IIPM Readings in Personnel Management

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Foreword

PERSONNEL management is gaining ground as a profession in our country. In this dynamic field where theory and practice continue to evolve, much of the literature is found scattered among professional journals, reports, and text of addresses given by men in the field. In this context, it is only in the fitness of things that the Indian Institute of Personnel Management (IIPM) has decided to bring out a publication entitled *Readings in Personnel Management in India.*

The task of bringing out this publication was entrusted to an Editorial Board consisting of Messrs J. A. Panakal, Nitish R. De and T. K. Karunakaran. The volume took its present shape in the competent hands of this able Board. The manner in which this useful book has been brought out bears eloquent testimony to the systematic and careful effort of the members of the Editorial Board. They deserve our deep appreciation.

A perusal of the contents of this book would convince anyone that it embodies the thinking and experience of a large number of practitioners who have greatly contributed to the development of the profession of personnel management. Though they are its members, IIPM takes great pleasure in recording its sense of gratitude to the contributors to this publication.

We are, indeed, very grateful to Orient Longmans Limited for publishing this volume. This has enhanced the value of the book.

In hopefully presenting this volume to men interested in this challenging field, we wish to make it clear that shortcomings, if any, found here only reflect the drawbacks in the development of the field in our country. If this volume succeeds in promoting and stimulating further thinking towards greater sophistication and perfection in the profession, it

would have more than served its purpose. For any positive contribution by this volume, the credit should go to the many contributors.

P. T. K. PANICKER
President

Editors' Note

In pursuance of a decision of the Central Executive Council of the Indian Institute of Personnel Management (IIPM) on 17.3.1968, the President, Mr. P. T. K. Panicker, asked us to act as Editors in bringing out a publication entitled *Readings in Personnel Management in India*, containing a collection of articles by the members of the Institute. We readily accepted this assignment.

We then requested the members of the Institute to send us articles published somewhere recently or even manuscripts. The response was quite encouraging. In all we received 110 articles dealing with different aspects of personnel administration and labour relations in our country.

It was, indeed, a very difficult task for us to make the final selection. Keeping in view the framework we have evolved, 44 articles, which fit in well with it, have been selected for inclusion in the publication.

Of these articles, some have already been published in India in various professional journals. The publishers of these journals very promptly gave us permission for reproducing these articles in our book. We are deeply appreciative of this good gesture.

In editing the articles, some minor changes here and there have been made retaining the original structure.

Orient Longmans Limited have been good enough to undertake the responsibility of publishing this volume. We are appreciative of this gesture.

We are also thankful to Mr. B. K. Bose for the able secretarial assistance rendered by him in our work.

The first thirty-seven articles deal with "Personnel Administration", discussing thirteen different aspects of the field. The remaining seven articles deal with "Labour Relations".

In this volume, we have tried to string together precious pearls of varying sizes and shades to form a beautiful necklace with the hope that it will prove useful to the reader.

We are deeply grateful to IIPM and especially to its dynamic President, Mr. P. T. K. Panicker, for the opportunity given to us to be of service to the Institute and the personnel profession. It was, indeed, a very rewarding experience for us. We do wish to express our sense of gratitude to all the esteemed members of IIPM who generously and promptly responded to our request by sending their articles to be considered for publication.

The articles which do not find a place here are in no way less valuable than those selected for publication. But much against our wish, we could not find suitable places for them within the framework we evolved. We sincerely hope that the authors of these articles would appreciate the position.

To adhere to a tight schedule we had to complete the work rather hurriedly. For any lapse in bringing out this volume, we take the responsibility. If the outcome of our effort is something worthwhile, credit should go to the Institute. To the members of IIPM, we would like to say: "Here is a volume which contains our contributions for your use and benefit. Let this inspire us all to produce something more useful in the not-too-distant future."

Jamshedpur
18.10.68

J. A. PANAKAL
NITISH R. DE
T. K. KARUNAKARAN

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PART ONE

Personnel Administration

1 *Challenge to Management*[*]

RAM S. TARNEJA

DURING the last two decades, the nature of problems facing management has changed so substantially that we must pause, think and look ahead so that, in the long run, the recurring problems of management may become capable of being solved. Prior to the independence of the country, a stage in our industrial development had reached where the sustenance of an industrial organisation had become one of the prominent objectives of management. The earlier growth of industry had been so much accelerated during the Second World War that a number of managerial problems which would otherwise arise in the process of development of our industry were automatically taken care of because of the increasing demand which wars bring about in the economic system.

The end of the War, the independence of the country and the beginning of a planned economic society have created a new challenge to management which can broadly be described as a challenge of survival and expansion. Survival because, on account of increasing costs of production and the creation of increasing competitive conditions, it has become difficult for any business to survive. Expansion because, with a national economic policy geared towards economic growth, every business unit has had to make a contribution towards increasing production in its own sphere of activity. To meet this challenge of survival and expansion is an uphill task which we are facing today.

While we require greater stability of production and demand, costs and wages are rising briskly and this trend has

* From *Indian Industries Annual of the Machine Building Industries*, 1966. Used by permission.

to be somehow arrested somewhere. The problem gets further aggravated because with increasing costs, it is not always possible to raise prices on account of competitiveness in the market which is increasing constantly. The only answer that can be found to overcome such a vicious and extremely difficult problem is to improve the organisation and management structure whose primary responsibility is to utilise the various factors of production most effectively. In other words, management development has to be linked with management objectives.

Organisational Effectiveness

Business organisation, like any other type of organisation, is a vehicle for accomplishing specific goals and objectives. It helps in building up a structure which facilitates team work, co-operation, stability and provides an opportunity for predicting human behaviour. The structure usually prescribes the scope and limits of what to achieve and how to achieve it. This would, however, produce the desired results only when individuals working in an organisation are familiar with the objectives, relationships and have sufficient clarity in respect of their own responsibility and the limits of their authority. If this basic concept has not been clearly laid down, if the structure does not show simplicity and rationality, if its framework is weak and ill-defined, it will certainly stand in the way of achieving management objectives. Experience indicates that it can give rise to destructive tendencies and can create divergent and vested interests in the organisation.

In this world of rapid change where goals and objectives keep on changing, there would be need for reinterpretation as changes occur either in the organisation itself or in the environment. As such, reappraisal of goals and objectives and the ways and means to achieve them will pose a direct challenge to management. The survival and perpetuation of the enterprise will logically depend on the ability of the managers to react favourably to the environmental changes. Organisational effectiveness, therefore, calls for some amount of flexibility which management must ensure to meet new conditions.

Progressive management has begun to realise that without streamlining the production process, and improving its market-

ing, financial and administrative set-up, it would not be able to achieve significant rise in production and productivity.

Experience in the past has indicated that, by and large, our industries are much less productivity-centred than similar industries elsewhere. Some observers attribute this to cultural and social factors. But it would be wrong to assume that our people are less achievement-oriented. What stands in the way of achievement, at times, is a faulty organisation structure, a not very conducive environment and the lack of a clear-cut system of reward which should be tied in with the accomplishment of well-defined goals and objectives. If the management is careful, it will certainly be able to create conditions wherein the hidden potential of its work-force could be suitably tapped and utilised in achieving the objectives which should be simple and precise.

Organisations are substantially influenced by their broader environment. Their character is moulded by environmental factors under which tools and resources such as land, labour and capital are provided. They also provide for certain rules, laws, traditions, etc., that have a direct impact on the organisation. Thus, organisations can be understood only in terms of their environment and in the broad social, economic and political framework of the society.

Planning: Short and Long range

Long-range planning and forecasting presents a ceaseless challenge to all business leaders and managers. It is a well-known fact that the concept of long-range planning has not been fully utilised in our existing set-up. Even short-term planning has not been given a satisfactory trial although people in top management positions are becoming more and more concerned about it and have begun to realise that this is a problem which they must appreciate. With the progress in industrialisation, one can expect an even more intensive drive towards organising and systematising the planning function.

Most of our business problems so far have been solved on a short-term basis with the help of intuitive decision-making of some of our capable men having leadership and drive. It is now being realised that in order to meet the changing demands of the economy, both internal and external, for continuous

growth and survival and for the purposes of profitability, careful long-range planning is essential. It is also essential that once a system has been built up and has started functioning, it must be diligently pursued. The planning function is important as it helps to bring harmony into the entire business. It is all the more essential in view of the complex technology which demands that unless various activities of the organisation are synchronised, it cannot move forward with confidence. Those engaged in long-range planning are beginning to realise the effects of inadequate and poorly co-ordinated data and information to arrive at meaningful decisions. In order to minimise the probability of error, it would be necessary to have a fund of reliable information at the disposal of managers.

Planning and the decision-making functions depend a great deal on the type of information, the content of information and the data available to a manager. If the manager does not have sufficient information at his command, he has few alternatives to choose from. But if he has the right kind of information and the right type of data before him, he has a wide choice available to him.

Thus, in order to improve the planning function, one needs information/data that are readily available. Our data collection, analysis and interpretation practices do not appear to be on the scientific pattern and there is scope for improvement in this particular area. It is only through accurate and timely data that predictions and realistic forecasts can be made.

Long-range planning must start from the top management because generally it is at this level that there is broad knowledge and awareness of how goals are interlinked and how they should be achieved.

Secondly, although ideally, objectives should be known to everybody, it is at the top level that it is formulated and interpreted and a further co-ordination takes place.

Thirdly, planning to be successful must have specialists at the higher echelons of the organisational hierarchy who are interested in looking into the future and can anticipate situations which will require their attention. These men must have the ability to perceive situations and see their implications in terms of the total organisation.

Planning is definitely not one man's job, although during the early years of business it has been observed that the line people have been associated with both planning and control. As the firm grows in size and complexity, the planning function is assigned generally to staff specialists while control is exercised by the line personnel.

Importance of Human Resources Development

Most of the developing countries today are faced with diverse manpower and management development problems. Whereas, on the one hand, there is a shortage of skilled personnel, there is, on the other, an abundance of unskilled or semi-skilled labour. The challenge before management is to help develop the skills of its existing people and at the same time devise ways and means to utilise the surplus manpower.

Experience testifies overwhelmingly that managerial talent is far more vital for the success of the enterprise than any other factor. It is a generally held conviction that the future of an enterprise will be shaped largely by the human material and more so by the managerial talent which will eventually lead to success. It is an accepted fact that new knowledge, new skills and improved organisational practices help productivity grow even when nothing has been invested in plant, machinery and equipment. From all this, it is clear that the human material is going to be the central focus of all our activities. In view of this, a manager's training, the quality of supervision, plans, policies and procedures that govern his actions, will have significant impact on his performance. The difference in performance between two otherwise identical companies can always be traced back to the performance of people working for it. What really makes the difference is the leadership style, quality of supervision and skill in motivating people at all levels of the management. Investment in plant and equipment is essential but a corresponding importance of investment in the managerial personnel can in no case be minimised. Thus, to build up a stable work-force, the primary task before today's managers is to create an atmosphere which will help encourage maximum development of employee potential.

Sophistication of recruitment procedures or training schemes alone cannot perpetually provide the right man for

a job unless the individual is able to adjust himself to his working environment. This is perhaps one of the most essential pre-requisites for the effective functioning of an organisation. Moreover, attempts at synchronisation of the individual goals with the management objectives will help minimise conflict by establishing identity of approach and commonness of interests. As a matter of fact, this has to be a two-way process. The management must keep the background and perspective of the employees in view, while formulating policies, and the employees be trained to reorient their thinking to such an extent as to accept these policies. In most cases, both the processes operate unconsciously but when the gulf is wide, a deliberate effort has to be made to mitigate it.

Reward, punishment and incentives are popular instruments of managerial control, but the management has to see that once a system has been established, it functions effectively. Incentive schemes aimed at "primary groups of work" have been found to be more rewarding as they contribute to group-solidarity and ensure better co-operation which, in turn, increases productivity.

The central problem, therefore, is to help develop human resources which are necessary for our economic development. To foster better managers who would naturally help in this gigantic task of economic development, every company will have to study its own system, pattern and environment and then evolve its own means for determining specific resources and institutions to prepare its future managers.

The challenge of providing education and training for dynamic management has fallen upon all of us and must be fully accepted. The strategic importance of executives in economic growth demands that education of managers be the co-operative function of all concerned particularly the university/institutes and the industry. The fact that a professional manager is one of the pilots of economic and industrial growth is more important today than ever before. The responsibility for future economic growth and raising living standards, as such, will largely depend on the availability of dynamic industrial leaders and managers.

In short, to meet the challenge of change and numerous other challenges, management should endeavour to select

managerial personnel of a recognised calibre and those who have already achieved some specialisation in Engineering/ Sales/Accounts/ Administration, etc. Besides, to be successful, a manager must have the ability to lead and build up a spirit of team-work among his men.

The familiar clash between old values and new, between modern management practices and systems and the old rule-of-thumb method is more evident today than ever before. We are as such faced with the task of providing a new look, a new direction and a new horizon. Management's efforts should, therefore, be primarily directed towards the achievement of co-operative development and self-sustaining progress of the country.

2 *The Manager as Change Agent*[*]

NITISH R. DE

IN this paper we shall present a theme associated with the main issue of the management of change, namely, the internal change agent, and his training needs for the role performance. The main theme concerning change patterns, and the causes of resistance to change, besides an overview of the processes involving accommodation to change, has been discussed elsewhere[1] by the author.

The change agent is a person or group of persons consciously working for a change in a social system such as an industrial organisation. Usually, he is an outside agency, like A. K. Rice associated with the Calico Mills and the Sarabhai group of industries, or A. J. M. Sykes who did excellent work in a Scottish engineering firm.[2] He or the group may as well be insiders, and yet work effectively, provided that outside consultants prepare him or the group for the role performance. There are some notable examples.[3] Recently R. R. Blake, J. S. Mouton, L. B. Barnes and L. E. Greiner have well demonstrated that managers are capable of performing this role.[4]

The consultant (change agent) who is outside of the client system enjoys certain advantages in carrying out his assignment which are on the face of it denied to an insider. As an outsider he is free from the influence of the organisation, is unlikely to develop any bias, and has the freedom in offering or continuing his services, and is not looked on as a competitor by the client system. We shall, however, argue that an insider can be effective for which, however, he has to cultivate some

[*]An earlier version of the paper was published in N. P. C. Journal, *Productivity*, Spring, 1965.

basic attitude and skills which are characteristics of a professional consultant.[5]

In this paper we shall be primarily concerned with the internal change agents, who, as employees in an organisation, seek to effect organisational change. The reason for emphasising the purposeful role of internal change agents is that it is a common enough experience that innovative and creative ideas, small or big, originating with some employees, often register opposition at various levels inside the organisation. This results in frustration for the innovator. Irrespective of his position, he will suffer frustration as was occasionally the case with Charles Kettering, the great scientific brain of General Motors.[6] We are going to argue that it need not necessarily be so, that some key employees may act as change agents so as to infuse a spirit of dynamism, experimentation, and problem-solving in an organisation.

Guiding Factor

It will be useful to discuss briefly, at this stage, why formal organisations somehow fail to respond to innovative ideas, generate feelings which stand in the way of accepting change, create interpersonal barriers and interdepartmental rivalries, and lead to management by crisis.

A formal organisation, as we know, is characterised by (*a*) task specialisation, (*b*) a chain of command, (*c*) unity of direction and (*d*) a limited span of control. Behind this formal framework lie certain basic assumptions and beliefs which are that rationality should be the guiding factor in the working of an organisation justifying detailed policy and practice statements, job titles and descriptions, statement of responsibilities, and so on, that feelings and emotions have no place in a rational structure, and so these should be discouraged, suppressed or ignored, that jobs will be best performed if these are broken into parts and sub-parts for better mechanical performance, and that employees perform better if they are directed, guided, and controlled by men in superior positions who wield power of extrinsic rewards and punishments.[7]

As against this picture of organisational philosophy, we find that human needs and growth are basically in friction with the typical organisational structure. Briefly stated,

*born as passive infants, men, as they grow old, start taking an interest in their own affairs;
*born dependent, they seek independence in thought and action as they grow;
*born with general response, as they grow old, men start making specific responses to different stimuli;
*as infants their behaviour is erratic and casual; as grown-ups their behaviour becomes more specific, goal-directed, and causal;
*as infants they have a shorter perspective of events, whereas as grown-ups they develop longer perspective;
*as children they are subordinates, but when grown up, men aspire for equality and seek to develop super-ordinate relationship with others;
*born with a lack of self-awareness but as they grow old men develop a "self" concept with self-awareness.[8]

Personality growth (maturity, independence and so on) is thus the natural pattern of human behaviour.

It can be seen, then, that personality growth and traditional organisation-philosophy are in conflict, a problem so massive that it is important to recognise it.[9] Organisational philosophy tends to create submissiveness, dependency, conformity and suppression of feelings and emotions against the employees who, as indicated above, tend to grow in thought, action and stature. The resultant maladaptiveness creates an atmosphere where mistrust among employees is rampant, informal groups grow up to set their own goals and tasks which are often aimed at beating the organisation's objectives, where feelings and emotions are at a discount even though employees of superior status "raise hell" at times to get things moving.

True Picture

We have perhaps painted a somewhat "pessimistic" picture of employees in relation to an organisation; our intention is not to spread "scare" or "pessimism", but rather to construct a true picture in the light of the findings of behavioural scientists studying organisational behaviour.[10] It should be mentioned that analysis of the characteristics of a formal, tradition-bound organisation is not to pass a value judgement or to

decry it, but to show that in the context of personality needs or group development, the current organisational philosophy is patently inadequate ultimately reducing the organisational effectiveness.[11] We should, however, add that the two are not irreconcilable entities, and their integration is an achievable goal.[9]

Bureaucratic Ideals

We consider it rather vital for the manager to understand as to what happens, almost in the manner of a chemical process, to the individual employees or human groups, in a formal organisation. The values that an organisation subscribes to are that human relationships are relevant to the extent they further the organisational objective, that personal feelings, attitudes and values are not legitimate to the extent they are irrational, illogical, and not easily communicable and that human behaviour can be manipulated by organisational controls. These bureaucratic ideals working for "behaviour-change" set in motion certain restraining forces amongst the employees who seek to protect their needs and values by setting up a "defence mechanism". Whatever be the form and content of this defensive behaviour, a basic incongruence develops inside an organisation, the "whole" which is the organisation and the "parts" which are the employees remain maladjusted. We do not get an "organic-adaptive" system. Individuals, as a consequence, receive and give evaluative feedbacks, project or deny one's own attitudes, values or feelings upon others, expect others to accept one's own attitudes, values and feelings, close the shutters to new attitudes, values and feelings, and require others to do the same.

The manifestation of such non-authentic behaviour in an organisation decreases interpersonal competence, brings about interpersonal conformity, mistrust and dependence on authority hierarchy. As a result, effective decision-making suffers, organisational defences increase, and inter-departmental conflicts develop. Thus, the very objectives which are sought to be achieved by a bureaucratic ideology remain unachieved.[11]

In the light of our analysis, we observe that the managers are faced with a dilemma, caught between the arms of a pincer, and are not likely to be happy with this state of affairs. At the

same time, unless they are put in a "here-and-now" situation where to examine these values, find their worth, and then consciously and willingly accept a new set of values (attitudes, beliefs, skills, and knowledge), their role as change agents will continue to remain ineffective. We shall outline later as to how to accomplish this objective.

Diagnostic Attitude

It may be useful to discuss here the role-pattern of the change agent. To start with he need acquire a basic understanding of the complex variables and their inter-relationship that enter into the world of human relations in an organisation. In the words of Douglas McGregor, "... the performance (P) of an individual at work in an industrial organisation is a function of certain characteristics of the individual (including his knowledge, skills, motivation, attitudes), and certain aspects of the environmental situation (including the nature of his job, the rewards associated with his performance, the leadership provided by him)."

On the basis of his prolonged research work, Fiedler has developed a model of leadership effectiveness, known as the contingency model. While seeking a relationship between leadership style and group performance, Fiedler discovers that a major causal factor is the conditions under which the leader and the group are operating. Some of these conditional factors are (*a*) nature of the task—simple or complex; (*b*) the prior feelings of like or dislike between the group and the leader and (*c*) the traditional power wielded by the leader. Given these contingent variables, it has been established that different leadership styles will be effective under different circumstances. For example, the task-oriented style will result in high performance under the extreme conditions, i.e. when the contingent variables scores are very high or very low. Similarly, relationship-oriented style (popularly known as democratic) will be effective when the contingent variables scores are of middle order.[12]

Lawrence and Lorsch have also developed a contingency model while studying the effectiveness of an organisation in relation to its environment. They have taken the two major organisational characteristics—differentiation and integration

—as the focus of attention and they find that the nature of the environment (changing, stable, in-between, etc.) of the firm or the business will demand a set of behaviour patterns and organisational practices which is different from what is optimal for another situation.[13]

These research findings indicate the complexity of the task of the change agent. He is required to become aware of the complex relationship of the different variables which originate from the individual forces, group forces, organisational forces and environmental forces. There is need for realisation that there is not one best way to behave or organise. To be effective, he has to understand the properties of the situation and assume a role consistent with that understanding.

In other words, what is involved is a sense of perspective to comprehend cause-effect relationship. It is not enough to say that "Business is People", but to know how to correlate "People" and "Business" in a causal relationship. Secondly, and following in the cause-effect relationship, there is a need to develop a diagnostic attitude to reduce the forces at work to their elemental dimensions. As Howard Baumgartel remarks:

> What the human relations approach asks of the persons with the problem is that he includes in his role definition behaviour that has diagnostic value. Why is this person deviating from what I think he ought to be doing? What concepts and ideas are useful in this instance? What new alternatives of action are opened up by this diagnostic understanding of the problem?[14]

The diagnostic insight is thus a support to understanding, as in the case of a physician attending to a patient. The seed of healing lies in diagnosis, and to that extent it is neutral to ethical considerations (good *v.* bad). It is, however, necessary to caution against putting a high premium on "insight" skill. Warren Bennis is sceptical about the role of "insight" strategy in the dynamics of planned change.[15] Thirdly, the essence of the Rogerian philosophy, though developed in the context of the treatment of neurotic behaviour, is of some significance to the change agent working in an organisation. Carl Rogers has demonstrated that a client possesses latent capacity to redeem himself and become adaptive if the therapist can establish

with him a relationship sufficiently warm, acceptable and understandable.[16] For this to happen, the consultant (i.e. the change agent) has to achieve a state of "congruence" whereby he renounces the garb of a facade, and openly owns his feelings and attitudes at the moment of contact with the client. Genuineness is a restorative.[17] Closely allied are the findings that authentic interpersonal relationship can be set up in an organisation in an atmosphere of trust.[18] The change agent in his role relationship cannot get away from this. Authentic relationship as an interpersonal phenomenon is that which enhances the change agent's sense of self-awareness as also of other awareness, and the acceptance of these in such a way as to facilitate acceptance by others.

Lastly, it will be a travesty of reality if the change agent is to concern himself only with such interpersonal entities as feelings, beliefs, and attitudes, important though they are as determinants of behaviour. Short of destroying a formal organisation, the element of "rationality" is a variable worthy of attention. Thus, the change agent has a dilemma. As Warren Bennis, Kenneth Benne and Robert Chin put it:

> This dilemma of the change agent cannot be brushed away lightly. He must acknowledge the polarisation of "feeling" and "rationality" that operates in many situations, he must recognise the limitations of present attempts to bridge the gulf between "knowledge" and "emotion", and he must supplement his diagnostic orientations with acknowledgement of the reality of his own personal feelings and those of others.[19]

Didactic Methods

We shall indicate later that the gap between emotionality and rationality can be narrowed down under the scheme of training we shall recommend for the managers. In any case, it should be emphasised that too great an emphasis on interpersonal and group factors in "behaviour change" may militate against the cognitive factors associated with task performance, and economic and technological aspects.[15]

The change agent, we have suggested, is required to acquire a new set of values before he becomes effective in his role function. The limitations of didactic methods prevalent in

academic circles are so obvious that it will be unsafe to rely on them. The case methods, whether in the classical form or incident-process or role-playing, have great merits in that they seek to broaden the repertoire of the trainee's diagnostic skill and sharpen the problem-solving abilities. But in a real life, back-home situation, these experiences are not sufficient to handle interpersonal and organisational situations.[20] Alexander Winn has substantiated this observation with recent findings.[21]

T-Group Technique

In the light of our analysis, what is needed is a programme for personal and group growth, and the basic assumptions are that the training seeks to (1) help the trainee in being responsible for his self-development; (2) create an environment of re-education where the trainee will first become aware of his attitudes and behaviour and then unfreeze them on his own before he decides whether to change them or not; (3) help learning in interpersonal, small-group and inter-group relationships; (4) help emotional learning; (5) help development (of individual and organisation) by making the trainee "authentic" in his relationship; (6) develop better understanding of others and a greater esteem for them; and (7) achieve change in basic values rather than acquisition of skills.[22] This is sought in Laboratory Training Method as developed over the years by the National Training Laboratories, Washington, in what is specifically known as the T-Group Technique (T for training).

The T-Group session provides a setting of an unstructured, small group where there are no rules of procedure or agenda. Members are exposed to a vacuum where there is no formal leader for guidance or to depend upon, and in a situation of dilemma they start interacting, exposing their behaviour, receiving and giving feedback. This helps to foster analysis and diagnosis of one's own feelings, emotions, beliefs and attitudes which will, in all likelihood, impress on a member the relevance of their worth in interpersonal relationship. He may, for example, discover on his own that face-to-face communication is full of pitfalls if the basic relationship of mutual trust and confidence is lacking, that what is often thought of as democratic problem-solving session in a leader-directed group

is in reality a "win or lose" situation where deviant views get censored or receive no attention, that when people talk of "rationality", "objectivity", and "logic" they, in their own behaviour, express feelings and beliefs which create an entirely different picture from what they try to convey with the rational talk. In this process, admittedly painful, members learn to unfreeze their values and accept a new set of values which enhance the inter-personal competence.

The ramifying effect of the T-Group experience goes further. Through the alchemy of authentic interpersonal relationship a spirit of congruence develops which helps the understanding and fostering of group processes for a productive task. The members get an insight into distributive and supportive leadership, and the spirit of "win or lose" gives way to "consensus" in problem-solving. An understanding of relationship among environmental, individual and group variables develops, resulting in an integrative inter-group and inter-departmental relation. Members are thus more prone to look upon rationality and emotionality less as "riddles" than as expressions of human behaviour which are neither "good" nor "bad" but authentic, and, as such, capable of being understood and appreciated. The group, by developing the spirit of consensus, evolves norms by which extrinsic direction and control are minimised, and rewards and punishments are evolved internally and intrinsically.

We suggest that the T-Group experience is most likely to provide the support to potential change agents in their role performance. There are some recent findings which indicate the effective role of T-Group techniques in motivating managers in their contribution to the change processes.[4,11,21]

There are a few words of caution. The T-Group is not a Therapy group. A person who has developed neuroses or some deep prejudices, regression, or illness of similar variety may or may not respond to therapy, but he is not the type who will derive any benefit from the T-Group. In fact, by his failure to achieve authentic relationship, he will most certainly hinder the progress of the group.[23]

It is not our prediction that all those managers, who go through the laboratory experience will be successful change agents severally or collectively in their organisations. The

accumulated effect of the traditional organisational variables may far outweigh the efforts put in by the internal change agents. But there is still the lingering hope that since the organisational problems are bascially human problems, they can be resolved by human solutions. We live on hope and the effort it generates.

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3 *Human Relations in Industry*

S. K. PURUKH

Action and Attitude

When called upon to deal with human relations problems in industry I face a variety of questions. Here are some typical ones:

*"We wish to project a progressive image of the company to our managers. Can you suggest a psychological technique?"
*"Do you think a policy of decentralization will lead to better human relations?"
*"Management is at its end with this union. But before we prepare for the battle is there any 'psychological' approach to the problem?"
*"Will a quarterly 'social get-together' foster a democratic climate and build up morale?"
*"We want you to test the personality of our senior executives and from the results tell us how to deal with them."

It seems to me that these questions reflect a wrong approach to human relations. They reflect neither concern for nor interest in people. The apparent concern with human relations is often a concern with either defences against undesirable people or a desire to manipulate human beings for self-advantage.

It, therefore, seems necessary to start by stating what in my opinion human relations is *not.*

*Human relations is not diplomacy. It is not the art of developing images, of permitting the other man to have your own way. There is nothing in the human relations bag to help create illusions.

*Human relations is neither 'psychometry' nor 'human engineering'. It has no concern with measurement tools or with man-machines adjustments. This is the work of technicians—psychometrists and human engineers.

*Human relations is not management science. Effective planning, directing and controlling business activities does not necessarily lead to better human relations. Evaluating by objectives and managing by exception are effective managerial activities—but not for solving relational problems.

There is in fact no action that can specially be labelled 'human relations'. Basically human relations is not a matter of what one does—it is a matter of what one is. It is not a matter of behavioural prescriptions, a matter of ten ways of winning goodwill. It is a matter of attitudes conveyed by an action rather than the specific action itself.

Unless this is perceived, managers will go on developing action programmes for better human relations and which would end as gimmicks or kick back with undesirable results. These action programmes go under a variety of names—'open-door policy', 'social get-together', 'informal communication channels' and similar morale building gadgets. It is surprising how easily managers convince themselves that genuine relationship is a matter of five or ten or twenty ways of behaving.

Many illustrations can be given but one should suffice. A personnel officer in his enthusiasm to create a democratic climate planned a social get-together where families of clerks and officers were to mingle with one another and establish human equality in spite of organisational hierarchy. In fact, the wives of some of the officers were 'briefed' to go all out to be friendly with the clerical wives and thus help build the appropriate social climate. The result to the personnel officer was unexpected. The patronising gestures of the officers' wives were viewed with strong distrust by the clerks' wives and the party ultimately broke up into two separate groups not exactly friendly towards each other.

I am inclined to feel that the emphasis on behavioural prescriptions arises in the absence of spontaneous interest in and goodwill towards people. No sane father ever approaches a

psychologist with a request to provide an action programme to demonstrate love for his wife and children.

Any action that establishes authentic relationship between people must be spontaneous. The criterion of authenticity is not so much the nature of the action as the purpose behind it. Human relations cannot be resorted to for a purpose which is not humane. In other words, human relations has no goal outside of itself. One does not resort to human relations in order to increase productivity, win loyalty or ensure peace. Nor can one resort to it to satisfy an inner goal—a desire to be virtuous, or a sense of duty. All these deny the authentic warmth of interest in people—the only element that makes genuine relationship possible.

Basic Needs

We mentioned that human relations is a matter of attitudes conveyed by an action rather than the specific action itself. What attitudes are helpful in establishing genuine relationship?

Since attitudes arise from underlying needs the question can be answered by learning what are the basic needs of most people. There are three basic needs of people. In actual life they cannot be isolated one from the other. We shall treat them separately for ease in communication. The most important of these is the need for security. Security can be economic or psychological. Economic needs are basic needs for food, clothing and shelter for oneself and dependants, now and for the future. This is a need that appropriate managerial actions can satisfy. The need for psychological security is a demand for being safe from the hazards of life, from the winds of uncertainty, from the anxiety brought about by new changes, new relationships. This demand for psychological security is incessant and deep-rooted. It takes various shapes. It may express itself as obsessive pre-occupations with rules, systems and guarantees; it may call for discriminatory treatment and special prerogatives for oneself; it may express itself as identification with 'big' people and ideas; it may masquerade itself as a demand for economic security and so on. Unfortunately, however incessant this demand, whatever be the form it expresses itself in, it seems incapable of completely fulfilling itself. It is in fact like a bottomless well—always hungry,

always empty. Attempts to satisfy it may lead to a state of apparent satisfaction, but in the long run, these attempts are harmful both to the recipient and the organisation. The demand for psychological security in the first place has the tendency ever to renew itself with greater strength and in incredibly subtle ways every time it is satisfied. It is moreover harmful both to the recipient and the group within which he works since it breeds dependence and imitation, encourages personal allegiance and animosities and fosters a political climate. It prevents people ultimately to think and feel independently.

Denying psychological security, however, is not the same as denying acceptance and warmth. Acceptance is neither a compromise nor an adjustment to another. It is recognition of another's individuality—of his fundamental right to think and feel differently. In fact, a climate of acceptance and regard may help a person understand why he is insecure and perhaps understand how to face and resolve insecurity by and for himself.

The second basic need of most human beings is recognition —an appreciation of what one has done and tangible reward commensurate with performance. Most of us need to share our interests and achievements with others and wish to be rewarded for our contribution to the common endeavour. This need assumes particular importance in Industry. It is a need that can be satisfied through appropriate managerial actions; a firm organisation set up where responsibilities and authorities are made explicit and where the system of evaluation by objectives is effectively implemented.

Unfortunately, this apparently simple process of appreciation and reward becomes tremendously complicated because recognition gets mixed up with status. Recognition is linked to performance and as long as individual differences in capacity and willingness exist some will perform better than others and hence be eligible for higher rewards. But difference in capacity does not and should not lead to a psychological hierarchy— a caste system of superior and inferior human beings. After all, special aptitudes and proficiencies do not make a man wise or happy. An ingenious salesman or engineer may be petty in outlook and unhappy in disposition. He still deserves his

rewards but no one need either imitate him or be jealous of him. By injecting the distorting attitude of status consciousness into the simple act of recognition we often pave the way to conflict. For instance, organisational leadership often becomes a status symbol. Instead of being a function of co-ordination, it becomes an instrument of personal domination. Hence the reaction it elicits is one of imitation or rebellion. The subordinate may want to share 'glory' by identification with the leader, by walking and talking and even thinking as the leader does, or become envious or resentful of the leader's influence. Either reaction damages the fabric of relationship. If, however, leadership is seen as a function rather than as a status, the giving and receiving of orders carry no psychological connotations. They become simple administrative acts free from any feeling of domination or subservience.

The third basic need of human beings is expression—an opportunity to participate, freedom to actualise one's capacities to the full and facilities to widen the perimeter of one's job. Whenever an individual receives challenges commensurate with his capacities he is encouraged to give of his very best and reach a high level of proficiency.

Opportunity for self-expression, however, is often mixed up with licence for self-assertion or self-centredness. Many of us use talents not only to express ourselves but to parade ourselves or thwart others. In fact, there is a real danger of the capable man in an organisation using his talents for dominating others and for self-aggrandisement. And the more talented he is, the potentially more dangerous he becomes to the concern. When this happens, there is conflict and politics instead of co-operative endeavour towards a common goal.

Summing up

In analysing human needs we saw that whereas the needs for economic security, recognition and self-expression can and should be met, it is futile and dangerous to satisfy the needs for psychological security, status and self-assertion. Note that actions suggested for satisfying the former set of needs are *managerial* not *human relations*. It is management discipline that teaches us what kind and extent of economic security to be given, how to evaluate men so as to link reward to per-

formance and how to provide administrative facilities for self-expression.

To separate a set of actions and label them 'human relations' is in my opinion mythical. After all, wherever human beings interact there are human relations. The interactions may take place in the family, in an industrial organisation or in a larger community group. They may concern the economic, religious or political life of men. If these relations are to be humane (genuine, considerate, free from conflicts) our concern should be not with the outer shell of behaviour (what to do) but with the underlying attitudes governing behaviour (what to be). Hence the emphasis on understanding needs and desires governing attitudes rather than on action patterns. In understanding and meeting the challenge posed by these needs one develops the ability to meet spontaneously and without expert assistance the demands of relationship. No human relations specialist need write behavioural prescriptions for us. It is the understanding of inner needs and motives, not correct behaviour that gives depth and fullness to relationship.

4 *Principles of Personnel Administration*

M. N. RUDRABASAVARAJ

PERSONNEL administration, just as any other profession, is incomplete without a set of basic guidelines or principles that guide the conduct of the personnel administrators. A mere description of functions, objectives, and programmes of personnel administration does not adequately describe the field of personnel administration. There is an absolutely essential need for certain guiding principles which assist the personnel executive in the formulation of personnel policies, procedures, and programmes as well as in the solution of personnel problems. In view of this need, some principles of personnel administration are suggested.

Principle of Individual Development

Every employee must be offered full and equal opportunity to develop in order to realise his fullest potentialities. The individual employee must be able to grow to his fullest capabilities. All the personnel policies and programmes must be geared to the individual employee development so that no employee should feel frustrated because the right type of challenges and responsibilities are not offered to him.

It must be realised that every individual has a craving to be "somebody" in some field of occupation and unless this craving is channelised properly through effective training and development programmes, the principle of individual development will not work, resulting in harmful effects not only to the morale of the individual but also to the economic health of the organisation.

It was Adam Curle who said that "Countries are underdeveloped because most of their people are underdeveloped,

having had no opportunity of expanding their potential capabilities in the service of society."[1] In the final analysis, it is the development of the individuals that contributes to the growth and development of the company, the economy and the nation. Every organisation through the help of the personnel executives must strive to train and develop the individual employee in such a way that he will derive maximum job satisfaction, having been able to utilise his talents and capabilities to the maximum extent.

Principle of Scientific Selection Procedure

Systematic and scientific procedures must be employed in selection. A careful selection and proper usage of personnel tools and techniques is necessary to promote scientific selection. A scientific matching of men and jobs is essential. It is necessary to aid the line management in finding the right men for the right jobs after a systematic study of jobs, men, and sources of recruitment.

Though the decision on selection rests with the line managers, there is a good deal of room to influence this decision-making by employing proper scientific selection procedures and by assisting in proper placement. Essential to ascertain is whether the individual employee is properly placed.

Principle of Incentive

If we want an individual to contribute his best on his work, the principle of incentive must be utilised. The incentive may be monetary or non-monetary and it is necessary to understand the attitudes and aspirations of employees with a view to shaping and motivating them in such a way that they will contribute their maximum to the realisation of organisational objectives and goals.

Unfortunately, the role of incentives in the promotion of organisation health and stamina is not fully appreciated. Too often we want others to sacrifice and this sort of third-person-sacrifice principle does not induce men to give of their best. Employee conduct, needs, attitudes, problems, and aspirations must be studied and analysed with a view to finding out what motivates men in the shop and it may not be always money. A smile, a pat on the back, recognition of work performed, to

mention a few, may often go a long way in motivating men better than money. Proper incentives must be given at the proper time. Popular misconception is that too often employers tend to equate incentives with money with the result that they instinctively oppose giving incentives to employees.

Principle of Adequate Communication

Often bad communication is the root cause of many problems and misunderstandings. Secrecy breeds rumours and extreme secrecy breeds harmful rumours. As far as possible supply all relevant information to the employees. The company policies, programmes, objectives and philosophy may be made known to the employees. The channels and content of communication must be carefully prepared and developed. Effective language and proper communication styles must be adopted. All hurdles in the way of adequate communication must be removed.

The employees of an organisation have great curiosity to know what the company is going to do with computers or diwali bonus, or rest breaks, or dearness allowance or vacancies in department, etc. If the company does not give information, the employees will concoct information that may have damaging results for the company. In order to obviate such problems, the personnel department must assist the management in supplying all the relevant information through appropriate media at the right time.

Principle of Participation

This principle is based on the consultative-participative managerial philosophy where the employer-employee relations are one of mutual trust, confidence, and give-and-take. The employees through their representatives are consulted and brought within the purview of participation in influencing decisions. The employees are offered opportunities to come up with their ideas, views, and suggestions to improve various operations of the organisation. The individual employee must feel that he is needed in the organisation and that he is making useful contribution to the company through his work, ideas, and suggestions. It is a mistake to assume that only management knows what is good for the organisation and that employees have nothing to contribute. Personnel programmes

must be so evolved as to bring out the initiative, enthusiasm and ideas of employees with a view to utilising them for the attainment of company goals. The employee must develop a sense of participation and belonging and he must feel that he is contributing his mite to the growth of the organisation.

Principle of Fair Compensation

The wage and salary structure must be fair and equitable. A fair day's work must receive a fair day's wage and the personnel executive can help in arriving at what is a fair day's pay or wage for a fair day's work. Apart from pay and compensation, it is essential to provide good working conditions and environment, and good tools and equipment for the employees. Proper sanitary and health facilities must be provided.

Without establishing fair levels of wages, hours, and working conditions, it is idle to expect the employee to work well by the company. Here, the personnel tools and techniques of wage and salary administration may aid management to establish a fair and just wage structure.

Principle of Dignity of Labour

According to this principle any labour that is productive is good and commendable. No job or task should be held as beneath one's station and neglected. Essentially it must promote the notion that any job or task must be done as best as you can. If you are sweeping, you must do the best job of sweeping. It is crude and harmful to attach any stigma to any type of labour holding the man performing the job as a lowly person in society. Businesslike environment must be promoted where a job is a job to be done well and reap the rewards. Any job that contributes to the material wealth and is productive is useful and good.

Efficiency in the use of labour can be promoted by the division of work and specialisation in task. There must be no structural rigidities which restrict upward mobility of an employee irrespective of his work, caste, race. Merit, intelligence, and effort must be the sole criteria for upward mobility.

Principle of Team spirit

The promotion of the will to collaborate among the employees

is essential and *esprit de corps* must be nurtured. Without team spirit business success cannot be achieved. Personnel policies and programmes must be so formulated that individuals function together as a group to attain the predetermined ends.

Individual employees, however brilliant and hard-working they may be, can dissipate their efforts if there is no feeling of group spirit. The diffused and diversified talents and efforts of individuals are brought together and welded together in group effort in a true spirit of togetherness or "belongingness" where teamwork, co-operation, and collaboration may be the guiding light. It was said back in the 1950s that the Indian Cricket Team had brilliant individual cricketers, but as a team, they failed to win, mainly because of the lack of team spirit. Similarly in business and industry, individuals with proper team spirit, can spell success for an organisation. There is the necessity to subordinate individual interests to group interests and company interests and this is done where there is a high team spirit.

Principle of Labour and Management Co-operation

Just as individual pulls in different directions sap the energy of the group, instead of rejuvenating it, non-co-operation between labour and management will lead to industrial disharmony and unrest, which are not conducive to growth and progress of the organisation. Upon the health and profits of the organisation depends the material well-being of both labour and management, nay, even that of the nation.

In the promotion of labour-management co-operation personnel administration has a great responsibility and the personnel specialist should assist management, particularly the top management, in fostering organisational conditions that remove distrust between labour and management through proper communication, creative consultative-participative managerial philosophy, and the integration of any conflict,[2] which enhance labour-management co-operation.

It is necessary not to under-estimate the intelligence or the strength of labour nor to ignore the reactions of labour to any particular management policy or programme. Consult and communicate with labour while building programmes and give

necessary considerations to the viewpoints of labour and bring them in to participate in constructing programmes.

When labour and management realise that if they substitute friendly co-operation and mutual helpfulness for antagonism and unrest they are together able to make profits of the company so enormously greater than it was in the past that there is ample room for a large increase in wages for labour and an equally great increase in profits for the employer.

This is perhaps the most difficult principle but nevertheless a fundamentally necessary principle of personnel administration.

Principle of Contribution to National Prosperity

Employees must be educated through appropriate personnel programmes to believe in the proposition that their contribution to the achievement of company goals will ultimately contribute to the economic development and prosperity of the nation as a whole. This proposition offers a higher purpose to the work of employees and they are likely to derive greater satisfaction in the knowledge that their contribution along with that of management will result in greater productivity and profits which bring in its wake prosperity to both labour and management as well as the nation.

Admittedly a need for such a personnel principle is great in developing economies like that of India where the employees, nay even employers, hardly realise that they can make a significant contribution to national development and prosperity through their efforts.

These suggested principles of personnel administration are broad-based guidelines that assist the personnel administrator in his conduct and behaviour. They are not inflexible or immutable laws. Inexact and imperfect as they are, they still perform a very useful function of explaining the behaviour of the personnel administrator and also in providing him a sense of direction in performing his personnel functions. Principles are concerned with the "why" of behaviour. This theoretical or conceptual framework enhances an understanding of the conduct and behaviour of personnel executives.

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5 *The Human Factor in Management**

K. S. BASU

Of the many factors which impinge on the managerial task and influence its accomplishment, the human factor is one of the most, if not the most, significant. In his day-to-day work, a manager is deeply concerned with the material factors like money, materials and machinery. This is both understandable and justifiable. It would be a pity, however, if in this process it is forgotten that, in determining the effectiveness and efficiency of any organization, the critical factors are the quality of the people in it and the opportunity they get of developing and exercising their talents. It is, therefore, necessary that management should frame such personnel policies as would ensure the effective play of these factors in their organizations.

Admittedly, it is difficult to enunciate a personnel policy in specific and concrete terms. It has to be very broadly stated, in somewhat abstract language which may well convey different meanings to different people and to some, no meaning at all. It is often more meaningful to state what may be called 'sub-policy' in action areas. Even in such areas, where policy can be stated in precise language, the intention becomes explicit only when the implementing procedure is laid down.

To take an example, if the policy is to provide maximum promotion opportunities then the recruitment procedure should ensure that talent available inside the company is carefully considered before recruitment from outside is resorted to. And even when procedure is laid down, policy statements become convincing only if the letter and the spirit of the procedure is faithfully followed in day-to-day practice.

*Two lectures delivered in the Golden Jubilee Memorial lecture series of the Sydenham College of Commerce and Economics, Bombay, in December, 1966.

Frequently, various activities are undertaken in an *ad hoc* and desultory fashion which collectively produce a patchy effect and not a discernible pattern. This is because of the absence of a basic approach—an overall concept of the personnel function. To put it in other words, there has to be a philosophy from which all activities emanate if the policies, practices and procedures are to add up to a meaningful grand design. If this is not achieved, personnel practice becomes an aggregate of discreet and separate actions without a central purpose linking them into a cohesive whole. Such practice is wasteful, may even be harmful.

A Philosophy

In deciding on a philosophy or a basic approach which will inform and guide all personnel work, a choice has to be made from amongst three alternatives:

*The Benevolent Approach,
*The Human Relations Approach,
*The Human Resource Approach.

The choice is not absolute and the three approaches are not entirely mutually exclusive. The lines of demarcation are not sharp and the borders are often hazy. In fact, in all personnel work there has to be a bit of benevolence, a bit of human relations and a bit of the resource concept. Choice involves only the decision on what should be the dominant emphasis.

The 'Benevolent' Approach

This is the philosophy which makes the 'boss' the looker-after of his employees or subordinates. It is akin to the concept of trusteeship enunciated by Mahatma Gandhi or the concept of paternalism which is at present so much out of fashion that one hardly dares to mention it. From time to time certain words become 'out of vogue' like ladies' dresses (nowadays it applies almost equally to men) and like all fashions they can safely be predicted to stage a come-back. This approach is associated with a particular managerial style which is often described as autocratic which was fashionable once, became very repugnant to 'progressive' managerial thinking later but seems to be becoming acceptable once again.

The 'Human Relations' Approach

This concept is very difficult to define. The aim seems to be to produce maximum employee satisfaction on the theory that this leads to increasing efficiency. Attempts have been made to determine systematically the ways and means of producing employee satisfaction and the consensus seems to be in favour of a managerial style usually described as democratic or participatory.

However, there does not seem to be any real evidence that employee satisfaction by itself increases efficiency and productivity. And further complexity is created by the fact that the same managerial style is not equally applicable to all cultures, to the same culture at all stages of industrial development—indeed not even to the same individuals at all stages of their growth.

The 'Human Resource' Approach

According to this concept, the people working in an organization are a valuable resource whose talents have to be developed and utilised for the achievement of organizational objectives. Without it no organization can prosper regardless of how much material resource it happens to possess.

It is sometimes said that this is an inhuman, utilitarian approach to people and it smacks of exploitation. This is not the intention. The intention is to give the men and women working in a company their appropriate place of importance as being essential for its proper functioning, growth and survival. Unless this is accepted, personnel policy tends to become moody, fitful and dependent on the whims and fancies of the 'boss' whether he is an employer or a senior. In other words, it ceases to be a policy.

Meaningful personnel policy can be fashioned only if it is accepted without any reservation that human beings constitute the essential capital and assets of business. Without this no business can prosper. The rate of human investment is closely linked with the growth and success of the enterprise. Economic investment can be fruitful only if human investment is adequate and time, money or energy spent in obtaining and developing the human resource is not philanthropy nor welfare but an integral part of overall business policy.

As a concept this is not unknown. In fact, a good deal of lip service is often paid to it and platitudes about our valuable human resources are often mouthed from many convenient platforms. The time has come to test how genuine such sentiments are. The following tests would be valid to determine whether human resources are regarded as being at least as important as material resources:

*Is the same attention and thought given to forecasting and obtaining the manpower requirements as to the financial requirements?
*In utilisation, is there as much concern about finding ways and means of maximising return on human capital employed as on financial resources?
*In judging performance of companies, is an assessment made of the creation and maintenance of its human assets?
*In status, remuneration and authority, are individuals and departments concerned with personnel treated in the same way as those responsible for money or materials?

Judged by these standards, the conclusion is unavoidable that the importance of the human factor has not been sufficiently recognised, and it is frequently forgotten that human beings constitute the essential infrastructure for growth. At the level of the country as a whole, and at the level of the unit, this explains our many failures and inefficiencies.

If the Human Resource concept is accepted then a series of activities logically emanate from it. They are:

Forecasting,
Procurement,
Training and Development,
Utilisation.

Forecasting

Forecasting as a technique presents no problem at all and certainly the forecasting of human requirements is not any more complex, complicated or difficult than any other sphere. Essentially it is a matter of estimating additional requirements of people in an organization over a given period and adjusting it against the internal resources available. To be practically

useful it has to be broken down into functions and categories. There can be no point, for instance, in estimating that an organization needs twenty people over a period of five years. It is necessary to say in which categories and functions these people will be needed so that a specific plan of recruitment and training can follow:

Very simply, a forecast takes the following shape:

Category A, Function a—	
Requirement Period	1960-1964
Establishment increase	5
Retirements	3
Turnover	2
Total additional requirement ..	10
Internal resource (people promotable into the Category A, Function a, from another level). ..	5
Total recruiting requirement ..	10—5=5

It is clear that over the period 1960-1964 a total of 10 additional people will be required in this particular category. This pool of 10 will have to be created by two streams flowing into it—one recruitment from outside and the other promotion from within.

Two points need to be made about the forecasting technique. Firstly, about the period over which the forecast should be done. This has to be related to forecasting and planning practices followed in other areas like finance, production or marketing. But as a general guiding principle it can be said that any period less than 3 years and over 10 years does not appear to be realistic.

Secondly, whatever time span is chosen, it should be a running span and not in blocks. For example it is better to plan:

1960-1964; 1961-1965; 1962-1966 and so on rather than 1960-1964; 1965-1969, because planning in blocks like this does not allow sufficient opportunity to introduce changes quickly as organizational needs change, which they must, in any live, virile organization.

Procurement

The Forecast must lead to appropriate action, otherwise it is of no value. A programme of recruitment and selection has to be designed so that the organization's requirements of the human resource are met adequately and in time. This is incorporated in an Annual Operating Plan (AOP). In creating the plan allowance has to be made for such factors as:

*time taken for recruitment,
*time taken for training,
*training facilities available.

Making the forecast, the AOP and its implementation, must be made the specific responsibility of an individual to make sure that the plan targets are met. This should be a recognised part of his job and his own performance should be assessed on how well the plan is implemented. This is the general principle, if a job is to be done, it has to be defined, allotted to an individual and his performance should be measured against the allotted task.

Internal Appraisal

As has already been discussed, the two streams that flow into the general pool of human resources available to the company are outside recruitment and internal potential. The AOP looks after the external recruitment. The instrument for ensuring a continuous flow from the internal resource is the Internal Appraisal Procedure.

Performance and Potential

The internal appraisal procedure is designed to assess an individual on two factors, performance and potential. The purpose of the performance appraisal is to determine rewards. The purpose of the potential appraisal is to work out an individual development plan so that potential is realised. Unless appraisal systems are related clearly to a reward-punishment system on the one hand and a development plan on the other, they will not serve any purpose. The reason why appraisal systems are so often not taken seriously is that they are not seen to lend to any action. Examples are not unknown of companies

having elaborate appraisal systems which are not even referred to when promotions are decided. This makes nonsense of any appraisal scheme.

In assessing performance, two questions have to be asked:

(1) What has been the quality of performance? This assessment can be done under various heads, but it has to be against predetermined standards laid down in a job description which should specify the role an individual is expected to fulfil.
(2) If performance has been inadequate what were the reasons? It may well be that the failure of performance was due to reasons outside the individual's control. It is only fair that note should be taken of such factors.

Potential determination also should be based on a few direct and straightforward questions like:

*Is he likely to go further?
*If yes, is he ready for promotion now?
*If not, when will he be ready and what would be his training needs over this period?

Those who show potential are picked out and for each an individually tailored development plan should be prepared, designed to reinforce the strong points and rectify the weaknesses. The answer to the last question forms the basis of the Individual Development Plan (IDP).

So the internal appraisal system has to be purposive and in order to achieve its purpose it is best to keep the design as simple as possible. Extremely elaborate appraisal forms are not desirable because the main points tend to get lost in a mass of detail. Internal appraisal in terms of personality traits are not of much use either, because they are difficult to define and measure and the assessment often becomes very subjective. It is infinitely more effective to focus attention on essentials and design the performance appraisal on direct simple questions.

It is not really very important whether the performance appraisal and potential appraisal are done together or separately. But the differences between performance and potential

must never be lost sight of and whatever reward may be given for good performance, it should not be promotion to a position of higher responsibility unless the potential justifies it.

This point needs to be underlined. Far too often statements are made like:

"A deserves to be promoted; he has done a very good job."

It may be that Mr. A has also got potential for moving up, in which case promotion is justified. But performance alone is not sufficient reason, because good performance and potential do not inevitably coincide.

This raises the very interesting point whether potential in the absence of performance, can justify promotion. A case is sometimes made as follows:

> "Mr. B is too good for his present job, therefore his performance is inadequate. Given a bigger job, which will make greater demands on his undoubted abilities, he will do better."

The possibility of this happening cannot be denied but usually such statements should be regarded with the greatest suspicion. They usually indicate one of two things, somebody is trying to get rid of an unsuitable employee or some blue-eyed boy is being kicked upstairs. It would, therefore, be a safe rule not to consider anybody for promotion unless his performance has been good. And if it is felt that a person is prevented by his environment from showing his abilities, the correct thing to do would be to move him sideways before moving him upwards.

This detailed comment on internal appraisal may appear to be an excessive emphasis on what, after all, is only one aspect of personnel work. But it is terribly important. As will be seen later, the operation of the reward-punishment system is the cornerstone of managerial strategy. The way it is operated not only determines the effective utilisation of the human resources available to the organization but also has very significant implication in terms of morale, an employee's perception of a company's fairness and, therefore, the employees' attitude towards the company. Moreover, the operation of

internal appraisal procedure is full of pitfalls. It is perhaps reasonable to expect that assessment of people who have been in the company should not be difficult. But acquaintance can be a disadvantage and assessment can be influenced by likes and dislikes created by reasons which are not relevant to work. Therefore, the greatest care has to be exercised.

Sometimes there is an effort to find formulae which can be applied without any of the doubts that are inevitably associated with the exercise of judgement. Seniority, for instance, provides a yardstick, precise, measurable and not open to argument. But resorting to such methods is after all an attempt to escape from the difficulty and sometimes the odium of making judgement about people. And the purpose is not achieved because talents are not located, utilised or energised. So with all its difficulties, there is no escape from assessment of performance and potential.

Training

The Individual Development Plan is one aspect of training. It should not be confused with general training and development schemes, nor should there be any feeling that training is reserved for only those who show special promise. Training has to have a much wider base than the IDP. After all, a few brilliant men cannot by themselves run an organization without a high level of average performance. And the purpose of general training schemes is to sustain and raise the average.

A detailed discussion of training methods is not within the scope of this paper. But a few comments to highlight the most important points may not be out of place.

On the job training is the heart and soul of all training in business. Training courses and programmes are a very useful, even essential, supplement. But they cannot, by themselves, be of much value unless on the job training is effective. And this must clearly be made the responsibility of the direct senior.

Training courses should be designed carefully with a clearly defined objective. Far too frequently a programme is got together in a kind of patchwork of subjects, techniques, and methods, without a purposeful design. Even such courses do some good but the results are not commensurate with the time and expense involved. Therefore, it is a good thing to get a

clear idea of the training needs of an organization before designing the programme and also about what is expected from the programme and who will participate in it.

Regardless of how well a training programme is designed, people in an organization will not develop unless the general working climate is conducive to growth, merit and performance are rewarded in a fair and just way, and there is explicit relationship between personal development and personal progress.

Utilisation

Training and proper placement are essential for the adequate utilisation of the human resource made available to the organization by proper forecasting and selection procedures. But results will fall short of expectation if there is dependence only on such techniques. Steps will have to be taken to create an environment in which the energies of people are released and directed towards the achievement of organization goals.

Many factors contribute to the creation of the right environment. Careful policy formulation and the intelligent application of techniques are very important. The effect of prevalent attitudes, particularly at senior and top management levels, cannot be overestimated. Whether they believe in freedom of action or tight control, whether they prefer authoritarian, directive, coercive managerial styles to democratic, permissive and participatory styles; whether the general attitude is one of encouragement and appreciation or criticism and fault-finding—these are factors which determine to a very large extent the climate in which people have to work.

Motivation

Besides general environmental factors, specific action should be taken to ensure adequate motivation. To be able to do this certain principles of human response and behaviour have to be applied and some basic concepts have to be understood. What, for example, is personality? Why do people behave in certain ways in certain situations? How much of behaviour is the result of personality and how much of it is due to external factors? How does environment affect personality? Answers to a series of such questions have to be found so that some coherent

assumptions can be made which can lead to intelligent and purposive action.

Personality is sometimes thought of in terms of directly observable behaviour. This is not correct. The relationship between personality and behaviour is close, and it is possible to draw reliable inferences about personality from observable behaviour. But behaviour is not personality; it is the reaction of personality to a stimulus arising from the environment.

Behaviour = f (Personality, External stimulus).

To put it in another way, as a result of an external stimulus, a process takes place inside the structure of personality which results in behaviour. Each personality is unique and different personalities can react in different ways to the same stimulus. But the personality structures of members of a community or group have certain common features determined by common experience, common background and common culture. As a result the general reaction of most members of the group to environmental stimuli can often be predicted with reasonable certainty.

Personality consists of a set of stable and consistent predispositions. But this does not mean that personality does not change. In fact capacity for adjustment is built into personality so that it can adapt itself to changing conditions.

The point that emerges from the discussion is that the way a person behaves is due partly to what he is, and partly to the influences and pressures to which he is exposed. Therefore, his behaviour can be influenced by modifying the environment in which he is placed.

Statements like the following are not unusual:

"A will never try to improve his work; he is too lazy."
"B always grumbles. Nothing ever satisfies him."
"Students nowadays are not interested in their studies."

Such statements can be true of certain individuals or groups in certain situations. But they describe behaviour and not personality. And the behaviour may well change if the environment changes. And even personality can change within limits to adapt itself to the needs and demands of the environment.

If that is so, what environmental factors influence behaviour? What moves people to action? It is not the purpose of this paper to comment on the various theories of motivation but to suggest one which can form the basis of sound managerial strategy. And the theory of needs provides a useful foundation for constructing strategy.

According to this theory, people have certain needs. The organization of these needs varies from person to person constituting in each case a need system. These variations are due partly to heredity and partly to the environment in which an individual is born, grows up, lives and works. The needs of people have been classified into biological, social and egoistic.

The classification of needs into three basic varieties is correct, but the social and egoistic needs have to be defined in somewhat more specific terms if they are to be the basis of policy and action decisions. From empirical observation as well as from indications obtained from certain investigations in this country, the following would appear to be a reasonably comprehensive and realistic way of classifying needs:

*Confidence in leadership,
*Belonging to a group,
*Security,
*Self-expression.

Personality has energy which is directed towards the satisfaction of needs. The intensity of the drive is related to the dominance of a need at a particular time. The dominance of a need is brought about by deprivation but this is true only up to a point. Deprivation beyond a certain stage reduces a need and can even destroy it. Hunger, for example, increases up to a certain degree of starvation and then declines till even the capacity to assimilate food can be destroyed. The same can apply to personal ambition or a desire for achievement or the adult need for self-reliance and responsibility. It is possible to destroy such drives and urges by frustrating them over a sufficiently long period. This is a point of very great significance in development techniques and in organizational behaviour. Those who are constantly complaining about the incapacity of people to accept responsibility or exercise initiative should

examine their own attitudes or the environment that prevails in their organizations and they may well find at least part of the answer.

To return to the main point, energy is directed towards the satisfaction of needs. Whatever holds out the prospect of need satisfaction is approached; whatever does not, is either ignored or deliberately avoided. Satisfaction of a need is a reward in its truest sense and money is not the only reward. Equally, denial of need satisfaction is a punishment. Sound managerial strategy consists in evolving an effective reward-punishment system and relating its operation in a direct and visible way to performance.

Far too frequently, this is precisely what does not happen. It is stated that initiative should be fostered, but rewards go to the obedient and the docile. Everybody believes that high performance should be encouraged, but it is rare to find a fair and reliable mechanism for assessing performance with the result that rewarding becomes *ad hoc* and arbitrary. And in the absence of an explicit relationship between performance and the reward-punishment system, performance flags. This is what makes the Internal Appraisal Procedure an extremely useful instrument.

What applies to performance applies equally to attitudes and behaviour. Initiative, or dependence, conformity or individualism, will prevail to a greater or lesser extent in any organization depending on what kind of behaviour is most appreciated and rewarded.

And the reward has to be adequate. People at all levels of employment do not want the same satisfaction from their work. An adequate reward system can be designed only if need systems are identified and there is some understanding of what people expect from their jobs, what they work for. There will, of course, be practical limitations. It is perhaps desirable that each employee should be treated as an individual, with his own hopes, aspirations and fears. However, it does not seem likely that any company will be able to evolve personnel policies tailored to the needs of each individual working in it. Any attempt to do so will result in chaos. It is possible to design only such policies as would apply generally to the needs and aspirations of groups of people at various levels. It has been mentioned earlier that although each personality is unique, a common

cultural heritage and similarities of background and upbringing give rise to certain common personality patterns in certain groups. And realistically, cognizance can be taken only of such group patterns in the formulation of personnel policy.

The pattern varies from culture to culture and group to group. For certain groups, challenge, responsibility and authority become the dominant satisfaction. In a recent investigation, it was found that the dominant needs varied as follows:

*Middle management—opportunity for self-expression.
*Supervisors—opportunity for self-expression and relation with seniors.
*Workers—relation with superiors and company practices and policies.

Clearly, in this sample at least, the satisfactions at the worker level are different from those at the level of middle management and cognizance has to be taken of such differences.

A reward-punishment system cannot really be operated without a reasonably clear definition and perception of roles. Role can be defined as a set of expectations. If an individual is in a certain position, people expect a certain behaviour from him and he expects a certain behaviour from others. To put it in another way, he has rights and obligations which in their totality constitute his role. His performance has to be measured against his role expectations and by the degree to which he fulfils them.

Efficient performance of any group depends on each member adequately fulfilling his role. Failure of performance may be due to roles not being defined or there are conflicting or contradictory expectations or it may be that expectations have to be met of different roles which are incompatible. Sometimes perception of their roles by some individuals is different from what the organization expects of them.

Therefore roles have to be defined and communicated to the persons concerned:

- A young Personnel Officer was under considerable tension because one of his seniors expected him to deal with employee grievances personally and another thought that

this was the function of the supervisor. It was suggested to him that he should discuss his problem with his immediate senior and get his role clarified. He said that he did not know who his immediate senior was. It was suggested that the person who wrote his annual report was his direct senior. He said that there was no internal reporting system in his company. When it was proposed that he should get one started, he said that he was not sure that this was within the sphere of his work.

Top managers of a medium sized engineering company complained that their efforts to delegate authority to first line supervisors were unsuccessful. On closer examination it was found that although the company had made a genuine attempt to delegate authority to supervisors, the supervisors did not perceive this and did not realise that it was their role to take decisions and act on them. There had been a failure of communications.

A careful job description can obviate many of these difficulties. Mere designation is not enough. Roles are culturally determined. The culture of each company is unique and there can be different expectations from the same designation or position in different companies.

If the roles are not clearly understood, then, of course, they will not be fulfilled. Not only that, there can be a great deal of unnecessary friction and wastage of energy because of ill defined roles. It can easily lead to a situation where certain jobs will not be done and certain others will be done by more than one person. Neither situation can be said to be conducive to the best use of human resources.

It would be appropriate at this stage to bring the main points of this essay into perspective. The point of view has been put forward that in any organization, it is possible to influence the behaviour of its members by providing the right incentives, which may be financial or non-financial creating an appropriate environment and by making sure that roles are defined. It is not suggested that the response of each individual will be equal, in quality or the volume. Individual personalities will play their part in this process and perhaps some will not respond

at all. But the sum total of the response is likely to be positive.

The effort is worth making because, in the ultimate analysis, it is people who build an organization. In the managerial preoccupation with material resources, this fact is frequently forgotten. This is at the root of many of the difficulties that Indian business has to face today.

And this concept does not apply only to business. It should be realised that people constitute the essential infrastructure in the development of a country; take-off in any society is related to the calibre and will of its members. In a developing economy it is dangerously easy to forget this and under-invest in the human resource. Equally it is dangerously easy for the so-called elite, the fortunate few with power and influence to fall into the pitfall of excessive centralisation, and arrogant authoritarianism, the two surest means of sapping peoples' initiative and destroying their sense of personal responsibility in the building of the nation.

6 *The Future Role of Personnel Officers*

R. P. BILLIMORIA

THE Indian Institute of Personnel Management (IIPM) and the National Institute of Labour Management (NILM) conducted studies of personnel officers in the Calcutta and the Bombay areas respectively. The summaries and conclusions of these reports pose a number of issues, some of which are given below:

1 Should the provision in Section 49 of Factories Act, 1948, regarding the appointment of Welfare Officers be retained in the Statute? What should be the proper designation of this Officer in industry?
2 What role does the Personnel Officer perform in industrial administration in India? What kind of a role is he likely to play in future?
3 What should be the status of a Personnel Officer? What should be the nature of 'authority' of the Personnel Officer in the efficient discharge of his duties?
4 What is the scope for "operative" functions of Personnel Management in India? In what way can the Personnel Officer fulfil his obligations in this field in the best possible way?
5 What should be the function of the Personnel Officer in maintaining organizational discipline and grievance handling?
6 How should the Personnel Officer be recruited in industry? What should be the proper requirements regarding his qualifications, salary scales, training requirements and other background?

7 What are the qualities of a successful Personnel Officer in the industrial setting of India?

But before we go analysing the personnel officer and his functions, let us get down to a few fundamentals. We look upon personnel management as a responsibility of those who supervise people as well as being a description of the work of those who are employed as specialists. It is that function of management which is concerned with people at work and with their relationships within an enterprise.

Major Trends in Management for the Next Decade

Since *personnel* is a part of the *management* function, in order to predict or shape the future of the personnel officer, let us first try and forecast the major trends in management in the next decade. In discussing these trends, the involvement of the personnel officer at every stage will be evident, and this will also perhaps suggest answers to some of the issues posed earlier.

The primary target for all managers in the next 10 years is to become better managers if they are to survive. And the personnel manager or the personnel officer is no exception. How does the manager do this? He has to improve the performance of the present generation; plan for the training of the younger generation; and lastly, promote aggressively the acceptance and adaptation of newer methods and techniques. During the last five years, particularly, we have become deeply aware of the big chasm between the experts engaged in the teaching of management and those who manage in practice. It will be our endeavour to bring about a closer association between theory and practice by better communication between the two. Many a person, even though marginally qualified, can administer an undertaking under favourable conditions in normal times. But these are not normal times. We are living lives of tumultuous desperation in which the professional manager has come to stay. He has proved his worth and during the next 10 years, he will slowly but surely replace the so-called gifted amateur with the subtle probing intellectuality, refusing to acquire a professional qualification. In the first step of improving the performance of the present generation of mana-

gers, management training institutes and professional bodies like ours can and will feed the present practitioners with 'potted experience' or theory. But this is not all. A new breed of management cat has been created by the electronic data processing (EDP) revolution. There will have to be a concerted drive for promoting the understanding and use of modern management techniques. Management is becoming more and more quantitative but simultaneously behavioural sciences are making their contribution, with the increasing acceptance of the concept that the enterprise is a social system or a group among groups. Similarly, economics and personnel management are becoming more closely connected. All practical managers in various specialities will need to have an understanding of what these new techniques and methods can do for them. Here is a clear warning for all of us. If we do not heed it we shall be caught with our pants down.

