



# **Human Resource Management**

**Employee Relations**



## **Human Resource Management**

### **Block**

### **IV**

### **EMPLOYEE RELATIONS**

#### **UNIT 14**

<b>Grievance Handling</b>	<b>1-20</b>
---------------------------	-------------

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#### **UNIT 15**

<b>Disciplinary Action</b>	<b>21-52</b>
----------------------------	--------------

---

#### **UNIT 16**

<b>Trade Unions</b>	<b>53-83</b>
---------------------	--------------

---

#### **UNIT 17**

<b>Industrial Relations, Collective Bargaining and Workers' Participation in Management</b>	<b>84-115</b>
---	---------------

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#### **UNIT 18**

<b>Quality of Work Life</b>	<b>116-140</b>
-----------------------------	----------------

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#### **UNIT 19**

<b>Quality Circles</b>	<b>141-160</b>
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#### **UNIT 20**

<b>Emerging Challenges of HRM</b>	<b>161-191</b>
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**Ref. No. HRM SLM 102021B4**

For any clarification regarding this book, the students may please write to The ICFAI Foundation for Higher Education (IFHE), Hyderabad specifying the unit and page number.

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**BLOCK IV: EMPLOYEE RELATIONS**

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The fourth block to the course on Human Resource Management deals with employee relations. The block contains seven units. The first and second units deal with grievance handling in organizations and disciplinary action. The third unit examines the importance of trade unions. The fourth unit explains the concepts of industrial relations, collective bargaining, and the workers' participation in management. The fifth and sixth units explain quality of work life and the concept and importance of quality circles. The seventh unit discusses the emerging challenges of HRM.

The first unit, *Grievance Handling*, discusses the concept and causes of grievance. The unit explains the need for having a grievance redressal procedure, and the conditions required to have an effective grievance redressal procedure. The unit deals with the steps involved in the grievance redressal procedure in general, and with reference to unionized organizations. The unit also deals with the concept of conflict resolution.

The second unit, *Disciplinary Action*, deals with the definition and concept of discipline. It discusses the aims, objectives, forms, and types of discipline. The unit explains the acts of indiscipline or misconduct, and gives out the principles required to maintain discipline. The unit explains disciplinary procedure, the approaches to discipline, and the various types of disciplinary actions.

The third unit, *Trade Unions*, deals with the definition, concept, functions, and types of trade unions. The unit discusses the methods adopted by trade unions, and the various problems faced by them. The unit also provides an idea about the effect of globalization on trade unions.

The fourth unit, *Industrial Relations, Collective Bargaining and Workers' Participation in Management*, provides an idea about the definitions and concepts of industrial relations, collective bargaining, and workers' participation in management. The unit discusses the approaches to industrial relations, and the objectives of industrial relations. It deals with the process of collective bargaining. The unit also explains the concept and purpose of workers' participation in management.

The fifth unit, *Quality of Work Life*, explains the definition and concept of quality of work life. It provides the methods that can be used to improve the quality of work life, and the benefits of such 'quality of work life programs. The unit also explains how to implement quality of work life programs effectively.

The sixth unit, *Quality Circles*, discusses the definition, concept, and importance of quality circles. It deals with the development and functioning of a quality circle. The unit discusses the various problem-solving techniques in quality circles, and ways to solve issues that arise, while implementing quality circles.

The seventh unit, *Emerging challenges of HRM* throws light on HR policies and emerging challenges. It explains how emerging challenges like Employee engagement, Leadership development, Succession planning, Emotional Agility, Retention, Exit management, Outsourcing and IT and Software challenges are met by HR professionals and how new trends and new policies are emerging in HR field.



## Unit 14

### Grievance Handling

#### Structure

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- 14.1. Introduction
- 14.2. Objectives
- 14.3. Concept of Grievance
- 14.4. Causes of Grievance
- 14.5. Need for a Grievance Redressal Procedure
- 14.6. Effective Grievance Redressal
- 14.7. Steps in a Grievance Redressal Procedure
- 14.8. Grievance Redressal Procedure in Unionized Organizations
- 14.9. Conflict Resolution
- 14.10. Summary
- 14.11. Glossary
- 14.12. Self-Assessment Test
- 14.13. Suggested Readings/Reference Material
- 14.14. Answers to Check Your Progress Questions

#### 14.1. Introduction

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In the last unit of the previous block, we have discussed occupational safety and health. In this unit, we shall discuss grievance handling.

Employees differ in terms of their needs, expectations, and behaviors. When the needs of the employees are not fulfilled or their objectives not met, there is employee dissatisfaction. This, when formally brought to the notice of the management is referred to as a grievance. The grievance redressal procedure of an organization makes it possible for employees to cite their grievances. A solution is then reached at the individual level, instead of allowing such grievances to take the shape of industrial unrest. The organization should also keep track of such grievances, so that it can verify its policies and procedures from time to time, in order to avoid similar problems in future.

This unit will discuss the concept and causes of grievance. We shall then discuss the need for having a grievance redressal procedure, and the conditions required to have an effective grievance redressal. We shall then move on to discuss the steps involved in the grievance redressal procedure, and the same in unionized organizations. Finally, we will discuss the concept of conflict resolution.

## **14.2. Objectives**

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By the end of this unit, students should be able to:

- Explain the concept of grievance.
- Identify the causes of grievance.
- Recognize the need for a grievance redressal procedure.
- State the various conditions to have an effective grievance redressal.
- Analyze the steps involved in a grievance redressal procedure.
- Evaluate the grievance redressal procedure in unionized organizations.
- Discuss the methods of conflict resolution.

## **14.3. Concept of Grievance**

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Before discussing the concept of grievance, it is important to understand the difference between dissatisfaction, complaint, and grievance. *Dissatisfaction* arises when an individual is unhappy in his/her job and when the organization does not recognize his/her objectives. This dissatisfaction gives rise to *complaints* when the individual discusses the matter with another employee in the organization, and to *grievance*, when it is brought to the management's notice.

The main cause of employee grievance is a mismatch between the goals of the management and those of the employee. The grievance of an employee might not be a major issue for the management, but for the employee, it is of great significance, as it is concerned with his/her career and future in the organization. The management should, therefore, show genuine concern and adopt a humanitarian approach, while handling employee grievances. Yet, proper care should be taken to avoid any violation of rules and regulations, as it might lead to problems for the management in the future.

## **14.4. Causes of Grievance**

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According to the National Commission on Labor, "the complaints affecting one or more individual workers with respect to their wage payments, overtime, leave, transfer, promotion, seniority, work assignment, and discharge would constitute grievances." Such grievances should be addressed immediately, through a procedure that satisfies all the concerned parties. If not, these situations might lead to industrial conflict. Following are the factors that contribute to employee grievances.

- Employee dissatisfaction, regarding compensation or various components of compensation (like incentives or benefits).



- Employee disappointment, due to the denial of a promotion or a transfer.
  - Unpleasant relationships with supervisor(s) and other colleagues.
  - Unhealthy or unsafe working conditions.
  - Job assignments, which do not match with employee aptitude or skill.
  - Lack of adequate resources to achieve job objectives.
  - Refutation of leave, overtime, or other benefits.
- 

### **Check Your Progress-1**

1. When an employee is not happy with the job and when the organization does not recognize the individual's goals, it initially leads to \_\_\_\_\_.
    - a. Dissatisfaction
    - b. Grievance
    - c. Complaint
    - d. Labor unrest
  2. A grievance is a sign of an employee's discontent, either with the job or with the organization. Grievance is usually a result of a gap between employee \_\_\_\_\_ and organizational \_\_\_\_\_.
    - a. Expectations; rewards
    - b. Disappointment; expectations
    - c. Objectives; expectations
    - d. Compensation; costs
  3. All the factors given below contribute to employee grievances, except:
    - a. Employee disappointment due to the denial of a promotion or a transfer.
    - b. Unhealthy or unsafe working conditions.
    - c. Job assignments, which match with employee aptitude or skill.
    - d. Lack of adequate resources to achieve job objectives.
- 

### **14.5. Need for a Grievance Redressal Procedure**

An organization can reap several benefits as a result of a good grievance redressal procedure. Some of these benefits are:

#### Block-4 : Employee Relations

- It helps employees to air their dissatisfaction to their supervisors (first level), rather than keep it within themselves or share it with colleagues.
- If the employees are not satisfied with the settlement at the first level, they can approach the next level.
- The grievance procedure keeps a check on arbitrary actions and thus it prevents supervisors from taking biased decisions.
- Employees have the liberty to freely express their dissatisfaction, problems, or frustrations to the top management.
- Previous knowledge and experience, captured in the grievance redressal system, helps the management, when formulating major plans, such as expansion of the plant or installation of the latest technology in the future.
- It helps to maintain pleasant industrial relations, since the grievances of employees are settled, before they take the shape of industrial conflicts.
- It helps the management gain the employees' trust and confidence.

**Activity:** Saurav Foods (SF) a marketer of organic foods based in Gurgaon, has been getting employee complaints regarding various issues, from time to time. Till now, it has been trying to resolve them in an informal manner. With the rising scale of its operations leading to an increase in the number of employees, there has also been an increase in the number and extent of employees' grievance issues. The CEO has recognized the need for a proper grievance redressal procedure to be in place. What kind of benefits do you think formulating a grievance redressal procedure at SF will have?

**Answer:**

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#### 14.6. Effective Grievance Redressal

Certain conditions have to be fulfilled, in order to have an effective grievance redressal procedure.

- The grievance redressal procedure should enjoy the trust, confidence, and respect of all the employees and the management.
- It should identify the main cause of employee grievance.
- It should resolve employee grievance at the lowest possible level.
- It should resolve employee grievance in a cordial manner.

## Unit 14: Grievance Handling

- It should resolve issues of employee grievance immediately.
- It should not result in violation of any organizational rules and policies.
- It should provide for data and information management of employee grievances.
- It should track the redressal procedure, so as to provide the current status to the employee and the management.
- It should help the management in identifying the core issues, which need to be avoided in the future.
- It should provide for unbiased and objective redressal of employee grievances.
- It should be a short and simple procedure, easy for the employees to understand.
- It should consider the legal, social, financial, and psychological aspects for an amicable settlement.

The following Exhibit 14.1 provides the details of grievance handling process at Hyundai Electric.

<b>Exhibit 14.1: Grievance Handling Process at Hyundai Electric</b>		
Hyundai Electric receives grievances from employees through various channels to remedy any violation of human rights. If the risk of violation is identified, the company pursues improvement in related areas to protect employees' human rights. In 2019, there was no case of discrimination based on nationality, age, gender, academic background, etc. reported through three channels including the employee representative body.		
<b>Channel</b>	<b>Issue</b>	<b>Case Settlement Rate (cases settled/filed)</b>
Employee representative body	Wage/benefits, institution/system, organizational culture, work hours, infrastructure, environmental safety, etc.	100% (58/58)
Intranet	HR/compensation/education, general affairs/welfare, business, safety-health, IT, etc.	100% (7/7)
Hotline	Workplace bullying, etc.	No case
Offline	Grievance	Grievances reported through dialogues with the management at each department or personal counseling <i>Contd. ....</i>

#### Block-4 : Employee Relations

		are not tallied as they are immediately processed upon reporting or delivered to the department in charge.
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Source: Adopted from [http://www.hyundai-holdings.com/\\_docs/2020\\_HE\\_IR\\_EN.pdf](http://www.hyundai-holdings.com/_docs/2020_HE_IR_EN.pdf) (Accessed on October 6th 2021)

#### 14.7. Steps in a Grievance Redressal Procedure

A grievance redressal procedure can be designed by the organization in consensus with its employees' union. There are different stages in a grievance redressal procedure. The 'model procedure for grievance redressal' as suggested by the National Commission on Labor includes the following steps.

- The employee verbally conveys his/her grievance to his/her supervisor. In case the supervisor fails to respond within 48 hours, the employee approaches the next level in the redressal procedure.
- At the second level, the employee fills up the grievance redressal form of the company and approaches his/her departmental head with it. The departmental representatives play a role in the redressal procedure from this stage. In case the departmental head is unable to reach a settlement within 3 days, the grievance reaches the next level.
- The Grievance Committee is the third level in the redressal procedure. The committee gets 7 days to settle the matter with the employee. If a unanimous decision is reached, the management has to implement it. Otherwise, the management gets 3 days to communicate its decision. In case of a failure at this stage, the grievance reaches the next level.
- In the fourth stage, the employee and the departmental representatives make an appeal to the management to review its decision. A week's time is given to the management to revise the decision, failing which the issue may be referred to the union.
- In the penultimate stage, the union tries to work out a settlement, between the grievant employee and the management. If it fails to do so, the grievance reaches the ultimate stage in the redressal procedure.
- In the final stage, a settlement is arrived at through voluntary arbitration by a third party (usually a Conciliation Officer from the state labor department). This process has to be completed within 7 days.

The industrial relations atmosphere and culture in the organization is determined by the level at which the grievance is settled. The lower the level, the better is the relationship, between the management and its employees. Grievances that are settled in the later stages of the redressal procedure would suggest unhealthy relations between the management and the employees.

**Activity:** The CEO of Saurav Foods (SF) (of the previous Activity) felt the need for a grievance redressal procedure, so that the grievances did not lead to any serious conflict, which would hamper the company's operations. It is to be noted that SF does not yet have a formal workers' union and has a tall organizational structure. What are the steps that a grievance redressal procedure in SF should follow?

**Answer:**

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### **Check Your Progress-2**

4. Future Technologies International is in the process of designing a grievance redressal system, so as to be able to win the trust of its employees and to maintain harmonious relations between employees and the management. What are the conditions that such a system should fulfill in order to be effective?
  - i. Identifies the root cause for employee grievance
  - ii. Does not violate organizational rules and policies
  - iii. Provides unbiased and objective redressal of employee grievances
  - iv. Resolves the issue at the highest possible level
  - a. Only i, ii, and iii
  - b. Only ii, iii, and iv
  - c. Only i, iii, and iv
  - d. i, ii, iii, and iv
5. In the first stage of most grievance redressal procedures, the grievance is verbally conveyed by the employee to the \_\_\_\_\_.
  - a. HR representative or the arbitrator
  - b. HR representative or the designated officer
  - c. Supervisor or the arbitrator
  - d. Supervisor or the designated officer

#### Block-4 : Employee Relations

6. The National Commission on Labor has suggested a 'model procedure for grievance redressal'. In the second step of this procedure, the employee fills up the grievance redressal form and takes it to the head of the department. The head of the department has three days to reach a settlement, failing which the grievance reaches the next level. What is the next step in this procedure?
    - a. The employee and the departmental representatives appeal to the management, to review its decision.
    - b. The grievance goes to a Grievance Committee. The committee is given seven days to discuss the issue with the employee and reach a settlement
    - c. The union discusses the issue and tries to arrive at a settlement, between the employee and the management.
    - d. A settlement is reached through voluntary arbitration by a third party, normally a Conciliation Officer from the state labor department.
  7. Soujanya is working as a software developer in Soham Computer Services Pvt. Ltd. for the past two years. In spite of her performance being highly commendable, the company is denying her a promotion. She decided to make use of the company's grievance redressal system, which had been designed in keeping with the recommendations of the National Commission on Labor. As the first step, she has just conveyed her grievance verbally to her immediate supervisor. If the supervisor does not respond, within the prescribed time limit, she would fill up a grievance redressal form and submit it to the head of the software development team. What is the prescribed time limit for the supervisor to respond?
    - a. 72 hours
    - b. 24 hours
    - c. 7 days
    - d. 48 hours
  8. The level at which grievance is \_\_\_\_\_ indicates the industrial relation atmosphere and the culture in the organization. The \_\_\_\_\_ the level, the better is the relationship between the management and the employees.
    - a. Initiated, higher
    - b. Initiated; lower
    - c. Settled, higher
    - d. Settled, lower
-

### 14.8. Grievance Redressal Procedure in Unionized Organizations

There is a difference between the grievance redressal procedure of unionized and non-unionized organizations. The union plays an active role in settling employee grievances. Following are the steps involved in grievance redressal in a unionized organization.

- The employee verbally conveys his/her problem to the supervisor/manager. If the grievance is not settled at this stage, it is taken to the next stage.
- The grievance is forwarded by the supervisor to a higher-level manager or departmental head, with a note mentioning the grievance and the failure of redressal in the first stage.
- If the decision of the higher-level manager or departmental head is not acceptable to the employee, the grievance is referred to the grievance committee, consisting of members from the union and the management. The committee may ask the employee to accept the employer's proposed settlement. However, depending on the severity of the issue, the committee may ask the employee to submit the grievance for arbitration.
- At this stage, the grievance is referred to the arbitrator, who is acceptable to both the management, as well as the employee. Based on mutual agreement between the parties, the decision of the arbitrator is considered to be the final one.

The grievance redressal procedure in non-unionized organizations, especially those belonging to the new economy sector, is based on the open-door policy and free communication channels. Employees can directly approach their superior to express any grievance. Such a grievance redressal procedure is fast and effective, and in turn leads to satisfied and motivated employees. The following Exhibit 14.2 shows how Infosys follows the redressal procedure of sexual harassment complaints.

#### **Exhibit 14.2: Handling Sexual Harassment at Infosys**

The Company's assurance to its employees towards providing a harassment-free workplace is reflected in our key initiative, ASHI (Anti-Sexual Harassment Initiative). As per the Act in India, the Company has constituted Internal Committee ("IC") in all the Development Centers of the Company across India, for redressal of sexual harassment related matters reported by women employees.

The company has a strong governance mechanism in the form of GRB (Grievance Redressal Body), to define, interpret and implement the ASHI initiative and is accountable for administering the policy centrally. GRB comprises of External Members, Internal senior members, and the Investigative Council. Infosys follows a gender-neutral approach in redressal of all such complaints.

*Contd. ....*

## Block-4 : Employee Relations

Upon receiving a sexual harassment complaint, an immediate acknowledgement is sent to the complainant and the complainant is contacted within 24 hours, before it is taken up for a formal redressal process in line with the POSH Act and company's policy on Anti-Harassment. The company follows a stringent internal timelines of 45 days for closure of such concerns. Complaints received are classified and appropriate disciplinary action is taken ranging from a warning to termination of employment, as the case may be.

*Adopted from <https://www.infosys.com/about/corporate-responsibility/social/employee-wellbeing/resolution-hubs.html> (Accessed on October 6th 2021)*

**Activity:** Pramod has recently joined Angela Engineering Works (AEW). Previously, Pramod had 2 years of experience in a similar company. AEW promised him a better job profile and a higher salary than that he was getting in his earlier job. Although AEW was a new company and not much was known about it, Pramod found the offer attractive and joined the organization. However, within five months of joining, Pramod realized that his manager had a grudge against him and was not assigning any major responsibility to him on the pretext that he was new to the company. He reported the matter to the Departmental Head for redressal. What do you think would be an appropriate approach to resolving this issue and arriving at an amicable solution to Pramod's grievance?

**Answer:**

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### 14.9. Conflict Resolution

Grievances result in conflicts, if there is a lack of congruency, between the objectives and expectations of the management, the employees, and the union. Thus, there is a need for compatibility, between the objectives and the expectations of the organization and the individual employees, to ensure the smooth and effective functioning of organizations.

