of assumptions obviously are fundamentally different. Theory X is pessimistic, static, and rigid. Control is primarily external, that is, imposed on the subordinate by the superior. In contrast, Theory Y is optimistic, dynamic, and flexible,

with an emphasis on self-direction and the integration of individual needs with organizational demands. There is little doubt that each set of assumptions will affect the way managers carry out their managerial functions and activities.

### **Clarification of the theories:**

McGregor was apparently concerned that Theory X and Theory Y might be misinterpreted. The following points will clarify some of the areas of misunderstanding and keep the assumptions in proper perspective. First, Theory X and Theory Y assumptions are

Just that : They are assumptions only. They are not prescriptions or suggestions for managerial strategies. Rather, these assumptions must be tested against reality. Further more, these assumptions are intuitive deductions and are not based on research. Second, Theories X and Y do not imply "hard" or "soft" management. The "hard" approach may produce resistance and antagonism. The "soft" approach may result in laissez-faire management and is not congruent with Theory Y. The effective manager recognizes the dignity and capabilities, as well as the limitations, of people and adjusts behaviour as demanded by the situation. Third, Theories X and Y are not to be viewed as being on a continuous scale with X and Y on opposite extremes. They are not a matter of degree; rather they are completely different view of people.

**(v) Towards an Eclectic view of Behavioural Models:**

Which of these many views of individuals is valid? Many similarities can be found among the various models, but it appears that no single model is sufficient to explain the full range of individual and organizational behaviour. People behave differently in diverse situations, and in complicated matters, they even behave differently in similar situations at different times. In some situations people act rationally; in other situations they are guided by emotions. It is the manager's responsibility to create an environment in which people are induced to contribute to the aims of the enterprise. Yet assuming that people can be manipulated, ignores their individuality and underestimates their intelligence. Economic rewards certainly are important in an enterprise, but people often want more than money from a job. They usually want to develop their capabilities, their competence, and their potential as well.

The effective manager will take an eclectic approach by drawing from different models that describe the nature of people. At the very least, one must recognize that people are different and do not fit neatly into a single conceptual model. They must be treated with respect and dignity; they must be considered as whole persons; and they must be seen in the context of their total environment, in which they assume different roles. It is important to realize that different situations require a variety of managerial approaches for utilizing most effectively and efficiently the most valuable resource of the enterprise, namely, people.



## **(vi) Creativity and Innovation:**

An important factor in managing people is creativity. A distinction can be made between creativity and innovation. The term creativity usually refers to the ability and power to develop new ideas. Innovation, on the other hand, usually means the use of these ideas.

### **E. The Creative Process :**

The creative process is seldom simple and linear. Instead, it generally consists of four overlapping and interacting phases; (1) Unconscious Scanning (2) Intuition (3) Insight (4) Logical formulation.

The first phase, unconscious scanning, is difficult to explain because it is beyond consciousness. This scanning usually requires an absorption in the problem, which may be vague in the mind. Yet managers working under time constraints often make decisions prematurely rather than dealing thoroughly with ambiguous, ill-defined problems.

The second phase, intuition, connects the unconscious with the conscious. This stage may involve a combination of factors that may seem contradictory at first. For example in the 1920s Donaldson Brown and Alfred Sloan of General Motors conceived the idea of a decentralized division structure with centralized control-concepts which seem to contradict each other yet the idea makes

sense when one recognizes the underlying principles of (1) giving responsibility for the operations to the general manager of each division, and (2) maintaining centralized control in headquarters over certain functions. It took the intuition of two great corporate leaders to see that these two principles could interact in the managerial process.

Intuition needs time to work. It requires that people find new combinations and integrate diverse concepts and ideas. Thus, one must think through the problem. Intuitive thinking is promoted by several techniques such as brainstorming and synectics, etc. Insight, the third phase of the creative process, is mostly the result of hard work. For example, many ideas are needed in the development of a usable product, a new service or a new process. Interestingly, insight may come at times when the thoughts are not directly focused on the problem at hand. Moreover, new insights may last for only a few minutes, and effective managers may benefit from having paper and pencil ready to make notes of their creative ideas.

The last phase in the creative process is logical formulation or Verification -Insight needs to be tested through logic or experiment. This may be accomplished by continuing to work on an idea or by inviting critiques from other. Brown and Sloan's ideas of decentralization, for example, needed to be tested against organisational reality.

## **F. Techniques to Enhance Creativity :**

Creativity can be taught. Creative thoughts are often the fruits of extensive efforts, and several techniques are available to nurture those kinds of thoughts, especially in the decision-making process. Some techniques focus on group interactions; others focus on individual actions. As illustrative of the various techniques, two popular ones are brain storming and synectics.

**Brainstorming** : One of the best known techniques for facilitating creativity has been developed by Alex F Osborn, who has been called the father of brain storming. The purpose of this approach is to improve problem solving by finding new and unusual solutions. In the brainstorming session, a multiplication of ideas is sought. The rules are as follows :

1. No ideas are ever criticized.
2. The more radical the ideas are, the better.
3. The quantity of Idea production is stressed.
4. The improvement of ideas by others is encouraged.

Brainstorming, which emphasized group thinking was widely accepted after its introduction. However, the enthusiasm was dampened by research which showed that individuals could develop better ideas working by themselves than they could working in groups. Additional research, however, showed that in some situations the group approach may work well. This may be the case

when the information may be distributed among various people or when a poorer group decision is more acceptable than a better individual decision, which, for example, may be opposed by those who have to implement it. Also the acceptance of new ideas is usually greater when the decision is made by the group charged with its implementation.

Synectics originally known as the Gordon technique (named after its creator William J. Gordon) this system was further modified and became known as synectics. In this approach the member of synectics team are carefully selected for their suitability to deal with the problem, a problem which may involve the entire organisation.

The leader of the group plays a vital role in this approach. In fact only the leader knows the specific nature of the problem. This person narrows and carefully leads the discussion without revealing the actual problems itself. The main reason for this approach is to prevent the group from reaching a premature solution of the problem. The system involves a complex set of interaction from which a solution emerges frequently the invention of a new product.

### **Nominal Grouping:**

Developed by Andre Delbecq Andrew Van de Ven nominal grouping differs from both brainstorming and synectics in two important ways. Nominal grouping does not rely on free association of ideas and it purposely attempts to reduce verbal interaction, from the letter characteristics a nominal group derives its name. It is group "in name only".

Nominal grouping has been found to be particularly effective in situation requiring a high degree of innovation and idea generation. It generally follows a highly structured procedure involving the following stages :

**Stage 1** : Seven to ten individuals with different background and training are brought together and familiarised with a selected problem such as "What alternatives are available for achieving a set of objectives?"

**Stage 2** : Each group member is asked to prepare a list of ideas in response to the identified problem working silently and alone.

**Stage 3** : After a period of ten to 15 minutes, group member share their ideas, one at a time, in a round-robin manner. A group facilitator records the ideas on a board or flip chart for all to see. The round-robin process continues until all ideas are presented and recorded.

**Stage 5** : Each group member votes by privately ranking the presented ideas in order of their perceived importance. Following a brief discussion of the vote, a final secret ballot is conducted. The group's preference is the arithmetical outcome of the individual votes. This concludes the meeting.

Nominal grouping has been used successfully in a wide variety of organisations. Its principal benefit is that it minimises the inhibiting effects of group interaction in the initial generation of

alternative solutions. In this sense, the search process is proactive rather than "hitch hike" on the ideas of others. Additionally, the use of a round robin recording procedure allows risk- inclined group members to state risky solution early, making it easier for less secure participants to engage in similar disclosure.

### **Creative Thinking:**

There are many ways of searching for information and alternatives in problem solving. Effective managers use all of their capacities- analytic and creative, conscious and seek both individual and group involvement in this stage of decision making process.

It is clear that the basic requirement at the stage of identification of alternatives is to become more creative. Creativity involves novel combination of ideas which must have theoretical or social value or make an emotional impact on other people. Like the decision making process itself the creative process also have three stages in the following exhibit.

## G. Stages in the Creative Process

STAGE	TYPE	BEHAVIOURS
Preparation	Conscious	Saturation: Investigating the problem in all directions to become fully familiar with it, in setting, causes and effects.
Latent Period	Unconsciousness	Incubation: Relaxing, switching off and turning the problem over to the unconscious mind.
		Illumination : Emerging with possible answers dramatic, perhaps off beat, but fresh and new.
Presentation	Conscious	Verification : Clarifying and flushing out the Idea, testing it against the criterion of appropriateness.
		Accommodation : Trying the solution out on other people and other problems.

## **H. Harmonising Objectives : The Key To Industrial Peace:**

Understanding and motivating the Human Factor in enterprises is important for the industrial productivity and industrial peace. How a manager views human nature, influences the selection of motivational and leadership approaches. A number of models presenting various conception of the nature of people have been proposed, however, no single view is sufficient to understand the persons. Therefore, an elective view of the nature of people is suggested.

Managers need to understand the various behavioral patterns of themselves and their subordinates that help in harmonizing objectives.





**CHAPTER-6**

**LEGISLATIVE  
MEASURES**

**(Legalistic Approach to Harmonise  
Industrial Relations)**



**CHAPTER-9**

**STRESS  
MANAGEMENT**

## CHAPTER-9

# **STRESS MANAGEMENT**

### **(A) What is Stress?**

The concept of stress has been borrowed from the natural sciences. During the 18th and 19th century, stress was equated with "force, pressure or strain" exerted upon a material object or person which resists these forces and attempts to maintain its original state. The use of the concept in this fashion encouraged physicists and engineers into adopting it to suit their ends. Thus, stress in engineering is known as "the ratio of the internal force brought into play when a substance is distorted to the area over which the force act." Selye has defined stress as; the non specific response of the body to any demand made upon it.

Term stress has been used variously to refer to (1) stimulus (external force acting on the organism), (2) response (change in physiological functions), (3) interaction (interaction between an external force and the resistance opposed to it, as in biology) and (4) more comprehensive combination of the above factors.

### **(B) Stress and External Force:**

The external force approach to the phenomenon of stress focuses on the circumstances which people experience as stressful. Stress is treated as an independent variable, more or less beyond the control of the individual. According to Weitz the stressful stimuli are:

- Speed-up information processing.
- Noxious environment stimuli.
- Perceived threat.
- Disrupted psychological function.
- Isolation and confinement.
- Blocking
- Group pressures, and
- Frustrations

**(C) Psychological Function:**

Stress is considered as a response to a situation which demands that the individual adapt to a change physically or psychologically.

Proposed the theory of 'General Adaptation Syndrome', which states that when an organism is confronted with a threat the general physiological response occurs in three stages:

**Alarm Reaction:**

The first stage includes an initial "shock phase" in which resistance is lowered, and a "countercheck phase" in which defensive mechanisms become active.

Alarm Reaction is characterised by autonomous excitability;

adrenalin discharge; increased heart rate; muscle tone; and blood content; and gastro-intestinal ulceration. Depending on the nature and intensity of threat and the conditions of the organism, the periods of resistance vary and the severity of symptoms may differ from a mild invigoration to disease of adaptation.

**Stage of Resistance:**

Maximum adaptation occurs during this stage. The bodily signs characteristic of the alarm reaction disappear. Resistance increase to levels above normal. If the stressor persists, or the defensive reaction proves ineffective, the organism deteriorates to the next stage.

**Stage of Exhaustion:**

Adaptation energy is exhausted, signs of alarm reaction reappear, and resistance level begins to decline irreversibly. The organisms collapses.

A diagrammatic view of these stages is shown in figures below:

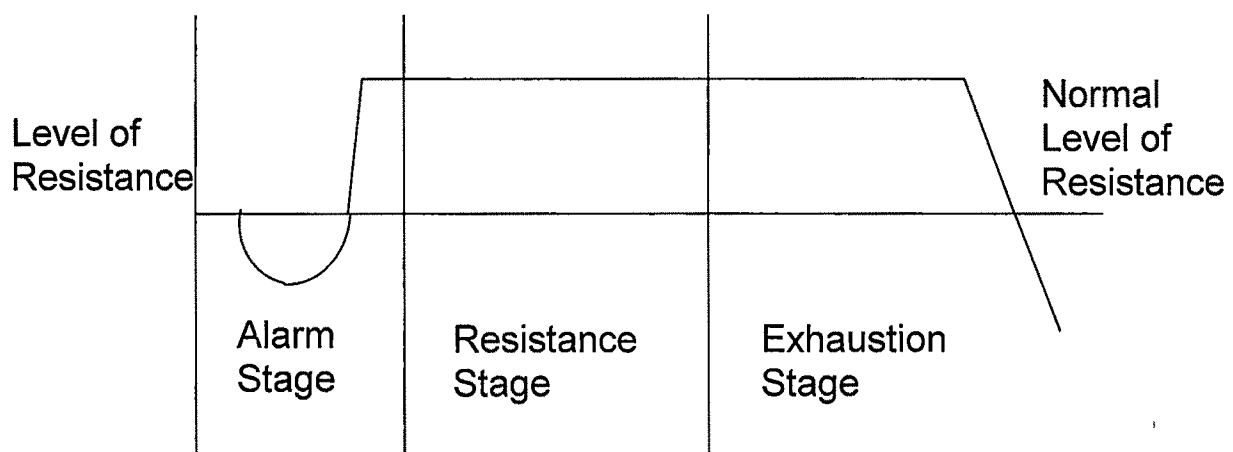


fig.

One of the major shortcomings of this theory is that the research was carried out on infra-human subjects, where the stressors are usually or environmental- and this is not always the case in relation to human organisms.

### **Interactive Approach:**

According to this approach stress is looked upon as an interactional outcome of the external demand and internal resources. McGrath explains, "there is a potential for stress when an environmental situation is perceived as presenting a demand which threatens to exceed the person's capacities and resources for meeting it, under condition where he has expected a substantial differential in the rewards and costs from meeting the demand versus not meeting it."

### **Comprehensive Approach:**

This approach views stress not only in interactive terms but also as an individual and his environment. It is seen as the situational outcome.

### **(D) Types of Stress:**

There are three types of stress : (1) Psychological stressors, (2) Organisational Stressors, and (3) Societal Stressors.

### **Psychological Stressors:**

Since stress is a dynamic state within an organism in response to a demand for adaptation and since life itself entails constant adaptation, living creatures are always in a state of more or less stress.

The linkages as psychosocial variables evoke stress response that may ultimately be more damaging to the organism than aversive event itself. Psychological stressors may precede the physical event, last longer, and continue to evoke stress after physical event is past.

Lazarus and Cohen have suggested three general categories of stressors- cataclysmic phenomena, individual crises and daily hassles. Cataclysmic phenomena refers to a group of stressors resulting from sudden, unique and powerful single events or clusters of related events affecting large number of people, e.g., natural disasters etc. The second group includes those events that challenge adaptive abilities in the same way as cataclysmic phenomena but affect fewer people e.g., the death of a dear one.

The third group namely daily hassles refers to those stable and repetitive problems encountered in daily life that typically do not present great adaptive difficulty, e.g., interpretation of the nature of one's daily work.

### **Organisational Stressors:**

Organisational membership is a dominant source of stress. The concept of organisational stress first evolved in the classic work

of Kahnn *et al.* They were the earliest to draw attention to organisational stress in general and role stress in particular.

Pareek pioneered work on role stress by identifying as many as ten different types of organisational role stress. They are described briefly here.

1. **Inter-role Distance Stress (IRD)** is experienced when there is a conflict between organisational and non- organisational roles. For example, the role of an executive versus the role of a husband.
2. **Role Stagnation (RS):** This kind of stress is the result of gap between demand to outgrow his previous role and to occupy new role effectively. It is the feeling of being stuck in the same role. Such a type of stress results into perception that there is no opportunity for one's career progression.
3. **Role Expectation Conflict (REC):** This type of stress is generated by different expectations by different significant persons about the same role; and the role occupant is ambivalent as to whom to please.
4. **Role Erosion (RE):** This type of role stress is the function of the role occupants feeling that some functions which should properly be belonging to this role are transferred to/ or performed by some other role. This can also happen when the functions are performed by the role occupant but the credit for them goes to some one else.



5. **Role Overload (RO):** When the role occupant feels that there are too many expectations from the significant roles in this role set, he experiences role overload. There are two aspects of this stress, quantitative and qualitative. The former refers to having too much to do, while latter refers to too difficult.
6. **Role Isolation (RI):** This type of role stress is psychological distance between the occupant's role and other roles in the same role set. It is also defined as role distance which is different from inter- role distance, in the sense that IRD refers to the distance among various roles occupied by the same individual, role isolation is characterised by the feelings that others do not reach out easily, indicative of the absence of strong linkages of one's role with other roles.
7. **Personal Inadequacy (PI):** This type of stress arises when the role occupant feels that he does not have the necessary skills and training for effectively performing the functions expected from his role. This is found to happen when the organisations do not impart periodic training to enable the employees to cope with the fast changes both within and outside the organisation.
8. **Self-Role Distance (SRD):** When the role person occupies goes against his self- concept, then he feels self- role distance type of stress. This is essentially a conflict arising out of mismatch between the person and his job.
9. **Role Ambiguity (RA):** It refers to the lack of clarity about the

expectations of role, which may arise out of lack of information or understanding. It may exist in relation to activities, responsibilities, personal styles, and norms and may operate, at three stages.

- (a) When the role sender holds his expectations about the role.
- (b) When he sends, it and
- (c) When the occupant receives those expectations.

10. **Resource inadequacy (RIN):** This type of stress is evident when the role occupant feels that he is not provided with adequate resources for performing the functions expected from his role.

Similarly, what happens in our families brings great joy as well as the most intense forms of stress. Conflict between husband and wife, arguments with teenage children; failing health of a parent, adjusting to new schools, feeling isolated in a new neighbourhood, and death of a family member can all bring unrelieved stress. Family pressures inevitably affect one's life at work and vice versa.

Beyond the family and one's life at work, all of us connected to the wider social and physical environment. The government raises taxes and we feel the pinch. Gas shortage occurs and we have to wait in long lines. All of us encountered such short-term stresses that come from the wider environment: impersonal, beyond our control, yet they can invade our lives and create unrelieved stress.

### **(E) Coping With Stress:**

Individuals and the organisations cannot remain in a continuous state of tension. Even if a deliberate and conscious strategy is not utilised to deal with the stress; some strategy is adopted; for example, the strategy may be to leave the conflicts and stress to take care of themselves. This is also a strategy, although the individual or the organisations may not be aware of this. This we call avoidance coping strategy.

The word coping has mainly two meanings predominant in the literature. The term, coping has been used to denote the way of dealing with stress, or the effort to master conditions of harm, threat, or challenges when a routine or automatic response is not readily available.