This leads us on to the trend of the qualified and better equipped manager playing a major role in creating a wider understanding for the essential role of management in the conduct of human affairs. The overall climate affecting the industrial environment will continue to be complicated by factors such as growing indiscipline, frequent breakdown of law and order and political pressures.

The personnel officer, as hitherto, will be in the firing line. His involvement in the milieu will be announced, denounced and renounced to suit conveniences. Some persons are never backward in coming forward when credit is to be claimed. The personnel officer will have to face the fury but miss the limelight. This is lamentable but it is not much help lamenting it. Caught up in the vortex of complex forces straining a nation, managers will have to manage not by the seat of their emotions but by constant vigilance and firm conviction that this, too, shall pass and leave us unscathed. Each manager will have to be appraised on a managerial skill untested as yet, namely, sensitivity to the organisation's public stance. He will have to devote special time and attention to improve the image of an organization. This is not an easy task because our government and trade unions merrily anticipate a regular increase in the gross national product every year, without realising that it takes effort, discipline and ingenuity in bringing this about!

The manager will also be faced by changes in environment such as:

*Rapid technological development,
*Changes in the world economic relationships, and
*Changes in the economic order within the country.

The technological change is most dramatically described by Jean Fourastie who has pointed out that the time cost of producing one kilogram of grain which was around two hours of work for centuries, dropped down to 10 minutes including the time needed to produce the machines during the last century and a half and yield per acre rose five-fold in the same period. Our record in India is not too impressive but there are a few silver linings to show that rise in productivity might change the face of agriculture. The population growth has, however, eaten away the meagre gains. This has resulted in a period of growth without a boom psychology. The important point to note is that, as with the rest of the world so in India, the impulse for technological change will have to come from industry and it is the manager of production, personnel, sales or finance, who will have to spark these impulses. We shall have to evoke a human response to complex things put together by geniuses. What will be the consequences for management arising out of technological changes? There are several:

*The organization and management of research and development will itself become a most vital factor of study and experiment, in order to plug the brain drain.
*Mechanisation—increased use of machines in factories, offices and warehouses will affect fundamentally the structure of the organization.
*At the same time, there will be the need to preserve the human values in a mechanised environment. Here, the manager will have to see that machines serve men and not the other way round, ensuring that industry remains a place where personality is valued and work has its dignity. In this task, personnel management will have to acquire a newer dimension.
*The technological revolution will bring about obsolescence

on a very large scale and this will lead to some temporary unemployment requiring a near-continuous re-deployment of labour from one sector of the economy to the other. In effecting this, managers will have to guard against the temptation of mis-match of manpower.

*If technological change does bring about more prosperity and better education, it will mean that goods and services will have to be sold to discriminating consumers and will have to be produced by educated workers. This will bring in its wake human relations problems on the production as well as the marketing side.

*If there is greater prosperity, as is gleefully promised by our planners, then it will also mean more leisure per factory worker. But the workers will have to realise that leisurely work and more leisure at home cannot be had at the same time. No longer can we, as personnel officers, confine ourselves to the role of presiding deities over canteens, wash-houses and enquiries. From the sociological point of view, the personnel officer will have to advise on how to make routine work bearable, how to help the industrial worker use his leisure and how to stop him dying of boredom or killing from it.

*From an administrative point of view the biggest impact of technological progress is that if top management wants to remain at the top, it will have to streamline the organization, break down and not create water-tight compartments and ensure that integration of all activities is one of its most important objectives.

It is the most preposterous counsel of despair that each nation should retire to its own corner of the earth and stay there in isolation. Owing to changes in world economic relationships, if true economic integration is to be achieved and economic frontiers between countries have to be abolished, then the forces of management will have to go through many a painful re-appraisal. To put a full head of steam in our economic boiler, matters such as location of the factories, range of products, qualities and prices, selection of employees, will have to be considered in the light of new competition to be faced at home and abroad. This will require greater flexibility of

mind and better perfection of the tools of management. Political expediency, parochial tendencies and any form of narrow bias will have to be completely eschewed. Let us face it, our present position is very vulnerable in this aspect. More and more experts in economic development have come to the conclusion that the main bottleneck in India is neither capital, nor technical skills at the lower levels, but management.

On the third point of changes in the economic order, I am not referring to some grand warfare of rival ideologies but the practical management of modern economy. This is not the forum to discuss the merits and demerits of the present economic order. Suffice it to say that management will have to be alert to what is going on and be ready to play its part in the shaping of the future.

Finally, the important trend, if we are to prosper, will be the co-operation between management, trade unions and government in solving these and many other problems of the next decade. This will truly call for a miracle of good sense and social discipline on all sides. For the managers to play their part as regular partners in this kind of association, they will have to be aware of the interplay of various forces at work in industry and society and the aims and aspirations existing in circles other than their own. We can no longer cling to old stances. We shall have to take the initiative to become shapers and not the spectators of tomorrow's economic and social orders. This will call for increased social awareness and participation by all managers who, during the next 10 years, want to be heard and respected, as partners in prosperity.

If we agree with these trends generally, then we find in them the blue-print for the future role of the personnel officers.

Role of the Personnel Officer

There can be little debate that the sky is the limit and if we play our cards right, we shall not only have an effective role but also find an important place in the upper echelons of any organization chart.

On the question of designation, it is, indeed, gratifying that in the title of this subject the Institute has used the single generic term "personnel officer". The NILM and IIPM

studies show a wide variety of designations like the labour welfare officer, welfare officer, labour officer and industrial relations officer, which are used in industry today. The time has come when IIPM as well as its constituent members, particularly those at the corporate level should press for the common use of the designation of personnel officer and the acceptance of the concept that personnel management is all inclusive, covering industrial relations, safety, welfare and training, among others, in its ambit. The necessary change should also be made in all legislations covering use of the term. Incidentally, NILM in its studies quotes "Personnel Management in India" published by the Institute of Personnel Management (IPM)—page 44—in claiming that the Bombay Millowners' Association were the first to appoint a labour officer round about 1935. NILM states that "following the lead of Bombay, the Indian Jute Mills Association ... appointed a labour officer in 1938". Giving all credit to the Millowners' Association for their pioneering efforts in the Bombay area, I merely wish to set the historical records right by stating that the first such appointment in a major industrial unit in India was that of Mr. K. A. D. Naoroji, who still regales us with tales of his appointment by Tata Steel, as early as 1923, to look after labour matters in various departments of the steel works.

There continues to be a perennial debate on the status and function of the personnel officer. It is time that we made a reappraisal of our role. The whole concept of personnel management is far too complex to be neatly divided into the twin and simple roles of executive and adviser. There are situations such as those in planning and in the formulation of policy where joint responsibility is demanded and where the function of control cannot be covered by the hackneyed mumbo jumbo that has become the jargon of our occupation.

Practices vary in regard to the so-called operational functions, or, as I would prefer to call it, service functions of the personnel officers like recruitment, training, safety, welfare services and manpower planning. One cannot take issue over minor differences in practice in various organizations due to historical or other reasons. Needless to say that if the personnel officer is to do full justice to administering these functions, he will have to acquire a reasonably adequate knowledge of the

technical processes involved in the factory and the industry with which he is associated.

It is unfortunate that even to this day, in a few major industries in India, personnel officers by whatever name they are called, are deciding and issuing orders on promotions and disciplinary action. Experience not only in this country but abroad has shown that any attempt by a personnel officer to cloud or dilute line authority, particularly in regard to functions involving disciplinary action and promotions, will do immense harm to the organisation and to our profession. In respect of these functions, the role of the personnel officer can and should always remain advisory.

Most ailing organizations suffer from a functional blindness to their own defects. They rationalise their faults as virtues or necessities. The personnel officer should not be an idle spectator awaiting the inevitable with mordant curiosity. He must tender advice, boldly, for rectification or restraint. But advice, if it is to be of any worth, has to be given from a position of unfettered independence. Irrespective of what the neat lines on an organization chart may show, the personnel officer or the personnel manager, at the operation level, needs must be independent administratively, of the line manager he is supposed to advise. Direct control by the primary line executive over an important staff function like personnel leads to the development in the minds of the officers of the personnel department, of a certain bias and leaning which is not always objective particularly in India where issues are not very clear-cut and there is an interplay of a large number of forces from various internal and external powerful sources. The head of the personnel department should be unfettered in every way to be able to advise the management on a line of action which not infrequently is far from palatable to the primary line executive.* This he can only do if he reports to the topmost level.

The provisions of Section 49 of the Factories Act, 1948, have raised a number of issues. In order to understand the *raison d'être* of this enactment, we must remember that although personnel management as an important management function

*The Position and Responsibilities of the Personnel Department within an Undertaking in India—R. S. Pande—International Labour Organisation, Geneva, 1960, *Labour Management Relations Series:* No. 7—page 119.

was accepted and developed by progressive employers for quite some time, the personnel officer, né welfare officer, made his entry into Indian industry mainly as a result of provisions of the Factories Act of 1948.

It is in the context of this legislation that we have to consider the scope and status of personnel officers in India. Unlike the U.K. and the U.S.A. our mass of industrial workers are not as literate and cognizant of their rights and responsibilities as they should be, nor are many of the employers fully alive to their duties and responsibilities towards the workers. The large mass of workers are weak and in need of protection. That protection has to be given according to our Constitution by the State. The question is how? Obviously there should be someone within an industrial undertaking who, by virtue of his qualifications and experience, is qualified to safeguard the interest of the workers and suggest ways and means for its furtherance to management. It is this concept that led to formulation of the State Welfare Officers' Rules in exercise of the powers conferred by sections 49 and 112 of the Factories Act, 1948.

But the State Rules are relatively ambiguous on important functions like recruitment, selection and man-power planning. In the context of recent developments and future trends, there is a need for recasting the functions in a briefer and more logical sequence. These rules also stipulate the minimum qualifications and experience required of a welfare officer, the method of his appointment, his grade and scale of pay, and the procedure for punishment.

There have been many arguments against such enactments. Why should the State lay down minimum qualifications for a welfare officer; why should it dictate in regard to salary and above all why should the State interfere in the matter of taking disciplinary action against a welfare officer, this being purely a department or intra-management issue?

One has to delve into the short history of Indian industrialisation before one can satisfactorily answer these questions. The poverty and incapacity of the Indian worker to look after his own interest has already been mentioned at length. In days not so long ago, a technician who was not effective in his field of speciality or an employer's relative who wanted an easy job, found his way in as labour or welfare officer. In certain areas

the salaries given to the welfare officer were very low. In the circumstances, there was some justification for the State to lay down the minimum qualifications and the minimum salary of a welfare officer.

Nor were the duties and responsibilities of a welfare officer clearly laid down. The result was that many of them were ineffective and hence the State's responsibility to lay down the duties of a welfare officer. And lastly, it was found that many an employer did not appreciate the objective advice rendered by a welfare officer who was often asked either to toe the management line or find another job. It is obvious the State had to give some protection against such victimisation.

Thus, some consider that, in the older context, the role of the welfare officer in India was very rightly tailored by government rules and even his training was largely influenced by the requirements of the law which gave it a special work orientation. With the rapid development of industry, changes in the pattern of industrial relations and the growing importance of personnel as a specialist function, a new thinking slowly emerged in the country regarding the role and status of the personnel-cum-welfare officer. The Indian Institute of Personnel Management conducted a survey (mentioned earlier) on "A Study of Personnel Officers in Calcutta City" and sent out questionnaires to a large number of personnel officers of whom quite a few responded. It was found by the survey that whereas the job content of the respondents differed, a correlation could be established between the designation of the respondents and their functions; irrespective of being designated as welfare, labour or personnel officers, many of them having different designations performed near identical functions. Among the functions performed by them were collective bargaining and negotiations with trade unions, conciliation proceedings, adjudication proceedings, recruitment, induction, training, maintenance of employee records, application of industrial legislation, wage administration, handling of grievances, assistance in committee work and a wide variety of welfare functions.

While it is necessary always to ensure that the personnel officer has due status and an unfettered ambit for his work, we cannot deny that hitherto, by and large, our profession has

not suffered for want of recognition, status or salary. There have been many cases where personnel officers have branched off into other senior managerial positions and a few have been accorded Board status.

It is the manner in which the personnel officers have performed in the past that has brought about some change in the concept of personnel management. And it is in the way in which the personnel officers prepare and project themselves in their new role that the future image will depend.

We have also to give a second thought to the present system of teaching institutes churning out post-graduates in social sciences with one paper on personnel management in their syllabus. Comparing the quality-content of post-graduate courses is like a game of seeing two eggs on a table and guessing which one is hard-boiled—pretty hard to tell until you have cracked the shell. Many of the end-products become self-indentured slaves to their careers. The spiral of anxiety-hostility-activity circles at a constantly accelerating rate until a point of tension is reached when something must break—the man, or the job to which he cannot do full justice. Thus, we are faced with the problem of keeping a close contact with these institutions so that the syllabus moves with the times and the end-products are useful acquisitions to the field of personnel management not only during the Fourth Plan period but for many more years to come.

A patent disadvantage is that personnel management is taught *de novo*, during the two years of post-graduate specialisation, whereas subjects like economics, politics and philosophy got a much wider and more intense coverage as they have already been taught two years prior to graduation. We may even consider introducing personnel management in the graduate curriculum, as has been done by some universities abroad. But right now, the practising personnel managers and the Indian Institute of Personnel Management can help by giving specialist advice and by some of its members joining the post-graduate part-time faculty in the teaching of the subject. This would also attract a higher calibre of students for post-graduate studies.

We have, by now, covered many topics. We have painted the picture with a broad brush. Perhaps, as is the case with much

modern art, the picture which emerges is confusing. What is the future of the personnel officer? Pretty bleak, unless we are awakened into activity. A pregnant question and an abortive answer! To sum up, the future role depends on:

The responsibilities delegated to the personnel officers and their reporting relationship;
Their capability of having authority delegated to them for cooperative or service functions;
Their being able to function unfettered in giving objective advice;
Their guarding themselves continuously against obsolescence;
Their placing adequate emphasis on personnel research, without which they will turn into corporate refugees;
Their preparing an adequate training base for the newer members of the profession;
Their capability of slashing through procedural brambles in order to achieve results; and
Their being prepared to accept the full responsibility of their position as senior executives within an enterprise.

7 *Accountability of the Personnel Officer*[*]

L. S. KUDCHEDKAR

WHEN the above question was recently posed at an informal meeting it was felt that this subject might be carefully studied and the problem of the duality of the Personnel Officer's accountability be examined in the light of field experience. Accordingly, this brief article has been prepared on the basis of intensive consultations with experienced Personnel Officers of selected industrial organisations in Bombay as well as data collected by some of the senior labour students of the Tata Institute of Social Sciences as part of their field work assignment in their respective organisations.

It has to be admitted at once that the question of duality of accountability does not arise in industrial organisations with single factory units where the Personnel Officers are directly responsible to their factory heads or administrative heads. The question comes up in large scale organisations with decentralised personnel administration according to departments of the whole manufacturing organisation or in all-India industrial organisations with branches in different parts of the country with the Head Office Personnel Chief having jurisdiction over all Branch Personnel departments.

For studying this problem, about a dozen appropriate industrial organisations in Bombay were selected to examine the nature of the duality of accountability and to explore the working experience of this duality in relationship. It may be mentioned that the problem of dual accountability exists not only in the field of personnel, but also in other fields employing specialised staff in functional areas such as finance, industrial engineering, technical development, market, etc.

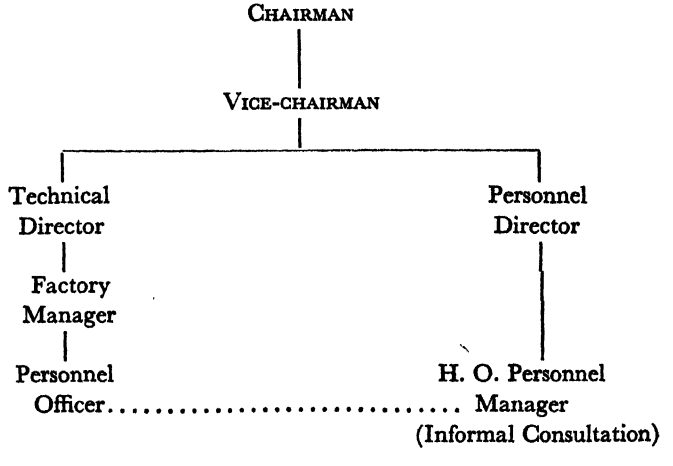
*From 'Labour Gazette', February, 1967. Used by permission.

In Personnel Management, however, the question of accountability assumes greater importance because it involves the management of human resources in industrial organisation. It also attracts greater attention due to the intricate problem of labour-management relations and the somewhat intangible services, rendered in the field of personnel administration.

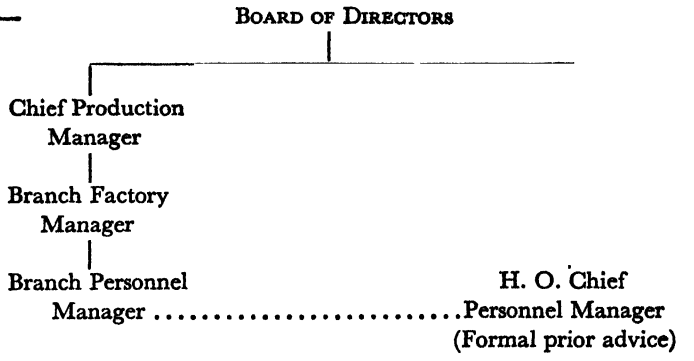
Arising out of the short survey made of the organisational patterns and relationships of Personnel Officers to their Factory Chiefs and their Head Office Personnel Chiefs, it appeared that among the organisations selected for study, there were different organisational patterns and also a variety of relationships. There were also jurisdictional variations according to their management policies and practices. It was, therefore, not possible to arrive at a standard of model pattern in the context of the theme of this paper.

Generally speaking, the following *four* major patterns of organisation emerged from the data collected which may be represented diagrammatically bearing in mind the Personnel function and its status, role and relationship in the industrial concern. These are merely illustrative sketches and, therefore, not complete or comprehensive from the standpoint of the whole set-up. The diagrammatic representation will serve to indicate the different types of structures and patterns of relationships. They will enable us to perceive the problem of the duality of accountability in its proper perspective:

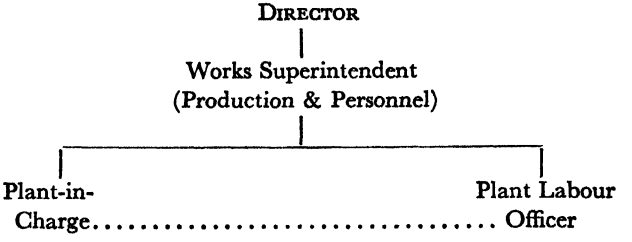
Sketch A—



Sketch B—

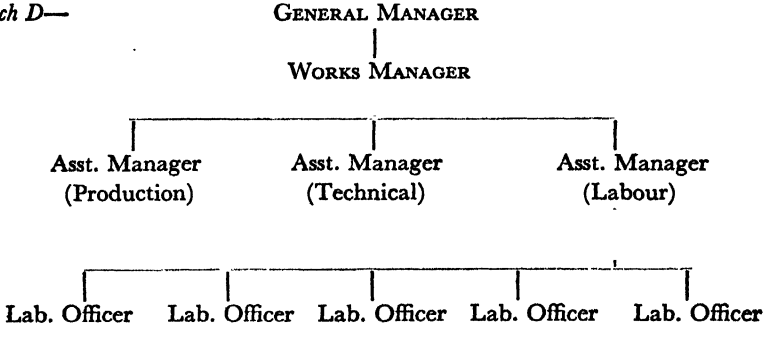


Sketch C—



(*N.B.*—There is no Chief Labour or Personnel Officer and the Works Superintendent combines both production and personnel functions for all plants of the Organisation.)

Sketch D—



(*N.B.*—Labour officers are attached to different departments of the Organisation for all personnel functions.)

The above organisational patterns belong to different kinds of industries in Bombay and they also reflect types of management and managerial practice. Suffice it to say that the problem of the Personnel/Labour Officer's accountability presents a varied picture. In *Sketch A*, the Personnel Officer

has both the functional and administrative accountability to the Factory Head with an informal consultative relationship with the Chief of Personnel at the Head Office. However, it is not mandatory for the Factory Personnel Officer to abide by the advice or guidance given by the H. O. Personnel Manager if he is able to convince his Factory Manager about the line of action to be taken in a given labour matter or a personnel problem of local interest and significance. The Factory Personnel Officer has a right to disagree with his Personnel Chief provided his Factory Chief accepts his advice in the context of local conditions and exigencies. In matters of differences of opinion between the Factory Manager and the Personnel Officer on the one hand and between the H. O. Personnel Manager and Factory Manager, the Technical Director's decision prevails even in Personnel problems irrespective of the advice of the H. O. Personnel Director or Manager.

For all practical purposes, there is no duality in the accountability of the Personnel Officer, as he is responsible both functionally and administratively to the Factory Manager who will either take the decision after the Personnel Officer's advice or act under the instruction of the Technical Director in the event of disagreement.

Sketch B differs from Sketch A with regard to the relationship between the Branch Personnel Manager (B. P. M.) and the H. O. Chief Personnel Manager (C. P. M.). According to this, the B. P. M. formally seeks the C. P. M.'s advice in all important personnel matters before advising his Branch Factory Manager. It is almost mandatory to obtain prior advice from the Chief of Personnel at the H. O. in major decisions of the Branch Factory Office. In the event of disagreement, the H. O. Chief on behalf of the Board of Directors will communicate the final decision on any major Personnel problem to the Branch Factory Manager for action. Hence, although the Branch Personnel Manager is responsible functionally to the H. O. Chief of Personnel and administratively to the Branch Factory Manager, the degree of duality of accountability is reduced substantially by laying down a working relationship and a practical procedure of decision-making. While the Branch Personnel Manager's annual

does not appear to be any serious difficulty both structurally and procedurally with regard to any of them except (*a*) where there is basically a duality both in the organisational structure and procedure. This duality is further aggravated by any strong personalities occupying key positions in the organisation thus sandwiching the poor Personnel Officer in the factory between Scylla and Charybdis. Even in other relationships where there is no or some duality, it is always likely that incumbents of the key positions concerned in this problem can create difficulties and fresh problems because of personality factors rather than situational or structural defects or demerits.

In the course of this survey, it was possible to discover 2 or 3 organisations which had experienced some difficulties due to duality and some situations resulting in conflict in the Personnel Officer's accountability to the Factory Manager and the Chief of Personnel at the Head Office. But, it may, however, be observed at this juncture that even with satisfactory structural relationships in an organisational set-up and clear-cut demarcation of jurisdiction, the advisory role of the Personnel Officer attached to a Plant or a Department in a large industrial organisation can be seriously jeopardised by the junior status, the youth and sometimes the low salary of the officer concerned in relation to the high status and salary as well as seniority in service of the Departmental Head or the Factory Manager. The failure in such situations results not from the duality of accountability but from inherent limitations in the relationship between the Personnel Officer and his Factory or Departmental Head. And this failure can be exaggerated and aggravated into an industrial crisis by the strong and dominating characteristics of the powerful personalities of the Factory Manager on one hand and the Chief of Personnel on the other.

From the organisational analysis in the context of relationships and jurisdiction of the Factory and Head Office Personnel staff, the following five broad conclusions are drawn for consideration:

(*a*) There is a wide variety of organisational and structural set-up in different industrial concerns;
(*b*) Management policies and managerial practices vary

considerably according to the philosophy and tradition of industrial houses;

(*c*) Consequently, as between the Factory and the Head Office, the relational and jurisdictional aspects differ significantly in the context of personnel functions;

(*d*) Personalities in key positions at the Factory and the Head Office are the most crucial factors in the working of any personnel policy and relationship;

(*e*) Though accountability can be theoretically divided between the Functional Head and the Administrative Head in all staff advisory functions, the Personnel Officer in practice is directly responsible to the Factory Head for the discharge of all his duties in most cases. Hence, for all practical purposes duality of accountability does not exist. In some instances, where the Factory Personnel Officer is responsible to the Chief of Personnel, he is required to advise the Factory Manager entirely according to the advice tendered by the Head Office Personnel Manager. This has become an acceptable pattern of action for both the Factory Manager and the Personnel Officer.

8 *Personnel Selection: A Scientific Approach**

K. N. SHARMA

THE primary purpose of personnel selection is to predict, from a field of applicants, that person who will be suitable and most successful in a particular post. Accurate prediction results in benefits to both the employer and the applicant and it is only in recent years that the leading executives are becoming increasingly aware of the qualitative importance of the workers in their organisations. The present industrial executive knows that despite the use of all the impressive machinery and complex mechanical processes of modern industry, there can be no successful business without effective team-work among human beings. And this, in turn, depends on efficient personnel selection.

Until recently, such incredible standards as these have been in use: a person whose eyes are set close together is supposed to be dishonest; a limp handshake is supposed to indicate weak character; a square jaw supposedly indicates a strong character; tall and vigorous men are supposed to be better salesmen because they are impressive and no one under six feet in height can ever be a salesman; a receding chin supposedly indicates lack of sales aggression; blond men are supposed to be sissies; women who go without stockings in the summertime and the girls who roll their hose are supposedly immoral; blondes are not trustworthy; no one who has been on relief is honest; but wives of Bible students can always be trusted; only blue-eyed men should be employed, since brown-eyed men

*From *Indian Management*, November-December, 1962. Used by permission.

are only suitable for love making and playing the guitar and so on.

New Trends

Since there is no scientific evidence to support any of these notions, most enlightened executives will agree that there can be no place for such criteria in a sound employee selection programme.

It was the First World War which ushered in the new trend in personnel selection, when extensive use was made of the scientific methods of personnel selection developed by the psychologists. These methods were improved upon and applied to the problems of educational, industrial and governmental personnel selection during the inter-war period and were utilized in comprehensive testing of military personnel in the Second World War. Now these methods have become standardized and can be adapted for a variety of selection programmes. These methods integrate traditional procedures with new techniques. They provide more information about the candidate than the traditional methods and in these methods the reliability and validity of information can be assessed.

The importance of psychology and the role played by psychologists can hardly be overemphasized in any personnel selection programme. Psychology, as the scientific study of human behaviour, seeks through objective methods to understand, explain and predict human behaviour. Individuals differ too widely in their tastes, talents and temperament to be readily amenable to scientific analysis and control.

As each one is usually convinced that he knows what is best for himself and his neighbours, he resents being studied and classified by psychologists. He fears that this involves forfeiting his individuality and freedom of choice by an army of scientific experts. This suspicion, however, is hardly warranted as the psychologist admits more readily than does the opinionated layman, that he is not omniscient about human nature and prefers not to pronounce definite decisions except in those rare instances, where he has strong scientific proof of their validity. A good psychologist recognizes and allows as much scope as possible for individuality. He never willingly

dictates a course of action, but attempts rather to classify the situation confronting the individual, and to draw attention to all the relevant factors, so that the individual may himself arrive at a wise and satisfying solution.

As personnel selection involves an examination of the temperament, talents, tastes—in short, the behaviour as a whole—the psychologist with his specialised knowledge and his experience in the field of prediction of human behaviour will undoubtedly achieve better accuracy than others in taking decisions for choosing an employee for a job suitable to his abilities, aptitudes, and other personality characteristics.

Scientific Approach

The selection methods developed by the psychologists aim at the correct evaluation of the relationships between a large number of factors in both the applicant and the job. Vocational success is not merely determined by having the right amount of intelligence, the right aptitudes and skills, or by having or not having such complicated personality factors as introversion, extroversion, dominance, and submission. Job success is the result of many highly complex relationships involving the individuals, his associates, his superiors, the job and the working conditions. To evaluate correctly the interplay of all these factors, the personnel selection programme has to be based upon certain guiding principles keeping in view the benefits for both the employer and employee.

The design of selection procedure must be tempered by considerations of economy of time, labour, and capital expenditure. This cost should balance against the cost of faulty selection resulting from an inefficient, inadequate labour force. Higher initial outlays for selection purposes are suitable where chosen applicants undergo extensive training, receive relatively high salaries for the period when they cannot contribute effectively to production, and whose inefficiency affects the work of a large subsidiary work force. Lower cost of selection programme is called for where the training period is short, the salary relatively low, the inefficiency does not affect the work of others, and where there is no very great difficulty in replacing failures in selection.

Other things which should be taken into consideration

before setting up this programme, are determining the qualifications and the skills required for performing the job. The personnel manager must draw upon previous research to determine what would be the most appropriate method to obtain the desired information. In some cases the previous research reports may not give any indication in this respect but definitely the information contained therein will be of immense value to the personnel manager for modifying the methods and also in devising new methods.

Continued research is necessary to appraise the quality of the selection procedures. Operational features of the programmes, which must be designed beforehand for its efficient functioning include designing, developing, reproducing of the test material, handling, administering (controlled standard conditions of test administration and collection of materials), scoring (standard and reliable) of the tests as well as reporting of the test results and other relative information to employer. These features should be taken into consideration for their service as well as research value.

It should also be borne in mind that the statistical analysis is useful to the employer and should provide the basis for research. As the scores on these tests may vary in numerical range, mean and standard deviation, standardization of the scores is essential. This may be done by converting each score into an index of person's standing in relation to the remainder of the group tested with him. This index, popularly known as standard score, is of immediate value to the employer as it can be readily drawn upon for selection of employees.

For research purposes and continued appraisal of the selection programme further statistical analysis will, of course, be required. The reliability of the methods, the relationships among the tests and the validity of the methods must be determined in order to improve selection methods to be more useful in future.

Designing a Selection Programme

The following seven steps are necessary for building up a sound personnel selection programme.

Developing Hiring Specifications: To obtain all important facts concerning the requirements of the jobs to be filled and the

conditions under which they are to be performed, a thorough job analysis should be undertaken. The results of the job analysis will indicate the exact nature of the characteristics required to do a particular job and will provide the basis for the inclusion of certain tests in the selection programme.

Job analysis can be done by two methods: (*a*) A step-by-step job description by a number of representative employees performing the same job; (*b*) on-the-spot observation of the job by an expert, i.e., a job analyst. By a careful comparison of the written specifications and the findings of on-the-spot observation an accurate estimate of the characteristics required can be made.

Recruiting: To bring in an adequate flow of qualified applicants in terms of the required characteristics determined by job analysis and to make the selection truly discriminating it is essential to trace all the sources of supply of the workers. Sources may include the same organisation, unsolicited applicants, recommendations from other places, everyday personal contacts, newspaper advertising, employment exchanges, service bureaus, etc. Both quantity and quality of the applicants are important.

A good recruiting programme not only brings more applicants, but it also means that they are more likely to be accepted as employees. Sometimes to obtain enough qualified help it is necessary to attract people from the job on which they are already working.

No single technique is effective at all times, under all circumstances and for all organisations. It should always be kept in mind that the recruiting programme should be a continuous activity and should not be stopped once a particular vacancy is filled. It is always better to taper off gradually the recruiting programme as vacancies are filled than to bring a big campaign to a sudden end.

Screening: Generally two methods are in use for screening the applicants. According to the first method, the personnel manager or his assistant reads the applications and selects those which seem to be acceptable for the personal interview. According to the second method, a list showing the qualifications and experience of the applicants is prepared and this list is reviewed by the personnel manager himself.

Both the methods are defective as they lack objectivity and quantitative standards. To meet this twin requirement of objectivity and quantitative standard, a quantitative rating method can be developed according to the requirements of a job. In this method each letter of application will receive a numerical rating which will provide an index of the suitability of the applicant and a quantitative standard which permits ready comparison of the applicants. The rating of letters is done by two assistants following a prescribed set of rules separately without consulting each other. This procedure saves the time of the personnel manager and includes a check on the accuracy of the rating as well as on favouritism and other sources of errors. The effectiveness of this method has been tested in industrial situations.

Testing: To obtain objective information on what the candidates can do, testing is very important. To get an accurate estimate of the applicant's over-all personality, the tests of mental ability, alertness or intelligence; proficiencies, skills and job information; aptitude; vocational interest; personality or temperament should necessarily be administered. The main advantages of these tests are that they are objective, every applicant is given identical tasks, the conditions of administration are kept uniform, the possibility of bias or prejudices in their interpretation is minimized, they provide a relatively quick and precise measurement of such qualifications as intelligence, proficiencies, and certain aptitudes which cannot be as reliably measured by other means.

Checking the Applicant's Previous Employment and Academic Records: To obtain further information about the candidate's Can-Do qualifications as well as to find clues to what he will do, verifications of the information given by the applicant about his experience is necessary. It is also useful to check his academic records in comparison with his performance on the tests. To check this information 'To Whom It May Concern Letters', Personal References, School and College Testimonials, Service Discharge Papers, Credit Reports, Fingerprints and Check-ups with previous employers may be useful.

Interviewing: To obtain comprehensive yet detailed information necessary to round off the findings from other sources,

patterned interviewing is essential. It can then be predicted what the candidate will do as well as what he can do. Until recently, an interview was the only method applied for personnel selection and at present also it is considered to be the most important step in the selection programme. Due to its primary position as a selection method, it is necessary to look more critically at the interview process and the nature of the data obtained.

In order to increase reliability and to decrease errors of judgement on the part of the interviewer, quantitative rating should be done. Quantitative rating forms meet this two-fold purpose because they provide a consistent frame of reference for the evaluation of the candidate and a standard marking scheme.

In an interview that most important part is played by the interviewer. The interviewer must have at least average mental ability, have poise and give the impression of maturity, have pleasing manners and a well-adjusted personality. He should be free from strong preconceptions, biases and prejudices. He must be able to be objective in his judgement of others. Interviewing, if done in its proper form, will definitely aid in making an accurate prediction about prospective employees.

Making the Final Rating: It is necessary to summarize the available facts about what the candidates can and will do, to predict his performance on the job and to match this prediction against the requirements of the job for which he is being considered. On the basis of this comparison, a final decision relative to the degree of the applicant's success can be expressed in over-all rating in terms like "outstanding", "well-qualified but not outstanding", "marginally qualified", "unqualified", etc.

Phased Selection

This programme has been used in an endless variety of situations in organisations of all sizes and types and has been found very useful. The stability, high morale, and co-operativeness of employees chosen by this programme can be predicted with considerable accuracy. More efficient use of the employee's potentialities can be made because his strength and limita-

tions are so precisely known. Employee's problems are easier to evaluate and rectify because of extensive understanding of the background. Customer and public relations are noticeably improved: carefully selected employees bring better service to customers, fewer arguments, greater efficiency, and in general more satisfactory relationship. Company savings from a more stable labour force and less turnover have been considerable. Improved selection can be an important source of company savings. This is one of the few areas in which significant cost reductions can still be made. For many companies such savings have actually meant the difference between profit and loss.

The utility of a sound personnel programme is beyond any doubt. The success of any business depends to a great extent on its employees who are recruited by the personnel department of the business concern. But it is very unfortunate that barring a few industrial concerns in India, most of the organisations do not have any personnel department. For those organisations which have their personnel departments it can be said that personnel managers are under obligations to others and the recruitment of workers, especially for higher jobs, is influenced by way of recommendations and similar other forces. Moreover, no check-up programme, which is so essential, is there in the personnel department.

Periodic check-ups are necessary to see that selection procedures effectively follow the standard pattern, to ensure that the proper forms are being used correctly, and are being fully answered, to ascertain whether the applications are being processed as speedily and thoroughly as possible, to see that interviewers are not permitting unconscious biases to creep into their evaluations, and to guarantee that some irrelevant factors are not getting the upper hand in the final judgement on applicants. Periodic check-ups will provide a measure of the effectiveness of the selection staff and the selection programme.

9 *Uses and Abuses of Psychological Tests*

K. K. ANAND

WITH the growing appreciation by the Indian industry of the contribution that modern management practices can make, more and more companies (particularly professionally managed and employing a large number of persons with diversified skills) are getting interested in psychological tests for help in personnel selection. Some companies have been so enthusiastic that they have already begun to use some foreign developed psychological tests. Though one may admire the readiness of such companies to experiment with newer techniques, one sometimes wonders whether their enthusiasm has not outstripped their understanding of the strengths and limitations of these techniques.

Attitudes towards psychological tests amongst educated persons, even in the United States where testing has achieved its greatest sophistication, range from unreasoned faith in their value to irrational hostility against their use. The fact that increasingly a large number of companies are using psychological tests (primarily in their selection programmes) and a number of books[1] critical of psychological tests have been published in recent years confirms the need for a discriminating appraisal of the promises and pitfalls of psychological tests.

The purpose of this article is to explain some important characteristics, types, sources and considerations in the interpretation of psychological tests. The article also discusses some common abuses of psychological tests in India with the hope that this discussion will help the companies make more discriminating use of them.

The Nature of Tests

Tests are designed to measure the extent to which human beings differ from one another along particular dimensions—intelligence, aptitudes, attainments or achievements, interests, personality attributes like social competence and self-confidence. They differ from other approaches to the evaluation of these dimensions in the systematic experimentation involved in their development. Test items (verbal, numerical, pictorial, etc.) are so designed that answers to them will give indications of the ability to be evaluated. The number of items (test length and duration) depends on the intended accuracy of evaluations. The items have a range of difficulty level, based on the percentage of candidates who can correctly answer them. Naturally the scores obtained by those who take a test will depend upon the difficulty level of its items. The difficulty level is based on administration of a test to a group of persons resembling the groups to be tested later. An item has also to justify itself for inclusion in a test on the basis of its capacity to differentiate between persons with different levels of ability intended to be measured. The laborious and the systematic process of test development is called "standardisation". There are two concepts—"reliability" and "validity" —which are frequently used in standardisation, and we will briefly examine them.

Reliability of a Test

Reliability refers to the consistency with which a test measures, regardless of what it measures. Suppose a person is tested twice, would he get the same scores? Probably not and the question is, how close is his score on the second testing to the score on the first testing? The best way to determine the reliability is to administer two similar tests to a group or to administer a test at two different times to the same group. Often this is not possible. Therefore, statistical methods have been developed to estimate the reliability of the test from the relationship between performance on different items of the same test. No test has perfect reliability. Research has proved that usual interview assessments and essay-type written examination have low reliability (the self-confidence of the interviewer or evaluator of written examination is deceiving).

"The fact is that there is no way to measure complex human behaviour with a high degree of precision. Yet one must do the best one can using the best tools available."[2]

Validity of a Test

The term validity refers to the question whether the test really measures what it is supposed to measure. Many tests, unfortunately, do not measure what their titles sugsest. There are instances where the test instead of measuring the attribute specified by the title ends up measuring only the testees' comprehension of test instructions. Also what a test may help measure with one group of persons, it may fail to do with other groups differing in some essential manner (age, education, cultural background, etc.). Therefore, one must demand evidence about a test's validity. To determine validity of test scores, we need some independent assessment of the ability which the test is supposed to measure. For example, for validation of an aptitude test in flying, one may use the performance during training for flying. A good criterion against which to test the test is often hard to find.

Types and Sources of Tests

Attainment or achievement, intelligence or general mental ability, scholastic or academic and other aptitudes, personality, interest inventories, etc., are the major types of tests. Attainment or achievement tests measure knowledge and understanding of different subjects. The traditional type of examination is an achievement test, but objective achievement tests are superior in reliability, validity and efficiency of administration and marking. Intelligence, general ability, scholastic or academic aptitude tests are often very similar and most frequently used instruments. The items of these tests are designed to assess the examinee's capacity to grasp quickly and reason logically. The tests of this type are most well developed and show consistently high reliability and validity. Aptitude tests (music, language, flying, etc.) attempt to predict performance, before a person has embarked on a particular course of study or training. Interest inventories are not "tests" in the sense that there are no "right" or "wrong" answers. Some interest inventories measure relative interests in various general fields

(mechanical, economic, aesthetic, religious, etc.), whereas others match the individual pattern of interests with those of successful people in various occupations. Interest inventories do not measure abilities or aptitudes, and in selection decisions on all the three aspects (interests, abilities, and aptitudes) have to be considered. Personality tests of sociability, emotional maturity etc., are of objectively scorable and "projective" types. In the objectively scorable types of tests—sometimes called personality inventories—the examinee is generally instructed to mark one of the many alternative answers given for each item, e.g. When do you feel most comfortable?

*all by yourself
*in the company of a few people
*in large groups

One of the early criticisms of these tests was their easy fakability. However, subsequently many techniques (forced choice between seemingly equally attractive alternatives, lie score, etc.) were developed to overcome this shortcoming. The underlying principle of the projective tests is that in responses to ambiguous stimuli (vague looking pictures, inkblots, incomplete sentences, etc.) the testee's own needs, attitudes, wishes, worries, etc., are reflected. Since the examinee cannot make out as to what is the accurate response to a specific item it is claimed that he unwittingly reveals his more basic and real predispositions. Because of the complexity of personality traits, the reliability and validity of personality tests are usually lower than those of the other tests; this is so because the personality tests are much more difficult to interpret than other types of tests.

Some of these tests (achievement, scholastic, or academic aptitude, etc.) can be used by any educated person who is willing to follow the test publisher's guidelines for administration and interpretation of tests. The intelligence tests can often be administered by non-specialists but should be interpreted only by someone who has received specialised training. Personality tests should be both used and interpreted only by well-trained and experienced psychologists. Even a Master's degree in psychology is not adequate for this purpose. Much damage

can result when personality tests are misused, even if this is done quite innocently.

The Mental Measurement Handbook for India[3] gives information about available Indian-made tests, their sources, and prices. Often it is better to use tests standardised in India. However, many foreign tests are also useful in India, particularly those in which linguistic and cultural factors are at a minimum. Usually a great deal more time, effort, and money has been put into preparing them than is generally possible with Indian made tests. However, foreign tests should not be bought or used uncritically. It is useful to consult Buros' *Mental Measurement Year Book*[4] in this connection. The book contains objective and critical reviews of all commercially available tests in English language. Buros, of course reviews them for use in America and England but not in India. Foreign norms of the tests should practically never be used. It is essential to develop "local" norms or better use Indian made or adapted tests.

Interpretation of Tests

To be able to interpret the results of any test, one needs two types of tables—table of "norms" and an "expectancy" table.

There are no arbitrary standards in psychological test scores. An individual's score is meaningful only in relation to some specified group. One wants to know where he stands in relation to others in an appropriate category. Thus, it is important in choosing and using a test to have adequate and appropriate norms. Norms should be based on groups similar to the one on whom one is applying the test. Often the norms based on an appropriate category are not readily available and one has no choice but to construct one's own or "local" norms.[5]

An "expectancy table" shows what to expect of a person obtaining certain scores on the test in future. It is based on an experience with similar persons in the past. For example, an expectancy table could be constructed showing the relationship between the scores on a flying aptitude test and the time subsequently taken to obtain a flying licence. For the preparation of expectancy tables to check the validity of tests, a systematic follow-up of the selected personnel is essential.[6]

The Selection Risks

There are two kinds of risks in any selection procedure: (a) the risk of selecting persons who will not perform well on the jobs and (b) the risk of rejecting candidates who would have done well on the jobs, if selected. Balancing the two is a difficult thing and depends upon the level of validity of the selection tests, the number of positions to be filled, the size of the applicants' pool, the training and other costs of those who fail *vs.* those of rejecting a potential success. Expectancy tables provide a realistic basis for balancing selection risks.

Tests—All by Themselves

In spite of considerable care in the development of psychological tests, judged against a standard of *perfect prediction* of subsequent performance, the tests do not fare well (though they often show up better than most other prediction methods). Therefore, any one using the tests for prediction should be prepared for many disappointments. In making selection decisions, due to imperfect reliability and validity of testing methods, one is well advised to use all the information that is available about the applicant. No single type of information, whether it be psychological tests, examination marks, interview impressions, or whatever, is ever really adequate alone. It is only after one considers many different kinds of information and consistencies and discrepancies among them, that one can do justice to the extreme complexity of any single human being. Standardised tests when competently used can certainly help in improving accuracy of predictions but it is naive to depend upon them all by themselves.

Some Common Abuses of Tests

After having discussed briefly the nature and types of tests, their sources, the guidelines for their interpretation, it may be useful to take note of some of the common abuses of tests in India.

The most common abuse is the use of foreign tests (mostly from England and America) without their suitable adaptation and "local" norms. A number of companies are using some tests of intelligence as a part of their selection procedures and interpret their scores arbitrarily and subjectively.

Some of the companies have been using these tests for years but have not done even the minimum analysis required for the preparation of "local" norms. One finds the same sorry state of affairs in terms of the "validation" of the tests. Validation requires systematic collection of follow-up data regarding the performance of the selected personnel during training or on jobs and can often be done without too much extra cost. One does not find any empirical evidence of the validity of tests (expectancy tables) even in organisations which have been using tests for many years.

Another common abuse is regarding the personality tests. There are companies in India who have been persuaded by some "smart" personnel managers or private consultants to use "projective" tests (requiring completion of sentences, writing of stories about pictures, or first thoughts about certain words by candidates, etc.). It is not that these projective methods cannot be useful aids in personality assessment in a selection situation but their usefulness depends upon the extent of systematic analysis of the responses of a large number of candidates and expertise in their interpretation. Rarely does one find amongst the smart personnel managers or consultants the desire for any attempt at analysis of test responses and the necessary expertise to do so. Sometimes one wonders if they are any better than suave quacks. Many of the consultant companies using or advising the use of psychological tests for selection in India have limited staff with inadequate professional training in psychological testing. They neither have the expertise nor the time and resources for the essential action-oriented research required for developing new or adapting foreign tests for use in India. Fortunately we have in India some national institutions,[7] in addition to some of the university departments of psychology and education, where the expertise for such problem solving applied research exists. It is highly desirable that companies turn to such institutions for advice regarding the use of tests and also, either individually or jointly, support the necessary scientific research.

The process of selecting personnel for which the psychological tests are generally used is a combination of science, art, and hunch and is likely to remain so. The entire purpose of standardised psychological tests is to make the art more skil-

ful and the hunches less necessary through the application of science.

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10 *Employee Selection*

R. SINHA

THE object of any programme of selection of employees is to find out the most suitable person for a particular job. In other words, it involves the process of matching the qualifications and/or experience of the persons selected with the requirements of the jobs. Since it is difficult to get persons and more so in the under-developed or developing countries who have the qualifications and experience to perform all the complex and especially highly skilled and managerial jobs in administration, business or industry, selection is made of young recruits who have potentialities for development and who, with training and experience, can be developed for doing the highly skilled and managerial jobs. This is applicable to a much greater degree to a developing country like ours where highly skilled and managerial personnel are scarce commodities.

The first stage in this process is to assess the manpower requirements in the context of the programme of economic development and determine their availability within the country. The importance of manpower requirements and manpower planning has been recognised in our Third Plan documents, and in the chapter dealing with personnel requirements and training programmes it has been mentioned that, of all the resources for development, perhaps the most fundamental at present is the trained manpower recruitments of personnel in various fields—administration, industry, technical etc., have been assessed and adequate training programmes for them have been suggested. These estimates, however, are not, in many cases, based on very accurate statistical information. The Third Plan documents itself recog-

nised that the personnel requirements for each field have to be assessed more carefully and over a long period and, for this purpose, there is need for improved statistical information and development of techniques for manpower assessment.

Any programme of selection of employees has to take note of inadequacy of statistical information and absence of sufficiently exhaustive information of even the scarce highly skilled and managerial personnel which are available in the country. In this connection, mention may be made of the fact that when decisions were taken in the Second Five Year Plan to set up three integrated Steel Plants in the Public Sector, no adequate data were available to indicate from which sources the highly skilled and managerial personnel required to operate these plants in a very large number would be forthcoming. Except for a few senior and middle grade engineers and technicians which were made available by the existing Steel Plants in the Private Sector, the three Steel Plants had to recruit fresh engineering graduates, diploma holders, fresh matriculates and boys trained in technical schools and a few personnel with some experience in other industries, and train them for highly skilled and managerial jobs in the Steel Plants. In the absence of an adequate number of skilled Indian personnel, foreign personnel had to be engaged for manning many key positions.

Greater awareness is, however, now evident in assessing manpower requirements of the development programmes envisaged in the fourth and succeeding Plans and steps are now being taken to augment the supply of trained manpower.

As already mentioned above, it is in this context that the programme for the selection of employees for any industry or business or administration has to be drawn up. Since personnel with adequate training and experience are not available, young persons who have come out from the technical institutions, craftsmen Training Centres, colleges and schools have to be recruited, trained and developed. Since this has been the main source of recruitment for big undertakings in the public sector set up in the Second and Third Five Year Plans, I shall devote greater attention in this paper to recruitment of this level and only briefly discuss the question of the selection of experienced personnel.

Having determined the manpower requirements of a Plant or industry, the next step is to draw up a phased programme for recruitment and training. This phasing has to be related to the phasing of construction, commissioning and operation of the various units of a Plant like integrated Steel works. This phasing of recruitment has to be done also keeping in view the fact that if recruitment of a large number of personnel is spread over a number of years, the best available personnel are likely to be available for recruitment every year. There have been instances of heavy recruitment in particular undertakings over a short period followed by no recruitment or very little recruitment in the succeeding years with the result that persons who are not up to the mark have had to be recruited and persons of better calibre who were available in the succeeding years did not get opportunities for being considered for selection. Adequate attention does not appear to have been paid to this aspect in the past. Schedules of construction and commissioning are now being drawn up with greater care. Proper phasing of recruitment programmes should be drawn up in line with the same and with great care.

After the manpower requirements are assessed and recruitment programmes are phased, the third stage is to locate the sources from where the personnel required will be available. If an undertaking is looking for engineering graduates, the obvious sources of recruitment are engineering colleges/institutions. If any industry is looking for recruitment of fresh graduates in humanities for non-technical branches, these graduates have to come from Colleges/Universities conducting courses in humanities and sciences. In developed countries, many industries and business concerns go to institutions directly and interview the students completing their final course studies for selection or request the heads of the institutions to recommend suitable candidates from amongst whom they can select. Even in this country, some private concerns go to well-known engineering institutions to select candidates required by them. Big undertakings, especially public undertakings, however, cannot, at present, recruit by these methods because:

*the requirements in particular undertakings are so large

that any one or even a small group of institutions will not be able to meet them;

*if selection has to be made of the best personnel available in the country, the whole country and not only a few institutions, has to be the source of recuritment, and

*it is the expectation of every qualified citizen that in the services of the Government and the public undertakings, he should get an equal opportunity to compete for higher positions with other candidates irrespective of the location of the industry.

It is possible that if all regions are properly developed and industries are dispersed, there may be co-operative programmes between industries and the institutions located in the same region. Till then the whole country has to be regarded as the source of recruitment of at least the higher supervisory and managerial personnel for public sector undertakings.

With this object in view, almost all the public sector undertakings issue advertisements inviting applications in important newspapers of the country. Bigger undertakings in the private sector also invite applications in the same manner. In addition, some undertakings get in touch with the heads of the technical institutions and send to them application forms for getting them filled in by those candidates of their institutions who want to be considered for jobs in those undertakings.

The object of getting application forms filled in is to secure all the relevant facts about the candidates. The advertisements inviting applications or the points of information to be sent to the candidates before they fill in applications broadly but clearly specify the jobs for which applications are invited. These should broadly indicate the nature of the job, broad responsibilities, educational, technical and professional qualifications and the quantum of experience and the lien in which the experience is required. The salary range and the amount of actual salary which may be offered should also preferably be contained in the advertisement. If the job requirements and the qualifications and experience required from the candidates are properly indicated, the number of candidates will be limited to those candidates only who possess these qualifications or feel that they possess them. There may be a few applica-

tions from candidates who do not possess the qualifications and experience required but the number of such candidates will not be much.

As the purpose of getting detailed information in the application forms is to know all relevant facts and data about the intending candidates, the application forms have to be so devised as to help the screening authority in selecting the *prime facie* suitable candidates for interview.

So far as screening is concerned, the practice is that there should be at least more than one person to screen the applications. Usually more than one person are associated with the screening of the applications and very often the personnel department as well as the department for which the recruitment has to be made—both are associated with the screening of the applications.

In the case of candidates for positions of the lowest entry level, say, for example, positions of Graduate Engineers or apprentices, screening authorities have to decide what standard they should adopt for calling the candidates for interview. For example, in the case of the requirement of Graduate Engineers or Junior Officers (non-technical), a large number of candidates apply and it is not possible to interview all of them. A decision has, therefore, to be taken which candidates should be selected for interview and which ones should be weeded out. Written tests have been so far the most satisfactory method of selecting the suitable candidates for interview in cases where a large number of candidates apply for recruitment to the lowest cadre of positions. This is the practice adopted for recruitment to higher cadres of administrative services in the country as well as for the recruitment of engineering cadre of the Central Government. This system has been adopted by some of the public undertakings like the Hindustan Steel Limited and the Life Insurance Corporation for selecting trainees for non-technical branches. The system of written tests has not, however, been adopted for recruitment to engineering and technical cadres mainly because demand for engineering graduates in the initial stages has been high and each big undertaking wants to complete recruitment of good engineering graduates as quickly as possible. In view of the varying standard of marking and classification of division

and classes in different Universities and Institutions in the country, the selection of candidates with engineering degrees and diplomas for interview is rather a difficult task. Experience alone can be a guide in such selections.

So far as the selection of candidates who are required to possess experience in addition to educational and professional qualifications for interview is concerned, the selection for interview has to be made with reference to job requirements, qualifications and experience indicated in the advertisements of letters inviting applications. In developed countries systems have been evolved whereby checks can be made by correspondence or telephone about the antecedents and performances of the candidates in their previous employments. No such system has been developed in this country and it is difficult to get adequate information about the antecedents and performance of the candidates in their previous employment. In fact, sometimes the certificates given by the previous employers do not indicate the correct position because some employers who want to dispense with the services of a particular employee give him a good certificate if he quits them voluntarily. In the circumstances it is difficult to get adequate information about the antecedents and performance of the candidates in their previous employment for the purposes of weeding out unsuitable ones. This system will, however, have to be adopted with greater development of the country and with the greater scope of mobility of personnel from one industry to another.

After candidates are selected for interview on the basis of primary screening and/or on the basis of a written examination, they have to appear before a Selection Committee. Usually the Selection Committee includes a senior person of the department in which the candidates are to be employed, an officer of the Personnel Department and one or more other experts. These experts may be internal or external.

It is not necessary for me to go into the details of the techniques of interview which have been discussed in so many books. I may, however, mention here that the purpose of interview should be to find out what the candidate knows and not to display the knowledge of the members of the Selection Committee and to show to the candidate that he does not know

many things. If a candidate is being interviewed for the position of Graduate Engineer to be trained in an industry or for the post of a Junior Officer in a non-technical branch, the Selection Committee has to find out whether the candidate has got the potentialities of development, is mentally alert; understands the fundamentals of the subjects he has studied; can apply his mind in a disciplined manner to the solution of the problems related to what he has studied; has acted as a leader in any field (games, sports, college associations), can be expected to take the initiative and keeps his eyes and ears open with a view to knowing what goes on around him. If the job for which the candidate is being interviewed requires experience besides educational and professional qualifications, the candidate has necessarily to be questioned on the technical and other aspects of the jobs he has done previously, authority and powers he has exercised and how he exercised them and the human relationships he had with his superiors, with his colleagues and with the employees working under him. If any candidate who is being interviewed is already an employee of the undertaking concerned, the records of his performance including the confidential reports of his superior officers will be available to the Selection Committee and if these reports indicate any defects, the Selection Committee will try to question the candidate about them without indicating the contents of the confidential reports.

It is said that it is not possible for a Selection Committee to find out the suitability of the candidates for the jobs for which they are interviewed within a short period of 15 minutes or so. It has, therefore, been suggested that the candidates should be interviewed and observed for longer periods of two to three days and the members of the Selection Committee should, as is done in the selection of officer cadets in the army and in some business concerns, spend at least two/three days with the candidates and watch them very closely and subject them to various tests before selection. There is no doubt that there are advantages in the system as the Selection Committee will know more about the candidates if the members of the Selection Committee have the opportunity of watching the candidates more closely and subjecting them to various suitable tests. It is, however, not possible to adopt this system where

selection on a large scale has to be made over a short period.

Sometimes psychologists are associated with the selection of officer cadres. The psychologists have almost a veto and if the psychologist declares a candidate unsuitable from the psychological point of view, he is rejected. Psychology and psycho-analysis are not perfect sciences and psychological tests are not always very good guides for selection or rejection. Psychological and other tests may, at best, be a guide to indicate the aptitude of candidates particularly at the lower level but it is difficult to adopt them as the standards for selection.

It has also been suggested that instead of the candidates being interviewed individually, they should be interviewed in groups—particularly for the selection of the executives. This enables the candidates with the potentialities of leadership to take leadership of the group and conduct discussions under his leadership. There is, however, a danger that the candidates of aggressive nature may try to take the leadership of the group and not allow real leaders but otherwise sober candidates to come forward. This system may, however, be combined with the system of interview of the individual candidates.

Yet another method of interview that has been suggested is that instead of three or four members of the Selection Committee interviewing a candidate, the candidate should be interviewed separately by each member. Each member will then make his separate assessment and the members of the Selection Committee will jointly meet and make final selections. This is, however, time-consuming and, it will not be possible to adopt it where large selections have to be made. Also the results of the selections made by the Selection Committee by interviewing jointly are not likely to be very different from the results of selections made after interviews of the candidates by all the members of the Selection Committee separately.

Whatever techniques or methods of interview or selection are adopted, the results of selection will depend upon the calibre and the attitude of the members of the Selection Committee. It is necessary that those in charge of selection should not be influenced by the subjective considerations and should be objective. The constitution of the Selection Committee is, therefore, of very great importance.

A problem that has been faced by all important public undertakings and probably also by some of the important private undertakings is the scramble for good products of the Universities. Good engineering graduates get offers of appointment from a number of public and private undertakings with the result that the recruitment programmes drawn up are dislocated and when the candidate selected refuses the offer made by one or more undertakings because he has joined some other undertaking, a second selection has to be made or candidates kept on the reserve list are offered appointments. Suggestions have been made that in order to rationalise the recruitment and equitably distribute the available technical personnel, recruitment of at least important public undertakings should be centralised. A serious objection to this proposal is the delay that is likely to occur in recruitment by a central agency. This was the main reason why the public undertakings have been given autonomy in the matter of recruitment and are not required to approach or consult the Union Public Service Commission.

It will, however, be worthwhile examining whether a group of public undertakings located in one region should work together to have a joint programme of recruitment for executives.

One of the important public undertakings has introduced a programme of selection of students studying engineering and technology and trains them under close supervision of Plant authorities during vacation periods. The idea is to find out how the students are shaping during the training programmes. On the basis of their performance during the period of training, final selection will be made for executive positions. This will have the advantage to the students of knowing their future employers and the employers assessing the capability and potentialities of the students under close supervision.

I have discussed in this paper mainly the question of the selection of the employees of the executive cadre at the entry level. These executives have to develop for higher responsible positions within the concern and except in the initial stages of a Project, direct entry at the higher level will be confined to only a few cases in which it has not been possible to develop the employees of the concern. So far as the selection of the

employees at the lower levels is concerned, many of the considerations mentioned in this paper will apply.

In conclusion, it may be mentioned that the selection of employees in under-developed or developing countries involves many considerations not applicable to the selection processes in the developed countries in which skilled and unskilled managerial personnel are available in adequate numbers and are more mobile. Moreover, statistical information and data are not adequate in under-developed or developing countries. There is no doubt that processes of selection developed in industrialised countries will be helpful but we have also to take into consideration the existing situation and develop our own procedure and techniques or modify the processes and techniques developed in those countries to suit our requirements.

11 *Induction in Industry*

R. P. BILLIMORIA

MAN resists change. From an individual in a social surrounding to a worker in a work-unit is a very significant change. Shifting from one work-unit to another is also a significant change. The environmental changes create stresses and strains in the mind of the worker, and affect his capacity for work.

Induction is a technique by which a new employee is rehabilitated into the changed surroundings and introduced to the practices, policies and purpose of the organisation.

Need for Induction

Employers and trade unions are so preoccupied in bargaining over wages, bonuses and working conditions that they have tended to overlook the importance of "winning over and putting at ease" the new employee.

As can be seen from the definition, induction has two purposes in view:

> adjusting the man in his new surroundings, and introducing him to the rules, regulations and supervisors; and
> acquainting him with the object of the existence of the company.[1]

The first part sets at ease the mental stress and strain caused by mere change in physical environment and thus permits the man to concentrate his mental and physical energies on the proper execution of his tasks; he is also given information which helps him in his day-to-day work.

The second is equally important. The main purpose of work is to bring satisfaction to the producer as well as to those

who use his goods and services. Induction is a link between the individual as a producer of goods and the same person outside his duty hours as a citizen in a society-unit. By explaining to the individual his place in the organisation, the importance of his work in relation to the finished products, and of the finished products to the national economy, we create a feeling of camaraderie among the employees, thus encouraging a sense of 'belonging' to the concern.

Induction has a greater significance in a developing country like India, where the percentage of illiteracy is very high. The new worker finds himself completely at sea when, by force of circumstances, he has to shift from rural surroundings into an industrial unit. It is no use trying to push a hand-book of codified rules and regulations into his hands and expecting him to turn out into a loyal and efficient employee. He needs a short and simple induction programme conducted by some one who speaks his own language. This will go a long way in reducing turnover and, above all, in preventing a worker from the likelihood of falling prey to subversive elements which thrive on creating labour unrest by misrepresenting employers to illiterate employees.

Experience confirms that even a very short induction course conducted by inexperienced hands is better than no induction at all, and we do not have to wait for an array of experts to make a beginning. An induction programme should be built to suit local conditions, without being unduly trammelled by precedent or tradition.

Prerequisites of Induction

It is no use introducing an induction programme until certain conditions are satisfied.

Firstly, there should be an awareness on the part of the employer of the need for introducing such a programme. This immediately poses the question: Has an induction programme proved to have increased efficiency and productivity and furthered the cause of industrial peace?

Secondly, there should be an agency for administering the programme. Should the Personnel Department handle induction in co-ordination with the production staff? On the other hand, it may be argued that supervisory staff like foremen

and assistant foremen could easily handle this work without the personnel expert stepping in.

Last, but not the least, an enlightened employer giving the minimum amenities and facilities in a very broad sense, is the *sine qua non* of introducing an induction programme. State legislation and pressures from organised labour have improved conditions quite measurably during the last decade, but there is no gainsaying the fact that factories still exist in India, where conditions of work are deplorable, and where men are still willing to work only because of abject poverty and the fear of unemployment. Pressure from labour organisations is negligible either because of the labour being migratory (thus resulting in a very high turnover) or because of a number of mushroom rival trade unions working in a restricted area and dissipating their energies, more in fighting against each other than in winning better conditions for the workers. The aim of the employer in such cases is to make money as fast as possible and get out before the State intervenes. Thinking of an induction programme in such environments would be sheer mockery of the technique.

A Case History

Before we work on the details of an induction programme it would be interesting to study the impact of fresh employment on a new employee, in the absence of induction.

The person, whom we shall call Govind, graduated in Science at the age of 20 and took up employment in a workshop as a probationer, in a large manufacturing firm. The locale of his work was over a thousand miles from his home and he was in social contact with people with different customs and speaking a different language. The record of the first day at work as entered in his personal diary makes interesting reading. (Although a science graduate, he had made a study of psychology in college and always showed great interest in the study of human behaviour. This accounts for the readings in his personal diary and his well-intentioned though clumsy efforts in helping other employees during the earlier years of his employment.) The diary is quoted below in full as its contents are to be analysed later:

"Am completely at sea. Was told to obey orders of first

hand and second hand at furnaces. Allotted to Fce. No. 1 under Mr. F. at 7 a.m. Carried chits to and fro till 10 a.m. Rudely ticked off for not being quick. I could not help it because I have not the foggiest idea of the layout of the place. The bomb shell fell when I asked Mr. F. regarding the chemical reactions in the furnaces and what he thought about the prospects of success of manufacturing acid steel by a certain patented process. For over an hour I was lectured on the inadvisability of employing graduates who did nothing more than 'put their hands in their pockets and showing off' and how he, Mr. F., made a thundering success of his career and should have been the superintendent of the Shop but for prejudice on the part of Management. Thereafter, I was made to do a bit of shovelling and removing samples of metal from the molten metal batch. The heat was terrific while doing this work near furnace doors. The outside temperature between 4 and 6 ft. beyond furnace doors was about 55°C! (130°F). Dare not ask Mr. F. lest I get another snubbing.

"Felt very hungry about midday and asked Mr. F. if he would kindly guide me to the canteen and spare me from work for a bite of lunch. He said it was 'just round the corner' and that he would allow me not more than half an hour. Took me about ten minutes to find a place to clean myself. Went right round the shop but found no canteen. Time was nearly up but asked a worker for future guidance. Canteen is across the road behind the mills. Why can't they put up a sign or ask someone to guide newcomers?

"In the afternoon was introduced to the 'back' of the furnace and the tap-hole. Felt very giddy on the tap-hole platform with molten slag sizzling down below. Rushed off in time. Was told I was too soft for the job. Am determined to persevere. Or am I being impractical and obstinate? Maybe, they are right. There was no reason for me to feel that enervated in the afternoon. Perhaps I am really not built strong enough for the job. Consulted cousin 'S' who very sweetly explained to me that every newcomer feels the same on the first day and I should not worry. I wish someone in the shop said that to me, then I really would not worry."

This page from the diary makes very interesting reading in that it gives an impression of what passes in the mind of a

mentally and physically normal employee on the first day of his work. The phrase 'mentally and physically normal employee' as against 'average employee' is used because the 'average employee' in India would be illiterate. The reaction of the illiterate employee would be far worse and can well be imagined. We call Govind mentally normal. If the notes in his diary are to be utilised for drawing certain conclusions in this article, this statement cannot be accepted at its face value. For example, if he had neurotic tendencies, he would no longer be 'mentally normal' and his reaction to a set of circumstances would no longer be considered as conforming to the normal pattern. The reader may be assured that Govind had been psychologically tested in another context and the official stamp of lack of any neurotic tendency was given.

This gives us a clear picture of the reactions of a mentally and physically normal literate young man who has been literally thrown into his first day's employment without any introductions. He starts off work full of confidence in himself. Because of the completely alien surroundings and the attitude of some of his colleagues, he ends up the day in spite of his best efforts, completely losing faith in himself and not knowing what to do next. There is little doubt that for a long time to come, he will identify management with some of the coarse treatment he received during the day.

In order to avoid such situations the following short induction programme is suggested:

Employment Interview

Technically, induction is supposed to begin after an individual has secured employment. But the way he is received at the employment office prior to employment, the time lag taken to deal with his case and the surroundings in which he has to wait, all these factors create a lasting impression, favourable or unfavourable, which no induction course can erase. During these early stages the employee, however illiterate he may be, has judged the employer. He has concluded in his mind either, that the employer has purchased his services as an evil necessity, or that he is a welcome new member of a progressive industrial unit.

Hence, the first step in introducing induction should be:

provision of reasonably comfortable waiting rooms in the employment office for those seeking employment;
giving prompt, courteous and accurate replies, both written and verbal, to those applying for jobs, and
a proper line-up of requirements so as to avoid congestion and people having to wait over long periods at the office.

On Employment

The Induction Officer takes over once the man has been offered and has accepted the job. The new employee should be told about the preliminary formalities he has to go through before starting work. These would consist of items such as medical examination, securing of a works permit and time-keeping procedures. During the course of conversation, the employee should be given a general idea of the company he serves and its broad policies. Of course, the information given should be adjusted to the absorbing capacity of the individual.

The first day at work

To ease the feelings during this very impressionable period, the Induction Officer should arrange, if possible, for newcomers to start in groups. In this group should also be included an older employee of a friendly disposition, whom we shall call the sponsor. The Induction Officer should collect the men at the employment office and personally conduct them to the site of their work. The shortest route from the homes of the respective employees to the department should be explained. They should also be told to exhibit their work permits while entering and leaving the works, as a matter of habit.

The next and most important step is introducing the men to the departmental superintendent, who in turn hands them over to their respective foremen.