Traditionally, conflicts in organizations were suppressed or eliminated. Behavioral scientists believed that conflicts, when exposed and solved, would



benefit the individuals, as well as the organization. The contingency approach to conflict management proposed that conflicts could be good, as well as bad, depending on the situation. It was believed that constructive conflicts could prove to be productive and advantageous for the organization.

Despite the fact that conflicts can be dealt with in several ways, there are seven primary ways in which people respond to it. These are mentioned briefly in Table 14.1.

**Table 14.1: Methods of Conflict Resolution**

Methods	Outcome
Avoidance	People who hate confrontations, withdraw from the conflict situation, rather than face it. Such individuals are usually sensitive to their own feelings and also to others' feelings.
Accommodating	The parties sacrifice their own interests, to reach an amicable settlement.
Win/Lose	Conflict is considered as a competition. People force their interests and ideas onto others by using force, bribery, or punishment. The inter-personal relationships suffer in the process.
Arbitration	The parties might try to reach a settlement, through mutual consent or an outside party, called the arbitrator, resolves the conflict and issues a decision, which is considered to be the final one.
Mediation	An outside party mediates and helps the two parties reach a mutual settlement.
Compromise	Both the parties compromise on certain aspects to reach an acceptable settlement. Such situations might lead to problems in the future, as each party might feel that it has compromised, more than the other.
Problem solving	An open exchange of information takes place so that differences between both the parties can be resolved, to result in a win-win solution. Both the parties support and respect each other's values. Relationships are maintained and often enhanced in such situations.

#### Block-4 : Employee Relations

**Activity:** Rakesh is an employee at Aranya Creative Solutions. Despite having a good performance record, he was ignored for periodical incentives and denied leave at times, when he needed them most, although other members of his team were granted leave. Initially, Rakesh discussed this with his colleagues and then also spoke about it to his manager, but to no avail. This grievance ultimately resulted in a serious conflict, between Rakesh and his boss. The departmental head encouraged both parties to resolve the issue using the ‘problem-solving’ approach to conflict resolution. What does this approach entail? Briefly explain some of the other methods of resolving conflicts, which the departmental head may have suggested.

**Answer:**

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#### **Check Your Progress-3**

9. In a unionized organization, if the grievance committee, constituted by members from both the \_\_\_\_\_ and \_\_\_\_\_, is not able to resolve the matter, the grievance is referred to the arbitrator who takes the final decision.
  - a. Government, management
  - b. Union, department
  - c. Employees, Government
  - d. Union, management
10. The final step in the grievance redressal procedure in unionized organizations is when the grievance is referred to the \_\_\_\_\_, who should be acceptable to both the management and the employee.
  - a. Union leader
  - b. Human resource manager
  - c. Arbitrator
  - d. Member of the Board of Directors
11. If there is incompatibility in the goals and expectations of the management, the employees, and the union, then grievances might result in \_\_\_\_\_.
  - a. Arbitrations

- b. Conflicts
  - c. Lock-outs
  - d. Amicable settlements
12. Behavioral scientists recommend that conflicts should be \_\_\_\_\_ and \_\_\_\_\_ for the benefit of the individual as well as the organization.
- a. Suppressed, eliminated
  - b. Aggravated, avoided
  - c. Subdued, eliminated
  - d. Uncovered, worked through
13. According to the contingency approach to conflict management, each conflict is \_\_\_\_\_.
- a. Good and productive
  - b. Bad and counterproductive
  - c. Good or bad, depending on the situation
  - d. Good or bad, depending on its inevitability
14. Grievances of the employees, if not dealt with immediately, can hamper the work progress in an organization by leading to conflicts. \_\_\_\_\_ is **not** a primary way in which conflicts may be ideally dealt with.
- a. Accommodation
  - b. Suppression
  - c. Arbitration
  - d. Problem solving
15. In the \_\_\_\_\_ method of resolving conflicts, between the organization and the individual employee, one party takes an upper hand and forces its interests and ideas onto others, often using force or compulsion.
- a. Withdrawal and retreat
  - b. Compromise
  - c. Problem-solving
  - d. Win/lose
16. The \_\_\_\_\_ response to a conflict, involves both the parties meeting 'halfway', in order to reach a commonly acceptable settlement.
- a. Problem-solving
  - b. Compromising
  - c. Arbitration
  - d. Accommodating

#### Block-4 : Employee Relations

17. \_\_\_\_\_ is the conflict resolution method, in which a third party intervenes in the conflict, and gives a final decision for settlement that is binding on both the conflicting parties.
- Avoidance
  - Accommodation
  - Arbitration
  - Mediation
18. People who hate confrontations that might lead to anger, sarcasm, rejection, and unpleasantness, adopt this strategy for conflict resolution. Name the strategy.
- Avoidance
  - Win-lose
  - Arbitration
  - Problem solving

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#### 14.10. Summary

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- The grievance redressal procedure of an organization makes it possible for the employees to cite their grievance and a solution is reached at the individual level, instead of the grievances being allowed to take the shape of industrial unrest.
- Several factors like employee dissatisfaction, harmful working conditions, unpleasant relationships with supervisor(s) and colleagues, etc., contribute to employee grievances.
- Several benefits can be reaped by an organization, as a result of its grievance redressal procedure. A good grievance redressal procedure will help in winning the trust and confidence of the employees and result in maintaining harmonious industrial relations.
- Certain conditions are necessary for having an effective grievance redressal procedure. An effective grievance redressal procedure, helps in identifying the root cause for employee grievance, resolves the issue at the lowest possible level, in an amicable manner, and without any delay.
- There is a difference between the grievance redressal procedure of unionized and non-unionized organizations. In unionized organizations, the union plays a very important and active role in dealing with and settling employee grievances. The informal culture at new economy sector organizations discourages bureaucracy and facilitates a smooth grievance redressal procedure.

- There are seven primary ways in which people respond to conflicts. These are avoidance, accommodating, win/lose, arbitration, mediation, compromising, and problem solving. The outcome of the conflict depends on the conflict and its resolution.

#### 14.11. Glossary

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- **Accommodating (Method of Conflict Resolution):** The parties sacrifice their own interests to reach an amicable settlement.
- **Arbitration (Method of Conflict Resolution):** The parties might try to reach a settlement, through mutual consent or an outside party, called the arbitrator, resolves the conflict and issues a decision, which is considered to be the final one.
- **Avoidance (Method of Conflict Resolution):** People who hate confrontations, withdraw from the conflict situation, rather than face it. Such individuals are usually sensitive to their own feelings and also to others' feelings.
- **Compromise (Method of Conflict Resolution):** Both the parties compromise on certain aspects, to reach an acceptable settlement. Such situations might lead to problems in the future, as each party might feel that it has compromised more than the other.
- **Conflict:** Grievances lead to conflicts, if there is a lack of congruency between the objectives and expectations of the management, the employees, and the union.
- **Grievances:** Dissatisfaction arises when an individual is unhappy in his/her job and when the organization does not recognize his/her objectives. Dissatisfaction gives rise to complaints, when the individual discusses the matter with another employee in the organization, and to grievance when it is brought to the management's notice.
- **Mediation (Method of Conflict Resolution):** An outside party mediates and helps the two parties, reach a mutual settlement.
- **Problem solving (Method of Conflict Resolution):** An open exchange of information takes place, so that differences between both the parties can be resolved, to result in a win-win solution. Both the parties support and respect each other's values. Relationships are maintained and often enhanced in such situations.
- **Win/Lose (Method of Conflict Resolution):** Conflict is considered as a competition. People force their interests and ideas onto others by using force, bribery, or punishment. The inter-personal relationships suffer in the process.

### **14.12. Self-Assessment Test**

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1. Grievances, if not dealt with immediately and in accordance with a procedure that secures the respect of all parties, can result in industrial conflicts. What are the possible causes of employee grievance? Why is it necessary for organizations to have a grievance redressal procedure?
2. Certain conditions are necessary for having an effective grievance redressal procedure. Discuss these conditions.
3. The grievance redressal procedure in a unionized organization is quite different from that in a non-unionized organization. Substantiate.
4. Conflict is dealt with in different ways and there are seven primary ways in which people respond to it. What are the different ways in which conflicts may be resolved?

### **14.13. Suggested Readings/Reference Material**

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1. Vikrant Verma. "Human Resource Planning & Development", THAKUR PUBLICATION PVT.LTD, January 2020
2. Gary Dessler & Biju Varkkey Human Resource Management. Pearson Education; Sixteenth edition, 2020
3. Pravin Durai. Human Resource Management. Pearson Education, 2020
4. Case Studies in Human Resource Management. Dreamtech Press, 2020
5. L M Prasad. Human Resource Management. Sultan Chand & Sons, 2018
6. K. Aswathappa. Human Resource Management: Text and Cases. Tata McGraw Hill, 2016.

### **14.14. Answers to Check Your Progress Questions**

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Following are the answers to the Check Your Progress questions given in the Unit.

#### **1. (a) Dissatisfaction**

When an employee is not happy with the job and when the organization does not recognize the individual's goals, it leads to dissatisfaction. This dissatisfaction leads to complaints, when an individual discusses it with another employee in the organization. When the dissatisfaction related to the work is brought to the notice of the management, it becomes a grievance.

#### **2. (a) Expectations; rewards**

The gap between employee expectations and organizational rewards, normally leads to a grievance. Grievance can be defined as

“dissatisfaction or feeling of injustice in connection with one’s employment situation that is brought to the notice of the management”.

**3. (b) Job assignments, which match with employee aptitude or skill.**

All the statements are true regarding the factors that contribute to employee grievances in organizations, except option ‘b’. Employees may feel dissatisfied if their job assignments do not match with their aptitude or skill. This may in turn lead to grievances.

**4. (a) Only i, ii, and iii**

The following conditions are necessary for grievance redressal procedures: Enjoys the trust, confidence and respect of all the employees and the management; identifies the root cause for employee grievance; resolves the issue at the **lowest** possible level; resolves the issue in an amicable manner; resolves the issue without any delay; does not result in any violation of organizational rules and policies; provides for data and information management of employee grievances; tracks the redressal procedure to provide the current status to the employee and the management; helps the management to identify the core issues, which need to be avoided in future; provides unbiased and objective redressal of employee grievances; is a short and simple procedure that can be easily understood by all the employees; and considers the legal, social, financial and psychological aspects for an amicable settlement.

**5. (d) Supervisor or the designated officer**

The first stage in grievance redressal is usually handled by the supervisor or the designated officer.

**6. (b) The grievance goes to a Grievance Committee. The committee is given seven days to discuss the issue with the employee and reach a settlement**

According to the ‘model procedure for grievance redressal’ suggested by the National Commission on Labor, in the second step an employee fills up the grievance redressal form and approaches the head of the department with it. The departmental representatives play a role in the redressal procedure, from this stage. The head of the department has three days to reach a settlement, failing which the grievance reaches the next level. The third level in the redressal procedure is the Grievance Committee. The committee is given seven days to discuss the issue with the employee and reach a settlement. In case of a unanimous decision,

#### **Block-4 : Employee Relations**

the management has to implement it. Otherwise, the management is given three days to communicate its decision. In case of a failure at this stage, the grievance is taken to the fourth stage.

#### **7. (d) 48 hours**

The National Commission on Labor has suggested that in the initial or the first stage, the employee conveys the grievance verbally to his/her supervisor (or the designated officer). In case the supervisor fails to respond within the prescribed time limit of 48 hours, the employee proceeds to the next level in the redressal procedure.

#### **8. (d) Settled, lower**

The level at which the grievance is settled, indicates the industrial relations atmosphere and the culture in the organization. The lower the level, the better is the relationship, between the management and the employees.

#### **9. (d) Union, management**

In a unionized organization, the employee, at first approaches his/her supervisor and conveys the problem, verbally. In the second step, if the employee is not satisfied with the settlement with the supervisor, the supervisor forwards the grievance to a higher-level manager. The third step, the grievance is referred to the Grievance Committee, which consists of members from the union and management. Failure at this stage, takes the matter to the arbitrator.

#### **10. (c) Arbitrator**

In some cases, based on the severity of the issue to be resolved, the Grievance Committee might ask the employee to submit the matter for arbitration. The arbitrator should be acceptable to both the management and the employee. Both the parties may agree beforehand that the decision of the arbitrator is final and that they would abide by it.

#### **11. (b) Conflicts**

If there is incompatibility in the goals and expectations of the management, the employees, and the union, then grievances might result in conflicts. For an organization to work smoothly and effectively, there is a need for goal congruence and expectation match, between the organization and individual employees.

#### **12. (d) Uncovered, worked through**

Traditionally, any conflict that arose was suppressed or eliminated. However, behavioral scientists recommend that conflicts should be



uncovered and ultimately worked through, for the benefit of the individual as well as the organization.

**13. (c) Good or bad, depending on the situation**

The contingency approach to conflict management opines that a conflict can be both good and bad, depending upon the situation. It is believed that a constructive conflict can prove to be productive and advantageous for the organization.

**14. (b) Suppression**

A traditional way of dealing with conflicts was to suppress them. The seven primary ways conflicts may be ideally dealt with are: avoidance, accommodation, win/lose, arbitration, mediation, compromise, and problem solving.

**15. (d) Win/lose**

In the win-lose method of resolving conflict, one party takes an upper hand and forces its interests and ideas onto others. In the avoidance (withdrawal and retreat) method, the less dominant party withdraws from the conflict rather than facing it. In the problem-solving method, an open exchange of information takes place so that differences between both the parties can be resolved to result in a win-win situation. In the compromising method, bargaining is done to arrive at a commonly acceptable position.

**16. (b) Compromising**

Compromising involves both the parties meeting 'halfway', in order to reach an agreement. Each party makes a few compromises to reach a commonly acceptable settlement.

**17. (c) Arbitration**

The conflict resolution method in which a third party gives its decision that is binding on both the conflicting parties is arbitration. Avoidance is the strategy adopted by people, who hate confrontations that might lead to anger, sarcasm, rejection and unpleasantness. Accommodating people suppress their needs, opinions, and feelings, sacrifice their own interests, in order to resolve the conflict in an amicable manner. In mediation, an outside party mediates and helps the two parties reach conciliation.

**18. (a) Avoidance**

Avoidance is a conflict resolution strategy, which is adopted by people, who hate confrontations that might lead to anger, sarcasm, rejection,

#### **Block-4 : Employee Relations**

and unpleasantness. In the win-lose method of conflict resolution, the outcome is usually an organizational battle in which inter-personal relationships suffer. One party takes an upper hand and forces their interests and ideas onto others. In the arbitration method, an outside party is involved to resolve the conflict in an unbiased and objective manner. Problem-solving is an ideal method of conflict resolution where both the parties emerge as winners.

## **Unit 15**

### **Disciplinary Action**

#### **Structure**

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- 15.1. Introduction
- 15.2. Objectives
- 15.3. Definition and Concept of Discipline
- 15.4. Aims and Objectives of Discipline
- 15.5. Forms and Types of Discipline
- 15.6. Acts of Indiscipline or Misconduct
- 15.7. Principles of Maintaining Discipline
- 15.8. Disciplinary Procedure
- 15.9. Approaches to Discipline
- 15.10. Types of Disciplinary Action
- 15.11. Summary
- 15.12. Glossary
- 15.13. Self-Assessment Test
- 15.14. Suggested Readings/Reference Material
- 15.15. Answers to Check Your Progress Questions

#### **15.1. Introduction**

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In the previous unit, we have discussed grievance handling. In this unit, we shall discuss disciplinary action.

Disciplinary problems are caused by employees, who do not adhere to the rules and regulations of the organization. The task of managing sensitive indiscipline-related problems in an organization, vests with the human resource manager. The act of indiscipline has to be dealt with carefully and at the earliest, since it may affect the performance and morale of the entire workgroup.

This unit will discuss the definition and concept of discipline. We shall then discuss the aims, objectives, forms, and types of discipline. We shall then move on to discuss the acts of indiscipline or misconduct, and study the principles required to maintain discipline. Finally, we shall discuss disciplinary procedure, the approaches to discipline, and the various types of disciplinary action.

## Block-4: Employee Relations

### 15.2. Objectives

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By the end of this unit, students should be able to:

- Define and explain the concept of discipline.
- Reproduce the aims and objectives of discipline.
- Discuss the forms and types of discipline.
- Recognize the various acts and causes of indiscipline or misconduct.
- Evaluate the principles that have to be adhered to in the maintenance of discipline.
- Analyze the different stages in the disciplinary procedure of an Indian organization.
- Identify the three main approaches to discipline, namely, incorrect discipline, preventive discipline, and positive discipline.
- Classify the various types of disciplinary action.

### 15.3. Definition and Concept of Discipline

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Discipline takes place due to employer's dissatisfaction of employees. Discipline refers to a condition or attitude, prevailing among the employees, with respect to rules and regulations of an organization

According to Earl R. Bramblett, discipline refers to the "orderliness, the opposite of confusion. It does not mean a strict and technical observance of rigid rules and regulations. It simply means working, cooperating, and behaving in a normal and orderly way, as any responsible person would expect an employee to do".

Employees should adhere to the rules and regulations, laid out by the organization, with respect to order and discipline. But there are some employees, who indulge in acts of indiscipline and the organization is therefore under compulsion to take necessary steps against them, so as to discourage such behavior. Most of the companies have the code of conduct principles for all the employees. The companies ensure that the employees are aware of the code of conduct. Disciplinary actions are taken for violation of this code of conduct. For instance, Unilever mentioned in its code of conduct that any failure to comply with the Code and any of the Code Policies of the company is taken very seriously by Unilever and may result in disciplinary action, including dismissal and legal action.<sup>1</sup>

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<sup>1</sup> [https://www.unilever.com/Images/4394-cobp-code-policies-booklet-external.v12\\_tcm244-480369\\_en.pdf](https://www.unilever.com/Images/4394-cobp-code-policies-booklet-external.v12_tcm244-480369_en.pdf) (Accessed on October 6th 2021)

Disciplinary action is taken against those employees, who fail to meet the obligations toward their job and the organization. The main objective of disciplinary action is to make an employee conform to the rules and regulations of the organization.

In the absence of strict disciplinary measures, employees may be habitually late for work, ignore safety procedures, act rude to customers or engage in unprofessional conduct with co-workers. They may, in short, engage in behaviors that are intolerable and highly prohibitive. Of course, it is true that true discipline is not a matter of rules and regulations alone. It is largely educational because it changes the very attitude of the workers towards their work and workplace.

#### **15.4. Aims and Objectives of Discipline**

There are certain aims and objectives of discipline. These are:

- Ensuring and enabling the employees to work, as per the organizational rules and regulations
- Ensuring that employees adhere to the organizational processes and procedures, despite their different personalities and behaviors
- Providing a direction to the employees and fixing responsibilities
- Enhancing the organization's performance, by improving the efficiency of each employee
- Maintaining a sense of orderliness and conformity to organizational rules in the employees
- Maintaining common feelings of trust and confidence in the employees, toward each other and also toward the management

Capable and knowledgeable supervisors create awareness in employees about the need to maintain organizational discipline and the implications of indiscipline. These supervisors should not force the employees to be disciplined, as it may lead to resistance. The success of any disciplinary procedure depends on the cooperation of both the employer and the employee, and the faith and trust they have in each other. This in turn would help them in accomplishing the organizational goals.