Two different approaches to the study of copying have been pursued by various investigators. On the one hand, some have emphasised general coping traits, styles or dispositions, while others have preferred to study active ongoing strategies in particular stress situation.

Coping traits refers to a disposition to respond in a specific way in situations that are stressful. Coping traits are thus stable characteristics of the persons that transcend classes of situation. Coping style, tends to imply a broader, more encompassing disposition. Trait and style are fundamentally similar ideas. Traits and style refer to a characteristic way of handling situations, they are stable tendencies from which a prediction is made about how

the person will cope in some or all types of stressful encounters. A person's coping style or disposition is typically assessed by personality tests, not by actual observation of what the person says or does in a particular stress situation.

Coping can have effects on three kinds of outcome, psychological, social. From a psychological perspective coping could effect psychological morale (that is, the way one feels about oneself and one's life), emotional reaction e.g., level of depression or anxiety, or the balance between positive and negative toned feelings (Bradburn, 1969) the incidence of psychiatric disorders and even performance. From a social perspective, one can measure its impact on functioning effectiveness, such as employability; community involvement, and sociability (Renne; 1974), the effectiveness of the interpersonal relationship, or the degree to which useful social roles are filled (and acting out, anti-social behaviour, etc. are avoided). From a physiological perspective, outcome includes short-term consequences. Such as the development and progression of particular disease.

**(F) Managing Stress:**

Each individual needs a moderate amount of stress to be alert and capable of functioning. Given the presence of more or less stress is inevitable; many researchers sought to find to what could be done to counteract stress so as to prevent its negative consequences. Normally coping is defined as an adaptive response to stress; a response intended to eliminate, ameliorate or change

the stress producing factors, or intended to modify the individual's reaction to stressful in a beneficial way.

There are basically two ways of managing stress:

1. What an organisation can do
2. What an individual can do

### **What an organisation can do:**

What can an organisation do to alleviate stress? Some proactive interventions are listed below:

- Undertake a stress audit
- Use scientific inputs
- Check with the company doctor
- Spread the message

### **Stress Audit:**

Organisations have for almost a century now paid due attention to maintenance, creation and updating of technology. We are only gradually emerging from the stage where machines are better cared for than men. A stage has now been reached when the significance of human resource has been recognised for productive and healthy functioning of the organisation.

When an organisation decides to have a scientific peep into

mental-cum-physical health status of its backbone group (executives) we call it a stress audit, stress audit refers to the attempt organisations make to study, explore and control the various types of stresses which the individual executives experience by virtue of their organisational membership.

In setting up a stress audit in an organisation, a distinction can be made among three categories of variables: casual stress variables (the stressors), mediating variables (the effect of personality, culture, and contemporary non-work environment) and end result variables (the stress reactions). The data needed for the stress audit can be collected with the aid of questionnaires, clinical diagnostic interviews and if possible, physical examination (Figure gives an overview of stressors, mediating variable, and stress reaction patterns).

### **Use Scientific Inputs:**

Disperse information on how to face stressors in the organisation and outside. People derive immense, benefits from knowing something about the fundamentals of the stress responses, dietetics exercises and meditation.

Check with the Company Doctor. What can he do to help the employees cope with the identified stress? Several progressive public as well as private organisations depute their chief medical officers or consultants to attend stress management programmes. They have acted as valuable resources to fellow participants and to their organisations.

**Spread the message:**

The importance of regular habits of work leisure, proper diet, exercise and mental peace should be emphasised.

## What an individual can do :

At individual level the effective strategy is coping with stress. While escape or avoidance has been considered as ineffective strategy.

## (G) Stressors and Stress Reactions

<b>STRESSORS</b>	<b>STRESS REACTION</b>
<p><b>Organisational Design Variables:</b></p> <p>Physical work environment, (Noise, heat or cold, long working hours, hazardous job conditions, shift work, repetitive work), Incentive System, Technology, Role Pressure (role conflict, role ambiguity). Boundary activities.</p> <p><b>Interpersonal Variables</b></p> <p>Leadership style, Absence of group cohesion, Lack of participation, Responsibility for people.</p> <p><b>Career Variables</b></p> <p>Occupational level, Entry, Mid Career Retirement, Demotion, Stagnation, Sequence, Obsolescence.</p>	<p><b>Individual:</b></p> <p>Cardiovascular Reactions (i.e. high blood pressure, hypertension, elevated serum cholesterol, rapid heart beat, coronaries). (i.e. ulcer, colitis). Allergy Respiratory Reactions (i.e. asthma, skin disorders). Oral Reaction (i.e. alcoholism, obesity, pill popping, excessive, coffee drinking). Emotional Distress Reactions (i.e. depression, suicide, agitation, insomnia, job tension) Low Self Esteem. Low Trust.</p> <p><b>Organisational</b></p> <p>Low Job Satisfaction, Job Tension, Turnover, Absenteeism, Strikes, Accident Proneness, Output Problems (Quality and Quantity).</p>
<p>Personality Effect Socio-Cultural Effect Non-work Environment effect</p>	





**CHAPTER-10**

**CONCEPT OF  
VOLUNTARY  
RETIREMENT  
SCHEME (V.R.S)**

## CHAPTER-10

# CONCEPT OF VOLUNTARY RETIREMENT

## SCHEME (V.R.S.)

*"An approach to minimise employer and employee resentment and maintain industrial harmony"*

### **(A) Introduction:**

This is a peculiar type of scheme formulated for allowing of permanent retirement employees on their own accord. In this scheme it is provided that apart from the normal terminal benefits, the applicants (who are granted) will be entitled to an ex-gratia payment to compensate the monetary loss and provide them fairly satisfactory chance to develop a resource to fulfil future needs of employee due to pre-mature retirement.

In a nut shell functions of a personnel dept. in an organisation can be defined as:- Planning, organising, directing and controlling of Procurement, Development, Maintenance, Integration and Separation of human resource to accomplish social, organisational and individual objectives. At present, when the world is becoming global village, an industry cannot keep itself apart from global changes in technology and other advanced aspect. But since our country is still in developing stage, so we can neither wholly adopt the liberalised global policy nor ignore the global economy requirements.

During Independence, it was felt that political Independence without economic self would be detrimental to the country's sovereignty and autonomy in policy making. Hence the basic

objective of Industrialisation was-

- A. To build infrastructure for economic development & promote rapid economic growth.
- B. To create employment opportunities.
- C. To create a self- reliant economy through the development of local Industries for import substitutions & by encouraging and promoting exports.

But in present economic scenario though objectives above said remains unchanged but approach towards its achievement has been changed, in accordance with the problems which were observed in each sector of Indian Industries in terms of :-

- A. Low Productivity
- B. Low project management skills
- C. Over manning
- D, Lack of technological upgradation

(Inadequate attention of infrastructure development and R&D)

**And finally low priority to human resource development.**

Thus, in present decade industries are paying greater attention on manpower planning so that could complete the global challenges. The industries are concentrating on manpower planning to achieve the following two specific objectives:

- A. To improve the utilisation of the manpower available to an organisation.
- B. To deal with present or future man power surplus or shortage in any given category of employees due to changing needs.

But due to our political, social & economic system neither public nor private sector is in a position to take decisions regarding manpower, arbitrarily. Different legislative measures are in practice to protect the interests of work force. Therefore, industries are adopting a middle-way to achieve the above said objectives as well as to protect employee's interests.

Recently Dr. Amartya Sen Nobel laureate, in welfare economics for 1998 has expressed his opinion on globalisation that **"Though globalisation and liberalisation of economy is beneficial nevertheless developing countries should step ahead towards it, after ensuring sufficient social security measures."**

So in the view of above discussed all social, political legal constraints both public & private enterprises which are chronically sick or in grip of low profitability, have formulated revival rehabilitation schemes. V.R.S. is one of such revival/ rehabilitation package along with the following interests of organisations:

- A. To achieve optimum manpower utilisation.
- B. To improve the average age mix of the employees/ officers.
- C. To improve the overall skill level.

**(B) V.R.S. in Golden Handshake or Golden Boot**

**R Plus R equal to R**

**Recession Plus Retrenchment equal to Robbery or Ruin.**

The R word of recession also spells retrenchment, robbery and ruin. The difference between traveling business and traveling economy is not the difference between life and death. The real drama and after tragedy is at the blue collar level. Companies may have no option to cut their losses, but what has happened to the thousands of workers whose lumpsum settlement has been eroded by inflation and when other incomes are hard to find.

The Sunday Times investigates the spiral, the solution and the human despair behind the cold economic cliches.

Why are the majority of blue-collar workers who have accepted VRS jobless, bankrupt and even suicidal?

Radha Rajadhyaksha on the often devastating effects of downsizing.

It goes, some what politically by the sobriquet 'Golden Handshake'. But, as people who've succumbed to its seductions are aware, the gold could turn out to be nothing more than gilt or even dross.

On the face of it, the benefit of the handshake- better known as the voluntary retirement scheme-alluring enough. Hand in your

resignation and take a plump cheque in exchange- you can always get another job, and the returns on your VRS money will be the icing on the cake. Alternatively, invest the money in a business of your choice and watch it multiply. Either way you can't lose.

But it doesn't always work that way. As several studies on the subject have shown, the VRS is a different ball game for different section of the workforce while the upper echelons, who move on to another job with relative ease, may well benefit from it. It is the blue-collar segment that invariably loses out. And given that a large chunk of downsizing over the last 10 years has been going on in this segment, there are post-VRS horror stories in almost every company.

A study published by the Maniben Kara Institute in 1994 (Report on Voluntary Retirement Scheme and workers response) brought out some interesting facts about blue collar workers and the VRS Based on a sample of workers in the Bombay and Thane regions, the study revealed that though termed "voluntary" the retirement in 62 percent of cases was a result of fear of one kind or another (a fraction feared the use of physical force, while for the majority the fear was that of their uncertain future in the era of liberalisation). In some cases, this fear was intentionally created by precedent management propaganda. There were other casual factors:

- Some workers had pressing financial needs and loans to pay off.

- A minuscule minority were sick or too old to work any more.
- Some dreamed of returning to their villages.
- Some wanted to set up their own business.

Whatever the motivation, however, the outcome in a majority of cases was dismal.

For instance, most of the retired workers who tried to get fresh employment failed because of their advanced age, their lack of skills, and the general shortage of jobs. Those who did had to work at vastly reduced wages, mostly for contractors of the segment that tried to set up a small business. Only those who had prior experience of self employment benefited- 69 percent, who had no notions or experience of business, failed miserably and ended up on the streets.

Workers from various companies, who had accepted the VRS were now at a highly diminished standard of living, a few, unable to make ends meet, had committed or attempted suicide. The one "Success story" on a worker who took to selling bananas was due to the fact that the worker had prior experience of hawking. At a slightly more elevated level in the work force; the VRS can cause problems other than financial. An employee recounts the case of a technician working in a MNC's research centre. "After opting for the golden handshake, he was unable to get another job' he says his wife got to him so badly that he finally committed suicide.

With report from Vandana Aggarwal in Delhi and Gulnaar Mirza in Bangalore.

Source : The Times of India, Lucknow, 27th September, 1998

**(C) Voluntary Retired Person's Statement:**

***Arvind Tamboli***

He was a highly skilled worker at Hindustan Lever Ltd. When he accepted voluntary retirement during a lock-out in 1989 he got a lump sum of Rs. 80,000 and 1,600 per month as a pension for his remaining years of work. After quitting, Tamboli tried a variety of ways to earn some money but failed everywhere. His last attempt was as a contractor supplying material to HLL. HLL, in keeping with its policy of not giving credit, refused it to Tamboli who was down to his last rupee. In despair, he threw himself under a train Dombivli. Had he not accepted the golden handshake, Tamboli would be earning Rs. 12,000 a month today.

**David Fernandes**

I took voluntary retirement from Bush India Ltd. Where I was assistant to the head of the inspection department in 1992. My salary at that time was Rs. 4,200 per month and I'd been working for 27 years. A lot of us accepted VRS because the company was not doing too well. The union, which was hand-in-glove with the management, encouraged to us to leave, saying we'd definitely get the money. After accepting our resignations, however, we were told there was no money, but if we left the sum we were to receive in my



case Rs. 2,50,000 inclusive P.P. and gratuity-with them for three years. They'd pay us 24 percent interest on it. We had no choice but to accept. The owner, J.R. Mulchandani, assured us he'd give us the interest for three years in advance, in 36 cheques. After receiving the first nine cheques- out of which three bounced the money stopped coming. We filed a case against him which is still going on. Luckily my wife is working, so were still surviving. But it's very difficult to manage on one salary.

### **Balkrishna Mohite**

I took VRS from Hindustan Lever in 1989, after 16 years as an unskilled worker in the hard soap department. My salary was Rs. 2,250. I was forced to take VRS because there was a lock-out going on, and the management had told us that they wouldn't reopen. I received Rs. 1,46,000 in a lump sum. Invested it in FDs and so on and within 15 days, started selling bananas from a handcart. My profit today is around Rs. 200 a day. The interest of my VRS investment is Rs. 12,000 or so a year. I find this much better than a job and I am happy. My family lives comfortably and I save some money as well. But not every worker can do this. I could because I used to be a vegetable seller before taking up a job. A neighbor of mine, who also accepted VRS from his company and started selling vegetables had no prior experience of self employment, and is in dire straits today.

With report from Varidana Aggarwal in Delhi and Gulnaar Mirza in Bangalore.

Source: The Times of India, Lucknow, 27th September, 1998

**(D) Ministries Differ Over VRS for PSU Employees:**

Inter-Ministerial differences have cropped up over the feasibility of implementing the voluntary retirement scheme (VRS) 1998 proposed in the Central budget for 1998-99. The differences are over the enhanced benefits proposed over the budget scheme, surplus labour in chemically loss making public sector enterprises (PSEs).

While most ministries have said that there are no funds for implementing the proposal, the ministry of textiles and the department of heavy industry in the ministry of industry have supported the proposal, say officials.

Officials say that notwithstanding this as well the fact that some ministries have not given their comments, a note will be prepared and put upto the Industry Minister Sikander Bakht for cabinet clearance.

The VRS proposal which has been circulated amongst various ministries for comments was an improvement over that mooted by the finance minister Yashwant Sinha in the Central budget for 1998-99. This proposal was similar to that followed by the Gujarat State Government for its states enterprises, which had been highly successful in eliminating surplus staff, according to officials.

The scheme proposed would apply to employees of all age groups and would involve payment of upto 35 days of wages for

each year of service. In addition, 25 days wage for each year service left upto retirement would be paid subject to a minimum pay out of Rs. 25,000.

On the other hand, the scheme proposed in the budget entailed payment of 45 days wages for each completed year of service, subject to the maximum salary accruable on the balance of years of service left. Beside this, those who had completed not less than 30 years of service would be eligible for a maximum of 5 years salary.

Official say that the scheme was modified as it was found that it was not likely to be attractive enough to induce surplus workers to leave. Moreover, there were relatively few employees who had put in 30 years of service.

The modified scheme say officials, would be applicable to all those PSEs which are sick and are before the Board for Industrial and Financial Reconstruction (BIFR). It would also be applicable to all those units which are consistently making losses and heading for closure.

Management of profit making, PSEs could also follow this scheme, provided that there were no demands from the central exchequer, say officials.

Meanwhile, the Standing Conference on Public Enterprises (Scope) on Tuesday welcomed government decision on Voluntary Retirement Schemes (VRS) for the employees of eight sick public

sector units (PSUs) to make these units effective to prospective buyers.

Government can make the scheme more effective by detaching it from the national renewal fund (NRF) Scope chairman Uddesh Kohli said.

VRS should be merged with public sector enterprises (PSE) restructuring fund and the same could be used to support integrated restructuring plan of individual PSUs besides providing compensation to workers of PSE facing closure, he said.

Kohli said NRF after exclusion of VRS, could be renamed as National Redeployment Fund.

Source: The Times of India, Lucknow, 5th Nov., 1998

### **(E) Highlights of VRS:**

#### **(i) V.R.S. in IFFCO:**

##### **Objectives:**

With a view to reduce surplus manpower, voluntary retirement scheme has been introduced.

##### **Applications:**

1. The scheme will be applicable to all regular employees of IFFCO.
2. The scheme will be applicable to such employees who

have completed 10 years of service in IFFCO or completed 40years of age.

3. The voluntary retirement will be granted on specific written request of the employees.
4. The scheme shall be granted at the discretion of IFFCO Management and it will not bestow any right on an employee to seek voluntary retirement as matter of right.

The vacancy caused by voluntary retirement scheme would not be filled up by direct recruitment.

**Payment under the scheme:**

The terminal payment available to an employee who seeks voluntary retirement would be-

1. The balance in his provident fund account payable as per the C.P.F. regulations.
2. Cash equivalent or accumulated earned leaves as per the rules of the society.
3. Gratuity as per Gratuity Act or the Gratuity scheme applicable to the employees of the society.
4. Notice pay as per the service conditions.

5. Ex-gratia payment equivalent to one and half months emoluments (say DA) for each completed year of service or the monthly emoluments at the time of retirement multiplied by the balance months of service left before normal date of retirement whichever is less.
6. In addition the employee and his dependent family members would also be entitled to travel by the entitled class to the place where he intends setting down.
7. The amount due to the society from the employees shall be recovered from the amount payable to the employee under the scheme.
8. The Scheme is independent and without any prejudice to the rights of the society to expense the service of employees either under the terms and conditions of the employment or under the standing orders/ Disciplinary rules as may be applicable to the employees.

The Board may discontinue this scheme at any time.

1. However this scheme shall be in operation for the one year and thereafter at the discretion of the Board.
2. This scheme can be at-ended/ Modified/ altered at any time by the board.

## **(ii) Highlights of V.R.S. in HMT:**

### **Objectives:**

1. To achieve the optimum level of manpower with the desirable average age mix as per the changing need of the organisation.
2. To provide necessary Manpower adjustments or replenishment by deployment or transfer of the existing employees in different unit offices and to improve the overall levels of skills and productivity.
3. To provide monetary benefits in terms of terminal benefits and voluntary retirement compensation to the employees who opt for voluntary retirement.

### **Structure**

There shall be two schemes of VRS viz. Scheme A & Scheme B.

#### **Scheme A:**

The scheme is applicable to all regular/ permanent employees of the company in WG Cadre who have put in less than 15 years of service and are below the age of 45 years as on the date of submission of application for V.R.S.

#### **Scheme B:**

The scheme is applicable to all an regular/ permanent

employees of the company as notified from time to time, in WG as well as PS cadre, who have put in 15 years of service or more in the company and who are of age of 45 years & above as on the date of submission of application.