The foreman plays a large part in the next stage of induction. Till such time as proper supervisory training is given to them, it is advisable for the Induction Officer, who, in many cases, will be the Personnel Officer, to impart the information himself.

The Induction Officer has now to fill in the picture with details of the particular department.

The following items should be covered as soon as possible

during the next few days by talks at intervals, in a separate room or on the shopfloor:

1. Tour of the department showing the part that the employee's job plays in obtaining the finished product.
2. Instruction in the method of clocking 'in and out'.
3. Bonuses and remunerations peculiar to the department.
4. Company rules and safety measures.
5. Location of the lavatory and the washhouse.
6. Meal breaks and use of the canteen (the sponsor should take the newcomer to the canteen on the first day).
7. Arrangement for issue of safety appliances.
8. Explain:
   (*a*) the grievance procedure, the joint-consultation machinery and the suggestion box system;
   (*b*) rules on matters such as the line of acting, promotion and seniority.
9. Education and training facilities.
10. Welfare activities sponsored by the company.

It is a good practice to set out elementary information needed by new employees, in the form of a check-list and go over each item before ticking it off.

A model check-list is given below:

Employee's name .....

Commenced.....Date.

Department .....

1. Has he been informed about time-keeping rules and procedures?
2. Does he know safety rules and practices or where to get first-aid treatment?
3. Have factory regulations such as those on smoking and fire-drills, been explained?
4. Does he know where the washhouse and lavatories are?

5. Does he know where the canteen is and times for meals and break periods?
6. Does he know how his pay is calculated as regards items such as allowances, bonus, incentives, overtime and deductions?
7. Has he been introduced to his supervisors and fellow-workers and told of the company's social activities?
8. Have company's personnel policies been explained?
9. Does he know the organisation of the department or shop?
10. Does he know what the department manufactures?
11. Has he read the employees' hand-book or information sheet?
12. Does he understand rules covering company's provident fund scheme and gratuity, among others?
13. Does he know factory entry-permit regulations?
14. Does he know where to get information and help?

If we can cover just these few points we shall have made a good start in an induction programme.

Supinduction

An induction programme for the newly recruited worker is only part of what needs to be done. In our country, the system of promotion from within leads to a large number of workers moving up to supervisory positions. The worker turned supervisor overnight, cannot be expected to don the supervisory robe and assume leadership of his colleagues of yesterday. In the absence of proper guidance and induction into this new role, one finds two typical extremes. There is the worker-turned-supervisor who looks upon the change merely as one of location and financial gain and whose attitude to his work, the workers and the organisation remains unchanged. He often tries to court popularity by 'putting up' the worker's case—good, bad or indifferent—to management, and communicating negative replies with the alibi of "I-tried-my-best-but-they-wouldn't-listen." There is another kind who may be termed the agitator-turned-dictator who throws his weight about and cracks the whip in imitation of some predecessor. Both these types do equal harm to the interests of management as well as of the worker.

It is necessary, therefore, that a worker promoted to a supervisory position should go through a special supervisory induction (SUPINDUCTION)* programme. This should be administered personally by the head of the department, impressing upon the new supervisor the following:

*He is now a representative of management and, hence, must widen and intensify his interests in and knowledge of the company's objectives, policies, programmes and organisation;
*He has to take the responsibility for his own work as well as that of those under him;
*As a worker, his allegiance to the company was curious, complex and conditional; it should now be intense, single-minded and unconditional, and if he has to continue as a supervisor, he should assent actively to the company's fundamental principles and policies;
*He has to exercise a certain amount of discretion, initiative and choice in his day-to-day activities within the limits set by management;
*He should acquaint himself with the company's policies and procedures in respect of industrial relations and other functional areas;
*He must learn to deal with and process disagreements with superiors, equals and subordinates; and
*He should, through training and development, acquire expertise enabling him to make himself a better supervisor.[2]

Conclusion

In conclusion, it may be mentioned that purely in terms of business economics, induction is a paying proposition. For the type of programme suggested, the cost is negligible. The tangible returns are in the shape of decreased labour turnover. Moreover, no system of accountancy, however accurate, can assess the vast improvement in the human relations of an organisation, which can result from an induction programme. You may have a posh sports club, a well laid-out canteen and a modern factory; but something very vital is lacking unless the individual worker—whether you pay him bonuses by the day,

*a term coined by the author.

month or year—can look upon his occupation as a useful activity carried out in friendly association with fellow employees for understood and accepted ends. Induction helps him to do so.

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12 *Management Training and Development*[*]

M. K. VARMA

'You can't train managers! They are born, not made.'—such would have been the exclamation even at a mention about instituting formalised management training only twenty years ago. It was considered sufficient those days to make sure that enough young men with 'intelligence', 'character' and 'proper family background' entered business at the foot of the ladder; those who became managers were the ones who had best survived the struggle up the rungs to the top. And yet today, training and development of managers is one of the most vital programmes business has to implement on a continuing basis, in its enlightened self-interest. Such programmes are thriving and multiplying; and they have endured long enough and gained in strength sufficiently enough to discount the fear that they may have been 'just another fad'.

The need itself for management training and development springs from factors which are critical for the very survival of the present-day business. Since World War II, the role of the manager has become vastly more complex. The growth of organisations in size, the trend towards diversification, the growth in the degree of Government regulation of business, the compelling demands of competition for new and better products and for new and cheaper ways of manufacturing such products, the rapid obsolescence of skills, techniques, and products present ever-changing challenges. Besides, employees' attitudes have been changing—they are more sophisticated in the nature of, and more aggressive in the attainment of their demands; growing specialisation/departmentalisation has

[*]A paper presented at the Seminar on 'Training' organised by the Indian Engineering Association at Durgapur on 25.2.1967.

brought in its train the well-recognised (though often not admitted openly) antagonism among the specialists, driving out the 'esprit de corps' and management today is no longer the expression/manifestation of a dominant personality—it has become the specialised art of administration, calling for co-ordination and synchronisation of many different skills and capabilities.

These forces have compelled a change in emphasis from the plant-oriented 'how' of manager-skill training to the conceptual development of general management; they call for a dynamic management skill—a skill which must be capable of not only meeting the challenges of today but also of adapting itself to the ever-changing demands of tomorrow.

Fundamentally, the goal of management development is management effectiveness which can be brought about by the broadening of *vision* and *understanding* in the areas of—

*analysis and reasoning
*planning
*organising
*evaluating
*employee relations
*public relations
*reading, writing and speaking

Further, it is not sufficient merely to attain management effectiveness but it is essential that there is continuous upgrading of management effectiveness. It aims at ensuring that (*a*) existing managers develop, in accordance with the needs of the Company, the tasks assigned and their own individual potential and (*b*) there is an adequate management succession from the level of supervision to that of the chief executive.

The Plan

It is necessary to clear here a possible confusion with regard to the terminologies—management development vs. management training. In this paper it is intended to use the term 'management development' to refer to the *progress* a manager makes in learning how to manage, and 'management training'

to refer to the *programme* devised by top management to facilitate this learning progress.

The various stages through which management development progresses are:—

*Defining management's responsibility in the organisation structure;
*Laying down job specifications;
*Forecasting future requirements for management staff;
*Appraisal;
*Selection and promotion procedure;
*Management training—current knowledge, techniques, company organisation and methods;
*Providing guided experience.

Objectives

The detailed objectives of a management development plan are—

*To provide a method of systematic annual appraisal of all management personnel, drawing attention to individual strengths and weaknesses leading to improved performance —thus ensuring that the Company Management Personnel Inventory is kept up to date, ready to meet all demands;
*To provide a common yardstick for managers to appraise their staff;
*To provide additional information to assist managers when they review salaries, make recommendations for promotion, transfer or re-organisation;
*To identify those who are better suited for other posts— either for transfer or for promotion;
*To provide for individual or course programmes for training assignments to help managers towards better performance in their present jobs and towards promotion where appropriate;
*To meet the Company's needs for management succession and management manpower planning.

Approaches to Management Training

Considerable ingenuity has been displayed over the years

in devising management training programmes—some rely exclusively on certain favoured methods while others combine any promising approaches that appear to fit their needs. Given below is a brief analysis of some of the prominent techniques that are known to be in use today:

Planned Progression

The technique of planned progression consists in carving out the path of promotion that lies before the manager in any given position.

This, however, may give an over-optimistic picture to the earmarked manager—it may encourage undue specialisation and may suffer from insufficient training. There is, however, a variation of this technique under which a committee, responsible for developing candidates for promotion, can decide upon three or four alternative posts at the next higher level into which a man occupying the given post may be tried.

Job Rotation

The two evident advantages of job rotation are that (*a*) the trainees obtain actual experience in management and (*b*) they develop an appreciation of the viewpoint of the various departmental personnel and acquire, as well, an understanding of inter-departmental relationship. The disadvantage, however, of such a plan is the difficulty of identifying appropriate posts for this purpose; resentment of subordinates because these jobs are reserved for management trainees and the frequent delay in giving permanent assignments to those who have completed their job rotation training.

Creation of "Assistant to" Posts

This system permits the trainee to broaden his viewpoint by exposing him to many areas of managerial practice. The advantage is that the superior can most satisfactorily exercise his function as a teacher, tailoring the training period to the assistant's needs and giving assignments to test his judgment. However, the disadvantage becomes apparent when the superior executive fails to teach properly or lacks understanding of the assistant's needs etc.

Psychological Training—Role Playing

This is designed to aid trainees to understand certain business problems and enable observers to evaluate various reactions to them. When this situation is enacted by various pairs, the observers are presumed to reach conclusions about the effective means of handling similar situations. However, it has to be borne in mind that it is not always possible to re-create the environment of the work situation while the persons are role-playing the situation because the players may not have necessary relation to the actual practice and/or situation.

Committees and Junior Boards

These Committees are composed of a group of middle-level managers, selected on the basis of merit ratings, who meet regularly to consider any proposal affecting the organisation's interest. The decisions reached by these 'idea men' are forwarded to the top management who may adopt or reject them or refer them back to the Committee for further consideration etc. The obvious advantage is that the perspective of the Committee members is broadened and a sense of responsibility towards the interest of the organisation is developed.

University Management Programmes

Of late, many programmes are organised by universities or management institutions for training managers. Such programmes present opportunities for the exposition of management principles, a review of these principles in the light of practical experience, and explanation of new ideas with possible application to the organisation. There is the added advantage of valuable group contacts. However, the possible drawback of such programmes is that unless those who teach in these programmes *really* know what managing is, the training is all too likely to degenerate into social clubs or the teaching of specialised skills in engineering, accounting, statistics, personnel or other areas.

In formulating training programmes it should be borne in mind that a management development plan must be in harmony with the over-all philosophy and objectives of the organisation; it must mingle with the blood stream of the organisation otherwise it may develop into an allergy resulting into so

many lumps. It is also necessary to keep in mind (*a*) the purpose, (*b*) the general premises and (*c*) the posts at various levels of the trainees and the specific needs of the trainees; but the important thing to remember is that the major purpose of the training should be creation of opportunities to develop skills directly related to the business of managing. Insofar as training needs vary with manager levels and with individuals, such varying training needs should be allowed to determine the training methods and in this context theory and practice in management must go hand in hand.

Basic Principles

It is considered appropriate to emphasise the following principles:

(1) *Opportunity* for development must be provided not only to the few 'earmarked' for promotion, but *to the entire management group.* Although many development programmes of today are based on this idea of selecting the "high potential men" for development, it has been found from experience that it is only a small ratio of such men who do actually achieve the success predicted for them; and it is not fair, nor advisable, for management to exclude others from such opportunities for development. This concept of selecting few to the exclusion of others entails a high price, in that the gains of developing the chosen few are offset by the stunting, the malformation and the resentment of the large number of those who are passed over—those who are not good enough to be earmarked for promotion but not poor enough to be done away with, those who do the bulk of the job today and will still be doing so tomorrow. Unless these men too are afforded the opportunity to meet the demands of their jobs of tomorrow, the whole management group is in the danger of becoming inadequate—despite the fact that it may consist of those chosen few who were very carefully selected and developed.

This is not to suggest that the men of limited ability or capability too should, or can, be given the same opportunity for development as that given to the high potential men. They should be given opportunities commensurate with their capabilities and receptivity; and opportunities should be

enlarged, on subsequent occasions, to the degree they earn them.

(2) How are we to 'earmark' these few who may be asked later to assume higher responsibilities?

There is a natural tendency on the part of many to look for certain 'personality traits' which are supposed to make good managers. Even assuming that we could create a 'profile' of what we believe to be the personality traits of good managers, is it possible to find, or raise, a race of supermen who would all have these ideal traits? In fact, our actual experience belies this generalisation; and there just isn't any standard pattern of personality traits that make a good manager—there are good managers who are tough and rugged, there are other good managers who are quiet and thoughtful. No doubt, every good manager must have one trait in common; and that is leadership—leadership that need not 'command' authority due to position and power but should 'deserve and generate' respect and authority on account of intelligence, emotional stability, skilful handling of people, instinctive acceptance of responsibility, decisiveness coupled with persuasiveness etc. However, on an over-all consideration personality traits other than leadership are not something upon which we can base our development approach—we cannot define them, cannot measure them, and only with the greatest difficulty and with a very high degree of unpredictability can we change them.

Hence, the point to concentrate upon is the *work* rather than the individual "personality". Work can be seen, identified, analysed, measured. Whatever the assignment of the manager, it is invariably too big for one man to do by himself. So in addition to doing himself what he must, he has to get results through the efforts of other people. He must know the common denominator of getting results through other people; and it is the degree of his ability in this 'common denominator' which really determines the quality of his managership. Therefore, in one's search for managerial talent, one should seek not men with certain personality traits but men who indicate or demonstrate an ability to do this kind of work. Education or development activities should be directed at teaching or helping them to do this kind of work.

(3) This takes us to the observation that primary *emphasis*

must be on the present assignment, rather than on a promotional ladder. This does not for a moment mean that the importance of promotion as a development factor should be ignored or under-estimated. But if undue stress is laid upon the promotional ladder, it is not unlikely that the persons concerned may begin to look upon their present jobs as temporary halting stations with the result that (*i*) the present work may suffer and (*ii*) a lot of expectations are built up which may not be fulfilled. The development process should be integrated with the normal conduct of the business so that both the 'earmarked' man and his superior work together instead of the former competing with the latter. This is also not to suggest that the 'earmarked' men should concentrate solely on their present jobs; if they do so, they may never be able to broaden themselves for bigger responsibilities. They should be made to concentrate not solely but primarily on their present jobs and should be encouraged and helped in every way to broaden themselves. Their advancement should be directly related to performance on their present assignments; so that when they move up, they will have earned such elevations. Broadening for the future should be an additional factor; the main objective is doing better in the present job.

(4) It is obvious from the foregoing that development is a highly individual matter, and, fundamentally, it is a matter of *self-development*. Insofar as each individual differs from another in his strengths and weaknesses and in the level of his need for development, it is reasonable to assume that all people cannot be developed successfully by means of any ready-to-serve, cut-and-dried, over-standardised methods—by an assembly-line method, as it were.

What is more, it is greatly a matter of self-development, because, all said and done, the motivation, the desire, the effort, the obligation and the responsibility for development primarily lie with the man himself rather than with the management. It will not do for the management to institute a development plan designed to do something 'to' a man, just as it cannot do for a manager to assume 'Here I am, let the Management develop me!' A management development plan is aimed at *helping* the manager develop in the direction he is best suited for.

While 'package' programmes do have their utility insofar as they help to impart certain basic knowledge to a group of trainees of matched level of understanding, development programmes ultimately have got to be tailor-made to fit the strengths and needs of the managers concerned.

(5) The responsibility for developing managers lies upon the line managers at all levels. While the line manager may delegate the legwork and some of the educational activities to others, the main responsibility for developing managers working under him must primarily remain with him. Very often when the development activity is carried on as a separate and special programme, the results are found to be detrimental—a man may be appraised by someone other than his own manager, he may take a special Company course and engage in other developmental activities and acquire considerable information and inspiration. This may lead him to see some of the shortcomings and faults in the organisation in which he works and he may return to the job full of enthusiasm for improving the whole operation. In many cases he may find a very apathetic or even hostile reception to such ideas. If the manager with whom he works regularly is not interested in his ideas, and is on the defensive, frustration and resentment will be built up in the individual which may lead to retrogression instead of development.

In the organisation where a specialist may have been engaged for co-ordinating management development work, it is generally to be found that the line managers tend to use the presence of the specialist as a reason for shirking their own work in the development area. This tendency is dangerous and must be avoided. Development work can be, and should be, made into one of the most satisfying parts of a line manager's job; it helps him in getting the work done when he operates on an integrated, reciprocal basis along with the trainee. The man who feels he is developing through his work, performs voluntarily at a much higher level of effectiveness; and as mentioned earlier this is motivation in the true sense.

An attempt has been made in the foregoing to focus attention on the principles that should permeate the management development plan, in the belief that if the principles are under-

stood and practised right, the mechanics of carrying out the programme may not be difficult to work out.

13 *Develop Your Own Managers**

J. I. MEHTA

Introduction

We are living in an age of planning. A great deal of attention has been paid to our national, industrial and company planning in order to attain various investment goals. We plan for installation of new factories, expansion of existing businesses and growth of profits. However, a good deal of attention also is required to the development of human resources which, in the ultimate analysis, are going to operate these new factories, implement the expansion schemes and improve, by their managerial skills, the profit picture of any company.

In a developing economy such as ours, managerial resources are scarce. If managers have to be employed as and when the need arises in any company, an unduly high price will have to be paid to attract them, and at the same time the company will have to re-orient these managers to harmonise them with the 'culture' of that particular business. Specifically at this juncture when new projects are coming up and a substantial growth is envisaged for the economy, we must take stock of the situation. After all, big companies will want to plan for their management manpower requirements.

It has been the experience of most of the leading companies in India that but for their plan for managerial manpower, they would have found themselves in a most untenable position in manning their growth programmes.

What course of action should be planned for future managerial requirements? The main steps are forecasting, determination of available resources, the recruitment and selection

*From *Industrial Times* of 15.10.1966. Used by permission.

programme and management development training for manning future managerial positions.

Forecasting

Most large companies have to plan for the future growth of their business. This plan of growth is spread over 5/10 years. In order to man the growth programme, it will be necessary to forecast the requirements for the coming years. The forecasting for such manpower is extremely difficult to make and involves a certain amount of guesswork. It is all the more necessary, therefore, that we try to be as realistic as possible in forecasting our managerial requirements. It is considered that a 3-year period would be the optimum in management manpower forecasting. When we are embarking on various Five Year Plans, it will be also in keeping with the national economic thinking to plan for a Five-year period. The forecast for the next five years should consider the replacement of retiring managers, separation due to resignations and also accurately predict the number of managerial positions which will come up in the various new enterprises which have been planned by the company. In assessing the separation rate, it will be necessary to consider the developing tempo of economic conditions prevailing in the country and the resultant likely increased turnover rate in the managerial ranks.

It is desirable that organisation charts for the future business requirements of the company should be developed preferably on a year-to-year basis. These charts will pinpoint the functions and areas where high priority should be given for managerial manpower planning. The organisation charts should reflect the various levels of managers that are required, and a fair assessment of their job content and salary levels should be made. This analysis should be further broken down in terms of the requirements for various professional personnel, i.e. the number of chemical, civil, industrial, mechanical and electrical engineers, accountants and business management graduates etc.

When we have the complete analysis as outlined above, it will be possible to assess accurately the future managerial manpower requirements.

Available Resources

Once the company has analysed its future requirements, the next step is to look at its own internal resources. An inventory should be made of all the available managerial personnel potential-wise and classify them by names, jobs, responsibility levels. At the same time, an evaluation should be made of the internal resources with respect to any trainees which the company might have employed and who are available for various future managerial positions. This analysis will reveal the number of engineers, accountants, business graduates, etc., that the company has in its employment. This determination of available resources will, therefore, show how the company stands today and what will be required for the future years, based on the forecast.

It is suggested that at this stage a summary should be prepared in accordance with the form given as Appendix I. The summary will show the total requirements of technical and managerial personnel by responsibility levels, and the year in which these requirements will arise. At the same time, the existing resources available with the company will be summarised in the same form. It will, therefore, be possible to determine the estimated surplus/deficit in the managerial groups at different levels of responsibility during the next five years.

In Appendix 2, another form is attached on which should be summarised the technical/managerial requirements during the next five years, broken down in terms of the basic professional qualifications, i.e. chemical, mechanical, electrical, civil or industrial engineering, accountancy, business and sales management, etc. In the same form there should be an inventory of the company's own resources for each of these professions based on the present availability in the organisation. The data will show the estimated future requirement of such professional personnel, thereby highlighting the areas in which more stress may have to be placed for recruitment, training and development. The analysis will reflect the deficit/surplus in the various professional groups in the next five years. The advantage of such an analysis is that it is possible to quantify the requirements and the company is thus in a position to know when these requirements are likely to arise.

The logical step—once all the above facts are determined

—will be to find out how to meet these projected requirements. It is, therefore, possible to have:

A planned recruitment programme well ahead of the date when the requirements are likely to arise.

A planned job-rotation programme for existing personnel to fit them into higher positions, which are likely to be vacated due to promotions, transfers, reorganisation or retirements.

It should be noted that any forecast made for a period of five years must be re-checked every year in terms of the changes that might have taken place in the operational plans and growth programmes. As a result, forecasting and determination of available resources becomes an annual exercise for the succeeding five years. In fact, such a review should be made an essential part of the total future planning of any enlightened growth-oriented business.

Recruitment Planning

To motivate your own employees, it is desirable that managers are developed from within from the trainees and the existing staff with possibilities for promotion. In view of the present as well as anticipated scarcity of managers, the company's own efforts at development will have to be accelerated. It would be most opportune to suggest that a management training scheme should be introduced in all companies, and it will be found that this training scheme will become the pivot around which it will be possible to build the future management team of the company. Mr. J.R.D. Tata had, in a speech, stated that nearly 36,000 managers would be required during the 4th Five Year Plan. It has been the experience of many leading companies in India and abroad that, but for their management training schemes, they would have found themselves in the most embarrassing position when the need arose, to man the various managerial requirements of their company. It should be realised and appreciated that it takes at least 2 to 3 years, on an average, to develop a young man to take up real managerial responsibilities. In fact, a large number of jobs develop at junior managerial levels, and it is from this level that per-

sonnel can be promoted to middle and senior managerial jobs, after they have proved to be promising.

An Annual Operating Plan for recruitment should be prepared by the Personnel Department of the company. In preparing the annual recruitment plan, time will have to be allowed for advertising, interviewing and final selection. From the experience of many companies, it is estimated that for recruitment of management trainees, the period varies anywhere from 3 to 6 months. The annual plan will show the proposed job openings based on the forecast, and also indicate the quarter during which the requirements will arise.

Based on the recruitment plan, a schedule should be prepared indicating the date by which an advertisement will be placed, the period of preliminary screening, the dates of interview and the date by which the final selection will be made. A quarterly follow-up statement should be prepared showing the number of positions filled, and any changes which may be required in this schedule. Apart from the advertisements, regular visits should be made to the Universities and Institutes to locate young men with latent talent who are interested in a career with the company. Besides, it may be suggested that trainees during their college career should be encouraged to work during summer vacation in one's company, and those who impress considerably, can be taken up as management trainees.

To ensure that the best are selected, the selection and interviewing procedures should be most rigorous. Apart from the interviews, written tests in General Knowledge, General English, mathematical and psychological aptitudes should be given. In any such training scheme, it is not certain whether all the selected trainees will make the grade. Therefore, in the initial employment of management trainees this factor must be taken into account. In fact, it may be desirable to employ a certain additional number of trainees in the first instance.

Management Training Scheme

The success of any Management Training Scheme to a large extent depends on a well thought out training programme. Within a compass of 2 to 3 years, a young college graduate has to be built into a manager. He has to be given experience, and he has to learn managerial skills. In 2/3 years' time, the company

having spent at least Rs. 40,000/- 50,000/- on each trainee, expects that he will make purposeful contribution to the company operations and, in general, become a productive member of the entire management structure.

The management training scheme will have to be designed both for the new trainee and for promotees from within:

Training Programme For Management Trainees

The selected trainees would be on a training programme in the company for a period of 2 to 3 years depending on their educational background and qualifications. The training programme should be oriented towards giving these trainees more on-the-job training, so that they are exposed to the actual business conditions existing in the company. The trainees will also have to be divided into various fields of professionalisation like engineering, accountancy, sales, production, administration, etc. Most of the theoretical training in management subjects will be common for all these classes of trainees, but the job training will essentially be oriented towards where the trainee is to go, on completion of his training programme. From time to time, 'in-company' courses should be organised where these trainees can come together with other managers in a common group, so that there is more exchange of thoughts and ideas between the existing managers and trainees.

During the period of training, a regular appraisal of each of these trainees should be made, both to determine their performance on the given job and their future managerial potential. Besides, the purpose of the appraisal will be to find out if the individual has aptitude for the function in which he is being trained. At times, it may be necessary to change the function for a trainee who may, for example, have aptitude for sales but does not fit into the engineering group. The appraisal should be rigorous and highly objective. It may be desirable even to conduct some general interviews with these trainees by senior managers to determine their progress. Apart from the immediate superior it may be useful to have the trainee talk with the Training Manager and the Personnel group, so that any difficulties or problems that the trainee may be facing can be overcome. Generally, the Train-

ing Manager should be responsible for the entire scheme of Management Training.

If a trainee is found unsuitable after 2 or 3 appraisals, he should not be considered for confirmation and, at the earliest stage, requested to look for another position elsewhere.

Training For Promotees From Within

In order to locate and identify individuals who could be promoted from within, a well-planned system of "Potential Appraisal" is required. It is desirable that "performance appraisal" should be separate and distinct from "potential appraisal".

A careful "Potential Appraisal" should be made of all employees, following which individuals with managerial potential should be chosen for training and development as Junior Managers. The management, therefore, should appraise the supervisory and clerical staff with a view to identifying individuals with potential. At the same time, the Management Training Scheme should be open to all individuals from within, who meet the basic requirements and if they are able to compete in the tests and interviews and come out successful, they should be taken up for the Management Training Scheme. Even those individuals who are identified by the company appraisal system should also be put through the same tests and interviews.

The training programme for employees who have been promoted from within, should be designed around giving them background and training in managerial skills and related management subjects. It would be a good idea also to give these trainees general orientation in the overall company operations, because most of these individuals would have worked only in one plant or location with a limited exposure to only that particular unit.

It will also be advisable to bring together the new Management Trainees and the Promotees from within, in courses, seminars, etc.

From the above discussion it will be seen that a substantial amount of work will have to be put into developing a detailed training programme for Management training.

It may be re-stated here that the success of the Management Development Programme will depend to a very great extent on the type of Management Training Scheme which we are able to develop.

Forward Career Planning

An individual with managerial possibilities joins an industrial organisation not for a job but for a career. In order to plan the human resources for a growth programme, it will be necessary also to know in terms of the individual as to what will be his growth as regards responsibility and status. It will, therefore, be necessary to prepare a career plan for all managers by charting their expected progress for at least five years. The forward career plan for an individual should be based on his managerial potential and the aptitude for the function in which he is being considered.

It is also necessary that the individual be kept informed on what is likely to happen to his career in the company and his own development in the organisation. The discussion need not be specific, but at least, broadly, he should be informed, so that he is aware of his future stages of growth. It is not possible to plan a person's career for more than five years, in view of the ever-changing conditions in the economy. Therefore, five years may be considered as a reasonable and optimum period.

The most convenient way for career planning is to record, on a form, all pertinent information such as name, age, location, years of service, service in the present job, job title, education and training and a short appraisal of the individual's managerial aptitude and the function in which he is likely to be most effective. The purpose of such career planning is also to determine the future vacancies that may arise due to replacement and transfers, thereby providing a fairly reliable guide for forecasting.

Conclusions

To summarise, it may be apt to say that human resources are more difficult to plan and forecast. However, the need for planning and forecasting of human resources should be given the highest priority in the present context of industrial development of India.

Enlightened self-interest dictates that Managerial manpower development must be undertaken in a company which believes in planning. A carefully tailored plan should be able to overcome the initial frustrations that the company faces whenever a new division, plant or office is opened. For manning any of these new projects, the company has a ready stock of managers available. It may be safely stated that the new project would come to fruition within a much shorter period if such a supply is available at the initiation of the project.

Indeed, it has become increasingly imperative for all growth-oriented companies to give serious thought to a plan of action for management manpower development.

14 *Manpower Planning in Managerial Ranks*

G. Y. MANGRULKER

Management Must Manage

What is the most important factor in the success or failure of a business? Some have answered this question in one word, "management". It may appear a little harsh on the people who hold managerial positions, but it is true. Management of a business has never been and will never be a smooth sailing job. There are many obstacles and handicaps in the way and a variety of uncertain factors to cope with. Good management is, therefore, that which gets results in the existing circumstances. The last phrase is important. It is easy to find fault with tax laws, trade unions or labour legislation. But good managements go after results with the belief and optimism that it is their responsibility to ensure a satisfactory overall performance of the business in spite of the handicaps in the existing circumstances.

It is agreed that Government has to provide the climate conducive to industrial growth, and the trade unions have to give the right lead to workers. But in the ultimate analysis it is for management to get the best results. If a firm does well, no one hastens to congratulate the Government or the union leaders. Similarly if a firm fails on the job, the blame is put squarely on management's shoulders. Managements have, therefore, to look after themselves and prepare to get results not only today or tomorrow but for years ahead and in the circumstances as they would be from time to time. In short, managements must manage.

The Challenge of Change

We are living through an unprecedented time of change

marked by a fast pace of industrialization, political pressures, economic uncertainities, technological innovations, various shortages and controls. It is up to us to meet the challenge and ensure a bright future for the generations to come or to go down as incapable people who failed to meet the challenge of change. The situation presents a need as well as an opportunity to plan and develop our managerial resources. The task deserves deliberate and continuous attention.

There are Managers at Different Levels

All those who have been delegated enough authority to take decisions in a well-defined sphere of work and are responsible for getting the best from the human and material resources at their command are managers. I would not like to use the word "management" because it gives an impression as if it is a privileged class of people screened off from what goes on around them. We know that it is not so in reality. I prefer to use the word "managers" because they are professional people like engineers and metallurgists with a responsibility and consciousness to manage efficiently.

Managers are not concentrated only at the top of a business. They operate at various levels. The production engineer, for example, is a manager. He may be at a junior level depending upon the limitations of his authority and the part he plays in the total effort of his company. Going upwards there will be middle managers, senior managers and top executives. It is not possible to make clear-cut demarcations. Every company can lay down its cadre of managerial posts in a fairly accurate manner. It is this total cadre engaged in managerial functions that must receive continuous attention when we talk of planning of managerial personnel. It must be remembered that managers at higher levels do not arise out of a vacuum. They are the product of the total managerial potential and opportunities available in the organisation.

Promotion from Within

Growth of new industries must result in a greater mobility of personnel with managerial potential. It is a reality which must be faced. People who have developed themselves in one company seek higher positions in other companies which are

coming up. Taking a national view of the situation this may be regarded as a contribution from the older and better managed companies to the newcomers in the field. Although retaining good people in one's fold may be desirable, experience has by now proved the futility of most of the measures such as service contracts and long service benefits employed for the purpose. Reasonable chances of advancement within the firm and facilities for continuous development of people go a long way in attracting good people to a firm and keeping them there.

Promotions from within have generally been accepted as a principle. Most of the unionised companies have no escape from it. In fact there is nothing unreasonable about it. Surveys have indicated time and again that chances of advancement often rank higher than wages in the case of capable and ambitious people. Providing adequate avenues of promotion within the company is good for the vitality and morale in the firm and it also helps to retain good men.

Intake of the Right Type and Need to Inject Fresh blood

"Promotion from within" does not mean promoting automatically unsuitable men simply because they are within the organisation. For the complexities of business today, a sound educational background is necessary for moving to managerial levels. The potential managers rising from amongst those who did not have the benefit of university education are already scarce and they will be fewer as years pass by. There is, therefore, a need to bring in new blood at least at one intermediate level. These must be people with educational attainments and personal qualities. The level at which they are introduced is extremely important. It should be such that there will still be a need for them to work hard, learn and show results before they can move to positions of responsibility. Working through the company gives them a chance to get acquainted with the company's operations and make themselves acceptable to the people around them. If, on the other hand, they are taken in at a high level and an exceptional future guaranteed to them to the exclusion of others within the organisation who have been shaping well and have exhibited a great potential, it can cause resentment and loss of morale.

In every organisation there are people who have shown extraordinary ability although they did not or could not go for higher education. Such men of promise, however few, must receive encouragement and opportunity to develop themselves and compete with the recruits who have had a more advanced education. It is, therefore, important that in planning for management potential, this aspect is not ignored when a decision is taken for the recruitment of the right type of men.

Forecast of Requirements

The total managerial potential of a firm must be continuously reviewed as a deliberate responsibility of the highest line executive. It is necessary to consider what suitable people are available in the organisation and how they are likely to move in the next five or seven years. The picture does not remain stagnant. Hence the need for a continuous review. Some of these questions will help to size up the situation:

What potential material is available within the company? How does it affect the new intake? Is it a specialised field or are suitable people readily available?

What are the company's plans for the future? How many, at what levels and by what time will be needed taking into account the effect of retirement and delay in training?

What is the turnover of managers today and what is it likely to be in future?

How can the available material be moved in order to get the best of their abilities for the firm, at the same time giving them opportunities for advancement? Are there any bad patches or is a vacuum likely to arise for want of a suitable person for promotion to an expected vacancy? What advance action can be taken? Is there suitable material elsewhere in the organisation which may be moved in time to such places?

What is the age distribution of the supervisory and managerial personnel? A lot of staff in a new company may be young and ambitious. A time will come when efficient people will become impatient for want of chances of promo-

tion. Secondly, men will grow old together creating a big problem of replacement when they retire simultaneously in large numbers.

Does the talent spotting programme need revitalising? Are there any pockets where good men cease to grow because of nature of work or kind of boss? Is anyone blocked by mere accident of placement? Is good potential material concentrated at some places and scarce at others? Will transfers help?

Spotting Talent

For building up for the future, every company has to be on the look-out for men who are above the average and have the makings of a manager. The time is past when we could be content with the few outstanding individuals who would in any case select themselves. The number of managers needed today is much greater, and a deliberate programme of spotting talent is necessary to ensure that suitable people are not overlooked. In the absence of such a programme, ambitious men try to catch the attention of top executives. This can be demoralising to the quieter people who are good or even better for shouldering managerial responsibilities but prefer to concentrate and excel in their jobs while the other type are busily engaged in their own "public relations" work. The quiet type cannot be blamed if they start wondering whether merit really counts in the company. Whatever may be said in favour of social skills, managers are ultimately valued for what they can accomplish on the job.

Talent spotting must, therefore, be a specific responsibility of senior management. A specialised procedure is useful but not always necessary. Experienced executives, free from prejudice, judging independently an individual whom they have seen in various work situations as well as off the job, have a reasonable chance of making a correct assessment. In spite of all claims by specialists, this will remain a practical way of judging people for quite some time to come.

Character, analytical ability, thinking in depth, willingness to take responsibility, initiative, capacity to learn and apply, and getting along with people but not necessarily conforming too much to the group are qualities which must come to the

surface over a period of time in work situations and help in assessing the individuals. Whether the assessment is done by an elaborate questionnaire or interview by a psychologist, is not as important as what use is made of the results, and whether the people who are affected, feel that there has been a sincere attempt to make a fair selection.

Management Development

A fairly accurate forecast of requirements, talent spotting, promotion and recruitment of the right material does not complete the task of manpower planning in the managerial ranks. People must be given opportunities to develop themselves. Some of the ways of enlarging their job experience at an early stage of their career are job rotation, a special assignment, deputation to a sister concern, a post of "assistant to" or secondment to a training organisation.

Many successful managers we meet today have learnt by an exposure to the job. Some copied the ways of their predecessors even to the point of perpetuating some of the latter's faults. Others improved upon what they saw by using their own intelligence and initiative. The process was slow and not without its risks and high wastage. In the pressing circumstances of manager shortage in the country today, it will be unwise to leave management development to chance or be content with the slow pace at which things will shape if left to themselves. The various courses that are available today are no substitute to what can be learnt on the job but they show the way and hasten the process of development.

Several facilities are available in the country to aid the development on the job of potential managers. A few large companies have an in-company training scheme. Besides the Administrative Staff College at Hyderabad and the Institutes of Management set up at Calcutta and Ahmedabad, there are professional bodies, management associations and consultants who organise short courses and seminars. The National Productivity Council offers a wide range of training programmes. Most of these programmes are short and have a practical bias. The benefit derived by the participants varies with the individuals. How much is carried back to the job also depends on the climate in their own organisations. Good managers

develop in better managed companies. One common reaction of a management course is that people start looking at themselves more critically. They study situations and problems in the light of their own experience. They learn to weed out the chaff from the essentials, do some fundamental thinking and arrive at reasonable conclusions. The impact of the varied experience, reasonings and personalities all contribute to the usefulness of the course. They observe the good and bad points of different approaches to management problems. They develop an insight and unconsciously try to self-assess. This leads to a better performance in similar or new situations back on the job.

Role of Senior Managers

The success of any management development programme depends on the extent to which the senior levels feel involved in it. They can take a brief appreciation course before the full course is given to the levels for which it is designed. They can participate as speakers. They can meet the men before and after they go on the course and do the follow-up. Enlisting the interest of senior levels is necessary so that others take the training seriously.

Participating as speakers in the programme does a lot of good to the senior people themselves. When they are asked to impart their knowledge and experience to others, they start looking at their own jobs from a new angle and see new ways of accomplishing results. It is the responsibiliity of the senior levels to provide the correct influences and the right climate for their subordinates to grow. A reference is often made to the efficiency and leadership in the armed forces. But it is not sufficiently realised that there is a continuous training programme for all levels in the army and even a fifty-year old General goes to the Army Staff College to exchange experience and *to learn.*

Manpower planning in the managerial ranks is as fascinating as it is rewarding. In the context of the exacting demands of business today, it is an inescapable responsibility of growing firms. They owe it to themselves and to the fine young men who join the industry with hopes and aspirations and are keen on making themselves useful.

Sometimes business executives ask, "Why train that man. He is good but the moment he gets trained further, he will leave and will be lost to us." This is a very short-sighted policy. It is not an individual but the total managerial capacity diffused at various levels in the firm that keeps a business ticking. Men change jobs for definite reasons such as higher salary, better chances of promotion or job to one's liking. These are valid reasons and firms should be prepared to lose some of their men just as they themselves would like to engage people who have developed in other companies. But, by and large, good people are attracted to firms which offer opportunities for development of the individual. Such firms are usually marked with a high level of efficiency in their operations. When a few officers leave, these firms can adjust quickly because suitable material is getting ready at the lower rungs as a continuous process. On the other hand, firms which do not care to develop their men and sometimes deliberately adopt a negative policy in this regard seldom attract good men. Such firms continue to perform in a mediocre way and do not know it. A deliberate policy of management development pays dividends in the long run. It is not for this or the next year. It is for building into the organisation, a resilience to meet the changing conditions in the long future that lies ahead, so that industry may continue to contribute effectively towards building a new and prosperous India.

15 *A Programme for Management Development**

S. E. SONGADWALA

WITH rapid economic growth and the present rate of industrialisation of India, it is becoming more and more apparent that there is a serious shortage of adequately trained management personnel. This shortage is felt, more than anywhere else, by the individual industrial and business enterprise whose very survival as an operating company is dependent upon the existence of a regular supply of managerial talent. This shortage is sought to be met by a process of development through management courses conducted at various levels within the companies, and also through participation in courses organised by outside professional agencies and educational institutions. There is no doubt that such courses do contribute to the development of management, but the main problem still remains acute.

It cannot be stated that all training and developmental activities within companies are geared to their present and future management requirements. Far better results would be obtained if formal, systematic and planned procedures for Management Development are introduced on a wider basis within Indian companies than at present.

Systematic and Planned Management Development has come to be regarded as an important technique for manpower planning at a higher level. It is used by progressive companies throughout the industrial world and the results obtained so far have more than compensated the time and effort spent on its conduct. Actually, this technique simply applies to ex-

*From *Indian Management*, May-June, 1964. Used by permission.

ecutive manpower the same principles that have long been used in Production Planning, Inventory Control and other management aids adopted by a company for its operations. It is as undesirable and dangerous, if not more so, to place an inadequately trained man in a management position as it is to use inferior materials in production. Yet many companies, who would never consider the use of inferior materials and maintain a strict check by means of material inventory control, would seldom maintain any form of management or executive inventory control to prevent the placement of poorly qualified and inadequately trained persons in responsible management positions.

Pre-requisites

There is no one Management Development programme which could be adopted by all but each plan would have to be tailored to suit the specific needs of a particular company. However, whatever plan is adopted, there are certain prerequisites that require adequate attention and these are Organisation Analysis and Planning coupled with Recruitment and Selection for Management.

Organisation Analysis often produces a number of surprising revelations. It may show, for example, that some men have more subordinates than they can adequately handle, that others do not delegate enough responsibility, that still others have too much responsibility without commensurate authority. It indicates spots in the company where men may report to more than one person or where poor organisation does not provide for co-ordination of related activities. Too many levels of authority may have lessened the personal contact between a manager and his men or may have bogged down a department's operations.

The revelation of organisational defects through analysis would lead to *Organisation Planning*. An organisation structure should be developed, based on proven principles. It is within this structure that provision has to be made for training and development of management personnel. Organisation planning would also mean planning for the future, for any enterprise that thinks largely in terms of the present is really living in the past. The tools used are Organisation Charts which

should be prepared showing departmental and inter-departmental relationships and the preparation of Job Descriptions of all management personnel who come under the programme.

Another pre-requisite for Management Development is the introduction of a planned system of *Recruitment and Selection for Management.* Recruitment and selection must be based on the organisational plans of the company, both for the present and the future, for it is then only that the personnel needs of management can be assessed. Also, in making a selection for management the factor of potential must be given due importance, and greater emphasis must be placed on promotion by merit, for it is then that the problem of development for higher management positions becomes considerably easy.

An Outline of the Programme

The basic objectives of any Management Development Programme are two-fold. First, it provides a plan to strengthen the present effectiveness of management personnel within a company and secondly it would assist in meeting their long-term management needs. These ends are accomplished through a procedure consisting of the following four phases.

Performance Appraisal

The Performance Appraisal of all management personnel is the first phase in the Programme. This is done in order to determine the effectiveness of each appraisee.

*performance on his present job,
*what potential for promotion he possesses, and
*what type of training would be most beneficial in assisting him to make the most of his assets.

The appraisal is usually conducted by the individual's immediate superior or by an Appraisal Committee consisting of members of a level higher than the appraisee, with his immediate superior acting as the Chairman. It is important that all the members of the Committee must be familiar with the work of the person being appraised.

The Performance Appraisals of all management personnel coming under the Programme should be conducted at least

every two years and not more frequently than once a year.

For this purpose, specially designed Performance Appraisal Forms are used. The appraisers would objectively discuss, consider and fill in all information about the appraisee's present performance and potential as well as specially recommend how he may be further improved and developed. The *Job Descriptions* of the various positions should be made available to the appraisers for it helps to establish standards against which a person can be judged. *Personal Data* and *Service Records* of each appraisee should also be available for they point out abilities and potentialities of which management may not be aware. They also indicate gaps in a man's background that should receive attention in recommending future development activities.

Management Review

The review by top management of the Performance Appraisals is the next phase in the Programme. It gives an overall picture of the strengths and weaknesses of the present management force and also assists top management in making decisions on the steps that may be taken to strengthen further the executive manpower within the company.

After all the appraisals have been sifted through the proper channels within the organisation and discussed with the heads of the appropriate units, a review of each appraisal is done by a Review Committee consisting of high ranking executives. They would discuss with the individual appraisers or the Chairmen of the various Appraisal Committees the evaluations and recommendations for each of their men, going into greater detail than the information contained in the Performance Appraisal Form. The Review Committee will also give advice and make recommendations to the appraisers on specific action that may be taken by them to improve and develop their subordinates.

The overall review of the whole management force is performed by the chief executive of the company. This is done by means of various *Management Inventory Records* as well as through colour-coded *Organisation and Replacement Charts* for each unit or segment of the company, which are prepared from the Per-

formance Appraisals. These records and charts indicate in a concise form the current status of each management man and also show just how prepared the company is to meet any vacancy that might arise through promotions, retirements or exigencies. There are various methods of maintaining management inventory records and charts. They are in use in several companies abroad who are leaders in the field of Management Development Programmes. They are factual and concise and yet through the use of colours and symbols provide a complete picture of management situations in any given segment of the company. They are of particular value to the busy chief executive who is interested in the overall picture of his organisation's status as far as his management force is concerned. They highlight strong points and weak points, and emphasise those areas where special attention is needed.

Counselling

This is the third phase when a superior will discuss individually with his subordinates their respective Performance Appraisals. This would be with the object of:

- *Communicating to them as to where they stand in relation to the appraisal made of their performance by higher management.
- *Making them realise their weaknesses as well as their strengths.
- *Exploring and pursuing the recommendations and decisions made during the Performance Appraisals and the Management Review for their improvement.

After the individual appraisers or the Chairmen of the Appraisal Committees have met the Review Committee and discussed with them the evaluations of their men, they will be required to meet each one of their subordinates separately for a Counselling session. Care should be taken that these sessions are conducted with the preparation and preliminary planning on the part of the counsellor. He should be thoroughly familiar with how the appraisee's present performance compares with his previous performance and also of the recommendations and decisions already taken for the training and

development of each of his men. In order to enable him to adjust to this approach he should always keep in mind the appraisee's temperament, age, experience, potential and other factors that might help or interfere with his plans for effective development.

Those experienced in the field of Management Development agree that the most satisfactory counselling sessions are those in which the counsellee is encouraged to do a good share of the talking. Both the parties will review the performance of the previous appraisal period and the emphasis would be placed on actual results or accomplishments rather than on personality traits. Once they agree upon those areas which are in greatest need of improvement they would jointly work out a line of action to be followed during the next year or two.

The success of counselling would depend greatly upon the ability of the counsellor to conduct the sessions and channel them in the right direction. It must be remembered that the heart of all counselling is planning for the improvement of future performance. The feeling should not be permitted to prevail amongst the individuals that the counsellor is serving in a judicial role, but is there as a guide to help the subordinate to improve by himself or through the assistance of training facilities provided by the company. Having an incorrect attitude on either side during counselling could be disastrous. While, on the other hand, a successful session can pay for itself a thousand-fold for all concerned.

An employee at whatever level in an organisation would always like to know how he is faring in his work and what his superiors think of him. If the correct approach is made in appraising and counselling then he would certainly appreciate the time and thought that may have gone in the process. The human ego being what it is, is always flattered to know that senior executives are spending time talking about him and his future within the company.

Development

This is the final phase in the Programme when steps are taken to implement the decisions regarding the training and development of management personnel. In this regard, two avenues of action may arise. First, specific small changes in

methods or personality may be agreed upon during the Counselling meeting that can be put into effect by the individual himself. Secondly, a definite training and development plan and time-table for each member of management is established on a long-range basis. Both avenues of action are pursued.

The real development process can take place only through the efforts of the individual himself. The whole Programme becomes meaningless if he fails to utilise the information gathered by him during Counselling or has no desire to do something about his personal failings. All the various phases or steps of the Programme only act as a framework upon which the individual works out his own pattern of achievement. The most that the administration of a formalised Programme can be expected to accomplish is to point out, to guide and to suggest.

In addition, the Performance Appraisals of the whole management force are analysed to determine the areas where development is most needed. Based on this analysis, and guided by the advice of line management, a co-ordinated plan for management training is worked out which is imparted to individuals and groups through various methods, some of these may be listed under the following three headings:

On-the Job-Training

*On-the-Job Coaching
*Special Assignments
*Job Rotation
*"Assistant to" Assignments
*Enlargement of Present Job
*Staff Meetings and Committee Assignments

Group Instruction Within the Company

*Lecture-cum-Discussion
*Panel Discussion
*Conference Methods
*Case Studies
*Role Play

External Courses

*Participation in Professional Societies and Conferences

*Field Trips to Other Industries
*Training through Management Consultants
*Advanced University Courses

Various training and developmental activities are conducted for individuals and groups as planned during the next year or two and after this is completed the whole process of Performance Appraisal, Management Review, Counselling and further Development activities is repeated. Thus, a Management Development Programme is a continuous process.

Line and Staff Responsibilities

The prime responsibility for the development of management is one belonging directly to each member of line management. The responsibility for planning and implementing the Management Development Programme would, however, rest with the Personnel Department and its co-ordination delegated to the Training Officer or a Management Development Co-ordinator. The Personnel Department would provide assistance in various ways; some of these may be listed as follows:

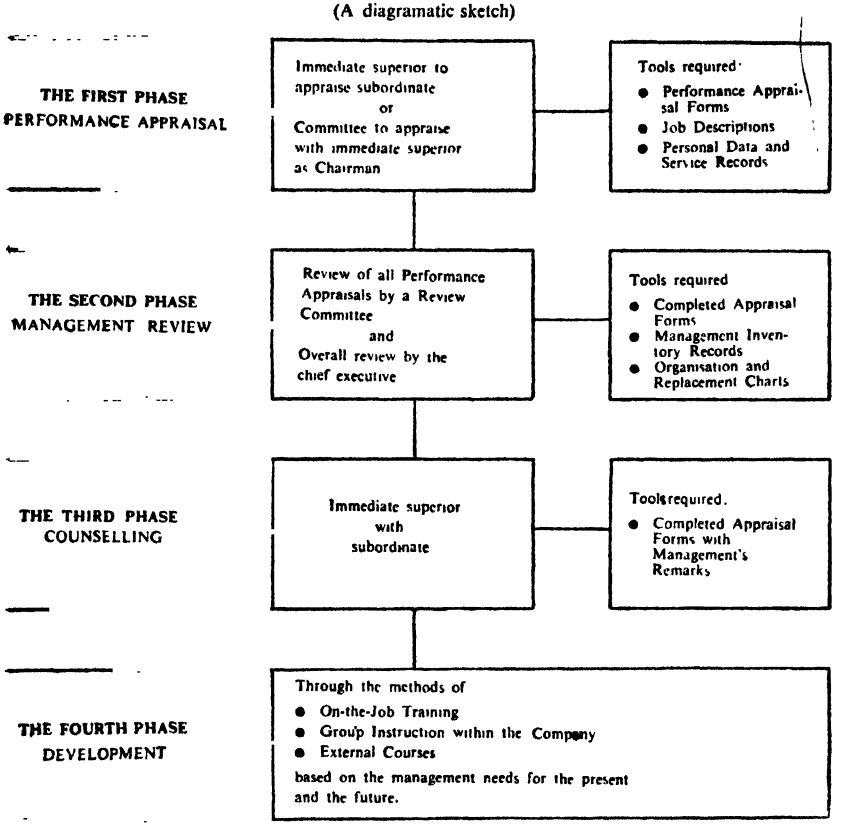
*Explaining and clarifying questions that may arise during the implementation of the Programme.
*Training of line management in making objective Performance Appraisals either individually or through Committees.
*Developing and maintaining personnel inventory records for the use and interpretation of top management during the Management Review.
*Advising line management in the conduct of proper Counselling techniques and in formulating training and development plans for individuals.
*Planning and assisting in the organisation and conduct of company training courses.
*Designing and supplying all forms necessary for the administration of the Programme.

The success of a formalised Management Development Programme will depend largely on the creation of sustained interest in the plan by all management personnel and on

purposeful and informal contacts between one level of management and the next, thus linking the entire management group. Each manager should feel that it is important that he should assist in the development of his subordinates, who in turn must be made aware that they are being helped and encouraged to grow in their present positions in addition to being equipped to qualify for higher responsibilities within the company. When this attitude is widespread the emphasis would rightly be on personal relationship and informal contacts rather than on the mechanics of the Programme.

It is to be remembered that though this article has explained only the technique or the methods and procedures, it is important to point out that these are only secondary and subservient to the prime objective of the development of the management force both for the present and the future. It is towards this objective that the whole effort should be directed.

A PROGRAMME FOR MANAGEMENT DEVELOPMENT
(A diagramatic sketch)



16 *New Perspectives for Management Development Work in India**

A. P. PAUL

IT is my view that there is excessive emphasis being given to the quantitative aspects of Management Development Work in India. We hear far less about quality. Due to factors such as (a) Social (b) Economic (c) Educational (d) Attitude to work, etc., the mere acceptance and practice of Western Training Methodology in the Indian managerial context is fraught with serious inherent limitations. The problem has been presented. Now what?

Several new perspectives for Management Development Work in India occur to me. These might be considered under the following: (1) At the University level, (2) At the level of Management Development Institutions, (3) Improving faculty and Training Methodology, (4) In-Company Training Work, and (5) Indian Philosophical Systems.

At the University Level

At the university level (e.g. Departments of Business Administration, Departments of Economics/Sociology/Psychology/Statistics, etc.) whenever a student undertakes thesis work, he should be deliberately discouraged from merely descriptive or narrative work. Recently, I had occasion to look at Doctoral work carried out in a major university. Much to my surprise, there was little or no work done on basic conceptual problems. Instead of writing a somewhat garbled study of the movement of wages, how much more one would stand to gain by research work which will give us insights into the decision-

*From *Indian Management*, July-August, 1965. Used by permission.

making process at the supervisory level, a clearer understanding of the superior-subordinate relationship in a unit in an industrial estate, the joint-family system and industrial organisation structure, etc. With greater imagination and boldness, our universities could, over a period of time, provide a large fund of basic research information which is, at present, sadly lacking. Such research work would lay a stable foundation on which to undertake more advanced work.

At the Level of Management Development Institutions

Institutions such as the Administrative Staff College of India, Institutes of Management, Ahmedabad and Calcutta, National Productivity Council, All India Management Association, and their various regional associations have a special responsibility. These institutions should undertake a series of Basic Research Studies which will attempt a careful scientific analysis of the Indian managerial situation. Some marginal efforts are under way. It seems to me that when fifty middle level executives meet for about twelve weeks in a residential programme, one has ready access to perhaps the most important and real source of information on managerial concepts and practices. I think that this information could be documented and utilised by a carefully designed research project which will give us better insights into the managerial problems in our country. Five such research studies, over two years, could give us analytical data worth two hundred books on management.

The minds of individuals like Kappel, Greenwalt, Watson, Sloane, Cordiner, etc., have been exposed to decades of Social Science Research efforts. Therefore, the growth of scientific management in the U.S.A. is infinitely better documented, highly intensive and closer to reality. For the sake of argument, what precisely do we know about the beliefs of a Birla, a Tata, a Singhania, a Bharat Ram or a Kirloskar regarding such questions as profit maximization, long-term investment criteria, pricing policy, etc. No doubt that such soul searching Social Science studies are time consuming and require dedicated minds. Thus, it is my view that long-term inter-disciplinary research projects with support from Psychologists, Sociologists, Economists and Personnel Management Specialists

will have to delve deep into these questions. It seems imperative that a beginning should be made in the area of Finance which continues to be the "sanctum sanctorum" of business activities. If Finance is the nerve centre of business activities, it is important that management development work could progress with a clear understanding as to what beliefs and concepts in the area of Finance actuate our businessmen. Without such knowledge, management development work may be somewhat sterile.

Improving Faculty and Training Methodology

It is only recently that attention is being paid to Management Teaching in this country. There should be systematic efforts to improve the quality of the Institutional Faculty as well as those involved in management development work in companies.

There is considerable scope for closer interaction between University and Industry. The present tendency to give one or two lectures occasionally at a university by company executives serves only a marginal purpose. There will be considerable gains in the involvement of company executives in the preparation of curricula, actual conduct of a course, evaluation and gradation of course work. This should be encouraged as far as possible. It will enable company executives in different functional areas to develop their pedagogic skills and also enable them to get a real feel of our student population—where our future managers are. Further, as a consequence, company executives would return to work with far greater insight into their own work and inter-related areas.

The question of adapting Western Training Methodology in this country should be given greater priority. If we are to make Case Studies and Syndicate Meetings more effective, greater attention will have to be given to understanding the Discussion Method, and deliberate efforts will have to be made to raise the level of conceptualization. Such work, if possible, should commence early in one's education and whether the educational system in this country will be able to gear itself to meet these needs appears to be an important question. Basic definition of concepts will help. In what language, may well turn out to be a significant question in the future.

Greater experimentation must be encouraged in the field of Training Methodology. Would it prove better to use more lecturettes and audio-visual aids and reduce discussion time in training work? Could the quality and contents of Indian Case Studies be reviewed and improved? Do we know enough about sensitivity training or have competent individuals to apply this technique in our training sessions? What is the potential of Programmed Teaching methods in management development work? To improve decision-making ability, could we not develop Indian Business Management Games?

If management-development work in India is to conform to certain basic standards of professional excellence, it is important that certain minimum academic requirements and experience must exist before individuals are given the responsibility of directing management development work. The 'Directory of Trainers' brought out by the All India Management Association some time ago is indicative of a somewhat motley crew. There appears to be a need for an All India Institute of Management Educators.

In-Company Training Work

It is high time that we undertook a critical evaluation of the qualitative aspects of In-Company Training activities on a massive scale. One gets the impression that while some attention is being given to the problem, there is no integrated effort to analyse the qualitative benefits of In-Company Training activities. The systematic analysis of feedback information should be exploited much more than hitherto. While it requires courage to be more self-critical, it is dangerously easy to be smug about the so-called impact of management-development work (which might be highly volatile).

Indian Philosophical Systems

Management-Development Work is concerned with the development of human beings. Therefore, I believe that a large reservoir of wisdom and knowledge provided by Indian Philosophy has been overlooked. It might be rather unfashionable to say so but to me it is highly probable that Yoga and its esoteric ramifications could make a real contribution to management-development work. If what we are

trying to develop in our managerial personnel, are certain characteristics of objectivity, clear thinking, concentration and better perception of reality, then some of the concepts discussed in Yoga will have direct bearing and application to a number of managerial problems and situations.

17 *Management Development and Industrial Growth*

R. BANERJEE

THERE is an old Chinese proverb which I am never tired of quoting:

"If you are planning for a year, plant grain,
If you are planning for 10 years, plant trees,
If you are planning for 100 years, plant men."

Men we have plenty—enough perhaps to plan for the next ten thousand years! But what we are concerned with here are the men we plant to manage our Industry and Commerce—men who must form the spearhead of our attack on economic stagnation.

Who are these men to be—what "breed" shall we plant? Having planted them, what care shall we take and what treatment shall we impart to see that these men attain their full stature?

The Men We Need

Over the years, social scientists have found that there is no particular arch-type or "model" of what makes the successful manager. This is because business today is so complex and diverse that every organisation requires a "mix" of different kinds of people. The mixture lies not merely in the variety of technical and professional skills required today, but even in the overall characteristics of the persons concerned. There will have to be those who are entrepreneurs and can take big risks, others who excel in solving day-to-day problems, those who are action-oriented and others who work for stability and security; those who enjoy and are capable of working

with large groups of people and others who are comparative isolates; those who enjoy external "boundary" roles and others who prefer to work within the internal boundaries of an organisation.

This seems to imply that recruitment and selection of managerial personnel is a hopeless task, for if you do not have a model what will you measure against? But that is not entirely so. What does emerge is that although there will be some overriding characteristics, each must possess as a balancing factor a little of what the others have. All managerial jobs keep changing in the demands they place on the individual, not merely at different levels, but at the same level as well at different times. This is not the place to enter into a detailed discussion of selection criteria, techniques and procedures. Suffice it to say that what we are seeking are people who will have a reasonable blend of intellectual ability, integrity, flexible and adaptable minds, sensitivity to the environment, ability to work with others, a high energy level with motivation to achieve and finally an urge for self-development. The "mix" that we seek will differ according to our needs.

Whatever the "mix", it seems a tall order, and a tall order it certainly is in our country today. Where are these paragons of virtue? If we do not seem to have many, the fault lies not in the intrinsic worth of our people—but in the society in which we live, and above all in the education system that we have devised for ourselves. Has our system been altered and geared to meet the economic and social objectives, we have set ourselves; or is it still content with producing a mass of clerical and "administrative assistants" and narrow technicians—loaded with a plethora of facts and figures—but not imbued with any of the art of the utilisation of that knowledge? These, I trust, are questions which those who educate, and especially those who train, are asking themselves. In the meanwhile, let us examine what we, who are concerned with management development, can do.

Management as a Profession

Before we discuss the problem of management development, it is desirable to review briefly the status of management today as a coherent profession. In recent years, our country has

seen a revolutionary break-through in the matter of recognition of management as an identifiable profession and in the steps taken to introduce and expand management education. Yet, there are lingering doubts in many minds. Such doubts have not been confined to our country alone but have been expressed in more advanced countries as well. That is why, as late as in March 1966, at the National Conference of the British Institute of Management, Prime Minister Harold Wilson was constrained to comment as follows:

> "It did take some time for you to sell yourselves to British industry, but I can see that you now have made a great break-through in industry. There has been a certain amount of suspicion, even ridicule, about the basis of management being professional, but I have said a number of times that we cannot in this highly competitive world afford to treat this vital profession of management as something that should depend purely on birth, family background, school connections or anything else that goes with the former amateur status. We cannot in British industry afford to keep the professionals out."

If Britain cannot afford to keep the professionals out, how much greater is our own need in this respect!

What purists have failed to recognise is that whereas "management" may lack the classical attributes of traditional professions such as Law and Medicine, the Professional Manager subjects himself to the same disciplines and constraints as does a member of any of the traditional professions, instead of waiting for the society to impose those constraints upon him. Professional Management today is also in itself the combination and interaction of many professions and skills. Out of this interaction have emerged many new techniques and applications which in turn have enriched the mother disciplines. The art and science involved in combining all this into a meaningful and profitable activity for society cannot but require professional treatment.

No doubt, great entrepreneurs will still emerge from the ranks of the non-professionals, but their efforts will have to be backed by a solid body of professionals.

Management Development

The Scope. Educationists of the Harvard Business School see the need for teaching administration as a skill (*i.e.* "art") linked inseparably to "knowledge". They point out that knowledge without the skill to use it is inert. Skill without the continuous infusion of new knowledge leads to stagnation and decline. They plead for a balance between the two. To this I would add a third dimension—Character.

Some people say that a large part of our economic ills is due to the confused and schizophrenic thinking of those who determine national policy. As a consequence, a heavy strain has fallen on managements in industry and commerce. But managements in turn cannot escape their share of the blame. Apart from sheer ineptitude, how often do we find elementary standards of integrity violated at the slightest sign of difficulty; gross insensitivity to the feelings and values of the society within and around the organisation; unwillingness to shed the "easy life" of profits won rapidly and inefficiently in an economy of scarcity and protection; unwillingness to innovate and improvise in the face of difficulty, taking all the soft options instead of the hard choices, which is the distinguishing feature of a professional manager?

We, therefore, see that management development today requires not merely the acquisition of knowledge, techniques and skills, but also the basic infra-structure of integrity, vision, courage, sensitivity and dedication. You cannot build an edifice on foundations of sand, nor a profession on lack of values and standards.

How then are we to go about our task of imparting the three attributes of knowledge, skills and character? Much of the skills and a great deal of character should already have developed in the earlier upbringing and through the educational phase. But we have seen that there are serious drawbacks there and the lee-way has to be made up.

The Climate. The solution lies in the following directions. First, the recognition that there is a most vital job to be done in this field must permeate the entire organisation, down from the top. In fact, it must start from the top. Very often we see lip service paid to this task, and middle and junior managers sent to various courses just to keep up with the Joneses. At the

same time, senior and top men have kept themselves aloof from all this activity with the result that junior men keep struggling to apply techniques and principles not even remotely understood or accepted by their seniors.

The climate of the organisation is, therefore, vital—a climate of high ethical standards, a climate of growth and self-development, a climate of commitment to self-improvement.

An Integrated Programme. Given the climate, the next step is to evolve an integrated and institutional programme of development. Such a programme would cover the entire field of manpower planning, classification and evaluation of jobs, recruitment, induction and initial training, placement, appraisal of performance and potential, on-the-job training, courses and activities off the job, and systematic career advancement and succession plans.

I would like to emphasise the need for such an integrated programme. It is no use recruiting a great deal of talent when you don't know what you want and how many. It is no use introducing development programmes when you have not identified who can be developed and what needs developing and when. Each process must dovetail into the other.

Similarly, there must be an institutional character and involvement by all sectors of management in the process—in the evolution of procedures and in their implementation. People lend maximum support to ideas and practices they have helped to build. That is how traditions are built up in a society —and organisations are after all social units. Although traditions have the bad habit of becoming hide-bound, enriched with innovation, by men flexible enough to welcome the winds of change, they lend stability and strength to an organisation.

Training on the Job. This is not the place to enter into a detailed discussion of all the steps in a management development programme. I would like to highlight only one aspect here and that is "on-the-job training".

We have seen that although management utilises various disciplines and professions, and in the process creates new techniques and principles, the ultimate act of management itself is an art. Like all arts, this is an art difficult to impart. Like all arts it has to be learnt by persistent practice, by

mistakes, by emulation, and at the feet of masters. It has, therefore, to be learnt primarily on the job and under the care of those who care for you. This has been the sole process of development which traditional business houses have practised over the years with great success—and even today it must form the pivot of all training and development. Just as traditional business houses need to take in new blood, new knowledge and new techniques, similarly modern "professionals" have to reaffirm their faith in on-the-job training and not be carried away by their enthusiasm for the super-structure of "courses" and other formal training activities.

This basic process of on-the-job training requires delegation, counselling and personal example and care on the part of the superior. The superior has to first set an example that the subordinate may emulate. This is not just the example of administrative skill—but also of what I have embraced in the term "character". He then has to delegate deliberately a great deal at every opportunity, not merely in day-to-day matters, but also in tasks which are perhaps out-of-bounds for the subordinate, but which will test his mettle and stretch his abilities. In the process, there will be many a pitfall into which the learner will stumble, but with just the helping hand of counsel from his superior, he will also learn how to get out of these pitfalls.

In this way the budding manager will learn the art of management. But what is more, he will learn the "greatness" of his function. Someone has said "The great society is that in which the men of business think greatly of their functions". That is what we need today—to realise that industrial and economic growth is a great adventure on which to embark, and that we men of business have a great function to perform in that adventure. The rest will stem from that realisation.

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18 *Some Factors Governing Motivation in Industry**

U. V. SIVARAMAKRISHNAN

In the massive social process of an enterprise, it is a task to persuade people to give of their best; but it will be made easier to the extent management and the employees are alive to their mutual obligations and behave with responsibility. It is, indeed, an art to get at the dividend of factors like enthusiasm, initiative and a sense of loyalty in men working, coming as they should, from their inner urge to improve their performance. It is here that the crux of human engineering lies lurking.

Willingness to co-operate with a sense of belonging is the perceptible expression of confidence and as applied to industrial workers, this presupposes:

*reasonable security of employment;
*improved working and living conditions;
*reasonable return for the labour put in; and,
*adequate opportunities for advancement commensurate with their experience and skill.

The answer to these lies in a preplanned scientific approach designed and devised to suit specific needs of individual units; the broad outline of the stages to be planned may be generalised as:

*pre-recruitment stage;

*From *Industrial Times* of 1.12.1964. Used by permission.

*recruitment stage;
*in-plant training stage; and,
*stage relating to working and living conditions of employees in general in the unit.

The working details for each of these stages would fall under the following criteria.

Pre-recruitment Stage: Management should take particular care to plan recruitments properly, assessing their personnel requirements in terms of number and skill as a corollary to production needs and technical changes now and later on. This step would eliminate redundancy or the need for replaceability at a later date and goes a long way towards security of employment.

As far as practicable and without prejudice to the evaluated job requirements, friends, relatives and dependants of employees have to be considered for employment instead of looking outside for filling vacancies. This aspect, besides raising management in the esteem of their employees, tends to build up a sense of loyalty, initiative and interest in them, a miracle, which no other policy of management could so effectively bring about.

During the first interview itself, a decision as to how best the candidate could be suitably employed, has to be taken after probing deeply into his aptitude and capabilities and making a real preplacement-assessment without being cynical. This affords satisfaction to the employer of having chosen the right men for the respective jobs and at the same time provides the key step towards job satisfaction in the recruits.