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#### **Check Your Progress-1**

1. Organizations take measures to motivate employees, so that they adhere to accepted norms of responsible employee behavior. In cases where such measures are not enough, some degree of \_\_\_\_\_ may be required.
  - a. Job analysis
  - b. Disciplinary action

#### Block-4: Employee Relations

- c. Performance appraisal
  - d. Grievance handling
2. An employee is subjected to disciplinary action, when he fails to meet some obligations towards his job or the organization. The **primary** objective of disciplinary action is \_\_\_\_\_.
- a. To ensure that employees conform to the rules and regulations of the organization
  - b. To provide direction to the employees and fix responsibilities
  - c. To maintain common feelings of trust and confidence in the employees, towards each other and towards the management
  - d. To ensure that employees follow organizational processes and procedures, in spite of their different personalities and behavior
3. The success of any disciplinary procedure depends on the cooperation of the \_\_\_\_\_ and the \_\_\_\_\_. This will eventually lead them toward accomplishing organizational goals.
- a. Management; board of directors
  - b. Employer; employee
  - c. Human resource manager; subordinate
  - d. Organization; society

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#### 15.5. Forms and Types of Discipline

There are two ways of achieving discipline among employees — through rewards or through penalties. Accordingly, discipline can be categorized as:

- Self-imposed or positive discipline
- Enforced or negative discipline

Motivating employees through rewards, appreciation, constructive support, reinforcement, or approved personnel actions to conform to organizational rules and regulations, is termed as *positive discipline* (also known as cooperative discipline or determinative discipline). Self-discipline and self-control are emphasized through positive discipline, since the employees readily cooperate to maintain discipline in the organization.

If the employees are forced to abide by the organizational rules and regulations by inducing fear in them, it is termed as *negative or enforced discipline*. Techniques like reprimands, fines, lay-offs, demotions, or transfers are used in negative discipline. Using such techniques, however, will help in partially

meeting the performance standards. Negative discipline should be used only in extreme situations.

### **15.6. Acts of Indiscipline or Misconduct**

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Indiscipline means disorderliness, insubordination and not following the rules and regulations of an organization.

Acts of indiscipline or misconduct erode an organization's image and lead to employee unrest. Such acts, if not tackled immediately, can lead to disciplinary problems. There are three types of disciplinary problems, namely minor infractions, major infractions, and intolerable offences.

- **Minor infractions:** These are acts of misconduct that cause very little harm, but if neglected, they can accumulate and result in serious problems for the organization. Coming chronically late to work is an example of a minor infraction.
- **Major infractions:** These are acts of misconduct that interfere with the orderly operation of the organization and affect the morale of the employees. Stealing, violating safety norms, etc., are examples of major infractions.
- **Intolerable offences:** These are acts of misconduct that can cause serious harm and damage to the organization. Smoking in the workplace, where inflammables are stored, taking drugs while working, etc., are examples of intolerable offences.

The basic acts of indiscipline in an organization can be categorized as:

1. **Attendance:** This relates to the misuse of leave facilities, tardiness, and absenteeism. This is more prevalent among unskilled/ semi-skilled workers and employees at the junior management level. Attendance problems may be attributed to incompatibility between employee and organizational goals, personality traits of an employee (like attitude toward work), unpleasant relationships with supervisor(s) and co-workers, and guaranteed job security resulting in a relaxed and complacent attitude.
2. **On-the-Job Behavior:** Any behavior of the employee (carelessness, abuse of alcohol and drugs, sexual harassment, or fighting with co-workers), which hampers the work of the individual or disturbs the performance of other employees, should be subject to disciplinary action. Such acts of indiscipline violate the organizational rules and may be due to lack of proper upbringing and education, work-related pressures and strained relationships, and an individual's general attitude and personality.
3. **Dishonesty:** Dishonesty creates distrust among the employees and also between the management and the employee. Acts of dishonesty involve cheating, spying, stealing or misusing organizational resources, working

#### Block-4: Employee Relations

below potential, etc. These acts of indiscipline may be due to social and economic pressures, lack of proper upbringing and education, an employee's personality traits, and biased and subjective performance evaluation systems.

4. ***Activities that are harmful for the organization:*** These include all such activities of the employees (like strikes, lockouts, etc.) that either affects their on-the-job performance, or the organization's image. Unauthorized strikes, criminal activities, working for a competitor, bad-mouthing the organization, and questioning the organization's key values in public, are examples of such activities. Apart from these, disciplinary actions can also be taken against employees when their off-the-job behavior becomes an embarrassing issue for the organization. Some of the off-the-job behaviors that attract disciplinary actions may be:
- Any remarks/comments against the company by employee in social media that affects the reputation of the company.
  - Employee found using prohibited drugs.
  - Employee found guilty in court of law.
  - Employee found working for the competitor of the company as a part-time or otherwise, with or without pay, without the notice to the company.

Employee found involving in activities that are detrimental to the interest of the nation as also the organization in which he/she is working.

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#### **Check Your Progress-2**

4. In order to motivate employees to conform to organizational rules and regulations through positive discipline, \_\_\_\_\_ should not be used.
- a. Rewards
  - b. Appreciation
  - c. Constructive support
  - d. Reprimand
5. Developing mutual respect for each other and for the organizational rules and procedures among employees happens, when they understand and believe that these rules and procedures will contribute to the achievement of both organizational goals and their personal goals. Positive discipline is also known as \_\_\_\_\_ discipline.
- a. Imposed
  - b. Cooperative
  - c. Enforced
  - d. None of the above



6. What is/are the technique/s used by an organization in order to force the employees to follow the rules and regulations of the organization?
  - i. Constructive support
  - ii. Rewards
  - iii. Reprimands
  - iv. Demotions
  - a. Only i and iii
  - b. Only ii and iii
  - c. Only ii and iv
  - d. Only iii and iv
7. The Production Head at a car manufacturing plant severely reprimands any employee, who is seen loitering aimlessly or chatting during the production hours. The employees fear him and make sure that they are not seen when they waste their work-hours. The Production Head's approach is an example of \_\_\_\_\_.
  - a. Positive discipline
  - b. Enforced discipline
  - c. Self-imposed discipline
  - d. Corrective counseling
8. Rajesh works as a data entry operator in a small firm. Everyday he reaches office ten minutes late. This act of misconduct of Rajesh can be classified as a/an \_\_\_\_\_.
  - a. Minor infraction
  - b. Major infraction
  - c. Intolerable offence
  - d. Disciplinary action
9. \_\_\_\_\_ - related problems, one of the major types of problems encountered in organizations, relates to misuse of leave facilities, tardiness, and absenteeism.
  - a. On-the-job behavior
  - b. Attendance
  - c. Dishonesty
  - d. Incongruence
10. Sunil Kumar works as a chartered accountant in an MNC. Although he is very efficient, he is absent from work for at least six to seven days in a month. Which of the following could be the reasons for such attendance-related problems?

#### Block-4: Employee Relations

- i. Attitude toward work
  - ii. Ensured job security leading to a relaxed approach and lack of interest in the job
  - iii. Congruence between employee goals and organizational goals
  - iv. Unpleasant relationships with supervisors
  - a. Only i, ii, and iii
  - b. Only i, ii, and iv
  - c. Only i, iii, and iv
  - d. i, ii, iii, and iv
11. Dishonesty brings in distrust among the employees and between the management and the employees. Which of the following are the **usual** reasons for dishonesty?
- i. Biased and subjective performance evaluation systems
  - ii. Social and economic pressures
  - iii. Ensured job security
  - iv. Lack of proper upbringing and education
  - a. Only i and ii
  - b. Only i, ii, and iv
  - c. Only ii, iii and iv
  - d. Only iii and iv

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#### 15.6.1 Causes of Indiscipline and Misconduct

Indiscipline is related to disorderliness at work and non-conformity to the prescribed rules and regulations of the management. Following are some reasons for such indiscipline.

- Incompatibility between an employee's educational qualifications and job
- Strained relationships with supervisors or with colleagues
- Improper or biased assessment of the employees and their performance
- An inefficient, ineffective, and closed-door grievance redressal procedure
- Loss of trust among the employees or in the management
- Lack of proper education and upbringing of the workers
- Improper or inconvenient working conditions
- Ambiguous working responsibilities and organizational policies and procedures
- Social and economic pressures or compulsions, outside an organization's purview

Most of the reasons for indiscipline listed here are internal to the organization. Some are personality specific, while some are external factors like social and economic pressures. It is therefore, imperative to have the right organizational culture and a good manager to guide and help employees to fulfill their tasks in a disciplined manner. Employees, at the same time, should be cooperative and should exhibit an equal sense of responsibility to maintain discipline.

**Activity:** Prajjal works as a regular employee in a small software firm. He has been with the company for the last 4 years and has earned a good reputation in the company with his regularity and consistent performance. Until recently, he was also popular among colleagues for his sense of humor. However, over the past couple of months, Prajjal's attitude toward his work and behavior toward colleagues has changed drastically. His colleagues have noticed that he is aloof and is doing his work half-heartedly. The Project Manager too has noticed this and has asked Prajjal's team leader to speak to him and find out the reason(s) for this. What, in your opinion, could be the possible causes for such a change in attitude in Prajjal?

**Answer:**

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### **15.7. Principles of Maintaining Discipline**

The formulated disciplinary procedure in an organization should be fair and acceptable to all the employees, since it has serious implications for the employees. Following are the principles that have to be followed in the maintenance of discipline.

- Rules and regulations should be framed with mutual coordination and acceptance of the management and employees.
- Rules should be periodically evaluated and updated, to ensure their relevance and utility.
- Rules should be formulated based on the nature of work and working conditions. Separate rules have to be framed for employees in the office and in the field.
- Rules should be formulated in such a manner as to ensure an objective and unbiased analysis of the acts of indiscipline.

## Block-4: Employee Relations

- Employees should be aware of the penalties for violation of different rules.
- Employees should be made aware of the disciplinary procedure regarding repeating an act of indiscipline, so that they do not repeat a similar act of indiscipline in the future.
- The disciplinary procedure should provide for analysis of a rule or its violation, if the employees are violating the rule frequently.
- The entire procedure including the appeal and review of all the disciplinary actions should be mentioned in the employees' handbook or collective agreements.
- The procedure should provide for a legal as well as a humane approach.

### 15.7.1 McGregor's Red Hot Stove Rule

The red-hot stove rule proposed by McGregor is an effective way to approach the disciplinary process. According to the red-hot stove rule, corrective actions should be immediate, impersonal, consistent, and foreseeable, just like the results of touching a red-hot stove.

- **Immediate:** when you touch the hot stove, you burn your hand. The burn was immediate. Will you blame the hot stove for burning your hand? Immediately, you understand the cause and effect of the offense just as the burn received on touching a red-hot stove is immediate, an employee should also be made to realize that he/she has violated the rules. There is no cause and effect ambiguity.
- **Impersonal:** The stove causes burns, irrespective of the person who touches it. Furthermore, he gets burned not because of who he is, but because he touched the hot stove. The discipline is directed against the act, not against the person. Similarly, the disciplinary action should reflect the offence and not the person who committed it. After disciplinary action has been applied, the supervisor should take the normal attitude toward the employee.
- **Consistent:** A person receives burns, each time he/she touches the stove. Similarly, indiscipline should also be enforced and ensured among all the employees and in every situation. Consistency in the administration of disciplinary action is essential. Excessive leniency as well as too much harshness creates not only dissatisfaction but also resentment.
- **Foreseeable:** The red-hot stove, through the heat it generates, warns an individual that it will burn if touched. Employees should also be made aware that poor conduct or indiscipline will result in specific, pre-determined consequences.

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**Check Your Progress-3**

12. Indiscipline relates to disorderliness at work and non-conformity to the prescribed rules and regulations of the management. What is/are some of the causes of indiscipline?
- i. An efficient, effective and open-door grievance redressal procedure
  - ii. Loss of trust or confidence between the employees, or in the management
  - iii. Impartial and proper evaluation of individuals and their performance
  - iv. Strained relationships with supervisors or colleagues
- a. Only i and iii
  - b. Only ii and iii
  - c. Only ii and iv
  - d. Only iii and iv
13. It is necessary to ensure that the formulated disciplinary procedure is fair and acceptable to all the employees. There are certain principles that have to be adhered to in the maintenance of discipline. In this regard, which of the following statements is false?
- a. All the rules should be evaluated and updated from time to time, to ensure their relevance and utility.
  - b. The rules and regulations should be framed with mutual coordination and acceptance of the management and employees.
  - c. The employees should be kept in the dark about the penalties for violation of different rules.
  - d. The disciplinary procedure should ensure that an employee does not repeat a similar act of indiscipline in the future.
14. Administering discipline, according to McGregor's red-hot stove rule, should be \_\_\_\_\_ implying that discipline should be enforced and ensured across every employee and every situation.
- a. Immediate
  - b. Personalized
  - c. Consistent
  - d. Foreseeable
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### 15.8. Disciplinary Procedure

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For the incorporation of all the principles, the implementation of the disciplinary action should be done at different stages. Following are the different stages in the disciplinary procedure of an Indian organization.

- i. **Forming and Issuing a Charge Sheet:** When the management of an organization wants to initiate an enquiry against an employee for alleged misconduct, the concerned employee is issued a charge sheet. The charge sheet should clearly indicate the charges against the employee and seek an explanation for the employee's misconduct. The employee should be given sufficient time for answering the charge sheet. A show cause notice can be issued by the management to get an explanation from the employee, before the charge sheet is issued.
- ii. **Considering the Explanation:** If the employee admits his/her misconduct or if the management is satisfied with the explanation offered by the employee in response to the charge sheet, there is normally no further enquiry. On the contrary, when the management is not satisfied with the employee's explanation, there is a need for serving a show-cause notice.
- iii. **Issuing the Notice of Enquiry:** A notice of enquiry, mentioning the time, date and place of enquiry, has to be issued to the worker, if it has been decided that an enquiry will be held. An enquiry officer is also appointed.
- iv. **Holding a Full-fledged Enquiry:** The enquiry should be held as per the principles of natural justice and the employee concerned, must be given a chance to be heard. However, in certain cases, if it is felt that the offence is serious or that the employee concerned might influence the enquiry proceedings, he/she might either be asked to go on leave or may be suspended with or without pay, pending enquiry. The enquiry officer should record the findings in the process in an impersonal and objective manner and refrain from making any judgmental comments.
- v. **Final Order of Action:** The appropriate authority, based on the findings of the enquiry officer, makes the judgment. He/she either acquits the employee or convicts him/her of the charges, and based on this, the punishment for the employee's misconduct is determined. In the process, the manager should consider the employee's previous record, prior to the act of indiscipline and the effects of this action on the other employees. If the employee feels that the enquiry is biased or improper, or the disciplinary action is unjust, he/she should be given a chance to make an appeal.
- vi. **Follow-up:** After administering disciplinary action, there should be proper follow-up. The punishment for misconduct should be conveyed to the employee. In certain cases, the permission of the conciliation officer, tribunal, or the court, may need to be taken to make the order of punishment effective. The management should ensure that the employee does not repeat the act of indiscipline.

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**Check Your Progress-4**

15. When the management of an organization wants to initiate an enquiry against an employee for alleged misconduct and chooses to first give the employee a chance to submit an explanation, the concerned employee is issued a \_\_\_\_\_.
- Charge sheet
  - Notice of enquiry
  - Written warning
  - Show cause notice
16. To incorporate all the principles of maintaining discipline, disciplinary procedure should be implemented in different stages and not in a single stage. Some of the stages in the disciplinary procedure of an Indian organization are given below. Identify the **correct** sequence in which they should take place.
- Considering the employee's explanation
  - Holding a full-fledged enquiry
  - Forming and issuing a charge sheet to the erring employee
  - Issuing the notice of enquiry to the erring employee
- i-iv-ii-iii
  - iii-i-iv-ii
  - ii-iii-i-iv
  - iv-ii-iii-i
17. Vikash Agarwal, a cashier in a certain bank, with its headquarters in Mumbai, India, is alleged to have misappropriated the bank's funds for his personal use. The disciplinary cell at the bank believes that disciplinary procedures should be implemented in different stages and not in a single stage. In the process of administering discipline to Vikash, the cell issues a notice of enquiry. Identify the next stage in the process.
- Forming and issuing a charge sheet
  - Considering the explanation
  - Holding a full-fledged enquiry
  - Final order of action
-

## 15.9. Approaches to Discipline

There are three main approaches to discipline, namely incorrect discipline, preventive discipline, and positive discipline.

### 15.9.1 Incorrect Discipline

The use of improper and incorrect measures for enforcing discipline is referred to as incorrect discipline. Table 15.1 discusses some of the incorrect techniques used by the managers.

**Table 15.1: Incorrect Discipline Techniques**

<b>Incorrect Discipline Technique</b>	<b>Description</b>
Punitive Discipline (or negative discipline)	Discipline is instilled in the employees through fear. This approach assumes that employees work more effectively and with discipline, if fear is instilled in them.
Negative Feedback	Feedback is given only at times of unsatisfactory performance; no feedback and recognition are given for satisfactory performance.
Late Intervention (or procrastination discipline)	This is a situation, where indiscipline is identified in the later stages and therefore, it becomes difficult to correct it. The manager ignores infractions initially and allows them to continue.
Labeling Employees not Behavior	Employees are labeled for their unsatisfactory performance on a job. Such labeling makes the employee carry the label over to other jobs. It also focuses on the employee and not his/her act of indiscipline.
Misplaced Responsibility	It is a situation, where the employee is blamed, though, in reality, it is the management, which is responsible for the act of indiscipline.



### 15.9.2 Preventive Discipline

Preventive discipline is a proactive approach in which employees are managed in a way that prevents undesirable behavior or misconduct. Following are the features of this approach.