**BENEFITS:**

**1. Under Scheme A:**

The eligible employees requesting for voluntary retirement, subject to acceptance of their requests by the competent authority, shall be entitled to receive 1½ months salary for every completed year of service subject to a maximum of 22 months salary.

**2. Under Scheme B:**

The eligible employees requesting for voluntary retirement subject to acceptance of their requests by the competent authority, shall be entitled to receive benefits at the following rates for the remaining period of service, prior to the date of retirement on superannuating from the service of the company :

For less than 1 year of remaining service ----- Nill

One year of remaining service ----- 6 months salary

Two year of remaining service ----- 11 months salary

Three year of remaining service ----- 15 months salary

Four year of remaining service -----18 months salary



Five year of remaining service -----	20 months salary
Six year of remaining service -----	21 months salary
Seven year of remaining service -----	22 months salary
Eight year of remaining service -----	24 months salary
Nine year of remaining service -----	27 months salary
Ten year of remaining service -----	30 months salary
Eleven year of remaining service -----	33 months salary
Twelve year of remaining service -----	36 months salary
Thirteen year of remaining service -----	39 months salary

Provided, however, that the maximum benefit payable under scheme B shall not exceed the amount equivalent to 1½ month's salary for each completed year of service.

The following terrain- benefits shall be payable under scheme A&B :

1. Leave salary for the unveiled earned leave, the quantum of which shall not exceed the maximum limit upto which earned leave can be accumulated under the rules of the company.
2. Full provident fund contribution of the employer with accretions there to in the account of the employee

subject to the provisions of the P.F. rules of the company.

3. Gratuity as per the provisions of the Payment of Gratuity Act, 1972.
4. Home town settlement allowance as per the rules of the company.

**GENERAL CONDITIONS:**

1. Leave salary for the unveiled earned leave, the quantum of which shall not exceed the maximum limit upto which earned leave can be accumulated under the rules of the company.
2. All outstanding loans advances, recoveries, and other dues from the employer permitted to retire under the scheme shall be fully adjusted against the benefits payable under the scheme.
3. Recovery towards income tax will be as per the extent statutory provisions.

**(iii) Highlights of V.R.S. in B.P.C.L.**

V.R.S. was announced with effect from 1991. This scheme is absolutely within the hands of management. The management can withdraw at any time without any notice or reason.

**Details of Scheme:**

1. Ex-gratia benefit amount consisting of basic pay plus D.A. to the retiring employees will now be multiplied by the number of month's of service left and not on the basis of the month's basic pay plus D.A. for the number of years of service left.
2. One and half month's basic pay plus D.A. for the numbers of years of service rendered in the company.
3. In the existing scheme no notice pay amount is admissible but in the modified scheme retiring employees will also be entitled for one/ three months amount of basic pay plus D.A. as notice pay as applicable in case of non-executive, Executive, employees respectively.

**Eligibility:**

1. Employees who have completed 40 years of age and 10 year's of continuous service in the Company.
2. Employees against whom disciplinary or vigilance case is pending shall not be ordinarily considered for voluntary retirement. However, if the competent authority is satisfied that it will be in the overall interest of the organization, it can allow such employees to seek voluntary retirement.

3. Now with standing the eligibility as above the competent authority at its discretion may accept or reject the request of any employee for voluntary retirement under this scheme.

**(iv) Highlights of V.R.S. in I.T.I:**

**Introduction**

A scheme for allowing retirement of officers/ non officers on their own accord is offered to the employees and officers upto grade four in I.T.I. excluding Plakkad and Mankapur units subject to the following terms and conditions.

**Objectives:**

1. To achieve optimum manpower utilisation.
2. To improve the average age mix of the employees/ officers.
3. To improve the overall skill level.

**Compensation:**

An officer/ Non officer whose request for voluntary retirement is accepted will be entitled to the following normal terminal benefits:

1. Gratuity
2. Provident Fund

3. Encashment of admissible privilege leave if any at credit.
4. Payment for TA/DA to the officer/ non-officer and his/her family members to move to his/her home town as per TA rules.

**Ex-gratia Payment Under Scheme:**

In addition to the normal terminal benefits they will be entitled to ex-gratia payment as detailed below:

- One and half month's emoluments (Basic pay plus DA) for each completed year of service.

OR

- The months emoluments (Basic pay plus D.A.) at the time of retirement multiplied by the balance months of service left before normal date of retirement.

Whichever is less.

**(v) Highlights of V.R.S. in GEC ALSTOM:**

**Objectives:**

1. To provide necessary manpower adjustments or replenishment by deployment or transfer of the existing employees in different units/ offices and to improve the overall levels of skills and productivity to achieve the concept of "Green field organisation."

2. To provide monetary benefits in terms of terminal benefits and voluntary retirement compensation to the employees who opt for voluntary retirement.

**Structure of the Scheme:**

The scheme provides following three options:

**Option A:**

Rs. 50000/- on cessation of the service as V.R.S. compensations Rs. 50000/- after one year Rs. 40000/- after two years.

**Option B:**

One time lumpsum of 1 lakh of V.R.S. compensation.

**Option C:**

Monthly payment at the rate of last drawn salary (Basic + D.A. + H.R.A. per full calender month subject to the maximum ceiling Rs. 3000/- & minimum ceiling of Rs. 2500/- per full month calendar so till the age of 58 years and on reaching 58 years one time lumpsum of Rs. 1 lakh.

Following terminal benefits shall be payable under each option-

1. Earned leave encashment.
2. Payment of full provident fund contribution.

3. Gratuity as per the provisions of Payment of Gratuity Act 1972.

### **Comparison of common features of V.R.S.:**

#### **Housing:**

This facility is available in IFFCO & HMT to most of the employees either in the form of residential colony or in form of sufficient H.R.A.

But in BPCL & ITI this facility is not provided in form of residential colony only the employees are given H.R.A. in GEC this facility is available to a few employee in worker & staff grade and in executive cadre employees are either given retail accommodation or its corresponding compensation.

#### **Medical care centre:**

This facility is available in IFFCO, HMT, ITI, BPCL 85 GEC to all those who are not covered in ESIC and those who are covered under the ESIC they are referred to ESI hospitals for such facility.

#### **Education:**

This facility prevails in IFFCO & HMT but in BPCL, ITI & GEC it is lacking.

#### **Recreation:**

This facility is available in IFFCO & HMT to all the employees

in each category but in GEC it is only for Executives where as in BPCL & ITI this facility is not available.

### **V.R.S.:**

In all the surveyed industries V.R.S. has been offered to their regular employees only.

### **Highlights of The Latest VRS Offer:-**

In September of 1998 the Central government announced a proposal offering higher compensation for voluntary retirement of employees to speed up closure of consistently loss making central public sector enterprise.

- The proposed scheme will be applicable to employees in all age groups and will entail payment of upto 35 days wages for each 3 year of service plus 25 days salary for each year left up to retirement. The latter would be subject to a minimum payment of Rs. 25,000.00. The scheme announced in the budget provided that workers in units which are closed would be entitled to 45 days wages for each year of service, subject to the maximum wage accruable on the basis of balance of years of service. In addition, those workers who have completed at least 30 years of service would also be eligible for a maximum of 5 years of salary. This budget proposal was discussed by the committee of secretaries and modified subsequently.



- A present the finance ministry has circulated the note, containing the fresh proposal amongst various ministries for their comments. Official say that once the comments are received, it will be put up to the cabinet for clearance.
- The modified proposal is tailored on the one being implemented by the Gujarat government for the state level public sector Enterprise. Officials say it was noted that the Gujarat government had managed to get rid of a large number of surplus workers from state undertaking through the scheme.

Source: The Times of India, Lucknow, 27<sup>th</sup> Sept., 1998

(Suggested that the monthly installment should be revised from time to time it should not be paid at a uniform fixed rate).

#### **F. Suggestions of Respondents in different organisations:**

##### **IFFCO:**

1. Voluntary retirement scheme should be open through out the year.
2. There should not be any age and service period limitation and all applicants should be granted.
3. Compensation package should be revised.
4. Payment system should be expedite.

**HMT:**

1. Compensation package and payment system should be improved.
2. Pension benefit should be continued with VRS.
3. Medical and education benefit should be continued after VRS. In B.P.C.L. & I.T.I, most of the respondents expressed more or less similar view as above.

**GEC :**

1. There should be no age & service period limitation.
2. A monthly installment, which is fixed at the time of V.R.S., should be revised in accordance with the cost of living from time to time.
3. After availing V.R.S. but before the age of superannuation if an employee is dead his ward should be given employment alongwith the arrear benefits.

**BALCO:**

This public sector unit is situated at Chattisgarh - M.P. The process of conversion of BALCO from public sector to privatisation has given birth to industrial unrest. The management of the plant has been delegated to private company "Sterlite" which has been opposed by the labour union and consequently resulted to strike. The allegations from union and counter allegation by new

management has put them before the court. The political interference of the Chief Minister of Chattisgarh Mr. Ajeet Jogi has strengthened the labour power to oppose the negotiation of the Central government.

Central Government filed the case in Supreme Court and Supreme Court announced the judgment in favour of Central Government decision.

No doubt the total episode has adversely effected the overall relations among worker, management and Govt. It has badly effected the image of the plant and marketability of the product. The workers have fear in their mind that their job is insecure even after the opening of the plant.

The story from public sector to privatisation shows the lack of foresightedness of the Central Govt. No previous platform of rapport was formed to implement the decision. Ultimately local govt. labour and management came to conflict and the matter shifted to legislative body supreme court.

In democratic Country like India such decisions should be bilateral inspite of forced one to maintain the productivity and Industrial Harmony.

Threat by GEC Employees (Alsthom)- Labour Union has given ultimatum to Management that if their pending decision pay scale revision from last 26 months is not finalised as early as possible, they will apply the tactics of blocking roads, stopping officers entry.

Dainik Jagran- 18.6.2001

Maruti Udhyog Ltd, is the latest example-

**(Better support to VRS in Maruti Udhyog Ltd.):**

Instead of retrenchment the Maruti Udhyog has introduced V.R.S. for its employees to avoid employees resentment. Company has introduced V.R.S. to its 'Employees just one month before and got success to reduce manpower by 19% of total strength and it has been supported by its employees. Total 1050 employees have taken premature retirement under V.R.S. Out of total 24% employees are the member of union. Average amount paid to employees under V.R.S. is 6.5 lakh each and the company has made total payment of Rs. 66.46 crores.

Source Dainik Jagran (31st October, 2001)

**PART -B**  
**INDUSTRY PROFILE**  
**BHARAT HEAVY ELECTRICALS LIMITED (BHEL)**

**A Brief Introduction:**

In the post independence era when India was moving towards Industrialisation, the major thrust of the Government was in the core sector (Public). With this objective, Heavy Electricals (I) Limited was set up in BHOPAL in August, 1956 with a view to reach self-sufficiency in Industrial products and power equipments. This plant was set up under technical collaboration of M/s AEI, U.K.

Three more plants were subsequently set up at Tiruchy, Hyderabad and Haridwar with Soviet and Czechoslovakian assistance in May 1965 and Jan. 1967 respectively.

As there was a need for an integrated approach for the development of power equipment to be manufactured in India. Heavy Electricals Ltd. Bhopal was merged into BHEL 1974.

BHEL has now become the largest Engineering and Manufacturing Company employing about 52,000 employees it's headquarter is located at Delhi and there are 14 manufacturing units.

**BHARAT HEAVY ELECTRICALS LIMITED JHANSI (UNIT)**

**A Brief Introduction:**

By the end of 5th Five Year Plan, it was envisaged by the planning commission that the demand for power transformer would rise in the coming years. Anticipating the country's requirement,

BHEL decided to set up a new plant, which would manufacture power and other type of the transformers in addition to the capacity available at BHEL Bhopal. The Bhopal plant was engaged in manufacturing of transformers upto 50 KVA. 132 KV Class and other transformers like Instrument Transformers, Traction transformers for Railway etc.

This unit of Jhansi was established about 14 km from the city on the N.H. No. 26 on Jhansi- Lalitpur road. It is called second generation plant of BHEL and was set up in 1974 at an estimated cost of Rs. 16.22 crores inclusive of Rs. 2.1 crores for township. Its foundation was laid by Late Mrs. Indira Gandhi the then Prime Minister on 9th Jan 1974. The commercial production of the unit began in 1976-77 with an output of Rs. 53 lacs.

This plant of BHEL is equipped with the most modern manufacturing processing and testing facilities for the manufacture of power, special transformer and Instrument transformers, Diesel shunting Locomotives and AC/DC Locomotives. The layout of the plant is such that it is well streamlined to enable smooth material flow from the raw material stages to finished goods. All the feeder bays have been laid perpendicular to main assembly bay and in each feeder bay raw material smoothly gets converted to sub-assemblies, which after inspection are sent to main assembly bay.

The raw material that is needed for manufacture, is used only after thorough material testing in the testing lab and with strict

quality checks at various stages of productions. This unit of BHEL is basically engaged checks at various stages of transformers of various type and capacities. With the growing competition in the transformer section, in 1985-88 it under took the re-powering of DESL. Subsequently it started manufacturing complete Diesel Electric shunting Locomotives of various ranges. BHEL has progressed a step further in undertaking the production of A/C Locomotives for Indian Railways. And subsequently it is manufacturing AC/DC Locomotives also.

**BHEL Objectives:**

A dynamic organization is one which keeps its aim high, adapts itself quickly to changing environments. So here we are in BHEL. The objectives of the company have been redefined in the corporate plan for the 90's.

**Business Mission:**

To maintain a leading position as supplier of quality equipment, systems and services in the fields of conversion, transmission, utilization and conservation of energy for application in the areas of electric power, transportation, oil and gas exploration and industries.

Utilize company's capabilities and resources to expand business into allied areas and other priority sectors of the economy like Defence, Communication and Electronics.

**Growth :**

To ensure a steady growth by enhancing the competitive edge of BHEL in existing business, exploring new areas and international market was to fulfil national expectations from BHEL.

**Profitability:**

To provide a reasonable and adequate return on capital employed, primary through improvements in operational efficiency, capacity utilization and productivity and generate adequate internal resources to finance the company's growth.

**Focus:**

TO build a high degree of customer confidence by providing increased value for money through international standards of product quality performance and superior customer service.

**People Orientation:**

To enable each employee to achieve his potential, improve his capabilities, perceive his role and responsibilities and participate and contribute to the growth and success of the company.

To invest in human resources and continuously be alive to their needs.

**Technology:**

To achieve technological excellence in operations by development of indigenous technologies and efficient absorption and



adoption of imported technologies to suit business and priorities and provide competitive advantage to the company.

**Image:**

To fulfill the expectations of stake holders like Government as owner, employees, customers and the country at large have from BHEL.

**BUSINESS AREAS:**

BHEL covers a wide area of Business. These areas are mentioned below.

**Power :**

Provide a gamut of equipment for Thermal, Hydro and Nuclear Power Plants. Range includes products and systems for power generation, transmission and utilization.

**Transportation:**

BHEL offers a variety of transportation equipments to meet the growing needs of the country. 65% of Indian Railways are equipped with BHEL manufactured traction equipment. Underground metro also runs on drives and control supplied by BHEL, BHEL has taken up the manufacturing of locomotives to provide a pollution free transportation. BHEL also offers a battery operated Passenger Van provided to Delhi Government.

**Oil and Gas:**

Equipment for oil and gas exploration and transportation is manufactured by BHEL. The range covers super deep drill rigs, mobile and desert rigs with matching draw works and hoisting equipment.

### **Non-Conventional Energy :**

BHEL is playing a vital role in helping to harness the vast renewable source of solar, wind and biogas energy. BHEL has supplied several water heating systems, wind mills, biogas generators and photo voltaic system,

### **Tele-communication:**

BHEL has entered the field of telecom with electronics PABX system based on indigenous technology from C-DOT.

### **Manufacturing Technology:**

BHEL has 14 manufacturing plants, which are spread over different parts of the country having unique manufacturing and facilities, CNC machines, turbine blade shape system, system bener. 8000 ton hydraulic press heavy duty lathe milling machines and many more are available.

### **Research and Development:**

A highly talented and experienced team of scientists form the backbone of BHEL Corporate R&D. A few accomplishments are :

- Direct ignition of pulverized coal (DIPC)

- Magnetic Hydro Dynamics.
- Aerostatic Bearing

### **After Sales Service:**

BHEL has 8 organised service centers, which are geographically distributed throughout the country. It also undertakes power plant renovation and rehabilitation jobs.

### **Exports:**

The organization commitment to quality has earned a recognition from over 45 countries; export order range from equipments to turn key projects to consultancy services.

### **Sections of BHEL Jhansi:**

BHEL has many departments, while production and Administrative department are separate.

BHEL Jhansi has two main production categories

1. Transformer Section
2. Loco Section

#### **1. Transformer Section:**

In the transformer plant there are ten Bays.

Bay0 - These are fabrication shops established in 1978 and mainly, 1&2 Deals with fabrication work of transformers & locomotives.

Bay 3- It is splitted into two parts, half is the machine shop and the second half is for the Bus-Ducts.

Bus-ducts are used to transfer Electricity from the generator to the transformers.

Bay 4- Here the winding work of the power transformers & Dry type transformers is carried out.

Bay 5- Basically it is core and punch section but in a part of it cast resin coil encapsulation plant is situated. The coils of dry type transformers are cut and finally prepared.

Bay 6- It is also engaged in two process one half is the traction winding section while the other half is for the traction transformer assembly.

Bay 7- In this bay, the dry type transformers are manufactured and various types of Insulations are prepared to be used in the transformers.

Bay 8- This bay was established in the year 1874. It is one of the earliest bays to set-up. It is involved in the manufacturing of instruments transformers like 132 KV and 220 KV Voltage/ Current transformers. ESP transformers are also manufactured here.

Bay 9- This is one of the largest bay in the unit engaged in the assembly of power and rectifier transformers. The time taken for assembly ranges from 4 to 12 weeks.

## 2. Loco Section

The other section, Locomotives department is one of the most important department in factory. It deals with the manufacture and production of following types of Locomotives.

1. AC Locomotives.
2. AC/ DC Locomotives
3. Thyristor Type Locomotives
4. Diesel Electric Locomotives shunting locomotives (DESL)
5. Diesel Shunting Engine of various capacities and haulage. The unique modern machines available in Jhansi unit are follow:
  - CNC Cropping line machine
  - Vapour Phase Drying system.
  - Computer ICM 6040 and BOSONIRISH 40/20 with graphic facilities.
  - Bovie frame machining center.
  - CNC Axle Turning lathe.
  - Fascine and centering machine.
  - Wheel forcing press.

- CNC pipe bending machine.