Then the recruit should be given an accurate picture of his job in the unit, terms and conditions of his employment and a broad outline of the policies of management as also of their employee-relations. Well-informed employees develop an interest in their undertaking and such interest leads to efficiency and increased productivity.

In-plant Training Stage: During this stage, the recruit has to be given an idea as to how he is being rated, encourage him if he is good or otherwise give him an opportunity to correct and rectify himself if he is found wanting in interest, receptiveness, grasp, reaction, application and dexterity with

regard to his work, or discipline and respect for rules and regulations, team spirit and sociability, work habits and personal qualities with regard to his conduct and behaviour while at work. This would help moulding the general morale in the workman in building up self-confidence and a feeling that he is in "great company".

The Stage Relating to Working and Living Conditions: Managements should create an atmosphere of goodwill through their policies particularly in matters such as establishing a reasonable system of wage, incentive and bonus calculations, provision of suitable physical working conditions and attention to safety and health programmes.

Skill, ability and seniority should form the criteria for qualifying for promotion, the ladder of such promotion being fixed on a proper analysis of the job requirements and a planned wage policy. The proposals for promotion should initiate from the Departmental Heads although the final decision would rest with the top management. This calls for planning out future replacements as a promotion policy and men trained sufficiently in advance to step into higher jobs as and when they fall vacant.

In taking decisions, the Management's approach should be without bias, and should not impair any person's rights based on inaccurate or inadequate facts. They should recognise the rights of everyone to know the reason for any decision which may result in injury to him and that no one should suffer derogation from his existing rights without his case being given due consideration.

Management should evolve an effective grievance procedure which would help in preventing trouble from spreading and thus create a good climate for human relations.

Suggestion scheme with a view to improving efficiency and human relations and at the same time developing the latent brain-power of employees is assuming importance in industry. It would also incidentally serve to satisfy the natural desire for self-expression and a craving for recognition in the working class.

By allowing workers to participate with the Management in advisory capacities such as in Works Committees and Joint Management Councils, etc., all available experience would

have been pooled by interchange of ideas and information for improved industrial efficiency. Managements should formulate schemes aimed at securing the workers against hazards of sickness, injury and unemployment. In consultation with the workers, suitable norms and standards should be evolved as criteria for settling disputes arising in the course of implementing these schemes; for, there is nothing more conducive to better human relations than disciplined settlement of differences and honest implementation of agreements.

19 *Towards Greater Job Satisfaction in Industry**

U. V. SIVARAMAKRISHNAN

In the process of recruitment, it is the policy with some establishments to keep out of consideration those who are already employed; but a situation might arise when for want of a more definite alternative, they have also to consider those who apply from within the organisation—like machinemen, fitters, etc. While in one such predicament, I happened to ask the candidate his reasons for wanting a change and promptly came the answer, "to suit my aptitude". On a similar occasion, I remember the applicant very candidly replying, "Frustration!"—the reason he gave in explanation was all the more interesting—"It is sickening to serve under a superior who either does not know his job or does not have the authority to do good or bad!"

Coming to think of it in all seriousness, employment has to have other more sustaining venues of gratification than serving as a mere economic proposition.

Aptitude is at best the link between the job and the performance; so much so, low aptitude and a tedious job cannot go together but will only result in lack of interest in the job and consequently the quality and the quantity of the work turned out will be far from satisfactory. On the other hand, if the jobs match the aptitudes of the employees, their performance will be at peak efficiency and their morale high. Therefore, preplacement assessment of recruits on a well chalked out scientific basis is of immense value.

Also, the men working should have knowledge of how their

*From *Industrial Times* of 1.2.1965. Used by permission.

jobs relate to other jobs in the unit and how important it is in the operation, i.e. they should be able to see their jobs in relation to the finished product in order to gain satisfaction that their jobs are important and necessary and that they contribute in a significant way to the objectives of the enterprise.

In other words, they must feel the thrill of the grandeur of the finished product, the sensation of their work making a contribution in its shaping. This would remove any possibility of the loss of satisfaction and pride in one's job. This being an indispensable pre-requisite for motivation in industry, the basic approach towards this end should be augmentative of rationalising the Management apparatus to avoid waste and inefficiency and to give the workers a sense of belonging to the enterprise at every step—the broad principles to be aimed at in some of the important phases of improvement in the units towards this end may be reiterated as under:

In Implementing Technological Improvements:—Implementation is largely a matter of getting new methods and ideas accepted and used without the least friction but with ample scope for improvement. Hence, changes should be paced gradually and thoughtfully and introduced only after they have been thoroughly understood by those who are sensitive to them or affected by them. This would avoid, on the part of the workers, misgivings that they are likely to be discharged in the name of redundancy as a result of such changes.

Here, the aim should be the efficient utilisation of the labour after treating each operation into individual components and employing the right man for the right job. Also, operations should be decentralised with centralised control. This enables each individual worker to function in a real sense as a member of the total team with the Supervisor as the "Leader". This is necessary, because the effectiveness of any group depends entirely on the homogeneity of the people participating. Further, it affords respect for the chain of command or the line of authority for the up and down flow of suggestions, directions or orders in the organisational structure.

In Regulating Rate of Operations:—The aim should be at giving clear job description to each employee and to make

them know what and how much they are expected to do. They should also be well informed of the stage their work occupies in the operational chart for the unit and of the relative importance of the stages prior to and after their respective operations.

This would create in them a sense of attachment to each other and a feeling of dependency on each other's co-operation, goodwill and cordial relationship. By this the group morale would shoot high and the quality and the quantity of the product would be creditable, i.e. each member of the group would be able to relate his efforts to measure performances in the production which the group as a whole is manning.

In Trying to Achieve Greater Degree of Efficiency:—This calls for a job analysis determining the qualities required for the efficient performance of each job and to enable the assessment of the real worth of the qualities in each individual worker but for which they could not have efficiently handled the various jobs of differing skills and responsibilities. While this would eliminate over-work and encourage the observance of safety precautions, it would give the workforce the confidence that they are being rated properly—a feeling of recognition satisfying their ego. Recognition of experience and skill would greatly facilitate developing initiative, moral worth and efficiency of labour.

Training Middle Management Personnel:—For an effective implementation of this efficiency drive, the training of the intermediary leaders in the units is of vital importance—the training given to these personnel should be such that it develops them into a cadre of well-informed middle-management personnel capable of creating in the minds of workers a sense of belonging. Also, they should be able to mould the workers' morale through their own significant behaviour. They should also be trained to lead the men working under them through their ability to handle them and their proficiency in their jobs.

Likewise, they should be able to create in the men under them a feeling that they are interested in them; that what they have to say and offer by way of constructive suggestions would be listened to and welcomed and that they are primarily employee-centred rather than production-conscious.

Also they should themselves set an example by self-discipline in obedience, application and other outward marks of respect for the rules and regulations for day-to-day observance lest the workers should resort to methods of protest which would involve loss of production.

Sound labour policies of the managements consist of:

*an avowed disposal to co-operate with the labour;
*strengthening of the trade union organisations;
*fair wages, decent working and living conditions;
*sharing of the fruits of high productivity;
*dissemination to workmen of all necessary information for their intelligent participation in industrial affairs;
*consultation with workers in personnel policy; and
*facilities for advancement

In practice, these policies mean a demonstration of the basic identity of interest between Management and Labour to make full and efficient use of all available resources, the work turned out being properly supervised for avoiding overwork or detriment to health and increasing efficiency or working morale. The ultimate aim of these policies is to enable the workmen to build up confidence both in the Company and in themselves so as to make them progressively efficient.

Wages should be related to actual work. The salary paid to anyone should be in relation to the work required of the person and should be compatible with competition.

Likewise, the fear of unemployment should be wiped out; this could be achieved, to a great extent, by filling vacancies due to natural wastages such as voluntary leaving, superannuation, prolonged illness, physical inability or death with men rendered surplus previously due to rationalisation. Also, opportunity to advance through periodical raises in salary or through promotion to jobs of higher responsibility is yet another important factor. Provision of maximum safety and comfort leads to greater satisfaction with working conditions.

After all, it is only human and just to expect a reasonable return for the labour put in—in the form of: (a) wages; (b) economic security after retirement in the form of

pension, gratuity and Provident Fund; (c) prospect of promotion; (d) safe and healthy working conditions and reasonable welfare amenities such as housing and transport facilities all of which in turn build up in workers a sense of (a) loyalty based on confidence; and (b) a sense of belonging arising out of mutual trust and satisfaction.

Production Bonus Schemes, a form of remunerating on the basis of production norms, should be low geared to dispel heart burn due to disparity and should be reasonably proportional to increased output. It is most essential that the workmen concerned are made to understand the basis for this graduated bonus scheme. This engenders team spirit and healthy rivalry between groups and, incidentally, it is a method by which a social pressure is applied against shirkers and chronic latecomers.

The Management should schedule high and practicable standards and get them agreed to by the workers, train and lead them to achieve these standards so that the result will be a successful achievement of the targets set. They should pat the men on their back for good work and give them right incentives to encourage them for increasing output.

Proper workloads and sharing of the fruits of higher productivity creates mutual trust and confidence. Also, changes in the standards should be justified by production characteristics because the efficiency of the scheme rests on mutual trust.

Operations and performances should be measured through a well-organised method-study and work measurement. Improved processes, better plant and machinery, simplified methods and procedures for improved operational details—all these lessen fatigue and waste of human effort and materials; besides, they increase the quality and quantity of production thereby promoting the effectiveness of manpower.

The grievance procedure should aim at sustaining satisfactory relations between employer and workers, and it is best that grievances are settled expeditiously and at the lowest level to avoid trouble from spreading. Valuing suggestions, introducing consultations at various levels and resorting to mutual settlements go a long way towards satisfying the ego of the working class besides facilitating the pooling of available knowledge and experience for greater industrial efficiency.

20 *Promotion Policies and Practices in Industry*

D. K. DUTT

PROMOTION is no longer viewed as an individual incentive scheme to enable a favoured workman or an executive to obtain a prize post. Promotion in today's business forms part of an integrated plan affecting groups of individuals associated with the over-all business programme. This has to a large extent resulted in the concept of career planning devoid of personal prejudice and bias.

As such, an attempt was made to make a representative survey in Eastern India of the practices and procedures adopted by different employers. In doing so we received co-operation from a number of well-known companies from the private and public sectors.

Some of the companies not only answered a set questionnaire issued by us, but also let us have their manuals and assessment forms which enabled us to form certain conclusions.

In the process of the review we noted that competition in today's business is not only in terms of the individual products that are produced, but also in terms of the human material that help in producing the same. We, therefore, found the human material to be the most important factor of survival of any industrial/commercial unit. A well-known business executive rightly commented:

> "Business, no matter how expensive and modern, ultimately depends for its success on the knowledge, skill and ability of the personnel that are employed. Promotion review or review of individuals at the end of the year thus becomes essential to make a periodic assessment of the talents and skills of the personnel at the disposal of the Company."

Promotion becomes not only a delicate problem in the matter of selection of the right incumbent for the right job, but it also poses a continuous challenge to managers at various levels of the organization—large or small—to chalk out a programme by which the best and the most capable individuals may find the opportunity to come up to the top. The procedure of promotion, therefore, starts right at the bottom from the shop floor ending up with the managing director of the company who finally sets the pattern of the company's business tempo. We thus found that promotion policy can hardly by viewed as an isolated scheme for rewarding an individual or individuals without at the same time considering the cases of various other incumbents in the field. In that context, managers at various levels are required to screen the available materials without getting their judgement coloured by personal prejudice or favouritism.

Despite the challenge of the modern business, we nevertheless found that rudimentary methods of selecting personnel for higher positions still persisted in certain cases, inasmuch as the manager still depended on spasmodic reviews without recording his assessment on paper with sufficient reasons. On the other hand, a representative section of progressive groups was found to have accepted the policy of assessing or reviewing the strengths and weaknesses of personnel at various levels periodically in one form or another, detaching such assessment as far as possible from personal prejudice and bias. Principles of such assessment extended to labour and management alike, and this has resulted in a concerted plan of career planning in a number of cases. A number of business executives thus rightly felt and expressed themselves to us by saying that the success or failure of their units depended to a large extent on correct recruitment and promotion of individuals through various phases.

We are glad to advise that companies who co-operated with our review did not necessarily confine themselves to the problem of promotion in the area of labour alone. Some of the well-known companies had in fact placed at our disposal their method of selection and promotion up to very senior level. Here, our attention was naturally attracted to promotion in terms of job content with accompanying salary booster. It was noted

that in the public sector salary scales attached to particular job gradings were fairly well known; while in the private sector salary scales of management staff in a number of cases were treated with the strictest possible confidence. There are various reasons for the same, but obviously the present study did not attempt to go into the problem of salary structure even though it must be admitted that higher salary structure attaching to higher jobs do necessarily provide some stimulus for more efficient performances to qualify for promotion.

It must, however, be mentioned in passing that improvement in scales, amenities or benefits offered to an incumbent, even when he has been performing more or less the same job, may take the appearance of a promotion. This is so particularly when the job is upgraded in the structure of the organization after a study has been made; or when an executive is considered senior enough to be entitled to certain improvements not normally granted to his younger or more junior fellow brothers. This sort of indirect promotion has got a great virtue, in that senior persons do not have to suffer from frustration even when there may not be sufficient vacancies for any other direct promotions.

A stepping stone to promotion has more often than not been provided to persons by putting them to act in higher jobs. This is universal, right from the ranks of labour to Company Directors. We, therefore, queried whether there is any widespread practice to record the achievement of incumbents during periods of their acting, dissociating the same from their normal assessment at the end of six months or a year, as the case may be. It was noted that the recording of performance during acting periods is not done universally, and in some cases chances of acting are distributed rather haphazardly without following any definite plan or pattern of seniority or efficiency or otherwise.

It will, however, be understood that even though some plan is definitely possible in dealing with temporary vacancies in the cadre of Management, a similar plan may not always be practicable in regard to labour in the face of high percentage of absenteeism which is being experienced frequently by a large section of industries. In the circumstances, acting for very short spells in the rank of labour cannot always be followed up

by a detailed record of individual performance. On the other hand, some records of individuals acting over fairly long periods definitely become useful in selecting personnel for higher jobs, particularly when such records are coupled with periodic assessments of performance.

Coming now to assessment of performance or merit review which is done periodically, as is well known, in many companies, more space will be devoted to examining the various systems as could be studied during the review. In most of the cases, clear instructions were found to have been issued to the rater, somewhat on the following lines:

*Assess the person in relation to the requirements of his present job only.
*The rating should be objective avoiding personal complexes as far as possible.
*Base the judgement on the entire period and not upon isolated incidents.
*Consider each factor individually, uninfluenced by the rating given under other factors.
*Expunge from the review such factors not strictly relevant to the issue, or which the rater did not have personal opportunity to judge, etc.

As will be evident, the above instructions will apply to a great extent while reviewing management personnel. Similarly, in assessing the performance of labour as well, various companies have adopted various methods differing only in degree. Basically, the areas somewhat covered are—knowledge of the job, quality of performance, dependence in work, attitude towards others, responsibility, attendance, co-operation, supervision, leadership, accuracy, etc. In certain cases, cost consciousness on the part of the individual either in the position of management, supervisory or otherwise has been considered an important factor in reviewing his value to the company. For the ready reference of members, certain specimens of assessment forms are enclosed without divulging either the details or the identity of individual companies.

Before closing it must be recorded that in a majority of cases individual companies had to concede that seniority in the

matter of promotion in the ranks of labour could not be ruled out altogether although efficiency had been made out to be the overwhelming factor. Exceptions were, however, recorded, and in the case of a well-known industry technical personnel were found to have been divided into three different categories; and promotion to the next higher level was integrally connected with the passing of a trade test, not tying up the promotion to any definite vacancy. In another case, a joint trade test committee was formed by representatives of management and union; and the representatives of union acted as observers to ensure fair play in the trade test. In the case of one company in the public sector, their publicised Cadre Scheme clearly provided that promotion in the first five senior cadres could be made strictly by merit. It is only in the case of the very junior cadre that seniority was found to be of some consideration. In certain cadres, again, delicate adjustments were found to have been made for the purpose of promotion as follows:

50% promotions on merits.
25% based on seniority-cum-merit.
Balance by direct recruitment.

While doing the review we have come across cases where the senior managers have accused "dead-wood" within the organization who, according to them, could not go beyond a certain stage. In a few cases, some very senior but inefficient executives were found to have been "kicked upstairs" to occupy posts with higher designations, when the organization could not find a way to deal otherwise with them. This no doubt makes one think that possibly years ago somebody somewhere made some error in judgement in either recruiting the individuals or in promoting them into jobs or cadre where they could not make their grade. Perhaps with all the scientific methods of assessment, promotion or otherwise, such mistakes will still keep occurring to some extent. The attempts of a modern manager will be to minimize the area of such mistakes as far as possible by ensuring that:

*proper talents are first made available through correct recruitment,

*then to enable them to satisfy their own aspirations within the framework of the company's own objectives and targets,
*by following a programme of career planning coupled with periodic assessment/rating of individuals, the principles of which must, by and large, be sufficiently understandable.

As our review has already revealed, a number of industrial/commercial units have already taken steps in the direction mentioned above. It is hoped that with the passage of time there would be more to follow suit.

ANNEXURE—'A'

EXECUTIVE PERFORMANCE/DEVELOPMENT REVIEW

How does the Executive	*How well is the Executive knowledgeable about*	*Ratings/ Comments of Rater*	*Review by Higher Authorities/ Raters*
(*a*) Plan in advance/anticipate problems	(*a*) The area of his own work		
(*b*) Organise and train personnel under his charge	(*b*) Related activities in the same Dept. and elsewhere		
(*c*) Follow up instructions communicated to him	(*c*) Current trends and developments pertaining to his own field		
(*d*) Co-operate with others			
(*e*) Understand his own men and (*i*) create enthusiasm (*ii*) team spirit (*iii*) sense of belonging, etc.			
(*f*) Communicate effectively up and down line			
(*g*) Develop subordinates capable of replacing him in future (must be more than one; otherwise there could be favouritism)			
(*h*) Delegate authority to subordinates			
(*i*) Co-ordinate authorities under his control.			

Summary statement of strength, weakness, communicated to the Executive with recommendation of development where needed.

ANNEXURE—'B'

WORKERS & CLERICAL STAFF APPRAISAL FORM

Half-yearly Rating Report

No.	*Subject*	*Exceptional Marks*	*Above Average Marks*	*Average Marks*	*Below Average Marks*	*Poor Marks*	*Total Marks*
1.	Health	Robust	Vigorous	Good	Frail	Sickly	
2.	Knowledge ..	Complete	Very good	Average	Meagre	Inadequate	
3.	Initiative ..	Excellent	Very good	Fair	Poor	None	
4.	Speed	Very rapid	Rapid	Average	Slow	Very Slow	
5.	Accuracy.. ..	Exceptional	Accurate	Average	Inaccurate	Careless	
6.	Reliability ..	Exceptional	Dependable	Satisfactory	Irregular	Unreliable	
7.	Judgement ..	Exceptional	Very good	Ordinary	Poor	Rash	
8.	Interest	Enthusiastic	Interested	Average	Indifferent	Not interested	
9.	Conduct	Splendid	Very good	Average	Poor	Troublesome	
10.	Self-confidence ..	Exceptional	Very good	Average	Poor	Timid	
11.	Punctuality ..	Exemplary	Very good	Good	Fair	Lax	
12.	House-keeping ..	Excellent	Very good	Good	Haphazard	Slack	
13.	Leadership ..	Dynamic	Inspiring & Effective	Satisfactory	Needs improvement	No apparent aptitude	
14.	Quantity of work ..	Unusually high output	Good output	Sufficient	Usually sufficient	Insufficient	
15.	Quality of work ..	Highest quality	Very good	Good	Passable	Poor	
16.	Co-operation ..	Outstanding	Very good	Good team Worker	Limited	Un-cooperative	
17.	Cost conscious ..	Highly conscious	Fully appreciates overall costs	Works to budget	Lacks true appreciation	Poor	

ANNEXURE—'B' *(Contd.)*

18. Power of expression (Spoken) ..	Excellent	Very good	Clear and unambiguous	Fairly clear	Poor
19. Power of expression (Written) ..	Excellent	Very good	Clear and unambiguous	Fairly clear	Poor
20. Potential-Tech. .. Aptitude for tech. assignment ..	Excellent	Very good	Good	Fair	None
21. Potential — Managerial ..	Excellent	Very good	Good	Fair	Poor
22. Appearance ..	Impressive	Very neat & tidy	Neat & tidy	Slack	Unprepossessing
23. Approach towards people	Exemplary	Very good	Generally acceptable	Tends to create bad impression	Objectionable
24. Organising ability	Superior	Very good	Adequate for present assignment	Needs assistance	No apparent aptitude
25. Capacity of administration	Highly developed	Sound	Generally sound	Does not delegate responsibility	Has no idea

TOTAL

OTHER QUALIFICATIONS

DEFICIENCIES

RECOMMENDATIONS

ANNEXURE—'C'

ASSESSMENT ANALYSIS

	Min. Point	*Analysis*		*Max. Point*	*Total Points Awarded*
Attitude towards company	Actively antagonistic	Passively antagonistic	Passively co-operative	Actively co-operative	
Attitude towards superiors	Actively disobedient	Liable to neglect orders	Follows orders but grumbles	Cheerfully follows orders	
Attitude towards fellow workers	No team spirit	Occasional team spirit	Helps when told	Extreme team spirit	
Quality (job knowledge)	Needs constant correction	Needs frequent correction	Needs occasional correction	Needs no correction	
Quantity	Devotes as little time as possible	Devotes 50% time in work	Devotes 75% time in work	Devotes more time in work	
Attendance Unauthorised absence..... Late.....	Total days are over 10%	Total days are 6% to 10%	Total days are 4% to 6%	Total days are below 4%	
Organising ability	Cannot organise	Sometimes he can organise	Mostly he can organise	Organises very well	
Dependability	Always shirks work	Sometimes shirks work	Seldom shirks work	Never shirks work	
Intelligence	Very dull	Not very intelligent	Moderately intelligent	Very intelligent	
Health	Maintains poor health	Not very good health	Fairly good health	Sound health	

S.L.....day

ANNEXURE—'C' *(Contd.)*

Safety consciousness	Very reckless	Sometimes careless	Himself safety-minded but not with others	Very much safety-conscious for all
Discipline	Very much indisciplined	Sometimes tends to be indisciplined	Indisciplined when with others only	Very much disciplined even when with others
Interest in job	No interest in any job	Has interest in some jobs	Has interest in many jobs	Has interest in all jobs
Drive to go up	Has no drive to go up	Wants to go up but does not take pains	Wants to go up but not consistent	Consistently trying to go up

Have you discussed with the employee you are rating, the defects in him during the year? If not why? If yes? Do you find any improvement after you had talked to him?

Do you think he is likely to improve? If not what alternative step would you suggest to take?

What step do you suggest to develop him?

What is your comprehensive summary about him?

Would you recommend his promotion or any further training?

21 *Promotion as a Management Right*[*]

M. S. BALA

BANKS nowadays probably face more labour problems than almost any other industry. Their employees consist mainly of two groups: the white-collared clerical staff, who are more conscious of their rights than of their duties; and the semi-literate subordinate staff. The difficulties arise from the vulnerable nature of the banking industry, which does not permit of a lock-out, and the absence of unity among bankers. The growing fashion among unions in the banking industry is not to resort to a strike but to use other tactics which, strictly speaking, are not illegal, but are nevertheless very effective. The employees resort to "work-to-rule" movements, or refuse to work overtime, or organise mass demonstrations and deputations to dislocate work. Much more so than in other industries and offices, the work in banks has to be kept up-to-date. That is why the unions are able to hold the management to ransom.

One of the points on which disputes are frequently raised relates to staff promotions. The guidelines concerning promotions were laid down by the Sastri award, which came into operation in April 1953. The Sastri tribunal acknowledged that no hard-and-fast rules could be laid down in connection with promotions. It was definitely opposed to the suggestion that employees' unions should be consulted in connection with promotions. While "seniority in service should be one of the most important factors to be taken into account", the tribunal said that length of service alone, irrespective of efficiency, educational qualifications, character and nature of responsibility required in connection with the vacancies to be filled,

[*]From *Capital* of 30.3.1967. Used by permission.

should not be the sole or even the main criterion. The tribunal declared that promotion could not be automatic, and a great deal of discretion must rest with the management. "The apprehension of the employees underlying the demand for length of service to be the sole governing factor for promotion may be due to apprehensions of nepotism and victimisation of employees who take active interest in the trade union movement."

The tribunal directed that in the case of employees who are not fit for promotion, the decision should be borne out by the service records. When a person senior in service is superseded, it should be for good and cogent reasons. The tribunal recommended that an employee who felt he had been superseded should have the right of appeal to the general manager or the managing director. The latter should consider the appeal with an open mind and revise the decision, if necessary. Such an appeal should not be treated as an act of indiscipline.

The question of the extent to which the directions of the Sastri award on the question of promotions are to be observed came before the Supreme Court in an appeal in the Punjab National Bank case (*L.L.J.*, 1961, *I.* 1. 10). In this case, the Central Government referred to a tribunal the question whether the Punjab National Bank was justified in imposing a condition that the persons appointed as Grade II officers either by direct recruitment or by promotion would be governed by the rules of the Bank as applicable to officers in respect of scales of pay and other conditions of service and not those of the Sastri award.

The tribunal held that the Bank was justified in laying down any conditions on new entrants, but on its existing staff it could not impose any conditions inconsistent with the Sastri award. The tribunal declared as invalid the circulars issued by the Bank stating that promotions to the supervisory grade would be made only in cases where the employees in question agreed that on promotion their service conditions would be governed by the Bank's rules and not by the relevant provisions of the Sastri award. The circulars and two confidential letters, whereby the staff were asked to state whether they considered themselves as officers or clerks, came in for adverse criticism from the tribunal and the Supreme Court (inasmuch as only those who described themselves as officers were promoted and not

those who called themselves clerks). The tribunal set aside the promotions made by the Bank and directed it to follow the Sastri award in promoting staff. This was approved by the Supreme Court.

The tribunal decided, and the Supreme Court agreed, that the circulars and confidential letters were part of the scheme of the Bank to deprive the workmen of their legitimate rights under the Sastri award. But the Supreme Court differed from the tribunal on one point: it reversed the tribunal's direction to the Bank to promote such of the workmen as were eligible to the cadre of Grade II officers.

The Sastri tribunal's direction, that when a person senior in service is superseded it should be for good and cogent reasons, has been misinterpreted by unions. They have taken it out of its context and promotions made by banks have been questioned. In at least two cases, tribunals took a wrong view of the law, set aside promotions made by banks and awarded other promotions and two such awards were quashed by the Calcutta High Court.

In another case, the Chartered Bank selected four clerks out of 30 and appointed them as assistant officers. The union raised a dispute on behalf of those who were said to have been superseded. The Central Government referred the dispute to a tribunal. The issue was whether the supersession of four clerks was justified and, if so, the relief to which they were entitled. The tribunal held that the supersession was not justified and awarded various reliefs. The tribunal said that one of the promoted clerks should be reverted. In his place, it directed, one of the men who complained of supersession should be promoted and that too with retrospective effect. The tribunal added that the person who was reverted should not be promoted "unless all clerks senior to him and who are qualified and fit for promotion are promoted."

The Chartered Bank challenged the award in the Calcutta High Court. After a thorough discussion of the facts of the case and the law relating to promotions, the High Court (Mr. Justice D. N. Sinha) stated: "Upon an examination of the award I find that the entire approach of the tribunal has been on a misappreciation of the facts and the law." The following points emerged from the judgment:

*The rules laid down in para 529 of the Sastri award are not merely recommendatory, but "are to be borne in mind by the management dealing with cases of promotion."

*There is no general proposition, as the tribunal laid down, that in all kinds of employment, it is at all times and under all circumstances an implied condition that all persons fit to be promoted shall be promoted and shall not be superseded by the promotion of a junior person.

*It is not the duty of the tribunal to evaluate the respective merits of contestants. The use of discretion rested not with the tribunal but with the employer.

In the result, a clerk aged 23 years and 8 months, who had put in 11 months' service, superseded others who had done longer service, were older and had some professional qualifications (Chartered Bank *v.* I.T. and others, *L.L.J. 1964*, II 137). This was possible because there was evidence to justify the promotion.

In a case relating to the Eastern Bank, two industrial disputes were referred to the tribunal by the Central Government. In the first case, three clerks were promoted as "audit clerks" and subsequently re-designated as "staff assistants"; and one was promoted as junior officer, superseding 17 people. In the second case, the same promoted men were said to have superseded nine people. Of the four people who were promoted, the tribunal found that only one promotion was justified. So it cancelled the promotion of three and named three others who should be promoted instead. The Bank challenged the award in the Calcutta High Court. Mr. Justice B. N. Banerjee quashed the award for the following reasons:

*He agreed with Mr. Justice Sinha's interpretation of the Sastri award in the Chartered Bank's case.

*The Bank was justified in ignoring the seniority of those who had been superseded, taking into account the higher educational qualifications and greater efficiency of those who were promoted.

Mr. Justice Banerjee observed if the management was not to be permitted to promote employees of outstanding merit

in preference to others, the business itself could suffer. The management must, therefore, be given the liberty to use the best of its employees in the most suitable positions, if the choice was *bona fide*. It could not be compelled to promote the oldest in service, excluding those specially disqualified (Eastern Bank v. Central Government Industrial Tribunal (*L.L.J. 1966*, I. 647). The promotions made by the Bank were upheld.

In the National and Grindlays Bank case, the Industrial Tribunal, Madras, was called upon to decide whether the promotion of three clerks as probationary assistants in the Madras branch was justified. The union contended that the provisions of para 529 of the Sastri award had been ignored inasmuch as promotions had not been made by comparing the service records of all the candidates. It added that where a senior employee was not promoted, the management should be able to establish good reasons for overlooking his claims. The tribunal upheld the management's action and said: "An examination of the service records of all the candidates who are senior in service to the three candidates who have been promoted shows that except for four or five, the rest do not have equally satisfactory service records like the promotees. Even the four or five who have equally satisfactory service records cannot be said to be superior to the three candidates who have been selected." The tribunal relied on the following observations of the Supreme Court in the case of Brooke Bond (India) Ltd. *v.* their workmen (*F.L.R.* 1962, 5, 368): "In the absence of *mala fides*, normally it must be left to the discretion of the management to see which of the employees should be promoted at a given time."

In a later case relating to Brooke Bond (India) Ltd. (*L.L.J. 1966*, I 405), the Supreme Court had occasion to deal with promotions. Like the Sastri award, which declared that in case of supersession there should be good and cogent reasons, a national tribunal said that "if the senior person has been overlooked, he is at liberty to ask the concern for the reason why he has been overlooked, in which case the concern shall give him the reasons." In dealing with an appeal arising out of such a case, the Supreme Court observed: "Generally speaking, promotion is a management function; but it may be recognised that there may be occasions when a tribunal may have to

interfere with promotions made by the management where it is felt that persons superseded have been so superseded on account of *mala fides* or victimisation. Even so, after a finding of *mala fides* or victimisation, it is not the function of a tribunal to consider the merits of various employees itself and then decide whom to promote or whom not to promote. If any industrial tribunal finds that promotions have been made which are unjustified on the ground of *mala fides* or of victimisation, the proper course for it to take is to set aside the promotions and ask the management to consider the cases of superseded employees and decide for itself whom to promote, except of course the person whose promotion has been set aside by the tribunal."

The demand nowadays is to curtail what little right is left with the management of the bank to reward good work. Unfortunately, in spite of the Supreme Court having said that promotion is the management's business, one or two banks have an "agreed" promotion policy. To ensure that promotions will stand the scrutiny of tribunals, the management may make a note of the following:

1. Service records should be carefully kept.
2. The reporting officer should comment on the efficiency, educational qualifications, character, nature of responsibility required in connection with the vacancy to be filled and such other qualities as initiative, dealing with colleagues, superiors and customers, punctuality, attendance, personal appearance, willingness to take responsibility, etcetera. In line with the old saying that "justice should not only be done but must be seen to be done," the management's opinion should be substantiated by records to justify any promotions.

22 *Production Incentives in Hindustan Steel Limited**

O. P. KHETAN

History and Objectives

The first blast furnaces in Rourkela and Bhilai were commissioned in January 1959. By the middle of 1961 many additional units had been commissioned and some of the earlier units had worked for more than a year. But the production did not reach a satisfactory level and the Board of Hindustan Steel was concerned about it.

Chart 1 which shows the production level as a percentage of rated capacity/planned production will give an idea of the production level existing at that time.

In order to raise the level of production, particularly in the key units, the Board decided in the middle of 1961 to go ahead with the formulation of the incentive scheme.

Type of Scheme

Having decided that, the very first question was what type of scheme it should be? Whether an individual incentive scheme or a group incentive scheme? If group incentive scheme (which was the general thinking), how big the groups should be and how to fix the norms? Fixing the norms on the basis of industrial engineering studies was not a practical approach at that time because none of the plants had a well-established Industrial Engineering Department. Knowing that the project report capacities should form the least disputed readymade norms, it was agreed that the major departments

*From *Incentives in Public Enterprises* 1967, published by the Institute of Public Enterprise, Hyderabad. Used by permission.

such as Coke Ovens, Blast Furnace, Steel Melting Shop and each of the Rolling Mills could form separate groups. But what to do with the remaining departments and which ones to include and which others to exclude?

Horizontal Coverage

Chart 2 shows a typical organisation chart of a steel plant which will give an idea of the various departments. It was generally agreed that apart from excluding construction, township and medical departments, the administration departments (consisting of departments under the Commercial Manager, Personnel Manager and Town Administrator) whose contribution was unidentifiable should also be excluded. That leaves us mainly with the departments under the General Superintendent, which may be called the Works Departments apart from the Mines Department for which a separate Scheme was introduced. The next decision involved was, should all the departments be included in the incentive scheme or some excluded? The opinion was unanimous that the following departments should be included because they have a significant contribution related to production—

Chief Mechanical Engineer's Department
Chief Electrical Engineer's Department
Civil Engineering Department

Traffic Department
Raw Materials Department
Scrap and Salvage Department
Refractories Department

The opinion was divided regarding inclusion or exclusion of the following departments—

Design Engineering
Research & Control Laboratory
Industrial Engineering
Energy and Economy
Training
Production Planning and Control Safety

After assessing the role played by each department it was decided to include all the departments except the following—

Industrial Engineering
Production Planning
Design Engineering
Training

But later on gradually the first 3 have also been covered in the Incentive Scheme.

In addition to the Works Departments, 2 sections attached to the Finance Department i.e. Time Keepers and Time Checkers and Weigh Bridge staff were also covered in the incentive scheme as their contribution was considered significant enough.

Incentive Curves

Having decided that the primary units like Coke Ovens, Blast Furnace, Steel Melting Shop and each of the Rolling Mills should be paid incentives on their own performance, the next step was of developing an incentive curve, or curves, which involved decisions regarding parameters A, B, C, D and E as shown in Chart 3. Let us take them one by one.

As regards 'A' we have already discussed that the Project Report capacities or planned production formed the ready-made norm.

Point 'B' represents the percentage achievement of the norm/target at which the incentive payments start. The basic condition this point had to fulfil from the practical viewpoint was that it should be slightly above the level of production existing at that time so that the employees could feel that they can achieve it. But it could not be fixed at a very low figure for obvious reasons. The lowest could be about 50%, but preferably higher.

Having decided this broad criterion it was found that the different units in the same plant and same units in the different plants were working at different levels and if the criterion of slightly higher than existing production levels were to be fulfilled, it would mean a different 'B' for each unit and for each plant. The question was—should this be done?

The general opinion was that we could have different 'Bs' for various broad units in the same plant, but it will not be correct to have different 'Bs' for the same units in the three steel plants. For example. we could have 'B' i.e. the achievement of percentage rated capacity which would entitle the employees to minimum bonus, differently for the following departments, let us say, in Bhilai Steel Plant—

Coke Ovens	80%
Blast Furnace	75%
Steel Melting Shop	60%

But we could not have for the Coke Oven Department different starting rates in the three plants such as—

Bhilai	80%
Durgapur	75%
Rourkela	60%

To support this thesis of having different starting percentages for different units it was found that some of the departments were more equipment based like the Coke Ovens, than others like the Steel Melting Shop and the Rolling Mills. In the former, the employees' contribution was significant at much higher levels of production than in the latter.

Taking these considerations into account, the percentage achievement of rated capacity to entitle incentive payments was fixed as follows for all the three plants:—

Coke Ovens	80%
Blast Furnace	75%
SMS & Rolling Mills	60%

Next came the decision regarding point 'C' which signifies the incentive rate to be paid on achievement of the rated capacity. The first decision involved was how should the value of 'C' be expressed? For example. should it be in rupees per day or per month or should it be on some other basis? As the level of personnel varies, we could not keep a fixed amount for different levels of personnel starting from the lowest paid worker

to the highest level proposed to be covered. This amount should vary in some way. It was, therefore, found convenient to relate it to the basic pay of an employee. That means the incentive rates will be expressed as a percentage of the basic pay. The next question was—what percentage of basic pay should be paid on achievement of the rated capacity? On the basis of international practice, it could vary anywhere from 25% to a maximum of about 50%. As in a steel plant the personnel cost is anywhere between 12 and 20% of the total cost of production, a value of 50% was decided for point 'C'.

Next was the decision regarding the point 'D' which gives the minimum incentive rate when production reaches a level at which incentive payments start. The point 'D' could be zero or have a higher figure. It was the feeling that 'D' should have a substantial value so that there is sufficient incentive to break away from the existing levels. But we could not go very high. The point 'C' was a limiting factor. Keeping this in view, an incentive rate of 10% was decided for point 'D'. This means that an operative who is getting Rs. 250/- as basic pay per month, was employed in the Blast Furnace Department which was rated to produce 1,000 tonnes per day, and if the production level reached on an average 750 tonnes per day he would get 10% of Rs. 250/- i.e. Rs. 25/- as bonus payment.

Finally, a decision was involved about the shape of incentive curve itself; whether it should be a straight line or a curve and if a curve, of what shape? It is generally agreed that the amount of effort required to raise the production by a unit level is much higher at higher levels of production than at lower levels. For example, if a Blast Furnace is operating at 750 tonnes per day the amount of effort required to raise it to 775 is less than that to raise it from 975 to 1,000 tonnes. It was, therefore, agreed to pay higher incentive rates at higher levels of production for raising the production by a unit level. The curve took a parabolic shape as shown in Chart 5.

Number of Steps

Having fixed the general shape of the curve it had to be translated in a tabular form which would show the incentive rates for different levels of production. How many steps this table should have and whether to have even steps of produc-

tion performance and uneven incentive rates or vice-versa. The two alternatives would look as shown in Chart 4. Both are likely to give more or less the same curve, though not exactly the same. Alternative 'B' was finally adopted because as at higher levels of production more effort is required to raise production by a unit level it is also necessary that at higher levels of production steps are smaller so that the effort the employees have to put in to achieve the next incentive slab is more or less the same.

Having decided that, the number of steps was fixed as 10. As the starting point of incentive payment for Coke Ovens, Blast Furnace, Steel Melting Shop & Rolling Mills was different, the 3 curves had values and shapes as shown in Chart 5.

Linkage with Steel Melting Shop

We have already discussed that the minimum production level at which the incentive payments start was fixed at 60% for the Rolling Mills as it was not considered advisable to fix a lower starting point. But as most of the Rolling Mills were working at much lower than this point, as shown in Chart 1, they were not likely to earn any incentive. In addition to this problem in those days the Steel Melting Shop was the main bottleneck and the improvement of its performance was the primary task of the incentive scheme.

In order to solve both these problems it was decided to link each department's incentive rate, half on its own performance and half on the performance of the Steel Melting Shop. For example, if the Blast Furnace Department was operating at 85% level and the Steel Melting Shop was operating at 66% level, an employee in the Blast Furnace Department will get 11% incentive rate on his own performance (instead of 22% as shown in the table at Chart 5) and another 7%, i.e. half of 14%, from the Steel Melting Shop, i.e. a total of 18% rather than 22%.

Incentive Rate for Maintenance

The incentive rate schedules and curves which we have discussed so far applied to the production side. How about the maintenance? Should we pay them at the same rate or a reduced rate? Traditionally, maintenance employees were

paid less than the production employees. The reason being that they play an indirect role in raising production level. However, the opinion on the subject was divided. Some favoured a traditional rate of about 75 % of production, others thought that as our plants are more mechanised the rate should be equal to production. To have a balance between the two opinions a rate of 90 % was agreed, which was not too different from production and yet differentiated between direct and indirect workers. This meant, for example, that the minimum incentive rate for the maintenance employees would be 9 % instead of 10 % for the production employees and the maximum incentive rate for maintenance employees would be 45 % instead of 50 % for the production employees, etc.

Criterion for Service Departments

A reference to Chart 2 will show that so far we have covered only the production and maintenance departments. On what basis should the performance of the service departments be measured? Most of them were such that their own performance could not be adequately measured such as Energy and Economy, Research and Control Laboratory, Safety Department, etc. Others were such that although theoretically their performance could be measured, firstly, it was extremely difficult to find a convenient measure of performance and secondly, to fix the target within such a short time. For example, in the mechanical shops attached to the Mechanical Engineer's Department, the output could be measured according to weight range or actual man hours v/s. standard man hour basis, but the working out of these norms would involve work measurement studies, which could not be undertaken in the absence of a well-established Industrial Engineering Department. In view of all these problems it was agreed in principle that a satisfactory basis would be to pay these Service Departments on the average performance of the production departments.

Having decided that, there were many alternatives. One was to base them on the average performance of the Coke Ovens, Blast Furnace, Steel Melting Shop and the Rolling Mills. But should it be simple average or a weighted average and if weighted average, on what basis? Another alternative

was to base them on the average performance of the Rolling Mills and yet there was another alternative to base them on dispatches.

The idea of measuring the performance on the basis of dispatches was given up because these were found to depend on wagon availability which was uncertain at that time and outside the control of the employees. The choice was left to simple average of the major departments, weighted average of the major departments and simple average of the Rolling Mills.

The decision went in favour of simple average of the Rolling Mills firstly because the Rolling Mills already had half the share from the Steel Melting Shop and secondly because if incentives are related to the performance of the final unit in the process the performance of the earlier units is automatically covered.

As the service units could not be given a rate of incentive higher than the maintenance unit, and as many of the maintenance units were also included in the Service Group such as Chief Electrical and Chief Mechanical Engineers' departments it was agreed that the service units should also be paid 90% rates of the production departments. As the Service units were based on the average incentive rates earned by the Rolling Mills and as each of the Rolling Mills had 50% share from the Steel Melting Shop, the incentive rate for the Service Department was based 50% on the performance of the Steel Melting Shop and 50% on the performance of the Rolling Mills.

Creation of a General Group

We have already discussed that in addition to the Works employees it was found that Time Keepers and Time Checkers and Weigh Bridge staff play a significant role related to production. It was, however, assessed that their role is not as significant as that of the Service Departments. These sections were, therefore, entitled to a rate of 50% of the average rate of the Rolling Mills.

Vertical Coverage

So far we have dealt with horizontal coverage i.e., coverage of personnel on the organisation chart along a horizontal

direction. In order to consider the vertical coverage, i.e. coverage of the various levels of personnel, a reference may be made to Chart 6 which shows a typical organisation chart of the Blast Furnace Department. The level of personnel ranges from Khalasi, i.e. lowest unskilled worker to the departmental head.

There were two vital questions regarding vertical coverage —firstly, should we include all the levels in the incentive scheme or exclude some and, if exclude some, which one to exclude? and, secondly, if the decision is to include up to a particular level only, whether all the levels should be paid at the same rate or at different rates.

The opinion as to how high we should go in respect of the levels was divided. Some favoured covering personnel up to the level of Superintendent, while others thought that personnel only up to Senior Operative or Chargeman level should be covered and no Executives should be covered in the Incentive Scheme. The opinion was, however, unanimous that persons below the executive level should be covered in the incentive scheme. It was really a matter of assessing the role played by each level. In a major department like Blast Furnace, the workers up to operatives level generally work in a shift and so do the Asst. Foreman (Blower) and Shift Foreman. At the level of Asst. General Foreman comes the section supervision and at the level of Asst. Supdt. and Supdt., the departmental management. The opinion gradually got crystallised that the Asst. Foreman and Foreman play a very significant role as they were pace setters for their own shifts and, therefore, could not be excluded. As regards the Asst. General Foreman and General Foreman, the question was debated for a considerable time and ultimately it was decided to include personnel up to the level of General Foreman mainly because it was felt that their role in co-ordinating the activities of a section could play a significant role in improving production.

It was agreed that although persons up to the level of General Foreman are to be included in the incentive scheme, the actual rate should be lower at higher levels. The incentive rate that could be given to the General Foreman was limited to some extent on the consideration that the basic pay plus incentive earnings of a General Foreman should normally not exceed

that of the Asst. Superintendent. Keeping this in view the following rates were decided—

Asst. General Foreman/Genl. Foreman	50%
Asst. Foreman and Foreman	80%
Below Asst. Foreman	100%

Excluded Categories

Although most of the Works personnel had been covered in the incentive scheme, one major excluded category was the office staff within the Works. There were two reasons for excluding them. Firstly, their contribution was very remote and unidentifiable just as the administrative staff outside the works. Secondly, in most of the cases they formed a common cadre with those outside the works and as such it was difficult to differentiate between the two.

Criterion for Acceptable Production

It was generally agreed that only good quality production should count towards incentive payments. But what to do with a product which was only slightly off the specification and could be used? One alternative was to give full credit to the production which met the quality standards and reduced credit to the production which was off the standards depending on the amount by which it was off. But to work out a reasonable basis for a reduced credit for an enormous variety of products was a very time consuming task which could not be done at that time. It was, therefore, decided that the incentive shall be paid on the basis of such production only as comes up to the specification laid down for each product. However, the plant management were given the discretion to include a production which may not be up to the specification, but which may yield a good sale value.

Incentive Schedules

We have discussed how the shape of incentive curves was decided. Certain other decisions were involved in actual framing of the schedules. For example, should the performance be rated on a per day basis and then measured for a month or a weekly basis or a daily basis? A target of performance on a

monthly basis would have been a convenient figure but for the fact that our calendar provides different days in different months, and therefore, in a 31 days' month the employees were likely to gain and in a 30 days' month they were likely to lose and in February likely to lose heavily. It was, therefore, agreed to work out the schedules either on a shift basis or a daily basis.

Period and Method of Payment

The period of measurement of performance and payment of incentives could range from a week to even a year. As our wage payments were on a monthly basis, it was felt that the same period would be convenient for performance measurement and incentive payments. It was also agreed that it would save considerable work if the incentive payments were made along with the wages. But as the wages were generally paid in the first week or ten days of the subsequent month, the period available was too short for the performance figures to be translated into incentive earnings. It was, therefore, agreed that the performance up to the 25th of a month would be taken into consideration and a *pro rata* estimate would be made for the remaining days in the month and the adjustment made in the subsequent month. In actual practice, however, this has been found to be very complicated and has been given up in some of the plants; calculations are made for a full month.

Incentive Scheme for Mines

Shortly after the introduction of the incentive scheme in the plants, incentive schemes on a similar basis for Mines —Rajhara, Nandini and Barsua were approved. An Incentive Scheme in the Purnapani Quarry was not introduced as it had not been commissioned by that time.

Incentives beyond 100% Capacity.

The incentive scheme was introduced from 1.12.1961. By July 1962, i.e. seven months after the introduction of the Scheme, several units in the Bhilai Steel Plant had exceeded the rated capacity. From the trend and technological considerations, it looked that these units could go still higher, but the incentive scheme did not provide any higher benefits for going beyond 100%. It was, therefore, proposed to extend the

scheme beyond 100%. This, naturally, meant that we should pay higher rates of incentives beyond 100%. The 50% incentive rate for 100% production level was fixed keeping in view that this would be the absolute maximum incentive rate. The shape of the curve was also fixed keeping this in view.

The problem now was how high in regard to the achievement of capacity should we go and what should be the incentive rate for this capacity. When this proposal was under consideration some of the Rolling Mills in Bhilai had already achieved the 110% of capacity and even slightly higher. It was, therefore, agreed to go up to 120% of capacity.

The incentive rate at just below 100% level for raising production by 2% was 4% for the Steel Melting Shop and Rolling Mills as shown in Chart 5. If this rate were to be maintained the incentive rate would be raised to 90%. This was extremely high. A rate of about 70% was considered the maximum that we could go. The incentive curve beyond 100%, therefore, remained a straight line as shown in Chart 5.

Principle of Development Period

When the incentive scheme was introduced, all the units had not been commissioned. When additional units were brought into commission, it was found that it was difficult to raise the production level to the capacity figure or even to a figure which would entitle the employees to any payments in the first month. It was, therefore, decided that each new unit after commissioning may have a development period of about 2 to 3 months, during which targets may be raised to the capacity level of something like as follows:—

1st month	..	70%
2nd month	..	90%
3rd month	..	100%

For example, if a Blast Furnace rated at 1,000 tonnes per day is newly commissioned, during the first month 50% incentive rate will be payable on attaining the average performance of 700 tonnes per day and 10% incentive rates will be payable on attaining a performance of $700 \times 75 = 525$ tonnes per day.

Major Revisions in the Schemes

The original scheme was valid for a period of 2 years. During this period, certain anomalies were noticed and certain measures were thought of to make the scheme more effective. When the new scheme was, therefore, introduced in 1964, the following changes were approved by the Board:—

DELINKING FROM STEEL MELTING SHOP

It was felt that the reasons for which the linking was done in the original scheme no longer existed. Other departments had come up to a level where they could be paid on their own performance. This would also double the incentive effect of the scheme. It was, therefore, decided to delink the scheme from steel ingot production for all the departments excepting a few like Wheel & Axle Plant for Durgapur, which could not stand on their own at that time.

SMALLER GROUPS

When the original scheme was framed, the intention was to keep it as simple as possible to start with so that it could be quickly formulated, implemented and understood. During the period of two years, data had been collected to have smaller groups in the scheme and the employees were also accustomed and educated in understanding the incentive scheme. It was, therefore, decided that the groups should be made smaller and the linkages with the preceding or succeeding departments should be made more rational on the basis of their contribution to a particular process.

For example, in the original scheme, the Stripper Bay was covered under the Steel Melting Shop. The function of the Stripper Bay is to strip the ingots from the moulds and send the moulds to the Steel Melting Shop and the ingots to the Soaking pits. If the Stripper Bay employees are paid entirely on the performance of the Steel Melting Shop, they have no incentive to quickly send the stripped ingots to the Soaking pits. It was, therefore, decided that they may be paid 50% on the basis of the Steel Melting Shop performance and 50% on the basis of Blooming Mill performance. Similarly, the Raw Materials Department was originally covered under the Service Group, although the main work of

the Raw Materials Department relates to Coke Ovens, Blast Furnace and Steel Melting Shop. In the revised scheme the Raw Materials Department was based on the average performance of Coke Ovens, Blast Furnace and the Steel Melting Shop.

INTRODUCTION OF WEIGHTAGE FACTORS

In the original incentive scheme the performance of the Rolling Mills was judged on the basis of straight tonnage produced although producing the same tonnage of lighter sections takes much more time than of heavier sections. For example, production of 100 tonnes of 12 mm. round will take much longer time than the production of 100 tonnes of 22 mm. round. There was, therefore, a tendency to select heavier sections for rolling as this increased the incentive earnings. At the time of formulating the original scheme, because of lack of reliable data, it was not possible to introduce weightage factors. But during this period of two years, norms had been worked out and it was decided to introduce weightage factors so that difficult and higher value sections got higher credit and the easier and lower value sections got lower credit in an equitable way.

Union Participation

When the original scheme was introduced in 1961, there were no recognised Unions in Rourkela and Durgapur. In Bhilai, where the recognised unions existed, they had been consulted before the Scheme was announced. In 1964, when major revisions were made in the Scheme, recognised Unions existed in all the three plants. Therefore, the scheme was negotiated with the respective unions.

Achievements of the Scheme

It is extremely difficult to measure the effect of the Incentive Scheme on the performance of the Steel plants on any quantitative basis mainly because isolation of the effect of the incentive scheme is not possible. But it is generally agreed that performance has considerably improved after the introduction of the Scheme.

Schemes in Other Units of HSL

The above discretion mainly applies to the incentive schemes of Rourkela, Bhilai and Durgapur Steel Plants and broadly to the incentive schemes of Rajhara, Nandini and Barsua mines. In addition, incentive schemes have also been introduced in the other units of HSL, i.e. the Fertilizer Plant at Rourkela and Bhojudih and Dugda Coal Washeries. Recently, an incentive scheme has also been introduced in the Alloy Steels Plant in a limited way. It will be extended to the other departments gradually. A labour productivity factor has been introduced in this scheme so as to provide incentive for controlling the manpower strength including overtime, temporary and casual hours. These incentive schemes give the rate directly in rupees per day for various performance levels.

Plans for Future

On the basis of the experience gained so far, some of the future improvements being planned are indicated below:

It has been accepted that introduction of the labour productivity factor in the incentive scheme of Bhilai, Durgapur and Rourkela Steel Plants is a desirable thing. The main difficulty has been to fix the acceptable manpower norms and introduce these at a suitable time. This will be done as soon as possible.

A recent study in the repair shops of one of the plants shows that the activity rate is very low. This has substantiated the thinking that an individual incentive scheme should be introduced for the repair shops. Studies have already been started for getting the basic data regarding standard times for the various jobs and the individual schemes will be introduced as soon as as possible.

The Traffic Department personnel are paid in Bhilai and Rourkela on the average performance in the major departments. It is proposed to link the incentive payment with the amount of demurrage paid and loco and labour utilisation.

Conclusion

This narration of the steps through which a particular incentive scheme was developed and the decision processes

which had to be gone through is meant to give an idea of the range and complexities of the decisions. They are not intended to justify the decisions or claim that they are the best. These decisions were taken at certain periods of time, when urgency for stepping up production was paramount. Therefore, certain available norms and standards had to be used.

The scheme in Hindustan Steel generally served the purpose for which it was introduced. The scheme is constantly under review to make it more effective.

CHART 1

PRODUCTION LEVELS

April, May & June 1961

B. Bhilai

D. Durgapur

R. Rourkela

xxx Level in which incentive curve starts.

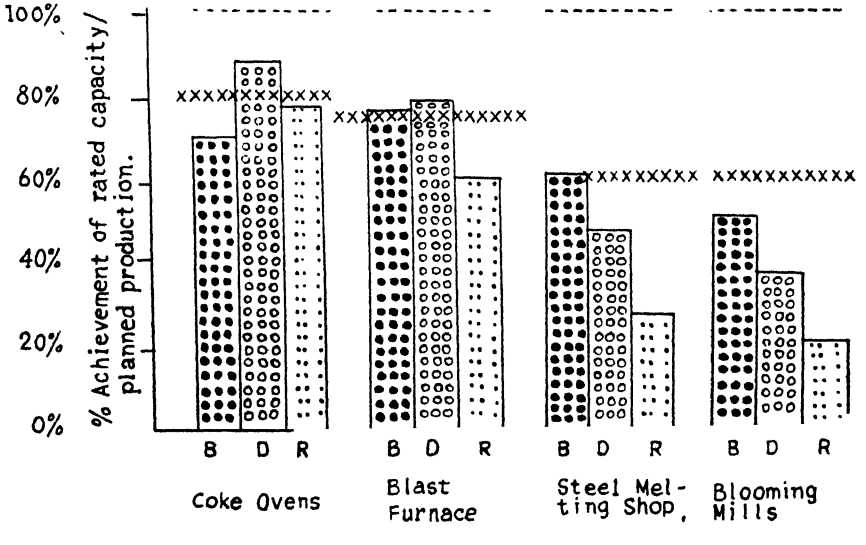


CHART 2

TOP ORGANISATION CHART

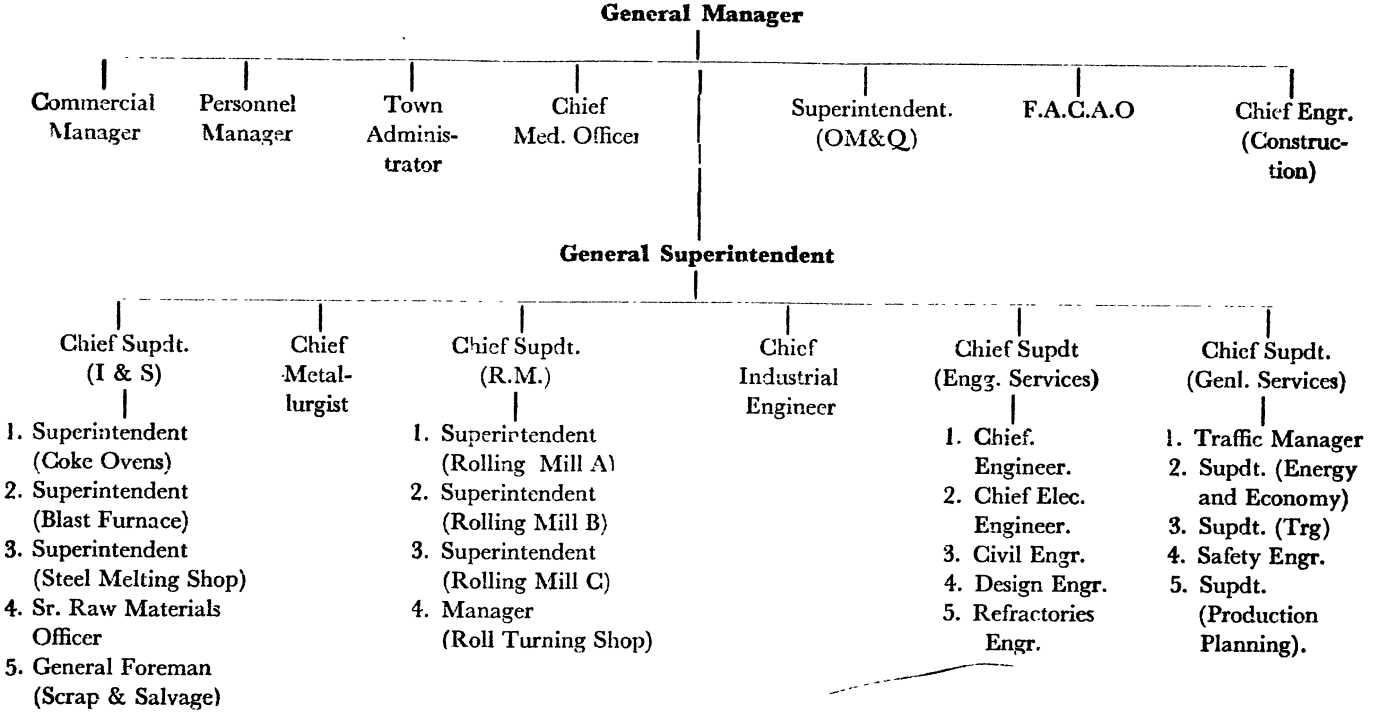


CHART 3

INCENTIVE CURVE

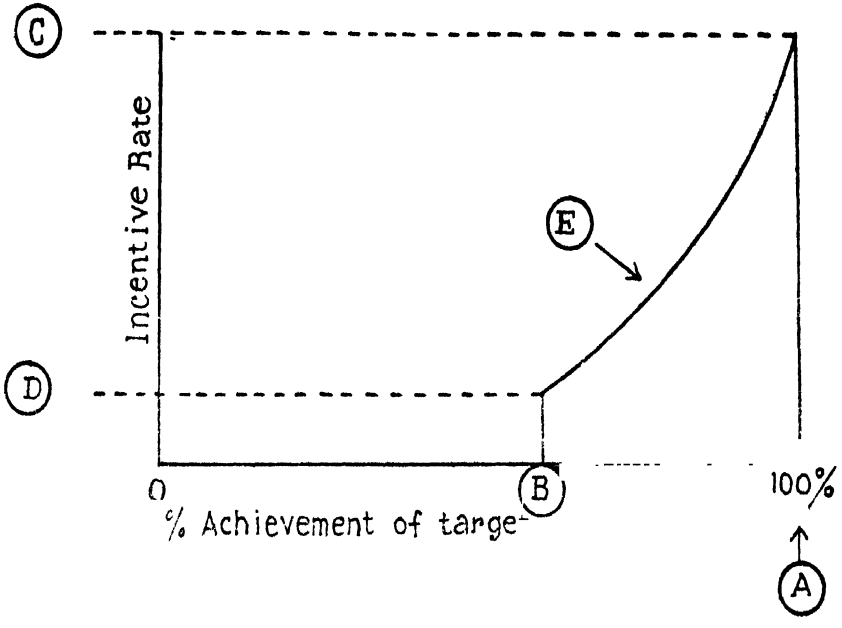


CHART 4

Alternative A *Equal Steps of Production Performance*		*Alternative B* *Equal Steps of Incentive Rate*	
Production Performance	Incentive Rate	Production Performance	Incentive Rate
60	10	60	10
64	12	66	14
68	14	72	**18**
72	**17**	77	22
76	20	82	26
80	24	86	30
84	28	90	34
88	33	93	38
92	38	96	**42**
96	**44**	98	46
100	50	100	50

CHART 5

H.S.L. INCENTIVE CURVES

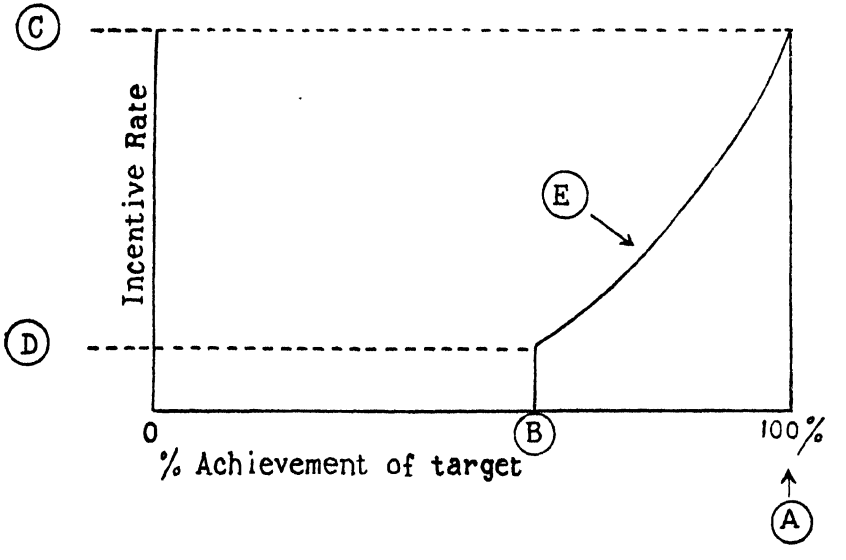
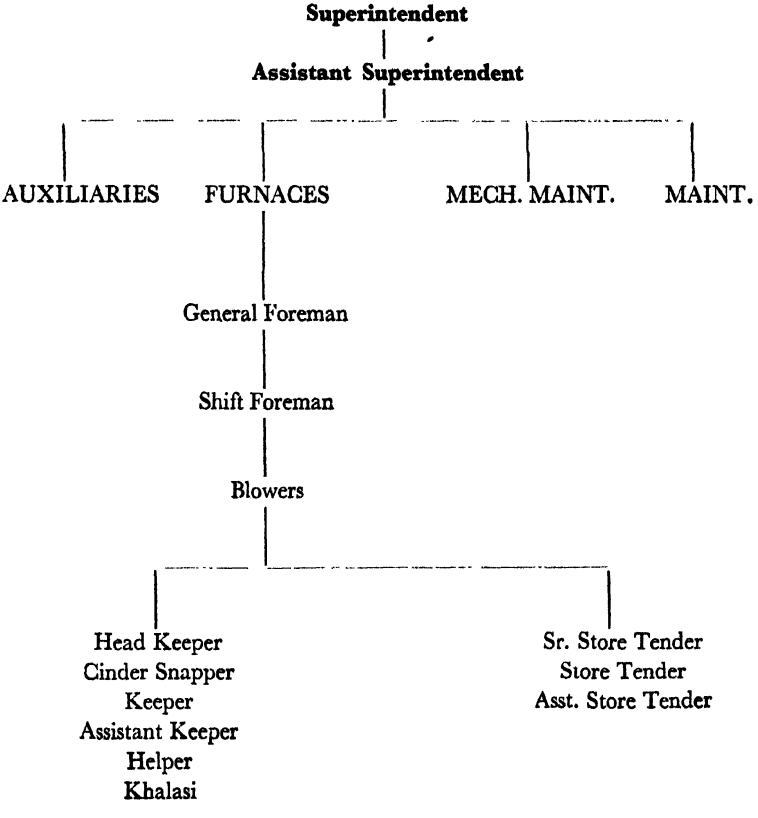


CHART 6

ORGANISATION CHART

BLAST FURNACE DEPARTMENT



23 *On Effective Communication*

FR. WM. N. TOME, S. J.

GANDHIJI speaking in the Calcutta maidan was always inspiring. But it is doubtful if many who were there heard, or even cared about, what he was saying to them. The same could be said of Pandit Nehru, particularly for the speeches of his later years. The crowds were always large, they came for "darshan," they returned satisfied. But in neither case, nor in that of so many public figures, was there a proper speech, a communication of thought. Darshan, so necessary for men of such stature, is chiefly an emotional experience; but public speaking is chiefly a communication of ideas. Whatever emotion is included can be justified only as a support to the primary aim: transferring an idea from the speaker to the audience. Clearly, to penetrate the audience mind is the goal of anyone who would speak in public.

Easier said, as is evident from the many speeches we suffer in such gatherings as the Lions, Rotary and Chamber of Commerce. And in every case the problem is that the speaker has failed to appreciate and understand his audience: their capacity to absorb his idea, their interest, the context of their listening (before dinner, afterwards, many or few speakers, the weather), their age, education, aperceptive background, familiarity with the subject, feelings of boredom, hostility or friendliness. Ignoring the audience and concentrating on the speech, too frequently he qualifies to be that gentleman who spoke on and on to the point where one bored listener left the room. Coming back later on, he asked his friend in exasperation, "Isn't he finished yet?" "Yes," was the reply, "an hour ago, but he's still speaking!"

Someone has remarked that the great enemy of communica-

tion is the illusion of it. This is eminently true of speech. Filling the time with words in front of a polite audience gives us the impression of ideas going from the speaker to the people. As teachers well know, however, a simple quiz would shatter the illusion. But there are certain facts about the psychology of every general audience that can be a guide in preparing a speech which actually does communicate.

First of all, an audience is a heavy mass, reluctant to listen and slow to think. They are like a huge Boeing at rest on the runway which needs plenty of power and technique to become airborne. The simile is apt. Pilots depend upon careful preparation and skill to lift the plane. They do not get off the ground by trusting to luck or the inspiration of the moment. Every move is calculated beforehand. If an audience is to be roused and carried aloft with thought, similar care and preparation is needed: well-practised stories, abrupt images, topical remarks, eschewing every temptation to use clichés, avoiding "cue" words that may cut the engines before leaving the ground. A good example of the latter is the chairman of a large corporation whose first sentence to a group of workers was: "Private enterprise and free competition are the reasons for our annual profit." He may have been right, but none of his audience got beyond those words. To them they were a cue for exploitation of the working class. That opening is almost as gauche as remarking to a college audience that "student indiscipline is the greatest danger to our democracy."

Once in the air, an audience needs a steady flow of power to stay there. For the speaker, this consists of his examples, crisp expression, simplicity of thought. In the course of a speech few audiences can catch more than one clear idea. The flight's direction must be straight and simple. If the idea is presented and supported graphically, it will penetrate. But for every abstraction the speaker can be certain that his Boeing has just lost several thousand feet in altitude. The intellectual's preference for the abstract rather than simple, concrete words and images is no doubt the chief reason why many speeches fail. An abstraction is a shorthand symbol whose value to thought is inestimable. As a tool for speech communication it is quite useless. But how many times do we hear the abstract "politician" for the vivid "V. K. Krishna Menon," "mountain"

for "Everest", "suffering humanity" for "skinny waifs begging on College Street"?