- When selecting an employee, the manager should make sure that employee goals are compatible with organizational goals.
  - Employees should be trained and developed to make sure that they adapt to the job requirements for delivering good performance.
  - The management should make the disciplinary procedure absolutely clear to the employees.
  - Necessary employee feedback should be provided as and when needed.
  - An open door policy should be followed, whereby employees can freely express their problems to the management.
- 

### **Check Your Progress-5**

18. According to the \_\_\_\_\_ approach to discipline, employees are managed in such a way that averts undesirable behavior or misconduct.
  - a. Incorrect discipline
  - b. Negative feedback
  - c. Preventive discipline
  - d. Punitive discipline
19. The term 'incorrect discipline' refers to \_\_\_\_\_.
  - a. An approach in which the unsatisfactory behavior of the employees is corrected, through the support and positive attitude of the managers
  - b. An approach which uses improper measures to enforce discipline in the organization
  - c. An approach in which the employees are managed in a way that prevents undesirable behavior or misconduct
  - d. An approach in which an informal warning is given to an employee
20. Prashanthi is an employee of Total Teleservices Limited. For the past few days, her performance was highly unsatisfactory, which is contrary to her usual efficiency and alertness. Her immediate boss, noticing this change in performance, spoke to her to give his opinion on this matter. However, when Prashanthi performs better than her colleagues, which she usually

#### Block-4: Employee Relations

- does, he does not take the trouble to acknowledge it. This type of incorrect discipline technique is termed as \_\_\_\_\_.
- a. Negative feedback
  - b. Preventive discipline
  - c. Punitive discipline
  - d. Misplaced responsibility
21. Ravi, working at BDL Medical Systems, had a peculiar habit of smoking in 'No smoking' zones in the office premises, although there was a separate place demarcated for smokers. His manager knew about this, but ignored it for months. Ravi had taken it for granted that he could go on with his misconduct. Suddenly, after about a year, he calls Ravi to discuss the matter and correct his behavior. What is this approach of enforcing discipline known as?
- a. Punitive discipline
  - b. Negative feedback
  - c. Late intervention
  - d. Preventive discipline
22. Computer Services Limited follows the principle of preventive discipline. Identify a characteristic of the company's disciplinary process, which has been stated **incorrectly**.
- a. Employees are trained and developed, so that they adapt themselves to the job requirements.
  - b. Disciplinary procedure and any other doubts about the policies and procedures of the organization are clarified.
  - c. Negative feedback is provided as a rule.
  - d. An open-door policy for communication is maintained.
- 

#### 15.9.3 Positive Discipline

Positive discipline is an approach, where the unsatisfactory behavior of the employees is rectified, through the manager's support and positive attitude. This disciplinary process emphasizes treating the employees fairly and in a humane manner and tries to solve problems, using a people-oriented approach. An employee who has committed a mistake is neither harassed nor punished, but is helped to overcome the problems that led to such misconduct.

#### Steps in the Process of Positive Discipline

Following are the policies and steps involved in positive discipline:

- ***Responsibility for ensuring discipline:*** The supervisor should be given the power to give less severe disciplinary actions like verbal and written warnings. More severe punishments like suspension and dismissal should be given by the supervisor and the HR representative, in consultation with each other. This will ensure consistency in administering discipline and also help the supervisor to retain control over employee behavior.
- ***Communicating organizational policies, procedures and rules:*** The management should communicate its policies, procedures, and rules to all the employees through employee handbooks, orientation programs, union contracts, rules and regulations distributed in writing and those posted on bulletin boards, and superior-subordinate discussions of job standards, company policies, and procedures. This helps in maintaining satisfactory levels of employee performance.
- ***Communicate the performance expected and penalties for violation:*** Before punishing an employee for indiscipline, the managers should make it clear in simple and lucid terms, what kind of performance it expects of the employees. It should clearly define standards of discipline and good performance. Employees should be provided with written material on the organization's principles of discipline and penalties for indiscipline.
- ***Collecting concrete data about any disciplinary violation:*** There should be concrete evidence regarding the allegations made against an employee before any action is taken against him/her for acts of indiscipline. Proper data should be collected to justify the action taken by the management.
- ***Administering progressive discipline:*** Despite the fact that disciplinary action varies, depending upon the situation, it is generally desirable to have progressive discipline. The two features of progressive discipline are: an appropriate penalty for the offence, and a series of increasingly severe penalties for continued unsatisfactory performance.
- ***Administering corrective counseling:*** The last step, corrective counseling, aims at rectifying an employee's undesirable behavior, at the right time (at the same time not ruling out punishment). This would be successful, if the employee's supervisor offers support, encouragement, and assistance to the employee and helps him/her in overcoming, his/her problem.

**Activity:** Sameer is an employee of Fun Fireworks Ltd. On a few occasions, he was found violating the company's safety norms by smoking in places where inflammables were stored. In order to correct him, his manager called

*Contd. ....*

#### Block-4: Employee Relations

him to his cabin and explained to him the dangers of smoking in such places. What type of disciplinary approach do you think is being followed by the company? What are the steps involved in such a disciplinary approach?

**Answer:**

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#### **Check Your Progress-6**

23. In placing the responsibility of administering discipline, the best possible way is to give the supervisor the authority of less severe actions. For more severe punishments like suspension or dismissal, the \_\_\_\_\_ and the \_\_\_\_\_ may take action in consultation with each other.
- Supervisor; HR representative
  - Management; employees
  - Employee; supervisor
  - HR manager; HR staff
24. Natural Textiles Co. was a strict no-smoking zone, both in its factory and office premises. Although this rule was clearly displayed in the factory, this was not the case in the office premise. Ratan, a new employee in the office who had received appreciation for his good performance in the training program, was caught smoking, within the premises and was immediately suspended. This came as an unpleasant surprise as this rule was not mentioned in the employee manual and nobody had informed him. This is an example of \_\_\_\_\_.
- Negative feedback
  - Lack of communication
  - Positive discipline
  - Late intervention
25. AG Electronics, a global manufacturer of electronic products, believes in the positive discipline approach. Which of the following is **not** a method to be followed by the company for communicating organizational policies, procedures and rules to its new recruits?
- Employee handbooks
  - Orientation programs

- c. Written warning
  - d. Superior-subordinate discussions of job standards, company policies and procedures.
26. An appropriate penalty for an offence and a series of increasingly serious penalties for continued unsatisfactory performance are characteristics of \_\_\_\_\_ discipline.
- a. Corrective
  - b. Progressive
  - c. Punitive
  - d. Positive
27. Manjunath believes in \_\_\_\_\_. He avoids telling his team members how to solve their problems. Instead he helps them find solutions by themselves, thus making the employees responsible for determining the most effective ways to overcome their problems.
- a. Progressive discipline
  - b. Cooperative discipline
  - c. Corrective counseling
  - d. Misplaced responsibility

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### 15.10. Types of Disciplinary Action

Disciplinary action depends on various acts of indiscipline and their severity and gravity. The disciplinary actions that are taken against an employee for noticed acts of indiscipline are verbal warning, written warning, suspension, demotion, pay cut, and dismissal.

#### 15.10.1 Verbal Warning

Verbal warning is given to employees in an informal and private environment for their acts of indiscipline. The supervisor should explain to the employee, the rule that has been violated and the implications for violating it. For instance, if the supervisor observes that an employee is frequently going out of the office during office hours, he/she may call the employee, explain to him/her about the rule that he/she is violating and its consequences. He/she may also ask the employee the reason for such behavior and provide an alternative solution to his/her problem. Further disciplinary action can be avoided if the verbal warning is effective. However, if the employee fails to improve his/her performance, the manager may have to resort to more severe action.

## **Block-4: Employee Relations**

### **15.10.2 Written Warning**

A written warning is given to the employee, in case the oral warning fails. This is the second stage in the progressive disciplinary procedure and the first formal stage in the disciplinary procedure. The employee is told that he/she will be issued a written warning and before issuing it, he/she is informed of the violation, its effect, and potential consequences of future violations. The written warning is entered into the employee's file and is removed if he/she shows good behavior, over a period of time.

### **15.10.3 Suspension**

An employee is suspended in case he/she does not abide by the organizational rules and regulations, despite being given verbal and written warnings. If the act of indiscipline is serious, then the employee may be suspended, without being given any prior verbal and/or written warning. The employee is removed for a short period of time and is not paid, during this time.

### **15.10.4 Demotion**

Demotion is an alternative to dismissal, if no improvement is noticed in the employee's performance, even after suspension. The employee has to continue working in the job to which he/she has been demoted, until the management finds an improvement in his/her performance. This sort of disciplinary action may lead to 'employee distress', which could in turn make the employee perform poorly on the job. Demotion is administered when:

- The employee does not have the ability to do the job.
- The management finds itself legally or ethically constrained from dismissing the employee.
- It is believed that this action will make the employee change his/her behavior.

### **15.10.5 Pay Cut**

Like demotion, pay cut is also an alternative to dismissal. Pay cut has a demoralizing impact on the employees. However, it may be cancelled, if the employee changes his/her behavior.

### **15.10.6 Dismissal**

Dismissal is the ultimate disciplinary punishment for an employee's acts of indiscipline. This decision should be taken, only if the employee commits serious offences or after all the earlier steps have failed. The decision to dismiss an employee should be given long and hard consideration, as the employee may become emotionally traumatized on being sacked, especially if he/she has been with the organization for a long time or has crossed the prime age in the job market. The management should also keep in mind that the dismissed employee may take legal action to fight the decision.

*The following conditions should be satisfied before an employee is dismissed.*

- The nature of the misconduct should indicate that discharge or dismissal is an appropriate punishment and this kind of punishment should have been mentioned in the employee standing orders (the list of guidelines provided to the employees to abide by the rules and regulations of the organization).
- An enquiry should be conducted regarding the misconduct after a charge sheet has been filed against the employee. The employee should be given prior notice of the time, place, and the date of the enquiry.
- The enquiry conducted should be fair and the employee should be given an opportunity to defend himself/herself and to present witnesses in support of his/her contention or case.
- The findings should be recorded by the enquiry officer, based on recorded evidence at the end of the enquiry.
- The findings should be based on recorded evidence and should be impartial.
- The order of dismissal or discharge of the employee, must be passed in good faith.
- The order must be duly communicated to the employee concerned.

The following Exhibit 15.1 outlines the disciplinary actions at Hyundai Motors

**Exhibit 15.1: Disciplinary actions at Hyundai Motors**

In October 2020, it was reported that workers were caught relegating the bulk of tasks to a few workers while the rest were idle during work hours. For instance, one person was told to do tasks that should be done by two and sometimes even three people. That practice can lead to flaws in production and was a violation of workplace rules.

About 50 employees from both labor and management received punishments including suspension and wage cuts.

Hyundai Motor in July 2020 took disciplinary action against around 300 employees who left the production site early before finishing their shifts by giving them wage cuts. There were instances where employees left work to go fishing during work hours. The company's stance is that it will no longer stay silent about clear violations of office rules.

In 2019, the company faced a slew of criticism after some employees were caught using the wireless network to watch YouTube videos. Management ultimately turned off the Wi-Fi, but they had to fight the labor union every step of the way.

However, in 2020, the labor union and the management agreed that Wi-Fi access should only be permitted during breaks.

Source: <https://koreajoongangdaily.joins.com/2020/10/07/business/industry/Hyundai-disciplinary-labor-union/20201007185900492.html>, October 7th 2020 (Accessed on October 7th 2021)

#### Block-4: Employee Relations

**Activity:** Suresh works in the R&D department of Dev Pharmaceuticals. On a few occasions, he was found to be instigating co-workers to spy and often pushing them into conflicts. Despite the management issuing oral and written warnings, no improvement was seen in his behavior. It was eventually decided that he should be discharged from service. Explain the type of disciplinary action, being taken by the company against Suresh. What are the conditions that should be satisfied, before such an action is taken?

**Answer:**

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Exhibit 15.2 presents a caselet on nurses at Hyderabad.

#### **Exhibit 15.2: Caselet: Nurses in Hyderabad Hospitals Private Limited**

Snigdha Ramachandran (Snigdha) is working as a head nurse in Hyderabad Hospitals Private Limited, one of the reputed corporate hospitals in Hyderabad. She has completed 20 years of service in the hospital. She had joined the hospital as a trainee nurse soon after completion of nursing course from a well-known nursing college from Kerala. Her work has been appreciated by all the patients and doctors alike. The patients used to treat her like their family member because of untiring service to them and the doctors in the hospitals used to appreciate her for her dedication to the profession. They used to rely on her under all circumstances. In recognition of her services, the management of the hospital has been rewarding her with regular promotions and increments and now she is the Head Nurse of the hospital. All the nurses in the hospital (close to 100) report to her.

Snigdha is facing an unprecedented challenging task of allocating duties to nurses in the hospital on the advent of Coronavirus (Covid-19) across the globe. In spite of so many precautionary measures taken by the central and state governments, the number of suspected cases of Covid-19 has been increasing in the state day by day.

Hyderabad being a capital city and is well connected to all the places in the state,

people throughout the state come to Hyderabad for their medical needs. The sudden rise in the suspected cases of Covid-19 in Telangana State has increased the number of patients in all hospitals including Hyderabad Hospital. This has resulted in extra load on all doctors and nurses who are already stretched themselves to the maximum extent.

Hospitals come under essential services and the nurses are aware of importance of their services in the need of the hour like pandemic

*Contd. ....*



coronavirus. Snigdha is aware of the pressure of work and the risk each nurse is exposed to. As she has grown through the ranks and files of the organization, she is aware of moods and temperament of each employee of the hospital. She also understands that, after all, the nurses are also human beings and beyond a point they will also revolt. One of her primary duties is to allocate shifts and ward duties to all the nurses. To meet the requirement of the patients, Snigdha is forced to put almost all the nurses on double duty. She started experiencing resistance from the nurses and some of them started refusing the orders of Snigdha saying that their bodies and mind are not able to take any further stretch. But, the management of the hospital is very particular that all the employees of the hospital should raise to the occasion and follow the instructions of the superiors, indicating that those who do not heed to the orders of the bosses would amount to indiscipline and appropriate disciplinary action would be taken.

The management of the hospital is of the view that the hospital has sufficient number of nurses to meet the present exigency with few cases of double duties for some nurses. The same is conveyed to Snigdha and said that they do not want to see any disruption in treatment of patients due to non-availability of nurses in all the wings of the hospital.

Snigdha is undergoing tough time in balancing the expectations of the management and ensuring allocation of duties to the totally tired nurses so that the treatment to the patients is not hampered.

**Questions:**

1. In view of the situation prevailing in Hyderabad Hospitals, can the employees of the hospital be overburdened beyond their physical and emotional capacity in the name of exigency of services?
2. Can the management take disciplinary action on the employee who fails to honor the orders of his/her superiors as the employee is already overburdened with the work? If so, is the management action justified?
3. If you were Snigdha, how will you handle the situation to avoid disciplinary action on any nurse?

**Check Your Progress-7**

28. \_\_\_\_\_ is one of the mildest actions taken against an employee for an act of indiscipline. Such warnings are given in an informal and private environment
- a. Verbal warning
  - b. Written warning

#### Block-4: Employee Relations

- c. Suspension
  - d. Pay cut
29. In \_\_\_\_\_, the employee is laid-off from work for a short period of time and he is not paid during this time.
- a. Demotion
  - b. Dismissal
  - c. Corrective counseling
  - d. Suspension
30. There are certain conditions that should be satisfied, before discharging an employee for gross indiscipline. In this regard, which of the following statements is **not** correct?
- a. The enquiry conducted should be fair and the employee should be given a chance to defend his/her position.
  - b. The findings of the enquiry must be based on recorded evidence and should not be biased.
  - c. The nature of the misconduct is not an indicator of the appropriateness of a punishment of discharge or dismissal.
  - d. The order of dismissal or discharge should be duly communicated to the employee, against whom it has been passed.
- 

#### 15.11. Summary

- Discipline may be defined as working, cooperating, and behaving in a normal and orderly way, thus abiding by the organizational rules and regulations.
- The success of any disciplinary action is ultimately dependent on the cooperation of the employer and the employee and their mutual faith and trust.
- Discipline among the employees can be achieved, either through rewards or through penalties. Accordingly, the two types of discipline are self-imposed/ positive discipline (through rewards) and enforced/ negative discipline (by inducing fear).
- Disciplinary problems can be classified into minor infractions, major infractions, and intolerable offences.
- The basic acts of misconduct in an organization can be categorized as attendance, on-the-job behavior, dishonesty, and activities that are harmful to the organization.
- Most of the causes for indiscipline in an organization are internal to the organization, although social and economic pressures may also be causes for indiscipline.

- It is necessary to ensure that the disciplinary procedure is fair and acceptable to all parties involved and for this, certain principles should be adhered to while maintaining discipline. The red-hot stove rule, propounded by McGregor, suggests that administering discipline is more like touching a hot stove. According to this, corrective action should be immediate, impartial, consistent, and foreseeable.
- Disciplinary procedure should be implemented in different stages, instead of in a single step. In the Indian context these stages include: forming and issuing a charge sheet, considering the explanation, issuing the notice of enquiry, holding a full-fledged enquiry, final order of action, and follow-up.
- There are three main approaches to discipline, namely incorrect discipline, preventive discipline, and positive discipline.
- The disciplinary actions that may be taken in response to noticed acts of misconduct by employees are verbal warning, written warning, suspension, demotion, pay cut, and dismissal.

### 15.12. Glossary

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**Discipline:** It refers to the orderliness, the opposite of confusion. It does not mean a strict and technical observance of rigid rules and regulations. It simply means working, cooperating, and behaving in a normal and orderly way, as any responsible person would expect an employee to do.

**Intolerable offences (type of disciplinary problem):** These are acts of misconduct that can cause serious harm and damage to the organization.

**Labeling employees, not behavior (incorrect discipline technique):** Employees are labeled for their unsatisfactory performance on a job. Such labeling makes the employee carry the label over to other jobs. It also focuses on the employee and not his/her act of indiscipline.

**Late intervention or procrastination discipline (incorrect discipline technique):** This is a situation where indiscipline is identified in the later stages and therefore, it becomes difficult to correct it. The manager ignores infractions initially and allows them to continue.

**Major infractions (type of disciplinary problem):** These are acts of misconduct that interfere with the orderly operation of the organization and affect the morale of the employees.

**Minor infractions (type of disciplinary problem):** These are acts of misconduct that cause very little harm, but if neglected, they can accumulate and result in serious problems for the organization.

**Misplaced responsibility (incorrect discipline technique):** It is a situation, where the employee is blamed, though, in reality, it is the management which is responsible for the act of indiscipline.

## Block-4: Employee Relations

**Negative (enforced) discipline:** Employees are forced to abide by the organizational rules and regulations by inducing fear in them.

**Negative feedback (incorrect discipline technique):** Feedback is given only at times of unsatisfactory performance; no feedback and recognition are given for satisfactory performance.

**Positive (self-imposed, cooperative, or determinative) discipline:** Motivating employees through rewards, appreciation, constructive support, reinforcement, or approved personnel actions, to conform to organizational rules and regulations.

**Positive discipline:** An approach where the unsatisfactory behavior of the employee is rectified through the manager's support and positive attitude. This disciplinary process, emphasizes treating the employees fairly and in a humane manner and tries to solve problems using a people-oriented approach.

**Preventive discipline:** A proactive approach in which employees are managed in a way that prevents undesirable behavior or misconduct.

**Punitive or negative discipline (incorrect discipline technique):** Discipline is instilled in the employees through fear. This approach assumes that employees work more effectively and with discipline, if fear is instilled in them.

**Red-hot stove rule:** Proposed by McGregor, it is an effective way to approach the disciplinary process. According to this, corrective actions should be immediate, impersonal, consistent, and foreseeable, just like the results of touching a red-hot stove.