## **Human Resource Management in BHEL:**

### **1. Induction of Manpower:**

BHEL Jhansi at present, has 1974 manpower strength at various levels. In BHEL the levels are broadly categorised in 3 groups:

1. Executive Cadre
2. Supervisory Cadre 85
3. Workman Cadre,

The induction of workmen and supervisors is done at unit level whereas in executive cadre it is done at corporate level. Various broad designations covered in the above 3 categories are indicated below:

#### **A. Executive Cadre:**

- |       |                           |    |
|-------|---------------------------|----|
| (i)   | Engineer/Officer          | E1 |
| (ii)  | Sr. Engineer/ Sr. Officer | E2 |
| (iii) | Dy. Manager               | E3 |
| (iv)  | Manager                   | E4 |
| (v)   | Sr. Manager               | E5 |

(vi)	Dy. G.M.	E6
(vii)	Sr. DGM	E7
(viii)	AGM	E8
(ix)	GM	E8
(x)	ED	E9

**B. Supervisory Cadre:**

(i)	Charge Man	S1
(ii)	Asstt. Foreman	S2
(iii)	Foreman	S3
(iv)	General Foreman	S4
(v)	Executive F/Man	S5
(vi)	Sr. Exc.F/Man	S6
(vii)	Gen Exe.F/Man	S7

**C. Workmen Cadre:**

(i)	USW	A01
(ii)	SSW	102
(iii)	Artisan Gr. IV	A03

(iv)	Artisan Gr. III	A04
(v)	Artisan Gr. II	A05
(vi)	Artisan Gr. I	A06
(vii)	Technician	A07
(viii)	Sr. Tech.	A08
(ix)	Master Tech.	A09
(x)	General Tech.	A10
(xi)	Executive Tech.	AI 1

However, the induction level in each cadre are defined and is done only at the minimum level of the cadre. For example, induction in workman cadre is done at two levels i.e. at 101 for USW/SSW and at A03 for Artisans. Induction of Supervisory level is one at Charge man (SI) scale and induction of Executive level is done at Engineer level (EI). In case of workmen and Supervisors cadres the names are obtained from local Employment Exchanges or through the provision of the Apprentices Act. The written tests and personal interviews are conducted and the selected candidates are issued the offer of appointment in the regular scale.

## **2. Training and Development:**

BHEL, Jhansi emphasises on development of its employees on regular basis. The Human Resource Development department of



the unit annually identifies the training needs of all the employees through line managers. The calendar of the implant programme is formulated based on the above needs and programmes on various topics are conducted in the financial year so as to meet the training requirement. If specific skill is required to be imparted to certain groups of people, who cannot be organised within the unit, these employees are nominated to out side institutes within the country or abroad.

In Addition to above, the training is imparted to Apprentices (Trade Apprentices and Technician Apprentices), Company Trainees (Supervisory Trainees and Engineering Trainees) and vocational trainees from various institutes in the field such as Engineering, MBA graduates, MCA graduates etc.

#### **Performance Evaluation:**

BHEL Jhansi has well established performance Evaluation System for various categories in terms of Annual Confidential Report (ACR). The various parameters of performance evaluation system are laid down in the ACR Forms with the marking systems. The total 100 Marks are allotted for performance evaluation. Based on the marks, the grading of the individual performance is done in the following broad categories:

- Outstanding
- Very Good
- Good
- Fair
- Poor

## **TRIVENI STRUCTURALS LIMITED (TSL)**

### **INTRODUCTION**

The Company was established in 1965 as a joint venture of the Govt. of India and Voest-Alpine, a leading industrial group in Austria. Triveni Structurals Ltd. (TSL), now a Subsidiary of BHARAT YANTRA NIGAM LTD. (BYNL). This public sector holding company has been involved in the design engineering fabrication installation and commissioning of sophisticated structures and fabricated equipment for a diverse range of application. By virtue of technical collaboration with Voest-Alpine, today, T.S.L. has emerged as a leading company in the engineering industry.

The works are located at a site extending over 125 hectares of land in the industrial complex at NAINI in Allahabad DISTT. OF UTTAR PARADESH, and are served by a special railways siding thus conveniently connected by rail and road to all major towns and the hinterland of the country.

T.S.L. is manned by a team of highly skilled and specialized technical personnel and are equipped with sophisticated facilities for fully integrated turn key executions to cater to the needs of core and strategic sector industries. The product range of the company includes hydraulic structures like gates, hoists & pen stocks, pipelines, storage tanks, self supporting towers, guyed masts for T.V., Microwave, VLF, Radar and other communication systems, EHV power transmission lines upto 400 K.V. on turn-key

basis sophisticated technology steel structures, cranes, passenger and material rope ways, nuclear equipment, oilrig structures & tailor made, fabricated products for many other applications.

TSL quality products conforming to any international code and specification including turn-key projects from concept to commissioning has won wide recognition in India as well as in foreign countries like Zambia, Tanzania, Malaysia, Thailand, Sri Lanka, Iraq Kampuchea, Maritimes Nepal etc.

### **Range of Products**

1. Building Structures.
2. Tower and master's
3. Bridge Structure.
4. Pipes and Pen stocks.
5. Pressure Vessels and tanks.
6. Gates & Hydraulic Structures.
7. Coal Projects.
8. Mechanical Equipment.
9. Rope ways.
10. Turn-key Projects
11. Spare parts and accessories.
12. Miscellaneous Equipments.

### **Major Competitors and Client of TSL**

The major competitors of TSL in India regarding various product lines are in a broad sense but they don't get as much

feedback reputation as the TSL has gained and gaining. Here is list of the major parties, who are the competitors of TSL as follows:

**In Building Structures :**

TATA DAVY, B & R, UPRNI & TIECC CHANNI, General Mechanical works. Board, R & C, PATENA Bombay, Globe Hig fab Delhi suthcum structural CHANNI, HSCL Calcutta.

NTPC, ONGC, TISCO, ALL Electricity board, Bharat Petroleum Corporation India Ltd. Steel Authority of India Ltd. Nuclear Power Corporation India Ltd.

**In Conventional Bridge's :**

B & R BBJ BBUNL Group of companies, U.P. Bridge Corporation, UPRNN.

**Clients :**

Railways, U.P. Bridge Corporation Jammu & Kashmir Bridge Corporation.

**Famous Jobs has been done by TSL :**

1. Gate of Ranjeet Sagar Dam
2. ISRO's MOBILE SERVICE Tower of Sriharikota.
3. Skylork of Defence for navy (First in India & Third in world)
4. Passenger's Ropeway in Joshimath & Nainital.
5. 300 m.t. Bombay T.V. Tower (1st in Asia)
6. The Project work of 300m. FAJILCA PANJAB.
7. Barmar T.B. Tower in RAJASTHAN.

## **Company Group of BYNL**

1. TSL NAINI, Allahabad
2. Bharat Pump & Compressors Ltd. (BPCL) NAINI, Allahabad.
3. Richardson & Cruddas (R&C) Madras.
4. BHARAT HEAVEY plate & vessels (VISHAKHAPATNAM SOUTH)
5. TUNG BHADRA Steel Plant (TSPL)
6. Bridge & Roof (B&R), Calcutta.

## **REPORT OF PERSONNEL DEPARTMENT**

### **Rules and Regulation :**

#### **1. Scope, Application & Interpretation :**

These standing orders shall come into force in accordance with the provisions of the Industrial Employment (Standing orders) Act 1946 and shall apply to all employees on the roll of 'Triveni Structural limited' wherever they might be stationed and who are workmen as defined under Industrial Employment (Standing Order's) 1946.

#### **2. Exhibition of Standing Order's**

- (i) A copy of these standing orders in English and Hindi language shall be posted on the main notice board, which shall be installed near the main gate of the factory.

- (ii) Any amendments or modifications made in these standing orders and any notice, orders or instructions issued under this will be posted on the main notice board.

### **3. Classification of employees**

For the purpose of these standing orders employees be classified in to :

- (i) Permanent
- (ii) Probationer
- (iii) Temporary
- (iv) Casual
- (v) Apprentice
- (vi) Substitutor

### **4. Recruitment and Employment :**

All recruitment to the service of the company will be made by the Managing Director or by General Manager or the Personnel Manager or such other officer/officers as may from time to time be authorized by the company in that behalf.

All appointments against permanent vacancies whether on initial employment or on promotion may be on probation for a period of 3 month's. Probation may be extended by a further period of three months by an order in writing.

**(A) A Badli Workman**

Name may be removed without notice or pay in lieu of notice from the list of registered Badlies due for any tat the following acts.

- (i) Any of the act or omissions listed as misconduct in the standing orders.
  - (ii) Failure to reach the standard of efficiency and conduct required by the job he performs.
  - (iii) Habitual non-attendance or absence when due for employment.
- (B) Service of Badli workmen appointed in place or a permanent workman may be terminated without notice provided the permanent workmen is whose places he was engaged has turned up of work.
- (C) If a Badli worker is absent when his turn comes for employment whether for short or long period, the absence will be noted in the register.
- (D) if a Badli worker is selected for a permanent vacancy and is absent with the permission of the management the vacancy will be kept as practicable till he returns.

**Transfer**

1. The management shall have right to transfer any employee from one shift to another from one section to another, from one department to another. On transfer the employee shall

be on entitled to the same scale of pay and the same seniority right as before. In the event of transfer from one establishment of the company to another except in emergent circumstances. The employee shall be given 7 days notice.

2. In the event of such a transfer the employe basic pay and scale of pay will not be altered to his prejudice, but in respect of all other matters he would be governed by such terms and conditions of employment (including allowance) condition of wirlm standing order and other rules and regulation as would be applicable to similar categories of workman if the shift/section/departments/job/place of which he is transferred and no 'notice of change' will be required to be given.

### **Trade Union**

In the Triveni Structural Limited there is only Trade Union and also affiliated to the All India Congress Committee and this is made by every two years. There is also an existence of executive's union which is known as executive union.

### **2. Leave Travel Concession**

Management has decided to introduction a scheme for encashment of L.T.C. to the employee of the company in respect



of journey to any where in India in a block of 4 Years subject to the conditions as mentioned below :

1. The scheme will apply to such employees of the company who are entitled to claim L.T.C. under the existing rules of the company.

Under the scheme the eligible employee of the company may encash L.T.C. in a block of 4 years only once and the encashment will be limited to 75% of the rail fare of entitled class both ways up to a distance of 1500 km. Each ways, it may be noted that for the purpose of L.T.C. the entitled class by rail travel is limited up to first class irrespective of the class of entitlement while on official tour.

Under the scheme the family will mean employee, spouse and children subject to a maximum of 4 full tickets. It may be noted that under the scheme for encashment of L.T.C. parents are not included in the definition of family.

The scheme for encashment of L.T.C. will apply only in respect of journey to anywhere in India and will not cover journeys to hometown.

It is clarified that the concession of L.T.C. to visit any where in India and/or home town will remain intact under the existing rules of L.T.C. applicable in the company and scheme of encashment of L.T.C. which is as under :-

(a) Employees may either avail L.T.C. to visit any where in India one in block of 5 years for self dependent family member i.e. employees himself, spouse, dependent children and dependent parents.

(b) Employee may opt for encashment of L.T.C. once in a block of 4 years to visit any where in India subject to conditions and limitations as above.

#### **Triveni Structural Limited Gratuity Scheme :-**

1. Short Title & Commencement :-

This scheme shall be known as "Triveni Structural Ltd. Gratuity Scheme" -1989 and shall come into force July 1<sup>st</sup>, 1989.

#### **Quality Policy**

To achieve and sustain customer satisfaction and confidence at all stages from design to services of the products by meeting their requirements through continuous technology up-gradation and involvement of all employees and vendors.

**TRIVENI STRUCTURALS LIMITED NAINI,**

**ALLAHABAD**

2. Voluntary Retirement Scheme 1990

Eligibility

The following will be eligible for the scheme :

- 2.1 Have completed 40 years of age and
- 2.2 Have completed 10 years continuous service as on the date of submission of VR application :
- 2.3 Employees against whom disciplinary or Vigilance case is pending shall not ordinarily be considered for voluntary retirement. However, if the competent Authority is satisfied that it will be in the overall interest of the organization, it can allow such employees to seek voluntary retirement.
- 2.4 The conditions and 2.1 and 2.2 above shall be applied on the date of actual voluntary retirement, for example, a person who is completing 40 years of age on the date of submission of VR can apply now, but he will be allowed Voluntary Retirement only on 30.03.1992 when he completes 40 years. The same will apply to completion of 10 years service.
- 2.5 Notwithstanding the eligibility as above, the competent authority at its sole discretion may accept or reject the request for Voluntary Retirement under this scheme.

## **1. Competent Authority**

The Competent Authority for accepting the offer of Voluntary Retirement will be the Managing Director in case up to Chief Manger and the Chairman for cases above Chief Manager.

### **Benefits :**

Employees allowed to retire voluntarily shall be entitled to the following benefits :-

### **Notice Pay :**

One/three months notice pay (Basic pay plus DA/FDA) as admissible to the retiring employees according to the terms and conditions of appointments in the company i.e. one month's notice pay in case of Non Executive employees and three month's notice pay in case Executive employees, will also be paid in addition to Ex- Gratia.

### **Ex-Gratia**

Ex-Gratia Payment equivalent to 1½ months pay i.e. Basic pay plus DA/FDA for every year of completed service in the company.

or

The monthly emoluments (Basic pay plus DA/FDA) at the time of retirement multiplied by the balance months of service left before normal data or retirement, etc.

(Whichever of the above is less)

For example, if an employee has put in 20 Years of Service and has left 3 years of service left (36 months) he will get Ex-Gratia.

### **Encashment of Unveiled privilege/Earned leave**

An amount equivalent of cash value of privilege leave/Earned leave due as per rules up to date of Voluntary Retirement.

### **Provident Fund**

Payment of Full share of employer's contribution to the provident fund along with employees share including interest on total accumulation.

### **Gratuity**

Gratuity as admissible under rules up to date of Voluntary Retirement.

### **Travel Cost Re-imbusement**

The employee and his family would be entitled to travel by entitled class to their declared home town.

## **Application**

Eligible employees desiring to seek Voluntary Retirement may submit their application in the prescribed Performa to the competent authority through proper channel.

## **General**

Ordinarily, employees desiring to seek Voluntary Retirement shall be effective from the last date of the month in which the decision on the application for Voluntary Retirement is communicated. However, when the date of decision on close to the end of the month, the effective date for Voluntary Retirement will be last date of the next month. This condition can be waived by the Competent Authority at its discretion.

Ordinarily, the resultant vacancies arising out of Voluntary Retirement shall not be filled up. (Only in exceptional cases with the approval of their competent Authority).

## **VARIOUS WELFARE SCHEME:**

Welfare activities are provided by all Organisations to maintain the employees living standard as well as overall development of his keen interest towards his goal. There are two types of welfare activities as follows:

- A- Welfare Statutory- These activities are provided as per law.
- B- Welfare Optional- These are voluntary activities provided by the company to the employees concerned.

### **Statutory Activities :**

- A. First Aid - There are 5 compounder under one in charge.  
There is  
also a facilities of an ambulance.
- B. Canteen- Canteen is also provided by the organisation with accommodation of Tea, Lunch and Breakfast.
- C. 1 Kg Milk powder and 2 Kg "Gur" for those employees can be involved in the hazardous process of work like furnace and galvanizing process.
- D. E.S.I. facility is available to those employees whose earnings is less than Rs. 3000/-.
- E. Bonus- 8.33% to 20% of salary.
- F. Provident funds - 10% of Salary

### **DISCIPLINE**

Disciplinary Action can be taken against any employee violating the rules and regulations of the T.S.L. Standing Order's Disciplinary authority can be appointed by M.D. or Personnel Dept. incharge of the disciplinary actions.

A charge sheet is issued against the person mentioning their charges and asked for clarification to Disciplinary Authority. An inquiry is set to investigate the charges. If charges are found correct then employee will be punished as to his crime.

## **Penalties'**

There are 2 types of penalties

Minor, Major

Censure, Suspension should not more Days.

Fine withholding of increment, removal dismissal or promotion

## **Promotion**

In the Organization, promotion is considered on the following basis:

- A. Merit
- B. Efficiency
- C. Past performance
- D. Qualities

## **Eligibility for promotion**

Employee shall be eligible for promotion provided :-

1. For Executive- He has completed 3 year of his service
2. For Non Executive- He has completed 2 year of his service.

The vacancies of T.S.L. shall be filled by making grade promotion.



- The merit efficiency and performance shall form the basis for grant of promotion in case of technical and non technical cadres.
- The seniority subject to suitability govern promotion to non-executive posts of technical and non technical cadres.

### **Transfer :**

There is sound transfer policy of T.S.L. Transfer have been made between departments. Generally, employees are responsible for initiating and approving transfer. There are 3 types of transfers being made.

1. **Production** transfer is made from one dept. to another department.
2. **Versatility Transfer-** Versatility transfer are those in which the employees are transferred from one job to another job, to make versatility.
3. **Shift Transfer :** In this type of transfer employees are transferred from one shift to another.

### **Recruitment and Selection Procedure in T.S.L.**

All the recruitment of the service of the services of the T.S.L. will be made by M.D. or by C.G.M. or the P.M. or such other officers as may from time authorized by the Company in that behalf.

All present and the above posts of executive levels is recruited by BYNL, a holding company of T.S.L. and all the posts

below executive level is filled by T.S.L.. 25% of existing posts will be filled by promotion and 75% outside recruitment.

As the recruitment of T.S.L. are processed through P&A Dept. the approval of M.D.'s required before filling of any post the process is as laid down for public sector in India.

Notification by dept. Consult to P&A.

Notification of P&A Dept. of local and central employment Exchange.

Advertisement are also given on all India level for higher post.

Interviewing after screening the applicant of panel consisting of representatives of the Dept. Concerned with P&A.

### **Man Power Planning :**

The manpower strength of the T.S.L. as on 31 March 1987 was 2087. It was reduced to 1265 at March 1999. The manpower strength of the T.S.L. can be classified as follows:

Executive            2003

Non-executive    1262

### **INDUSTRIAL RELATIONS :**

The Industrial Relation defined as the relationship between man, machine and materials for optimum utilization. The are three Ms' –Man, Machine and Material.

The function of industrial relations of T.S.L. can be given below :

- To have balanced and good relation with trade union.
- To create a work culture in the T.S.L.
- To have a proper information about other Departments.
- The T.S.L should adopt new technology and aspects. The P.M. should be very thorough about law and specially in Industrial Disputes.

- **PERFORMANCE APPRAISAL :**

The T.S.L. has very good performance appraisal system. The performance of the executive and non executive employee is rated usually, but the technical employee's performance are rated quarterly. After taking quarterly rated performance average performance is used.