Oddly enough, business people and professors are the worst offenders. In a recent speech on devaluation, for example, one brilliant director of a company spoke for an hour without once mentioning the new difference between a rupee and a pound or dollar. His entire message was in terms of ratios, unrelated percentages, exports and imports, foreign exchange imbalances —all abstractions. *Reading* his speech, few could follow the ideas presented; *listening* to it, most complained of the lack of imagination and flair: so heavy that even a distinguished audience of business men were unable to follow. A positive example, incidentally, can be found in Mr. G. D. Birla's recent talk to the Engineering Association of India (*Eastern Economist*, January 13, 1967). Speaking on an equally difficult and abstract subject—the wisdom necessary to follow good advice—his story about a young man's embarrassing experience upon entering society for the first time is unforgettable and pertinent.

Much of the fear people experience when they have to face an audience is due precisely to the kind of speech they have prepared. When it is unimaginative and vague, even the most calloused speaker can sense his problem long before delivery and he is rightly afraid of boring his audience. What to do? One method for seeing the exact problem is to place in the margin of the speech's outline a circle (0) wherever there are no examples, similes, stories, striking statements; and mark a slash (/) wherever the outline includes these attention-holders. If there are many circles, or if even two circles run together, then the speaker must re-work his outline, reduce the abstraction to an image, substitute a fresh phrase for a cliché, illustrate with a story or example. Unfortunately, in preparing a successful speech there is no substitute for hard work, even in preparing the so-called impromptu delivery. As Sir Winston Churchill himself admits, he worked for five long weeks before giving his first address to the House of Commons. "Then I stood before that august group and delivered the best impromptu speech of my career!" The lesson is clear: there are very few spontaneous speakers.

Finally, a flight to Bombay is not successful if the plane lands at Palam. In fact, it is disappointing and frustrating. From

start to finish the destination must be the guide; there must be a landing strip, and the plane must land there *on time*. Again, to bring the ship in pilots no longer fly "by the seat of their pants." Every motion is technical and even somewhat blind. For the speaker, his descent must be as calculated and as neat as his take-off: rehearsed, precise, confident and without hesitation. Too often negative precept is the best guide here: speakers we can recall who ended with an apology "for taking your valuable time," or with twenty minutes of circling the field, or with weak, rambling summaries. They remind one of the prolix orator who remarked at the end of a dragged-out tale, "To make a long story short...." only to hear from the rear of the hall, "it's already too late for that, Mac!"

In general, speeches we hear are too long, too solemn and too much. They are too long when the speaker does not stop while his audience still wants more. By this standard, of course, a speech of three hours conceivably could be "short." They are too solemn when the speaker has failed to excite his audience's imagination. They are too much when the speaker includes more than one central theme or idea.

While the occasions and forms of public speech are many, the above rules apply to them all, including introductions, votes of thanks, testimonials, expositions, eulogies and after-dinner entertainments. How much more interesting, for example, is an introduction which is limited to an anecdote from the speaker's career than one which drearily catalogues his dates and events from birth to the present. Even more can this be said of the vote of thanks, rather than one which commits the fatal mistake of summarising what the speaker has said.

The recent elections startled everyone with a truth to which all paid lip service but few really believed: the ultimate power in a democracy is the people, the large, uneducated but intelligent mass who think, vote and determine our future. For creative minorities such as the business sector of the community, this truth reveals a challenge hitherto neglected, that of persuading the people towards a sane and progressive public policy. Perhaps the business community is the best qualified of all groups to proclaim and defend the public need. But, with a few outstanding exceptions, their voices have not been heard. They have not been equal to the task of persuasion that is

implicit in their role as leaders. Hopefully a greater awareness of the value of communications techniques—in speaking, writing and advertising—will bring their eminently worthwhile thoughts to the attention of the voting public. In fact, their motto should be the one which politicians have ever followed: persuade or perish.

24 *Communication in Industry**

A. B. CHAUDHURI

What is Communication?

Communication has been defined by Elliott Jaques as "the sum total of directly and indirectly, consciously and unconsciously transmitted feelings, attitudes and wishes."

It may also be defined as the method by which a thought is transferred from one person to another. The thought may be a fact, impression, opinion or speculation and may be conveyed either by speech or gesture or in writing.

Communication is the link between knowledge and information. Possession of knowledge is of no use unless or until it is converted into information. Knowledge is gained through information; so also information is based on knowledge.

Why Communication in Industry?

Although the importance of communication is often overlooked, it is needless to mention that it is vital in every sphere of a man's life. As a dealer in industrial relations I can emphatically say that it is all the more important in the industrial field.

Every industry has certain objectives which are based on world events, observations and reports. Fulfilling of objectives depends on careful and conscious planning. Planning depends on the availability of resources like men, machines, money, material and space. To form an idea about the availability of resources the planners must have reports, discussions, committee meetings, etc. Planning requires execution. Telling, orders, education, discussions, committees, are involved at this stage. In the next stage, results should be measured and compared with the objectives as a logical sequence. The whole

*From 'ABC EXPO Annual 1968'. Used by permission.

process from the setting of objectives to the comparison of results is known as the control cycle.

It is thus seen from what has been stated above that communication plays a vital part at every stage of the control cycle. In the absence of communication, it is not possible to (1) lay down practicable objectives, (2) frame and execute sound policies, (3) draw up proper plans and put them into action, (4) tap and effectively utilise the required resources and (5) assess results and compare them with the objectives.

Viewed from the human relations angle communication is equally important for the following reasons:

Since industries are owned, controlled, managed and manned by human beings, communication of ideas, thoughts, feelings, attitudes and wishes with each other becomes essential. In fact communication in industry helps (1) to improve the morale and status of individuals having been well informed, (2) to eliminate fears and suspicions towards each other, especially towards management, (3) to discourage misinformation and the resultant misunderstanding and grievances, (4) to prepare the employees for necessary changes in materials or methods, etc., (5) to secure favourable response from and co-operation of the employees individually and collectively, and (6) to train and develop them. It also helps to allay fears, eliminate mistrusts, minimise misunderstanding, motivate workers, evoke interests in them and create a sense of oneness.

As such, the sooner the importance of communication in industry is realised the better for everybody concerned.

Types of Communication

To achieve better results communication should not be made a one-way traffic. As it flows down to the bottom, chances for reciprocity should equally be allowed. This process is commonly known as vertical communication. Communication between different sections or departments, however, is termed as horizontal or lateral. In some exceptional cases communication is allowed to be used diagonally or criss-cross.

Whether or not an industry has formal channels of communication, informal channels such as personal contacts and rumours are bound to exist. Unless the latter is properly controlled and guided it may beget disastrous results.

Media of Communication and Problems connected therewith

Answer to the question—how to communicate—is not very simple. The media of communication range from talking to silence. In between these two, there are numerous media such as:

> Notices, orders, instructions, advices, circulars, letters, telephone, handbooks, forms, returns, questionnaire, committees, speeches or mass addresses, posters, charts, graphs, models, signs, symbols, signals, gestures, films, etc.

Most of the media mentioned above involve language, either oral or written. Language is, therefore, a major factor in communication. Since the majority of workers are still illiterate, talks are, however, more effective than written communication. Of course, the latter cannot be altogether ruled out for obvious reasons. Rather, in dealing with industrial relations today, greater emphasis is placed on written communication. This is because our industrial relations are regulated by various statutes. Employers are obliged to hang up a score of notices showing the text of Standing Orders and abstracts of various enactments, etc. While putting up notices or issuing circulars or letters, managements consciously tend to be legalistic in the use of words therein so as to ensure their own safety. As a result they become obscure even to the moderately literate employees—not to speak of the illiterate ones.

Although talking is more effective, it is very often neglected owing to an unfounded feeling that management decisions need not be told to the employees. Even in the joint-committees management representatives are reluctant to place all the facts and figures without a certain degree of reservation.

Workers on the other hand are given chances to communicate with the management mainly through grievance procedures, suggestion schemes and joint committees. Owing to lack of a sound communication policy, none of the above institutions appears to have succeeded in creating a positive result. Of course, lack of education and interference by inside and/or outside union leaders are also responsible for their failure.

In the context of illiteracy and multiplicity of languages amongst the workers, pictorial posters, models, signs, symbols

or film strips may be used as effective media of communication on topical matters. But the problem is that they involve imagination, creative thinking, more expenditure and timely replacements. The problem may, however, be successfully tackled once the importance of these media is realised.

It is sufficiently clear by now that achievement of success in business as also maintenance of harmonious human relations in industry are largely dependent on proper communication. A scientific communication policy laying appropriate emphasis on oral, written and exhibitory media should, therefore, be framed and scrupulously followed. The difficulties and impediments that have been pointed out in the foregoing paragraphs should also be eliminated. Only then can positive results be obtained and improvement in industrial relations observed.

25 *Discipline: A Joint Responsibility**

H. K. CHOUDHRY

ADHERENCE to established norms and regulations is imperative in any form of organised human activity. An industrial enterprise is an organic whole in which a variety of forces acts in unison towards the attainment of the ultimate aim of the organisation. Obviously, smooth and effective functioning demands a high degree of co-ordination between the various elements and constraints which form an integral part of an organisation. Co-ordination, in turn, depends upon a clear understanding of the rules and norms which define the duties and rights of every single unit of this system. To this end, organisational stability demands that an established pattern must be followed to ensure harmony and growth. Established rules and procedures impart to the organisation a fundamental structure and give it an element of continuity despite superficial variations in informal behavioural patterns and other related changes in the organisation. An attempt is being made here to analyse some of the implications of the problem of discipline in industry, from a practical point of view.

To begin with, a close look at the meaning or definition of discipline would not be out of place. Discipline may be described as essentially an attitude of mind, a product of culture and a particular environment. Orday Tead has defined good discipline as "that orderly conduct of affairs by the members of an organisation who adhere to its necessary regulations because they desire to co-operate harmoniously in forwarding the end which the group has in view and willingly recognise that to do this their own wishes must be brought into re-

*Pigers, Myers, Malm, *Reading in Personnel Administration*, p. 389.

asonable unison with the requirements of the group in action."

Logically, discipline should be the joint responsibility of all those who manage men and look to their affairs and interest to see that discipline is maintained throughout the industrial unit. A disciplinary policy should not only provide a framework within which self-discipline may develop but also ensure uniform penalties for the violation of established standards. There should be systematic procedure of instructing the employees in what is expected of them, in terms of good behaviour and consequently the reward that might emanate from it.

In order to understand the cause of indiscipline and friction one must analyse the whole problem not only in terms of specific individuals or groups but also in terms of actual situation and the underlying motives behind it. As a matter of fact, more than anything else, it is the intention which determines whether or not an employee has erred.

It is a well-established fact that an organisation offers an effective means of realisation of the goals and aspirations of its employees. An employee is prompted to work harder in order to realise his own goals. But he must seek his realisation through the existing organisational channels. The realisation of organisational objective should, however, be the overriding factor in his thinking and action. A conflicting situation arises when the individual goals eclipse organisational objectives. This creates disharmony and is inconsistent with the purpose for which the organisation exists.

When an employee enters into the industrial society from an established agricultural community the situation calls for a great deal of adaptation to the new environment. Consequently, there is a change in the value system and the entire mode of looking at things undergoes some kind of metamorphosis. It is essentially a process of culture change in which the employee has to unlearn a number of things which he has been accustomed to and learn and incorporate new things in keeping with the policies and practices of the organisation. Those in responsible positions have to remember that an employee drawn from the free agricultural society cannot incorporate the ways of industrial society all of a sudden. He is not used to the restrictions imposed by the rules, regulations,

standing orders and has to be groomed carefully to avoid conflict and resultant indiscipline.

On the level of an individual worker, the equilibrium between the capacity, interests and opportunity has to be maintained. An imbalance among these three ingredients gives rise to conflict and consequent frustration. This frustration may either be relieved by sublimation or by an aggressive and rebellious attitude towards authority. Thus, a worker of high calibre is temperamentally not suited for a routine job while one with moderate intelligence finds himself miserably handicapped in a job calling for a high degree of intelligence. It is obvious, therefore, that in very many cases, indiscipline in industry arises because the right person is not put in the right place. Moreover, there are certain needs which arise during the course of work and on the job itself and can be satisfied in the work situation alone. If these needs are thwarted, the employee is inclined to feel frustrated.

Industrial discipline has its roots in individual dignity, need for recognition from others, a basic desire for security and a responsive horizontal and vertical relationship in the organisation. Indiscipline is contagious. A dissatisfied worker is also a dissatisfied husband and a dissatisfied father, who is capable of vitiating the entire family atmosphere and involving a number of otherwise well-adjusted individuals in the ambit of frustration.

In very many cases indiscipline also arises as a response to the behaviour of senior executives. They have, therefore, to set the pattern of behaviour which they expect their subordinates to follow. Moreover, when a rule is infringed, the executive should also see to the causes which have led to the infringement. Under certain circumstances, a reprimand is not only essential but also desirable in order to check indisciplinary tendencies, but it should not be out of proportion.

The importance of communication should not be minimised. No collective activity is possible in the absence of effective communication. Normally there is not much difficulty in downward communication as the instructions from the top are easily conveyed through notices, memos, talks, lectures, journals and magazines. The real difficulty arises with upward communication. Inadequate means of conveying the thoughts

upwards result in the breakdown of the chain of responses and lead to aggressive means of expression. The suggestions from employees, complaints and grievances offer effective means of knowing their mind. "The true significance of the grievance emerges only when we recognize the expression of dissatisfaction as a system of friction, of malfunctioning, somewhere in this living structure of shop relationship."* Complaints and grievances need to be analysed to improve understanding between employer and employees. At the same time, the personnel administrator should have the insight to distinguish genuine grievances from fictitious ones, as the latter category of grievances cannot be redressed despite one's best efforts. Implementation of grievance procedure is as important as its contents. The executive should not only have a lot of patience but should also be capable of sizing up the persons and the situations and acting accordingly. No universal formula can be given, the solution has to vary from situation to situation. It is not possible to comprehend a grievance-free society. It is reasonable to have some amount of conflict and tension in the organisation and it should not cause any unnecessary anxiety to the executives who have to deal with such problems.

Another important factor having great bearing on the problem of discipline arises because of faulty evaluation of persons and situations by executives. In any interpersonal situation pure objectivity is a myth. But it should be the endeavour of administrators to shake off favouritism, regional, lingual and other affiliations as far as it is humanly possible. For example, if a person shows favouritism towards people then those who are not in the fold get frustrated and this generates indisciplined behaviour.

Therefore, the important task before administrators is to provide a kind of leadership which will be conducive to the fulfilment of organisational goals and, at the same time, lead to the over-all satisfaction of its employees. In striving towards achieving this goal, the leader must not ignore certain well-established social values, norms and standards which are not only a part of the factory/organisation culture but also of the community as well. The main reason behind this approach is that if the leadership is not in tune with the existing norms, it is

*Selekman B. M., *Labour Relations & Human Relations*, p. 110.

likely to be ineffective. What is implied here is that good leadership is neither the direction nor domination of others but a kind of imperceptible influence which pervades the organisation and acts as a guiding force. This kind of leadership will help evolve an environment where every member of the organisation feels like putting forth his best efforts, thereby minimising chances of indiscipline to a great extent.

A great deal, therefore, depends upon the type and mode of leadership available in an organisation. But leadership function should not be construed as a management prerogative alone. It is true that management, in a large number of cases, have the ultimate authority to take decisions which exert a good deal of influence on the working of the organisation. But apart from management, even in the rank and file there are members who may exert a marked influence upon the activities of the organisation. The main point of emphasis here is that productivity, increased satisfaction and discipline among the members of an organisation can be achieved only in an environment of mutual goodwill and understanding where every member of the group is conscious of his responsibility as well as his obligation and thereby work is carried out with vigour and in a spirit of co-operation.

It would be safe to give assurance that establishment of a co-operative environment is not an easy task and cannot be built up overnight. What is required is faith, determination and courage to follow the path of co-operation by providing meaningful consultation with the employee representatives in areas where change is likely to affect them most.

To achieve this objective, a number of organisations have embarked upon a programme of mutual consultation, suggestion system and programmes of like nature. A programme of suggestion system is mainly to provide creative thinking and co-operation among employees which will obviously reduce cases of indiscipline. But a great deal would depend upon the existing organisational climate and the way the scheme is implemented. Examples are not difficult to find where supervisors have not approved of the workers giving suggestions merely because it might give the management a feeling of their own (supervisors') incompetence. In an environment where relationships are so shaky, it would not be worth while to launch

a programme of this magnitude unless the ground has already been prepared for it. What is being stressed here is that unless all possible aspects of technical and human organisation are taken into consideration the result would only be conflict, eventually leading to indiscipline.

It should be remembered that maintenance of discipline is a two-way traffic and cannot be ascribed to management alone. The employees have to be equally responsible for it. The lack of realisation of this responsibility by the employees can be traced back to the history of the Trade Union movement in India, which started as a part of the wider national movement to liberate the country from foreign rule. Political motives prompted national leaders to take workers into their confidence and to win their sympathies. As most of the industries were run by foreigners, the attitude towards foreign rule was extended to the employers as well. Attitudes do not change easily and despite attainment of Independence, employers remained a target of hatred and animosity. Unfortunately, the leaders of the day took advantage of this historical phenomenon and continued to condemn the employers. In order to retain their hold over the working class, they even resorted to distortion of facts—thus creating a chasm between the two partners on whose co-operation depends the success of the industry.

Creation of strong leadership from within, which may enjoy full confidence of the employees, therefore, is a prime necessity and should be encouraged as far as possible. It would not only give the leaders the required amount of self-confidence but would also enable them to put the issues in proper perspective and explain the repercussions to their members without fear of being ousted.

Much has been said about the responsibility of management towards maintaining good employer-employee relations. The time has come for the employees now to put an end to the vicious cycle set in motion by a few vested interests and to substitute the attitude which has outlived its utility because of the political changes, by a more constructive and pragmatic outlook.

It is a growing realisation that the conventional view of regarding a business enterprise as an economic unit alone is not justified. With the development of the human-relations ap-

proach in industry, increased attention is being given to employees as individuals. The human-relations approach lays emphasis on developing sanctions from within, in contradistinction to the traditional viewpoint which believes in 'controlling' the worker from outside. The new approach believes in inculcating a sense of responsibility and commitment of the employees by means of increased participation, decentralisation, delegation, job-enlargement and various types of consultative management. The new outlook instils a sense of dignity and responsibility in the workers and enables them to identify themselves with the organisation.

Proper education, training and development of employees' potential is a basic requirement. Effective utilisation of existing formal and informal channels of communications will contribute towards proper understanding between the workers and the management and will automatically give a built-in flexibility to rules and procedures. Once a congenial atmosphere of mutual confidence and co-operation is created, a new outlook will develop which would enable either party to view the facts and phenomena in proper perspective and solve the difference, if any, on the basis of mutual give and take. Discipline will then not be enforced but will emerge spontaneously from a smoothly functioning social system.

"Until human nature attains greater perfection, the fullest measure of individual freedom of action can be realised only within the framework of an *expressed* discipline. In the social situation, this takes the form of laws; in industry it is manifested as standards. Firmness in securing conformity in both instances is wholly consistent with our democratic approach. But the requirements must be fair, the reasons behind them must be clear, and, insofar as possible, they must be arrived at co-operatively. This is the road to self-discipline, this is the aim of a wise leadership."*

*"Constructive Discipline in Industry" A.M.A. Special Research Report, No. 3, p. 36.

26 *Jurisprudence behind the Disciplinary Jurisdiction of Management*

T. K. JAGADEESH

A. Philosophy of Discipline

What is it?—The success of any industrial organisation, like any other group effort, depends upon the degree of discipline, efficiency and morale, with which all those who man the organisation work. Even if we leave efficiency and morale out of our consideration for the present, it is safe to remark that discipline itself is the precursor of the other two virtues. All that motivates one to give willing co-operation and willing observance of rules of the organisation constitutes the essence of discipline. This conformity to rules and willingness to work for objectives, by placing oneself in the service of an organisation, has to come from within, though it can be enforced from without.

Its aim—Discipline is a training of body and mind, by which one subjects himself to the authority for one's own development, and it has to be developed on the very lines on which good human relations are built. The rules of discipline, which one is to subject himself to, have to satisfy his:

*sense of dignity (self-esteem, self-expression and seeking opportunity to advance and attain a useful place in the organisation),
*need of esteem of others (*i.e.* his desire to be treated as a human being in all relationships),
*expectation to get ever-increasing standards of living,
*desire for security in service, and
*instinct to develop team spirit and common understanding.

*From *Labour Gazette*, May, 1967. Used by permission.

Its success—The success of any rules of discipline depends upon the co-operation of the management and the workmen in themselves evolving the rules and its fruitfulness will depend upon the management's enlightened attitude, its own over-all efficiency and the workmen's strong and sound trade unionism.

Its objective—The objectives of discipline have got to be:

*obtaining willing acceptance of the rules,
*developing a sense and spirit of tolerance and adjustment,
*giving and seeking direction and responsibility, and
*creating an atmosphere of respect for human personality and human relations.

Its sanction—Thus sound personnel policy and personnel management are the bed-rocks of discipline. If in the context of sound and healthy industrial relations, scientific personnel management is practised, there is bound to be identity of interests between the management and their workmen, and the workmen are bound to have belief and faith in the over-all objectives of the organisation and then the intentions behind the rules of discipline become sanctions for obeying them and fear of punishment recedes to the background.

Its limitations—Rooting out the reasons and causes of indiscipline and not punishment for indiscipline should be the policy of every management. For this correctional way of infusing a sense of discipline, one would have to appreciate the complexities and perplexities of the problems of discipline arising from:

*illiteracy and intellectual level of workmen,
*workmen's social background (indebtedness, drinking habits, joint family system, regional and linguistic prejudice, casteism and other social evils),
*workmen's personal problems and their fears, apprehensions, hopes and aspirations,
*workmen's lack of confidence in and adjustment with superiors and equals,
*workmen's natural reaction to the rigidities and multiplicities of the rules,
*working conditions,

*monotony of work,
*inborn tendency sometimes to flout the instructions,
*absence of enlightened, sympathetic and scientific management,
*absence of organisation and service manuals,
*errors of judgment,
*absence of good supervisors who know good techniques, can critically appreciate efforts, listen to their men, give clear and complete orders and believe in correction of men rather than in uprooting them.

Conclusion—In the ultimate analysis besides sound human relations the content of the terms and conditions of employment and healthy and purposeful industrial relations alone would create contentment and as a corollary, subjugation to authority would become voluntary. No doubt, external factors like political atmosphere, social objectives, level of national economy and sense of moral values would give tone and temper to such discipline.

B. Law of Master and Servant

What is it?—The incidence of relationship between the employer (master) and the employee (servant) developed in England, into certain well-recognised principles as to the respective rights and duties between them which was called the general law of master and servant. This is part of the common law of England. The basis of relationship was a contract and all the rules of interpretation of a contract were made strictly applicable to them.

This contract is that of contract of service as distinguished from the contract of services. This contract is inferred from the master's power of selection of the servant, payment of wage or other remuneration to the servant, and master's right of dismissal.

Its implied factors—This contract can be expressed or implied and the special features of such contract:

*it requires personal performance,
*no party can sue for specific performance or for any injunction restraining breach thereof,

*apart from express terms it involves certain recognised implied terms.

Implied obligations of the master—The implied obligations on the part of the master are:

*to provide measures of protection for servant's safety (reasonable care of the servant's health and safety, safe system of work),
*to provide work to the servant,
*to indemnify against all liabilities and losses and to reimburse the servant in respect of expenses incurred by him in consequence of obedience to master's orders or in the performance of his duties of his employment,
*to pay remuneration for services rendered. (In the absence of an agreement to the contrary, the master has no duty to provide medical attendance or medicines during illness, boarding, lodging or foodgrains or care of servant's goods or to give testimonials of character, and he has no right to make deduction from the wages in respect of medical attendance, materials, tools, food, fines, damage caused by negligence, etc.)

Implied obligations of the servant—The implied obligations on the part of the servant are:

*Faithfulness (some of the acts, which render a servant faithless are betraying secrets of trade, business or family of the employer, creating discontent among fellow employees, persuading and assisting others to leave the master, receiving money contrary to express orders, claiming to be partner in business, infidelity verging on fraud, embezzlement, disclosing accounts, assertion of adverse interests, performance of disloyal acts, secretly engaging as a rival, writing improper letters to employer's wife, sexual intrigues with female employees or with employer's daughter).
*Competence (physical as well as mental).
*Satisfaction to the master.
*Obedience and dutifulness.
*Diligence (habitual negligence or negligence affecting

master's interests injuriously, forgetfulness included-negligence not measured by the consequences but by the nature of the act.)

Its extent—Apart from the above implied rights and duties the parties can provide in the agreement for any express terms provided the same is done by free consent, and is for lawful consideration and for a lawful object and is not expressly declared to be void under any law. Removal from service for any breach of express or implied terms of contracts is the inherent right of the master. Further, for any breach by either party, the party offended can claim damages. The states in olden days which were following the policy of laissez-faire had no part to play either in determining the content of the terms and conditions of employment or in providing for any specialised agencies to adjudicate over the relationships of the master and the servant.

C. Industrial Revolution and Its Impact on Law of Master and Servant

The industrial revolution and its aftermath changed the entire position and status rather than contract became the basis of relationship of master and servant. This insistence on status went on increasing with the unionisation of workmen and collective bargaining as its concomitant. Similarly, states which became welfare states instead of police ones, discarded the principle of laissez-faire and became institutions for social engineering for promoting welfare and social justice.

And thus States became deeply interested in the industry as well as industrial peace and industrial relations. The general law of master and servant became subject to the laws of the land and collective bargaining.

D. Indian Industrial Jurisprudence

In India, with its declared objective of achieving social justice with a system of parliamentary democracy, the State assumed a domineering role in the field of industry, industrial welfare and industrial relations.

Apart from laws on health and hygiene, minimum of the terms and conditions of employment, several norms of industrial relationships came to be defined under law and in the interest

of industrial peace for uninterrupted production of services and goods, industrial adjudication was provided for under the law. The norms spelt in the statutes as well as laid down in adjudications pervade the entire gamut of relationship between employers and workmen and, in the process, a very large body of principles came to be evolved in the matter of discipline and disciplinary proceedings. Though under the modern industrial law disciplinary jurisdiction of the employers is well recognised, there have been many inroads into it in the interest of social justice. In the context of present social conscience, it is well recognised that labour being the weaker party needs protection, that its rights to form trade unions needs to be safeguarded, that the employers' power to victimise or make colourable exercise of power needs curbing and that employers' disciplinary action needs judicial scrutiny. Industrial adjudication has come to mean not only formulating terms and conditions of employment in the interest of industrial peace and social justice but also reinstating the employees dismissed or discharged wrongfully. Thus, very little of the general law of master and servant is relevant in the Indian context. In the absence of effective collective bargaining legal relationships as well as the laws made by the State and the laws laid down by the Supreme Court have assumed great importance.

E. Statutory Law on Discipline

Law—Under the Industrial Employment (Standing Orders) Act, 1946, every industrial establishment, employing 100 workmen (50 in West Bengal) is required to define the conditions of employment including the rules of discipline and procedure for punishments for indiscipline.

Its contents—Under the Act, the employer is required to submit within 6 months of the Act becoming applicable to him, 5 copies of the draft Standing Orders to the Certifying Officer, containing provisions for all the matters specified in the Schedule and which are required to be, as far as practicable, in conformity with the Model Standing Orders prescribed under the Act. The Trade Union/workmen get opportunity to submit their comments on the draft, whereafter the Certifying Officer adjudicates over the fairness and reason-

ableness of the provisions made in the draft Standing Orders and then he certifies them. There is provision for appeal either by the employer or the workmen. The finally certified Standing Orders come into force on expiry of 30 days of certification or on the expiry of 7 days on which the decision of the Appellate Authority is sent.

Unless there is agreement between employer and workmen for earlier amendment, the parties can seek amendment to the Standing Orders after expiry of six months from certification.

Its importance—The Standing Orders together with specific contracts of employment, if any (not contradictory to any provision in the Standing Orders), the various provisions of industrial laws on rights and obligations of employers and workmen, settlements and awards under Industrial Disputes Act constitute complete code of the relationships between an employer and his workmen.

Ipso Facto *application of Model Standing Orders*—A great step was taken when under an amendment to the Industrial Employment (Standing Orders) Act, it was provided that model Standing Orders prescribed under the Act would be deemed to be the Standing Orders for an Industrial Establishment till it gets its own Standing Orders certified.

Acts of indiscipline (*misconducts*)—Under the model Standing Orders apart from providing for fines for certain acts of omission and commission as per section 8 of the Payment of Wages Act, suspension up to 4 days and dismissal for various acts of indiscipline have been provided for. These acts include:

disobedience and insubordination;
theft, fraud, dishonesty in connection with employer's business or property;
wilful damage/loss of employer's goods/property;
taking or giving any bribes/illegal gratification;
habitual absence/unauthorised absence for more than 10 days;
habitual late attendance;
habitual breach of any law applicable to the establishment;
riotous or disorderly behaviour during working hours at the establishment or any act subversive of discipline;

habitual negligence or neglect of work;
frequent repetition of any act of omission for which fine may be imposed;
striking work or inciting others to strike in contravention of any law.

Under the Model Standing Orders prescribed under the rules made by the West Bengal Government, besides clarifying that 'Order to work overtime' to be a lawful and reasonable order, the following misconducts have been added:

> Drunkenness, intoxication, engaging in trade within the establishment, disclosing process and secrets, habitual breach of rules for maintenance or running or cleanliness of any department, allowing unauthorised persons to operate machines, unauthorised collection of funds, smoking where prohibited, holding meetings without authority, conviction for offence involving moral turpitude, refusal to accept charge-sheet or any other communication, sleeping while on duty, participation in illegal strike or wilful go-slow tactics, gambling within premises and money-lending or borrowing within the premises.

Procedure for punishment—The procedure for punishing any workman, either by way of dismissal, discharge or suspension provided in the Model Standing Orders is:

Charge-sheet in writing detailing the allegations of misconduct;
Opportunity to explain the circumstances alleged;
Holding enquiry and giving opportunity to the workman to adduce evidence in his favour (with a right to have his fellow workmen to represent him at the enquiry);
Approval of the Manager or employer, in case of his dismissal. (Under section 8 of the Payment of Wages Act, too, for imposing fine opportunity to show cause against the fine is required to be given to the workman concerned);
Service of the order on the workman.

It has been clarified that in the case of order of suspension

being rescinded full wages are required to be paid for the period of suspension and that in awarding punishment, the gravity of the misconduct, the previous record of the workmen and the extenuating and aggravating circumstances may be considered.

F. Judge-made Laws on Discipline (or limitation to management's jurisdiction)

Apart from the above statute, the following judge-made laws have been evolved in the matter of discipline:

Discharge or dismissal without a fair and proper enquiry and not in accordance with the principles of Natural Justice have been declared to be unlawful (with some exceptions like continued absence from work)—The law is the same for permanent as well as temporary workmen;

Where a management acts in good faith and finds a workman guilty of a misconduct in terms of Standing Orders on the basis of fair and proper enquiry, and in accordance with the Principles of Natural Justice, its findings of guilt as well as the punishment therefor is final and an adjudicator cannot sit in appeal over such finding unless he finds:

lack of *bona fides;*
victimisation/unfair labour practice;
basic error of facts or violation of principles of Natural Justice;
baseless or perverse findings.

The adjudicator has not to appreciate the evidence and is not to decide whether he would have drawn the same findings on the materials on record but he has only to see whether the finding can be one of the conclusions that can be drawn by any reasonable man.

If no enquiry is made by the management before dismissal the defect can be cured by establishing the guilt by producing witnesses before the adjudicator. In such cases full wages for the intervening period may be awarded even if the order of dismissal is upheld.

If enquiry is found defective then also the misconduct can be proved by producing evidence before the adjudicator but

in that case it is for the adjudicator to find the guilt and award appropriate punishment.

An employer has no right to suspend a workman without wages unless it is so provided under the Standing Orders or under the Contract of Employment.

An adjudicator can go behind the form of the order and set it aside if it be colourable exercise of power.

An order of dismissal/discharge with retrospective effect is declared to be bad in law.

In case where punishment is grossly disproportionate to the offence committed or if it is not provided for the misconduct proved, an adjudicator can give lesser punishment in spite of the finality of the finding of guilt by the management in its enquiry.

An order of dismissal or discharge must be based only on the grounds stated in the charge-sheet.

An employer has the right to dismiss/discharge a workman for acts of misconduct even if it occurs outside the working hours or outside the place of business if the act:

is inconsistent with the fulfilment of the express or implied conditions of service, or
is directly linked with the general relationships of employer and employee, or
has a direct connection with the contentment or comfort of men at work, or
has a material bearing on the smooth and efficient working of the concern.
(The above acts constitute acts subversive of discipline.)

The misconducts listed in the Standing Orders are illustrative and not exhaustive. An employer can make out a case of indiscipline and award appropriate punishment as per industrial law, for a misconduct not listed in the Standing Orders but in such a case, the whole matter is open before the adjudicator when a dispute is referred to him. The position is the same when there are no Standing Orders in an establishment.

G. Special Obligation When Disputes Are Pending Adjudication

Special provisions of Industrial Disputes Act (section 33)

and answer form. Each statement is required to be read over and contents explained in the language understood by the delinquent and signatures of the deponent, prosecution officer, delinquent, his representative and the enquiry officer are required to be put.

If any witness has given any statements behind the back of the delinquent or before the commencement of the enquiry it is advisable to obtain his statement afresh and subject him to cross-examination by the delinquent. Similarly, if any document is to be relied upon, that, too, is to be required to be produced in the enquiry through a witness and it should be allowed to be examined by the delinquent so that he may cross-examine on the same or may ask for other documents in the possession of the management which will help his case.

After all the witnesses in support of charge-sheet have been examined, then and then only defence witnesses including the delinquent himself are required to give their statements. Here, too, the steps of examination, cross-examination and re-examination are to be followed and the recording thereof is to be done in the same manner as in the case of prosecution witnesses.

If the delinquent workman desires any witnesses who are employees of the management, he should be helped to produce them. Similarly, as pointed out above, any document in the possession of the management, if called for by the delinquent, the same is required to be produced by the management (it is for this purpose, that sometimes, in the letter of enquiry itself, the list of witnesses and documents is asked for from the charge-sheeted workman).

After the evidence is over it is advisable for the enquiry officer to make an endorsement to that effect and also obtain signatures of all the persons present including the delinquent.

Arguments if any advanced by the parties may also be heard and its summary recorded.

Important Points Regarding Enquiry Proceedings

The language for recording the enquiry proceedings should preferably be in the language known to the delinquent. If the delinquent or his representative or any of the witnesses refuse to sign the proceedings, the enquiry officer should make an en-

dorsement to that effect at the appropriate places and obtain signatures of others present.

If the delinquent desires at any stage copies of the proceedings or copies of the documents produced for preparing his case or for cross-examination, the same should be given.

Though day to day enquiry is advisable, adjournments, if become necessary, should be granted but on every such order of adjournment, the signature of the delinquent should be obtained.

The enquiry officer, being a person disinterested either in the complainant or in the charge-shected workman or in the subject matter of enquiry should refrain from assuming the role of the prosecutor or the role of witness and should ask, if necessary, only questions of preliminary character or questions for obtaining clarification, for any statement already given.

The enquiry officer should preferably be one who has not issued the charge-sheet and who will not ultimately take disciplinary action.

Though law of evidence is not strictly applicable to such enquiries the spirit of the same should be followed, e.g. leading questions should not be asked and before bringing home the charges the delinquent should not be asked to state his defence.

If the delinquent does not attend the enquiry in spite of opportunity given or if he leaves the enquiry at any stage, the enquiry is required to be completed as much as posible. If explanation is not given by the delinquent, then, too, the enquiry is obligatory.

Though in such enquiries representation by a trade union cannot be claimed as a matter of right, for good industrial relations and for avoiding future disputes such representation is allowed by many managements.

If a management does not have an officer who could make enquiries, it may hire anyone to do the job.

In case of enquiries against a large number of workmen who all cannot participate simultaneously in the enquiry the statement of witnesses in support of the charge-sheet may be obtained before the first batch of delinquents and their statements only read over before the subsequent delinquents, with opportunity to cross-examine each deponent.

Findings—After the enquiry is complete, the enquiry officer is required to give his findings. It is a judgment of the case heard by him. In this he should give, in brief, the proceedings of the enquiry and give the names of persons examined by both sides and also the list of documents produced. He should state, in brief, the charges as well as the explanations thereto. He should briefly discuss the evidence and then give his findings on each of the charges along with his grounds for the same. He should take particular care to deal with every plea set up by the defence. In the end he should state which of the charges stand proved and which of them are not proved. He is required to submit these findings to the authority authorised to take disciplinary action. He is not required to recommend any punishment or to make any other recommendation in his findings.

Decision—The authority empowered to take disciplinary action has to consider the findings and if he accepts the findings of guilt he is to award appropriate punishment in terms of the Standing Orders (or in accordance with law if there be no Standing Orders). In awarding punishments previous conduct on record, any extenuating or accentuating circumstances and the gravity of misconduct may be considered but no punishment can be given for any grounds not stated in the charge-sheet.

Service of the Order—Any order of punishment is required to be communicated to the delinquent workman which alone completes the proceedings of the enquiry.

J. Principles of Natural Justice

The above procedures of enquiry are based on the principles of Natural Justice which are fundamental to any judicial procedure and which are enforceable on all courts of law statutory or otherwise and all persons and bodies acting in judicial or quasi-judicial capacity (domestic tribunals).

There are two main principles from which all other dicta are derived:

Principle No. 1—"*No man shall be judge in his own cause*" (Nemo debet esse judex in propria causa):

Under this Rule, a person is disqualified to act as a judge:

if he is a party to the dispute;
if he has any interest whatsoever in the dispute before him (pecuniary or otherwise, big or small);
if he is interested in the result of the dispute;
if he does not give his own decision, on evidence placed before him by the parties (*i.e.* he cannot import his knowledge into his decision, he cannot be a judge and a witness at the same time);
if he does not act according to his own judgement or if he acts at the dictation of others.

Principle No. 2—"*Hear other side*" (Audi alterem partem). This is a duty cast upon a judge to hear the evidence of the party to be proceeded against before passing orders contrary to his interest.

Under this Rule, a judge is required to give:

Notice to the party as to when he proposes to proceed with the matter;
Fair and reasonable opportunity to the opposite party—
(*i*) to deny his guilt and to establish his innocence (for which he is to be told of the charges levelled against him and the allegations on which such charges are based);
(*ii*) to defend himself by cross-examining the witnesses produced against him and by examining himself or any other witness in his defence;
(*iii*) to make representation as to why the proposed punishment should not be inflicted on him.

In other words, these Rules imply that a judge must act without bias or prejudice and with a sense of fair play (open-mindedness, fairness and impartiality).

K. Punishment

Industrial law recognises the following punishments:

Dismissal [*i.e.* removal from service (with a stigma) for a misconduct];
Discharge (removal from service without any imputation behind it);

Suspension (temporary removal from service);
Withholding of increments;
Demotion in rank;
Fines;
Warning or reprimand;
Adverse remark in service book.

In awarding punishments, the fundamental principle is that punishment should be commensurate with the gravity of the offence.

It is because there are no norms at present acceptable universally for matching the degree of punishment with the gravity of offence, the Industrial Disputes Act is being sought to be amended to empower the adjudicators to adjudicate upon the quantum of punishment awarded by the management on the basis of its (management's) findings of guilt.

The lessons of sociology would point out that in industrial life, too, punishment will have to have correctional or reformative approach rather than retributive. This approach would warrant close study of the acts of indiscipline rather than removing persons who perpetrate indiscipline; because, ultimately, indiscipline is only a symptom and not a disease.

I. Conclusion

If a management has built up a reputation for its fairness, open-mindedness, fair play, objective approach and justice, its problems of discipline would be few. If the whole man in the worker is aroused to work for the shared objectives his willingness to observe rules would become voluntary and discipline would be part of self-culture, because if it is self discipline that alone would answer the challenge posed by indiscipline.

So rules of discipline while buttressed by legal forms of compulsion should proceed in most cases, not by coercion but by education, persuasion, exhortation and čajolery. Thus, the future of discipline in industry would, in the ultimate analysis, depend upon the quality and calibre of the cadre of managers of men.

27 *Grievance Procedure: Some Significant Aspects**

J. A. PANAKAL

An employee feels dissatisfied and harbours a grievance when there is an infringement of his rights or interests. Mainly, it arises out of the misinterpretation or misapplication of Company policies, rules and practices.

Some of the common grievances of employees—real or fancied—heard in industry are:

*"I am placed in Grade IX. My present job involves more skill and responsibility compared to others placed in this grade. My repeated representations to place me in the next higher grade have not yet been considered."

*"There is something wrong with my departmental incentive bonus scheme. As a mechanical fitter, when there are major breakdowns I work hard along with my colleagues, to set things right. For those months I get low incentive bonus earnings."

*"My colleague and I joined service on the same day 10 years ago. We draw the same salary. He has been allotted a Company quarter, and I have been told to wait."

*"Ten of us work under a foreman. When overtime work comes up, he does not evenly distribute it amongst all of us. Instead, he gives it to three persons who are his favourites."

*"My colleague is a very difficult person. The foreman, therefore, does not tell him a thing when he neglects his maintenance work. On the contrary, the foreman requests

*From *Indian Labour Journal*, July 1968. Used by permission.

me to do the left-over portion of the work by my colleague. How long can I continue to work like this."

*"For my four days' absence from duty without prior permission, I had personally explained to my foreman the special circumstances under which it happened. Despite my explanation he got me suspended for a day for this offence."

Why a Procedure?

Such grievances or grievance-provoking situations arise in Company operations. They may be particularly complex where a large number of people with different backgrounds work together to discharge the assigned responsibilities.

Some grievances are genuine and others imaginary. But most of them turn out to be seriously disturbing to employees. All of them require prompt attention in the form of explanation or redressal, for, an unredressed grievance adversely affects an employee's morale, productivity and attitude. In some cases, an explosive situation may develop.

When a Company is small, it is possible for an employee to meet the top boss direct and get his grievance redressed. It is not so easy when the Company becomes big. He has to go through proper channels. Sometimes, the top boss may not be free to see him immediately or may feel the matter to be too trivial to warrant his personal attention.

The institution of a procedure for the settlement of employee grievances "in the shortest possible time and at the lowest level possible", is of paramount importance in industry. This is particularly so when companies wish to have a happy and contented work force for uninterrupted operations.

Open-door Policy

Some companies have an informal open-door policy for handling employee grievances. The common remarks heard from the chief executives of such companies are:

*"We have an open-door policy and nothing prevents employees coming up to us with their grievances for redressal."

*"We have practically eliminated all grievance-provoking situations in our Company."

*"A formalised procedure will generate grievances which are not real."

Despite its own merits, for various reasons, an open-door policy has not yielded the desired results, particularly in large companies.

Step-Ladder Procedure

Many companies have introduced a step-ladder procedure for the expeditious processing of grievances.

Under this procedure, an aggrieved employee will first present his grievance to the first-line supervisor. If he is not satisfied with the decision of the supervisor, he presents his grievance to the next level, namely, the head of the department. At the third step a joint-grievance committee reviews the grievance. Grievances still unsettled are referred to the chief executive of the Company. In some cases, works committees form a step in the procedure. In most of the procedures, the personnel officer does not form a step, but his counsel and assistance are available at every level of management for handling grievances.

In all procedures, the designations of authorities to whom grievances should be presented; the time limit for the disposal of grievances at each step; the manner in which grievances have to be presented—verbally or in writing, or on ordinary paper or prescribed form—etc., have been laid down. Where there is a recognised union, the procedure is introduced with their concurrence.

A Case Study of a Successful Procedure

A close analysis of a successful grievance procedure has revealed the following as factors that have contributed to the success:

*The attitude and support of management;
*Belief in the utility of the procedure by all concerned;
*Introduction of the procedure with the concurrence of the employees' representatives and their union;
*Simple and expeditious grievance handling;
*Codification of Company's policies, rules and practices

and availability of copies at different levels handling grievances;
*Delegation of appropriate authority to take action to different levels handling grievances;
*Personnel Department functioning in an advisory capacity at all levels of management;
*Fact oriented, instead of employee oriented, discussion of grievances;
*Respect for the decisions taken at each level;
*Publicity to the procedure and its achievements in the Company;
*Periodic review of the working of the procedure.

Guide Lines for Further Action

It is such factors as those listed above which are responsible for the success stories in some companies. This does not mean that there is no further scope for improvement. In this context, special attention will have to be given to the following aspects to make the grievance procedure more effective:

*Lapses in the handling of grievances of non-unionised employees;
*Tendency to bargain grievance cases at the joint-grievance committee meetings to satisfy majority interests of employees irrespective of the merits of each case;
*Inhibitions while handling grievances of employees belonging to vociferous groups amongst employees;
*Inadequate preventive measures to reduce repetitive grievances of employees;
*Lack of adequate training for supervisors and grievance committee members to develop the skill in handling grievances;
*Non-existence of a separate machinery to take care of genuine grievances of supervisors in large companies;
*Inadequate recognition of the importance of oral presentation of grievances at the first step;
*Neglect to the potentialities of counselling services for employees with grievances.

Experienced personnel managers will be in a position

precisely to identify other factors which have a direct impact on the effectiveness of grievance procedures in their companies. If they act and do what is necessary, they will be contributing, according to their mite, to industrial peace.

28 *Management's Role in Accident Prevention*

R. SRINIVASAN

Importance of Safety in the Context of Our Industrialization

During the last decade considerable impetus had been given to the industrial development of our country. Along with the industrial growth one of the attendant problems has been the growing number of industrial accidents. There are some who believe that with increasing industrialisation accidents are also a part of the game. This, indeed, is an unfortunate view. With a proper approach accidents can and must be prevented.

According to a survey made by the Chief Adviser of Factories, Government of India, the accident rate in the basic metal industries has been steadily growing from year to year and is higher than the corresponding rate in "all industries". The accident rate has increased by nearly 30 per cent during the period 1952-1961. The frequency rate in the iron and steel industry in India works out to 5.8 as compared with 0.608 in the U.S. steel industry and 1.95 in the U.K. steel industry. This means that our frequency rate is more than nine times that of American steel plants and three times that in some of the British steel plants.

The American industry has brought down the accident frequency rate by half during a period of 13 years from 1944-1957. It is also interesting to note that the frequency rate in the American steel industry is less than that for all industries. The Fairless Steel Works having a capacity of 3.6 million tonnes annual output had a frequency rate of 0.05 in 1956. These outstanding results have surely been the outcome of concerted efforts by all concerned, namely, management and employees.

Need for Accident Prevention

The overall cost of industrial accidents is so staggeringly high that the need for accident prevention is quite obvious. Industrial accident results in terrible suffering to the victim and his dependants. In our country, on an average, 400 people lose their lives every year due to accidents in premises subject to Indian Factories Act. More than 1.5 lakhs of people meet with lost-time injuries. The total loss to the industry is more than 1.5 million man-days every year—an effort which could produce nearly 300 broad gauge locomotives. Every industry, big or small, shares this loss. In addition, there is also the cost due to medical attention and compensation to be paid. The indirect losses on account of accidents are as much as four times the cost of direct losses which can be easily traced and accounted for. Industrial accidents affect the supervisors who lose good workers and have to take additional trouble to train substitutes. The effect due to loss of morale is not easy to assess.

Human Failure Causing Majority of Accidents

It is interesting to know that accidents do not just happen. They are caused, more often than not by the failure of human beings directly or indirectly connected with the work situation. An analysis of injuries according to causes reveals that at least 75 per cent of accidents are caused due to human failure in handling goods, struck by falling objects, use of hand tools, slipping or striking against objects. In the iron and steel industry, nearly 25 per cent of the accidents are caused by handling of goods and articles. In a modern industry the accidents caused directly by machinery are less than 5 per cent because safety is in-built in the design of the equipment, layout etc.

Four-Link Chain Common to All Industrial Accidents

In most cases of industrial injuries, it is possible to establish a *four-link* chain of events leading to injury: Faults of persons → unsafe acts and conditions → accidents → injury. A common impression is that accidents are just a matter of chance. The four-link chain which is common to all industrial accidents establishes that there is no element of chance in the second link. A bolt falls from a crane, no one is underneath

and hence it goes without notice. Luck plays a part only where accidents result in fatal injury, minor injury, or no injury at all. The same oily patch may not cause any injury to the employee who slips or may cause a fracture which may prove fatal. It is essential to realise that the causes are the same but the consequences can be different. Will it not be wiser to prevent the causes rather than take a chance with the consequences?

Has a Supervisor Much Scope to Prevent Accidents?

Nature has been very benevolent in giving sufficient warning signals before an accident takes place. Out of a population of 330 accidents it is found on an average that 300 of them were just accidents causing no injury at all. Since the causes were not removed 29 accidents result in minor injuries. If still the cause is not removed, it results in an accident which may cause a very serious injury. This statistical average may not be true in all cases but it denotes the ample opportunities provided for accident prevention. Every accident whether it results in minor or no injury at all is a pointer to probe into the causes and remove them in time.

Stress Should Be on Accidents and Their Prevention and not on Injuries

Unfortunately, all the safety campaigns, contests, etc, are governed by the conventional accidents statistics, classifying injuries into minor, major and fatal. The four-link chain approach points out that there is very little difference between an accident which may cause a minor or a major injury. An accident is *controllable* and hence, all attention should be directed to the scrutiny of accidents, big or small, so that the causes can be removed in time.

How to Prevent Accidents

The four-link chain suggests that all our attention should be directed to the control of unsafe acts and conditions and faults of persons if we want to prevent accidents. This can best be done by:

*Safeguarding the work area,

*Safeguarding the work method,
*Safeguarding the workers.

The supervisor on the shop floor can play a significant role in this because he is in intimate contact with what is going on in the shop. New recruits may be enrolled, new machines may be installed and processes may get changed. In spite of these changing conditions it is the supervisor who can take prompt action in order to make the shop floor a safe place to work. He should be able to spot the unsafe practices and unsafe conditions and take the prompt corrective action. He might look out for unsafe acts such as:

*Operating without authority,
*Working at unsafe speeds,
*Making safety devices inoperative,
*Using unsafe equipment,
*Unsafe loading, unloading and handling,
*Taking unsafe positions,
*Working on moving equipment,
*Failure to use safety appliances.

The supervisor can also be on the lookout for unsafe conditions in the shop floor such as:

*Inadequate guards,
*Unguarded equipment,
*Defective materials,
*Sharp, slippery surfaces or edges,
*Poor housekeeping, blocked gangways and exits,
*Inadequate lighting or ventilation.

Having noted the unsafe practices or conditions the supervisor can always take any of the following preventive and corrective actions:

*Eliminate the danger by substituting a safer material, change of design or operating procedure.
*Guard the operation if possible by providing barriers, guards, etc.

*Protect the worker by providing safety appliances.
*Instruct or warn the workers so that they are careful even if the hazards exist.

Common Reasons for Unsafe Habits and What to Do about Them

It is important to find out why men commit unsafe acts or cause unsafe conditions. Unless the causes are known any superficial actions taken may not be of avail. The causes for unsafe acts may be due to:

*Improper attitudes,
*Lack of knowledge or skill,
*Physical disability or unsuitability,
*Improper mechanical or physical environment.

If the root cause for any unsafe act is known then suitable remedies can be located with a view to correcting the situation.

Creating and maintaining interest in safe practices is a continuing challenge and responsibility applying equally to management and employees. While the safety organization can take care of general educational efforts, the individual men have to be tackled by the supervisor who knows them best.

Lack of knowledge or skill is one of the frequent causes of accidents. At times, even older workers meet with accidents which on investigation reveal some deficiency in job knowledge and skills. This may be due to:

*Nobody taught him the right way,
*He learnt it but not fully and completely,
*He learnt the job for normal conditions but could not anticipate the hazard in a changed situation.

Most often the new worker is left to himself to learn the hard way. He learns, of course, by trial and error causing accidents or damage and learns what all his experience teaches him. This is, indeed, a costly and wasteful process. It is also dangerous because if a man loses his limb in the process of trial and error it won't grow again.

Job Safety Analysis

Job safety analysis can be made for all jobs so that the workers can be instructed on safe methods of work. Every job can be analysed into its elements in sequence. The hazards involved in each step can be located against each step and possible remedies can be suggested to take care of them.

Enforcing safe practices is one of the toughest jobs a supervisor has to face. He has, however, to remember that safety always starts from the top. If the supervisor sets a good example by observing safety rules and wearing safety appliances himself, he can expect the workers to follow him. However, a worker may violate a safety rule for some other reason. It is always essential to find out why a rule is being violated. There may be some difficulty in wearing the safety appliances or a reason why a short cut is used in doing a job. If the reasons are known, suitable corrective action can be taken and this alone can bring greater conviction in the men to follow the safety rules.

Safety and Production

It has been proved beyond doubt that:

A safer method is always better from the point of view of production.

The efforts to improve safety do not interfere with production.

Reduction in accident rates can be obtained simultaneously with increase in production rate.

An accident-free shop is always highly productive and in the long run low accident rate and high productivity always go together. It is, therefore, in the interest of all to review all the work methods and procedures so that the inherent hazards are removed making the methods safer. This not only improves safety but also helps production.

Safety Supervision is a Continuing Job

Laws and regulations will not serve any useful purpose if nothing is done to promote safety within the industry itself. The manager himself should take the lead in all such activities.

Everybody in the organisation should realize that the company is interested not only in production, in quality and quantity, in preventing wastes of material, in proper maintenance of machines and tools, *but also in safety*. Good order and housekeeping are as essential for production as for safety. A working condition in which all hazards and irritants are removed would greatly help not only in preventing accidents but also in enhancing production.

29 *Some Human Problems Associated with the Construction of an Integrated Steel Plant*

P. T. K. PANICKER

IRON and steel play a vital role in the growth of a nation. Their level of consumption is considered as an index of a country's development. Apart from the fact that the iron and steel industry ensures a take-off for other economic activities, every job in this industry creates eight to ten jobs in other manufacturing industries for which the starting material is steel, in addition to the employment opportunities that are created in the mining, transport, construction and other connected operations.

The Indian Scene

As far as India is concerned, all the iron and steel plants are of the intergrated type. By their very magnitude, and the manufacturing operations involved, they are necessarily situated in rural surroundings, far away from the existing towns or cities. Bokaro is the latest in the list, and the future plants wherever they are installed, will also follow the same pattern in so far as their locations are concerned. Construction of such plants is usually beset with multifarious problems, and in trying to solve them, while great attention had been bestowed all these years on the technical and financial aspects, adequate stress was not being laid on the human problems. Perhaps this was one of the reasons for the delays in the timely completion of some of the major projects in the past. In this paper, therefore, an attempt is made to focus some of the significant human problems which usually arise during the

construction of an integrated iron and steel plant in our country, and their possible solutions.

Problems in General

The problems of an industrial community are two-fold; those relating to the work-spot, and the others pertaining to the life outside. While the atmosphere on the job is bound to have an effect on the community, the kind of life a man leads outside his working hours has a direct bearing on his attitude towards work. The two are, therefore, inter-dependent. This is particularly conspicuous in an undertaking which is under construction, because, in this case even the normal barrier dividing the works and the township outside, is non-existent. However, for the sake of convenience the problems affecting the worker 'on' and 'off' the job are dealt with separately here.

Multiplicity of Employers

Human problems are often caused by certain factors inherent in an organisation structure itself. During the construction of an integrated steel plant, a large number of contractors are engaged on multifarious jobs. All of them are by themselves employers, each having an independent and specific task of job to be completed. A common objective for the entire workforce on the project-site, and a unity of purpose needed for building a happy industrial community are, therefore, likely to be absent. The problems arising out of the multiplicity of employers, do not end here. Lack of uniformity in the benefits, financial and non-financial, meted out to the employees working side by side on one and the same project, is another conspicuous feature of such a set-up. This has also been the source of employee grievances and labour unrest. One possible method of reducing this disparity is to specify the minimum wages and the other service conditions of the employees for the guidance of all the contractors even before they are awarded contracts. The minimum wages should no doubt be in consonance with those prevailing in the region, and at any rate not less than the quantum fixed under the provisions of the Minimum Wages Act wherever applicable.

Co-ordination

In so far as the amenities are concerned, while each contractor-employer has to be primarily held responsible for his men, a certain degree of uniformity is desirable, because man resents discrimination in any form. The welfare provisions of the Contractors' Regulation Bill might have been a partial solution, but even then to ensure uniformity and consistency, it would be of considerable advantage, if the central project administration itself sets up an agency for co-ordinating all the welfare activities. In that event, each contractor should bear the cost in proportion to the number and type of the workers employed by him, the direction and control however vesting with a representative co-ordinating committee.

Safety

Another problem of paramount importance to an individual, whether engaged on a construction job or otherwise, is his 'safety'. Although in the recent times there had been a keen appreciation about the need for safety in a steel plant under operation, very meagre attention is being paid to this aspect when it is in the stage of construction. In this connection, certain features peculiar to a steel plant construction are mentioned below:

*continuous movement of a large number of mobile equipments;
*dusty atmosphere;
*working at great heights in the open, and that too on jobs requiring high skill, and
*the existence of a large number of pits and trenches intended to lay the foundations of structures and machineries, and for laying water lines and electric cables.

These environments and conditions of work cause a variety of hazards. A central safety organization to direct and supervise the safety and accident prevention programme of all the employees including the contractors' and sub-contractors' is, therefore, very desirable. This organisation will also pay special attention to good housekeeping throughout the project site,

as this is an important factor for the success of any safety and accident prevention programme.

Communication

Many of the problems that confront human beings arise on account of the speed at which changes take place. The swifter the human activity, the greater is the need for closer understanding. Good communication is needed not only for the transaction of any business, but is also an important factor in fostering sound human relations, particularly during the stage of construction, when changes occur more rapidly than at other times. It is, therefore, incumbent on the contractor-employers to impart a fair knowledge of the art of communication to their supervisors and managers before they are placed on their respective jobs. In fact, while awarding contracts, the project administration would be well advised to give preference to those organizations who have on their rolls a cadre of officers having undergone adequate training in human relations and the management of men, apart from their technical knowledge and skills.

Security of Service

No problem presents such enormous difficulties for their solution as the constant feeling of insecurity, a man working on a construction job harbours in his mind, whether on the work spot or outside. Uncertainty about his future hovers over him. He is gripped with anxiety, which reflects on his attitude towards work. The feeling of partnership esssential to sustain a sense of discipline is totally absent, and appeals to his sentiments yield very little response. Such an atmosphere gives rise to grievances amongst the employees, and may even result in major disputes. In these circumstances, the least the employing contractors could do is to keep their men informed periodically about their future, instead of taking them by surprise at the last moment, at the time of termination of their service. Simultaneously, it is also the responsibility of the project administration to plan their permanent requirements, and offer employment to whatever number possible from the construction personnel. Here, it may be mentioned that loyalty to an organization is greater in a man who has participated in its

construction and seen the fruits of his labour, than a fresh man who has not experienced the "pangs of construction" and "the teething troubles" later on. Employment Exchanges in the country should also be re-vitalised and their method of work reoriented, so that experienced persons who are likely to be thrown out of jobs are quickly placed in other construction projects, or on permanent assignments in other industries.

The Civic Map

Having discussed some of the problems facing the construction personnel in the work-atmosphere, and their possible solutions, an effort is now made to study the remaining sixteen hours of their daily life. As the pace of construction progresses, the composition of the working force, and consequently that of the community as a whole also undergoes a change. Along with these, the needs of the men and the problems connected thereof go on changing. These peculiar aspects bring about the necessity for a wider range of civic activities for meeting the varying needs of the changing community, a factor seldom taken into consideration so far. Here, a word of caution may be given, and that is, solutions to any problem should be with a view to ensuring a happy and contented community not only for the present but even after the completion of the construction. In other words, a long-term view has to be taken while trying to satisfy the immediate needs. Now, then, what are the factors in the civic life of a man which ultimately give rise to human problems? They are:

*Food;
*Housing and other social amenities;
*Recreation;
*Education; and
*Environments.

Food

This is the most vital problem of the day, and shall continue to be so during the construction of any steel plant. From the very beginning, the people are dependent on outside sources for most of their daily requirements of food and other essential commodities. It has also been noticed that even prior to the

commencement of the land acquisition proceedings, the prices of land and the various commodities in the region 'shoot up'. This poses an economic problem, particularly in respect of the domestic budget of the people engaged on the project, whether residing in the housing colony, or coming from nearby villages. One possible solution is to form consumer co-operative stores at the site in convenient localities, but the men working there being either temporary or casual, have no permanent stake in the organisation, and are, therefore, not normally interested in the formation of such stores. Maybe, as the construction progresses, the number of permanent personnel will increase and they would then like to initiate this activity. Considering these circumstances, the best answer is the establishment of fair price shops with the assistance of the local government authorities. Having done so, the latter should also ensure regular supply of all essential commodities to these shops. Another step that is usually taken is to encourage community canteens where food is supplied at reasonable rates. In this connection, a precaution that should be adopted by the project authorities is to ensure the cleanliness of the canteens and their surroundings, so that they do not become the nuclei for diseases.

Housing

Next to food, the most important problem for a general level of man is shelter for himself and his family. Inadequacy of housing facilities had been one of the irritants in the Indian industrial society, and this is more acutely felt in rural surroundings where no other accommodation is available. Temporary thatched huts, built in a haphazard manner are, therefore, often seen on construction sites, and these later on become slums with all the connected social evils. Thus, even before the construction starts, great thought has to be given in regard to 'housing'. First of all, the project authorities should acquire the land required not only immediately, but also for the future expansion of the plant and the consequent increase in the working and floating population. Separate space should then be earmarked for the housing colony, schools, hospitals, parks, playgrounds, shopping centres and last but not the least, places of worship. In this connection, the extracts

from the letter written by the late Jamsetji Nusserwatji Tata, the Founder of the Indian Iron and Steel Industry to his son Dorabji in 1902 are worth repeating. They read thus:

"Be sure to lay wide streets planted with shady trees, every other of a quick growing variety. Be sure that there is plenty of space for lawns and gardens. Reserve large areas for football, hockey and parks. Earmark areas for Hindu temples, Mohammedan mosques and Christian churches". These words remain true not only today, but will continue to be so for all time to come.

As regards the housing colony, it may be divided into three zones; the first one for permanent houses to be built by the project administration; the second also for permanent buildings, but to be constructed by entrepreneurs according to an approved pattern and layout, and who will be permitted to rent them out; and the third colony for constructing temporary accommodation for the construction personnel by the contractors. As regards the third zone, when once the construction is completed, it could be offered to the permanent employees for building their own houses. By this, the employees will have a greater stake in the organisation, and a stabler working force is also ensured. Single room hostels with attached bath and kitchen would be another solution to the housing problem.

Closely connected with 'housing' is that of adequate water supply, and 'sanitation'. These services have to be provided by the central project administration to overcome the contractors neglecting the same. The latter may, however, be levied a reasonable charge for these services on a per capita basis, an item to be included in the terms of their contract itself.

Physical communication poses another problem at a construction site. The obvious answer is 'dust-free roads in the colony on which public transport could ply at convenient hours'.

Other Social Amenities

It would defeat the purpose, if after the housing problem is taken care of, adequate attention was not given to the 'health and hygiene' of the community. By the very nature of the working environments and the surroundings, proneness to ill health

and diseases is likely to be greater during the phase of construction than at any other time in the life of the Plant. It is, therefore, an accepted fact today that modern hospital facilities have to be made available from the very beginning, with a plan to expand the same gradually as the construction work goes ahead. In these days this is not considered as an item of luxury; on the other hand, it has become an intergal part of any industrial organisation, particularly of one that is being set up in rural surroundings.

Recreation

The need for this item of welfare requires no elaboration. It is common knowledge that a single man will have a somewhat different concept from a man with wife and children as to what constitutes a normal civic amenity. The former is primarily interested in recreational facilities, whereas for the latter it will be his home, and school for the children. Thus, considering the normal pattern where the proportion of single men to the total force engaged on construction and staying in the colony is greater than at a time when the plant goes into production, the extent of recreational facilities should be necessarily larger during the phase of construction. Here again, the project authorities in collaboration with the contractors should take the lead in establishing community centres in convenient localities, and they may be administered by a representative committee of all the employers, not only to ensure co-ordination and uniformity, but also to avoid multiplicity of efforts.

Education

In a rapidly narrowing and increasingly complex world, 'education of their children' is uppermost in everybody's mind. India is no exception. Lack of such facilities has, therefore, been a source of worry and anxiety to most of the people engaged on construction work in places far away from towns and cities. Quite a number of them send their grown-up children to distant schools with a view to ensuring continuity of education; but the problem still remains with the younger groups staying with their parents in the project colony. The oft-repeated argument is that 'education is the business of the State'. In

that case, in a 'welfare state" like ours, every welfare amenity is a 'state-subject'. The net result is that highly skilled technicians and experienced engineers prefer to be near a town or city, sacrificing even their emoluments, than go to a place where no schools are available. Every enlightened industrialist, maybe in the public sector or the private, is, therefore, now realising the need for establishing kindergarten or primary schools to start with in the housing colonies, not necessarily managed by the project authorities but by private agencies. No doubt the latter would need certain minimum facilities and assistance to impart education of quality and for its future expansion.

Environments

It has been found that the existence of a highly modernised industry in the midst of a countryside which is subjected to abject poverty and low standard of living is the main reason for social tension in a new industrial community, whether it is the stage of construction or afterwards, steel plants being typical examples. These views were expressed by an eminent economic expert, who while analysing the problems facing one of the public sector steel plants a few years back stated that they were "more social than technical". He contrasted the highly modern steel factory with the appalling conditions of poverty prevailing in the countryside around, and said that this naturally created certain social problems which had to be overcome. A solution offered was to start numerous 'buffer' industries of the 'small-scale' type immediately around the steel plant township so as to improve the socio-economic conditions of the region. They will be required to manufacture the articles needed by the plant or they could offer technical service facilities of a day-to-day nature for the community. This is, however, a sphere in which the State Government and its Industries Department have solely to take the initiative in the ultimate interest of peace in the industrial community, and the economic upliftment of the people in the region, and also to prevent any social imbalance.

Conclusion

The various human problems in the work atmosphere and

outside, at a time when an iron and steel plant is under construction, have thus been enumerated. Certain solutions were also suggested. They are essentially with the object of establishing peace, contentment and happiness amongst the industrial community. There are, however, external elements like politicians, trade union leaders and village chiefs round about who often exert influence over the people at the project site, and sometimes even shape their thinking and action. They have to be considered as people who matter, and the project administration would do well to keep in touch with them, and gain their friendship, support and confidence, instead of attempting to live as a separate community. Misunderstandings among men are often caused due to an attitude of isolation, and there appears to be no better solution for any human problem than direct personal contact between man and man.

30 *Social Worker in Industrial Organization*

P. M. MATHEW

PERSONNEL Management is being slowly appreciated as a more complex activity than it was formerly understood to be. With the development of new research in behavioural sciences, especially sociology and social psychology, we are beginning to distinguish the important features of the social systems in which we live and the inter-relationships of the parts to the whole and to see that the analysis of human behaviour may provide a basis for greater predictability and more effective realisation of the potential of people who make up an enterprise. For a long time, the Personnel profession attended to the maintenance of human relations on the basis of individual well-being. We are now revising this understanding to include a reference to working groups, technology, structure and culture of the entire organization as well.

The objective of the personnel function is the effective utilization of human resources to achieve the organisational goals by maintaining people's willingness to work for these goals, establishing working relationships among all members and ensuring maximum individual development. It is possible to identify two distinct aspects or levels of the personnel function. The first aspect refers to the processes of analysing the existing conditions and the resources in the light of the requirements of the enterprise, of diagnosing and defining its problems, of prescribing and executing the appropriate action to bring about change. This is the level of policy formulation and the predominantly dynamic and creative and more professional aspect of personnel function. The second aspect refers to the routine administrative duties involved in the execution of the above policies, the identification and

solution of minor human relations problems as they occur, the maintenance of healthy relationships, establishing formal communication channels and forums, meeting the requirements of state policies, and the provision of labour welfare facilities and fringe benefits. This aspect of the function is also very important, but less exacting and less critical than the first aspect. These two aspects of personnel function are complementary and inseparable. Administrative procedures at the second level, which in fact receive great emphasis at present and constitute the total personnel function in most of the organisations, should be seen as secondary to and following the policy-making role as indicated at the first level. The recognition of the policy-making role of the function depends upon the extent to which other functionaries in the organisation and top management see in the personnel executives a certain degree of expertise in the systematic analysis of the social and psychological consequences of economic and technological decisions which they may not possess.