### 15.13. Self-Assessment Test

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1. Disciplinary action is taken against an employee if he/she fails to meet some obligations toward his/her job or the organization. What are the objectives of maintaining discipline in an organization? What are the main reasons for undertaking disciplinary action, against errant employees?
2. Discipline among employees can be achieved in two ways, either through rewards or through penalties. Explain.
3. Indiscipline relates to disorderliness in work and non-conformity to the rules and regulations, laid down by the management. What are the different types of disciplinary problems that can arise in an organization? What are the reasons behind such acts of indiscipline?
4. In an Indian organization, disciplinary procedure is implemented in different stages. rather than in a single stage. Explain the various stages in the disciplinary procedure.
6. Give a brief note on the following:  
McGregor's Red Hot Stove Rule  
Approaches to discipline  
Types of disciplinary action.

#### **15.14. Suggested Readings/Reference Material**

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#### **15.15. Answers to Check Your Progress Questions**

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Following are the answers to the Check Your Progress questions given in the Unit.

**1. (b) Disciplinary action**

Employees who indulge in fights with co-workers, come drunk to work and are chronically late for work are regarded as problem-creating employees. An employee is subjected to disciplinary action, when he/she fails to meet some obligations, towards the job or the organization.

**2. (a) To ensure that employees conform to the rules and regulations of the organization**

The primary objective of disciplinary action is to ensure that employees conform to the rules and regulations of the organization. The other objectives are: providing direction to the employees and fixing responsibilities, ensuring that employees follow organizational processes and procedures in spite of their different personalities and behavior, maintaining a sense of orderliness, improving organizational performance by improving the performance of each employee, and maintaining common feelings of trust and confidence in the employees, toward each other and toward the management.

**3. (b) Employer; employee**

The success of any disciplinary procedure depends on the cooperation of both the employer and the employee and the faith and trust they have in each other.

## **Block-4: Employee Relations**

### **4. (d) Reprimand**

If employees are motivated through rewards, appreciation, constructive support, reinforcement or approved personnel actions to conform to organizational rules and regulations, it is termed as positive discipline. The attitude and mindset of the employees is developed to ensure that they willingly conform to the rules and regulations of the organization. Reprimanding is one of the options of enforcing negative discipline.

### **5. (b) Cooperative**

Positive discipline is also known as cooperative discipline or determinative discipline.

### **6. (d) Only iii and iv**

The techniques used by organizations to force the employees to follow the rules and regulations of the organization are fines and demotions. Positive discipline-related measures such as constructive support and rewards emphasize the concepts of self-discipline and self-control, rather than forcing the employees to behave in a certain way.

### **7. (b) Enforced discipline**

If employees are motivated through rewards, appreciation, constructive support, reinforcement or approved personnel actions, to conform to organizational rules and regulations, it is called positive or self-imposed or cooperative discipline. On the other hand, if the employees are compelled to follow the rules and regulations of the organization, by inducing fear in them, it is known as enforced discipline.

### **8. (a) Minor infraction**

Minor infractions are acts of misconduct that cause very little harm, but if neglected, can accumulate and result in serious problems for the organization. On the other hand, major infractions (like cheating). are acts of misconduct that interfere with the orderly operation of the organization and affect the morale of the employees. Intolerable offences are those that can cause serious harm and damage to the organization (like taking drugs while at work). Disciplinary actions are taken by the organization to make the employee conform to the organization's rules and regulations.

**9. (b) Attendance**

Attendance, which is one of the major problems faced by managers in organizations, relates to misuse of leave facilities, tardiness, and absenteeism.

**10. (b) Only i, ii, and iv**

Problems of absenteeism among employees may be due to attitude toward work, unpleasant relationships with supervisors, **incongruence** between employee goals and organizational goals, and ensured job security. leading to a relaxed and uninterested approach.

**11. (b) i, ii, and iv**

Reasons for dishonesty could be social and economic pressures, lack of proper upbringing and education, biased and subjective performance evaluation systems, and personality characteristics of the employee. Job security is usually associated with misconducts. such as absenteeism.

**12. (c) Only ii and iv**

Some of the causes of indiscipline are loss of trust or confidence between the employees, or in the management, strained relationships with supervisors or colleagues, an inefficient, ineffective and closed-door grievance redressal procedure, and a biased and improper evaluation of individuals and their performance.

**13. (c) The employees should be kept in the dark about the penalties for violation of different rules.**

All the employees should know the penalties for violation of different rules. This would help in maintaining restraint. when they contemplate acting in violation of rules and regulations.

**14. (c) Consistent**

Every time a person touches a red-hot stove, he/she receives burns. That is, the results are consistent. In the same way. discipline should be enforced and ensured across every employee and every situation.

**15. (d) Show cause notice**

When the management of an organization wants to initiate an enquiry against an employee for alleged misconduct, the management can issue a show cause notice, before issuing a charge sheet, if it wants to first get an explanation from the employee. If it is decided that an enquiry will be held, a notice of enquiry has to be issued to the employee.

#### **Block-4: Employee Relations**

Written warning is a type of disciplinary action, which is given when an oral warning fails.

#### **16. (b) iii-i-iv-ii**

Following are the various stages in the disciplinary procedure of an Indian organization: (i) forming and issuing a charge sheet; (ii) considering the explanation; (iii) issuing the notice of enquiry; (iv) holding a full-fledged enquiry; (v) final order of action; and (vi) follow-up.

#### **17. (c) Holding a full-fledged enquiry**

In the typical disciplinary procedure of an Indian organization, the first stage involves forming and issuing a charge sheet, then considering the explanation, issuing a notice of enquiry, holding a full-fledged enquiry, and then giving final order of action, based on findings of the enquiry officer. The punishment for misconduct should be conveyed to the employee, after which there should be proper follow-up.

#### **18. (c) Preventive discipline**

Preventive discipline is the most widely used approach of discipline that prevents undesirable behavior or misconduct. This approach needs an environment of job satisfaction and trust that will lead to improved employee performance.

#### **19. (b) An approach which uses improper measures to enforce discipline in the organization.**

Incorrect discipline refers to the usage of improper and incorrect measures to enforce discipline in the organization. Preventive discipline is an approach in which the employees are managed in a way that prevents undesirable behavior or misconduct. Positive discipline is an approach in which the unsatisfactory behavior of the employees is corrected, through the support and positive attitude of the managers. On the other hand, verbal warning is an informal warning given to an employee.

#### **20. (a) Negative feedback**

In some organizations, employees are given feedback, only when their performance is found to be unsatisfactory. However, if employees perform well, their performance is not recognized or acknowledged, and no feedback is given. This is referred to as negative feedback. Punitive discipline is a disciplinary procedure, where fear is instilled in the employees. A proper analysis may sometimes reveal that it is not the employee, but the management, that is responsible for the



misconduct of the employee. This is known as misplaced responsibility. Preventive discipline is an approach in which the employees are managed in a way that prevents undesirable behavior or misconduct.

**21. (c) Late intervention**

Indiscipline in an employee should be identified in the initial stages and the necessary corrective action should be taken. In case the manager ignores it and allows the problem to continue, then solving it becomes difficult at the later stages. Procrastination (delaying) of the disciplinary action is known as late intervention. Punitive discipline is a disciplinary procedure, where employees are disciplined by instilling fear in them. In some organizations, employees are given feedback, only when their performance is found to be unsatisfactory and not when they perform well. This is referred to as negative feedback. When employees are managed in a way that prevents undesirable behavior, it is called preventive discipline.

**22. (c) Negative feedback is provided as a rule.**

The characteristics of preventive discipline are that the manager should make sure that the goals of the employee are in congruence with the organizational goals. Employees are provided training, in order to ensure that they adapt themselves to the job requirements to deliver good performance. **Constructive** feedback should be provided to the employees as and when deemed necessary. Communication is an essential aspect of preventive discipline. Employees should feel free to communicate their problems to the management.

**23. (a) Supervisor; HR representative**

Often organizations are in a dilemma, as to who should be given the responsibility of ensuring discipline among employees. The best solution is to give the superior the authority to administer less severe disciplinary actions like written and verbal warning. For more severe punishments like suspension or dismissal, the supervisor and the HR representative may take action, in consultation with each other. This ensures consistency in administering discipline and also helps a supervisor to retain control over employee behavior.

**24. (b) Lack of communication**

When formulating the disciplinary procedure, it is important for the managers to make clear the performance that is expected from the employees. This should be communicated to all the employees in a simple and lucid style. Punishing an employee for indiscipline is unwise, unless the management has clearly defined standards of

#### **Block-4: Employee Relations**

discipline and good performance. An effective way of communication is providing the employees with written material on the organization's principles of discipline, and the penalties for indiscipline.

##### **25. (c) Written warning**

The company can communicate its policies, procedures and rules to all the employees through employee handbooks, orientation programs and rules and regulations posted on bulletin boards and distributed in writing, union contracts and, superior-subordinate discussions of job standards, company policies and procedures.

##### **26. (b) Progressive**

Although the type of disciplinary action that is appropriate may vary, depending on the situation, it is generally desirable for discipline to be progressive. The characteristics of progressive discipline are an appropriate penalty for the offence, and secondly, a series of increasingly serious penalties for continued unsatisfactory performance.

##### **27. (c) Corrective counseling**

For corrective counseling to be effective, the employees' supervisor must be genuinely interested in helping them overcome their problems. The supervisor must offer support, encouragement, and assistance to the employees.

##### **28. (a) Verbal warning**

The various disciplinary actions that are administered in response to noticed acts of indiscipline by employees are verbal warning, written warning, suspension, and pay cut. Verbal warning is usually the first step in the process of disciplinary action, and if this fails, then the next step is to give a written warning to the employee.

##### **29. (d) Suspension**

If the employee does not adhere to the rules and regulations of the organization in spite of being given a verbal and written warning, then the next step is 'suspension' of the employee. However, if the act of indiscipline is quite serious, then the employee may be suspended, without any prior verbal or written warning.

##### **30. (c) The nature of the misconduct is not an indicator of the appropriateness of a punishment of discharge or dismissal.**

The nature of the misconduct should indicate that discharge or dismissal is an appropriate punishment and this kind of punishment should have been mentioned in the standing orders.

## Unit 16

### Trade Unions

#### Structure

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- 16.1. Introduction
- 16.2. Objectives
- 16.3. Definition and Concept of Trade Unions
- 16.4. Characteristics of Trade Unions
- 16.5. Functions of Trade Unions
- 16.6. Types of Trade Unions
- 16.7. Methods Adopted by Trade Unions
- 16.8. Problems Faced By Trade Unions
- 16.9. Trade Unions and Globalization
- 16.10. Summary
- 16.11. Glossary
- 16.12. Self-Assessment Test
- 16.13. Suggested Readings / Reference Material
- 16.14. Answers to Check Your Progress Questions

#### **16.1. Introduction**

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In the previous unit, we have discussed disciplinary action. In this unit, we shall discuss about trade unions.

Trade unions are groups of worker representatives who fight for the betterment of workers. They play a crucial role in industrial relations. The trade union movement originated in India in 1850 to fight for the provision of better employment conditions to the then emerging Indian working class. Post-independence, the Indian trade union movement has undergone several changes. Today, trade unions in India face many challenges like continuous changes in the business scenario, rapid technological developments, and globalization.

This unit will discuss the definition, concept, functions, and types of trade unions. We shall then move on to discuss the methods adopted by trade unions, and the various problems faced by them. Finally, we shall discuss the effect of globalization on trade unions.

## 16.2. Objectives

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By the end of this unit, students should be able to:

- Define the concept of trade unions.
- Discuss the basic features and functions of trade unions.
- Classify and compare the different types of trade unions.
- Identify the methods adopted by trade unions to achieve their objectives.
- Recognize the various problems faced by trade unions.
- Analyze the impact of globalization on trade unions.

## 16.3. Definition and Concept of Trade Unions

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According to the Indian Trade Unions Act of 1926 [Sec. 2(b)], a trade union has been defined as “any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers, or between workmen and workmen, or between employers and employers, or for imposing restrictive conditions on the conduct of any trade or business, and includes any federation of two or more trade unions.”

From this definition, it can be inferred that trade unions are formed:

- As a result of the workers’ desire to protect their economic interests in an organization
- To negotiate with the management and improve the working conditions at the organizational or industrial level
- To improve the relations between workers-employers, or workers-workers, or employers-employers.
- Example: The Forum for IT Employees (FITE) at Pune was the first officially registered trade union for the IT sector in India. FITE, which had been at the forefront of fights against massive layoffs in the sector, was registered as a trade union by the office of the state Labour Commissioner in December 2018. An organisation of IT employees, FITE was formed in Bengaluru in early 2010s to fight the layoffs in IT sector. The Forum later set up chapters in other IT hubs like Pune, Chennai and Hyderabad. It used Facebook and other social media platforms to garner support and help laid-off employees seek legal recourse.<sup>2</sup>

### 16.3.1 Trade Union membership

Some workers join trade unions in the belief that it will offer them job security, while others join them to have a sense of belonging to the worker community.

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<sup>2</sup> <https://indianexpress.com/article/cities/pune/indias-first-it-trade-union-registered-in-pune-aims-to-fight-illegal-layoffs-5023587/>

## Block-16: Employee Relations

Of late, the changing attitudes of workers and the society toward trade unions have led to a reduction in trade union membership to a large extent. Following are some of the reasons for the declining membership in trade unions.

- The belief among the workers that trade unions will offer job security has changed over time. Employees are now aware enough to understand and accept that the management will take a decision to lay off employees, only if it is necessary for the organization. Moreover, the workers have realized that job security is linked to performance, rather than to trade union membership.
- Workers earlier believed that the collective power of the trade unions would help in improving and achieving higher levels of wages and benefits. However, in today's organizations, workers are rewarded, based on their performance and the management looks after their needs. This has reduced the relevance of trade unions.
- Workers want a safe and healthy working environment. Earlier, although there were government laws on the workplace that stressed on improving and maintaining health and safety, workers used to feel reassured, when the trade unions became involved in these issues directly. In today's organizations, the management itself ensures a comfortable and hazard-free work environment as they understand that it is beneficial to both the workers and the organization.
- Workers want fair treatment, respect, and an opportunity to express their views to the management. Trade unions helped in achieving this and their efforts changed the autocratic management style to the people-oriented style. The importance of providing fair treatment to workers has been accepted by today's managers and there is hardly any scope for complaint.
- Earlier, the management was criticized, as it failed to include workers in taking organizational decisions that had an impact on their work. This made them join and use trade unions as a forum to communicate their ideas, opinions, grievances, etc., to the management. Such complaints from workers have been reduced after the formation of quality circles and work committees.
- Although the workers believe that trade unions can achieve better results by their collective voice, their perceptions are changing in the sense that they are beginning to realize that the power and authority lie with only the trade union leaders and the workers do not have much say.

Human beings have the urge to belong to a community or a family, either in their personal lives or in their professional lives. Trade unions bring people together and promote common job-related interests and also programs, social events, and activities that help in creating a strong bond among the union

members. Thus, workers still join trade unions even though declining membership is robbing the unions of their sheen.

#### **16.4. Characteristics of Trade Unions**

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There are some basic features of trade unions which have remained the same over the years despite massive changes in some of their secondary features. The basic features of trade unions are:

- i. ***A trade union is an association between workmen and workmen or between workmen and employers or between employers and employers:*** The unions in India include employers' associations, general labor unions, friendly societies, and associations of professional workers. However, since the objectives of the associations of employers and professional bodies are principally different from that of the workers' organizations, they cannot be regarded as trade unions. In the Indian context, trade unions in which the employers are members are known as quasi-unions.
- ii. ***The nature of labor unions is relatively permanent:*** Trade unions are not temporary or casual. They achieve their objectives through collective bargaining and add new objectives, over a period of time.
- iii. ***A trade union's primary objective is to secure economic benefits for its members:*** A trade union tries to gain control over the labor supply in one or more markets and maintains this control in order to fix the price of labor. Apart from economic interests, it also seeks to satisfy the social, political, and cultural interests of its members.
- iv. ***Continuous changes in the character of trade unions:*** Over a period of time, the nature of trade unions has changed from illegal and criminal associations to legalized and recognized associations. Moreover, their size and number has increased, and they actively participate in the nation's social, political, and cultural development, apart from securing the economic interests of their members. Today's trade unions have adapted themselves to the changing business environment, which affects their existence.
- v. ***Ideologies all over the world have influenced the birth and growth of the trade unions:*** Over the decades, trade unions have been influenced by several socio, economic, and political movements. In the capitalist era, the trade unions fought for higher wages and improvement in working conditions. Socialists later tried to achieve industrial democracy. Modern trade unions, on the other hand, are more practical as they consider issues

## Block-16: Employee Relations

like production problems in the industry and social issues like employment, while putting forward their demands.

### 16.5. Functions of Trade Unions

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The functions of trade unions depend on their country of operation. The demands of trade unions in a rich country are different from those that belong to a poor country. However, all trade unions have certain basic functions and they can be classified as:

- ***Militant or intramural functions:*** Under these functions, trade unions fight with the employers for achieving the economic interests of their members. Issues pertain to provision of better working conditions and other employment related concerns like fair wages, job security, balancing work hours, etc. To achieve these, collective bargaining and negotiations are used initially, followed by strikes and boycotts.
- ***Fraternal or extramural functions:*** Under these functions, trade unions play the role of benefit organizations providing financial (from the funds accumulated by way of monthly member subscription) and non-financial assistance (such as advice on housing, medical, etc., matters) to their members during sickness, strikes, lockouts, etc. Fraternal functions also include arranging get-togethers and sports meets, so as to enhance cooperation and friendly relations among members.
- ***Social functions:*** Educating the members, conducting anti-corruption campaigns, etc., are some of the social functions performed by the trade unions to serve a social cause and establish their social responsibility, toward different sections of the society.
- ***Political functions:*** Under these functions, the trade unions associate themselves with a political party, get affiliated to it, and help the party by enrolling members, campaigning for it during elections, collecting donations, etc. The political parties, too, provide support to their affiliated trade unions, when required.
- ***Ancillary functions:*** Ancillary functions of a trade union include communicating the union ideology, obtaining house sites and building houses through the formation of co-operative housing societies, conducting training activities for members, encouraging members and their families to opt for higher education, helping them in achieving their goals, conducting research programs that would help in making reports required for collective bargaining, etc.

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**Check Your Progress-1**

1. What is/are the basic purpose(s) of trade unions?
  - a. To negotiate with the management and improve the working conditions of the workers at the organizational level or industry level
  - b. To improve the relations between workers and employers
  - c. To protect the economic interests of workers in an organization
  - d. All of the above
2. There are some basic features of trade unions. Which of the following statements is **false** with respect to features of trade unions?
  - a. The nature of labor unions is generally temporary.
  - b. The objectives of trade unions are to secure economic, social, cultural and political benefits for their members.
  - c. Trade unions often aim to control the supply of labor and fix its price.
  - d. There have been continuous changes in the character of trade unions (in terms of size, number, legal status, etc.)
3. Under \_\_\_\_\_ functions, trade unions fight with employers to protect and further the economic interests of their members.
  - a. Fraternal
  - b. Social
  - c. Intramural
  - d. Ancillary
4. Trade unions provide financial and non-financial assistance to their members during sickness, strikes, lockouts, etc. as part of their \_\_\_\_\_.
  - a. Intramural functions
  - b. Extramural functions
  - c. Ancillary functions
  - d. Social functions
5. Over a period of time, trade unions have had continuous changes in their character. In which aspects have these changes taken place?
  - i. Nature of existence has changed from illegal and criminal associations to legalized and recognized federations.
  - ii. There has been an increase in size and in number.
  - iii. Aim has expanded from pursuing the cultural development of the nation to pursuing economic interests of their members.