## **BHARAT PUMPS AND COMPRESSOR LTD. (BPCL)**

### **Introduction:**

The Bharat Pumps & Compressor Ltd. is subsidiary of BYNL, a holding company found by the GOI. Its' registered office is at Allahabad. It co-ordinate and integrates, the working of six engineering units namely :

1. Bharat Heavy Plates & Vessels Ltd., Visakhapatnam
2. BPCL, Naini
3. Bridge and Roof Corp. (India) Ltd., Calcutta
4. Richardson & Cuddas Ltd., Bombay

5. TSL, Naini
6. Tung Bhadra Steel Products Ltd, Tungbhadra Dam.

#### **THE COMPANY:**

BPCL was set up in 1970 for manufacturing of rotating equipment for fluid handling in the country. To meet the ever growing demand and to fill the gap, BPCL successfully established within a span of seventeen years sophisticated capacity to manufacture indigenously high technology heavy duty Centrifugal and Reciprocating Pumps, Reciprocating Compressors and high pressure Seamless and Welded Gas Cylinders.

With the Objective of design, research and development and manufacture and supply of capital goods in the fluid-handling field, BPCL had entered into technical collaboration with world famous manufacture of pumps, compressors and gas cylinders and high technology oil equipments.

#### **LOCATION :**

**BHARAT PUMPS & COMPRESSORS LTD.**

(A Subsidiary of Bharat Yantra Nigam Ltd.)

Naini, Allahabad-211010 (U.P.)

**DIVERSIFICATION EFFORTS :**

The company has embarked upon an ambitious plan to add its product range, cementing and factoring unit suckers rod pumps, mini and micro hydro turbines, and boiler feed pumps and nuclear pumps. The diversification efforts would be directed towards self-sufficiency in the capital goods requirement in the oil and petrochemical industries.

**QUALITY ASSURANCE :**

Backed up by metallurgical and other laboratories the quality assurance programs confirm to international specifications and requirements. The products pumps and compressors, meet the specification of international codes such as API and are fully guaranteed for performance on the basis of proven and most up to date designs. Gas cylinders are manufactured as per ISI and usage approved from the chief controller by explosives Nagpur.

**DESIGN AND ENGINEERING:**

A strong design department has been setup in BPCL with highly qualified and competent engineers who have been trained in application engineering, thermodynamic calculations, hydraulic calculation and system design in the areas of piping and

instrumentation etc. A computer aided Design Center is being setup.

BPCL has achieved a number of break-through in R&D activity. The progresses achieved in various R&D programmes are :

**Solar Pump :**

BPCL has already developed two stage solar pumps and complete system with solar panel, which has been installed in the company's premises and is capable of pumping 2.4m<sup>3</sup>/hr. of water at a height of 15 feet.

**Benefield Solution Pump :**

This pump required for fertilizer plant is under final stage of development.

**Slurry pump :**

Engineering work for development of L.C. pump for slurry application has been completed.

**Ash-Slurry pump :**

Engineering work is under progress on ash slurry pump requiring for thermal power plant.

**Regional Offices :**

Delhi	Mumbai	Chennai
Dibrugarh	Kolkata	

**Name of Products :**

There are several-produced by Bharat Pumps & Compressors Ltd.

**[A] Pumps & Compressors**

- Centrifugal pumps
- Reciprocating piston & plunger pumps
- Reciprocating compressors carbonate and ammonia pumps.
- Sucker Rod pumping unit.
- Pumps for Nuclear power station application.
- Cementing units.

**[B] Gas Cylinders**

- High-pressure seamless industrial cylinders.
- Welded cylinders.
- Cylinders of Compressed Natural Gas (CNG).

**VARIOUS WELFARE ACTIVITIES IN B.P.C.L.**

The various activities relating to "welfare" are strictly being provided by the B.P.C.L. to maintain the employee's living standard as well as overall development of his keen interest towards the goal. There are 2 types of welfare activities as follows:

- A. Statutory welfare : These are voluntary activities provided as per "Factories Act, 1948".
- B. Other Welfare Activities : These are voluntary activities provided by the company to the employees concerned.

#### **A. Statutory Welfare :**

- Under Sec. 42 of the Factories Act, 1948, the B.P.C.L. provides and maintains adequate and suitable washing facilities for its workers to be kept in a state of cleanliness.
- Sec. 43. Under this section the company provides a locker to each worker for keeping drying and other cloth, which are not used during working hours.
- Sec. 44. Under this section the company provides benches and iron stool to workers in the manufacturing or production floor where they can take rest.
- Sec. 45. Under this section, the company has a dispensary with two beds, a Doctor and trained compounder, and readily available during factory hours. An ambulance is always ready for any mishap.
- Sec. 46. Under this section, a canteen has been provided in the B.P.C.L. This canteen is running on the contract basis.

#### **Educational Facility Compensation :**

This facility is provided to workers only when their children are going to school. They are given Rs. 70/- per month for two school going children (Per head). Officers are not entitled to this facility.



**Medical Facilities :**

Workers (having income up to Rs. 6500/- per month) are covered under ESI. They get medical benefit from ESI.

Transport facility is provided to workers at subsidized charges. Rs. 4/- per month and Rs. 80/- per month are charged from Supervisors and Officers at both times morning and evening. Those employees, who are not availing transport facility, they are getting some conveyance allowance for scooter.

**Canteen Facilities :**

The BPCL is having its own departmental canteen managed by a contractor. Tea, Coffee, Snacks, Lunch and Dinner are provided at nominal subsidized rate.

**Housing Facilities :**

The BPCL do not have any housing/residential colony for its employees. In lieu of that it gives H.R.A. @15% (Basic + DA ) and if it is arranged leased accommodation 15% HRA is not provided, but 10% of HRA (Basic + DA) is deducted from the salary of concerned employees every month and company is paying full rent to the owner.

**SAFETY MEASURES IN B.P.C.L.**

The safety measure, on the part of the management's efforts for workers. is nicely followed in B.P.C.L. The various safety measures adopted in B.P.C.L. are in compliance with the

"Factories Act 1948". Though the workers are provide the safety equipment.

The workers provisions adopted in the B.P.C.L. to avoid any risk of accidents are as follows :

- Fencing of machinery has been done in accordance to Section-21 of Factories Act, 1948.
- Striking gear and devices for cutting off power under Section 24 of Factories Act, has been provided and maintained in B.P.C.L.
- Lifting machines, chains, ropes & tackles are examined at regulars intervals by the safety department.
- Revolving machines have been affirmed as per Section 30 of the Factories Act.
- For protection of eyes and face they provide safety goggles and face shield to B.P.C.L. employees, where welding process is going on as per section 35 of the Factories Act.
- For the protection of hands, provide safety gloves (rubber, canvas, leather, and asbestos gloves.)
- Safety shoes are provided for protection of legs.

### **Precautionary Measures against Fire and other Accidents :**

- Fire ambulance has been maintained.
- Fire alarm is provided.
- Water sockets have been provided in the factory area so that pipe could be joint to them where fire has taken place.
- Different type of posters and banners have been stuck in working area, which through cartoons advices the workers to work safely.
- Safety shoes with iron cover on head to B.P.C.L. to avoid any injury in case of something-heavy falls on their legs.

### **PROMOTION :**

- In the B.P.C.L. Organization promotions are considered on the following basis.
- Merit
- Efficiency
- Past Performance
- Attendance and

Their qualities

The employee who has completed 8 year of his regular service under the above criteria, the Personnel Dept. recommends their names to Board of Director for the promotion.

## **TRANSFER :**

The management has right to transfer any employee from one department to another. One transfer, the employees are entitled to the same scale of pay and the same seniority right as before.

### **1. Plant/Division Transfers**

Production transfer is made from one department to another department.

### **2. Versatility transfer**

Versatility transfer is that in which the employees are transferred from one job to another job, to make versatility.

### **3. Shift Transfer**

In this type of transfer employee are transferred from one shift to another.

## **RETIREMENT**

Retirement policy is as per State Government rule at the age of 58.

## **DISCIPLINE**

Discipline is the force that prompts individuals or a group to observe the rules, regulations and objectives.

## **TRAINING**

The objective of training is to enable the trainees to acquire new manipulative skills, technical knowledge and problem solving

ability. Properly trained employees are expected to apply their knowledge and skill on the job and to contribute to the achievements of organizational goals.

Following are the main objectives of Training:

- To develop the proper habits of doing the work among the employees.
- To avoid waste and misuse of machinery, raw material, time and labour.
- To reduce the rate of accidents.
- To improve to qualitative standard of the product.
- To create solidarity among the employees and raise their moral.
- To increase efficiency of workers.
- Employee gets the opportunity for self- development and can increase their confidence.

### **Training Policies**

Training department can be handed as a function of Human Resource Development or as a separate function. Every company or organization should have well- established training policy. It represents its employees and comprises rules and procedures governing the standard scope of training.

### **Type of training**

- Injection training
- promotional training

- Refresher training
- Train Techniques

### **On-The-Job.**

- Coaching
- Apprenticeship
- Training by supervision
- Job instruction train
- Vestibule Training
- Training by Experienced workmen
- Demonstration and examples.

### **Off-The-Job**

- Lecture
- Conference
- Group discussion
- Case studies
- Role playing
- Programmed instruction
- T-group training

### **INDIAN TELEPHONE INDUSTRIES (ITI), NAINI**

The Naini unit of ITI is one of the 5 units having its corporate office at Bangalore. This unit started functioning in 1971 with objectives to provide telecommunication equipments required by

the country. It started with workforce of 455 during 1971-72 which reached upto 4408 during 1998-99.

### **INTRODUCTION:**

The Naini unit of Indian Telephone Industries is one of its six units and is located about 16 kms from the holy city of Allahabad on Allahabad-Mirzapur Highway. Since its inception in 1971, the unit has been marching ahead with a steady growth and has achieved the twin objectives of producing the vital telecommunication equipment required by the country and the socio-economic development of the region.

ITI Naini is the lead unit which manufactures the complete range of multiplex equipments for rural, inter-city and intra-city communication needs of the national telecommunication network. It has put great thrust on rural telecommunication equipment by development and producing indigenous products like 3-Channel SAX, Single channel VHF and expeditious indigenisation of Multi Access Rural Radio System (MARR) which was taken up under collaboration with M/s Kokusai of Japan. Simultaneously, the unit has entered the area of optical fibre communication equipment to keep pace with the advance in technology and meet the future needs of the country. The unit also manufactures subscriber telephone instruments for use by DOT.

As the production of modern telecommunication equipment is highly technology intensive, the unit is backed by most modern Research & Development Division. The unit has not only raised the production level but has also improved its profitability by improving productivity, efficiency and by reducing wastages. While maintaining quality level, the cost of equipment has been reduced due to ceaseless efforts to improve design and manufacturing process.

It manufactures complete range of multiple equipments like Three Channel Sax, Multi Access Rural Radio System, Fibre Optic Equipments and Subscriber Telephone Instruments used by DOT.

Some of the collaborators of ITI are as under:

ALCATEL	France
DES COMMUNICATION	Denmark
NEC	Japan
BOSCHTELECOM	Germany
ATENDT/Lucent Technologies	U.S.A.

The company has obtained ISO 9000 Certificate for providing quality products.

### **Plants**

BANGALORE-Corporate Office  
RAE BARELI  
MANKAPUR



**NAINI** : Fibecom Unit at Gurgaon attached to  
Naini Unit (It has collaboration with  
France)

**PALAKKAD**  
**SRINAGAR, J&K**

## **PROGRAMMES & FACILITIES:**

### **1. Community Development Programme:**

This unit has provided employment to the residents of nearby villages to raise their social status preferably to those whose land had been acquired for the construction of the factory. To meet out the social responsibility adult educational programmes and supply of pure drinking water has been ensured by the organization for the nearby villagers. Adult educational programmes were organized during the year 1989-90 to inculcate the sense of writing and reading amongst the villagers. Free immunization camps were also organized in their hospital and their doctors have visited nearby villages to immunize the children against viral diseases.

### **2. Family planning programmes**

### **3. Worker's Participation In Management**

The unit has given full participation to the worker's representatives in the following:

- (a) Sports council
- (b) Welfare Committees
- (c) Provident Fund Committee
- (d) Canteen Management Committee
- (e) Committee for the award of the Best workman for outstanding performance each year.
- (f) SC/ST Cell constituted for the welfare of SC/SC
- (g) Death relief fund committee
- (h) House allotment committee for workers.

**4. Emphasis On the Use of Hindi**

**5. Sports Activities:**

**6. Special Drive For recruitment of SC/ST Community**

**7. Death Relief Fund**

**8. Housing Facility**

**9. Transport Facility**

**10. Central School**

**11. Pollution Control And Safety Activities**

**HUMAN RESOURCE DEVELOPMENT**

ITI considers human resources as its valuable asset. It believes that success for organization may only be achieved through competent and motivated human resources. That is why, ITI has identified HRD as one of its priority area and 0.2% of the

total turnover is allocated for HRD on organization development activities.

Every year training needs of company are assessed attitudinal, surveys are conducted once in two years to identify and determine frustrating aspirations of individuals and groups and to determine deficiencies in skills and knowledge of human resources for adoption of new technologies short term and long-term training plans are formulated. Feedback system is used to evaluate and improve the performance of trainees.

The organization systems, procedures and practices are continuously being changed with respect to changes in technology. The brain-storming workshops of senior officers are continuously organized to find alternatives to match the systems practices, rules and regulations with changing behavioral pattern of human resources. There are different development programmes like rotational transfers and temporary posting at strategic post. Senior and top managers are deputed to attend national and international conferences. Every year 30% of its total executive strength, 15% of its supervisors and 5% of workers are developed through different HRD activities on continuing basis.

## **INDUSTRIAL RELATION SCENARIO:**

Prior to 1983 there were multiple unions which often led to industrial problems. Now for the last 7 years there is single union. The elections for office-bearers are held every year. This has led to peaceful atmosphere and cordial relationships between workers and management.

## **INDUSTRY ANALYSIS**

### **BHARAT HEAVY ELECTRICAL LTD. (BHEL)**

#### **A. Career Plan:**

- (1) **Promotion-** Seniority basis, Time bound merit.
- (2) **Training**
  - (a) Manager/Executive- Competence, contact programme.
  - (b) Workers- On the job, off - the job vestibule apprenticeship.
- (3) **Motivation-** Promotional Programme
- (4) **Recruitment-** Outside- at lower level
- (5) **Selection-** Written test, interview
- (6) **Grievances-** Counseling, management level.

#### **B. Welfare Areas**

Educational, Recreational Medical Transport and others.  
Welfare Management- HRD/Personnel Dept.

#### **C. Performance Appraisal-** Annual Report/ACR

#### **D. Worker's Participation-** No participation in decision making.

- E. **Trade Union-** Participation and supportive but some time opposite.
- (a) **Industrial unrest-** Strike 3 year back.
- F. **Association-** No management and executive Association.
- G. **Social Responsibility-** Employee social development programme.
- H. **V.R.S.-** Applicable

#### **CONCLUSIONS & SUGGESTION:**

Workers work with confidence as the factory provides required safety measures, no complain in this regard is noted.

No concredited plan for future but open to adopt any change in industrial relations. Grievances are handled from its beginning. Company is providing all modern welfare amenities to its workers, creating an environment of trust and confidence. The changing economic scenario has invariably affected the organisation and lack of order has given worth to problem of over staffing. And to cope with the problem. The company at corporate level has introduced voluntary retirement scheme, instead of retrenchment. The company pays allowances as per post and seniority.

In all over industry total numbers of trade unions are seven and in general their relations with management are cordial. Last but not the least it would be fare to conclude that BHEL a public sector organisation is an example of better industrial harmony.

**TRIVENI STRUCTURAL LTD. (T.S.L.)**

1.	Promotion:	Seniority Basis, Time Bound
2.	Training:	
	(a) Manager/executive	Conference, Lectures, Contact programme
	(b) Workers	On the job, Apprenticeship.
3.	Motivation	Financial, Promotional
4.	Recruitment	Internal and External
5.	Selection	Interview, written test
6.	Grievances	Counseling Committee
(B)	Welfare areas	Educational, Medical, Transport, Canteen.
	Welfare Management	HRD/ Personnel Dept.
(C)	Performance Appraisal	Quarterly Report
(D)	Worker's Participation	Participation is involved
(E)	Trade Union	Participative, supportive Coordinal
	(a) Industrial unrest	Strike Before 25 years ago
(F)	Association	TSL Executive Association
(G)	Social Responsibility	Employees social development programme
(H)	V.R.S.	Applicable

## **CONCLUSION:**

T.S.L. believes that industrial harmony exist in better working condition for future planning. T.S.L. wants to develop the society with the help H.R.D. and open to adopt the new change in training of worker's supervisors and managers and wants participation in decision making of trade unions. Workers work with confidence and safety measures, provided as per legal aspects but applicable in production, grievances are handled from its beginning. TSL is taking important steps in developing the society for future and this is a best example of industrial harmony due to the fact that not even a single strike has taken place for last 25 years.

## **CAUSES & SUGGESTIONS**

T.S.L. a leading company in India is a loss concern nowadays.

- Due to tough competition.
- Not adaptation of new technology.
- Lack of finance
- Negligence of company affairs by the top management.
- Lack of discipline
- Trade Union is not interceding in company interest.
- Higher discontentment among the employees both executives and non-executive due to delayed payment.
- Company should improve these conditions about following some steps as.

- Growing demand in power, steel.
- Refineries Oil & Gas petrochemicals etc.
- Opportunity through international contraction agencies.
- Increase in market potential due to major investment by private and freeing investment.
- Broad customer base.
- For the purpose of knowing the market demand, business activities etc., the market survey be done.
- The T.S.L. should improve the business relationship with the customers and consultants.
- The T.S.L. should develop better project monitoring and control system in the function of company.
- The T.S.L. should make periodical training programmes, proper appraisal system, incentive schemes for all categories of employees.
- For the purpose to improve employee's morale and commitment towards T.S.L. by encouraging collective bargaining and worker participation in decision making.
- The company should maintain close relationship with the Govt., Financial Institutional / Banks, Public and Private sector clients.
- The market potential of T.S.L. are increased due to major investment by private and foreign investors.



- Hence, it is hoped that if top management take care of above emanation causes, the future of T.S.L. will be bright.