The social worker in the industry who is usually designated as Labour Welfare Officer, functions at the second level. He usually attends to only the routine administration of welfare and benefit schemes and record keeping; but depending on the organisation and his own competence, he may do these responsibilities more professionally and perhaps expand the range of his responsibilities even at this level to more satisfying areas. He may aspire to move slowly to some of the functions at the first level after gaining sufficient experience, confidence and acceptance. (To what extent the programmes of the Schools of Social work are intended to prepare him for these higher tasks beyond the first level is not clear).

In this paper, I will only raise some questions with regard to the functions of L.W.O. as currently practised and the possibility of his functioning in a more professional way. Before doing so, let us see if we agree on some basic aspects of human relations in Industry—our main concern as social workers.

What is Human Relations in Industry?

There is a tendency to oversimplify human relations in Industry and to seek quick, easy solutions to complicated

problems. What at first glance appears to be a single personnel problem is usually intertwined with the whole host of other problems involving diverse and conflicting claims of several individuals and groups, having short- and long-term implications. There is no simple answer to what course of action is fair or equitable to one particular individual or group. Sometimes, L.W.O.'s recommendations to the management run like this: "Why don't we have group incentives instead of individual incentives, as it is the modern practice?" "If we start joint management council our industrial relations will improve" etc. Statements of this kind are no more than what any other officer in the Company could offer. He is sometimes eager to use indiscriminately his kit of techniques such as suggestion schemes, brochures, various communication methods, participative managements, etc., in the belief that these simple, quasi-mechanical techniques will solve employee relations problems. Sensitivity training, non-directive counselling, role play and other quasi-therapeutic techniques are recommended with a view to changing the personality of insensitive, uncommunicative people. Some of us may even believe that good management is just a matter of liking people and inducing people in turn to like us and that all the troubles in the organisation are due to misunderstanding which can be removed by establishing two-way communications.

The purpose of business enterprise can be achieved best under conditions which provide for the maximum conservation of its human resources over a continuing period and which maintain the willingness of its members to work together to achieve the task goals at various levels. And these conditions, of course, should be consistent with the ethical and social values of our society and with the policies and regulations established by legislative action. Good human relations mean creating and maintaining such conditions.

The individual wants a steady income, security, dignity, recognition, belonging and self-expression in his life and hires himself to the business organisation seeking these satisfactions, but initially settling these mainly for pay. The organisation wants efficiency, production, profits, growth and stability. Matching the needs of one against the needs of the other to the mutual satisfaction of both, is the unending task of personnel

profession. This adjustment is difficult. It may be that some dissatisfactions are created and others are magnified by poor communications; but many problems cannot be solved by better understanding alone. Counselling and training may improve communications and may even help people to develop human relation skills; but changing personality is a difficult job with poor prognosis. Good welfare work may keep workers happy and stable; it may not necessarily make them more productive.

The special skills in providing reasonable satisfaction of human needs rest in the capacity (1) to recognise the need-satisfactions sought by various groups of people at the work-place, (2) to identify and analyse how the intrinsic features of the work, work flow, technology, work group, union, organisation structure and managerial policies and practices influence employee behaviour and promote or frustrate need-satisfaction, and (3) to plan and implement necessary changes in technology, work procedures, organisation structure or policies and devise appropriate policies and administrative procedures which will remove the frustrations or mitigate their worst consequences. Welfare-and-employee benefit schemes form an integral part of this overall action programme and they support and supplement the other personnel efforts.

Many managements feel that the enhanced power given to staff specialists like the personnel executive, has weakened the supervisors' relations with their subordinates and made them dependent on the staff specialists who may not share the supervisors' responsibility for achieving the end-results. In addition to the specialists, the increasing strength of the trade unions, the parallel system of communications in the organisations which often by-pass the supervisors, the increasing number of hierarchal levels of the management, all have combined to weaken the supervisory position and his ability to manage his people. In many organisations, efforts are, therefore, being made to rehabilitate the supervisor as an effective leader and strengthen his position as the vital communication link between the employees at lower levels and the higher management levels. This trend is significant for the L.W.O. The most important determinant of the effectiveness of L.W.O. in delivering the goods to the workers is his ability to develop

good working relationships with the supervisors at the lower and middle levels of managements. This is as important, if not more, as his specialised knowledge, skills and techniques. There is a need to redefine the earlier popular concepts of his role such as "buffer" or "communication link" between workers and management in the light of this understanding.

Here, I would like to make two comments even at the risk of overemphasis. It is a wrong strategy to present oneself as an expert. It is likely to meet with resistance. The social worker's professional intervention should not be overt, but should be through the media of participatory and educational process. His success and acceptance as an expert can be achieved only by raising the level of sensitivity of the members of the organisation to human-relation problems and their competence to deal with such problems. Human relations is not the monopoly of a social worker; it is the concern of every one who manages people. However, by his special training and designation, the realm of social relationships is expected to be his special concern and focus.

The social worker should also be warned against the tendency to live in isolation and feed himself on self-justification. It is imperative that he enters into a continuing dialogue with executives from other functional areas such as production, sales, purchase, operations, research, etc., with personnel executives without social work or social science background, and with social scientists representing different disciplines. This is the only way to develop perspectives, to broadbase the professional practice and establish collaboration.

What Does the Labour Welfare Officer (L.W.O.) Do in Industry?

The L.W.O. usually functions in some of the following areas of responsibility. Closer and critical examination of these areas, from the viewpoint of social work, is necessary:

Certain sub-professional responsibilities. The L.W.O. may maintain employment records pertaining to the background data of the employees and recruitment, job changes (changes in assignments, transfer and promotion), salary increments, leave, health, discipline, etc., and various returns to be submitted as per legal requirements. These are relatively routine clerical jobs which the line officers are probably glad to hand over to

him. These can be considered as his legitimate responsibilities provided they form a part of his wider functional area.

The L.W.O. may be called upon to attend to security work, fire-fighting services, in-company telephone services, reception activities, transportation, housekeeping, etc. These may be considered as residual functions which do not fit into any other regular department, and are, therefore, easily passed on to the L.W.O. Many of these activities are disjointed operations with little internal unity. To what extent they directly affect the success of the total enterprise and justify the social worker's engagement are points that are to be examined.

Functions such as attending to legal proceedings in the matter of labour disputes, disciplining workers, etc., are usually considered incompatible with the role of L.W.O. This point of view needs further examination. One may still argue that attending to labour disputes calls for the same skills and persistence that are necessary to carry out the more legitimate functions of the L.W.O. and may give him opportunities to work towards improving the labour-management relations. Similarly, one may argue that discipline can be made consistent with human-relations concepts, if discipline is seen as a form of training, a forum for achieving better communications, a basis for reviewing personnel policies and an opportunity for achieving group acceptance of new standards and rules. Applying penalties with fairness and firmness may even promote better respect for management and better climate in the organization.

Administration of welfare and service activities. The welfare programmes include canteen, crèches, first-aid and other facilities provided under the Factories Act, retirement funds, medical benefits, Co-operative Stores, Credit Society, sports and recreations and other "Fringe" benefits, and also community-welfare programmes if the Company has a housing colony. He may be assigned special responsibilities with regard to Works Committee, Safety, Workers' Education, etc., which are of communicational and educational type. These are widely accepted as the legitimate functions of the L.W.O. One criticism against an overdose of welfare programmes is that it is paternalistic, intended to receive praise for management's generosity. It is also felt that it is an attempt to keep the

unions out, or it reflects a selfish desire to raise morale to boost productivity. It is necessary to examine the L.W.O.'s role in these contexts. What are the best ways of achieving maximum efficiency and maximum human satisfaction through such benefit schemes? It may be pointed out that if welfare work is unrelated to the task-needs of the organisation, it may even be self-defeating. Thus, there is a need to integrate the welfare work to the core of the personnel function and other management functions.

The service functions which he may be called upon to undertake include attending to employee grievances, recruitment, induction of new employees, training, wage administration, etc. It is necessary to examine the concepts and practices in each of these areas.

The line officers may show little interest in these activities and have the L.W.O. to take over what they feel as unimportant jobs; some of them may genuinely want a specialist like the L.W.O. to help them in these areas. The important point to be noted here is that the supervisors and managers welcome such services of the L.W.O. only when his role promises to help them to achieve their own goals and they may be indifferent to or even resist his services if they do not see his role intimately related to their goals. The L.W.O.'s role in these difficult areas in different organisational situations needs to be clarified.

He needs to be warned against a common tendency to retreat completely into such activities and get preoccupied with programmes and programmes. He feels that this preoccupation with something more tangible and quantitative will give him a sense of achievement and bring recognition and credit from both management and workers. These programmes call for least interaction with the line officers, and, therefore, meets with least resistance from them in the performance of his duties. The traditional type of welfare work is comparatively easy and comfortable as it does not require deep understanding of organizational problems and close working relations with line officers, as it is necessary in the case of initiating helping process. An L.W.O. may also satisfy himself that his decision-making in routine administrative matters of welfare work is equivalent to policy making.

Functions of advice and consultation to the line officers. The supervisors and other officers are responsible for meeting the production and efficiency goals prescribed by management. In the performance of their duties they have to cope with several human-relations problems. They need help to improve their ability to detect and solve human relations problems and acquire new skills and techniques in coping with them. If the L.W.O. is expected to provide this help by his chief personnel executive or other managers he should find out the areas where he can offer help and encourage others to see him as a source of help to whom they can turn. Care should be taken so that the supervisor does not disown his responsibility of managing his people and become dependent on the L.W.O. Is the L.W.O. clear about this role? How is he to perform this role and influence the supervisors when he may not have the authority to get his recommendations accepted by them whose actions in fact determine the company's personnel relations? What is the source of his power? Is he to rely on the authority provided by law, or the authority delegated by top management, or his own specialised knowledge and skills? How does the L.W.O. handle his own need for recognition and achievement? We need to examine these areas.

Functions of establishing Standards & Controls. In some few organisations, the L.W.O. may be asked to work as the "eyes and ears" of the management by establishing criteria to evaluate supervisory practices and by checking or auditing the effectiveness of supervision. These controls may include turnover rate, absenteeism rate, number of grievances, cases of indiscipline, requests for transfer, level of efficiency, idle time, etc. The report submitted by the L.W.O. may be used as a source of reward for him and punishment for others. This is indeed a difficult role as it may prove incompatible with the role of adviser or consultant.

We may examine whether the L.W.O.'s objectives can be made compatible with those of the supervisors on whom the controls are being imposed. The L.W.O. will have to resist the temptation to feel that "After all, I have to report to the Boss what problems I have discovered; that is the only way to get some importance here". Is it possible to handle these responsibilities positively and constructively so that the line super-

visors feel that the L.W.O. is helping them to identify or foresee trouble spots and solve them? Clarification of these points is crucial in achieving co-operation with supervisors for solving problems and introducing changes.

In the ultimate analysis, the justification for the existence of the social worker in Industry must be that he is a specialist in interpreting the reasons for social behaviour which may not be obvious to supervisors and managers who have other primary responsibilities. He should be able to see beyond the introduction of improved administrative procedures and welfare facilities. He should try to perceive the social system of the Company as a whole and the interrelationships of the various groups and sub-groups which make it up and identify the values which will enable them to function successfully together, and be able to communicate his understanding of these to others. He should be seen as the logical sponsor of the new behavioural science approaches to management of human resources and as a person with an expertise which sets him apart from other members of the management. When his colleagues turn to him for professional advice in the same way as they turn to an accountant, industrial engineer, market research officer, or operational research expert, and he is able to give such advice, he has found a new prestige and professional status within the organization. We are only at the beginning of this understanding of the L.W.O.'s role, and his future in industry as a social worker will be decided by his ability to see his own role in this new perspective.

31 *New Horizons in Industrial Welfare**

RUBY CHATTERJEE

A pressing problem in modern industry today is rehabilitation of the disabled worker. On the one hand, there is a psychological prejudice against the crippled or disabled individual; while on the other, there is the tendency to underestimate the physically defective individual's capacity to work.

From research excursions in the field of some problems of disablement among jute mill workers, it was found that those injured in accidents while at work, could mainly be divided into two groups. One group would be composed of those who suffered severe injuries such as loss of an arm or leg. The other group represented injuries such as loss of one, two or even three fingers, stiffness or muscle weakness following fracture or nerve injury.

It is a common argument that any physical handicap reduces productivity. But it has been found that this is not true in all cases. Physical defect may limit the number of opportunities open to the disabled person but it does not mean incapacity to work. The first group of disabled persons mentioned above are not completely incapable of work but usually they are unable to return to their old jobs. A case in point is that of a forty-year-old workman.

While cleaning a jam in a stripper roller or a Teaser Card in motion, his arm was severely injured, resulting in amputation. On his return to work after 3 months it was found that he was not physically fit for his previous job. The remarkable factor in this case was the ability of the worker to adjust himself to a new job. Without losing courage he set himself to learn a job which could be done with one arm. The job was to feed the

*From 'Safety News', September 1965. Used by permission.

Breaker Cards with Sacking Weft tow. After a practice of about 4 weeks it was found that he could manage it with a degree of efficiency almost normal.

There is also the case of the weaver who had one of his legs amputated from the knee as the result of an accident on a railway crossing. Although he took to wearing an artificial leg, it was not easy for him to stand and work at his loom for hours as he did previously. The change of employment to which he adjusted himself after a period of training was that of repairing cambs of the looms. This job could be performed in a sitting position and did not involve any strain on the disabled limb while at work.

A comparatively minor case of injury was that in which a worker sustained an accident while feeding jute in the Finisher Card resulting in the amputation of 3 fingers of his right hand. He was otherwise in a good physical condition. There was not much difficulty in fitting him in the job of feeding the Breaker Cards.

In the work of satisfactorily fitting the physically handicapped to his job, it is difficult to follow any set rule. To determine the limitation produced in a person disabled by accident is an extremely complicated matter as the limitation is not always physical but mental also. A person who has been disabled from a serious accident has also sustained a severe shock. Apart from the physiological effects, the impressions on the nervous system do remain to mould the patient's attitude toward life and his ability to tackle daily problems. In some persons the tendency to compensate is so strong that they come forward with too much and too vigorous work. On the other hand, those with more sensitive dispositions develop a chronic nervousness and emotional instability.

A thorough physical and mental assessment is necessary prior to placement. It is necessary to find out the possible exaggeration or weakness in the person's own mind concerning his ability or inability to perform certain tasks. It is also necessary to determine the work capacity of the individual by making him perform varying grades of work. There may be a dozen occupations to which the individual may be suited by virtue of his physical and mental resources. With the combined efforts of the physician and personnel officer it is possible

to give such employment as would yield maximum benefit under the limited circumstances to both employer and employee. This would help to restore confidence in the employee regarding his ability to compete with others so that in course of time he could hold his own not by asking for special consideration but by proving his worth to his employer. Workmen's compensation pays only for damage done but the concept of restoring the worker to self-support has yet to be given a wider recognition by the State and private industry in order to build up a happier relationship between employer and employee.

32 *Employer-Employee Relations: A Key to Productivity**

V. RAMACHANDRAN

THE expression employer-employee relations is usually taken as synonymous with industrial relations and attention primarily devoted to management-union relations. However, the subject is much wider in scope, industrial relations forming just a part of it. Because of the stress laid on industrial relations most thoughts on the subject have related to avoidance of strikes and exhortations made to keep production going without any stoppages. Whilst there is considerable merit in this objective, it has to be observed that strikes are not an unmixed evil.

The cost of a strike has to be measured not in terms of man-days lost, but with reference to its contribution to human progress. Viewed from this angle, industrial disputes when considered historically from a long-term perspective, have not been as harmful as might have been considered at the respective times. In any case, since strikes are permissible within the limitations of the industrial disputes legislation of this country, what is relevant from the point of productivity is whether a strike or dispute is a projection of the state of tension in an undertaking for reasons other than terms and service considerations (whatever the ostensible reasons given) or a straightforward demand on the part of workers for improvement in their standard of living. If a strike is for the latter, production would no doubt suffer, but if it is for the former, productivity would be the casualty.

*From 'Productivity...and Miles to Go', 1967, published by the Maharashtra State (IPY) Committee, Bombay. Used by permission.

Since productivity is basic to progress, management should give great thought to their personnel policies, though prepared for stoppages in production sometimes, because of strong differences arising out of the conflict of interest between management and workers in the latter's attempt to improve their standard of living. What is bad for an organisation is not strikes per se but the absence of morale amongst its employees and it is morale that contributes to the effectiveness of working of an organisation. There can be lack of morale in an organisation expressing itself in simmering discontent without it culminating in strikes; at the same time, it can be high, though industrial disputes may be raised with reference to terms and service conditions. One should not therefore overmuch worry about strikes as much as the lack of morale; the latter is insidious and more damaging in the long run than the former can ever be.

Organisational set-up and personnel policies considerably determine employer-employee relations and consequently morale and hence it would be appropriate to examine them briefly in relation to their contribution to productivity. In this context, it would be useful to clarify the terms employer and employee. Any one who is on the pay roll of an organisation is an employee; ordinarily, however, an employee is taken to mean a non-supervisory personnel. While an employer is the proprietor of an undertaking or a joint stock company, to a worker, however, in his day-to-day working, the employer is for all practical purposes his immediate supervisor. It is the immediate supervisor who can either create hell for him or make him part of a team encouraging him to do his very best for the organisation and in the process gain satisfaction for himself.

Even as in the engine parts, friction arises only between adjoining parts and it is where lubrication is required. Sufficient attention has not been given so far in this country to this aspect, that the attitude of any one in authority determines the reactions of the subordinates to the organisation. The following incident comes to the mind of the writer when putting forward this point. Several years ago, when he was working as a personnel officer, a lightning strike took place in his undertaking to protest against the alleged man-handling of a worker by the factory manager. Even though there was no

substance in this allegation, the strike brought the people out of their departments who later marched up to the office of the factory manager. The writer, who tried to reason with the strikers, was subjected to stone-throwing, nothing unusual under the circumstances. What struck him as rather strange, was that individuals gave expression to their personal frustrations and justified the strike, even though it had a different origin. To one of the workers, the factory manager had to be 'taught a lesson' because he (the worker) did not get his increment. To another, because someone else had been given an additional increment. To a third one, because he did not get leave on a particular occasion.

This particular incident has been referred to only to point out that day-to-day administrative decisions and inter-personnel relations contribute to the building of attitudes for good or bad. It is, therefore, incumbent that management places only such persons in various layers of authority who have leadership qualities and communication ability to know and feel their subordinates and take appropriate decisions.

Again, leadership involves that a person knows his job. If one lacks the abilities, he is soon found out and disaffection starts spreading, since the manager/supervisor would indulge in buck-passing creating in the process friction between himself and his subordinates. The point of it all is that the right persons should be put in the right places, if one expects morale to exist in an organisation.

It might, however, happen that sometimes even though the individuals in authority might be competent, but because of the organisational structure or lack of sufficient authority, they might be helpless in doing their jobs effectively. This situation of fecklessness is not conducive to respect being created for the supervisors/managers. Good employer-employee relations, amongst other things, require an atmosphere of respect for the persons in authority. Further, people listen to authority only if the latter is in a position to do good for them, not merely take disciplinary action. It means, therefore, that persons in supervisory positions should be given due authority commensurate with their responsibilities.

A point worth mentioning here is the common feeling that because someone is designated as belonging to management or

supervisory cadre, he in turn would give his loyalty to the organisation. This can be the case only when there is no politicking at the higher echelons and integrity prevails in the organisation. If, however, there is sniping between the various groups at the senior level, the dissension permeates down the line resulting in cliques being formed, each trying to establish an edge over the others and in the process bringing great demoralisation amongst those who just want to be left alone and are primarily interested in doing their jobs. Further, the security and mental equanimity of a supervisor/manager depend upon his superiors as in the case of a worker. If the manager were to lack security himself, he created tension round him. Tension can hardly be the atmosphere for effective co-operation between people.

Along with what has been mentioned earlier regarding the conditions for morale to exist, there should exist provisions to take care of an individual during the different stages of his association, right from recruitment to his leaving the organisation by way of catering to his physical, mental and social needs. There is further the need for having a two-way communication system by which management's policies and procedures are accurately and speedily transmitted downwards; and information regarding workers' reactions and attitudes are passed upwards. Failing the several factors enumerated, there would be dissatisfaction amongst the employees at the lowest level, the terms and service conditions becoming the focus or the central point for support and of agitation. Productivity under such circumstances would no doubt be low.

The previous paragraphs underline that the psychology of the individuals is determined by the pulls and pressures in the work situation. It is, however, possible to harness the willing co-operation of employees, if the right organisation prevails with policies and procedures well-defined. People at any level are broadly about the same in their abilities; they, however, differ considerably in their willingness to work. Morale is the result of the willingness to work of employees and this determines whether one organisation is more successful than another. Employees can be motivated to do their very best, provided management works towards this objective.

In conclusion, it must be pointed out that it is not minimised

that external influences as those of the union do have an impact on the attitudes of workers to the organisation. It is, however, the writer's view that provided the organisation is playing fair by its employees, productivity would be high, in spite of industrial disputes raised by unions sometimes.

33 *Productivity and Trade Unionism*[*]

DR. V. RAMACHANDRAN
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As a starting point for discussion on the subject, it might be useful to make some international comparisons in regard to trade union attitudes to productivity. This should be meaningful, particularly when trade unionism throughout the world, whatever the idcologies of the constituent units, is basically imbued with the objective of protecting and advancing the interests of workers. Their strategy has consisted in fighting for increased wages and fringe benefits, since these primarily determine the standard of living of workers. Further, a trade union is concerned with forcing managements to adopt an attitude towards workers befitting their status as individuals with personalities of their own and contributing to the productive process.

Trade unionism in the United States of America started as a protest force as in every other country but it gained most of its strength in the course of the last three decades, particularly after the trade union legislation introduced in the thirties by Roosevelt through his New Deal measures. To the A.F.L.-C.I.O. are affiliated unions with membership of about 18 million workers and thus American trade unionism is the biggest in the world.

The American Unions have a pragmatic approach in their dealings with managements, since they do not question the fundamental philosophy of private enterprise, wherein an individual or group of individuals run an undertaking with a view to making profits and in the process satisfying the social needs. There is no conflict in ideology between employers and

* From 'The Indian Worker' of 26.12.1966. Used by permission.

workers regarding the basis of society. The system has been accepted as a useful one, since it has produced miraculous results. Conflict is only in regard to the share which the working class desire that they should have, in the income created out of production and this is settled through the process of collective bargaining and trade-union pressure. The give and take which characterises collective bargaining is a reflection of an attitude of flexibility of workers who are not wedded to any dogma but have a practical approach to the settling of differences and disputes.

An American worker is as much interested as his counterparts in any other part of the world in getting increased benefits for himself from the industry he is working with. He, however, realises that this can arise only if an industry is in a position to meet the increased demands placed on it by the union; consequently, he is interested in seeing the productivity of industries increased, so that he may have a share in the gains. Improvement in efficiency in an undertaking is possible through better management and as the result of technical/technological improvements. A union, therefore, places its demands on the management with a view to making them rationalise their activities in order to be in a position to meet the increased wage bill, and the union, in its turn, welcomes such changes, trying to find out solutions along with the rest in the community, should these changes have any adverse effect on its members.

American unions have become business organisations run on business lines; they have economists, work-study specialists, lawyers, etc., on their staff, who can advise on the state of the economy and of industries, so that unions are not unrealistic in their tactics in improving the standard of living of their members. Unions have believed in productivity and settle their demands with industries on this basis. This practical approach of unions has resulted in giving workers in the United States a high standard of living.

Let us take a look at an older country—England—where the industrial revolution started. Because of her history, the working class in England has an ideology of socialism, even though the contents might have changed considerably since the early years of the movement, because of the Labour Party

having been put in charge of the governance of the country. Responsibility has involved realism. Even apart from this, after the Second World War, workers in England realised the importance of productivity for the economic survival of the country, for British standard of living depended very much on the competitive ability of her products in export markets. Productivity was accepted as part of the trade union ideology and active support given to the British Productivity Council. Consequently, efficiency in British industries has been going up.

Take another country—Japan—which has made such great advances in industrial development. It is an extraordinary case, where industrialism has been assimilated in the pattern of society, without its giving rise to schism that Karl Marx wrote about. Workers and Managements have not insisted on each other's rights as contending parties, but both have subordinated their interests by thinking more of their obligations to their country, to make her economically strong primarily through exports. A self-discipline has been imposed by every one and productivity is high.

Coming nearer home, where do we stand in regard to workers' contribution to the improvement of productivity? By and large, acceptance of productivity by unionism is only at the surface level and is not a basic philosophy reflected in co-operation at the plant level. It might be that because of division in the movement, no union shows itself as reasonable and responsible unless it is fairly established, lest it should give the impression to the rank and file that it is not aggressive enough. At no time is the "aggressiveness complex" more evident than when a meeting is arranged where the different shades of trade unionism are present when each one tries to show itself to be more revolutionary than the others. The author recalls two such big meetings, which were very well attended but proved futile in regard to proper appreciation of the role of labour in improving productivity in a developing economy. Instead of having discussions on the subject, the meeting became a forum of general attack on management. Besides, support to productivity drive was either opposed as helping employers in increasing their profits or was given conditional that the share in the gains arising out of producti-

vity was decided upon first, before workers could be requested to contribute to improvement in productivity. Further, there was downright opposition from certain quarters that support should not be given, since the productivity drive would lead to retrenchment; if not retrenchment, it would not provide employment opportunities to the additional labour force coming into the market.

It is not difficult to surmise some of the assumptions behind such attitudes. Antipathy to the employer class as a whole in certain quarters is a carry-over of the feelings that were justifiably present several years ago when the employers by and large were not conscious of their responsibilities to the work force and to society in general. Things have changed in recent years because of a professed managerial class fast coming into existence, whose loyalty is entirely to the industry which they serve. They are not anti-labour but are concerned with building a competent and satisfied work force which will play an effective role in the progress of the industry. Their personnel policies are suitably framed to promote the welfare of the working force.

Secondly, to insist that the gains should be decided upon prior to support being given by trade unions to productivity drives, is questioning the faith in management, which in all probability will be reciprocated by management. No undertaking can be effective in its performance unless there is faith amongst the various groups working therein. Additionally, it has sometimes been argued by unions that support to a productivity drive cannot be given unless managements promise them the living wage or the need-based wage. This is rather asking for something which the industry generally cannot meet. The different wage boards have discussed the subject of need-based wage and have invariably come to the conclusion that at the present stage of our economy, industries cannot bear this burden. In any case, it should not be forgotten that industrial population forms a small proportion of the country's working force and a social policy cannot be framed to favour one section of the community without bringing up the economic levels of other sections. When we are going through the process of development, with massive poverty and unemployment to be tackled, social ethics require that there is sharing in distress

by people who are comparatively in less difficult circumstances.

Thirdly, in regard to the question of unemployment, it can be said that unions are justified in asking that arising out of productivity drives no one shall be unemployed. In fact, the preamble to the National Productivity Council Constitution mentions this. Further, NPC specialists, when they undertake productivity assignments, bring this to the attention of managements. To say that employment potential may be reduced in future because of productivity drives is being unaware of the experiences of other countries where employment has increased with productivity. Productivity leads to speedy development of the economy and, in any case, the process of development we are in at present in India cannot but create expanding opportunities.

The conclusions from this brief survey should be obvious by now. Trade unions in the country should work enthusiastically in the productivity drive, since it is beneficial to workers. They should get some of their men trained in productivity techniques, so that they may co-operate effectively in their application and be in a better position to ask for a share in the gains of productivity—these can be in the form of incentive wages or in other ways.

It is well known that our cost of production is high and our products cannot compete effectively in international markets. Our development depends on exports and hence efficiency in our industries and other areas of economic endeavour is imperative. A sense of discipline and purposeful dedication is, therefore, called for from both managements and workers in this great task of productivity and workers should play their role.

34 *Personnel Management and Productivity**

N. BOSE

WITH more emphasis being laid on industrial activities than in any other productive sphere in the country, and, consequently, with more and more studies, discussions and discourses on various aspects of industrial management, the word "productivity" has acquired unprecedented popularity at the present time. Employers would complain that although wages have gone up by leaps and bounds, there has not been any or much increase in productivity in return. Trade Unionists can be heard to make counter complaints that the employees, by the sweat of their brows, have helped swell the profit figures of the employers, without increase in wages commensurate with the increase in productivity and consequent profits. The Government have set up agencies with a view to augmenting productivity. A Productivity year was observed in 1966 under the auspices of the National Productivity Council. Many other semi-official and non-official bodies are, day in and day out, talking about productivity. I am not sure if all of them mean the same thing while using the word "productivity" but there is no question that they are all thinking of productivity of labour only. It is useless to talk about whether productivity has increased or decreased or has remained static unless we are clear in our mind as to what the yardstick for measurement of productivity is. To some it may be the number of pieces produced in units of time, some might think in terms of cost of production per unit, some others would pronounce judgement on the question of increase in productivity merely glancing through comparative statistical figures of production

* From Calcutta Productivity Council Newsletter, Annual Number, 1963. Used by permission.

in different years, and there are also people who would think that productivity is to be measured with reference to profit position in the industry. No matter whatever standard is used for the measurement of productivity by different people, there is no dispute that it is commonly used to mean units produced by labour under certain given circumstances, and it is in this sense that reference will be made to the word in this article.

That good industrial relations are conducive to satisfactory production admits of no serious doubt in the minds of those who have anything to do with industrial management. There is, however, difference in the way the expression "industrial relations" is understood by different people. To determine the nature of industrial relations in a factory or industry or a state by the absence or otherwise, of strikes, lock-outs or by the number of man-days lost, as is commonly done, is only a negative way of looking at it. It is true that strikes and lock-outs are not normal activities of industries, and are, in most cases, only manifestations of abnormal situations existing. Neither the wage-earner would resort to strike and thus risk loss of wages merely for the fun of it nor is it a matter of pleasure for the management to close down the establishment even for a temporary period, if this could be avoided without the basic interests of the industry being seriously affected or without the very existence of the industry being in jeopardy. Strikes and lock-outs, therefore, do indicate prevalence of an unsatisfactory state of affairs and one can reasonably conclude that industrial relations are anything but good there, but the converse does not necessarily lead to the corresponding conclusion. Industrial relations can be described as good only where there is an atmosphere of mutual trust and confidence between the employers and the employees, where there is a sincere sense of mutual regard for each other's rights, responsibilities, aims and objectives. The word 'sincere' used here has been meant to be particularly significant. There is no lack of talking about respect for each other's points. Maybe a sincere sense of trust is the crux of the thing. Such sincerity of regard for each other is not a matter of negotiation nor can it be created by means of a collective bargaining agreement or by the enforcement of disciplinary proceedings. Such mutual confidence is a developing process influenced and aided by various factors,

industrial as well as non-industrial. The process is a continuous one and even an establishment having relations of mutual confidence in the true sense of the term can hardly afford to be complacent. The confidence is slowly built up through mutual dealings in the day-to-day relationship between the employer and the employees and depends on the nature in which and the attitude with which matters of interest of one are dealt with by the other. The attitude is just the frame of mind at a particular point of time when the employer himself is the sole supervisor and the enterprise is just a domestic one. But when we talk about personnel management, industrial relations and the like, obviously we have in our mind bigger undertakings wherein people other than the employer himself handle matters concerning the employees on behalf of the employer. This brings us to the question of personnel policy. If each one of those who deal with the employees and the employee matters on behalf of the employer had his own way of handling things, each with a frame of mind different from another, the result would undoubtedly be utter chaos in industry. Some sort of a common basic guidance is, therefore, necessary to avoid chaos and to provide for some measure of uniformity in the manner of dealing with employee matters by different persons.

Like any other policy, the personnel policy also can be stated in an abstract manner in a few words. The framing of the objectives which are in the nature of fundamentals of policy does not present much of a problem. No employer worth the name would have predetermined idea of fighting with his employees in Labour Courts and Tribunals to settle grievances, as a matter of policy. Probably, his enunciated personnel policy is to "maintain cordial relationship with the employees and take all such steps as are necessary to achieve this objective" and probably he really meant what he said when laying down the policy. Similarly, in the case of trade unions, none of the untoward courses some of them are found to take recourse to in order to "achieve their objectives" has ever found place in their written constitution which will invariably say nothing but the "use of democratic and legitimate methods for reaching the goal". There is no cause for quarrel about the fundamentals of objectives of either the employer or the employees, but the trouble starts

at the stage of implementation and in the details of things. As far as the personnel policy of an employer is concerned, he must, therefore, anticipate situations in details and lay down guidance for people working for him. It must be borne in mind that in this dynamic world of today, things do not stay where they are. The policy as well as the details of it cannot be fixed and there must be scope for necessary modifications with the change of circumstances. We have discussed above that in order to achieve and maintain satisfactory industrial relations conducive to productivity building up of a situation of mutual confidence is a must. A situation has to be created in which the employees feel that their interests are safe in the hands of their employer and that their employer is reasonable enough to understand their problems and do whatever is possible for him for redress. On the other hand, the employer also has firm belief that notwithstanding grievances, differences, disputes and so on, nothing will be done by the employees to cause any setback in production which is really the basis for all industrial relationships and everything connected with that. Both employer and employees firmly believe in discussion methods for resolving differences and are determined not to take recourse to a showdown at any stage or under any circumstances. That is a situation of truly good industrial relations and mutual trust and confidence over a period of time boosting up the employee morale which is an invaluable asset to the industry. This morale helps in stabilising relationship and ultimately brings about identity of interest. It is not an easy matter to achieve this, to develop employee morale to a degree where they identify themselves with the objectives and the interests of the industry. This happens only when there is a high level of reasonableness, and mutual understanding and trust. With all our anxious efforts and numerous measures for raising the level of industrial relations, i.e. through workers' education, settlement of disputes by conciliation, adjudication, etc., making this law today and amending the other law tomorrow, as if groping in the dark as to the best and the most efficacious measure for developing satisfactory industrial relations, we are really not seriously thinking of how to bring about identity of interest between employer and employees in industry. We are still different parties; we hold tripartite negotiations, we

attend tripartite conferences, in the adjudication proceedings employees are the 'opposite party' to the employer and vice versa and so on. Even that is not all. We must behave as separate parties inasmuch as we have separate blocks of seating accommodation in tripartite or bipartite meetings. This partisan spirit in industries is not only not at all helpful to foster and develop identity of interests, but it rather forces cleavage between the employer and the employees and takes them further apart. It is this attitude of one considering himself as a party having entirely different antagonistic interests from the other which keeps the conflict alive and prevents real understanding from growing up. In the background of the existence of such consciousness about inevitability of conflict of interest between the employer and the employees, identity of interest is a far cry. In such a state of affairs, the employer is a 'veritable blood-sucker' and the employees none but 'trouble-makers'. However, there is no scope for despondency in the matter. If we accept the logic of the proposition that the country needs production, that targets in production cannot be achieved without the co-operation of the employees, that co-operation is reciprocal and can be obtained through mutual understanding and trust, which are results of satisfactory industrial relations, determined and effective measures have to be taken and followed up in order to create a situation conducive to uninterrupted production, the ultimate objective being to provide an atmosphere in which the employees will spontaneously identify themselves with the organisation they work in. Only industrial relations of a very high order can take us anywhere near this goal in industrial management.

As has been discussed earlier, good industrial relations which should, as a matter of course, lead to an atmosphere of mutual trust and understanding, cannot be achieved overnight by means of negotiations and collective bargaining agreement. It is a continuous process and develops day after day through numerous practices. This process of development is not, however, independent of overt actions and depends on various definite and positive measures adopted in accordance with a predetermined plan, namely, the personnel policy. These measures may be financial or otherwise, liberal or conservative, bold or timid, novel or traditional, but all of these must be

backed by qualities of clarity of understanding, effectiveness, reasonableness, fairness, firmness and, above all, sincerity. We shall now discuss some of the factors which not only matter but, as a matter of fact, can either cement or blow up industrial relations. In listing and describing these measures, the approach to the problem has been made in a practical manner based on experience rather than in the conventional "conference approach".

Personnel Policy

The first and foremost thing that can be usefully talked about while dealing with the subject of industrial relations is the formulation of a personnel policy. We have discussed above the need for a personnel policy and the problems arising at implementation stages. One great advantage of having a personnel policy is that it provides an answer to questions or problems which the supervisory staff may be faced with, without their having to refer to their superiors every now and then. The personnel policy should, apart from making statements of a general nature on the various aspects of industrial work, contain a section on the actual measures that would be taken in implementation of the policy statements with as much clear details of substance and procedures as possible. A good personnel policy should be based on the objectives of the organisation, unambiguous, complete and accurate in details, should be reasonably stable so as not to admit of frequent changes but yet should be flexible enough to handle variations in basic circumstances. The personnel policy should have a proper balance with the other policies of the organisation and should be known and understood by all who are either affected by it or have to play some role in its implementation.

All conceivable aspects of employer-employee relationship should find place in the personnel policy. While the first part of the personnel policy will deal with statements of general nature and touch on some specific matters also broadly, the second part will go into details of procedure, conditions of service, wages, promotions, disciplinary action and so on. This second part may be called 'employee manual' as distinct from 'personnel policy' but that is immaterial.

Recruitment

Half the industrial relations problems can be solved right at the stage of recruitment. The importance of a well-designed plan for recruitment of personnel can hardly be over-emphasised. Recruitment and selection of personnel have such a great bearing on the future of industrial relations that sensible managements can ill afford to overlook this aspect of industrial management. Right selection of personnel means laying the foundation of good industrial relations. Other requirements of the job being satisfied, hiring of men above 30 years of age, married and living with family in the working town, and having a spotless family background is recommended. In the case of women employees, however, young and unmarried girls are preferable.

Induction Training

After having made the desirable selection of employees, the next thing that the employer is to worry about to ensure satisfactory industrial relations is a programme of orientation and, thereafter, further training required and available. The induction training programme intended to indoctrinate the new employee should be so drawn up as to give him ample scope to know all about his new workplace, the rules, practices, the habits and attitudes of various people he is likely to come in contact with in the course of his work, the personnel policies of the management, the employee benefits, his rights and responsibilities, the position of the employee in the organisation vis-à-vis the management, the right approach he should adopt in his work and behaviour in order to advance himself in the organisation, and so on. Sometimes, the requirements of work demand immediate employment of the new employee on the job and the orientation programme is asked to be deferred to some future date when the pressure of work will permit sparing the employee for the programme. This is a disappointing situation. If the orientation programme cannot be carried out before the employee gets involved in his normal work and its surroundings it is a wastage of time to do it later. Loss of the new employee's active service for about two weeks spent on an induction programme is a considerable ultimate gain.

After the orientation programme is carried out successfully,

need and suitability for further training of the employee can be assessed later on after he has put in work for a sufficient period. Training is a continuing process and results may not be discernible in a conspicuous shape immediately. In this view of the thing, training may be considered by pessimistic employers as an unproductive expensive affair. But continuing training programmes carefully laid out with a definite end in view and carried out with determination in a methodical manner are bound to produce the desired results over a period of time.

Wage

There cannot be any question of the fact that wages, amenities and other financial and non-financial benefits do directly influence industrial relations. Although some of the workers' attitude-studies carried out in the United States have revealed that wages come far below in importance in the list of factors which influence their attitudes, the position, I am sure, is quite different in India. In view of the economic stabilisation in the USA, the question of wage rise does not bother the employees so much, as they are concerned with job security, promotional opportunities, etc. Here, in our country, cash compensation for labour given is the most important consideration moulding employee attitude to employer. Other non-cash benefits or fringe benefits as they are commonly known help the employees to keep many of their worries away and do make them happy to that extent which, in turn, helps maintain better industrial relations. But if fringe benefits are in substitution for cash benefits and are not in addition to them, a practical recommendation in the interest of good industrial relations is that more and more cash benefits should take the place of non-cash benefits which remain ever intangible and do not get their due place of importance when the day of reckoning arrives.

Since wages, which, for the purpose of discussion here, are meant to include all cash compensations like dearness allowance, bonus, etc., play quite a decisive role in the shaping of industrial relations, it is worthwhile to discuss this particular point somewhat in detail. No one will dispute that wages have gone up considerably over the last two decades. But the vicious circle of rising prices of commodities chasing the increase in

wages and vice versa has deprived the employees of the enjoyment of benefits of higher wages. This satellite of rise in prices and enhancement of wages, one followed by the other, by turn, has been endlessly orbiting the Indian Industrial World ever since 1940. However, the position is not as bad as it appears or is made to be. The allegation made by the Trade Unionists that real wages have, instead of increasing, gone down does not stand close scrutiny.

The most common cause for industrial conflicts, the wages, needs expert and well-calculated handling. In the Indian context, this one factor alone can revolutionise the pattern of industrial relations. No standard can be set for rate of wages at which it should be considered as satisfactory and the employees would have no cause for discontent. Even the highest paying employer is not immune from wage rise demand. Capacity to pay, prevalent rates in the vicinity or in the same or similar industry, supply of personnel with requisite attainments, cost of living are some of the factors which govern the fixation of remuneration. Of all such factors, capacity to pay is fundamental and controls the rate of wages more than anything else. Where the employees are unionised, the question of wage increase is brought up by the union and whether through negotiations or adjudication or strike, something ultimately happens. But non-unionised employees throw greater responsibility on the employer in this matter. The saying goes that even the mother pays attention to the crying child and overlooks the quiet ones. Such an attitude is dangerous as far as industrial relations are concerned and a wise employer can hardly afford to ignore the needs and feelings of non-unionised employees whose sense of loyalty and faith on the employer refrain them from becoming noisy and creating any embarrassment for the employer. Only a short-sighted employer will fail to note the hint behind such loyal quietness. Unless he has the foresight to act in time, industrial relations are spoilt beyond retrieve.

Disciplinary Action

Apart from wages including all that they mean in their wider sense, one other factor which is responsible for giving rise to conflicts and spoiling the best of indistrial relations with drama-

tic suddenness is disciplinary action taken by the employer. Looking at it analytically, one does not see any reason why it should be so. It seems there is still some scope for clearer understanding about the subject in all concerned quarters.

Importance of and need for discipline in industry can hardly be overemphasised. If discipline is necessary even in a family which is ordinarily a homogeneous compact unit, how can an industrial organisation, with varieties of people working in it, carry on in the midst of indiscipline? There is, however, a little misconception in the minds of some employers about the degree or extent to which it is required in work-places. It is to be understood that the industries have not undertaken the responsibility of moulding future citizens of the country which function belongs to schools, nor are the industrial employees working in a military camp. What is really required in industries is that reasonably disciplined atmosphere prevails so as not to interrupt work and cause production to suffer. By well-planned and persistent positive efforts, the employer can himself cause an atmosphere to be created wherein taking resort to formal disciplinary action may not be necessary. A little tolerance but at the same time complete alertness and awareness on the part of the employer may prove more convincing not only to the offending employee but also to his fire-brand protectors.

As regards the trade unionists to whom disciplinary action by employer is a handy weapon to whip up agitation through which alone Indian Trade Unionism flourishes they need not be unduly touchy about it. They seem to be suffering from a complex that in industries all rights belong to them and those of others have been completely merged with theirs. If they have the right to agitate, the employer has a better right to discipline his people. It is not his normal business to dismiss employees nor is it a pleasure for him. It is only a means to the end which should really be the common end for both the employer and the employees, but employee identification with the aims of industries to that extent can hardly be expected in the background of the "we" and "they" attitude of the trade unionists which breeds nothing but enmity and antagonism.

The light-hearted and impractical manner with which Government officials and adjudication officers handle cases of

indiscipline in industries has made the problem of discipline more complex. In spite of the Industrial Disputes Act, the Standing Orders Act and a whole host of other legislations controlling the relationship between the employers and the employees, a moral code for discipline had to be devised. Although the basis of the code was voluntarily agreeing to do and not do something in the interest of discipline, an Evaluation and Implementation Committee had to be appointed to keep watch on the violation of the code. In the field of labour legislations and codes, things have really got so much mixed up that one can hardly make out what is intended to be achieved. Unless the government becomes firm in the cases of indiscipline in gross violation of laws, discipline in industry will continue to be in a confused state in spite of the employers exercising the utmost restraint.

Apart from the factors discussed above, other matters which matter, in a large or small degree, in the matter of industrial relations are job security, working conditions, employer's attitude towards employees, inter-employee conflict due to religions, communal, cultural, professional or political groupings, grievance handling and effective communication. Industrial Relations can be maintained at a reasonably satisfactory level if the employer keeps himself concerned about it and handles matters with full consciousness of the need and benefit of good industrial relations in industry in the interest of productivity. This brings us to the question of personnel management.

Personnel Management is another name for all activities of the employer directed towards obtaining a situation in the industry in which willing co-operation is given by the employees for the attainment of the industry's objectives ultimately leading to the identification of the objectives of the employer and the employees. Only industrial relations of a high order which we have discussed in great detail above can provide a situation like that. It follows, therefore, that personnel management includes all the steps that are taken to create an atmosphere of cordiality in the relationship between the employer and the employees and that the type of industrial relations the industry will enjoy depends on the quality of personnel management practices observed therein.

35 *Trade Unions and Productivity— The Case in Calcutta Docks*

FR. MICHAEL V. D. BOGAERT, S. J.

In this paper the author proposes to proceed as follows:

(1) Give a brief description of the setting in which the unions function, namely the Port of Calcutta.

(2) Describe how the unions contribute to productivity.

(3) Analyse some of the obstacles which the unions encounter in this task.

(4) Draw some relevant conclusions for the sake of Managers and especially Personnel Officers.

The Port of Calcutta and the Unions operating in the Port

Together with Bombay, Calcutta is the most important port in India. In 1964-65, Calcutta handled 22.93% and Bombay 35.74% of the total tonnage flowing through India's ports. Bombay's precedence over Calcutta is due to the fact that it handles at present huge amounts of wet cargo, but by the early 70's, when the satellite port of Haldia will be completed, the Calcutta-Haldia complex will handle more cargo than Bombay.

The port of Calcutta caters to a huge hinterland, reaching from the eastern halves of MP and UP in the West, of Assam in the east and Orissa in the south, with a population of more than 200 million people. This hinterland is the area in which most of India's heavy and basic industries are located. Calcutta exports two of India's most precious foreign exchange earners: tea and jute.

This bright picture, unfortunately, has also a dark side. Calcutta lies 126 miles from the sea and the Hoogly river, through which the ships have to come to reach the port, is a

tortuous and treacherous river, where 16 sandbars have to be negotiated. In spite of the continual dredging, at tremendous cost to the port, the river seems to be deteriorating. The traffic of ships is severely limited by the tides and vagaries of the river. There have been days when not less than 45 ships lay waiting at the Sandheads anxious for their turn to sail up the river.

To this must be added that labour in the Calcutta docks has the name of being slow; troublesome and much worked upon by politicians. The over-all picture is that Calcutta is a slower and costlier port than Bombay, and ships avoid calling at Calcutta if they can afford to do so.

The Port is administered by a Board of Trustees, called Port Commissioners, who represent business interests, government services and also labour. They function under the leadership of a Chairman appointed by the Central Government. Though, legally speaking, the Port is a local body, it depends for most of its major decisions, especially those which involve considerable expense, on the Central Government (Ministry of Transport and Communications and Ministry of Labour). From the point of view of industrial relations, the Port can be classified with the other all-India industries, managed or controlled by the Centre, such as the Railways, Telephone and Telegraph, Defence factories in which well-meaning and often capable administrators are inescapably caught in the slow moving clockwork of huge bureaucracies, which prevent them from giving quick and effective solutions to urgent problems, which would be the case if they had more power and discretion in their own hands.

Some of the services in the docks, however, such as the age-old work of stevedoring, i.e. the loading and unloading of ships (limited to work aboard the vessel) is still in the hands of private stevedoring firms who are engaged on contract by shipping lines and exporting agents. The stevedoring workers, therefore, are not employees of the Calcutta Port Commissioners (CPC).

At present, CPC employs about 44,000 workers and the stevedoring firms between 12,000 and 13,000 workers, depending on the amount of work available which fluctuates from day to day. The heavy manual labour involved in the handling

of cargo is almost exclusively in the hands of workers from the Gangetic valley in Bihar and UP. These workers are still rural in their outlook and have not decided to settle permanently in Calcutta. They remain "Coolies" in their way of life. The more skilled jobs and the most supervisory posts, on the other hand, are in the hands of Bengali middle-class persons. After partition, many of the Bengali Bhadra-lok refugees from East Bengal, were obliged to take up manual work, especially in the marine department of the Port, which in normal circumstances they would have avoided. These are cultured and intelligent workers but they are highly conscious of their rights and cannot be considered willing and hard workers.

Amongst the port workers, four registered unions are at present operating. The most powerful union, to which special attention will be given is the *CALCUTTA PORT SHRAMIK UNION (CPSU)*, which has close on 25,000 members. This union is affiliated to the *All India Port and Dock Workers Federation* (AIPDWF) and also to the *Hind Mazdoor Sabha.* Makhan Chatterjee, the General Secretary of the union, is a capable man who devotes all his time which is close on 12 hours a day to the union. He is one of the Commissioners of the Port of Calcutta, representing labour on the Board of Trustees. His views are weighed and appreciated by other trustees and administrators, because of the thorough grasp of port matters which Makhan has gathered in the course of his 30 years' association with the union and the port.

On its right, the CPSU is flanked by the *National Union of Water Front Workers* (NUWFW) which is affiliated to INTUC. The president of this union is Mrs. (Dr) Maitreyi Bose, who is the second Commissioner representing labour in CPC. Her union, however, is less strong than CPSU, commanding the following of approximately 7,500 workers. Mrs. Bose was an MLC and at present an MP. She is at the head of several INTUC unions in Bengal. This is the reason why NUWFW is by far not as well administered as CPSU.

On left of CPSU there exists a militant communist union, The *Calcutta Port and Dock Workers Union* (CPDWU), affiliated to AITUC and claiming a membership of 12,000. The president of this union is Indrajit Gupta, an MP (CPI

Rightist), who devotes most of his time and attention to politics and is the leader of scores of other unions in Calcutta.

The fourth union, the *Calcutta Port Commissioners' Workers Union*, originated through the breaking away of a section of skilled workers from CPSC, early in the 50's. It was for some time a militant union, but has at present lost most of its strength. It claims 4,000 members but has in fact probably much less than that. The union is not affiliated to any federation or political ideology.

While the first two unions, CPSU and NUWFW are "recognised by the management, the remaining two are not, and suffer under this limitation.

The Trade Union situation amongst the stevedoring workers is even more involved than amongst the port workers, but is left out of consideration, as not being pertinent to the matter.

Contribution of the Unions, especially CPSU, to Productivity

The views commonly held by management on the role of the trade unions in productivity can be summarised as follows:

> Unions should make the workers understand that they cannot act continually for more money, if the workers are not first ready to produce also more.
>
> The Unions should discipline those workers who are not willing to abide by these views, or who break agreements, entered into by the union and management.
>
> Once a union has shown that it can act in a responsible manner, and that it is not merely the tool of some "outsider" or a "politician" it should be given the opportunity to discuss and bargain wages, working conditions and productivity incentives with management.
>
> The unions should promote the loyalty and attachment of the workers to the industry employing them, making them realise that their interests and those of the industry are identical.
>
> Most managers are convinced, however, that such a vision

remains, unfortunately in most cases, an unfulfilled dream. Several of the officials of the Calcutta Port when speaking on the role of the unions in the smooth running of the Port shrugged their shoulders with the question: "The Port of Calcutta making profits?.... It has been killed long ago.... The unions with their constant demands and their strikes make the situation only more desperate."

In spite of this general opinion, the author's first-hand experience with CPSU has convinced him that this union does in fact contribute to productivity, but rather in an indirect way, and not along the lines, as management would expect it.

Grievance Handling

In a huge industry, where thousands of workers are employed, in a variety of jobs and under a diversity of employment rules and scores of private and public employers, hundreds of little things can go wrong every day. Such problems may appear trifling to outsiders, but to the workers involved, they are important expecially if they are the matter of long-standing grievances, which have not straightened out, in spite of the efforts of the workers. In such cases, the patience of the workers may have grown thin, and small matters are seen as cutting injustices, gross unfairness or sheer callousness on the part of the employers or supervisors. These accumulated grievances are like so many fires which must be prevented from breaking out into real conflagrations and causing a work stoppage in one or other section, because this immediately affects the work in other departments. On the other hand, it is well known that dock workers all over the world are a freedom-loving lot and that they are very prone to strikes if something is not according to their taste.

CPSU, with its team of full-time union workers, and their assistants, and its efficient method of filing cases, provides to the workers a means of getting their grievances settled or at least of knowing that their grievances are being processed and will with some patience reach a solution. As soon as trouble is reported in one of the ports, the supervisors of the particular area, or the Labour Officer has an immediately identifiable agency—expressed in number 45-1163, the telephone number

of CPSU's office—to whom they can ring and from where they are sure to get an official to come and visit the troubled spot in the minimum of time, in order to investigate the matter. CPSU, therefore, performs in a very real way the function of a fire department. The analogy can be even drawn further. If serious trouble breaks out at night, port officials know that a call to number 54-5532, telephone number of Makhan Chatterjee's residence, will get him out of bed and on the trouble spot within a reasonably short time.

The very important role which CPSU plays in this matter—and which is appreciated by port officials,—is illustrated by the fact that more than 50% of the grievances which crop up every day, are settled over the phone. Of the remaining, a large percentage is taken for legal processing.

Such a system of grievance-handling succeeds precisely because the general secretary of the union is a man who is available in his office during the working hours, and who is so thoroughly acquainted with the dock workers and the functioning of the port that he can immediately distinguish whether what the workers say is genuine, and whether it deserves being taken up by the union or not. So also he knows the history of most of the cases, how similar cases have been settled previously, what is to be the likely reaction of management. He knows also the history how to coax the Port officials, or to threaten them if necessary to seeing the reasonableness of his point of view. He makes liberal use of the fact that he is a member of the Port Commissioners and, therefore, to a certain extent the employer of the officials—to exert the necessary pressure on them. Officials know that if Makhan Chatterjee does not get something moving quickly enough, he does not hesitate to have recourse to the Chairman of the Port. Without this extra pressure put on the officials, the "Productivity" in the matter of grievance-handling, would be very low. Cases would drag on till they have exploded into serious stoppages or rotted into a deadly slowing down of the work. Such a tendency to slow down the whole process of administration is inherent in a bureaucracy. Officers easily get into the habit of procrastinating a decision or of passing the buck to a higher official, because they are not likely to be questioned for such a course of action while they are likely to get into trouble for

an initiative taken, which lies perhaps not entirely in their power.

Managers and industrial relations experts are all agreed that a smooth grievance-handling machinery is absolutely vital to keep the wheels of industry going, but this seems in reality to be impossible, unless there is a strong and well-organised union to exert this pressure on management, at all levels.

Grievance-handling, then, is, according to me, the most important contribution which a union makes to productivity ... because it keeps the industry moving.

Training of the Members to Functions within the Port's Bureaucracy

A concrete illustration of the function of the union, which indirectly, but nevertheless very really, affects the productivity of the workers, is the help which the union gives to its members to understand and intelligently respond to the scores of letters, circular reminders, and application blanks which generate from the administration, all of which are drafted in English and are in fact understood by only a tiny fraction of the ordinary workers. Without the union, the workers would be at the mercy of individuals who would not hesitate to exploit them, while performing these translation services for them. The giving of such aid to the workers which may be called a real form of training and induction, had resulted in CPSU developing a bureaucracy of its own, with several clerks and office assistants specialised in interpreting these forms to the workers, and then helping the members to fill them in. In the presence of two bureaucratic machines, the one of management and the one of Government, the union, as a defence has, therefore, in a logical manner, developed into a counter-bureaucracy.*

It may be added that the counter-bureaucracy developed by CPSU is considerably quicker and more productive than the two other bureaucracies which it has to counter.

From the jargon which the workers speak and which is made up of a jumble of abbreviations, technical terms related to the port, names of individuals, etc., much of which is in English,

* This is but a particular application of the thesis of Jack Barbash that in the presence of the rationale of management, the unions necessarily develop counter-rationale.

but strung together by verbs which are in Hindi, one becomes aware that the workers who have been in the port for some time have a thorough knowledge of the rules that regulate their employment, and of the loopholes that they can find in them. This knowledge of, and the breaking-in to, the rules is not only the result of their employment in the port, but also of their long association with the union, and the informal but pervasive process of education and training to which the union has subjected them. It took the author at least two weeks before he began to understand this "dock language".

Without this process of education and acculturation, in which the union plays a very important, though not exclusive, role, the workers would simply be lost in the maze of rules, orders, prohibitions and traditions. It is very doubtful whether even the best meaning port officials could help them to get out of such a labyrinth and the accumulation of frustration and anger that this would cause.

This, then, is an extremely important, though little noticed, role, which the unions play not only in promoting the productivity of the port, but also in just keeping it going.

Role in Collective Bargaining

CPSU, in its collective bargaining relations, has followed certain principles which have forced the management to run the Port in a more rational way.

In dealing with the scores of private employers, contractors, shipping agents, for instance, the union has insisted on written and formal agreements, rather than the oral agreements which can afterwards be so easily twisted or misinterpreted.

The union has pressed for the standardisation of wages for workers employed by different employers but doing the same work. As is to be expected, this standardisation was done by "levelling up" the wages to the ones paid by the best employer in the particular group.

This same principle has ruled the relations of CPSU with CPC and has been extended to other ports also. The *All India Port and Dock Workers Federation* has pressed for the standardisation of wages and working conditions of port and dock workers all over India.

By pressing such a demand, the union promotes the process

of standardisation in the matter of wages and employment, standardisation being a very basic principle in the rationale of modern industrialisation.

Through this constant pressure for higher wages—which in terms of real wages have in fact risen very little if at all—the unions have forced the management to modernise their statistics, and system of cost accounting. Only by doing so, could the management find that expenditure could be carried.

Union pressure in collective bargaining then has forced the management to modernise and improve its administration. Contrary to what happens in private concerns where competition on the part of others obliges the management continually to improve its performance in quasi-monopolistic situations such as the ports, this pressure on the part of competitors is absent and points out how necessary and salutary the pressure of the union is, to goad the management on to a better performance.

A few illustrations are given of how an action by the union which at first sight seems to be merely negative, in the long run contributes to the improvement of working conditions and output of the Port.

During the Second World War, Calcutta was known for its quickness in handling war supplies. The workers used to carry bag loads on their heads, and trot from the ship to the transit sheds where from the heads of the workers the bags were manually lifted to stacks, which were relatively high. After the war, however, when food supplies from the USA began to arrive in bigger bags of 100 kg. and more, the workers complained that they could no longer "head" such heavy bags. After an agreement with the management in which it was agreed that workers would "head" bags of up to 80 kg. only some categories of casual workers were obliged to carry heavier bags. The workers resented this and the union was not ready to side with the management and to police the workers. In 1956, one of the workers heading such a heavy bag, suddenly collapsed and died of heart failure. This was the sign for the other workers to lay down all work and to refuse henceforth to carry any load on their heads. The management had to acknowledge defeat and was obliged to introduce handcarts,

which are a relative improvement over the previous method of cargo handling.

One may surmise that if on that occasion the union had been productivity-minded as understood by the management and had supported the management in its stand, the workers would still today be carrying bags on their heads.

A similar and more recent case occurred in July 1966 with the workers employed in the coal docks. Till then some of the vessels were loaded in a manual fashion. The workers had to carry baskets of coal on their heads, run up a ramp and dump the contents of the basket in the hold of the ship. This was very unhealthy and dirty work. In the late 50's the union had won a court award, granting a special coal dust allowance to these workers. This remained a small consolation for the workers who had to continue with this work. In view of the fact that the satellite port of Haldia soon to be completed, would have completely mechanised coal handling facilities, CPC did not want to change anything in this primitive method of coal loading. On July 8, 1966, however, the workers unexpectedly refused to carry coal baskets any longer on their heads. Some of the officials of the coal dock lay the responsibility for this move on CPSU and wanted the union's leaders to get the workers back to work, but the leaders refused, knowing fully well that this tool-down strike was an expression of a very genuine grievance. The management had to acknowledge defeat and quietly made some regular shipping berths available for the handling of coal with the help of cranes. In this case again one sees that a mere compliance on the part of the union with the short-range views of management on productivity would have only meant the continuation of working conditions which are really intolerable.

It is a well-known fact that all over the world the productivity of the ports in the handling of cargo has gone down, and that this trend has only been reversed in the developed countries as a result of the introduction of sophisticated and powerful cargo-handling machinery. When one compares these ports with the Indian ports, and the limited equipment with which our workers are supposed to operate, it is not surprising to find that productivity is, indeed, lagging. Much of improved productivity in Indian ports is still supposed to come

from the exertion of muscle power; on the other hand, the intake of calories by dock workers is insufficient to permit such an output of energy.

Obstacles the Unions Meet in Promoting Productivity

There are very serious and complex problems involved in improving the productivity of the Port of Calcutta, and it would not be fair to lay the blame for the low output of the Port—when compared with Bombay—at the door of labour or of the Trade Unions.

The following main obstacles can be listed:

On the part of Management: slowness of the Port and its administration

It has already been noted that the nature of the Hooghly river makes Calcutta a problem port. The timing of the arrival and departure of ships depend on the vagaries of the tides and can be planned at a relatively short range only. This makes it clear that it would make and encourage the workers to speed up the loading and unloading of ships, if afterwards these ships have to lie idle for several days of waiting for a favourable opportunity to sail.

The speeding-up of loading and unloading has nevertheless some purpose, e.g. from the point of view of shore equipment and transport facilities, but till now no integrated incentive scheme has been developed in which all categories of workers involved in the loading or unloading of ships, such as the stevedoring workers (working inside the hold of the ships), the crane-men and fork-lift drivers, and the port workers (handling the cargo on shore) would equally profit from increased outputs. Partial incentive schemes, as they exist at present, do not fully serve this purpose. In this particular matter, much more could have been achieved by CPC if the private stevedores had shown a more enlightened approach. This, unfortunately, has not taken place; the stevedores have resisted efforts on the part of the Port and the Government to improve the working conditions and wages of the stevedoring workers, because this would imply for them higher social over-head costs and therefore less profit. It is surprising to note that when in 1958 a committee to study an incentive scheme under F. Jeejeebhoy, Chairman of the Appellate Tribunal of India, submitted a

report, it were the stevedores themselves and the INTUC union which opposed the scheme, while CPSU and the leaders of the All India Port and Dock Workers Federation endorsed it.

The trouble reaches further back in the past and goes to the period after the Second World War when, after the peak activities of the war, the management of the Port failed to reduce the extra labour force which had been recruited, to an optimum number in consonance with the normal requirements of the Port. Since then, there has been a considerable surplus of labour and the workers have become used to working —or rather whiling away their time—in such conditions. Given this situation, a serious effort at improving the over-all productivity of the Port is doomed to create more problems than it solves.

These, briefly, are some of the problems which make productivity promotion a very complex problem in the Port of Calcutta. It is a problem which management, not the unions, is called on to solve. One wonders whether even the most efficient, enlightened and powerful management would be able to untie this tangle in a short time.

It would appear that the words of Fred Munson about ports in India, apply particularly to Calcutta: "Till now the ports have been administered, they have not been managed". This seems to point the basic flaw under which the Port of Calcutta and so many other government enterprises suffer. As long as these institutions are not run along the same lines as any business concern which is closed down if it yields no profit within a reasonable period, this situation will continue.

In this matter of productivity efforts one can adapt a common phrase which says that a people has the rulers which it deserves so as to apply to management. The management receives the kind of union response which it deserves. Such a reaction will only be positive, if management itself puts first its own house in order.

On the part of Workers: lack of commitment and education

There is another very important factor which prevents the trade unions from behaving according to the ideal pattern, outlined above. The lack of commitment of the workers

towards the industrial way of life, is also manifested in their lack of loyalty towards any particular union, even with CPSU, which has provided them with very genuine services.

The most common image used by the workers to describe the multiplicity of unions is that they are like so many shops in an Indian market, situated next to one another and offering the same wares but at slightly different prices. In the same way as Indian shoppers feel no particular loyalty to any particular shop, but buy in the one where goods are cheapest, so the workers do not hesitate to shop around for union services and to shift their allegiance from one union to another if that other union promises them something better or cheaper than the present union to which they belong. Dual membership is therefore a reality, and workers in a very real way exploit their leaders, rather than the other way around.

What is particularly frustrating to the leaders, while bargaining, is that the workers may all of a sudden expand or shift their demands according to rumours spread by opponent leaders. They can in this way put their leader in a very awkward situation in the presence of the management. The leader may create in the minds of the management the impression of not being straightforward or of not being sure of his own position and demands.

It also happens that the leader lands an agreement which he knows to be favourable to the workers, but which when presented to the workers is rejected by them, with the result that he has to go back to the management and start the process all over again.

In such a situation a trade union leader may be aware of the desirability of having a good incentive scheme, but he does not dare to make a commitment, because he is not sure how his members will accept it. This is particularly so in situations where there is a multiplicity of unions, which is the third handicap in the promotion of productivity.

Multiplicity of unions is an expression of the difference of ideological and political currents amongst the workers; and when limited to the presence of only two or three unions, is not always an evil, especially if these other unions are small. The competition amongst the leaders forces them to keep in close contact with their members, and as long as their competi-

tion is done with fair means, it keeps the unions alive to the needs of their members, and keen to win new recruits.

But it is definitely a serious handicap in bargaining for such matters as incentive schemes and productivity promotion. The rival unions are continually on the look-out for tactical mistakes made by their opponents to profit by these and wean away members from the opponent's union to their own. This makes trade union leaders extremely nervous in their bargaining. They are obliged to put forward their claims with one eye over the shoulder to see what the other will demand. As a result, they outbid one another and demands become unreasonably high with the result that where management would have been willing to come to a reasonable agreement, nothing emerges.

The multiplicity of unions also affects very badly the grievance-handling process of the unions. A union, which is sure of its authority over its members, would not hesitate to discipline and reprove its members when they are clearly in the wrong, now has to be careful and play the game of supporting them, even in their unreasonableness for fear of losing them to another union. By taking such an opportunistic attitude the union can save face for its members, and put the blame for a refusal or a rebuff on the management, but on the other hand, it also creates the impression of duplicity and unreasonableness, and affects the moral fibre of the union's leadership. In this respect the *Transport and Dock Workers Union* in Bombay, which commands more authority and prestige over its members than is the case with CPSU, can also afford to discipline those of its workers who temporarily leave the union and try their luck with other unions confident that these workers will sooner or later be forced back to TDWU if they want their grievances settled. This is not the case with CPSU. Because it has to compete with more formidable foes, it cannot afford such a rigorous position. Sections of workers have left CPSU, because the union did not support them in their demands. These workers have never come back. *The Calcutta Port Commissioners' Workers Union* mentioned above is a case at hand.

Some Relevant Conclusions for Personnel Officers

The above pages will have demonstrated the following points:

That in certain circumstances unions can and do play a real role in productivity promotion.

That this role is mostly indirect, but nevertheless geniune, and indispensable in big bureaucratic institutions such as the ports of other government enterprises, especially those which have not to compete with other organisations providing similar services.

That the prime role for productivity promotion lies with the management and that the union cannot be expected to discipline or police its members if the performance and record of management gets the union which it deserves.

That the union's and the management's outlook on productivity is essentially different and that this difference flows from the difference of the nature of each institution, and not from the bad will of either party.

That the unions can be expected to play a role in the matter of productivity, only where genuine industrial relations have developed between the two partners in industry.

The development of industrial relations and of the labour movement in the Calcutta and Bombay docks shows that industrial relations only came to maturity where the unions, after a process of development have gained real power. The gaining of this power and its manifestation necessarily involved open clashes with the management in the form of strikes and work stoppages, some of which were long and hurting. In both ports the labour movement has gone through such a confrontation with management, which took place soon after the Second World War.

Once management acknowledged the strength of the unions it was possible to enter into genuine bargaining relationships. This can only be true, if they involve a certain balancing of power.