## Block-16: Employee Relations

- iv. They have adapted themselves to technological changes and management approaches
- a. Only i, ii, and iii
- b. Only i, ii, and iv
- c. Only ii, iii, and iv
- d. i, ii, iii, and iv

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### 16.6. Types of Trade Unions

Trade unions, across the world differ in terms of their ideology, purpose, and membership structure. Although, the basic differentiating factor is ideology, the most widely used classification is the one based on membership structure.

#### 16.6.1 Classification of Unions According to Purpose

Based on the purpose of their existence, trade unions are categorized as reformist and revolutionary unions.

##### Reformist Unions

Conserving the capitalist society, continuing the employer-employee relationship, and the competitive system of production are the main objectives of reformist unions. They try to make modifications to (but, not to eliminate) the existing social, economic, or political make-up in the country. They aim at increasing workers' productivity. They use collective bargaining for improving workers' wages, quality of work life, and working conditions. R.F. Hoxie classified reformist unions into business unions and uplift unions.

- **Business unions:** Business unions are craft-conscious and not class-conscious, (which resort to strikes and other similar means to achieve their objectives). They maintain good relations with their employers, since they rely on collective bargaining and other peaceful methods for settling issues. These unions concentrate on securing the economic interests of their members, like improved working conditions and increased wages.
- **Uplift unions:** Uplift unions are interest-conscious unions, as these are aimed at improving the social life of workers. They aim at broader issues like education, benefits, health, and insurance. These unions promote the intellectual, moral, and social life of their members. Uplift unions are conservative and rely on collective bargaining for attaining their objectives. They emphasize the need for mutual insurance and can easily participate in political action, profit sharing, and other visionary plans.

**Activity:** The ABPL Workers Union is a trade union of the workers of Anil Boilers Pvt. Ltd. (ABPL). It likes to identify itself as a reformist business union. What are the characteristics that a union should have in order to be able to do so? Name and describe the other type of reformist union.

**Answer:**

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### Revolutionary Unions

Revolutionary unions aim at pulling down the existing structure and replacing it with a new one, based on the ideals they believe in. They are class-conscious unions and aim to replace the capitalist system, with the socialist system. Revolutionary unions can be further classified into political, anarchist, and predatory unions.

- **Political unions:** Political unions destroy the power of capital and capitalists through laws. These unions attain power, through participation in political action. They allocate wealth and offer effective power to the workers.
- **Anarchist unions:** Anarchist unions adopt revolutionary means to completely dissolve the existing economic system. These unions believe that capitalism does not work.
- **Predatory unions:** Predatory unions can adopt friendly, business, or revolutionary methods, irrespective of ethical and legal codes for achieving objectives. These unions do not stick to a particular ideology or a specific methodology to achieve their objectives and adopt any method, without considering the effect of their actions on other groups or the outside world. These unions can be further classified into hold-up unions and guerrilla unions.

While in hold-up unions, unethical employers and agents of labor organizations cooperate with each other and demand heavy prices from their customers, guerrilla unions do not cooperate with their employers. The leaders of these unions are unethical and ruthless in their actions. Guerrilla unions aim at using whatever and whoever they can, in order to achieve their goals.

**Activity:** The workers' union of Hero Honda recently went on a flash strike opposing the layoff of a few workers. The union members resorted to stone throwing and road blocks. What are such unions known as? Explain how this issue could be resolved without resorting to violence.

## Block-16: Employee Relations

**Answer:**

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### **Check Your Progress-2**

6. The main objective of a business union is \_\_\_\_\_.
  - a. To concentrate on the economic interests of the members
  - b. To demolish the prevailing structure and replace it with a new one, based on the ideals they believe in
  - c. Not to cooperate with their employers
  - d. To enjoy a large part of the revenue earned from the customers and give only a small portion to the workers
7. The main objective of \_\_\_\_\_ is to conserve the capitalist society, to continue the employer-employee relationship, and the competitive system of production.
  - a. Reformist unions
  - b. Anarchist unions
  - c. Political unions
  - d. Predatory unions
8. R. F. Hoxie has classified reformist unions into **two** groups: \_\_\_\_\_ and \_\_\_\_\_.
  - i. Business unions
  - ii. Hold-up unions
  - iii. Craft unions
  - iv. Uplift unions
  - a. i and iii
  - b. ii and iv
  - c. i and iv
  - d. ii and iii

9. \_\_\_\_\_ unions are ideal in nature and aim at broader issues such as education, benefits, health, and insurance. Their existence is possible in a society, where the economic needs of the workers are already taken care of by the management or the government.
- Anarchist
  - Hold-up
  - Craft
  - Uplift
10. \_\_\_\_\_ aim to demolish the prevailing structure and replace it with a new one based on the ideals they believe in. They are not craft-conscious, but class-conscious.
- Business unions
  - Uplift unions
  - Revolutionary unions
  - Reformist unions
11. Predatory unions, which do not cooperate with their employers and aim at using whatever and whoever they can in order to achieve their goals are known as \_\_\_\_\_.
- Reformist unions
  - Business unions
  - Guerrilla unions
  - Uplift unions
12. \_\_\_\_\_ use revolutionary means to completely dissolve the current economic system and believe that capitalism is a system that does not work.
- Anarchist unions
  - Hold-up unions
  - Uplift unions
  - Business unions
13. Predatory unions, anarchist unions, and guerrilla unions are all types of \_\_\_\_\_.
- Reformist unions
  - Revolutionary unions
  - Political unions
  - Horizontal unions
14. The main objective of revolutionary unions is to demolish the prevailing structure and replace it with a new one, based on the ideals they believe in. \_\_\_\_\_ is not a type of revolutionary union.
- Uplift union
  - Hold-up union

## Block-16: Employee Relations

- c. Political union
- d. Predatory union

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### 16.6.2 Classification of Unions According to Membership Structure

Unions can be classified based on their membership structure as craft unions, industrial unions, staff unions, and general unions.

- **Craft unions:** The workers are craft-conscious, experienced, and skilled in a single craft or trade or number of crafts or trades. Since these unions employ workers skilled in one or more single group of processes, they are horizontal in character. They possess similar skills, craft-training, and specialization. Examples of crafts unions include skilled trades in the construction industry like carpentry, plumbing, and electrical work.
- **Industrial unions:** Unlike craft unions, these unions are based on the industry in which the members work instead of the craft, grade, skill, position, or sex and include all craftsmen and skilled workers in that industry. These unions are class-conscious as they have more members. They also increase the companionship among the members.
- **Staff unions:** Staff unions are based on the common need for help and the common status of their members. These unions possess the features of both craft unions and industrial unions. They usually consist of workers from the non-manual sectors. Women participation in staff unions is higher, compared to the other unions. These unions use more developed bargaining techniques, than the other unions.
- **General unions:** These unions comprise members, who belong to varied industries, with several skills and experiences. A major strength of these unions is that they are open to all classes of workers and enjoy the membership of a large number of workers.

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### Check Your Progress-3

15. The workers in \_\_\_\_\_ are experienced and work on a single trade or possess similar skills, training and specialization.
- a. Craft unions
  - b. General unions
  - c. Industrial unions
  - d. Staff unions

16. Craft unions consist of workers, who are experienced and work in one or more single group of processes. They possess similar skills, craft training and specialization. In this regard, which of the following statements is/are **true**?
- i. Craft unions are horizontal in character.
  - ii. They have very large number of members, which makes them class-conscious.
  - iii. Craft unions generally invite workers from non-manual sectors.
  - iv. The leaders of these unions are unethical and ruthless in their actions.
- a. Only i
  - b. Only iv
  - c. Only i, ii, and iii
  - d. Only ii, iii, and iv
17. On the basis of the differences in the membership structures, unions are classified into \_\_\_\_\_.
- a. Industrial, staff, craft, and general unions
  - b. Business and uplift unions
  - c. Reformist and revolutionary unions
  - d. Political, anarchist, and predatory unions
18. \_\_\_\_\_ are characterized by more developed techniques of bargaining and higher women participation, compared to the other unions.
- a. General unions
  - b. Craft unions
  - c. Staff unions
  - d. Industrial unions
19. Staff unions have attributes of both \_\_\_\_\_ unions and are based on the common need for help and the common status of their members.
- a. Anarchist and hold-up
  - b. Industrial and general
  - c. Guerrilla and political
  - d. Craft and industrial

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### **16.7. Methods Adopted by Trade Unions**

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The methods adopted by trade unions to achieve their objectives depend on their views of the economy (capitalist, socialist, or communist). Mutual insurance,

## **Block-16: Employee Relations**

collective bargaining, and legal enactments are methods employed by the trade unions if they want to rely on peaceful methods. On the other hand, pressure techniques like strikes and lockouts are also used by them for achieving their objectives.

### **16.7.1 Mutual Insurance**

This method is employed by the trade unions for the welfare of their members and for maintaining good relations, with the employers. In this method, a common fund is created from the donations of the members of the trade union. This fund is used during strikes, for welfare activities, and for other schemes that serve the interests of the members. The advantages of this method are that:

- It attracts people to join the union.
- It improves the union's financial condition and bargaining power as members will donate more, if they need more benefits.
- It provides financial assistance to the members and helps them to stay united at times, when the strike continues for a long time.

### **16.7.2 Collective Bargaining**

This method aims at exploiting the collective strength of the workers and the unions are the representatives of the workers. They negotiate with the management, regarding wages, bonus, hours of work, gratuity, welfare measures, etc., on behalf of all the workers. These negotiations take place at the local, industrial, or national levels. The advantages of this method are that:

- It can be used to decide on mutually agreeable wages and working conditions.
- It can be used as a weapon for industrial peace.
- It restricts the interference from political parties and helps in maintaining cordial relations with the management.

### **16.7.3 Legal Enactments**

Legal enactments help the unions achieve their objectives through labor laws pertaining to working conditions, social security, trade unions, wages, industrial disputes, employment, etc. These laws safeguard children, women, and adult male workers against oppression and exploitation by employers.

### **16.7.4 Other Methods**

Apart from these methods, trade unions also use pressure techniques like strikes, boycotts, sabotage, go-slow tactics, passive resistance, tool-down strike, and picketing to achieve their objectives. Strike is the most important weapon that unions use to fulfill their demands. Unions also use subtle methods like go-slow tactics, wearing black bands, etc., when the issues are not very critical and the employees do not want to disrupt the functioning of the organization.

The following exhibit 16.1 explains the failure of Collective bargaining at Hyundai Motors

**Exhibit 16.1: Collective bargaining at Hyundai Motors**

The union of Hyundai Motor Company announced on the 30th that negotiations on wages and collective agreements were broken and began the process of strike preparation.

The union of Hyundai Motor Company declared a breakdown at the 13th round of negotiations held at the Ulsan plant on June 30<sup>th</sup> 2021.

Labor and management entered into a collective bargaining agreement early in 2021, starting with a meeting on the 26th of May 2021, and reached an agreement on 20 of the 40 clauses. However, they were unable to narrow their differences of opinion on issues such as wages, performance pay, and extension of the retirement age to the age of 64, renewal of the collective agreement cycle, request for reinstatement of dismissed workers.

In the negotiations, the management offered a base salary increase of 50,000 won including salary increase, a bonus of 100% + 3 million won, a quality improvement incentive of 2 million won, and welfare points of 100,000 won for two consecutive weekly shifts. But, the union's demands are a basic wage increase of 99,000 won, a 30% bonus of net profit, conclusion of a new industry future agreement ▲extension of the retirement age etc.

The union was not in a position to accept the bargaining proposal proposed by the management. The union then declared a break in the negotiations and applied for mediation of the labor dispute with the Central Labor Relations Commission.

*Source: Adopted from Hyundai Motor Company breaks down collective bargaining agreement... Trade unions begin strike preparations, <https://www.newsdirectory3.com/hyundai-motor-company-breaks-down-collective-bargaining-agreement-trade-unions-begin-strike-preparations/>, June 30<sup>th</sup> 2021*

**Activity:** Kailash Fertilizers Mazdoor Union is a trade union of Kailash Fertilizers & Co. The union undertakes to look after the welfare of its members. In doing so, it usually uses methods like mutual insurance and collective bargaining. Only when the objectives cannot be met using these methods, does the union resort to strikes, boycotts, and picketing. Describe the methods of mutual insurance and collective bargaining and explain how these are advantageous for the union-members.

*Contd. ....*



## Block-16: Employee Relations

**Answer:**

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### **Check Your Progress-4**

20. A trade union using the mutual insurance method to approach problems looks after the welfare of its members and maintains good relations with employers. Which of the following statements is false about a union, which uses the mutual insurance method?
- It attracts people to join the union with its varied welfare activities.
  - All members are required to donate towards a common fund created by the union.
  - There is no link between the amount to be donated to the fund by the members and the extent of benefit which they want to derive.
  - In case a strike continues for a long time, it helps the members to stay united by offering the required financial assistance.
21. Identify the techniques used by trade unions, when the issues are not very critical and the employees do not want to disrupt the functioning of the organization.
- Go-slow tactics
  - Wearing black bands
  - Picketing
  - Tool down
- Only i and ii
  - Only iii and iv
  - Only ii
  - Only iv
22. \_\_\_\_\_ is a method, which aims to exploit the advantages of the combined strength of workers in comparison to an individual's, by representing all the workers in an organization.

- a. Mutual insurance
- b. Collective bargaining
- c. Legal enactment
- d. Multiple unionism

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## 16.8. Problems Faced by Trade Unions

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Though there are a large number of trade unions in India, their membership is either coming down or has become stagnant. Some of the problems faced by the trade unions are due to environmental changes like the change in the management attitude, whereas some of them are self-created. The changing attitudes of the workers and the changes in the Indian economy, have also contributed to the change in the image of trade unions in the Indian industry. In this regard, the various problems faced by the trade unions are:

### 16.8.1 Uneven Growth of Unionism

Trade union activities are successful in the organized and non-agricultural sectors. They are prevalent in industries that are located in big states and in large-scale industries that are labor-intensive. They are also present in industries like textile, printing presses, utility services, transport, communication, and commerce. On the other hand, workers who belong to small scale industries and the unorganized sector (especially, the agriculture sector) have never reaped any benefits of being members of large, recognized trade unions.

### 16.8.2 Small Size of Unions

The Trade Union Act of 1926, states that any seven workers can form a registered trade union. This has led to the formation of a large number of small trade unions.

- Trade unions have ignored the growing number of women in the workforce and restricted their participation in the unions and their activities.
- In India, the factory or the employment unit is the basis on which trade unions are formed. This leads to the formation of a number of small unions.
- The unionization process took off with the big employers and gradually spread to the smaller employers. This has brought down the average membership, though the total number of unions has been improving.
- Hostility between the leaders of the local trade unions and the Central Organizations, has given rise to the multiplicity of unions. This has further brought down the average membership.
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## **Block-16: Employee Relations**

### **16.8.3 Financial Weakness**

A large portion of the income of trade unions comes from the membership fee. The annual income of the trade unions is very low in India. The financial weakness of the trade unions, leads to the following problems:

- The union is not able to use pressure tactics to fulfill its demands, cannot start welfare schemes or provide financial assistance to members in times of sickness. As a result, the workers don't show interest in participating or donating voluntarily to the union.
- Members do not feel any commitment to the union, since they come into the picture, only at the time of disputes.

The multiplicity of unions has led to irregular collection or charging of a low fee. For solving this problem, it was recommended that a 'check-off' system should be introduced, where the employer in a collective agreement with the workers, deducts the membership amount due to the union from the worker's pay, and transfers it directly to the union's funds (only from those workers who are members of the union). However, this did not take shape in some organizations, because of the fear of loss of contact between the union and the workers.

### **16.8.4 Multiplicity of Unions**

Multiple unionism that arises mainly due to political interference, conflicting political views of rival trade unions, and caste differences among the union members, is a major problem that Indian trade unions confront. In India, there are thirteen central trade unions (like INTUC, CITU, AITUC, etc.) and other associations (like All India Medical Laboratory Technologists Association, All India Insurance Employees Association, etc.) in different industries and occupations, which are not affiliated to any central union. Apart from these, there are thousands of other smaller unions, which are either associated with the central unions or operate independently.

Multiple unionism has led to the rise of rivalries between unions, a decline in collective bargaining, and a fall in the power of workers to get what they lawfully deserve.

### **16.8.5 Inter-union Rivalry**

In India, every industry has parallel trade unions. The presence of multiple unions and the absence of a formal legal code in the country to recognize a single union as the bargaining agent, has given rise to inter-union rivalry. (Intra-union rivalry also takes place due to politics in gaining union leadership and self-interests of the members.) In order to check the growth of multiple unions

and inter-union rivalry, the National Commission on Labor has come out with certain suggestions. Following are some of them;

- Outsiders and political interference in union leadership should be avoided by encouraging members to build strong internal leadership
- An improvement should be brought about in the system of recognizing unions
- Labor Courts should be allowed to solve inter-union conflicts in case of absence of central trade unions
- Central organizations of trade unions should recognize and encourage single bargaining agents. This will help in enhancing the value and strength of collective bargaining.

### 16.8.6 Leadership Issue

In India, many trade unions are associated with some political party, or lawyers, or social workers. These outsiders take over the leadership and interfere in union-related matters. In reality, they do not understand the real problems faced by the workers, as they work from outside and for their own gains. Following are the reasons behind outsiders assuming the trade union leadership in the country.

- Workers require intelligent and dynamic persons like social activists and lawyers to represent them during bargaining with the management. Illiteracy and ignorance among workers, hinders direct dealings with the management.
- Unions opt for outsiders as their leaders, due to the communication gap that arises between the management and the workers, as a result of illiteracy and the huge gap in the social status of the two parties.
- The financial weakness of the workers makes it imperative for them to look for outsiders, who offer free services to the union. These outsiders often fight for their own cause or use the workers for political purposes, rather than work for the benefit of the workers.

There are several other problems that arise due to external leadership. Unions can solve this problem by educating and training the workers, treating ex-employees of the industry as outsiders, and restricting the number of outsiders, who can take part in the union leadership.

### 16.8.7 Politics and Union

Prior to independence, trade unions in India associated themselves with political parties and actively participated in the freedom struggle. However, in the post independence era, the unions split due to differences in the ideologies of the political parties they were associated with. The illiterate, backward, and ignorant workers needed someone to represent them, before the powerful management and the political leaders were ready to help. However, in the later

## **Block-16: Employee Relations**

stages, these politicians used the workers for their own benefit. One of the major reasons for multiple unionism and inter-union rivalry is the control exercised by rival political parties on these unions.

### **16.9. Trade Unions and Globalization**

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In 1991, India opened its doors to foreign markets. Many trade unions opposed this move toward globalization and protested against it through strikes. Globalization however, has both positive, as well as negative effects.