### **BHARAT PUMPS AND COMPRESSURE LTD. (BPCL)**

<b>(A) Career Planning:</b>		
1.	Promotion:	Seniority Basis, Time Bound, Merit
2.	Training:	
	(a) Manager/Executive	Contact programme, conference
	(b) Workers	On the job, Off the job, vestibule Apprenticeship
3.	Motivation	Financial, Promotional Psychological
4.	Recruitment	Internal and external
5.	Selection	Written test, Interview
6.	Grievances	Absolute, Committee, Negotiation
<b>(B)</b>	<b>Welfare areas</b>	Educational, Recreational, Medical, Transport.
	Welfare Management	HRD/Personnel
<b>(C)</b>	<b>Performance Appraisal</b>	Performance, Confidential Six monthly, Merit ACR, Secret
<b>(D)</b>	<b>Worker's Participation</b>	No Participation of worker's but only OPERATING level.
<b>(E)</b>	<b>Trade Union</b>	One INTUC, supportive, co-ordial
	<b>(a) Industrial unrest</b>	Last strike-held in 1987

<b>(F)</b>	<b>Association</b>	B.P.C.L. Executive Association
<b>(G)</b>	<b>Social Responsibility</b>	Employees social development programme
<b>(H)</b>	<b>V.R.S.</b>	Applicable as per government rules.

### **CONCLUSION:**

BPCL believes that for better industrial harmony there is a need of improving working condition and improvement in training programme. There should be a healthy understanding between management and workers. All facilities provide as per law but some of them are not available for workers. Trade Union in T.S.L. believes that if workers are invited in decision making it can make better industrial harmony. There is a job satisfaction, which help in maintaining industrial harmony.

### **SUGGESTIONS:**

- BPCL is the public sector unit, which manufactures the pumps and compressors.
- BPCL is economically very weak organisation which only depends on the orders provided by the Central Government so the present need is to restructure the organisation. BPCL needs change in every aspect whether it be in personnel, marketing, production, technological or in other. But due to unavailability of money it is not in position to change any

aspects, since every change in any aspects bears some cost.

It should not be as a burden on the central government.

As VRS scheme is unsuccessful in the organisation. If the management thinks itself to implement VRS, it should take advice by the consultancies so that after taking the VRS by its employees the much of the overhead cost can be cut. It is important to cut the manpower. They should be well managed by the consultancies. They management should also counsel the employees so that they can get satisfaction.

### **INDIAN TELEPHONE INDUSTRIES (I.T.I)**

#### **A. Career Planning:**

1. Promotion - Seniority Basis, Time Bound
2. Training:
  - a. Manager/Executives - Conference, lecture contact programme.
  - b. Workers - One the job, Apprenticeship
3. Motivation - Promotional, Others.
4. Recruitment - Internal and External
5. Selection - Written Test, interview
6. Grievances - counseling

#### **B. Welfare Areas**

Welfare Areas - Educational, Method, Transport, Recreational.

Welfare Management - HRD Personnel Dept.

**C. Performance Appraisal**

A.C.R. (Annual Confidential Report)

**D. Worker's Participation**

No participation on management level.

**E. Trade Union**

Participative, but sometimes opposite (Mazdoor Sangh)

(a) Industrial unrest - Strike before 10-12 years ago.

**F. Association - Officer Association**

**G. Social Responsibility**

Employees Social Development Programmes

**H. V.R.S.**

Applicable

**CONCLUSION:**

According to I.T.I. better working conditions are helpful in maintaining good industrial relations. For future planning I.T.I. wants the development of the society. V.R.S. are applicable as per policy. Grievances are handled by the personnel department. I.T.I. always work for the development of the society and work for the employee. I.T.I. is able to maintain the industrial harmony because not a single strike for last 10 or 12 years.

## **SUGGESTIONS:**

- ITI is one of the major players in the telecom industry, which received major jolts due to privatization and stiff competition from private players. The management and workers should know and recognize that it is high time to adopt change for betterment of ITI.
- The management should take certain harsh steps to increase the pace change even though it is being resisted.
- The management has to reduce the number of employees. It has to strictly implement VRS scheme and make employees understand that there is no place for inefficient employees.

## PART-C

### COMPARATIVE ANALYSIS

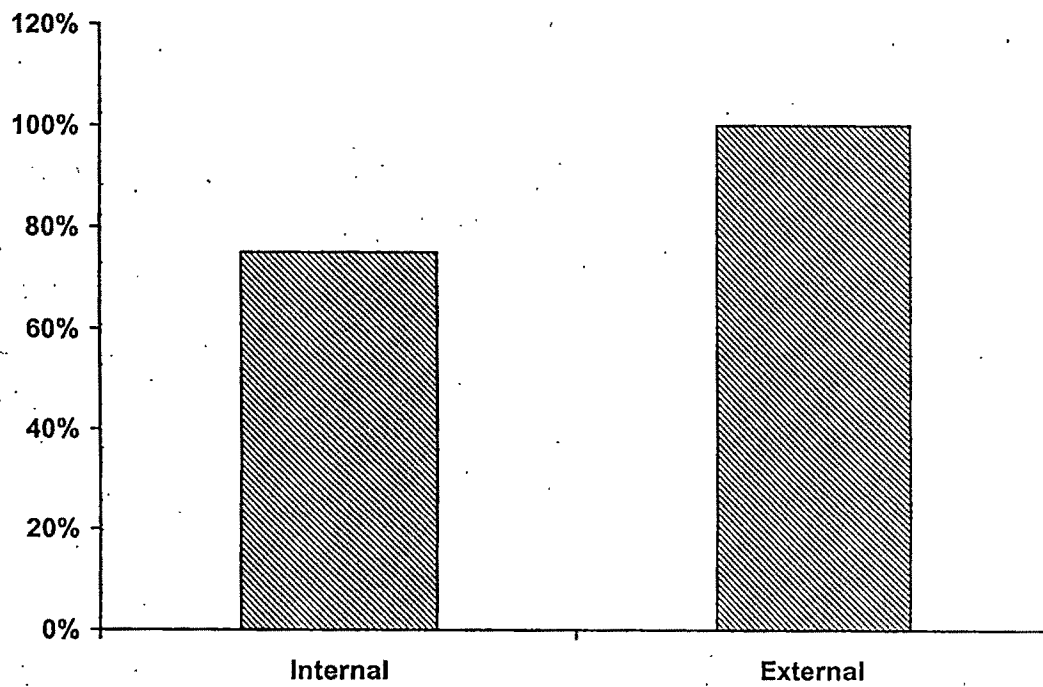
#### RECRUITMENT

	INTERNAL	EXTERNAL
BHEL		✓
T.S.L.	✓	✓
BPCL	✓	✓
I.T.I.	✓	✓
TOTAL	3	4

Percentage of Recruitment system in different Industries.

Internal                      75%

External                      100%



## SELECTION

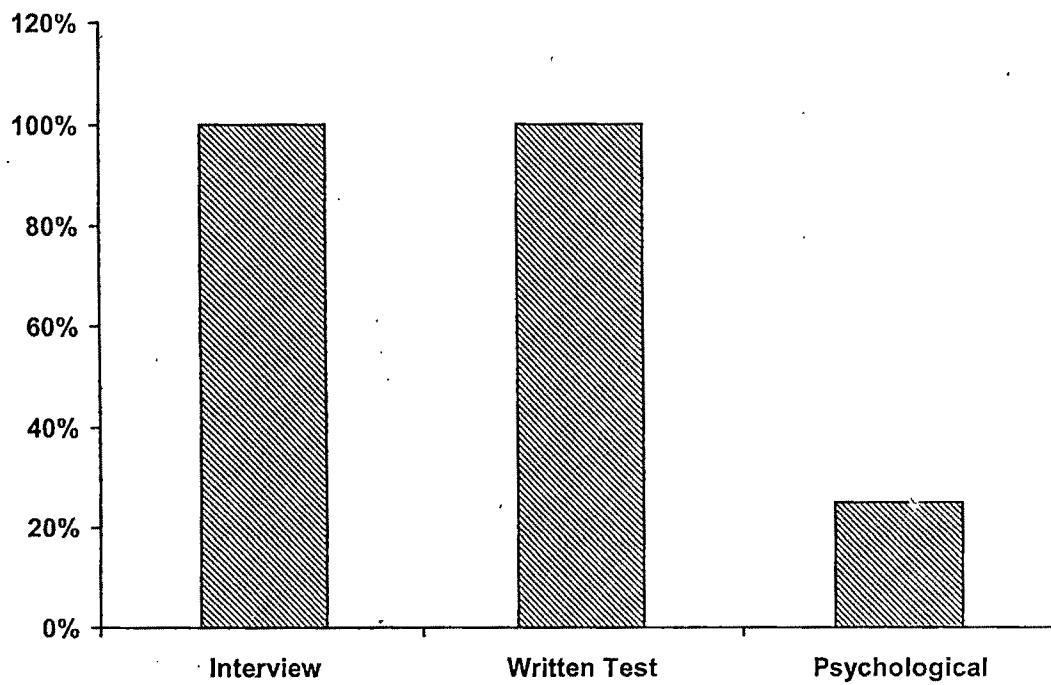
	Interview	Written test	Psychological Test
BHEL	✓	✓	✓
T.S.L.	✓	✓	
BPCL	✓	✓	
I.T.I.	✓	✓	
TOTAL	4	4	1

**Percentage of selection system in different Industries.**

Interview                      100%

Written test                    100%

Psychological                 25%



## WELFARE AREAS

	Educational	Recreation	Medical	Transport	Others
BHEL	✓	✓	✓	✓	
T.S.L.	✓		✓	✓	✓
BPCL	✓	✓	✓	✓	
I.T.I.	✓	✓	✓	✓	✓
TOTAL	4	3	4	4	2

### **Percentage of welfare facilities in different Industries.**

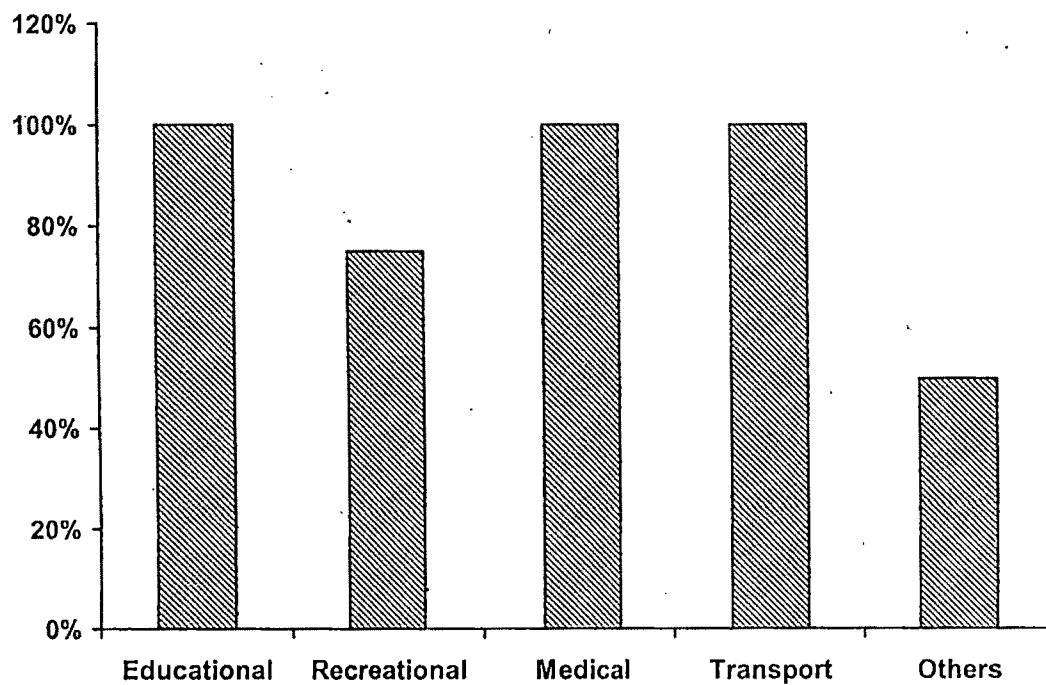
Educational 100%

Recreational 75%

Medical 100%

Transport 100%

Others 50%





## MOTIVATION

	Financial	Promotional	Psychological	Partial
BHEL		✓		
T.S.L.	✓	✓		
BPCL	✓	✓	✓	
I.T.I.		✓		
TOTAL	2	4	1	0

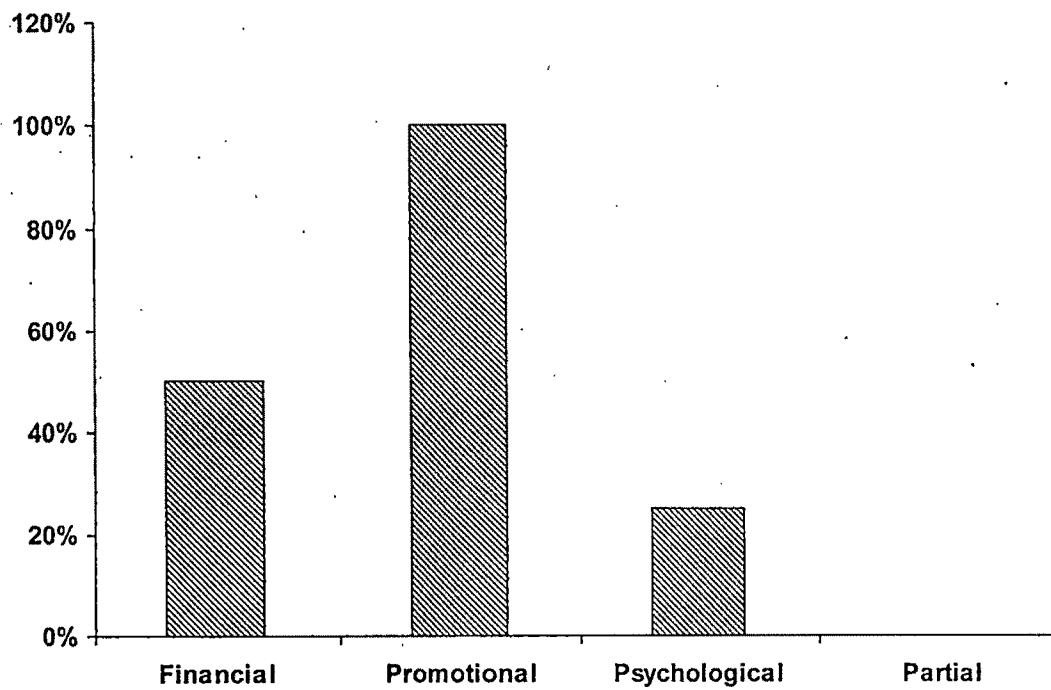
**Percentage of motivational system in different Industries.**

Financial                      50%

Promotional                    100%

Psychological                 25%

Partial                         0%



## PROMOTION

	Seniority basis	Time bound	Merit	Qualification
BHEL	✓	✓	✓	
T.S.L.	✓	✓		
BPCL	✓	✓	✓	
I.T.I.	✓	✓		
TOTAL	4	4	2	0

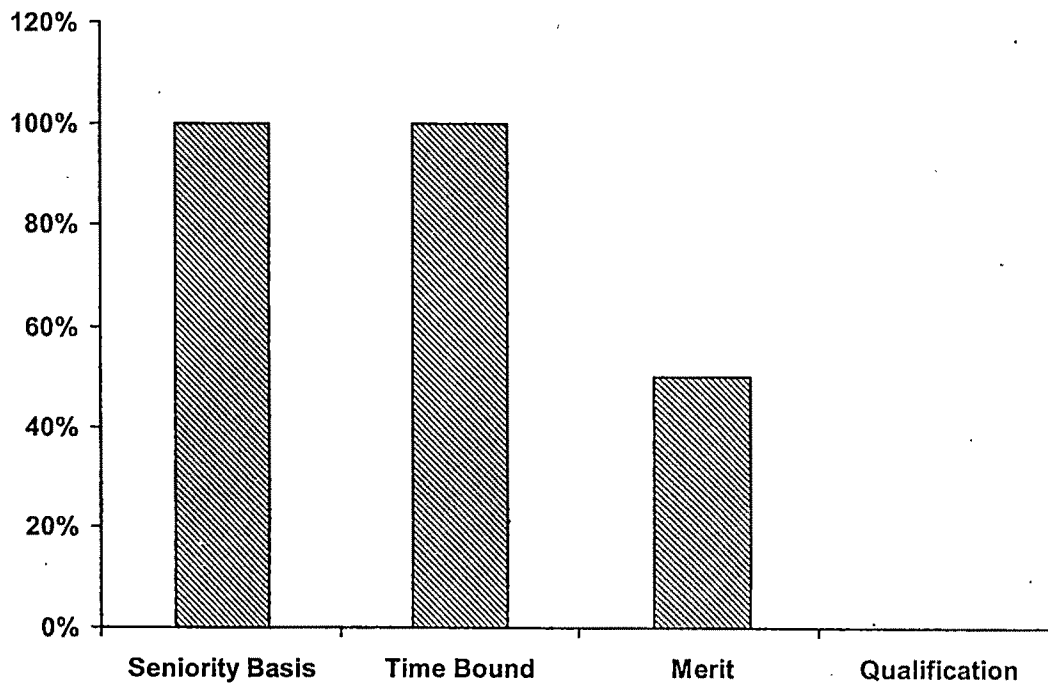
### Percentage of promotional system in different Industries.