Such confrontations in more or less open clashes do occur again and again and are not necessarily the sign of poor industrial relations, nor are they an evil which should be avoided at all costs. On the contrary, a work stoppage may be a healthier means to effect catharsis whereby built-up tensions are released, and may thus be better for productivity, than the continuation of unsolved grievances which are allowed to eat into the very vitals of the relations between labour and management and in the long run affect very seriously the productivity of the workers.

36 *Employee Suggestion Schemes: An Appraisal**

K. J. JOSEPH

INDUSTRY in India is over 100 years old but employee suggestion schemes in industry are of comparatively recent origin. According to the findings of a recent all-India survey, "Employee Suggestion Schemes", published by the Administrative Staff College of India, Hyderabad, these schemes in most companies are barely 10 years old. The setting up of the three classes of Shram Vir national awards by the Ministry of Labour in 1964 for outstanding suggestions is an indication of the increasing recognition of the value of good suggestions.

Views in Contrast

There are widely diverging views on the utility of suggestion schemes ranging from the highly enthusiastic to the patently critical. Those who have had successes with suggestion schemes believe they encourage workers to bestow thought on safety, work methods and processes, cost reduction and effective utilisation of men. Such involvement, according to them, gives the workers a sense of satisfaction of having contributed something towards the betterment of the organisation in which they work. They further believe that suggestion schemes have aroused a spirit of healthy competition among the workers.

In some companies in India, the implementation of suggestions has not only improved processes and effected enormous savings but also reduced dependence on imports. Two examples among many may be given. In a large iron and steel enterprise a suggester was awarded Rs. 10,000 for suggesting

* From 'The Economic Times' of 2.4.1967. Used by permission.

completing the machining of a blast furnace bell which otherwise would have had to be imported at several times the cost. In a distillery a patented device for filling bottles was formerly imported from a British machinery manufacturer and there was difficulty in obtaining further stocks. A fitter in the distillery worked on its replacement during his off-hours and invented a simple mechanism that could be made indigenously and was rewarded. Substantial savings and attractive awards are fairly common in companies where suggestions are encouraged.

There are, on the other hand, companies that have either had suggestion boxes lying empty for long spells or used by workmen for purposes other than what were intended, till eventually, they were removed in disgust. Those who have been associated with defunct schemes are of the opinion that worthwhile suggestions are hard to come by and that rejections of suggestions caused bitterness among some workers.

Some managers even fear that a formal scheme which provides rewards might encourage secretiveness and result in mutual recrimination.

Having presented views in sharp contrast, a realistic appraisal of employee suggestion schemes ought also to consider the experiences of the two parties generally associated with the scheme, namely, the management and the suggesters. The writer has had the benefit of several discussions with personnel managers as well as workers' representatives in enquiries on the working of employee suggestion schemes conducted in the U.K. and in India. Discussions revealed that difficulties were encountered by both managements and suggesters and that the environment had a significant influence on the success or failure of the scheme. Some of the more common difficulties and a comment on the influence of the environment are set out below.

Difficulties

Difficulties experienced by managements were:

Lack of time for suggestion-committee personnel to attend to suggestions.

Suggesters did not appreciate managements' implementation difficulties.

The quality of suggestions tended to be below expectation.
The suggestion schemes were used to ventilate grievances.
Frustration of suggesters when suggestions were rejected.

Difficulties experienced by suggesters were:

Slackness in the recording and processing of suggestions.
Delay in or lack of implementation of accepted suggestions.
Hostility from some supervisory staff who regarded suggestions as adverse reflections on themselves.
Fear of retaliation by fellow workers if their suggestions were likely to lead to a faster working pace or even lay-offs.
Disillusionment arising from a high level of rejections.

So much for the difficulties. Data on suggestion schemes reveal that, in general, response to the schemes fluctuates over a period of years. Several reasons may be attributed to such fluctuations. The most important seems to be either the lack of industrial peace which disrupts normal work or the introduction of automatic processes which leave little scope for improvement.

It would be true to say that healthy industrial relations which build confidence and invite participation are the basis on which such schemes can be instituted and sustained. If suggestion schemes are introduced in a climate of disturbed industrial relations they stand the risk of being spurned as gimmicks.

Initiative

Equally important is the technological environment. Enterprises where operatives are encouraged to use their own initiative in jigging and tooling and in achieving improved production processes are more likely to have success with suggestion schemes.

Observations on the influence of the environment lead to an examination of some positive management practices that may be adopted to promote employee suggestion schemes:

Full discussions between managers, workers and those involved with the administration of the scheme. This is

necessary to avoid misunderstanding.
Fixing of awards in fair proportion to savings anticipated.
Assigning one or two persons to the task of processing and evaluating suggestions speedily.
Training workers to become better suggesters.
Removing or minimising delays in implementation.

Benefit

A well-administered suggestion scheme can be of immense benefit to an organization in harnessing individual ingenuity and creativeness but it is important to realise that it is no substitute for healthy personnel practices and that the environment should be studied before proposing to introduce such schemes.

Where circumstances favour the submission of suggestions, managements can help evolve the conditions that encourage it. Where they do not, it would be frustrating and even irritating to try to revive a scheme over and over again.

37. *Labour Research in India**

P. L. GOVIL

Importance of Labour Research

PROGRESS, in any field of activity in the modern world, is very closely connected with research. A nation's plans to prosperity can be effectively implemented only after a thorough analytical investigation of the problems, needs, steps to be taken to remove drawbacks or deficiencies, and resources available for developmental purposes. But this depends on the qualitative and quantitative aspects of general and specific education and training facilities available and made use of by the people in general and at the university level in particular. Scientific research at university level has a special significance. For, it helps to develop an objective outlook, an analytical mind capable of probing into the depths of not only technological areas but also more so in the social field. It tries to study the existing and emerging social problems, especially problems arising out of the interaction of technological advancement applied to further the cause of developing economy and the human factors as applied to it.

One of the ways our Planners have tried to bring about a general socio-economic development of the country is through the process of industrialization and internationalization. In India, we are experimenting with a bold venture—to blend the new modern outlook, i.e. modernization of productive processes and new social norms with the existing age-old patterns of culture. We have a special problem because our past which had been so rich, has still a great hold over our nation. Yet the modern times have offered a stronger pull which is more materialistic, full of promises of prosperity—eco-

* From 'Social Work Forum', July 1966. Used by permission.

nomic and social. The challenge is not merely to preserve independence, but to be a nation at par with the most progressive ones. In this regard, our future developmental social policies must be based on the experiences of the past (not necessarily only our own) in the light of the present problems. The importance of research for providing knowledge and insight into the multiple problems involved in our attempts to develop, can well be visualised and that ought to help our industries take the right course in decision-making especially where human relations are involved. Nothing less than highly efficient and objective research would guarantee that the modern decision-makers would learn from their successes and failures.

The scientific outlook manifests itself in a growing body of social sciences. The social sciences have become scientific by submitting to the discipline of the scientific process. Labour research is an integral part of the field of social research—an intensive and purposeful search for knowledge and understanding of various social phenomena. The purpose of labour research is not merely the accumulation and communication of knowledge, but a critical and unprejudiced analysis of social facts and formulation of generalizations as a basis for intelligent understanding and necessary action. Labour research is a problem-solving method, a method that helps to probe deep and analyse and recommend measures for improvement. The greater the use is made of existing methods and techniques of labour research (for all purposes of social research), the wider is the scope for inventions and developments of more exact and effective tools and techniques of problem investigation-cum-solution. Often doubt and confusion prevail regarding the validity and reliability of certain scientific tools and techniques, and also about the effectiveness of research results and recommendations in solving problems. This can be removed by making a number of research studies on practical problems facing an industry, testing several hypotheses and adjusting research techniques to specific needs and purposes and problem-solving measures to be actually applied in practice. A follow-up is an essential part of the whole process. We should remember that while research as a method is still an experimental science, the proper development of research concepts may overcome the inadequacy of any scientific method and tech-

nique and can help in resolving to a considerable degree the existing doubts and confusions. The more we make use of it, the better and improved service we may be able to render.

Factors affecting labour are largely related to the rapid industrialization which often disrupts the traditional social and economic institutions. As a result, social values and attitudes of the working class have lately undergone serious changes and it is difficult to avoid the impact of social change on labour problems. An analysis of the socio-economic forces that shape labour problems of today, therefore, is of vital importance in the field of labour research.

Appropriate Methods

The systematic observation method, involving person-to-event relationship is extensively used in the study of social phenomenon. Standardization of techniques and procedures for assessing and recording facts, by comparing the observations of different investigators, made at different times and places (Mass observation) contributes to the advancement of scientific knowledge. Various techniques are used in observations and case records. In fact, several of these could be used at the same time to achieve more authentic results. The observation method brings out the unwritten norms of social behaviour and helps their proper analysis in relation to the written laws and thereby permits us to test certain conclusions empirically. In the words of Prof. Julian Huxley, "It aims at disclosing ourselves to ourselves by the application of scientific methods of observation and record."

An interesting line of labour investigation has developed from mass observation method employing the technique of informal interviews and intimate conversations. The importance of the method is well expressed by Zwieg (Labour, Life and Poverty, by F. Zweig, 1949) "You must observe and study people before you start to interview them. You must already know quite a lot before you can put the right kind of question in the right way. Your clients must have the feeling that you already know something about their way of life before they are willing to say more about themselves."

Experimental method has much to lean on the development of modern industrial psychology. It is the extension of the study

through observation method under controlled conditions. It is generally resorted to when mere observation techniques fail to discover the cause and effect relationship in a given problem-situation. Since it permits a more clear and rapid analysis of the cause and effect relationship, its use becomes quite obvious from the point of view of increasing productivity, providing optimum conditions for high industrial morals, dynamic group behaviour and social conditions in industry. In fact, many more aspects of industrial problems such as absenteeism and labour turn-over, productivity and social relationship could be studied by the experimental methods in industrial psychology.

Multiplicity of Approaches

All problems of labour arise from individual and group conflicts in the process of adaptation to the working and living conditions. In order to realise the gravity of labour problems and to bring about certain solutions, they must be methodically studied. No labour problem is the outcome of a single causative factor, and yet it may be conditioned by one major cause, while several others may be supporting causes. All such causes are inter-related. It is the relative contribution of these factors—physiological, psychological, economic, sociological, anthropological, political that shapes various labour problems. The task of labour research is to point out the role of each factor before an action could be taken.

What exactly is Labour Research

Is it the study of the economic problems of an industrial society? Or, is it the study of the main influencing factor e.g. sociology or politics or something else that we try to analyse under labour research? In other words, when we try to study labour problems ought we to concentrate only on one aspect say, economics, as others are only secondary and therefore of no significance? Does it mean that once we have a diagnosis of an economic ailment and have recommended a problem-solving measure, everything else will be taken care of automatically? This may be classified as a unit disciplinary approach. Let us look at it from another angle. A labour problem is a composite of multiple causative factors. Each factor like economics, sociology, anthropology, psychology and politics

has contributed its share in one form or another in mitigating the extent of the problem. This being so, can we advance the scattered disciplinary approach as an effective labour research technique? It should be clear from what has been discussed so far that labour research is an integrated inter-disciplinary approach—an approach that studies a problem from all possible angles and interprets the findings in such an integrated manner that there is a need to adopt problem-solving measures from different fields more or less simultaneously depending upon the degree of their impact. If we accept this—the next question arises about the technique of doing it. Should it be done by a team of experts from different disciplines and should there be one co-ordinator at the top? Some experiments have recently been conducted in India in this respect. The reports of the various experts and a final integrated report by the co-ordinator are not yet available. The validity and reliability of such reports are still a much disputed point. There is, however, another method, i.e. labour research to be carried out by a single researcher with specialization in several disciplines like a social scientist, who has a broad outlook, and who is capable of studying a problem from different angles, interpreting the data from the point of view of various disciplines and perhaps suggesting some problem solving approaches. Difficulties may. however, arise about the testing of a certain hypothesis in the use of inter-disciplinary approaches in labour research which would be done better by a single discipline. Fears have been expressed that testing a hypothesis in an inter-disciplinary research project may even result in over-simplification. This may not be true. Facts of social relationships are usually more intricate than simple, and by neglecting certain aspects, as a single discipline approach, the result may do no justice to the real problem.

Another approach to the problem of labour research is slowly developing in the U.S. research into the POWER concept. The entire labour relations area is the area of dominance and control of power, i.e. power of the management to dictate and determine the kind of relations it wishes to have with its employees. In other words, labour relations or industrial relations is the power relations that exist in an organization between the two powers, the power of the management and the

power of the labour organizations. It is again a two way power concept, i.e. the management's power to determine and dictate relations with its employees and the power of the workers and their organization to accept or reject these, to demand new terms and in general test their power against that of the management. This is a relatively new concept and perhaps no research has been done from this angle. It needs further probing.

Labour Research at University Level

At the university level, we have five broad categories of research activities:

Doctoral research work;
Field investigation as part requirement for post-graduate degree or diploma in labour and social welfare, personnel management and/or industrial relations in the schools of social work;
Project reports written by post-graduate students as part of the requirement for M.A. in sociology, business administration, economics, etc.;

(Nos. 2 and 3 are written separately because of the difference in basic approach of the disciplines.)

Independent research work by members of the faculty; and
Research assignments.

Most of the Doctoral theses are more theoretical and academic than empirical in nature. They are primarily aimed at personal development and higher degrees. Also aspirants for the posts of readers and professors in universities go for higher research qualifications leading to Ph.D.

Usually, the university staff includes highly qualified professors who are basically research-minded. Some of them have already doctoral degrees and some are working for it. Almost all the universities have at the post-graduate level a paper on project work especially in social sciences. This helps the students in such areas as research methods and techniques, selection of the research topic, skill in preparing a schedule or questionnaire, pre-testing it, selecting a universe, sampling, the art of

interviewing employees, management and trade union officials, collection of data from records, tabulation, interpretation and presentation.

Post-graduate students have limited their scope to testing certain hypotheses. Their surveys are mostly descriptive works without any analytical depths and valid interpretations. Much of the blame is not upon the students but on the teachers who fail to impart adequate knowledge and create sufficient interest in the students. Partly the college or university administration is to be blamed as it puts heavy work loads on teachers, and this together with poor student-teacher ratio affects the quality of their teaching and research.

The post-graduate students constitute a potential group which has intelligence and understanding, and is capable of working hard in all seriousness, provided the conditions are made favourable. More intensified teaching of research courses followed by a serious use of the knowledge acquired in actual field investigation is essential. The art of interviewing, data collection, preparing questionnaire, pre-testing, analysis of factory records, sampling, etc., have to be perfected through practice. As is generally known, most of the teaching staff themselves need orientation courses in research methodology.

Opportunities for independent individual research are few and far between, especially in the face of heavy primary duties. Further, research work in modern times is often a costly proposition, well beyond the means of individuals. Often some of us at the universities are involved in various research assignments taken up by the institutes where we work. Institutions are usually eager to build up 'physical facilities' for research besides acquiring a name in the field. There are certain drawbacks in carrying out research assignments. Very few university level institutions in India have an exclusive research department and research-in-charge on a permanent basis. There is no scarcity of research assignments, but there is a definite dearth of research personnel, mainly due to the lack of a permanent research department. This deficiency is met by appointing a research-in-charge from the teaching side, and he very often has to carry along the teaching assignments, thereby his time and thoughts are divided between research and teaching and perhaps the quality of both suffers in the process. Some-

times new appointments on a short-term contract basis are made thereby limiting research activities to short periods. This does not provide a long range stability in employment, and is often accompanied by forced occupational mobility. The same is true of the research staff who are always on the lookout for a permanent job elsewhere. Often these members of the research team leave in the middle of the project to take up a permanent job and this also affects the work adversely. The employment of a regular, permanent research staff is a must for every post-graduate institute if it desires to get involved in serious research. Experience has shown the absolute need to develop a department of research exclusively within an institution at the post-graduate level.

Research scholarships/fellowships renewable yearly have given, in the recent years, encouragement to many a talented student to pursue research. It also helps to provide a nucleus of the best students of research, from which staff can be drawn when research assignments are undertaken. Indian industries are gradually realising the need and importance of research in the field of labour relations. Some industrialists have even gone to the extent of starting research departments as an independent function or as part of the personnel management function. However, a research programme under the managements' own control has certain limitations and suffers from certain bias which to a great extent can be eliminated if the assignments are taken over by an independent research centre preferably by the university institutions which have a high degree of academic and professional involvement. The rightful claims to 'secrecy' by management people for the results of studies can perhaps be guaranteed more by the university bodies while at the same time they can present a somewhat more accurate picture of the labour problems facing the industry.

It is wrong to assume that all research should be 'problem-solving' and immediately useful. Some are to be viewed in long range perspective and others may give an advance warning about the possible labour problems. All labour research relates to problems of labour relations arising out of and pertaining to employment in an industry, and they are of practical and academic importance. The role of post-graduate institutes in labour research should not be undermined. The institutes ex-

clusively teaching industrial relations and schools of social work in India are the best equipped to deal with labour research mainly from the inter-disciplinary point of view. Teaching of industrial relations includes teaching of such subjects as industrial psychology, statistics, etc., at the post-graduate level in Indian universities. This represents an integrated approach. This does not, however, mean that there should be no specialized study of labour relations by individual disciplines. It only suggests what one discipline lacks, the other disciplines would take care of. It only emphasizes that a labour researcher, as a social scientist, should be aware of his own limitations and strengths before venturing into new areas of research. In short, he has to be an apt specialist in his own discipline and a generalist having a sound knowledge of the theory and techniques of other related disciplines of the field. All the social disciplines have, to a large extent, attained maturity. They have developed sound theoretical framework and perfected tools of research and I believe by resorting to inter-disciplinary research techniques, labour researchers would perhaps be more accurate in their findings. There will be obstacles and difficulties no doubt, but this can be overcome by a research team of social scientists interested in a particular problem, or by a generalist having specific and adequate general knowledge of various disciplines.

Government-sponsorship and aid

The technical sub-committee on labour of the Research Programmes Committee (R.P.C.) of the Planning Commission has drawn plans of various researchable topics and areas in which the Planning Commission as such is interested. Research bodies, i.e. private research centres, universities and its affiliated colleges and other recognised research institutions in India are invited to undertake researches in these areas. The universities can also send their own proposals in detail for the consideration of R.P.C.

The social situation in India provides in many ways a vast field for labour research which obviously has to be much more than a mere intellectual exercise. To be meaningful, it has to be geared to not only probing deep and finding out the main causes of various labour problems but also finding the appro-

priate solutions to these. Research in labour relations is of utmost importance as, directly or indirectly, it aims at the preservation of industrial harmony. Any losses due to stoppages of work can cripple the economy. However, the most important thing is to realise the human relations in industry not only in matters of personnel management but more so in the face of rapid technological changes and to find out right measures to bring about a proper adjustment in this respect.

Prior to the Research Programmes Committee sponsored case-studies in industrial relations in selected industrial units in different parts of the country, the area covered by research in India included a limited number of studies of employer-employee relations in selected industrial units, undertaken by the Labour Bureau of the International Labour Organization and a few private institutes. The basic purpose of the Research Programmes Committee's programme was to organize a series of diagnostic case studies with a view to identifying and analysing the factors which influence industrial relations. These factors would cover types of management, size of units, service conditions, wages and fringe benefits, grievance procedures, joint consultations, welfare services, labour organizations, etc. While the scope of studies is quites vast, it is essential that priorities should be determined in Labour Research. The following points may be worth considering.

Should all factors related to or influencing labour relations be studied simultaneously or only a few selected ones be given the priority?

Should the scope be extended to the study of all industries at the same time or only a few be picked up for research purposes?

Should the entire industry be covered and industrial relations in general be studied (Macro type) or should attention be given only to industrial relations in a single unit?

Difficulties

There are several hurdles to be crossed before organising successful labour research. The foremost is that the importance or seriousness of labour research has yet to make its impact on the minds of industrialists. This may be because social research

(labour research is only a branch) is not fully developed yet. But a still greater drawback is that the industrial majority as such, except for a very few enlightened ones, have not yet realised the contribution of research to the problem-solving and decision-making areas. Perhaps, whatever research has been done is not convincing enough. But the very fact that government is laying greater emphasis on it and taking help in policy matters is a clearly encouraging indication of the reliability of research findings. A serious shortcoming of labour research in India is that it does not meet the test of adding to the existing knowledge and contributing to the development of general theoretical framework. There is a great need of additive rather than discreet studies because it is through additive findings we can develop a body of social facts and scientific knowledge.

Another difficulty, as mentioned elsewhere above, is the relatively small number of persons in the universities who have devoted themselves to the study of labour problems. The number of serious researchers actually involved, the potential force on whom one can rely for research work is not only inadequate, but they do not stay long in the field for certain basic reasons like insecurity of job since most of the research projects are contract assignments and low paid with very little opportunities for advancement. (A research investigator either works on a piece rate basis or on a consolidated salary of Rs. 250/- to Rs. 300/- per mensem, a research associate gets a little higher but again a consolidated salary). In view of these, if one is not able to sustain a prolonged interest, we cannot blame him. Even the funds set aside for research in the field of labour by government and industry are not adequate, though in this matter R.P.C. has given a better and encouraging lead.

The concept of Team Research has hardly been tried in India in a manner as to give encouragement to specialists to join hands and venture on new experiments. The so much currently advocated inter-disciplinary research technique is still at the discussion stage and has not been seriously experimented with. Perhaps, and rightly so, the universities, especially the schools of social work, should steal a march over others in this field, enlarge their output of trained research workers and provide higher training facilities for those who are to take the field of labour research as a career. It would not be out of

place to underline the importance of refresher courses. Besides these difficulties, the usual ones present in all researches have to be very tactfully avoided. These difficulties are not something that cannot be overcome by persistent experimentation and constant watch. To be successful and serviceable, labour research demands devotion, skilled knowledge and money.

PART TWO

Labour Relations

38. *A case for Collective Bargaining*

S. NAGESWARAN

THE general elections in India in 1967 ushered in United Front Governments consisting of different political parties in many States, thus completely opening a new chapter in the political history of the country since Independence. These political changes, at least in a few States like West Bengal, made great impact on industrial relations. Perhaps this was due to the fact that some of the parties and leaders that participated or even predominated in these United Front Governments had always associated themselves with the trade union movement and the interests of industrial workers. However, this change in the political sphere would have been all the more welcome if the new Governments that came into power had endeavoured to salvage industrial relations which were even then none too desirable, from their low depths and contributed to build up a healthy democratic labour-management relationship. This did not happen. In fact, the reverse took place. It is true that a lot of happenings could be traced to "lay-off" and "retrenchment" that took place in some industries hit by recession. But there were other factors also which contributed to the sad state of affairs.

The technique of 'gherao' which was rarely resorted to by the working class in the past became the order of the day, particularly in the State of West Bengal. This technique which consists of confining management personnel in offices and in their homes and in public places got the blessing of the people in authority and several pleadings were made from some quarters justifying this uncivilised form of labour protest. The feeble voice of wise counsel emanating even from eminent and experienced trade unionists that this was negation of trade union-

ism and collective bargaining was lost in the confusion created by the extremists. This violent convulsion experienced in the field of industrial relations has not only one side. The reverse side of the coin is also worth looking into. The sudden and unexpected assumption of power by political parties which were associated with the trade-union movement and the working class, unleashed a wide range of expectations in the industrial workers of the country. The workers had in some cases accumulated grievances arising from non-implementation of labour laws, tribunal awards and wage boards' recommendations. Above all, there was not the institutional recognition of trade unions by employers in general, as it obtains in industrially advanced countries. Instead of utilising the opportunity afforded by assumption of power to give a much-needed healthy turn to industrial relations, recourse was taken to suicidal policies which have further weakened trade unions and collective bargaining. If any proof of this is needed, one has only to look into certain agreements recently made by some unions with employers for re-opening closed factories in West Bengal. Though there might be again a political cause for this, it has to be admitted that the spate of violent actions resorted to by certain sections of workers, had its reaction in humbling the prestige of trade unionism in the country which is not in the interests of the industry either. In some of these agreements, workers have repudiated their organisations, have admitted guilt of indiscipline and sabotage, and agreed to punishment of their brethren.

This is the present state of affairs, and signs of a turn for the better are not in sight.

After Independence, we tried to build our labour relations on the loose soil of labour laws. During the period 1947-58, the State's role became more active in matters affecting labour management relations. Industrial relations in India became highly structured by Government intervention and in many cases labour relations were treated as a law-and-order problem and Government extended its control over almost all aspects of the labour field—employment, working and living conditions, wages and earnings, labour welfare and social security. This, it was stated, was done to ensure industrial peace and harmony, thus helping rapid industrial growth. However, the result was

just the opposite. There were more industrial strifes, work stoppages, slow-downs and lockouts. There was a spate of labour legislation, and healthy trade-union growth and collective bargaining suffered.

Since 1958, attempts were made to establish an industrial democracy based on "moral rather than legal sanctions". An experiment was undertaken to develop Codes rather than Laws, but this, too, had only limited success. The Code of Discipline and the Code of Conduct were useful during a national emergency, otherwise they have left little impact on the industrial relations scene. Labour legislation and voluntary arrangements are normally opposed to each other, yet they are supposed to be the basis of our industrial relations policy. This half-hearted policy has led to weak trade unionism, non-responsive management, active State intervention, absence of free collective bargaining and lack of constructive labour-management relations. These call for a new look and a certain amount of rethinking on our part regarding our industrial relations set-up. What should be the objectives of our industrial relations policy? To my mind any democratic State should aim at the following in its industrial relations policy:

Building up of a management according institutional recognition to trade unions.
Building up of a strong trade-union movement recognising the legitimacy of the functions of management.
Building up a negotiating relationship between the two parties with the least interference from the government.

Applying these criteria, there can be no difference of opinion that the industrial relations policy of the country since Independence had not achieved its objective.

It is true that the various plan reports of the Government proclaim the policy of least interference in industrial disputes by the State. This is nothing but rank self-deception. The sheet-anchor of industrial relations in the country is the Industrial Disputes Act, 1947. The stress in this legislation is on compulsory adjudication. The Act provides only an inferior status to bipartite agreements compared with settlements in conciliation proceedings or awards of industrial courts and tribunals.

There is no provision in this Act for recognition of majority unions as the sole collective bargaining agent for a particular bargaining unit. In these circumstances, it is difficult for employers to enter into bipartite agreements even with majority unions since anyone else who is not a party to the agreement can raise an industrial dispute. There may be some justification for this in the present context since some employers may enter into "sweetheart" agreements with company unions, but to safeguard against this malpractice it is not necessary to impose a disincentive on industry on all forms of collective bargaining. The adequate measure would be to legislate regarding recognition of majority unions. This should be followed by stipulating that not to bargain with majority unions is an unfair labour practice.

To resolve the problem of multiplicity of unions, majority unions should be recognised as the collective bargaining agent for a given unit and accorded sole collective bargaining rights. To do this, the first step should be to define the bargaining unit. This can either be an industry, a region or a unit depending upon the past history of labour relations. Once the bargaining unit has been fixed, the next step should be to decide which is the majority union. A satisfactory way can be a plebiscite under the supervision of an independent supreme body of a quasi-judicial character.

One often hears about recognition of trade unions but seldom about recognition of management. The institutional recognition of trade unions by employers will yield results only if the trade unions recognise the institution of management. What is recognition of management by trade unions? Managements, whether the industries are in the public or private sector, have certain legitimate rights and privileges. It is true that even in the exercise of these rights and privileges, there may be scope for negotiations and consulation with the workers. It has, however, to be accepted that for achieving the objectivity of industry the legitimacy of the management functions has to be accepted by workers and trade unions. Only the mutual recognition of the legitimacy of the functions of trade unions and management would lead to stable relations and industrial peace. The practice of 'gheraos' and similar tactics of indiscipline recently witnessed are nothing but a negation of recogni-

tion of management by trade unions. This is as much to be condemned as non-recognition by industry of the legitimacy of the functions of trade unions.

Once mutual recognition of the two institutions of management and trade union is established it will be possible for the two parties to sit across the table and settle the affairs with the minimum interference of the State. It is true that in the initial stages of the bargaining relationship unions put up "sky-high demands" which are unrealistic in character. The employer should not be flabbergasted by this. It is the experience of those practising collective bargaining in industry that the demands become realistic as both employers and unions mature in collective bargaining. However, the employers have to realise that the main function of the union is to put forth demands on behalf of the workers. To achieve these demands the unions may protest and even pressurise but these are after all legitimate function of unions. But once healthy negotiating relationship is established the number of protests as a form of union tactics goes down, and, in course of time, by mutual understanding, the protest function of unions will evolve into a co-operative function. In this connection, it may be worth mentioning that units which had a well-established collective bargaining relationship with their workmen were relatively free from "gheraos".

39 *Industrial Relations in Retrospect*[*]

P. N. KRISHNA PILLAI

INDIA, ever since Independence, has launched a programme of industrialisation of great magnitude. The basic aim of our policy of rapid industrialisation is to build up a democratic, socialistic economy which will bridge the gulf between the rich and the poor and simultaneously move from a backward state to a progressive one. Our planning follows a democratic pattern. Any objection to planning raised in the early days based on principles of free enterprise has no meaning in the modern world where every country has resorted to planning of some sort or other to regulate its economy. The importance of a well thought out industrial relations policy in any system of planning for industrialisation cannot be over-emphasised. Being aware of it, our Government and our planners have formulated certain principles and implemented them through legislation and otherwise. We are on the eve of a fourth five-year plan at a time when the country is faced with unprecedented problems. We have to assess our achievements and find out the areas where our policy needs modification. We have to reshape our industrial relations policy in the light of this stocktaking.

Our achievements

To any dispassionate observer, it must be clear that we have evolved a system with definite advantages. Broadly speaking, we can include on our credit side (1) free trade unionism; (2) encouragement of joint consultation through statutory and

[*] Acceptance Address on the occasion of the presentation of Sir Jehanjir Ghandy Gold Medal for Industrial Peace (1966) by the Xavier Labour Relations Institute, Jamshedpur.

other bodies; (3) system of industrial relations based on voluntary negotiation, conciliation and adjudication and (4) our tripartite machinery at the centre and in the states. In a large number of developing countries, free trade unionism is stifled and only unions owing allegiance to the ruling party are allowed to function. On the other hand, in India the Constitution provides for freedom of association to all citizens subject to the interests of public order and trade unions with any sort of central affiliation are allowed to function. Consistent with our general democratic concept, the state through legislation encouraged joint consultation in industry by means of Works Committees representing both workers and management. Similarly, joint management councils which the Ministry of Labour and Employment is propagating, is nothing but a machinery for joint consultation though it was started under the fascinating title of worker participation in management. The Industrial Disputes Act of 1947 with its constant amendments is still the sheet-anchor of industrial relations law in the country. As in other democratic countries it provides for direct negotiation between labour and management and also for voluntary conciliation. Still following the tradition of British law which we adopted in the Trade Disputes Act, of 1929, our present law provides for the constitution of Courts of Inquiry to enquire into industrial disputes which affect the community vitally. Though this machinery is seldom used in these days, it is significant to note that provision for this is still retained in the Industrial Disputes Act. The Court of Inquiry is a democratic machinery in industrial relations which exposes the causes of conflict in a particular dispute. The findings of this body are not legally enforceable but the force of public opinion in a democracy plays an important role in having the findings implemented by the respective parties. There is also provision for voluntary arbitration. Compulsory adjudication of industrial disputes which bulges out in our industrial relations law is perhaps in many respects at variance with the practice in many democratic countries. Nonetheless, the basic concept is that compulsory adjudication is to be resorted to only when the parties fail to reach an understanding. It is not denied that in actual practice this underlying concept has not been given due recognition. Through our tripartite machinery

both at the centre and state levels we have endeavoured to evolve certain codes and procedures in industrial relations which in principle are laudable, however much one may dispute their effectiveness.

A stocktaking necessary

As in other spheres, in labour-management relations also, the soundness of any policy is to be tested by its result. If a particular system does not yield adequate satisfactory results, the remedy does not lie only in blaming the parties who are obliged to implement it. One should have a closer look at the system itself and be ready to remedy the defects in the interests of the nation, however much one may be attached to it emotionally. As already stated, unlike in many developing countries we have evolved a system of industrial relations based on our fundamental concepts of democracy and socialism. In the last eighteen years it has helped us to maintain "law and order" in industrial relations which was quite essential at a time of rapid industrialisation. The various breaches of law and order that had occurred in the past do not disprove the existence of such a system. The question is whether maintenance of 'law and order' in industry is our only aim.

It is reported that the Union Government is concerned over the increase in man-days lost due to strikes in recent times. There has been a sharp increase in 1964 in the number of man-days lost from 32.68 lakhs in 1963 to 77 lakhs in 1964. The fact that the short period following the Chinese aggression in 1962 was the most peaceful period in the history of industrial relations speaks of the patriotic outlook of our workers. Again, the Union Minister for Labour has testified that during the recent conflict with Pakistan the workers and their unions behaved well. The sharp increase in the man-days lost in 1964 shows that we cannot maintain industrial peace of a permament nature on merely emotions or proclamations of emergency. It is said that the deterioration in 1964 is due to inter- and intra-union rivalries. Even if it is so, we have to see whether our policy requires any scrutiny on this most ticklish question of union rivalry. Side by side with our concept of free trade unionism we have to see whether any sort of regulation of a different nature is needed to arrest or at least mitigate the

deterioration arising out of union rivalry in India. In a free country, the strength and maturity of its trade unions is reckoned as a sign of its democratic growth. The responsibilities and obligations of trade unions in an accelerated programme of industrialisation, as the one our country has undertaken, cannot be overemphasised. In spite of the code of discipline adopted regarding the recognition of unions and in spite of the programme launched for the education of trade union workers, the problem of rival unions is worsening day by day. One has only to visit any of the fast growing industrial centres to know how this canker is eating into the vitals of our industrial growth. Besides the significant events striking headlines in newspapers, many a day-to-day occurrence in our vast industrial projects, hampering production not to speak of growth, compels one to believe that rethinking is needed in the matter of industrial relations. Both employers' organizations and trade unions complain that the code of discipline adopted at the tripartite level is not working as expected. The annual report of the Indian National Trade Union Congress has suggested that a fresh look is needed at the code of discipline. There cannot be any system in a perfect order much less one for industrial relations. Even in countries like the United Kingdom where we believed that an old and traditional system had been working satisfactorily, industrial relations have run into bad weather in recent times and a Royal Commission on trade unions and Employers' Associations is at present having a re-evaluation of the pattern of labour-management relations there. Therefore, without losing the gains achieved by us in industrial relations so far, we have to rethink on the merits and demerits of our system and chalk out a programme accordingly. I intend only to indicate a few points that have occurred to me concerning this vast field from my limited experience.

Works Committee

In the last eighteen years since Independence we had been rightly endeavouring to promote joint consultation in industry for the maintenance of harmonious employer-employee relations. With this object in view we made provision for the constitution of Works Committees by legislation as early as 1947. The Works Committees were required to be constituted "to

promote amity and good relations between the employers and workmen". The scope of the Works Committees was so wide that they were not able to fulfil the objective laid down in the legislation. In many other democratic countries, these Works Committees or Works Councils are intended to deal with day-to-day problems which do not concern the terms and conditions of employment. In many instances such joint consultative bodies are constituted as provided in agreements between managements and labour which are negotiated through collective bargaining. The very significant distinction between bargaining and joint consultation was unfortunately not borne in mind when the functions of Works Committees were prescribed in the Industrial Disputes Act. Many firms in the United Kingdom define the functions of such Committees in general terms, as for example,* "the functions of the Committee shall be advisory and shall involve consideration and discussion of matters which in any way affect production and any matter of mutual interest *except those questions or agreements which are usually negotiated through and with trade unions*". It is significant to note that terms and conditions of employment are usually negotiated with trade unions while other general matters are discussed in Works Committees. The Works Committees or similar joint consultative bodies have not taken deep root in the industrial relations set-up in our country since there was a lot of misconception about them from the very beginning. Some people thought that this machinery provided in the Industrial Relations law in the country could be used to bypass trade unions and the unions in many instances were non-co-operative. Works Committees and other joint consultative bodies are usefully functioning in our country where they are established in consultation with trade unions and with their co-operation. Anyhow this mistake was later realised and a tripartite committee of the Indian Labour Conference tried to demarcate the functions of the Works Committees. It was also the finding of this Committee that matters for joint negotiation such as the terms and conditions of employment should be outside the scope of these committees.

* *Industrial Relations Handbook*. p. 127. Published by Her Majesty's Stationery Office, London, 1961.

Joint Management Council Scheme

The Government of India in the Ministry of Labour are trying to promote joint management councils as another machinery for the maintenance of harmonious relations in work places. The scheme which originated in 1957 as "worker participation in management" has not made much headway in industry. It is reported to be in operation in ninety undertakings. The then Union Minister for Labour in his address to the Indian Labour Conference in October 1965 appealed to the employers to try this scheme. In order to dispel the hesitation of employers he said, "The joint management councils have been given a say only in regard to items like administration of welfare facilities, supervision of safety and so on. For the rest it is largely a matter of sharing of information and joint consultation on all important matters of the undertaking which are of mutual interest to labour and management." Not only are the employers not enthusiastic about the scheme, but, according to the Labour Minister "there is a feeling that support has not always been forthcoming" from trade unions. Even a cursory study of the history of the scheme will reveal why it has not been enthusiastically adopted by both sides of the industry. The same fundamental mistakes associated with our concept of Works Committees are discernible in this scheme also. The illusion still nurtured in certain quarters that a scheme of worker participation in management or a joint management council scheme can function successfully without strong and effective collective bargaining is at the root of the failure of the whole scheme. The study group on worker participation in management appointed by the Government of India in 1957 had stated categorically that* "a firm impression left with us was that worker participation in management could be successful only as a supplement to a well-established system of collective bargaining." They further said that "the first interests of workers are wages, conditions of work, security and a fair grievance procedure and if there is bitterness over these, no real participation is possible. Satisfactory arrangements for collective bargaining and for the settlement of unresolved disputes are, therefore, essential for the success of workers participation." In spite of the

* Report of the Study Group on Worker Participation in Management, 1957, published by the Manager of Publications, Delhi—pp. 47 and 76.

caution sounded by the representative committee appointed by the Government, after a study of industrial relations in western democracies and Yugoslavia, the Union Ministry of Labour in their memorandum for the formulation of the Third Plan report recommended that since collective bargaining focussed class conflict, India should as a substitute adopt worker participation in management. That memorandum envisaged worker representatives on the Boards of Management. Subsequently, this idea was given up and a joint management council was recommended by the two seminars held by the Union Ministry of Labour and Employment on the subject. Recently, a Government Study Team has advised to give up the high-sounding words of worker participation in management and to adopt the modest name of joint management council scheme. As stated by the Union Minister in his speech to the Indian Labour Conference already referred to above, the scheme, in its present transformed condition, is merely one for joint consultation. Yet, neither the unions nor managements are enthusiastic about it. Why? Because as the report of the Study Team has cogently pointed out the "first interests of the workers are wages, conditions of work, security and fair grievance procedure," and in the absence of a system for collective bargaining in this area, "no real participation is possible". When the workers are not interested in the scheme of joint management councils why should the employers be enthusiastic about it? As in the case of works committees in this regard also the universal experience of industries that joint consultation can only succeed as a supplement to joint negotiation on wages and terms and conditions of employment has been reaffirmed in this country.

Code of discipline

Apart from the Works Committees and Joint Management Councils, the Code of Discipline, adopted in 1958 and ratified by the National Employers' organisations and Central trade unions is supposed to maintain harmonious relations in industry on a democratic basis. Both managements and unions have bound themselves "to settle all future differences, disputes and grievances by mutual negotiations, conciliation and voluntary arbitration". Subsequently, an agreed criterion for recognition

of trade unions by employers was added to the Code. The Code is a magnificent document affirming well accepted principles in industrial relations. It endeavours to eschew coercion, threat, illegal stoppage of work, slowdown, victimisation and to promote joint negotiation, conciliation and voluntary arbitration. It is also recognised in the Code that litigation in industrial relations is to be avoided. It is, however, regrettable to note that the Code has not brought any material change in the strife-ridden situation in industry in general. The Code for recognition of unions has not effectively worked in many instances. The principles laid down in the Code in general are nothing new at least to a few industries in the country which had practised collective bargaining for a long time. These principles are spelled out in detail in the chapter on rights and responsibilities in labour contracts of a few firms practising collective bargaining. They are agreed to by mutual negotiations and adopted by both parties in the industry. In those concerns which practise collective bargaining, the principles of the Code were enforced even before the adoption of such a national code. Since there was no positive effort made to promote collective bargaining in the industry on plant level, the adoption of the code by the national organizations did not make any significant impact on the day-to-day working of the factories. In April 1964, when a strike arising out of rival unionism paralysed production in the State steel plant at Bhilai, Mr. C. Subramaniam, the then Minister for Steel, said in Lok Sabha,* "No doubt, we have got codes of conduct at the highest level. I am sure when the labour leaders enter into them, they do so sincerely and genuinely and they also try to implement them. But what about the lower level? They are not interested in the national leadership entering into these codes of conduct. They want to be the dominating factor in each individual plant. Therefore, there is a continuous tussle going on." This only underscores that unless the Code of Discipline is inbuilt on a voluntary basis at the plant level, the national agreement does not yield any appreciable result. As stated above, only in factories where there is purposeful endeavour made to recognise unions and to settle terms and conditions of employment by collective

* *Capital*: Calcutta—16th April 1964.

bargaining, have the principles laid down in the Code of Discipline worked satisfactorily.

Grievance procedure

It has been rightly recognised by the policy-makers in the country that settlement of grievances at the plant level is one of the essential conditions for maintenance of industrial peace. Therefore, a grievance procedure has been evolved at the tripartite level and recommended to industries as a recipe for harmonious relations at the plants. Here also the fundamental theme that only in an atmosphere of good industrial relations can a grievance procedure work successfully has eluded the policy-makers. In other democratic countries as well as in our own, in a few firms, grievance procedure is an integral and vital part of a collective agreement negotiated with one or more recognised unions. They form part and parcel of the terms and conditions of employment. They vary according to the size, the traditions and practices followed by each undertaking. They also differ in details to suit the differences in the management structure of the respective firms. A uniform procedure copied from some collective agreements in the country for grievance handling and processing and superimposed from above does not necessarily work, since the climate of trust engendered by collective bargaining is just not there.

Voluntary arbitration

A word about our insistence on voluntary arbitration. There is no doubt that voluntary arbitration is to be preferred to the legal approach pursued by industry today through compulsory adjudication. What is fundamentally forgotten is that voluntary arbitration can thrive only in an industrial relations set-up where a voluntary relationship between parties is established through free collective bargaining. Otherwise, it is only an attempt to give another name to the present method of compulsory adjudication and to perpetuate the bitterness among parties caused by fighting before a third party.

Wage Boards

No review of our industrial relations system will be complete without at least a brief reference to Wage Boards. Workers

generally demand for the constitution of more and more Wage Boards since their findings result in some sort of increment in their emoluments. There is nothing surprising in this since there is in many instances no other method of determining wages except through compulsory adjudication. The method of settling wages through courts fell into disfavour since they were ad hoc in character. They also entailed inordinate delays. It was claimed that Wage Boards representing both labour and management in the industry and also including in its membership independent men were a better method of settling wages. There is no doubt that this method of determining wages is a better one compared to the practice of referring wage disputes to Tribunals and Courts. Nonetheless, it has to be realised that a conscious endeavour has to be made to replace this by a process of collective bargaining if proper wage fixation beneficial to labour and industry is to be achieved. The defects of the present system of fixing wages through Wage Boards are too well known. In the first place, the delay experienced in some instances, as in the case of the Tea and Rubber Wage Board, is frustrating. The Staff Association of South Indian Plantations entered into a separate comprehensive agreement on wages and retirement benefits with the United Planters' Association of South India while a Wage Board was deliberating on the wages of the Tea and Rubber Plantations. Both the employees and the employers got tired of the delay and they naturally entered into an understanding. It is surprising that some prominent trade union leaders are sore about it. Secondly, the wage increases given by each Wage Board do not bear any relation to increase in productivity. While collective bargaining is a process of give and take, in the case of Wage Boards it is all giving more to labour and taking back nothing in return. Thirdly, wages fixed by the Wage Boards on a national level in some instances with regional variations, ignore the necessity of work place adjustments and create problems in the implementation of their recommendations. Even in the United Kingdom where wages are traditionally negotiated on a national level for each industry* "collective agreements have left a good deal of scope for workplace supplementation and

* *Managers and Shop Stewards* by Arthur Marsh, pp. 13 & 6. Published by Institute of Personnel Management, London, 1963.

improvement, by a process of 'filling in' at lower levels of negotiation". "National wage rates bear little relation in most industries to the actual earning of workers." Here this is not possible since the wages fixed by Wage Boards are almost maximum. Fixation of wages through Wage Boards renders collective bargaining well-nigh difficult, if not impossible. Wages are the most important item of bargaining. Mr. R. S. Pande who was a member of the Wage Board for Steel industry stated that, at least those firms which determine wages through collective bargaining should be left out of the scope of Boards. The Bonus Commission recommended that those Companies who have entered into voluntary agreements with trade unions to pay bonus based on production in lieu of profit bonus should be allowed to remain outside the scope of the Bonus legislation. The Government of India accepting this recommendation has made a provision for it in the Payment of Bonus Act. Similarly, firms which have valid contracts with the unions regarding wages should be kept outside the scope of Wage Boards. It is all the more justified in this case, when it is realised that comprehensive agreements negotiated with unions are package deals covering all terms and conditions of employment. Wages thus negotiated and determined have relation with other modes of remuneration and other terms and conditions of employment. To ask these firms practising collective bargaining to pay more as interim or final relief to workers as a result of the Wage Board recommendations would be unjust.

Idea of co-partnership

Instead of facing the fundamental issues in the area of industrial relations, certain other short-term remedies are also sought after. One of those remedies mentioned recently is the co-partnership in industry. Employees as other citizens are entitled to purchase stocks in companies where they are working or elsewhere as they desire. That any such stockholding by a few or large number of employees will lead to industrial peace has been disproved in many instances where this had been tried. Industries not only make profit but also loss. If employees working in concerns which might incur loss invest their savings in stocks of such concerns, they not only some-

times lose their jobs but their hard-earned savings also. An attempt was made to run the Kerala Water Transport Corporation by the State Government while the Communist party was in power, by inducing the workers to invest their provident fund and gratuity amounts in the company, when many private employers were closing their undertakings. This new company in which the employees had invested their money has recently been forced to be liquidated due to competition of road transport and other external factors and a large number of employees have not only lost their jobs but also a substantial portion of the money invested by them. Profits in a concern do not mainly depend on the contribution of workers in all cases. So before launching on any new programme based on co-partnership for the promotion of industrial peace all aspects of the problem are to be looked into. We should see that it does not lead to deterioration of industrial relations.

Our declared policy—How far implemented

It must be clear from what has been stated, that failure in our industrial relations policy to a great extent arises out of an attempt to promote joint consultation without collective bargaining. As mentioned in the recommendation quoted from the report of the study group on worker participation in management, the first interests of workers are wages and conditions of employment. They want participation in determining them through joint negotiations. Without that they are not interested usually in joint consultation on less important matters. In the absence of collective bargaining the proper atmosphere for joint consultation is not generated. The various plan reports have reiterated that the policy of the Government is the promotion of internal settlement of disputes in industry and the minimum interference by Government. In the Second Five-year Plan it was declared specifically as follows: "For the development of an undertaking or an industry industrial peace is inevitable. Obviously this can be achieved by the parties themselves. Labour legislation and enforcement machinery set up for its implementation can only provide a suitable framework in which employers and workers can function. The best solution to common problems, however, can be

found by mutual agreement." Whatever be the declared policy,* "a study of industrial legislation since Independence, though it shows Government intervention to establish various standards of working conditions and machinery for compulsory arbitration of disputes, provides no single instance of legislative encouragement of collective bargaining, either by defining its framework or by laying down standards for recognition of trade unions as bargaining agents." On the other hand, various pieces of legislation laying down detailed terms and conditions of employment hamper growth of free joint negotiation on matters on which workers and their unions are vitally concerned. The over-emphasis on compulsory adjudication since Independence has perceptibly weakened trade unions. The settlement of each dispute through litigation is the beginning of the next one. Employers and employees under this system, have learnt to look to an outside agency for the maintenance of peace and order in the industry. The various joint consultative agencies contemplated by legislation and otherwise do not function satisfactorily because the workers evince little interest in them and a readiness to recognise the trade unions has not developed among the employers. That this spirit can develop only through collective bargaining is the experience in India and other countries. The main concern of the nation is the attainment of higher productivity. The employers always urge that wage increments should be linked to higher productivity. The then Union Minister for Labour and Employment in his address to the Indian Labour Conference has underscored the necessity of introducing payment by results for achievement of higher productivity. Whatever settlements can be gained in industrial disputes through courts of law, it has never been the experience of any one that court decisions could achieve higher productivity. On the other hand, it has been the experience of firms even in India that to gain the co-operation of workers in attaining higher productivity there is need for a tradition of collective bargaining. As observed by the British Institute of Management, "unless mutual confidence and good relationship exist between management and workers in a concern, the chances of full success for a new wage incentive

* *Collective Bargaining—A Comparative Study of Developments in India and Other Countries* by Mary Sur, 1963—Asia Publishing House, p. 72.

system are very poor". This confidence and good relations will not descend on the industry on a fine morning when the employers or Government decide on an incentive payment system to achieve higher productivity. It is achieved only through a tradition of goodwill earned through joint negotiation and collective bargaining for a long period. It is thus obvious that only through direct negotiation can the national interest of higher productivity be achieved. Let me once again reiterate that it has been the experience of some firms in this country that higher productivity could be achieved through the use of work-study and modern industrial engineering techniques provided that joint negotiation is employed as a means to reach decisions in a climate of industrial peace fostered by collective bargaining. It is also their experience that the best education that trade union workers get is the one at the bargaining table. Unions become stronger and responsive in firms where collective bargaining is practised. They also devote their time in studying techniques in higher productivity such as work-study, incentive payment systems, job evaluation, etc., to bargain successfully with employers. To that extent the agitational approach of the unions will be mitigated.

How to strengthen democratic Unions

It has to be admitted that the main hindrance to the progress of collective bargaining in the country is centred round the problem of rival unions. Some firms have taken the lead in spite of difficulties and achieved laudable results but a positive state policy is required to encourage collective bargaining. Such a policy was discernible in the Trade Union Amendment Act of 1947 which was never enforced and in the Industrial Relations Bill introduced in Parliament in 1950 but was unfortunately allowed to lapse. The former aimed at compulsory recognition of majority unions and the latter at introduction of collective bargaining system by providing a procedure to determine the bargaining agent. These two pieces of legislation were dropped due to political reasons as well as a fond desire, which is understandable, not to disturb industrial peace at a time when the country had launched a vast programme o-industrialisation. While appreciating the intention of authof rities, it is worthwhile to see whether these fond hopes have

been realised. Any dispassionate observer will give a negative answer. Trade unionism with totalitarian leanings have not been kept in check through controls and regulations that exist in the Industrial Disputes Act. They have only increased their strength. The only way to check it is perhaps to ban them completely as some other developing countries have done. Our allegiance to democratic principles does not permit us to do so. That goes to the credit of the country. If that is so, then the only other way to check it is to allow democratic forces to have their free play with checks and balances. It is perhaps an irony of fate to find that trade unions which are alleged to have totalitarian tendencies now stand for democratic principles like the determination of bargaining agents through free elections and the acceptance of free collective bargaining. On the other hand, trade union organizations which are said to be democratic, stand for more and more state regulations and interference by outside agencies to settle internal problems in the industry. The good intention of the latter type of organizations is not doubted. They must be motivated by a desire to protect trade unions from destructive and anti-national tendencies. Only one doubts whether they will achieve their objective by the method pursued at present. The leeway given to the state to interfere in industrial relations is already splitting up these organisations in certain states, further weakening them and creating industrial chaos. On the other hand, if unions are to swim or sink on their own organisational strength and if a collective bargaining system oriented towards economic issues is allowed to develop, I have no doubt that democratic unionism is bound to thrive.

Experience in collective bargaining

Here it would be relevant to examine some of the experiences gained in collective bargaining for a period of more than a decade in various plants located in different states belonging to a company. When a Central Personnel Department was established by the Company, a policy to promote collective bargaining and to avoid recourse to courts and tribunals as far as possible was positively adopted. It was also accepted that whatever be the affiliation of trade unions, negotiations should be held with those unions which were representative of work-

men. Before this policy was deliberately adopted by the management, there were usual stoppages of work, adjudications and other signs of ill-will in most of the plants. In fact*—"both sides were weary of the existing relationship which had benefited neither" is the finding of a research study made by Xavier Labour Relations Institute, Jamshedpur, for the Government of India in one of the plants. While the management was ready and willing to recognise trade unions and negotiate terms and conditions of employment with them they were not willing to surrender their right to manage. Of course, they were prepared to recognise the rights of unions to organise and to bargain for the workmen. At the initial stages, at least in some locations, the unions were hesitant to negotiate and sign long-term contracts because they apprehended that they might become ineffective once these contracts were signed. This fear was soon dispelled as the agreements started working effectively. The unions became stronger both organisationally and financially. The functioning of various joint consultative committees and the working of the grievance procedure created a sense of goodwill and mutual confidence. Ever since this policy was adopted neither party took recourse to conciliation or adjudication to settle any industrial dispute concerning wages or terms and conditions of employment. Though in one of the five plants of the company rival unionism has shown its ugly face very recently, there was no problem of rival unions in any other location. The runaway union formed in one plant is not effective. The absence of rival unions in the majority of the plants cannot be treated as mere accident. It was to a great extent due to a positive policy pursued by the management. The unions were effective and strong and the management dealt with them realising fully the rights and obligations of parties. Though the Presidents of various unions remain to be outsiders, an internal leadership of a non-political nature has developed in all the unions which is a healthy sign. Most of the problems are effectively settled with internal leaders. The experience of the Company proves that the best way to develop non-political internal leadership among workers is to encourage education through collective bargaining, joint consultation

* The Belur Report 1958, p. 27. Published by Government of India—Ministry of Labour and Employment.

and proper grievance handling. Though in one recent instance, there was a token stoppage of work by a union in one location in sympathy with the trade unions in the area, it can be safely stated that in the past ten years or more the unions respected the no-strike clause in the contracts. The management on their part had not only respected the no-lockout provision in the contract but also had been generous not to resort to retrenchment or layoff even on occasions when they were justified. During this period, the various plants of the company had been expanding and in this process the unions invariably co-operated. In one of the agreements it is provided that* "in consideration of the necessity for further increasing productivity and rationalising work standards" continuous efforts will be made by both parties. The chapter in the labour contract on Productivity and Work Standards also states that "the parties further agree to make continuing efforts to improve work methods which may also include mechanisation of operations and handling and to rationalise crew strength". The plant was at the time of negotiation of the contract expanding and the agreement further states that "the union and management will make every effort on the above lines to man the new smelter with the existing personnel as far as possible". It has to be stated that the unions in general tried to implement the terms of the long-term agreements though the management had substantially to compensate them financially at the time of negotiation to obtain higher productivity. Another important feature of this Collective bargaining relationship in the plants is that profit-sharing bonus is not paid but instead of this a production bonus mutually agreed to is paid. It has also to be mentioned that though unions in some of the plants had affiliation with Central trade union organisations at the early stage of this pattern of relationship, their ties with central organisations loosened in course of time. The strange fact is that though some of the presidents of unions are outsiders with strong political leanings and allegiance to central trade union organisations, the Unions of this Company did not evince enthusiasm for central trade union affiliation. The members of the executive committees of these unions in various states were

* Alupuram Labour Management Agreement of the Indian Aluminium Company Ltd.—1963-65, p. 11.

represented by workers having no political leanings or with divergent political ideologies. That must have been one of the compelling reasons why the members of the Unions were not enthusiastic about central affiliation. Another reason might be that a relationship oriented to economic issues and day-to-day problems in the plants for a considerable length of time help to develop unions as agencies for economic betterment of men rather than for political agitation. This pattern has also led to democratic election of office bearers of unions in various locations. One should not run away with the impression that because of this sort of labour relations policy everything was smooth sailing. On the contrary, there had been occasions of tension and conflict during this period. The unions had on certain occasions resisted essential changes and put up stiff opposition. It is the duty of the management to face the issues and solve them consistent with the interest of the undertaking. What is important is that compared to the general labour situation in the country, the plants had maintained a reasonable relationship. Both parties have learned that industrial peace is not an one-shot affair achieved through signing of a collective contract. It has to be gained by continuous endeavour and an awareness in dealing with day-to-day problems on the shop floor. There are also increasing instances of such long-term labour contracts in the country. Collective bargaining pursued in the proper manner and spirit leads to the emergence of an identity of interests between parties. Though the interests of labour and management are not identical, there is an identity of interests. The same organisation is the source of sustenance, security and advancement for both labour and management. The fear in certain quarters that collective bargaining focusses class conflict is baseless. It is the absence of collective bargaining that will give a handle to those who want to propagate class conflict. This is evident from the experience of firms in this country which have maintained a long tradition of good relations through direct negotiations. It is in countries which effectively practise collective bargaining that class conflict is not the dominant feature of trade union thinking.

How to encourage collective bargaining

It is seen from the limited experience that collective bargain-

ing is feasible in India and that it will lead to better relationship between employers and employees. At the same time, it has to be pointed out that the overdose of legislation on all aspects of employment hampers collective bargaining. Legislation should only lay down, wherever necessary, minimum conditions and the parties should be encouraged to negotiate themselves. Besides this, conciliation machinery in the country should set up a convention not to interfere in disputes generally before the parties try to settle the differences by mutual negotiation. A more positive policy is required if collective bargaining is to foster. It should be made an unfair labour practice not to bonafide bargain with recognised unions. In order to facilitate this, we have to adopt bold steps through legislation to determine the bargaining agent and the bargaining unit. The criterion for recognition of unions naturally provides that the majority union should be recognised. In this context, the bargaining unit assumes importance. We have to determine by looking into the past tradition of bargaining, adjudication, etc., whether an industry or a plant should be the bargaining unit. In industries where employers are organised effectively as in the case of cotton textiles, jute or plantation and where there had been a tradition of settling wages and terms and conditions of employment on an industry-wide basis through negotiation or adjudication, the bargaining unit can be an industry. In other cases, the bargaining unit can be a plant. When an industry is adopted as a bargaining unit whether there should be regional variations is also to be looked into. After the determination of the bargaining unit the majority union in the unit should be declared as the sole bargaining agent. These are two ways to determine as to which of the contending unions is the majority one. One is by holding a plebiscite of all the workers in a unit and the other is by verification of membership therein. Those who are anxious for a start in collective bargaining should not fight over this issue and lose the objective. Only in either case the executive wing of the Government should not be the agency to conduct a plebiscite or to verify the membership of the respective unions. A judicial body which will infuse confidence in the parties should be set up for this purpose. Only the majority union thus determined should have the right to negotiate with the manage-

ment. The unrecognised minority unions should not be allowed to disturb industrial peace. There should, of course, be provision for *de novo* election or verification of membership provided that any contending union other than the recognised bargaining agent could show a membership above a prescribed percentage of workers in a unit after the lapse of a prescribed time limit. While the right of unions to organise should not be fettered a minimum period of stability in a unit should be guaranteed. We cannot run away from the fact that in the process of attaining stability in industrial relations through collective bargaining, the majority has an important role to play and the minority should not be allowed to disturb peace. This principle is to some extent accepted by amending the Industrial Disputes Act by providing that a minority union cannot terminate a settlement or an award, enforceable in an establishment. Provision can be made for registering contracts negotiated with recognised unions and making it illegal to resort to work stoppages during the term of such contracts. It is not my endeavour to indicate in detail all that could be included in our Industrial Relations law to encourage collective bargaining. Nor is it possible in a paper like the present one. Once we accept the principle, we can think about the ways and means to achieve it. Let me make it clear that I am not advocating for the scrapping of compulsory adjudication under all circumstances. Only the stress should be on collective bargaining and direct negotiations because it is the universal experience that settlement of disputes by third parties has never promoted internal harmony.

What is industrial peace?

I have already stated that the State had only hitherto tried through legislation to maintain "law and order in industry". That does not promote trust and confidence between labour and management necessary to achieve the full gains of industrialisation undertaken by the nation at great sacrifice. What is industrial peace? It is not the absence of strife. It is the generation of mutual trust and goodwill between labour and management as equal partners of the enterprise. It is achieved by the realisation of mutual dependence in a spirit of genuine equality. The State should provide the framework for achieving this objec-

tive through legislation and otherwise. But this is not enough. The managements in the country both in the private and the public sectors have a greater responsibility to set the pace in industrial relations, whatever be the difficulties. That is the only way to discharge the sacred trust reposed in all of us who have a hand in shaping the industrial relations policy of the country in one way or another.

40 *Personnel in Plantations*

C. S. KRISHNASWAMI

In India when we talk of Personnel Management of Industrial Relations we naturally think only of the large manufacturing factory industries in urban areas. Thanks to this quirk of association of ideas, even specialists in the field of labour studies have not taken more than a passing interest in an important agro-industry like the plantation industry. This is all the more surprising as the plantation industry is a well-known example of a labour-intensive industry. What better field of study could there be for those engaged in man-management and human relations than plantations where they rank high in precedence among managerial functions?

The distinguishing feature of the plantation industry is that it is an agricultural enterprise organised on an industrial basis. The remarkable increase in production of the three principal plantation products—Tea, Coffee and Rubber—has inspired the thought among some public men as to why the productivity of traditional agriculture could not likewise be enhanced to solve the food problem by introducing the plantation type of management. The striking achievement in production compared to other agricultural commodities testifies to the efficiency of plantation management, particularly with regard to the maintenance of good industrial relations and the welfare of the personnel.

It is again a unique characteristic of the plantation industry that its labour being resident, management has the responsibility not only for productive operations but also for the administration of a resident civic community. Its responsibility and jurisdiction thus extend beyond working hours and workplaces. It may be true that a few large industrial enterprises

also administer townships. They are not, however, the general rule and cannot be said to be a characteristic or an inseparable part of such industries as in the case of plantations. Whatever the teleology—the compulsion of location or enlightened self-interest or progressive management or operational convenience or the force of law—the fact remains that the plantation industry is a unique instance of labour relations and personnel management that may be more appropriately described as human relations in an institutionalized civic working community. Something more than the wage nexus binds the management and the workers.

The dimensions of the industry which would indicate its importance in the national economy may be appreciated at a glance from the statement on the opposite page.

The labour-intensive character of the plantation industry stands out from the employment figures. The tea industry alone with its labour force of just over three quarters of a million is perhaps the biggest employer of labour in this country.

The early history of labour conditions in plantations has not also escaped the same lament of hardship and exploitation which is the *leitmotif* of most of the writings on the early days of industrialisation in our cities. The criticism ran along familiar lines, against the unscrupulous practices of professional recruiters, oppressive laws regulating employment contracts, low wages, deplorable living conditions on the estates, etc.

Naturally, that landmark of Indian labour history, the Report of the Royal Commission on Labour of 1931 did in its encyclopaedic sweep deal at some length with the conditions of plantation labour. While it certainly pinpointed the problems and handicaps suffered by the workers, it did not fail to give credit wherever it was due to progressive managerial practices and the resultant improvements in labour conditions. The Labour Investigation Committee's Report of 1946, called the Rege Committee Report for short, was a specialized study in depth into the conditions of labour in plantations in India. The significance of the Rege Committee's Report is that its recommendations were the starting point for an active and sustained programme for the amelioration of the lot of the plantation

Product	Area in Hectares	Production	Quantity Exported	Value of Exports Rs.	No. of workmen employed
TEA (Data for 1966)					
North India	270,121	279,367,000 (kgm.)	134,505,000 (kgm.)	137,51,84,000	6,61,309
South India	74,898	95,439,000 (kgm.)	44,700,000 (kgm.)		1,71,769
COFFEE (Data for 1966-67)					
South India	129,421	78,275 (tonnes)	35,000 (tonnes)	14,44 35,355	2,26,487
RUBBER (Data for 1967)					
South India	171,260	62,339 (tonnes)	—	*25,87,06,850	1,32,727

*Value of total production as rubber is not exported.

worker over the next two decades. The programme was evolved and implemented through tripartism, legislation and constructive industrial relations.

Tripartite determination of labour policy at different levels is a noteworthy feature of the plantation industry. This tradition of tripartism commenced with the first tripartite meeting on tea-plantation labour held in 1947. It was the first tripartite Industrial Committee to be constituted for any industry in India. This Committee subsequently rechristened "The Industrial Committee on Plantations" to cover all the major plantation products besides tea has so far held twelve sessions.

In retrospect, it appears nothing short of audacity that the first Committee straightaway recommended wage increases, modest in quantum, of course, considered by present-day standards, but nonetheless very significant as they were agreed on by the parties offhand without the benefit of the criteria of the Fair Wage Committee or the 15th Session of the Indian Labour Conference or those laid down by weighty judicial pronouncements which were to follow afterwards! The Plantations Labour Act, 1951 and the Model Rules framed thereunder for the benefit of the State Governments is by far the most notable instance of legislation by tripartite consent.

The outline of the bill was discussed at the Third Session and the Draft Model Rules framed by the Government of India at the Sixth Session at Ootacamund in 1954. It may be mentioned here that implementation also is guided by the spirit of tripartism. The Plantations Labour Advisory Committee in different States and the Plantation Labour Housing Advisory Boards constituted under the Plantations Labour Act are tripartite bodies which serve as useful forums for discussion and help to remove practical difficulties in implementing the various provisions of the Act or the Rules.

Among other important recommendations and activities of the Industrial Committee on Plantations are formulation of the Twelve-year Housing Programme which was subsequently incorporated as a statutory provision in the Plantations Labour Act, consideration of a loan scheme to facilitate speedy implementation of the housing programme, the settlement of the labour bonus dispute in North India, the appointment of

Wage Boards for the Tea, Coffee and Rubber Plantations, the adoption of the Code of Discipline with suitable modifications, etc.

The protective legislation to improve the conditions of plantation labour was shaped in a large measure by the recommendations of the Rege Committee and the Industrial Committee on Plantations. As recommended by the Rege Committee, the Payment of Wages Act was made applicable to plantations in the various States. The Committee's recommendations for the abolition of the Kangany system (i.e. the system of recruitment through professional labour recruiters), the appointment of wage Boards and the introduction of a Plantation Labour Code to regulate conditions of employment came to be implemented in the two decades following the publication of the Report. The Industry was included in the schedule to the Minimum Wages Act of 1948 and minimum wages were notified by the various State Governments in the early 1950s. Standing Orders were certified under the Industrial Employment (Standing Orders) Act, 1946.

Of course, the special enactment of direct interest to plantation labour is the Plantations Labour Act to which reference has already been made earlier. Unlike the Factories Act, the Plantations Labour Act regulates the conditions of labour not only during the working hours, but also outside those hours and outside work-places. It is a comprehensive law governing working conditions, welfare and social security. Unlike the Factories Act, it compels the employer to provide housing facilities, medical facilities and educational facilities of a prescribed standard. It also requires payment of sickness benefit and maternity benefit. Recently, the Maternity Benefit Act, 1961 has repealed the maternity provisions in the Plantations Labour Act and has enhanced the rate of maternity benefit by about 130%. The Employees' Provident Fund Act, 1952 was made applicable to plantations in 1957 and in Assam provident fund benefit was extended even earlier by the Assam Tea Plantations Provident Fund Scheme Act, 1955 which still continues to be in force. Labour laws applicable to most other industries like the Workmen's Compensation Act, the Industrial Disputes Act, 1947, the Industrial Establishments (National and Festival) Holidays Act in different States,

the Payment of Bonus Act, etc., are also applicable to plantations. The volume of legislation applicable to plantations can be judged from the fact that the *APM Reference Book of Labour Laws for Plantations in the State of Madras* published in 1965 by the Association of Planters of the State of Madras and maintained by a loose-leaf service is a bulky tome of more than 1000 pages.