Following are some advantages of globalization.

- An increase in the growth of goods and services across the world, due to a reduction in trade barriers and increase in open trade.
- An increase in income and standard of living of most of the workers, across the world.
- Apart from trade in goods, globalization also involves trade in financial services, information technology, telecommunications, etc. This implies the creation of new industries, more job opportunities, and better pay for the workers.
- Globalization of capital markets attracts foreign investment, which creates jobs and helps the developing countries, improve the standard of living of their people.
- Apart from the advantages, there are also some hidden dangers.
- Movement of capital abroad, results in loss in terms of output, trade, and employment in the home country
- Multinational companies offer low pay to workers in developing countries, in order to cut down on the costs of employing less skilled workers in the developed countries
- Globalization has resulted in skill-intensive jobs, making it necessary to employ skilled workers in the concerned industry. This in turn has led to unemployment.
- Government has had to close down sick and non-profit industries, leaving innumerable workers jobless. The decrease in the workforce has led to work intensification.

Trade unions can retrain workers to fit into the jobs in the new skill-intensive industries, maintain equality in wages by increasing the skills of unskilled workers, and improve productivity. Trade unions can also protect the workers' rights by strengthening the union movement, unifying the workers, and by developing national, regional, and international linkages.

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**Check Your Progress-5**

23. According to the Indian Trade Unions Act of 1926, the minimum number of workers required to form a registered union is \_\_\_\_\_.
- Seven
  - Fifteen
  - Fifty
  - Hundred
24. In India, trade union activities are satisfactory in industries like textiles, printing press, utility services, transport and communications, and commerce which belong to the \_\_\_\_\_ sectors.
- Agricultural and technology
  - Organized and agricultural
  - Small scale and unorganized
  - Organized and non-agricultural
25. In order to solve the problem of irregular collection of membership fees, the check-off system was proposed, in which the employer, in an agreement with the workers, deducts the membership amount from the worker's pay and directs it to the \_\_\_\_\_.
- Trade union
  - National Commission on Labor
  - Political party
  - Government
26. Multiplicity of unions is a major problem faced by the trade union movement in India. Some of the **causes** for this situation are \_\_\_\_\_.
- Political interference
  - Conflicting views of rival trade unions
  - Caste differences among union members
  - Decline in collective bargaining power
- Only i, ii, and iii
  - Only ii, iii, and iv
  - Only iii and iv
  - Only iv

## Block-16: Employee Relations

27. The National Commission on Labor has given certain guidelines to check growth of multiple unions and inter-union rivalry. Which of the following statements is **not** as per the above guidelines?
- Avoid outsiders and political interference in union leadership, by encouraging members to build strong internal leadership.
  - Improve the system of recognizing unions.
  - In case of unavailability of central organizations, Labor Courts should be given powers to solve inter-union conflicts.
  - Central organization of trade unions should recognize and encourage multiple bargaining agents, which improves the value and strength of collective bargaining.
28. Why is the annual income of trade unions, which is mainly earned from membership fee, very low in India?
- Members do not show commitment (including financial commitment) to the union during normal times, as the unions usually come into the picture, only when a dispute arises.
  - When a situation of multiplicity of unions exists, though a union plans to raise the membership fee, it ends up with irregular collection of the membership fee or charging low fee.
  - The workers show disinterest in donating liberally to the union.
  - All of the above
29. The threats to workers with the advent of globalization are \_\_\_\_\_.
- Low pay offered by global companies to workers in developing countries in order to save on labor costs of less skilled workers in the developed countries
  - Rise of skill-intensive jobs, making it necessary to mostly employ skilled workers
  - Movement of capital abroad leads to loss in output, trade and employment in the home country
  - Closure of sick and non-profit making industries resulting in unemployment
- i, ii, iii, and iv
  - Only ii, iii, and iv
  - Only i, iii, and iv
  - Only i and ii
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### 16.10. Summary

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- Trade unions are formed as a result of the workers' desire to protect their economic interests in an organization, to negotiate with the management, and improve the working conditions at the organizational or industrial level, and to improve the relations between workers-employers, or workers-workers, or employers-employers.
- The functions of trade unions can be classified as militant functions, fraternal functions, social functions, political functions, and ancillary functions.
- Trade unions are classified based on their purpose as reformist unions and revolutionary unions and based on their membership structure as craft unions, industrial unions, staff unions, and general unions.
- Trade unions follow various methods like mutual insurance, collective bargaining, legal enactments, strikes, boycotts, etc., in order to fulfill their demands.
- Trade unions in India face problems due to the uneven growth of unionism, small size of unions, financial weaknesses, multiple unionism, inter-union rivalry, leadership issues, and differences in ideologies of the political parties they are associated with.
- Globalization and trade liberalization in India and other countries, has had both positive and negative effects on trade unions.

### 16.11. Glossary

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- **Anarchist unions** (subtype of revolutionary unions): These adopt revolutionary means to completely dissolve the existing economic system, and believe that capitalism does not work.
- **Ancillary functions of trade unions**: These include communicating the union ideology, obtaining house sites and building houses through the formation of co-operative housing societies, conducting training activities for members, encouraging members and their families to opt for higher education, helping them in achieving their goals, conducting research programs that would help in making reports required for collective bargaining, etc.
- **Business unions** (subtype of reformist unions): These are craft-conscious and not class-conscious (which resort to strikes and other similar means to achieve their objectives). These unions concentrate on securing the economic interests of their members like improved working conditions and increased wages.
- **Collective bargaining** (methods adopted by trade unions): This method aims at exploiting the collective strength of the workers and the unions are the representatives of the workers. They negotiate with the management at the local,



## Block-16: Employee Relations

industrial, or national levels regarding wages, bonus, hours of work, gratuity, welfare measures, etc., on behalf of all the workers.

- Craft unions (according to membership structure): The workers are craft-conscious, experienced, and skilled in a single craft or trade or number of crafts or trades. Since these unions employ workers skilled in one or more single group of processes, they are horizontal in character.
- Fraternal or extramural functions of trade unions: Under these functions, trade unions play the role of benefit organizations, providing financial (from the funds accumulated by way of monthly member subscription) and non-financial assistance (such as advice on housing, medical, etc., matters) to their members during sickness, strikes, lockouts, etc.
- General unions (according to membership structure): These unions comprise members, who belong to varied industries with several skills and experiences. A major strength of these unions is that they are open to all classes of workers and enjoy the membership of a large number of workers.
- Hold-up and guerrilla unions (subtypes of predatory unions): In hold-up unions, unethical employers and agents of labor organizations cooperate with each other and demand heavy prices from their customers. Guerrilla unions do not cooperate with their employers. The leaders of these unions are unethical and ruthless in their actions.
- Industrial unions (according to membership structure): These unions are based on the industry in which the members work instead of the craft, grade, skill, position, or sex, and include all craftsmen and skilled workers in that industry. These unions are class-conscious as they have more members. They also increase the companionship among the members.
- Legal enactments (methods adopted by trade unions): These help the unions achieve their objectives through labor laws pertaining to working conditions, social security, trade unions, wages, industrial disputes, employment, etc. These laws safeguard children, women, and adult male workers, against oppression and exploitation by employers.
- Militant or intramural functions of trade unions: Under these functions, trade unions fight with the employers for achieving the economic interests of their members. Issues pertain to provision of better working conditions and other employment related concerns like fair wages, job security, balancing work hours, etc.
- Mutual insurance (methods adopted by trade unions): This method is used by the trade unions for the welfare of their members and for maintaining good relations with the employers. In this method, a common fund is created from the donations

of the members of the trade union. This fund is used during strikes, for welfare activities, and for other schemes that serve the interests of the members.

- Political functions of trade unions: Under these functions, the trade unions associate themselves with a political party, get affiliated to it, and help the party by enrolling members, campaigning for it during elections, collecting donations, etc.
- Political unions (subtype of revolutionary unions): These destroy the power of capital and capitalists through laws. These unions attain power, through participation in political action. They allocate wealth and offer effective power to the workers.
- Predatory unions (subtype of revolutionary unions): These unions can adopt friendly, business, or revolutionary methods, irrespective of ethical and legal codes for achieving objectives. They do not stick to a particular ideology or a specific methodology to achieve their objectives and adopt any method without considering the effect of their actions on other groups or the outside world.
- Reformist unions (according to purpose): Conserving the capitalist society, continuing the employer-employee relationship, and the competitive system of production are the main objectives of reformist unions. They try to make modifications to (but, not to eliminate) the existing social, economic, or political make-up in the country. They aim at increasing workers' productivity.
- Revolutionary unions (according to purpose): These aim at pulling down the existing structure and replacing it with a new one, based on the ideals they believe in. They are class-conscious unions and aim to replace the capitalist system, with the socialist system.
- Social functions of trade unions: Educating the members, conducting anti-corruption campaigns, etc., are some of the social functions, performed by the trade unions to serve a social cause and establish their social responsibility toward different sections of the society.
- Staff unions (according to membership structure): These are based on the common need for help and the common status of their members. They possess the features of both craft unions and industrial unions, and usually comprise workers from the non-manual sectors.
- Trade union: The Indian Trade Unions Act of 1926, defined a trade union as any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations, between workmen and employers, or between workmen and workmen, or between employers and employers, or for imposing restrictive conditions on the conduct of any trade or business, and includes any federation of two or more trade unions.

## **Block-16: Employee Relations**

- Uplift unions (subtype of reformist unions): These are interest-conscious unions, as these are aimed at improving the social life of workers. They aim at broader issues like education, benefits, health, and insurance. These unions promote the intellectual, moral, and social life of their members.

### **16.12. Self-Assessment Test**

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1. Trade unions play an important role in industrial relations. Explain the concept of trade unions and enumerate the reasons for the gradual decline in membership and importance of trade unions.
2. There are some core features of trade unions, which have remained the same over the years and some peripheral features which have undergone sweeping changes. Explain these features.
3. The functions of trade unions depend on the country they operate in, but they also have some basic functions. What are these basic functions?
4. Trade unions can be classified, based on their purpose and their membership structure. Explain the various types of trade unions.
5. Explain the various methods that trade unions adopt to achieve their objectives.
6. What are the problems faced by the trade unions in the Indian industry?
7. Many trade unions opposed trade liberalization in India and protested against it through strikes. What are the outcomes of globalization that are reasons of concern for trade unions?

### **16.13. Suggested Readings / Reference Material**

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#### **16.14. Answers to Check Your Progress Questions**

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Following are the answers to the Check Your Progress questions given in the Unit.

**1. (d) All of the above**

The basic purposes of trade unions are to negotiate with the management and improve the working conditions of the workers at the organizational level or industry level, to improve the relations between workers and employers, and to protect the economic interests of workers in an organization.

**2. (a) The nature of labor unions is generally temporary.**

Trade unions are generally not temporary or casual.

**3. (c) Intramural**

As part of their intramural functions, trade unions may fight with employers on many economic issues such as better working conditions, fair wages, job security, balancing work hours, etc. They may opt for collective bargaining and negotiations in the initial stages and for strikes and boycotts (if required) in the later stages.

**4. (b) Extramural functions**

Trade unions fight with the employers to protect and further the economic interests of their members. This function of trade unions is regarded as intramural or militant function. Under extramural or fraternal functions, trade unions act as benefit organizations providing financial and non-financial assistance to their members during sickness, strikes, lockouts, etc. Trade unions also involve themselves in various activities to serve a social cause and accomplish their social responsibility towards different sections of the society. These are regarded as social functions. Communication of the union ideology, welfare activities, education and research are the important ancillary functions of a trade union.

## **Block-16: Employee Relations**

### **5. (b) Only i, ii, and iv**

Trade unions have changed their nature of existence, from illegal and criminal associations to legalized and recognized federations. They have increased in size as well as in number. Earlier, their only aim was to secure the economic interests of their members, but now they actively participate in the social, political and cultural development of the nation. Trade unions have adapted themselves to the changing environment, which includes technological changes and management approach that affect their existence.

### **6. (a) To concentrate on the economic interests of the members**

Business unions succeed in maintaining good relations with employers, as they rely on collective bargaining to achieve their goals. They concentrate on the economic interests of their members, like improved working conditions and increased wages. They try to stay away from strikes and political involvement, as long as possible and rely on peaceful methods to settle issues.

### **7. (a) Reformist unions**

Reformist unions only intend to modify the existing social, economic, or political make-up of the state and not eliminate it. Reformist unions aim at increasing the level of productivity and workers' share in it. They use collective bargaining to achieve objectives like improvement in workers' wages, quality of work life, and working conditions.

### **8. (c) i and iv**

R. F. Hoxie classified reformist unions into business unions and uplift unions.

### **9. (d) Uplift**

Uplift unions direct their efforts to promote the intellectual, moral, and social life of their members. These unions are generally interest-conscious, as these are aimed at improving the social life of workers. They aim at broader issues such as education, benefits, health, and insurance. They are conservative and rely on collective bargaining to attain their goals.

### **10. (c) Revolutionary unions**

Revolutionary unions aim at destroying the capitalist system and replacing it with a new one, based on the ideals they believe in.

**11. (c) Guerrilla unions**

Unions, which do not cooperate with their employers and aim at using whatever and whoever they can in order to achieve their goals, are known as guerrilla unions. Reformist unions conserve the capitalist society to continue the employer-employee relationship and the competitive system of production. Business unions and uplift unions are two types of reformist unions.

**12. (a) Anarchist unions**

Anarchist unions use revolutionary means to completely dissolve the current economic system. Hold-up unions thrive in a land of unethical employers and agents of labor organizations. Business unions concentrate on the economic interests of their members like improved working conditions and increased wages. Uplift unions aim at broader issues like education, benefits, health and insurance.

**13. (b) Revolutionary unions**

Predatory unions, anarchist unions, political unions, guerrilla unions, and hold-up unions are types of revolutionary unions.

**14. (a) Uplift union**

Uplift unions are reformist unions, which are ideal in nature and aim at broad issues such as education, benefits, health, and insurance. They are conservative and rely on collective bargaining to attain their goals.

**15. (a) Craft unions**

The workers in a craft union are experienced and work on a single trade or possess similar skills and specialization. A general union consists of members belonging to various industries with varied skills and experience. An industrial union includes all craftsmen and skilled workers in a particular industry. Industrial unions are based on the industry in which the members work rather than the craft, skill, grade, etc. Staff unions have attributes of both craft and industrial unions.

**16. (a) Only i**

As craft unions consist of workers, who are experienced and work in one or more single group of processes, they are horizontal in character. Industrial unions have large number of members, which make them class conscious. Staff unions generally invite workers from non-manual sectors. The leaders of guerilla unions are unethical and ruthless in their actions.

## **Block-16: Employee Relations**

### **17. (a) Industrial, staff, craft, and general unions**

The types of unions, which are recognized on the basis of differences in the structure of their membership, are craft unions, industrial unions, staff unions, and general unions.

### **18. (c) Staff unions**

Staff unions have attributes of both craft and industrial unions and are based on the common need for help and the common status of their members. A staff union generally consists of workers from non-manual sectors. Such unions are characterized by more developed techniques of bargaining and higher women participation.

### **19. (d) Craft and industrial**

A staff union generally consists of workers from non-manual sectors. Staff unions have attributes of both craft and industrial unions.

### **20. (c) There is no link between the amount to be donated to the fund by the members and the extent of benefit which they want to derive.**

Under the mutual insurance method, members donate more to a fund created by the trade union, if they need more benefits. This helps in improving the financial condition of the union and enhances its bargaining power, when the need arises.

### **21. (a) Only i and ii**

When the issues are not very critical and the employees do not want to disrupt the functioning of the organization, unions use subtle methods, such as go-slow tactics and wearing black bands.

### **22. (b) Collective bargaining**

Individual bargaining by workers and employees would usually give the management an upper hand. Collective bargaining avoids this weakness. A wide range of issues like wages and bonus, hours of work, gratuity, medical and welfare measures, etc., are dealt with by the unions during negotiations with the management.

### **23. (a) Seven**

According to the Indian Trade Unions Act of 1926, any seven workers can form a registered union. This law has paved way for the formation of a large number of small unions.

### **24. (d) Organized and non-agricultural**

Most trade union activities take place in large-scale industrial sectors, involving manual labor and in the industrial centers of big states. They are restricted to the organized and non-agricultural sectors.

**25. (a) Trade union**

The check-off system was to be done for all employees, who were union members. However, this did not materialize in some organizations due to the fear of loss of contact between the union and the workers.

**26. (a) Only i, ii, and iii**

One of the main causes of multiple unionism is political interference in trade union activities. Politicians, involved in trade unions and their working, show more interest in increasing their influence, rather than the improvement of the trade union movement. The conflicting political views of rival trade unions are another reason for the poor growth of the movement. Caste differences among the union members also fostered multiple unionism. Decline in collective bargaining power is an effect of multiplicity of unions, and not a cause.

**27. (d) Central organization of trade unions should recognize and encourage multiple bargaining agents, which improves the value and strength of collective bargaining.**

The National Commission on Labor has stated that single bargaining agents should be encouraged, so as to improve the value and strength of collective bargaining in the country. Multiple bargaining agents would dilute the strength of collective bargaining.

**28. (d) All of the above**

As unions usually come into the picture, only when a dispute arises, members do not show commitment towards making regular monetary contributions to the union during normal times. Due to a situation of multiplicity of unions, though a union plans to raise the membership fee, it ends up with irregular collection of the membership fee or charging low fee. Another reason for this financial weakness is the disinterest shown by workers in participating or donating liberally to the union.

**29. (a) i, ii, iii, and iv**

When capital moves abroad there is a loss in output, trade and employment in the home country. In order to cut down the labor costs of less-skilled workers in the developed countries, multinational companies move jobs to developing countries, where they can offer lower pay to the employees. Globalization has led to skill-intensive jobs, making it necessary to employ only skilled workers in most industries leading to an increase in unemployment. Governments of developing countries close sick and non-profit making industries, leaving countless workers without jobs.



## Unit 17

### Industrial Relations, Collective Bargaining, and Workers' Participation in Management

#### Structure

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- 17.1. Introduction
- 17.2. Objectives
- 17.3. Definition and Concept of Industrial Relations
- 17.4. Approaches to Industrial Relations
- 17.5. Different Roles in Industrial Relations
- 17.6. Objectives of Industrial Relations
- 17.7. Industrial Disputes Prevention Machinery
- 17.8. Concept of Collective Bargaining
- 17.9. Features of Collective Bargaining
- 17.10. Objectives of Collective Bargaining
- 17.11. Collective Bargaining Process
- 17.12. Concept of Workers' Participation in Management
- 17.13. Purpose of Workers' Participation
- 17.14. Summary
- 17.15. Glossary
- 17.16. Self-Assessment Test
- 17.17. Suggested Readings/Reference Material
- 17.18. Answers to Check Your Progress Questions

#### **17.1. Introduction**

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In the previous unit, we have discussed about trade unions. In this unit, we shall discuss industrial relations, collective bargaining, and workers' participation in management.