Seniority Basis            100%

Time Bound                100%

Merit                        50%

Qualification              0%

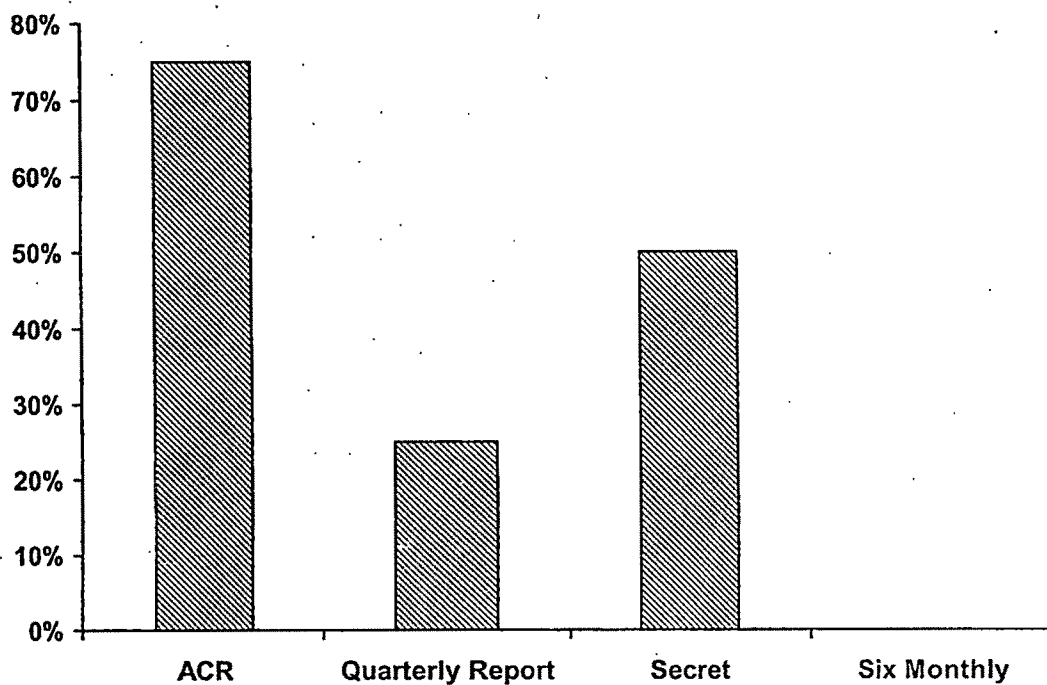


### PERFORMANCE APPAISAL

	Acr	Quarterly Report	Secret	Six monthly
BHEL	✓		✓	
T.S.L.		✓		
BPCL	✓		✓	
I.T.I.	✓			
TOTAL	3	1	2	0

**Percentage of performance Appraisal in different Industries.**

ACR	75%
Quarterly Report	25%
Secret	50%
Six Monthly	0%



## TRADE UNION

	Participative	Supportive	Cordial	Opposite
BHEL	✓	✓		✓
T.S.L.	✓	✓	✓	
BPCL		✓	✓	
I.T.I.	✓			✓
TOTAL	3	3	2	2

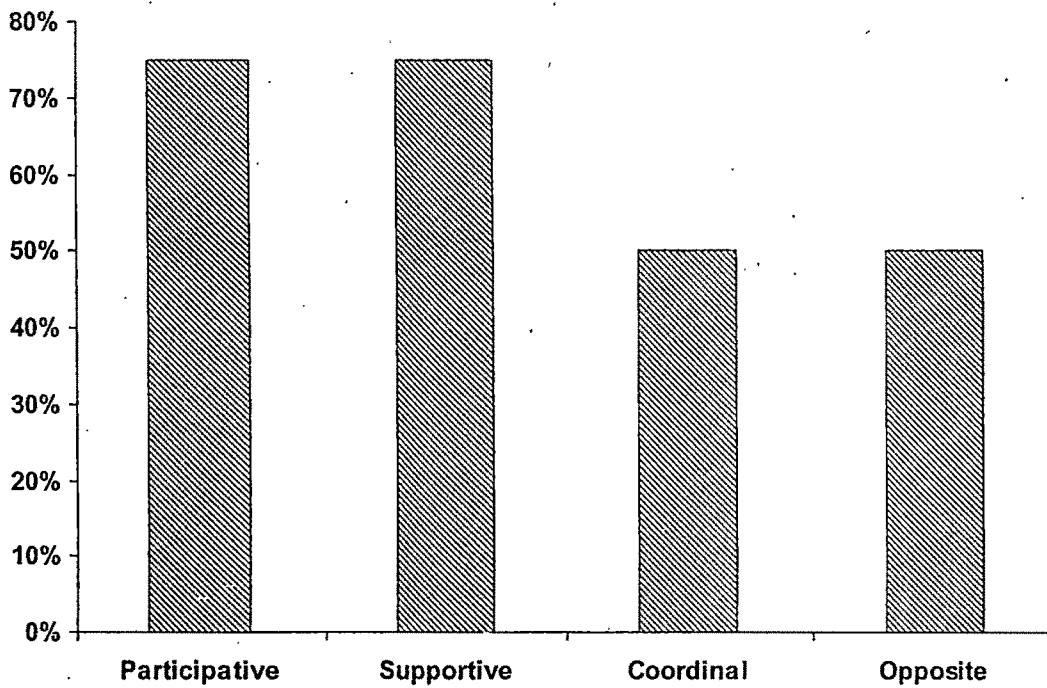
### Percentage of Trade Union activities in different Industries.

Participative                      75%

Supportive                         75%

Coordinal                         50%

Opposite                         50%



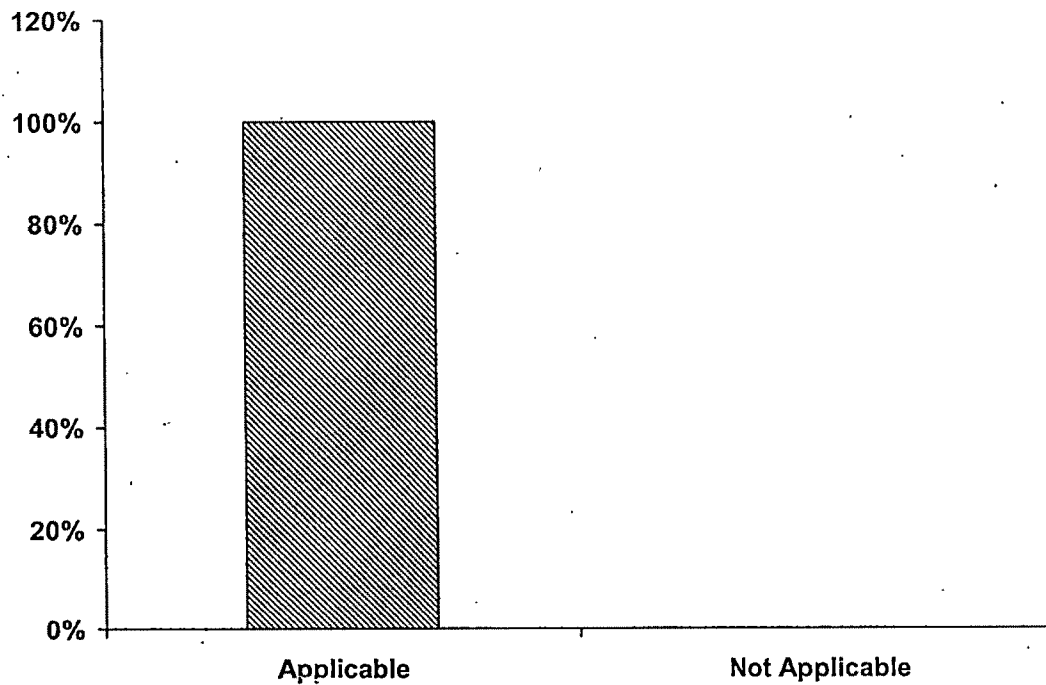
**V.R.S.**

	<b>Applicable</b>	<b>Not applicable</b>
BHEL	✓	
T.S.L.	✓	
BPCL	✓	
I.T.I.	✓	
TOTAL	4	

**Percentage of V.R.S. applicability in different Industries.**

Applicable                    100%

Not applicable                0%



## COMPENSATION

### Employees Satisfaction (Payment Method)

S = Fully satisfied

P = Partially satisfied

N = Not satisfied

S.No.	Organization	Executive			Supervisors			Other employees		
1.										
2.										
3.										
4.										
5.										

## **1 & 2. Recruitment and Selection:**

Recruitment is the process of searching for prospecting employees and stimulating them to apply for jobs in the organisation. It is a positive process because it increases the selection ratio by attracting a large number of applications for the advertised job. The process of selection leads to employment persons who possess the ability and qualification to perform the jobs which have fallen vacant in an organisation. It divides the candidates for employment into two categories, namely, those who will be offered employment and those who will not. This process could be called 'Rejection' since more candidates may be turned away than hired. That is why selection is frequently described as a negative process in contrast with the positive nature of recruitment.

In recruitment process 75% industries (T.S.L, B.P.C.L., ITI) have both the options (internal and external) whereas only the BHEL has also 'External' as source of recruitment.

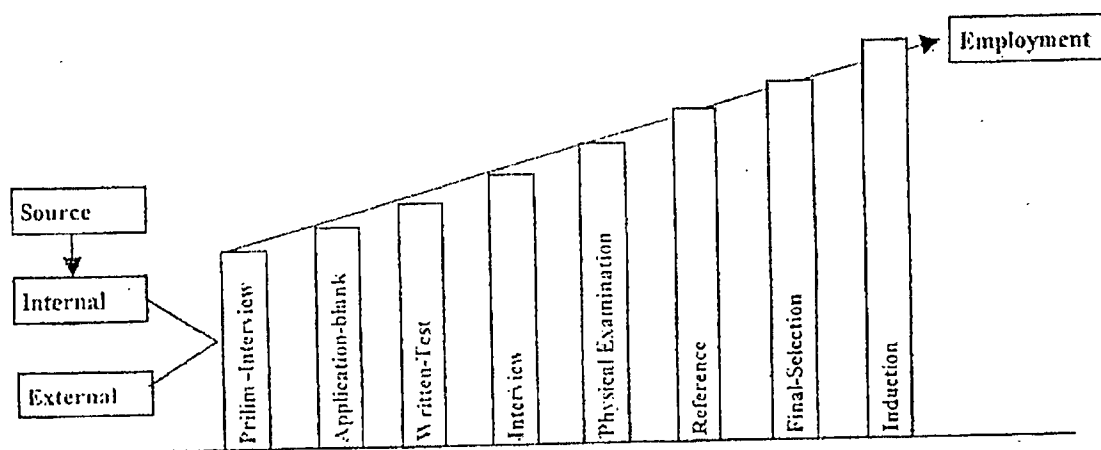
In selection process all industries (100%) - (BHEL, T.S.L., B.P.C.L., ITI) follow the process of selection as – Interview, Written test. Apart from the interview and written test 25% industries (BHEL) extend the process to psychological test also.

Selection has become a critical process these days because it requires a heavy investment of money to get right type of person. Induction and training cost are rising. If the right type of persons are not chosen, it will lead to huge

loss the employer in terms of time, effort, money and can be disturbing feature of industrial peace.

### Suggestions:

- 1- Selection process should be different at different level of different posts.
- 2- The following steps may be considered to get right type of people.



### 3. Welfare Areas:

All public industries (BHEL, TSL, BPCL, ITI) provide Medical and Transport facilities to employees. But Educational and Recreational facility is provided by 75% industries (BHEL, BPCL, ITI). Apart from above welfare areas, other areas are covered only by 50% industries (TSL, ITI).

The above data shows that industries are careful of the welfare facilities to their employees. The degree of welfare facilities differ from Industry to Industry depending upon management policy, Factories Act provisions, and financial capability.



Some of the welfare facilities are provided by Government while others are by management. Few of Trade Unions cover welfare activities due to their limited subscription amount. Most of the Trade unions are of the opinion that it is the responsibility of State or Management.

***Suggestions:-***

1. Basic Welfare facilities should be made compulsory.
2. Division and assignment of welfare areas among Government, Management and Trade Union can ensure its applicability and accountability.
3. In the changing scenario it should not be limited to employees only but should be commensurate with social objective of the organisation.

**4. Motivation**

Motivation is an effective instrument in the hands of management inspiring the work-force. Higher motivation leads job-satisfaction of the workers which can reduce the absenteeism, turnover and labour unrest. This will create better industrial relations in the enterprise.

The employees of industries (BHEL, T.S.L., B.P.C.L., ITI) are more motivated by promotion, while 50% by finance and 25% employees by psychological and other features have considered as convincing way of motivation. The approach should be as how it can be made more effective.

***Suggestions:***

1. Motivational Approaches should be HRD oriented.
2. There should be separate approach for individual motivation and Group motivation.
3. It should be based on the principle that "First Organisational interest then Group interest then individual interest.

## **5. Promotion**

Promotion is the way to overcome monotony of life. It is a motivational factor. Every industry maintains cadres in their organisation. All surveyed industries (BHEL, TSL, BPCL, and ITI) have adopted seniority and time bound as first and for most criteria for promotion while industries (BHEL, BPCL) have also considered merit in promotion. Neglecting the qualification is discouraging factor to enthusiastic employees because they acquire it with their extra efforts during the service and it supplements to their working efforts in the organisation, consequently making the working process productive.

### ***Suggestions:***

1. Apart from seniority, time bound and merit, qualification and extra ordinary efforts should be included in promotion criteria.
2. There should be clear cut policy for
  - A. Promotion to next higher post
  - B. Promotion to next higher scale.
3. The following steps may be followed:
  - A. Preparation of promotion plan of job relationship after job analysis.

- B. Finding promotion route
- C. Collecting a summary of facts of personnel.
- D. Employee development for promotion through training, if required.
- E. Final selection of employee for promotion.

#### **6. Performance Appraisal:-**

Annual Confidential Report (A.C.R.), the traditional method of performance appraisal is being carried on by 75% companies (BHEL, BPCL, ITI) follow two report (ACR & secret six monthly). Annual Confidential Report in today's industrial environment is not very appreciated by employers and Trade Unions. They are of the opinion that their future/career should not be absolutely in the hands of their seniors. They should be given an opportunity to know their weaknesses so that they can improve themselves.

#### ***Suggestions:***

Performance is related with employees, that's why first they should be given opportunity to evaluate themselves because self analysis (typical process) has better impact on human behaviour than that of forced one. After it, seniors should take their decisions which may be secret or open. The latest HRD trend also emphasises on employee participation in performance appraisal.

#### **7. Trade Union Scenario:**

Still it is a debating issue to decide that whether Trade Unions are like a Parliamentary opposite party-Safe guard or treat to ruling party (formal

organisation-Management). Industries survey analysis shows that 75%. Trade Union relations with management are supportive and cordial while 50% relations are participating and opposite both. The public sector (BHEL, ITI) unions play a contradictory role say-supportive.

Now the unions have developed the tendency of strengthening their power by getting themselves affiliated with industrial or national level Unions.

Management of some organisations have taken initiatives to make the relations with unions cordial by recognizing and welcoming their suggestions till decision making.

In India, Trade Unions are not governed by single National Policy. Political parties also take undue advantages from these unions. Political interference should be limited to external affairs of the trade union (with government only). They should not be allowed to interfere in internal affairs of the Trade Union. Emergence of associations (white Collar) which are somewhat at the trade union pattern, has also become considerable factor to management to maintain cordial relations with them.

***Suggestions:***

1. The 'code of conduct' should strictly be enforced.
2. The multiplicity of unions should be discouraged by introducing "NATIONAL NORMS".
3. The legislative provisions of Recognition should be made compulsory.
4. Unregistered trade unions should be discouraged.

5. A triangular committee consisting- Management, Association and trade union member may be constituted for important issues related to employees.
6. It should be made mandatory that all trade union leaders, office bearers and members should be the wage earners of the same organisation.
7. A well organised scheme of workers education can help in overcoming some of the weaknesses of trade unions.
8. Employee welfare responsibilities should be joint/shared (Government, management and Trade union).

#### **8. V.R.S.**

The studies on V.R.S. shows that there is a lot of hue and cry to increase benefits which are being paid. It is obvious that V.R.S. is still in confusion in the minds of the employees. There is no standard rule of this policy. Every organisation has its own dedicated frame work of V.R.S., wherever this scheme has been introduced. Although the organizations announce this scheme as part of welfare activity but the data collected reveals that fact the whether it is for the welfare of employee or employer.

The main hindrances which prevent the scheme attractive in present scenario are:

1. Low level of information about the scheme.
2. Low level of satisfaction with the prevailing position and benefit.

So to make the scheme effective in future it is necessary to provide all informations about the scheme to the employees through open discussion by personnel department of the organisation.

As the name suggests, the scheme is related to willingness of the employees of the organisation. It should not be made mandatory but through proper counselling and attractive compensation package it should be made an effective tool for the willing acceptance of the scheme.

This scheme should be such framed that it can meet a balancing point between employees welfare and organisational aim before introducing the scheme.

***Suggestions:***

The first and foremost step to make the scheme effective is to formulate a uniform set of guidelines for all organisations irrespective of the fact that whether it is public sector unit from government side. The major guide lines should cover the following:

- (i) A national policy in which the terms and conditions to avail V.R.S. should be such framed that is could neither be proved an instrument in the hands of employer nor in hands of employee.
- (ii) There should be a certain standard procedure to calculate V.R.S. benefits and a minimum standard rate which is to be paid to all.
- (iii) A certain age and certain length of service should be fixed so that is could not be manipulated by employees at the cost of organisation.

- (iv) A V.R.S. awareness plan along with the scheme should be introduced to provide necessary information and to realise the fruitfulness of the scheme to the employees.

Apart from the government guide lines, the procedural steps and plans to activate the scheme should be left on the account of organisation itself. The organisation should formulate plans in accordance with the guidelines laid down by the government and the organisations should provide benefits apart from the fixed standard date on the basis of following considerations:

1. The present financial position of the organisation:
2. Budgeted amount to be spent on V.R.S.
3. Future prospects of realising the loss in V.R.S. payments.
4. Through Human Resource Planning check out the surplus manpower and future needs of the manpower and as per this analysis make the scheme open and attractive to those where surplus manpower exists.
5. Employee future settlement analysis.
6. The applications should be handled promptly and should not take more than 3 months to be redressed.
7. The procedure should be able to retain those who are required by organisation.
8. There should be variety in payment system as per the varying needs of employee. It should be mainly of two types:

- (i) A lump sum (one time payment).
  - (ii) A certain monthly installment with a lump sum at the time of superannuating.
9. Since industries have some social responsibility and obligations, so on the account of social responsibility they should extend some essential benefits like medical and education to those who have availed the V.R.S. up to the age of superannuating as per their ability.

To ensure Industrial democracy, the actual plan and procedure framed in organisation level should be discussed and verified by a body consisting of employee from each category, employer and government authority.

Ultimately the human resource planning should be strengthened to make an organisation's manpower estimate appropriate and framing action plans for the V.R.S. Maruti Udyog Ltd. is the latest examples.

Instead of retrenchment the Maruti Udyog has introduced V.R.S. for its employees avoid employee's resentment. Company has introduced V.R.S. to its Employees just one month before and got success to reduce manpower by 19% of total strength and it has been supported by its employees. Total 1050 employees have taken pre-mature retirement under V.R.S. Out of total, 24% employees are the members of union. Average amount paid to employees under V.R.S. is 6.5 lakh each and the company has made total payment of Rs. 66.46 crores.



Source: *Dainki Jagran* (31<sup>st</sup> October, 2001)

## 9. Compensation:

Compensation provides bread and butter to employees that's why it has always emerged as prominent issue of industrial peace.

Compensation has never uniform definition in industries. Industries interpret and apply it as per their own feasibility. Compensation in public enterprise are somewhat governed and controlled by central state wage policy but private organisations are still far from national or state level policy. Public enterprises like BHEL, ITI, have attractive compensation of their employees at all level.

87.5% employees of ITI, BHEL, TSL at executive level are fully satisfied with existing compensation while at Supervisory level 57.5% are fully satisfied, 42.5% are partially satisfied, other level of employees are 65% satisfied and 35% partly satisfied. It shows that majority of employees of the above industries, in average, are satisfied with the existing compensation pattern.