While it is true that tripartite recommendations and legislation have won for labour progressive improvement in its living and working conditions, it should not be forgotten that the industry itself had of its own volition extended several benefits to the workmen long before the spate of legislation gathered momentum. What the various laws referred to in the earlier paragraphs did was mostly to codify the existing practices and welfare measures and make them uniformly applicable to the majority of the workmen employed in the industry. Even as early as 1946, the Rege Committee noted that the UPASI Labour Advisory Committee had recommended uniform standards regarding employment, wages and welfare for general adoption by member-estates. Subsequent legislation is not very different in format from the UPASI scheme which was voluntarily framed.

Plantation management is simple, direct and free of hierarchical complexities. There is a Manager or Superintendent with or without assistant managers depending on the size of the plantation. Below the managerial category is the staff in the three major departments of field, factory and office. Some staff and special personnel like doctors are attached to the welfare establishments (hospitals, schools, etc.), Then there are the labour supervisors and the workers. This simple structure permits direct communication between the management and the managed. Consequently, the need for Personnel or Welfare Officers has not been felt. Except for a few big Companies who may have their own labour specialists, the majority of the employers in the industry look to their planting associations for advice on labour matters. Within the estate grievances are dealt with directly by the staff or managerial personnel. In this connection, it may be mentioned that though Section 18 of the Plantations Labour Act makes it obligatory for estates employing three hundred or more workmen to

appoint Welfare Officers, it has not been enforced in any of the States. In fact, when the subject came up for discussion at the Sixth Session of the Industrial Committee on Plantations, the Union and the employers' representatives agreed that the implementation of Section 18 was unnecessary. The proposal for enforcement was, however, mooted at the Eleventh Session and the Kerala Government has now drafted a bill to amend the Act to empower the Chief Inspector of Plantations to appoint Welfare Officers for estates if they fail to do so themselves. It remains to be seen whether the present moves to induct statutory Welfare Officers into plantations would be seriously pursued and whether the experiment would be successful and produce the desired results.

The unilateralism on the part of employers which preceded tripartite or legislative action was made possible because of the strength of their organisations. Planting Associations are perhaps among the oldest of employers' associations in this country. The largest Association in North India is the Indian Tea Association. Besides there are ten other planting associations in the tea-growing areas of North and North-East India such as Punjab, U.P., Bihar, Assam, West Bengal and Tripura. In South India, the Planting Associations are federally organised from the level of the planting districts at the base to the central organization at the apex. There are about fourteen District Planters Associations. The three main State Planters Associations which *inter alia* cover the respective District Planters Associations within the State are the Association of Planters of Kerala, the Association of Planters of the State of Madras and the Mysore State Planters Association. The three State Associations in turn are members of the United Planters Association of Southern India. At the all-India level the planting associations consult one another in the Consultative Committee of Plantation Associations. The existence of well-organised employers' associations and the machinery for co-ordinating their efforts is in a large measure responsible for the maintenance of uniformity of labour standards, especially within the different regions or local planting districts. This uniformity is one of the major factors which has helped to promote industrial peace. Wage rates are uniform for each product in each region.

Bonus which is the most contentious issue in industrial

relations in India has fortunately been settled at a uniform rate year after year in most of the plantation States by industry-wide agreements. For instance, in the State of Madras bonus has been settled by a State-wide agreement for the past twenty years. A four-year agreement covering the period from 1964 to 1967 was signed on 21st September 1966. Under the agreement in the year 1966 alone, nearly 40 lakhs of rupees were distributed as bonus to 91,000 workers. There is region-wise uniformity in the incentive rates payable to tea pluckers, coffee pickers and rubber tappers. In the State of Madras, an industry-wide five-year agreement revising the incentive rates for tea pluckers was signed on the 25th August, 1967. Gratuity is also payable under industry-wide agreements, the rate being fifteen days of wages for each year of service.

The successful conclusion of long-term agreements on such major issues as bonus, gratuity, incentives, etc., denotes the healthy tradition of collective bargaining relationships especially at the State level, between the Employers' Association on the one hand and the Trade Unions on the other.

The trade union movement among plantation workers is as much a victim to the evil of inter-union rivalry as its counterpart in other industries. The principal all-India Trade Union Federations, viz. INTUC, AITUC, H.M.S and UTUC have affiliated unions in the different plantation States. Their relative importance and influence vary from State to State and district to district. It is, indeed, a confusing and changing mosaic. Taking South India, there are as many as sixty unions in Kerala and nearly 22 unions in the State of Madras. A few of the unions may be independent but the majority of the unions are affiliated to one or the other well-known All-India organisations. It is remarkable that in spite of this proliferation of unions the industry has been successful in negotiating industry-wide agreements. Such agreements are also another contributory factor to industry-wide uniformity of labour standards which in turn is conducive to industrial peace.

While on trade unions it is worth mentioning that white-collar unionism among the estate staff has been strong in the industry. It would not be surprising if one of the oldest white-collar unions in the country is the Estate Staffs Union of South India. Between this recognised union and the United Planters

Association of Southern India and latterly with the three State Associations also there has been continuous collective bargaining relationship over the past twenty years. Three major agreements had been negotiated during this period, in 1948, 1957 and 1965 covering all aspects of the terms and conditions of employment of estate staff.

Lest it should appear that it had all been smooth sailing and an unbroken era of industrial peace, it must be mentioned that there were the exceptional occasions when the parties had either to resort to a trial of strength or have recourse to adjudication and the courts. For instance, in Madras a major reference covering issues like wages, fringe benefits, gratuity, etc., referred to an Industrial Tribunal in 1952 was concluded by an award passed only in 1956. This was again contested by the industry in appeal before the Supreme Court and it was in 1965 that the matter was finally disposed by of the Supreme Court. What might appear as inordinate delay is, however, more apparent than real as parties resumed their collective bargaining relationships and reached an out-of-court settlement on the issues and the final order of the Supreme Court upheld the validity of the settlement which though signed by a majority of unions had been challenged by a minority. There were occasions for strike both in South India and in North India. To give one illustration, the strike which occurred in the High Range in Munnar in Kerala in October 1958 accounted for a loss of production of 9,97,902 kg. of tea which at that time would have fetched Rs. 51 lakhs in foreign exchange for the country. The pluckers alone lost Rs. 6 lakhs in wages. It may be said, however, that man-days lost on account of strikes in plantations are generally much less than those lost in the manufacturing industries in spite of the enormous size of the labour force.

It goes without saying that wages are the first and foremost issue in which labour is interested. In the years immediately following Independence wages in plantations were first determined under the Minimum Wages Act. Subsequently, the issue was referred for adjudication in some States. But eventually in most cases in spite of the reference, out-of-court settlements were reached after protracted negotiations. It was only in 1959 that opinion began to crystallise in favour of a common wage-

fixing machinery for the industry. As already stated, the subject was discussed at the Ninth Session of the Industrial Committee on Plantations in 1960 and, in the same year, in accordance with the recommendation made by the Committee, Wage Boards were appointed for the Tea, Coffee and Rubber plantation industries. The Tea Wage Board's final recommendations which were accepted by the Government of India in their Resolution dated 6th June 1966 would be effective till the end of 1970. In the case of coffee and rubber, however, the recommendations would cease to be effective on 30th June 1969 and 31st March 1969 respectively.

It was hoped that with the appointment of Wage Boards there would be an objective study of the entire wage question and fixation of wages linked to productivity and other material factors. In the event, however, the hope was belied and as happened in the case of Wage Boards for other industries there was clamour for interim wages and disputes over final recommendations. Eventually, wages for the three different industries had to be settled by the time-honoured method of horse-trading and an agreement reached between the representatives of the employers and those of the workers on the different Wage Boards. In the case of Rubber, the disputes had to be settled through conciliation under the Industrial Disputes Act. How the question of wages should be tackled on the expiry of the recommendations of the Wage Boards in the next year or two will be a major question exercising the minds of those engaged in and concerned with the industry. Besides, in view of the Payment of Bonus Act, the issue of bonus may have also to be considered afresh.

To those not familiar with the plantation industry it has to be made clear that the nominal wage rate as such should not be considered in isolation. In the first place, since the employment is on a family basis, the total family wage of the husband, wife and the working children should be taken into account. Further, the value of the various benefits like free housing, free medical facilities, free educational facilities, food concession, if any, have to be taken into account. On a proper reckoning it would be seen that the real wages or income of a plantation worker's family compares favourably with the income of an industrial worker. In some respects he may even be

better off. For instance, unlike the urban industrial worker who is contributing to the Employees' State Insurance Corporation for medical benefits, a plantation worker gets them free. That the progressive improvement in wages and working conditions of plantation labour has decidedly raised their standard of living cannot be gainsaid. It is generally acknowledged that the standard of health of the plantation worker has also progressively improved, especially after the eradication of the scourge of malaria. Vital statistics pertaining to plantation areas show that the decline in the death rate and the increase in the birth rate are more striking than the corresponding rates for other areas in the country. In fact the high birth rate is a matter of concern and naturally the promotion of Family Planning is currently engaging the attention of the industry. The recent enhancement of the maternity benefit which is patently inconsistent with the Government's avowed policy of encouraging Family Planning is no doubt a serious handicap. Nevertheless, the industry is doing its best. In Assam, considerable work has been done and the results have been encouraging. It is felt that a well-defined residential community of plantation labour is a good laboratory for trying out the great experiment of Family Planning. In some States like Madras, the employers' associations have voluntarily recommended an ex-gratia payment of up to Rs. 100 to any worker undergoing sterilisation. It is now for Government to review the entire question including maternity benefit on a realistic basis in the wider public interest and give a fillip to the efforts of the industry and private agencies for the encouragement of family planning among the plantation workers.

The welfare of plantation workers has also received the attention of the International Labour Organisation. Convention 110 (The Plantation Convention, 1958) adopted at the 42nd Session of the International Labour Conference held in June 1958 comprehensively codifies all aspects of the conditions of employment of plantation workers. There is also a parallel I.L.O. Recommendation. Although India is yet to ratify the Convention because of certain technical difficulties the overall protection offered to plantation workers coupled with the benefits of tripartite recommendations fulfils in

practice the various standards laid down by the Convention more than in most other plantation countries.

Before concluding it is pertinent to refer to one important recommendation of the International Labour Organisation concerning the protection of prices of primary commodities by international agreements. Plantation products are notoriously vulnerable to fluctuations in prices in the world market. The competition is acute and so far as India is concerned Tea and Coffee have to compete with other producing countries which have a decided advantage of lower cost of production. Haphazard and arbitrary increases in the labour cost would upset the apple-cart and maim our competitive capacity which is already in jeopardy. The future strategy for the betterment of the welfare of the plantation labour should, therefore, ensure that it is achieved without an increase in the total labour cost and without damage to the capacity of the industry. The plantation industry is perhaps one of the few industries that have been able to withstand the recession of the mid-1960s. It should be the tripartite endeavour of labour, management and Government to maintain the industry's resilience.

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41 *Improving Industrial Relations in Public Sector Undertakings*

M. K. GARG

REPORTS of strikes in Public Sector undertakings make rather unpalatable reading. In the recent past, unfortunately, such incidents have been on the increase. The situation if allowed to deteriorate unchecked, threatens to hamstring the whole fabric of future planning and economic development. Naturally, therefore, our Planners and the Government feel concerned and seek an early solution, for the nation at the present moment is bogged down with problems which seem to bristle all around.

Strike as a weapon of settling disputes between workmen and management in the Public Sector cannot be accepted as a fair method. The philosophy of strike does not fit in with the philosophy of establishing Industrial undertakings by the State, as it cuts at the very root of the concept of the public sector. The factories in the public sector have been established with the idea of social benefit at large.

A state enterprise is owned and managed not for the benefit of a few industrialists as in the case of private industry, owned by one or more individuals, but for the benefit and welfare of the nation as a whole. The motive behind establishing public-sector undertakings is not merely to earn profits as it is in the case of industries owned by private entrepreneurs. These have wider interests and are set up with the intention of realising the greatest good of the greatest number, and also helping the nation in achieving higher production, and thereby playing an important role in the economy of the country.

* From 'Industrial Times' of 15.10.1964. Used by permission.

Basically, every individual in a State-owned enterprise is a worker, though there may be differences in status and salary. Really speaking, even the General Manager is a worker. Hence, there cannot be any question of a worker acting against the interest of his co-workers. If workers at the lower level do not get any benefit, it does not in any way give credit to workers of a higher status or benefit them in any way. It is, therefore, a pity that this basic fact is not understood or realised by workmen and their leaders at large that the local management (so called) do not in any way gain by refusing the rightful claims of the co-workers. They should understand that when the persons at the top do not gain anything by refusing to entertain the reasonable demands, then there does not seem to be any reason why they would deprive the workers of their reasonable claims. Moreover, by accepting such demands of workmen they gain popularity among co-workers at no loss to themselves.

Natural Loss

Even if (for a moment) it is accepted that sometimes the workmen at the higher level do not appreciate the viewpoint or consider the demands of their co-workers reasonable, it does not follow that they should abruptly resort to strike resulting in loss of wages, loss of production, loss of man-hours and other losses without corresponding gains to any one. It is a national suffering and a national loss.

Strike vitiates the mental make-up of the workmen which affects the production even after it is called off. It takes a long time to bring back the environment for normal production. Even if the workmen gain some advantage by striking and bringing colossal loss to the nation, the attempt may be rather questionable from the larger interest of the nation. Let the workmen and their leaders think it over and decide with a cool mind, if they can ever (in any circumstance whatsoever) justify their resorting to strike in an undertaking where public money has been invested. The idea of personal gains at the cost of a great national loss is certainly anti-national and unpatriotic in any industry owned by the State. Those individuals who think in these terms are enemies of society, industry and the nation as a whole. The loss of the nation

directly or indirectly reflects on those individuals who have temporarily gained something.

Greater Responsibility

A worker in a public sector industry should realise that he has greater responsibility and dignity, for he is participating in a national enterprise for the common good of all his countrymen. This fact imposes on him a moral obligation to give of his best and maintain a high standard of discipline. Every worker participating in the national enterprise has an obligation to identify himself and his interests with the progress of the enterprise.

It is obvious that in a State-owned enterprise also there are bound to be conflicting claims, justified grievances, genuine difficulties of the workers, apparent clash of interests because the enterprise is managed by human beings having limitations, but all these differences should be resolved at a common forum. There should always be a genuine effort on the part of the local management and workmen to settle these by negotiations amongst themselves without outside interference. However, in case such a saturation point is reached that the negotiations are broken, then the Unions may take recourse to the machinery provided under Industrial Law. Though litigation is a long process no short-cut step like strike or lockout should be adopted by any party. The final award should be accepted by the parties concerned.

Union Rivalry

It is my experience that often strikes in industry take place due to union rivalries. As a result, the workers are used as pawns and they suffer the same fate as pawns generally do. Another important factor noted in this respect is that the trade unions are being guided by the persons who are least affected by the gain or the loss of the workmen, in the industry. Outside leadership of the trade unions having political or communal affiliations does not generally rightly guide workmen because they have nothing at stake and as a result some ambitious men at the helm of affairs do not lose the opportunity to exploit the workmen for gaining their personal ends.

The association of the trade unions with the political parties

and their dominating influence on the labour unions, in this country, has played a very important role in the labour troubles. In the Budget Session of the Lok Sabha, Mr. C. Subramaniam, who was then Union Minister for Steel, Mines and Heavy Engineering blamed the Government's labour policy for the labour troubles in Public Sector undertakings and he went to the extent of saying that the Congress was as much at fault as other political parties and also asserted that the party base of our trade unions was the "Original sin" to which all the parties including Congress subscribed and which led to the multiplicity of union organisations. To remedy this evil he suggested that "unless we take away the political attachments of trade unions, no progress will be possible in the Public Sector."

The party base and the political attachment of our trade unions cannot be denied. Even a glance at the history of the trade union movement in India would confirm that right from the beginning the trade union movement in India has remained subjected to the dominating influence of the country's political parties. Every labour organisation owes its origin to and continues to be nurtured and dominated by a definite political group in the country. Actually the main reason for such a tendency appears to be the use of trade unions in the national movements.

The labour movement has been closely associated with the country's independence movement and the links once established and utilised to win political freedom are now being sought to secure economic freedom. The political parties now do not want to lose their hold on trade unions because these provide a platform to spread their own ideologies and objectives. The continuing attachment of the trade unions with political parties is greatly responsible for outside leadership in the Indian trade unions which in the early stages of the growth of the trade union movement was necessitated due to many reasons such as lack of funds, lack of capable leadership and lack of education amongst the workmen within the undertaking. The outside leadership is doing more harm than good, at present, to the proper growth of labour union. I, therefore, suggest that there should be a healthy and strong trade union in every enterprise consisting solely of employees drawn from

different ranks within the enterprise. Outsiders should not be associated with such unions.

The outside leaders are usually attached to one or the other political party and they remain preoccupied with their party work as a result of which they do not pay adequate attention towards the proper development and administration of unions and thus the unions are neglected. They also do not make adequate efforts to develop internal leadership. The factors due to which outside leadership was essential do not exist any more. Now the stage has come when the outside leadership and the political parties must stay out of the trade unions. The political parties should voluntarily adopt a policy of "hands off" from the labour organisations through some kind of common understanding in all political parties. The trade unions should be left on their own to enable them to develop capacity for independent existence.

The Government policy can significantly contribute to the realisation of the above suggestions. I would propose a two-way approach to achieve this objective:

(a) To pursue vigorously the scheme of workers' education in general and the trade unionist in particular.
(b) To provide a suitable legislative measure for recognition of a single 'representative' union in an industry/area (as in the case of Bombay or M.P.) for the whole country.

The joint efforts of the Government, political parties and workmen will greatly help in the development of internal leadership, and independent trade unions. Once this is achieved labour troubles and strikes, etc., will, if not altogether, gradually be reduced.

42 *Bipartite Negotiation—When? How? Why?**

BIRES C. BOSE

INDUSTRIAL Relations, which in short can be described as relations between Employers and Employees in Industry, largely depend on the attitude of one towards the other. This attitude can be (i) The Guardian/Ward or father/son attitude; (ii) The Rule-of-thumb attitude or (iii) The Give-and-take attitude. The guardian/ward attitude implies that the employers take the role of guardian towards the employees and it, therefore, is that of a superior to an inferior. The rule-of-thumb attitude implies that the employers are the boss and the employees must implicitly and ungrudgingly abide by the employers' decisions. Either of these two attitudes used to prevail in industries in the early stages, but as time wore on and the industrial relations assumed a very important factor in respect of production, these two attitudes gradually faded away and they have been replaced by what can be described as the give-and-take attitude. This attitude implies that employers and employees have both their share of duties as well as responsibilities and on matters concerning employees' interest, they are allowed to have their say which is given adequate and proper consideration by the employers.

It will be apparent from the above that in the guardian/ward attitude and the rule-of-thumb attitude there is no scope for any negotiation with the employees or unions. It is only in the give-and-take attitude that the question of negotiation arises.

Negotiation presupposes at least two parties and is considered to be a process through which attempts are made to

* From NPC Journal—'Productivity', January-March, 1967. Used by permission.

arrive at agreements. It naturally involves proposals and suggestions made by one party followed by discussions between the parties concerned. During discussions counter proposals followed by arguments come up. The primary object of these discussions is to iron out differences which, in the beginning, may appear to be very vast. Frank discussions, mutual belief and attempts to appreciate the other party's point of view are essentials for any fruitful negotiations.

The advent of the 'agreement age' in the field of industrial relations in India has brought in its wake greater responsibility for the personnel officers. Until recently, the question of having an agreement with employees did not receive as much attention as it does today. Multiplicity or weakness of unions, rivalry among workmen, and unwillingness of some employers to negotiate with unions hindered the progress of settlements. In recent times, however, Government intervention in industrial disputes through labour laws and other tripartite machineries and codes evolved at the Indian Labour Conference, have substantially assisted in creating an atmosphere favourable to such settlements.

Negotiations may be either in connection with industrial problems or for seeking out written agreements covering various issues.

Direct negotiations between parties depend on their mutual consent. There is no legal compulsion or obligation on employers and employees to negotiate in the event of a dispute. Both the parties require to be mentally prepared to take part in a negotiation. They must have a desire to meet each other and settle an issue taking into account their mutual point of view. The contribution of a personnel officer in obtaining settlements in the industrial field is of primary importance and the part that he is called upon to perform demands outstanding abilities in the man.

When a charter of demands or an issue of general nature is received from the union, in many cases, the personnel officer is asked to comment and do the preliminary groundwork. He gives his comments on the issues, raised by the union.

If the union is not recognised he can have informal discussion with some of the representatives of workmen, in order to ascertain their viewpoints on the issues. In the case of a recog-

nised union, he can have informal discussion with the union representatives, in order to ascertain their views on different issues and to communicate the same to the management. Such informal discussions help to segregate the minor issues and enable the management to concentrate on important ones. A suitable place, date and time, on a working day and at the company's times, should be announced in time. Some employers prefer to hold meetings outside the company's premises in order to avoid unnecessary interruptions. When everything has been made ready for holding a meeting, it becomes imperative to be well armed with all facts and figures relating to the various issues to be discussed. Unpreparedness of employers and employees' representatives retards the progress of negotiations.

As the Sole Negotiator

Experts in personnel management, however, have different views regarding the appointment of personnel officers as the sole negotiator. Some are of the opinion that the personnel officer should retain a neutral position at the time of negotiation, while others feel that, being a part of the management, he should represent the management in industrial disputes, as he is expected to be management specialist in industrial relations.

The appointment of a personnel officer as the sole negotiator is not quite common as yet. There are, of course, a few firms where personnel officers have been entrusted with the task of negotiating with the representatives of workmen on both major and minor issues. Though such instances are not many, the trend is indicative of the fact that personnel officers have been able to create confidence in the management for delegation of such important responsibility.

In any event it may be worthwhile to find out what a personnel officer should do before attending a negotiation-meeting. It is necessary that he should

collect full data on different issues from departmental records concerned;

discuss implications of issues with the departmental heads and obtain their views;

arrange discussions with senior officers under the chairmanship of the person in charge of the establishment;

ascertain the final views of the management and gain an idea of the extent to which the management is prepared to go for the sake of an agreement.

After having taken the above steps he can hold meetings with his senior assistants, some of whom may even be members of the union, in order to ascertain their views on different issues and obtain their co-operation in the presentation of his case. This departmental meeting may also assist him to get indirectly an insight into the union's attitude. The assistants of his department will also feel important if they are asked to give their views whether in a departmental meeting or individually. There should also be a constant flow of information between the negotiator and the top management.

As one of Negotiating Team

As one of the team he may not have the authority to bind the company but he may be in a better strategic position than other members of the negotiating team. A good personnel officer understands an employee point of view, which may be quite different. He knows them and they usually have confidence in him and know him to be "on the square". As one of the negotiators he may act as an ambassador of the management. He is expected to be the one whose advice will matter. Whether or not he actually leads the negotiating team, he is intimately concerned with the principal facts (wage levels and differentials, bonus, leave and holidays, retirement benefits, transfer, promotion, working hours, discipline, etc.) of personnel policy as a whole and cannot by any means dissociate himself from the policy or its results. It may be argued that there are many establishments in India where the personnel officer is not given that status and he is there only to fulfil legal obligations. That, of course, makes his position difficult, but it is he himself who can turn the tables in his favour by dint of his own capabilities displayed at the bargaining table.

During recent years, the negotiating role of personnel officer is coming into prominence largely due to complexity

involved in negotiations. He is the person to keep labour statistics, and information on terms and conditions of employment in comparable concerns in the region. He is also required to give advice on legal implications of points raised during the negotiations. His informal contact with the representatives of the workmen is essential in moulding their line of approach and in removing whatever misunderstanding or misinterpretation of the company's views may arise at the negotiation.

Problems of multiplicity of unions

It may not be far from the truth if it is said that the majority of establishments are not fortunate enough to have only one union. This unfortunate position makes negotiations difficult due to rivalry among the unions mostly backed by political parties and there is hardly any unanimity in their approach to resolving the dispute. When one agrees to accept the management's offer the other union rejects it and sometimes makes fantastic counter proposals. There are, of course, a few exceptions where agreement with multiple unions had been possible.

In most of the places where more than one union exist it may be that all the unions are not recognised. Sometimes the most representative union is not recognised. Non-recognised unions are not debarred from raising a dispute. These complicate labour relations. Disputes raised by the non-recognised unions are generally handled by the Conciliation Officer as management usually refuse to sit with un-recognised unions. The Conciliation Officer, however, cannot refuse to take cognisance of the dispute raised by a registered union. In a place where only one union is recognised, the union should be persuaded to consult the un-recognised unions in matters of common interest and, if possible, it should take with it one or two representatives from the un-recognised unions for participating in the negotiations. The personnel officer can do the spade work for having such an arrangement which will certainly make negotiations easy. If such an arrangement does not materialise, management should go ahead with the recognised union and face the consequences rather than passively wait, as the latter course will only lead to deterioration of labour relations. Some may argue that such a step will embitter

the feelings of non-participating unions. But since the non-participating unions would not have majority support of the workmen if the recognised union is the representative one, holding negotiations with the representative union will lead to less trouble. The position may be a bit difficult if therepresentative character of the union is marginal or doubtful.

Negotiations

In negotiations both sides must feel the urge for coming to an agreement in order to maintain peace and cordial labour relations. The basic understanding should be that the industry will survive only if the interests of the industry, the employer, the employee, the consumer, the shareholder and the national economy are not ignored. There must be a complete agreement on the basic principles, such as, co-operation for maintenance of industrial peace and increase in productivity, acceptance of rights and responsibilities of both employers and employees, adoption of constitutional means for redress of grievances, etc. Once the principles have been agreed upon, it will become difficult for any of the parties to adopt a non-co-operative attitude. Both the parties must be tolerant and should not break off on the slightest provocation. The conditions prevalent in the industry as a whole and in other companies of the region should be considered. Otherwise, a wide gap between firms will bring constant trouble. Every issue should be viewed from the short-term and long-term arrangement. The claims of the industry, the employers, the employees, the shareholders and the consumers, should receive their due share. An agreement made between the employer and the employees should not contain such clauses which are not in conformity with the labour laws, practices and polices of the company. Personnel officers have to keep close watch on these.

If the personnel officer notices that tempers are frayed and arguments are mere criticism having no relevance, he may suggest measures such as break for tea or adjourn for the day or divert the trend of discussion. He must remain attentive and alert and contribute to the discussion which may have a sobering effect.

Negotiations may continue for days, even for months. During this process, it must be the duty of the personnel officer

to keep the management group informed of the proceedings by holding departmental meetings or joint meetings. Circulars to the departmental heads or general bulletins—daily or weekly —can be issued. Unions may resent the latter means of communication as some of the proceedings may go against the leader. Informal meetings with the union leaders may help in this regard. There must be no loose talk among the management group nor should there be among the workers. Provocative action is to be carefully avoided. Extraneous considerations should not unduly influence the line of thought and action.

After negotiation

It is frequently noticed that the immediate consequences of the failure of a negotiation are strike, go-slow, bitter relationship about trivial matters, demonstrations, intimidations, etc. Before such things are allowed to take place, attempts should be made to agree mutually on the intervention of a third party which may be the Conciliation Officer or an Arbitrator or the Tribunal. Until the dispute is settled nothing should be said or done and the status quo should be maintained as far as practicable. The personnel officer should keep in contact with the union leaders and continue to try and find out a way to solve the dispute out of court. Such contact will help to eliminate the cloudy atmosphere which usually generates after the failure of a negotiation and bring about the required co-operation in the day-to-day normal work. Tempers go sky-high after such failures but this trying time should be handled with utmost caution without aggravating the situation. Workers will cease to co-operate if the management appears to be vindictive.

Here again the personnel officer is expected to contribute a lot towards removing any misunderstanding due to any reasonable action that may be taken by the management.

When negotiation results in an agreement, a personnel officer's task is by no means over. A good agreement may become bad if it is not implemented properly. A personnel officer who should act as a "Watch Dog", must ensure that the items in the agreement are not violated. The agreement should be given due publicity in different languages preferably in a book form so that all know what the agreement contains and what each one is required to do.

It is essential that an education programme for elucidating subtle points of the agreement to the management group should be chalked out. There should be regular meetings for quite some time to discuss the implementation of the agreement. If there are defects anywhere in the implementation of the agreement, the matter should be brought to the notice of the union and a remedy sought. 'Wait-and-See' may create an atmosphere which will affect the normal operations of the establishment and personnel relations. After the signing of an agreement both the parties accept certain responsibilities and if slackness is noticed anywhere, joint discussion should be held to find out effective measures to remove any anomaly that may exist.

Constant watch is essential to eliminate any misconception held by workmen after an agreement is put into operation. In short, as agreement usually brings certain benefits—both financial and non-financial—it is imperative that both the parties accept the responsibilities and be active in implementation. After signing an agreement there develops a tendency to relax. This is dangerous and must be guarded against.

Negotiating an agreement is a very fine art and the negotiating role is the peak of the Personnel Officer's job which position has been greatly recognised in the U.K., the U.S.A. and other countries. Negotiation is only a means to an end and one of the ways by which management makes its policy effective. On the personnel officers rests a burden not only of preparing for and actually participating in or guiding the negotiations but also of the onerous task of implementing an agreement in the spirit in which it is entered into or creating conditions for further negotiations in the event of a failure.

43 *Lady Workmen Assert their Rights**

M. S. BALA

INDIA has been described as a land of paradoxes. She answers this description in relation to the treatment of women. Indian women are not lagging behind women in other parts of the world inasmuch as they have risen to such positions as those of Prime Minister, ambassador, ministers, legislators, a High Court judge, scientists, lawyers and doctors. They are now showing an increasing tendency to seek clerical jobs. Many are working as telephone operators, stenographers and even as factory workers. In spite of the unfair assertion that a woman is not capable of keeping a confidence, most confidential stenographers are women.

In the eyes of the law, there is no distinction between a man and a woman in the matter of rights and obligations. She is a workman under the Industrial Disputes Act and under other labour laws. It has now been established that for the same work, she should get the same pay as a man. She can join a trade union on the same terms as a man. In fact, there is a lady trade union leader and she was the president of an important national labour organisation. There are special provisions in the law for women. For instance, the working of women after dusk in mines underground is prohibited. Women also get maternity benefits.

When the Duke of Edinburgh visited India, one of the places of interest he was shown was the well-known Bhakra dam. He had evidently heard about the achievements of India since independence and asked, pointing to the women who were carrying basketloads of sand on their heads, "Is this your new earthmoving equipment?"

* From 'Capital' of 10.3.1966. Used by permission.

Ever since the passing of the Industrial Disputes Act, women have been busy establishing their rights. A review of some of the cases may be interesting. One relates to Ruchi Tanti and his wife, Banbashi Tanti, who were both employed as workmen in a tea estate. They were appointed independently of each other. The terms of appointment did not expressly lay down that the continuance of employment of the wife would be dependent upon the employment or non-employment of the husband. According to the standing orders of the company, a permanent workman was provided with free quarters (within the tea estate) for his residence and for his immediate dependants. Ruchi Tanti was allotted a free quarter where he lived with his wife who, though a permanent workman, was not given a separate quarter in accordance with the accepted practice.

Ruchi Tanti was dismissed from service on 21st July 1951. After his dismissal, he was evicted from the free quarters along with his wife and dependants. On 31st October 1951, his wife received a letter terminating her services and she was offered seven days' pay. A dispute arose relating to the termination of her employment and a tribunal was asked to examine if her dismissal was justified and if she was entitled to reinstatement or to any other relief.

The company's case was that she was not dismissed, but that her employment was terminated for reasons based on equity, common sense and natural justice to enable her to accompany her husband, who had forfeited his right to remain on the tea estate as a result of his own wrongs, culminating in his "just" dismissal. The company said that she was an adjunct to her husband and was dependent on him. As her husband's presence in the estate was prejudicial to its peace, order and discipline, the decision terminating her employment was *bona fide*, just, legal and proper. The union's case, however, was that she was never guilty of any offence and that she could not be considered to be an adjunct of her husband. The tribunal came to the following conclusion: "The wives or the children of the employees in a tea garden do not *ipso facto* become workmen in the company. They become workmen when so employed and even then they are only adjuncts to the workmen in regular service whose dependants they are, and they have no separate existence."

At the hearing before the Labour Appellate Tribunal, the Central Government contested the proposition and said that on the basis of the theory of the wife being an adjunct of the husband, many workers in the tea estates in Assam have been and are being discharged. "The mediaeval concept of a wife being regarded as a dependant having no separate existence of her own apart from her husband had long lost its ground with the changed conditions of society and particularly in relation to her contractual relations with outsiders. It will lead to serious anomalies in view of the modern trend of legislation which includes in its ambit the Industrial Disputes Act, 1947, if such a concept is adhered to and given effect to, when the husband and wife work independently and earn for themselves separately, though it may be for supplementing the income of each other for their maintenance or for the maintenance of themselves and their joint dependants. They are undoubtedly partners in life socially but not so in respect of their legal or contractual rights and obligations in relation to others.

No Vicarious Liability

"Admittedly, Ruchi Tanti and his wife, Banbashi, had been employed in service independently of each other. It is further admitted that the terms of their employment did not provide expressly that the employment of one could depend upon the employment of the other. As the contract of service was separate and distinct, the matter of termination of service of each must be judged on its own merit. Misconduct on the part of one cannot be imputed to the other. There cannot be any question of vicarious liability. The termination of service of the one, whatever be the mode of the termination, cannot be allowed to be the mere consequence of, or corollary to, the termination of service of the other. The observation made by the Tribunal that 'even then, they are adjunct to the workmen in regular service (meaning thereby the husbands) whose dependants they are and they have no separate existence of their own' regarded as a proposition of law cannot, therefore, in our opinion, be supported. We, therefore, dissent from the proposition thus laid down by the Tribunal."

As a result, the Labour Appellate Tribunal directed the company to reinstate Banbashi Tanti and pay her, from the

date of discharge to the date of reinstatement compensation at the rate of wages and allowances she was drawing immediately before the termination of her services. (1953, *II L.L.J.*, page 828.)

In another case, Natchatram and Lakshmi were two women workers in a tea garden in south India, Their husbands also worked with them in the tea estate but were dismissed on charges of disorderly behaviour. The management allowed them to remain in employment until such time as their husbands found other employment and on condition that the husbands did not return to make trouble. The husbands having made no attempt to find other employment and, on the contrary, having petitioned the Government against the management that they were being separated forcibly from their wives, the management was compelled to dismiss the wives. The wives also complained to the industrial tribunal that not permitting their husbands to live with them in the quarters provided by the estate was an alteration in the conditions of service applicable to them. The tribunal permitted the management to dismiss the two wives and dismissed the complaint of the wives that there had been an alteration in their terms of service. The wives appealed to the Labour Appellate Tribunal, which held that the refusal of the request of a wife employed in a tea estate to allow her husband who was dismissed for misconduct to come and stay with her in the quarters must be held to amount to alteration in her conditions of service (1954, *II L.L.J.*, page 725.) So the two wives continued to work and live with their husbands ever after.

The result of these decisions was that the wife established her right that she was not an adjunct of the husband. But if the husband lost his job in the tea garden and was allowed to remain with the wife, he became an adjunct of the wife! A tea garden being a fairly wide area, it is unlikely that the husband would get any other employment while living with his wife. This does not, however, prevent him from keeping himself busy with domestic work.

Lady Secretary—a Workman

To Miss Scott goes the privilege of establishing that a "lady secretary is a workman." The Assam Oil Company had a

secretarial office in New Delhi, with three or four employees. Miss Scott was originally in the employment of Burmah-Shell, New Delhi, as a lady secretary. Her services were lent to the Delhi representative of the Assam Oil Company in January 1954. In September 1954, Assam Oil set up its own office in New Delhi and offered Miss Scott direct employment on the same terms as she had with Burmah-Shell. Miss Scott resigned from Burmah-Shell and joined the Assam Oil Company as a regular employee in October 1954. She was confirmed on 1st September 1955. On 26th February 1957, the Delhi representative of Assam Oil warned Miss Scott in writing about her lapses and said that he did not consider her work satisfactory. Two days later her services were terminated and it was pointed out to her that she had not corrected her faults.

On 13th March 1957, she made a representation to the Conciliation Officer and ultimately her case came up before the Industrial Tribunal for adjudication. The Company urged that the dispute related to an individual, that Miss Scott was not a workman and so the Tribunal had no jurisdiction to deal with the case. The termination of her services was in terms of a contract, so the Tribunal would not be justified in interfering with it. The Tribunal answered all these points against the management and in favour of Miss Scott. The Supreme Court, to which the Company appealed, held that she was a workman and that her dispute was an industrial dispute. It also accepted the finding of the Tribunal that the dismissal of Miss Scott was not justified. Although the Supreme Court directed the payment of compensation, instead of reinstatement, the importance of this case is that Miss Scott, a lady secretary, was held to be a workman. (*L.L.J. 1960, I.* page 589.)

Workmen's Compensation

It is due to the efforts of Mrs Agnes Nanu Raman, who took her case to the Supreme Court, that the law is now clear that employment does not necessarily end with the down-tool-signal or when the workman leaves the actual workshop where he is working. (*L.L.J. 1963, Vol. II,* page 615.) The facts of the case are as follows:

The Bombay Electric Supply and Transport Undertaking

owns a number of buses and employs staff, including bus drivers, for running the services. One P. Nanu Raman was a bus driver employed by it. There are various depots in different parts of the city where buses are garaged and maintained. A bus driver has to drive a bus allotted to him from morning till evening with the necessary intervals and, for that purpose, he has to reach the depot concerned early in the morning and go back to his home after his work is finished and the bus is garaged in the depot. The efficiency of the service depends on the facility given to a driver for his journey to and from his house and the depot. Presumably for that reason, this undertaking permits a specified number of the traffic outdoor staff in uniform to travel standing in a bus without payment of fares.

On 20th July 1957, Nanu Raman finished his work for the day at about 7-45 p.m. at Jogeshwari bus depot. After leaving the bus in the depot he boarded another bus in order to go to his residence at Santa Cruz. The said bus collided with a stationary lorry parked at an awkward angle. As a result of the collision, he was thrown out on the road and injured. He died in hospital on 26th July 1957.

His widow, Agnes, filed an application before the Commissioner for Workmen's Compensation for Rs. 3,500. The death of her husband in the accident was alleged to have arisen "out of and in the course of his employment." The claim was rejected on the ground that the accident did not arise "out of and in the course of employment." The High Court upheld her claim on appeal and the Supreme Court upheld the former's decision.

Ban on Marriage

In the pharmaceutical industry in Bombay, there existed a rule that a woman workman's services were automatically terminated as soon as she got married. This rule has now been changed. International Pharmaceutics Private Ltd. is a pharmaceutical concern. A rule is in force in its packing department, according to which if a lady worker gets married, her services are treated as automatically terminated. It appears that such a rule is in force in other pharmaceutical concerns in the Bombay area. In the case of Boots Pure Drugs (India) Ltd and Sandoz Ltd., the workers demanded that such a rule

should be abrogated. In both cases, the Industrial Tribunal., Bombay, refused to abrogate it. In this case, the Tribunal having refused to abrogate the rule or, in other words, having decided that the management was justified in terminating the services of lady workers as soon as they got married, the workers went to the Supreme Court. The latter observed that such a rule did not exist in other departments of the Company nor in other industries. According to the management, the workers of the department worked in teams; this required that they should be regular, which could not be expected from married women as there was great absenteeism among them.

The Supreme Court said that the work in the department was concerned with packing, labelling and putting pharmaceutical products into phials and that the work was not arduous. The Court did not accept the management's view that because the work had to be done as a team, it could not be done by married women; not did the Court accept the statement that absenteeism among married women would necessarily be higher than among unmarried women or widows. The Court said that the only difference in the matter of absenteeism between married women and unmarried women and widows was in the matter of maternity leave, which is an extra facility available to married women and for which provision could be made by having a few extra women as leave reserve. The Court rejected the view that married women would be less efficient than unmarried women, not did it accept the argument that in other pharmaceutical concerns such a rule existed and should, therefore, be approved.

The Court was not willing to entertain the plea that the employer was free to impose any conditions in the matter of employment when he employs a new worker and that industrial agitation should not interfere with this right of the employer. The Government of India has laid down in the Indian Administrative Services (Recruitment) Rules that it may, to maintain the efficiency of the services, call upon an unmarried woman who subsequently gets married, to resign. The Supreme Court pointed out that this rule was not as drastic as the one in the pharmaceutical concern where an unmarried woman was compelled to resign immediately she got married without regard to her continued efficiency. The result, therefore, is

that this rule will be abrogated not only in the particular Company concerned but also in the whole pharmaceutical industry and, in fact, wherever it is in force.

Perhaps the decision may run counter to the Government's policy of restricting the growth of population. Nevertheless, it is worth noting that "lady workmen" are not idle, but are busy asserting their rights.

44 *Multi-Union Plants and Labour-Management Relations: A Case Study**

T. K. KARUNAKARAN

Introduction

MULTI-UNIONISM is a common disturbing feature in the Indian industrial relations scene. The interest of political parties in the trade union field is mainly responsible for this phenomenon. Research studies in this area indicate that this situation is inescapable in newly independent developing countries like India. Unfortunately, the legal framework within which our labour-management relations operate is also quite conducive to such a development. Political unionism and the consequent multi-unionism with overlapping jurisdiction and rivalries would continue to present problems in the Indian industrial relations scene for quite some time to come. These would only weaken the cause of workers, and work against peaceful and constructive labour-management relations, and consequently against the productivity and the prosperity of the nation. In this context, perhaps, one would be justified in maintaining that managements would take advantage of the situation, and political parties would be interested in perpetuating such a state of affairs. Here one would pause and ask a question: Can something be done in the interest of industrial harmony in such a situation, and is there any hope for multi-union plants to enjoy industrial peace? The answer to this question is in the affirmative. In this paper an attempt is made to support this answer by highlighting some significant features in the evolution of collective bargaining in a multi-union plant in

* From 'Indian Journal of Industrial Relations', October, 1966. Used by permission.

Kerala. Thus, this paper is mainly concerned with an account and analysis of the success story of a multi-union plant.

The Setting

The firm under study was established as a private limited company in the year 1946 with an authorised capital of ten lakh rupees for the manufacture of aluminium conductors and accessories. The plant is located in a coastal area in the Quilon district of Kerala, and went into production in 1950.

The management

The chief executive of the firm is the managing director. A general manager functions under him as the chief boss at the plant. Both of them are qualified engineers enjoying a good reputation as highly competent management executives in Kerala. The general manager is assisted by a sales manager, a general superintendent (works), and four plant superintendents. There is a personnel department headed by a superintendent who reports direct to the general manager. The managing director formulates the policies of the firm.

The employees

When the plant went into operation in 1950, there were only about a hundred employees on its rolls. But at the time of the study in 1961, there were about 505 employees. The work-force belongs to different caste groups in the State. All workers, excepting an insignificant few, were literate, had almost the same cultural background and spoke the same language. The majority of the employees were under thirty-five years of age. Seventy-one per cent of the workers belonged to the skilled category. There was only one female employee (stenographer) in the organisation.

About 20 per cent of the employees were housed in the company quarters situated very close to the plant. The other employees either had their own accommodation, or rented houses not far away from the plant. The average annual earnings of the employees have steadily risen from Rs. 833 in 1950-51 to about Rs. 3,035 in 1959-60. The employees get bonus at the rate of six months' gross earnings per year.

The Unions

The Quilon district, wherein the plant is situated, has many small industrial undertakings. This area has many years of tradition of trade union activities under the active leadership of the leftist parties, especially the Revolutionary Socialist Party (RSP). Quilon is one of the strongholds of RSP in the State.

In 1950, when the factory under study went into production, there were active trade unions in industrial undertakings in its vicinity. The proximity influence of these unions was experienced by the firm. Some of the unions tried to get the employees of this firm into their fold. The management of the plant was not happy about this development. To prevent the employees from joining any of the RSP-dominated unions, the management took the initiative in organising a company union in December 1950. As could be expected, this union received recognition from the management. To start with, there was no outside element in the union. The union placed before the management its first charter of demands in April 1951. Among other things, the charter included the question of annual bonus. With the leadership entirely in the hands of the employees, the union could not achieve much. This prompted the union to go in for outside leadership, and in December 1951, the union elected two outstanding leaders of RSP as president and general secretary. This development was not liked by the management. However, the union became strong under the new leadership, and began formulating more specific demands embodying important issues affecting the employees. But the management was indifferent to these demands.

From this period onwards labour-management relations in the firm were characterised by mistrust and suspicion, antagonism, and threats and counter-threats. The efforts of the government labour department in conciliation conferences did not yield any results. The union representatives resorted to satyagraha on the factory premises, and the management sought police intervention. The labour department continued its efforts to bring about some sort of settlement, and the parties concerned were ultimately persuaded to take a more realistic stand. The settlement arrived at proved favourable to the union. But it was alleged that the management subse-

quently started victimising the union activists, and, hence, the employees were afraid of associating themselves with the union openly. This eventually led to the extinction of this union.

The new Union

In April 1953, a new union under the presidentship of a former Congress Member of Parliament was registered. The office-bearers of the defunct association started taking active part in the new union. But the management was not in a mood to recognise the new union. The general manager even refused to meet the president of the union. The management felt that the attitude of the union towards it was hostile and unreasonable. The State Labour Commissioner came into the picture, and, strangely enough, by the end of June 1953, the general manager wrote to the president of the union informing him that the management was anxious to recognise the union in pursuance of its belief in encouraging healthy trade unionism. In spite of this anxiety claimed by the management, nothing was done in the direction of recognising the union. This naturally put the union in a very awkward position. The president of the union accused the management of severe victimisation of union leaders, and threatened direct action. Protest meetings were held. But the timely intervention of the Labour Commissioner saved the situation.

The conciliation conference convened by the Labour Commissioner brought about temporary improvement in the labour-management relations of the plant, since some of the outstanding issues were settled to the advantage of the union. But the failure of the management to implement any of the decisions taken at the conciliation conference irritated the union president. The union alleged victimisation of its office-bearers, and placed before the management additional demands regarding absorption of temporary workers, fixing of minimum salary, etc. The management refuted all the charges of the union, and asserted that it had tried its best to settle all outstanding issues by direct negotiation and conciliation. As the union was not satisfied with the attitude of the management, its leaders started satyagraha at the factory gate on the 24th April 1954, and the situation developed into a strike after five days. Immediately after the commencement of the strike, conciliation

proceedings were initiated by the Labour Commissioner. At the conciliation conference many issues were settled, and it was decided to submit certain important issues to a board consisting of a representative each of the management and the union and presided over by an independent chairman, and to accept the award of the board. A brief period of peace followed this rapprochement.

By this time the question of bonus for the financial year 1953-54 came up. The union demanded bonus equivalent to not less than fifty per cent of the total annual earnings of the employees. The management, however, declared bonus equivalent to three months' wages, the highest paid till then.

In the meanwhile, the union at its general body meeting elected a Communist member of the State Legislative Assembly as president. Two other Communist outsiders were subsequently elected as honorary members of the executive committee. Thus, the Aluminium Employees' Union came under the influence of Communist outsiders.

The company had by this time disbursed the bonus for the year ending March 1954. The union under the new leadership thought that three months' wages as annual bonus was too low, and pressed for 50 per cent of the wages as bonus. The management had to yield to this demand in a conciliation conference convened by the government labour department, and sanctioned an additional 15 days' wages as bonus.

The union under the new leadership entered into regular correspondence with the management, and the latter responded favourably. Thus, there was a marked improvement in the labour-management relations of the firm towards the end of 1954 and the early part of the following year. The joint conferences held during this period resulted in several bipartite agreements, and paved the way for future negotiations.

In May 1955, the union approached the management with a set of demands. Among other things, the union demanded seven months' total earnings as bonus for the year 1954-55. Some of the issues were settled in two joint conferences. The terms of the settlement included, *inter alia*, the following:

(*i*) a general revision of pay scales of certain categories of employees;

(*ii*) promotions to be based on length of service, experience, and proficiency;
(*iii*) revision of leave rules;
(*iv*) union to take up the responsibility of running a canteen;
(*v*) guarantee of a minimum basic monthly wage to piece rate workers;
(*vi*) free medical consultation service; and
(*vii*) annual bonus for the year 1954-55 at the rate of six months' basic salary plus dearness allowance.

The union continued to be active not only in its organisational work, but also in putting forward demands on various issues. On the 18th August 1955, it staged a token strike to protest against certain appointments made by the management. This led to conciliation, and about 14 outstanding issues were settled at the conciliation conference.

The then general secretary of the union was an employee of the company. When he went on leave in October 1955, a Communist outsider officiated for him. Immediately after taking over charge, the acting general secretary placed before the management a set of 10 demands, including some outstanding ones.

The turning-point

The management did not appreciate the attitude of the union, and expressed its inability to accede to the latter's demands. This was a turning-point in the labour-management relations in the company. The relations deteriorated and eventually led to a strike under the leadership of the Communist officials of the Aluminium Employees' Union on the 7th November 1955. The employees of the company belonging to other unions (described later) also participated in the strike. The management maintained that the strike was illegal. In a communication sent by the general manager of the company to the government Labour Officer it was stated that out of the 350 workmen, about 200 were on strike and about 2,400 mandays were lost during the week ending 12th November 1955. The management declared a partial lockout. As a result of the strike by the employees in the production departments, the company had to lay off the piece-rated workmen of the

reel making section with effect from 9th November 1955. Production against orders stood suspended, and customers had to be informed of the inability of the company to execute orders as previously scheduled. The acting general secretary of the union offered hunger strike in front of the main gate of the factory on 22nd November 1955, and this attracted much attention. Great tension and unrest prevailed in the locality.

The Labour Commissioner succeeded in convening a joint conference of the parties on the 24th November 1955 whereat almost all the outstanding issues were settled amicably. The representatives of the other unions functioning in the plant at that time were also invited to the conference. The following were some of the important provisions of the settlement:

(*i*) The management is to pay wages for the strike period up to and including 15th November 1955, and the unions are to accept this payment in full settlement of their claims in this regard.
(*ii*) The parties are to submit certain issues for arbitration by the Deputy Labour Commissioner.
(*iii*) The unions are to call off the strike and stop all direct action forthwith, and the management is to lift the lock-out and drop all disciplinary measures taken against the workers pursuant to the strike.

In contravention of the settlement, the management took disciplinary action against some employees. The union challenged this. But the management was stern. It was not happy about the Communist leadership of the union. However, the same Communist leaders continued to guide the destinies of this major union in the plant till April 1956, raising issues from time to time and attending conciliation conferences.

Some members of the union felt that the leadership failed in handling effectively the cases of the employees against whom disciplinary action was taken. Therefore, at the general body meeting held on the 19th April 1956, the union elected a lawyer Congressman as president. Consequently, the other outsiders who were hitherto active in the union left the union. However, they did not leave the scene altogether; they were only preparing the ground to start a new union.

The management appeared to be happy about the change in leadership. It was very cordial to the new president in the beginning. The union under the new leadership placed before the management a series of demands mainly relating to minor punishments. It could not, however, achieve anything substantial. The president of the union in his communications with the management started using strong and provocative language which was resented by the management. The management wanted the union to be more co-operative by giving up the threatening and provocative attitude and desisting from making unwarranted accusations against it. The Congress leader could not achieve anything significant for the members of the union, though he was responsible for organising a black flag demonstration and a public meeting to protest against the alleged policy of victimisation followed by the management. The union continued to exist without much activities.

On 22nd February 1957, a representation signed by 114 employees of the firm was sent to the management communicating the signatories' decision to resign their membership of the Aluminium Employees' Union and to join the newly formed Alind Employees' Union. The latter union was started by the Communist leaders that left the Aluminium Employees' Union. Thus, a new union under known leadership was formed in the plant. But the Aluminium Employees' Union continued to function under the same president in spite of the large-scale shift in membership.

Other unions

Besides the Aluminium Employees' Union, the following unions were functioning in the plant at the time of the study:

(*i*) Kundara Aluminium Factory Workers' Union
(*ii*) The Alind Employees' Union
(*iii*) Travancore-Cochin Watchers' and Peons' Association
(*iv*) Aluminium Industries Staff Association
(*v*) Alind Guards' Association

Kundara Aluminium Factory Workers' Union

The employees of the reel shop and the reel packing sections of the plant organised this union in May 1956 with outside

RSP leadership. The workers that had faith in the RSP leadership joined this union. The records of the government labour department showed that this union had 109 members in April 1957. This membership had risen to 211 by 1960. By the reasonable approach of the RSP leadership, the union could achieve some benefits for its members, especially for the employees in the reel shop and the reel packing sections. It remained active throughout. When the bonus issue for the year 1955-56 could not be settled by direct negotiations, the union gave notice for launching direct action. A top level conference held in the presence of the Labour Minister of the Communist Ministry evolved a solution for various outstanding issues and paved the way for a long-term agreement. In the negotiations for the long-term agreement and in the subsequent working of the agreement, the leadership of this union played a vital role.

The Alind Employees' Union

The union was registered on 14th February 1957. A Communist M.L.A., who later became the Labour Minister in the Communist Ministry in Kerala, was the first president of this union. Other important office-bearers were also Communists. It would be seen from the records of the labour department that the union had 159 members in April 1957. This indicated that immediately after the formation of this union under Communist leadership, a large number of workers joined it. It must be mentioned here that the Communist Party in Kerala was gaining popularity among the workers at that time, and in the general elections held in February-March 1957, it came into power in the State. Thus, the political climate in the State at that time was very favourable to the Communist-led union. Some members of the RSP-led Aluminium Factory Workers' Union also joined the Alind Employees' Union. The union submitted a series of memoranda of demands to the management, which culminated in a notice of direct action including strike and picketing, since negotiations and conciliation conferences failed to yield any results. But, the joint conference held on 2nd July 1957, in the presence of the Labour Minister, enabled the parties to settle outstanding issues. This union was the major force in the negotiations for the long-term agreement. The union continued to be active,

and its officials received due recognition from the management. But the "liberation struggle" in the State and the consequent dismissal of the Communist Ministry, seriously affected the influence of this union.

Travancore-Cochin Watchers' and Peons' Association

This union, registered in 1951, had its headquarters at Quilon. This was a craft union meant for watchers and peons of establishments in the Quilon town and adjoining areas. This union also was under the leadership of the same RSP leaders that guided the destinies of the Kundara Aluminum Factory Workers' Union. Some employees (works guards and office peons) of the firm who had sympathy for RSP joined this union. In April 1957, there were about 19 such employees in this union. This union also was represented at the top level joint conference held in the presence of the Labour Minister and negotiations for the long-term agreement.

Aluminium Industries Staff Association

This came into being on the eve of the long-term agreement towards the end of 1957. The membership consisted of employees working in the administrative office of the company. Some supervisors from production departments also joined this union. Excepting the president, who was a Congress leader, all office-bearers of this union were employees of the company. This union claimed that it was the only union in the plant that was quite independent of any influence from any political party. It also claimed membership of engineers, foremen, supervisors, chargemen, stenographers, clerks, peons, and drivers of the firm. It effectively participated in the negotiations for the collective agreement, and continued to be active ever since.

Alind Guards' Association

This union, meant exclusively for works guards, was formed just before the negotiations for the long-term agreement commenced in November 1957. The union was registered a day before the long-term agreement was signed. The Communist office-bearers of the Alind Employees' Union gave leadership to this union also, and represented the works guards at the

negotiations for the long-term agreement and the subsequent joint conferences.

Some observations about the unions

For quite a long time (till 1956) the Aluminium Employees' Union was the only significant trade union in the plant. Gradually, we could see the influence of political leaders in the affairs of the employees of this organisation resulting in multiplicity of unions. Trade union consciousness of the employees of this organisation was not of a high order. Instances were not lacking where persons had shifted from one union to another when the union concerned had failed to safeguard their interests. The wage levels, the amount of annual bonus, and other working conditions in the firm were very attractive, and hence the employees did not have compelling reasons to stand united under a single strong union.

Of the six unions described above, the Aluminium Employees' Union, the Kundara Aluminium Factory Workers' Union, and the Alind Employees' Union, guided by the Congress, RSP, and the Communist leadership respectively, were plant unions at the time of the study. The other three unions, namely the Aluminium Industries Staff Association, the Travancore-Cochin Watchers' and Peons' Association, and the Alind Guards' Association were more or less craft unions, and, hence, were not in need of competing with one another. The same set of outside leaders guided these unions also. Thus, the Staff Association received guidance from the Congress leadership, and the other two from RSP and the Communist Party respectively. In all, three sets of leaders belonging to three different political parties represented six different unions in this small firm employing about five hundred workers, at the negotiations for long-term agreement and the subsequent joint conferences. The same group of leaders continued to guide the unions for quite a long time. Though they belonged to different political parties, they did not seem to have taken the rivalries and conflicts of their parties into their union activities in the plant.

We have examined above the functioning of multi-unionism in the plant. So far, these unions were at the agitational level, and were struggling to consolidate and strenghten their respec-

tive positions by submitting demands, raising disputes, and going for conciliation conferences whereat they achieved some settlements to their advantage. The fact that all the unions were recognised and invited for negotiations for the long-term agreement and the subsequent joint conferences showed that the unions had succeeded to a great extent in establishing their influence in the plant. Though three different political parties were involved in the leadership and generally the unions under their influence were considered rival unions, in the history of the industrial relations of the plant there was no occasion for an open conflict among the rival unions. Nor was there any occasion for them to come together for a common cause till September 1956 when the management declared bonus for the financial year 1955-56.

The Long-Term Agreement

The immediate background

The management of the company declared bonus for the year 1955-56 at the rate of one-sixth of wages and dearness allowance. According to the managing director, the company's practice was to give 10 per cent of the gross profit, inclusive of taxes, as annual bonus. The financial year 1955-56 was claimed as a bad one in the working of the company, and this 10 per cent worked out to be only two months' total earnings. It would be necessary to recall that in the previous year the management paid annual bonus equivalent to six months' total earnings. In this context, it was only natural that all the unions expected more by way of annual bonus, and all of them persisted in their demand for at least 50 per cent of the total earnings of the year by way of annual bonus. It was a fact that during that year the financial working of the firm was adversely affected by the strike described earlier. To what extent it had been affected could not be ascertained. The management firmly asserted its inability to enhance the rate of bonus. Hence, no settlement of the issue was possible at that stage. The employees were disappointed and they gave expression to their feelings through their unions. All the unions felt that the declared bonus was inadequate

They were not in a mood to go into the financial working of the company. They maintained that they should get at least what they secured in the previous year, if not more. Some unions had other outstanding issues also to be settled. Therefore, all the unions were prepared to start agitation. Thus, the 1955-56 bonus question brought together all the unions in the plant. The management entered into prolonged correspondence with the unions mainly to explain its inability to enhance the quantum of bonus.

In the meanwhile, a Communist Ministry was formed in Kerala on 5th April 1957. With the change in the political set-up, the management's attitude also seemed to have undergone a change, which was evident from the tone of the correspondence it had with the Communist-dominated union and the way it reacted to the demands of the unions in conciliation conferences that followed. It may not be out of place here to mention that this firm has to depend on the government for many favours, and the goodwill of the party in power is of definite advantage to it. Besides, the management seemed to have anticipated the indirect patronage the unions would enjoy from the then government.

The local Labour Officer called conciliation conferences to discuss mainly the bonus issue, and the management indicated its willingness to offer an additional one month's earnings by way of bonus for 1955-56. The unions were not prepared to accept this offer. Hence, no settlement was possible. The unions desired to have a high level conference to discuss the issue. The conciliation officer reported his failure to higher authorities.

Following the failure of the conciliation conference, all the three important unions served notices on the management for launching direct action. Handbills and propaganda materials were brought out under the joint auspices of all the unions. The intention of the unions to take a strike ballot was also announced. The situation thus became very explosive.

Fortunately for all concerned, a high level conference was convened on 2nd July 1957 in the presence of the Labour Minister of the Communist Ministry. This conference was a landmark in the labour-management relations of the company.

Among other things, the parties concerned agreed to the following:

(*i*) The management agreed to pay bonus at the rate of four months' basic wages and dearness allowance to the employees for the year 1955-56 including the amount already paid as bonus.

(*ii*) It was agreed to enter into a long-term settlement on bonus for a period of three years (1956-57, 1957-58, 1958-59) subject to a ceiling of six months' basic wages and dearness allowance per year and also on other outstanding issues pending conciliation.

(*iii*) On conclusion of the long-term agreement, the management would pay an extra two months' basic wages and dearness allowance to the employees as bonus for 1955-56.

(*iv*) The personnel manager of a well-known company would act as the mediator for evolving the long-term agreement.

(*v*) The unions agreed to withdraw forthwith all direct actions for which notices had been given.

Thus, the ground was prepared for a comprehensive long-term agreement described later. The high level conference in the presence of the Labour Minister proved to be of great advantage to all the unions involved. The management too gained much as would be revealed by the subsequent discussion.

The major contributory factors

The single major factor in this situation was the availability of a highly competent and experienced mediator* who was acceptable to all the parties concerned.

In the wake of the Communist-regime in the State, the

* The mediator, after graduating in Economics and Law, started his career a a journalist, and was associated with the trade union movement in Kerala from the early days of trade unionism in the State. Thereafter, he joined the governmen in which position he helped creating tripartite industrial relations committees. H is at present associated with a manufacturing concern. He not only believes in fre collective bargaining, but devotes considerable time and energy in helping indus trial organisations in evolving healthy collective bargaining.

unions desired to have peace in the plant and did not want to embarrass the leftist government. The management also was inclined to win the goodwill of the new Ministry by granting concessions to the unions and becoming more accommodative in its approach.

The competence, the flexibility, and the progressive outlook of the managing director and the general manager largely contributed to the agreement.

The management of the firm always wanted to be in the forefront in all progressive steps in the field of industrial relations. The anxiety of the management to ensure uninterrupted production in the plant and thereby satisfy its customers by executing their orders on time, also might have prompted it to come to a long-term agreement with the unions in the plant. The financial stability enjoyed by the firm enabled it to be generous in granting many concessions to the employees.

Some special features of the union leadership deserve emphasis in this context. Excepting one or two, all the union leaders involved in the situation belonged to the same caste-group and hailed from the same locality. They had the opportunity to study and work together in the community life. In their personal lives they maintained friendly relations. They were used to meeting at the negotiation table in other industrial firms of the locality in connection with their union activities. In spite of the fact that they belonged to rival unions, there was no occasion in the industrial relations history of the plant when they came into conflict with one another. All these factors might have contributed to the development of the long-term agreement with ease even though six different unions were involved.

Highlights of the agreement

The negotiations for the long-term agreement between the management and the unions commenced in the presence of the mediator on 30th November 1957. Day-to-day meetings were held, and on 11th December 1957 the parties signed a comprehensive long-term agreement valid for three years beginning 1st January 1958. The agreement, running into 38 printed pages, contained 74 clauses under fifteen articles,

besides an annexure on the revised wage schedule. Thus, 11th December 1957 was a red-letter day for the firm.

The fifteen articles of the agreement covered: purpose and intent of the agreement, scope of the agreement, rights and responsibilities, wages, salaries and dearness allowance, bonus, recruitment and promotion, welfare amenities, retiring benefits, leave and holidays, joint consultation, grievance procedure, contract labour, general provisions, arbitration, and termination.

The provisions regarding the annual bonus were as follows:

Clause 34: *Annual Bonus:* Annual bonus for the year ended 31st March 1957 will be paid at six months' gross earnings of every workman, on an *ad hoc* basis, in full and final settlement for that year.

Clause 35: The payment of bouns on company's profits is not considered a sound or satisfactory principle by either party. It is felt by both the parties that relating bonus to production which is directly linked up with workers' effort is a better and more satisfactory principle. In consideration of the above it is agreed that bonus will not be related to company's profits, but will only be related to and paid on output.

Clause 36: The company agreed to pay annual bonus on total output of bare conductors during the bonus years 1957-58, 1958-59, 1959-60, and 1960-61 on the following basis:

(*i*) for production up to and including 2,200 tonnes of bare conductors per year	one month's gross earnings
for production in excess of 2,200 tonnes of bare conductors	one month's gross earnings for every 1,000 tonnes of such production

The above will be subject to a maximum of six months' gross earning by way of bonus.

(*Note*: The norms were established in such a way that in a normal year of working the employees could earn the maximum fixed by way of annual bonus.)

The terms of the agreement provided for facilities to the unions to collect their dues and to have their own notice boards on the premises of the factory. A detailed grievance procedure for handling day-to-day grievances of the employees was

provided in the agreement. The unions undertook not to initiate, authorise, sanction, or engage in any strike. They also agreed not to put forward any fresh demands for wages, bonus, etc., immediately after the agreement. The agreement also provided for arbitration, and named a person as the arbitrator (the Labour Adviser of another firm in the same district). In the event of this person not being available for arbitration, the State Labour Commissioner would be the arbitrator. This long-term comprehensive agreement thus ensured uninterrupted production during the period of the validity of the agreement. All concerned, especially the management, were happy at this development.

Labour-management relations

The long-term agreement opened a new chapter in the history of labour-management relations of the plant. Hostile and suspicious behaviour characterised by allegations of unfairness on either side gave way to friendly, co-operative, and understanding attitude and behaviour. The favourable atmosphere created by the negotiations and the agreement in the presence of a friendly mediator enabled the parties concerned to settle amicably all outstanding issues.

The relationship between the management and the unions improved to such an extent as to induce one of the union leaders to request the then Union Labour Minister to favour the management with a message for the special brochure to be issued by the management in connection with the signing of the long-term agreement. The management and the unions stood by their commitments and thereby ensured uninterrupted production. They could thus enhance the reputation of the organisation not only among the customers, but also among the public in general. The increased activities within the plant by rank and file union representatives, and enthusiastic participation by them in the negotiation processes were conspicuous. Joint committees and negotiation conferences brought together leaders of rival unions more frequently to the conference table. This naturally resulted in a greater understanding among the leaders of the rival unions. The union leaders could also develop greater awareness and appreciation of the difficulties of the management. More frequent contacts between outside

leaders and rank and file unionists as also between the union leaders and the management representatives helped to pave the way for a more stable relationship.

The mediator, whose personality played a vital role in bringing about the long-term agreement, evinced keen interest in the implementation of the agreement. He continued to give necessary guidance and assistance to the parties concerned in solving many of the difficulties they subsequently encountered. In the course of the working of the agreement, it was agreed by all concerned that in case the management convened a conference to discuss any issues, notice of such meetings would be given to all unions at least one week in advance, and any settlement or decisions arrived at during the course of such negotiations would be binding on all parties, irrespective of the fact whether any party was represented or not at the conference. The decisions taken would not be subsequently questioned by any union.

It must be stated to the credit of the unions involved in the situation that they did not take their political activities inside the plant.

The grievance procedure provided in the agreement had worked satisfactorily.

In general it might be stated that the terms of the agreement placed great restraints on both the management and the unions, and this has contributed to a great extent to the maturity in their outlook towards labour-management relations.

Conclusions

From the foregoing account, the following conclusions emerge:

(*i*) It is not impossible for multi-union plants to develop healthy collective bargaining provided the parties concerned have the desire and the right attitude.

(*ii*) A competent mediator, acceptable to the parties concerned, can definitely do a lot in bringing together conflicting elements and establishing peaceful and workable labour-management relations even when rival unions are involved.

(*iii*) Collective bargaining can work successfully in multi-union plants, if the unions forget their political interests in plant activities and concentrate on economic goals and aspirations of their members.

The situation described in this paper might be considered somewhat peculiar. It would be rather difficult to duplicate similar conditions and results elsewhere. But no one can deny that the experience of the plant discussed herein has some lessons to offer to employers and trade union leaders in India. We frequently hear amateurs calling for one trade union in one plant and in one industry. Though this is highly desirable, it does not seem to be a practical approach so far as India is concerned. Multiple unionism is a reality in our industrial relations system. There is no use closing one's eyes at a union that causes inconvenience. The wise thing for any management would be to face the fact and, if possible, to recognise such unions and deal with them in an endeavour to establish co-operative, peaceful, and constructive relations. When rival unions get more and more involved in the right type of adjustment with the management, as is revealed in the situation described above, they might perhaps forget about their rivalries in their activities within the plant. Eventually this may lead to the development of strong responsible trade unions which can co-operate with managements in increasing productivity and profitability of the enterprises. Hence the need to create conditions conducive to the co-existence of multi-unions, and to encourage co-operation and better understanding among themselves and between them and the managements.

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