No doubt economic recession has invariably affected the market demand and consequently it has cut down the production. It means creating the problem of overstaffing. And how to smooth the problem - the companies have two options- (1) either to retrench/VRS or (2) cut down the existing salary (which is hard nut to crack). VRS is gaining employees support gradually, e.g. Maruti Udyog Ltd. has cut down 19% of its employees strength through VRS.

In India, compensation is divided in three categories 1- Fixed Salary, 2- Variable like D.A., 3- Supplementary compensation. Third one is not open to all. Disparity exists not only at hierarchical level but also industry to industry (public and private both). It is rather difficult to say that whether public companies employees are better compensated or private one, both sectors have mixed (better & bad) examples. To certain extent it can be said that some Indian companies (Indigenous and Multinational companies), provide better pay opportunities than public sector companies. The concept of Minimum wage, Living wage and Fair wage are remarkable Indian wage policy feature but concept of Bonus (minimum 8.33%) applicable to all sector is not very convincing because it becomes financial burden to industries which are in loss.

The liberalisation policy to global market approach has presented threat before Indian industries as how to cope with the situation? The answer may be that the efforts should be to gain economies of scale with quality and productivity and it can be achieved by skilled and experienced employees and also by expansion of market (from national to international) for existence, survival of the fittest is the unwritten but radical rule of this game, if you have to survive, you would have to cope with the situation.

***Suggestions:***

1. A national compensation policy should be adopted to avoid state to state and industry to industry disparity.

2. The minimum wage should be compulsory to both the sectors Public and Private.
3. Compensation should be in two parts-  
A. Compulsory compensation B. Productive compensation.  
Again, productive compensation should be commensurate with productivity and ability to pay.
4. The Wage Board/Committee should comprise of Government, Management and Trade Union members.
5. Incentive scheme should be directly related to individual/Group performance.
6. Compensation policy should be open and acceptable by the employees.
7. It should be stable (at least for 5 years). Here, stability does not mean rigidity. It should be flexible only to incorporate desirable changes.
8. It should motivate people at work to contribute their best efforts towards the companies objectives.

## **CONCLUSION AND SUGGESTIONS**

### **A. (i) Recruitment & Selection:**

The recruitment and selection is the process of employment in an organisation right from the conception of an idea that a suitable person is to be put on a given job to the point of ultimately placing the most suitable person for it, putting him at ease and making him feel at home with his fellow employees, his supervisor and organisation as a whole. It is the process of searching prospective employees and stimulating them to apply for the jobs in an organisation. It is a positive process because it increases the selection ratio by attracting a large number of applicants for the advertised jobs. The process of selection leads to employment of person who possesses the ability and qualification to perform the job which has fallen vacant. It divides the candidates for employment and those who are unsuitable. This process can be called 'Rejection' in which more candidates are turned out than hired.

That is why, selection is frequently described as 'Negative process' in contrast with the positive nature of recruitment.

The organisational practices of selection in India vary considerably in public sector organisations. Selection for public sector undertakings is governed by the laid down rules and regulations and are operationalised by Selection Board, Union Public Service Commission, National Institute of Bank Management, Subordinate Service Commission etc.

There are a number of private employment agencies like Ferguson Associate, ABC Consultants, S.B. Billimoria, etc., who register for employment, can furnish a list of suitable candidates when sought by employer from their data bank. Generally, these agencies deal with middle and high level management jobs. Private organisations are more autocratic to follow established processes or recruitment and selection, where as public sector organisations are bound to follow formal bureaucratic process of recruitment and selection. Management of public organisations can exercise the authority within the established rules, while private management exercises authority according to their own needs and requirements. That is why, trade unions in private organisations criticise management more than the trade unions of public undertakings. In both the sectors management prefer 'open system of selection of avoid trade union interferences.

Trade unions in fact have no role to play in Recruitment and Selection process. Trade Unions help management in supplying the labour from their own register. Trade unions prefer 'closed system' (although legally banned) of selection. They thus, act as "Watch dog" especially at operating level of selection.

Association (White collar), as they think themselves as part of management, are not interested in selection process but expect from management that internal candidates should be given due priority. It is suggestive to management go give priority to trade unions members (at operative level) and associations (at middle

level) as internal source of recruitment to harmonies relations of Management, Association (white collar) and Trade Unions.

**(ii) Performance Appraisal and Promotion:-**

The next chain in recruitment and selection is performance appraisal and promotion, as the part of organisational development. An employee's performance appraisal is, orderly and objective method of evaluating the present and potential ability of the employee. Performance appraisal is variously known- employee evaluation, employee efficiency rating, performance rating, merit rating, employee development programme, progress recorder report, employee progress report and they all fulfill the same objective. Its main objective is to prevent grievances, improving job performance, increasing ability, assisting management in promotion, demotion and transfer and finding the training needs.

Promotion is an upward movement or advancement of an employee in the organisation to another job, which yields better pay or wages, better status or prestige and higher challenges and responsibilities and opportunities. Promotion helps in overcoming the monotony of employee's working.

In public sector, performance appraisal system for promotions are traditional in nature i.e. Annual Confidential Report (A.C.R.) and seniority and time bound protection. The policy has no relation with productivity and efficiency and discourages the enthusiastic employees. Private organisations also follow Annual Confidential Report and seniority as promotional criteria but their approach is more open and accepted by committed employees. Extra

ordinary achievements are always recognised and rewarded in private organisations. The devoted and committed employees welcome this approach but trade unions do not favour this approach.

Performance appraisal system for promotion leads as motivation factor to employee's satisfaction. A fair and accepted (also related with productivity and efficiency) can lead to cooperation between management and employees towards the objective of industrial harmony.

#### **B. Trade Union and Association Scenario:**

A Trade Union is formed as a defensive organisation by the workers who desire to protect their interest and ensure that they are not exploited by the employer. It's main function is to protect the economic interest of its members. They extend this main function to other areas like-legal political and social, depending on the availability of funds (few trade unions manage their extended function). Most of the trade unions are of the opinion that extended areas of their functions are the responsibility of Management and Government. Number of membership decides the strength of trade union. Nowadays, trade unions have become more powerful by affiliating or federating at central level union. Government has also introduced legislative measures which invariably affect the functions of Trade Unions and management actions. Trade Unions and Management interpret these legal measures for their own interest.

Still it is being debated whether the trade unions are like opposition party or not. That is to say whether they safeguard the interest of formal organisation or as they are threat to it.

Public sector management is bound to act and react within the purview of stated rules and norms. Their actions are restricted with formal channel of communication negotiation and persuasion.

In spite of the increased number of membership of trade union, they suffer from Inter and Intra rivalry which weaken their strength. Political parties also take undue advantages from these unions.

Management of some organisations have taken initiatives to make the relations with unions cordial by recognising and welcoming their suggestions in decision making. But in general, Trade Union relations with management are not very healthy in India.

It is obvious that employers can not dictate their terms, but rather have to make some adjustments in actual interest.

It is suggested that Government may declare 'National Norms' to avoid/reduce union multiplicity and 'code of conduct' may strictly be enforced to, maintain discipline. Management can also form triangular committee on employee related issues consisting of Management, Association and Trade Union members, to harmonise relations.

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<sup>1</sup> The strike on 5-1-2002 by All India Bank Employees Associations has badly affected the economic transaction at national level.



### **C. Compensation**

Compensation is the recompense, reward, wage or salary given by an organization to a person, persons or a group of persons in return to a work done, service rendered or a contribution made towards the accomplishment of goals. Compensation can be given in monetary or non monetary terms, or as a special reward for a specific type of accomplishment, achievement or contribution. Wage, D.A., bonus and other allowances are examples of monetary compensation, while good accommodation, children's education, transport facilities, subsidized ration of essential commodities etc. come under non-monetary compensation. In short, wages paid to blue collar workers or salaries paid to white collar employees can be called as compensation. Compensation is the main source of bread and butter to employees that is why it has always emerged as prominent issue of industrial peace.

Compensation has never uniform definition in industries and they interpret and apply it as per their own feasibility. Compensation in public enterprises are some what governed and controlled by central/state wage policy but private organisations are still far from national or state level policy. It is rather difficult to say that whether public company's employees are better compensated or private one, both sectors have mixed examples. To some extent, it can be said that some Indian Companies (Indigenous and Multinational companies), provide better pay opportunities than public sector companies. The liberalization and globalisation of market has presented threat before Indian

industries, and to cope with situation, the efforts should be to gain economies of scale with quality and productivity and expanding market (from national to international) so that they can compensate their employees in a better way.

It is suggested that an intergrated 'National Wage Policy' for public sector is needed to mitigate employee resentment to achieve better industrial harmony.

#### **D. Worker's Participation**

Workers participation is a means of industrial democracy, industrial peace and harmony. Communication, consultation and cooperation between workers and management, is a basis for trust and amity. The term, worker's participation has been interpreted differently by different people, depending upon their objectives and expectations. For management, it is considered as joint consultation prior to decision-making. For worker-it is co-decision, for Trade Union-it is harbinger of a new order of social relationship and a new set of power equation within organization. For Administrations- it is an association of labour with management's final authority.

On recommendation of 21 members committee on worker's participation in management and equity, Government formulated and introduced a new comprehensive scheme on a voluntary basis for workers participation in management (excluding specific exemption by the administration of ministry or department concerned in consultation with the ministry of labour). The lean advocacy of Government has not shown any remarkable progress in public sector industries.

In India, the concept of worker's participation has been strongly advocated by Government to harmonise industrial relations. This is also long pending demand of workers and has been accepted by management but practice is still far behind.

This inclusion of the concept of worker's participation in Directive Principle of the Constitution, is not sufficient. Whatever measures the Govt. took prior to 1991. It were relevant to controlled economy but after opening the economy, the role of public sector has changed tremendously. In the globalization phenomenon penetrating the economy, the concept of worker's participation has to be redefined assigning not only the responsibilities to the workers. It is therefore, overhauling of the Govt. policy of worker's participation is the need of the hour.

It is suggested that the Government may announce guidelines for public sector industries separately, specifying the level of participation and if possible it can be made mandatory.

### **E. Voluntary Retirement Scheme (V.R.S.)**

At present, the world is becoming a global village. An industry can not keep itself apart from global changes in technology and other advanced aspects. In changed scenario, industry can not afford over staffing to take the advantages of developed technologies and other advanced aspects. Retrenchment approach has become hard nut to crack to balance manpower demand and supply. V.R.S. has emerged as golden stick in the hands of management to balance their

manpower inventory. Although there is no uniform policy, either in public sector or private sector industries, but both the sectors have framed the policy and made efforts to make it effective. Management of private sector industry is more successful in implementing the scheme than that of public sector industries because V.R.S. has direct impact on other public sector. That is why, the V.R.S. is better manageable in private sector industries in comparison to public sector industries.

Difference in Ministries over the feasibility of implementing the voluntary retirement scheme proposed in central budget is yet to be resolved. While most ministries have said that there are no funds for implementing the proposal, Central Government has made special provisions for V.R.S. in current budget, especially for such industries who are in loss for last so many years and have no hope for survival in the existing overstaffed situation. Management of profit earning public enterprises can also follow this scheme, provided that there were no demands from the central exchequer.

With the present scenario of V.R.S., trade unions of public sector trade unions demand for more facilities and amenities to be included in the scheme. They have called it 'Golden boot than Golden shake". In their opinion R plus R equal to R (Recession plus retrenchment equal to Robbery or Ruin). The R word of recession also spells retrenchment, robbery and ruin. The difference between travelling business and travelling economy is not the difference between life and death. The real drama and after tragedy is at the blue collar level, companies

may have no option to cut their losses, but what has happened to the thousands of workers whose lump-sum settlement has been eroded by inflation and when other incomes are hard to find. The majority of blue-collar workers, who have accepted V.R.S. are jobless, bankrupt and even suicide.

Associations (white-collar) have positive attitude towards V.R.S. They suggest to make it more feasible by including after retirement facilities.

In short, the scheme is planned as per own dictated norms of management and has been preferred in place of retrenchment to mitigate employee resentment.

It may be suggested that the scheme can be made effective by providing complete information about the benefits of V.R.S. and also increasing satisfaction level by modifying existing offer of V.R.S. so that it can be made acceptable by the employees and consequently can lead to harmonise relations among management, Trade Unions and Associations.

#### **F. Managing Industrial Relations (I.R.) for Good Harmony**

The reactive approaches of the actors - both employers and employees- and their trade unions in a 'tit for tat' spirit would breed Zero-Sum games even where there was an opportunity for both the parties to come out winners, if only they had the wisdom and foresight to accommodate, compromise and collaborate rather than confront. If the workmen stay away from work unauthorized or resort to threaten to keep the workmen out of work by suspension, dismissal, discharge or lay off and retrenchment.

If the workers have grievances against management, the latter too have grievances against workers about their indiscipline and disregard for norms. If the workers are accused of strike, managers are held to be guilty of making the units sick. The hack may not stop, but this is a game where every one loses. Is it not time that we review, the situation ? Management get the unions they deserve.

If personnel function is weak and does not care of genuine needs and expectations of the employees in an organisation that organisation will have more problem for Industrial Harmony. If there is lack of respect, it may be due to lack of expertise. If there is lack of acceptance, it may be because they assume the union to be their adversary and adopt one-up manship.

If there is lack of involvement in strategy planning it may be because they have failed to convince the top management about their intrinsic worth in proactive role. If the union appears to be doing its job better than managers in managing in an organisation, one may conclude that union leaders commitment to the cause of the union is greater than managers commitment to the cause of management.

### **G. Industrial Harmony Tips/Guidelines**

Here are ten golden rules for good internal Industrial Harmony leading to external one also and providing base for balancing between two (Internal and External Harmony).

1. Management should have harmony as a goal. The foregoing analysis of the official statistics on industrial disputes in the manufacturing sector, 50 percent of the strikes in Industries were either fully or partially successful from the union point of view. This raises the question as to whether the management is genuinely interested in harmony ?
2. Having defined harmony as the goal, management should take the initiative to pursue it vigorously. Harmony in industrial relations may be difficult, but not impossible. In industry, relationship between employee and employer is contractual. So there are mutual expectations and obligations.

**Employees rights are employers obligations and vice versa.**

Hence conflict may be inherent. It is I.R. to mitigate conflict.

The need for freedom would be dormant so long as they get a 'just' treatment. If they think that they are given a 'raw deal' real or imaginary, the conflict surface, it may even escalate if it is not promptly dealt with. If employees perception about 'raw deal' or lack of fair play are true, management must change its ways. If employees perceptions are imaginary management must take the initiative not only to be fair but also appear to be fair and seek to change the perception.

3. Full acceptance by management of its accountability is necessary in Industrial Harmony in the same way as accountability is accepted for the quality of product or marketing strategy.

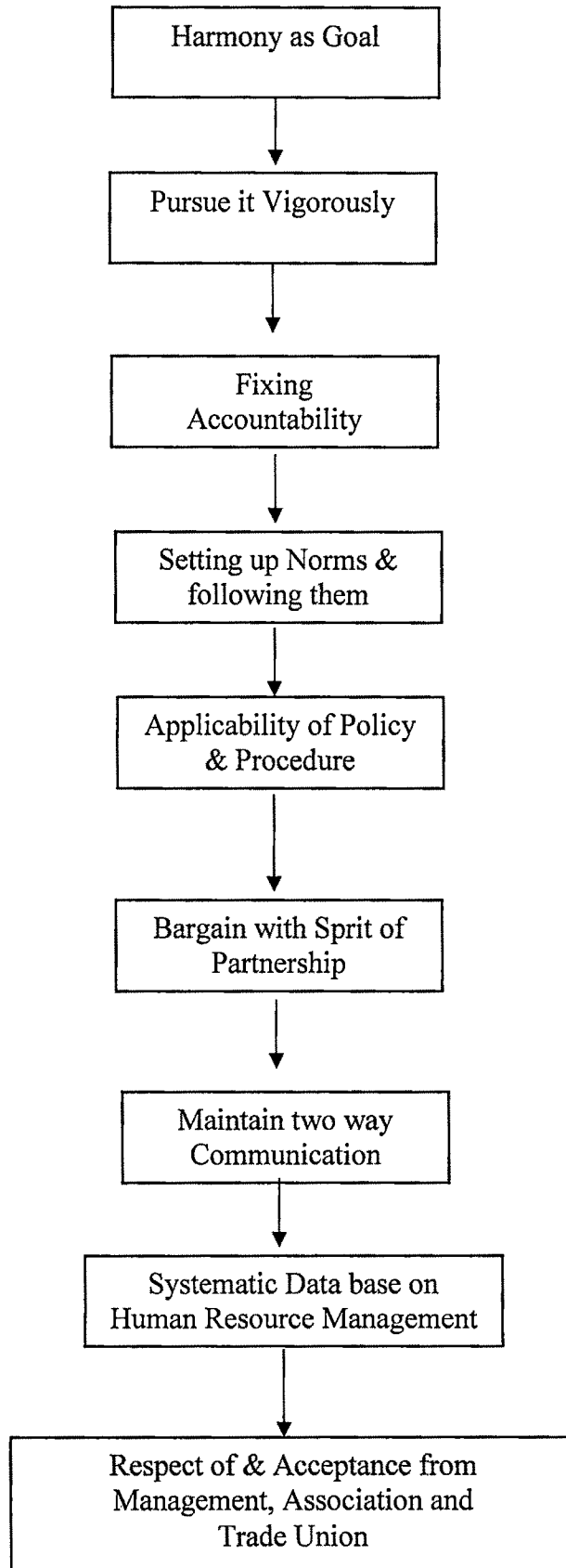
4. A distinction, based on the concept of accountability, between the functions of union and functions of management is necessary.
5. Setting up norms and following them up with exemplary standards and transparent honesty is imperative. If organisations are to have order and to function in harmony with a sense of purpose and an achievement orientation, there is need for norms that are just and humane and these norms will gain acceptance and respect if they emerge from a consensus among the concerned rather than being imposed from above.
6. Uniform applicability of the policy and procedure, after considering the varying local conditions in a multiplan situation is mandatory.
7. There is need for bargaining in good faith with the majority union of the employees on matters concerning compensation and working conditions and institutionalize joint consultation on all other matters affecting the employees. the management should neither seek to exploit the weaknesses of the union movement in the organisation nor submit meekly to the coercive tactics of the union. Bargaining outcomes should be viewed in a spirit of partnership and give and take than in an adverse win-lose mood.
8. Maintain two-way flow of communication between management and employees.
9. There is need to maintain a systematic data base on all concerning human resource management to ensure objectivity and transparency in managerial actions that help bridge the gap between employees and



management in terms of credibility and confidence through better communication of information and promotion on knowledge about the organisation.

10. Respect for and acceptance of the industrial relations function in an enterprise depends on the quality and competence of the industrial relations professionals and their involvement in strategic planning with commensurate responsibility, authority and accountability.

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