Between the 1920s and 1980s, industrial relations in India were adversely affected by the rapid changes in the economy and the industry. Industrial conflicts, strikes, and lockouts, became a common feature. However, significant changes took place in the history of industrial relations in India in the last

decade of the twentieth century, due to the changes in the attitudes of the management and the employees.

This unit will discuss the definitions and concepts of industrial relations, collective bargaining, and workers' participation in management. We shall then discuss the approaches to industrial relations, and the objectives of industrial relations. We shall then move on to discuss the process of collective bargaining. Finally, we shall discuss the concept and purpose of workers' participation in management.

### **17.2. Objectives**

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By the end of this unit, students should be able to:

- Define and explain the concept of industrial relations.
- Identify the different approaches to industrial relations.
- Recognize the role played by employees, trade unions, management, and government in industrial relations.
- State the objectives of industrial relations.
- Find out the various means to prevent industrial disputes.
- Discuss the concept of collective bargaining and the conditions favoring it.
- Explain the features and objectives of collective bargaining.
- Demonstrate the process of collective bargaining that involves three steps: preparation for negotiation, negotiation, and contract administration.
- Analyze the concept and purpose of workers' participation in management.

### **17.3. Definition and Concept of Industrial Relations**

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Industrial relations can be defined as the relationship between the management and the employees of an industry. Dale Yoder defined industrial relations as, “a whole field of relationship that exists because of the necessary collaboration of men and women in the employment process of an industry”.

The concept of industrial relations has been widened, which shows the relationships that exists between the state and its employees, employers and the firms and organizations. According to the International Labor Organization (ILO), “industrial relations deal with either the relationships between the state and employers' and workers' organizations or the relations between the occupational organizations themselves”.

Encyclopedia Britannica states that “the concept of industrial relations has been extended to denote the relations of the state with employers, workers, and their organizations. Following are the salient features of Industrial Relations:

## **Block-4 : Employee Relations**

- Industrial relations are the outcome of the employer-employee relationship in an organization.
- Industrial relations help in maintaining congenial relationships in an organization by setting a framework for the management and the employees.
- Industrial relations are based on mutual compromise and adjustment for the benefit of both the parties involved.
- The state and the legal systems have a responsibility toward maintaining a peaceful industrial environment.
- The management, the employees, and the union are involved in this system and have well-defined roles to play.

### **17.4. Approaches to Industrial Relations**

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There are several approaches to industrial relations, which help in better understanding and better management of this concept. These approaches are:

- Psychological approach
- Sociological approach
- Human relations approach
- Socio-ethical approach
- Gandhian approach
- Systems approach

#### **17.4.1 Psychological Approach to Industrial Relations**

The psychological approach to industrial relations states that the difference in the perceptions of the management and the workers is the main cause of industrial relations problems. There is often a lack of faith and the management and workers do not trust each other. Even if a particular group gives an honest assessment of a particular situation, it is negatively perceived by the other group, because of archaic and emotional thinking. Factors like differences in personalities and strained inter-group or interpersonal relationships add to the problem and increase the disharmony in the system.

#### **17.4.2 Sociological Approach to Industrial Relations**

According to the sociological approach to industrial relations, the industry is regarded as a social system and the various groups in this system as communities comprising individuals having different attitudes, customs, perceptions, social status, etc. These differences in social status, norms, attitudes, and perceptions of the management and the labor give rise to industrial conflict.

### **17.4.3 Human Relations Approach to Industrial Relations**

The human relations approach to industrial relations focuses on the human aspect and the manner in which human feelings influence work. Individuals differ in their personality and attitude and respond differently to a particular situation. In an organization, HR policies like compensation, motivation, appraisal, and development play an important role in influencing the role and contribution of an individual. Maslow's hierarchy of needs explains the importance of the changing needs of an individual. Needs, when not satisfied, result in dissatisfaction, then conflict, and finally give rise to problems in industrial relations. Although it is not possible to satisfy all the individual needs of employees, the employer should take care of at least their basic needs. The human relations approach stresses on integrating human relations with industrial relations, where workers are more likely to achieve greater job satisfaction and enjoyment in their work. The organization benefits through improved productivity and employee loyalty.

### **17.4.4 Socio-ethical Approach to Industrial Relations**

According to the socio-ethical approach, there is an ethical base to industrial relations, besides sociological implications. The management and workers should cooperate with each other and realize their moral responsibility toward the organization's objectives. Understanding each other's problems and limitations helps in peaceful settlement of conflicts. This approach emphasizes exerting ethical pressure on the parties involved for the maintenance of good industrial relations.

### **17.4.5 Gandhian Approach to Industrial Relations**

The Gandhian approach to industrial relations is based on the principles proposed by Mahatma Gandhi. It emphasizes peaceful settlement of industrial disputes through satyagraha and non-violence. The workers have the right to strike, but it should be done in a peaceful manner. The approach states that strikes can be resorted to for reasonable demands, should be avoided in industries that provide essential services to the public, and should be absent in philanthropic organizations. The Gandhian approach to industrial relations was very successfully adopted by the Textile Labor Association (TLA), Ahmedabad, Gujarat. TLA is the oldest and the largest textile workers' union in India. It was founded in 1920 by Anasuya Sarabhai.

In 1917, Mahatma Gandhi (Gandhi) led a strike of textile workers, which became very successful. This led to the formation of the TLA. Gandhi believed that workers should develop their personality and unity. This would help them to fight against the oppression by their employers. He also believed that, in order

## Block-4 : Employee Relations

to develop this strength, the union should be able to focus on the lives of workers, both at the factory and at home

### 17.4.6 Systems Approach to Industrial Relations

John Dunlop is the pioneer of the systems approach. According to him, participants (the workers, the management, and their representatives), environmental forces (the ground on which the participants interact), and output are the basic elements of the approach. Dunlop identified three types of environment that are relevant to industrial relations, namely *technological characteristics of the industry*, *market or economic constraints*, and the *locus of power existing in a society*. The interaction between the three elements results in a significant stratum called the subsystem of an industrial relations system. Problems in interactions between them result in industrial conflicts.

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### Check Your Progress-1

1. Which of the following statements regarding industrial relations is **false**?
  - a. It is for the benefit of the workers and not the management.
  - b. It is an outcome of employer-employee relationship in an organization.
  - c. It facilitates harmonious relationships in an organization by setting a framework to guide the management and the employees.
  - d. It is based on mutual compromise and adjustment.
2. Though there are different approaches to industrial relations, the basics of management of good relations remain the same across all the approaches. \_\_\_\_\_ is **not** a standard approach to industrial relations.
  - a. Psychological approach
  - b. Gandhian approach
  - c. Human relations approach
  - d. Human resources approach
3. According to the \_\_\_\_\_ approach to industrial relations, most of the problems in industrial relations arise, due to the difference in perceptions and attitudes of the management and the workers.
  - a. Sociological
  - b. Human relations
  - c. Psychological
  - d. Gandhian

4. Identify the approach to industrial relations, which considers the industry as a system and the various groups in the system as communities made up of individuals with differing attitudes, customs, social status, etc.
  - a. Systems approach
  - b. Sociological approach
  - c. Human relations approach
  - d. Socio-ethical approach
5. According to the \_\_\_\_\_ approach to industrial relations, the workers have the right to strike. But the strikes should be done only for reasonable demands and in a non-violent manner, and should be avoided in industries, which provide essential services to the public.
  - a. Gandhian
  - b. Systems
  - c. Human relations
  - d. Sociological

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### 17.5. Different Roles in Industrial Relations

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The management, the workers, and the trade unions play important roles in maintaining good industrial relations. Each of them tries to fulfill their own interests, as well as those of the organization.

#### 17.5.1 Employees

Employees should be satisfied with the organization, its policies and procedures, and their jobs for good industrial relations to be maintained. They are the most important assets in an organization and are major contributors toward the fulfillment of organizational objectives. Thus, the management should employ workers, who meet the job requirements and fit in with the organizational culture. It should also invest in providing benefits and incentives to them, in order to develop and retain them in the organization. Employee-friendly rules and policies should be framed to provide a favorable work environment and enhance the quality of work life for the employees. This would motivate them to perform better and contribute more to the organization.

#### 17.5.2 Trade Unions

Trade unions represent the interests of the employees in an organization and negotiate with the management at the organizational or industrial level. They enjoy power and status, based on the support of employees. This power is used as a weapon in regulating the industrial environment of the organization and in getting employees' demands accepted by the management.

## **Block-4 : Employee Relations**

In India, a large number of organizational level trade unions are affiliated to central labor organizations like the Indian National Trade Union Congress (INTUC), All India Trade Union Congress (AITUC), Center of Indian Trade Union (CITU), etc. While fighting for workers' demands pertaining to increase in wages, improvement in work conditions and additional benefits, and welfare measure, these unions sometimes use pressure tactics like threats of strikes and 'gheraos'.

In socialist countries, trade unions act as 'state agents'. They cooperate with the management to improve employee productivity and undertake several welfare activities. They also take responsibility for welfare and conduct activities like administration of safety and welfare work, social insurance schemes, and provision of sickness and disablement benefits. They play a major role in decision making in the organization, through 'worker participation in management'. Work Committees, Joint Management Councils, and Worker Representatives on the Board of Directors are various forms of worker participation in India.

### **17.5.3 Management**

Management plays a crucial role in deciding the health of industrial relations in an organization. Management policies help in maintaining employee morale and in preventing industrial conflicts and disputes. The management style has gradually changed from an exploitative authoritative style to a more participative one. The different stages through which the management style has gone through and the change that has come about are:

#### **Exploitative Authoritative Style**

During the initial years of industrialization, the management laid down the rules of employment. Workers were paid low wages, even though they worked for long hours. They were deprived of the basic amenities and were severely punished for violating the strict discipline enforced by the management. The management paid no heed to the workers' needs and demands. This resulted in the emergence of 'revolutionary trade unions'.

#### **Benevolent Authoritative Style**

A 'paternalistic' style was adopted by the management, with the increasing importance given to human relations. Employers looked upon the workers as children, who required careful guidance. The management was strict, but kind to the workers, and provided them with welfare amenities and other benefits for their well-being. This change from an exploitative authoritative style to a benevolent authoritative style was mainly due to the demands from the trade unions and government legislation.

### Consultative Management Style

Under this style, the trade unions forced the management to introduce a two-way communication channel with the employees to enable free flow of information downward, upward, and laterally. Information-sharing, consultation with the unions, and collective bargaining received attention during this stage. Although the employees could voice their opinions, the decision of the management was considered final.

### Participative Style

Under this style of management, employees are regarded as stakeholders in the organization. They are treated as partners, share power with the management, play a major role in decision making, can voice their opinions, and are also heard and respected by the management.

#### 17.5.4 Government

Government provides a basic framework within which industrial relations have to be maintained. It plays a limited role and comes actively into the picture, only when the management, the trade unions, and the employees fail to work for the welfare of the organization within the set framework. Here, it acts as a mediator through conciliation, arbitration, and adjudication.

**Activity:** Keerthi Textiles is a 15-year-old textile manufacturing company based in Gurgaon. During the initial years of its existence, the workers had to suffer long working hours for which they were paid very low wages. The company also failed to provide basic amenities and good working conditions. Workers were severely penalized for violating rules and regulations, even if the violation was minor. The company's productivity and, as a result its profitability, has been constantly declining in the recent years. In 2007, in order to revamp the company's state, a new management was brought in. It decided to drastically change the management style. If you were the new CEO of the company, which style of management would you adopt? State reasons for your choice by comparing it with the other styles of management that you might have adopted in such a situation.

**Answer:**

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**Check Your Progress-2**

6. Three parties along with the government play the most important roles in industrial relations, whereby they fulfill their own interests and those of the organization. \_\_\_\_\_ is **not** one of these three parties.
  - a. Management
  - b. Trade unions
  - c. Tripartite bodies
  - d. Workers
7. In the \_\_\_\_\_ style of management, employers look upon workers as children who require careful guidance. This style is also referred to as a 'paternalistic' style.
  - a. Exploitative authoritative
  - b. Benevolent authoritative
  - c. Participative
  - d. Consultative management
8. In the \_\_\_\_\_ style of management, the management is impervious to the needs of the workers. The workers are ruthlessly exploited and paid low wages, despite working unduly long hours.
  - a. Benevolent authoritative
  - b. Participative
  - c. Consultative management
  - d. Exploitative authoritative

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**17.6. Objectives of Industrial Relations**

Following are the objectives of industrial relations.

- To safeguard the interests of the labor and the management, by preventing one of the players from getting a strong hold over the other
- To develop and safeguard mutual understanding and good relationships among all the players in the industrial set-up
- To maintain industrial peace and harmony, by preventing industrial conflicts
- To improve the standard of living of the average worker, by providing basic and standard amenities
- To increase productivity by minimizing industrial conflicts and promoting harmonious industrial relations

- To ensure discipline in the organization and in the industry
- To provide a basic framework for the management and the employees, in order to resolve their differences
- To improve the bargaining capacity of the workers, through trade unions.

### **17.7. Industrial Disputes Prevention Machinery**

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Over the years, organizations have come to realize that comprehending and resolving workers' grievances, before they turn into industrial disputes, is better than dealing with strikes and lockouts. The management and the workers have become aware that maintaining harmonious industrial relations, enhances productivity and helps an organization to survive and grow in a highly competitive environment. An effective and efficient industrial disputes prevention machinery, helps in avoiding conflicts and maintaining healthy industrial relations, for the well-being of the organization and its employees. Industrial disputes can be prevented in several ways. They are:

- Worker Participation:** Worker participation in management allows and encourages employees to make organizational decisions and ensures that they abide by the decisions. This enhances the commitment and loyalty of the workers toward the organization. For the purpose of resolving conflicts, a works committee, consisting of representatives from the management and the workers, should be created by an employer, employing hundred or more workers.
- Employee Grievance Redressal Machinery:** Industrial grievances can be prevented from turning into industrial conflicts, by designing and implementing an effective and efficient employee grievance redressal procedure.
- Voluntary Arbitration:** Under this method, the parties involved in the dispute invite the intervention of a third party to arrive at a solution. The decision of the arbitrator is final and both parties have to abide by it.
- Conciliation:** In case the management and the unions fail to resolve their differences, through collective bargaining or arbitration, they take the help of a conciliator. The conciliator helps the two parties arrive at a solution by offering advice and consultancy. The conciliator can be a Conciliation Officer belonging to that industry/area or a Board of Conciliation, set up by the government.
- Court of Enquiry:** A Court of Enquiry can be set up by the government for investigating a dispute. The court cannot give its verdict on the dispute; it can only assist in the conciliation process.

#### Block-4 : Employee Relations

- vi. **Tripartite Bodies:** Tripartite bodies like the Indian Labor Conference, Standing Labor Committee, and Industrial Committees help the government in settling industrial disputes through agreements.
- vii. **Adjudication:** Adjudication is the last resort to avoid strikes, lockouts, or otherwise temporary suspension of organizational activities. In adjudication, the legal machinery of the state gets involved in settling the dispute and provides guidelines to the management and the employees. The decision taken in this stage is legally binding on both the parties. The stages under adjudication are:
- *Labor Courts: These are set up by the state government for settling industrial disputes. They deal with matters, pertaining to the application and interpretation of standing orders, discharge or dismissal of a worker, withdrawal of customary benefits, and a strike or a lockout.*
  - *Industrial Tribunals: Industrial tribunals handle matters, within the jurisdiction of labor courts and those related to compensation, work hours and shifts, leave and holidays, payment of bonus, provident fund and gratuity, discipline, retrenchment, and closure of the establishment.*
  - *National Tribunals: A national tribunal is set up, when an industrial dispute affects more than one state in the country or when the concerned firm operates in more than one state. All the aspects covered under industrial tribunals are covered by the national tribunals.*

Apart from these factors, the management's concern for employees, organizational culture, and the long-term relationship, between the management and the workers of the organization also help in maintaining cordial industrial relations.

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#### **Check Your Progress-3**

9. The government intervenes in industrial relations, only when the management, trade unions, and the employees fail to work for the common good of the organization. It acts as a mediator and does **not** use the process of \_\_\_\_\_ in this mediation.
- Conciliation
  - Exploitation
  - Arbitration
  - Adjudication

10. A \_\_\_\_\_ is constituted, when an industrial dispute affects more than one state in the country or when the firm in question, operates in more than one state.
- Labor court
  - Industrial tribunal
  - National tribunal
  - Court of enquiry
11. \_\_\_\_\_ is an initiative taken by the two parties involved in an industrial dispute, to invite the intervention of a third party for settlement.
- Employee grievance redressal machinery
  - Conciliation
  - Adjudication
  - Voluntary arbitration
12. There are various means of preventing industrial disputes. Match the following such means with their descriptions.
- Voluntary arbitration
  - Conciliation
  - Adjudication
  - Workers' participation
- This allows the employees to get involved in the management decisions, and therefore abide by the decisions taken.
  - It is an initiative taken by the two parties involved in the dispute, to invite the intervention of a third party for settlement.
  - This method facilitates an agreement between the two parties, by offering advice and consultancy.
  - The legal machinery of the state intervenes to settle the dispute and provides guidelines to the management and the employees.
- i/p, ii/q, iii/r, iv/s
  - i/r, ii/s, iii/p, iv/q
  - i/q, ii/r, iii/s, iv/p
  - i/s, ii/p, iii/q, iv/r
13. To avert strikes and lockouts, as a last resort, the legal machinery of the state intervenes to settle a dispute and provides guidelines to the management and employees. \_\_\_\_\_ is **not** an authority pertaining to adjudication in industrial disputes.

## Block-4 : Employee Relations

- a. Tripartite bodies
- b. National tribunals
- c. Labor courts
- d. Industrial tribunals

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### 17.8. Concept of Collective Bargaining

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Sydney Webb and Beatrice Webb introduced the term ‘collective bargaining’. According to their viewpoint, popularly known as the ‘critical viewpoint’, collective bargaining is the collective equivalent to individual bargaining, the main objective of which is to attain economic advantage. According to J.H. Richardson, “collective bargaining takes place when a number of work people enter into a negotiation as a bargaining unit with an employer or group of employers with the object of reaching an agreement on the conditions of the employment of the work people”.

Collective bargaining is a method by which trade unions protect, safeguard, and improve conditions of their members’ working lives. It is a process in which representatives of both the management and employees participate. It is a continuous process which aims at establishing stable relationships between parties involved. Collective bargaining not only involves the bargaining agreement, but also involves the implementation of such an agreement.

Collective bargaining is a managerial tool that helps in solving employment related issues, between the management and the employees in a friendly and amicable manner. In certain cases, third-party intervention might be necessary to resolve the issues.

There are certain conditions, which support collective bargaining. These have been enumerated here.

- There should be a single union or a common agreement among multiple unions. Clash of interests hampers employee interests.
- The management should be open to the requests of the trade unions and should also identify the union representatives.
- The culture of the organization should foster the right spirit for collective bargaining to be successful.
- The role of a third party should be minimized and agreements should be based on bipartite bargaining.
- All the parties involved should aim at a win-win situation and not a win-lose situation. The common interests of the organization and its employees should be considered while arriving at any agreement.

## **17.9. Features of Collective Bargaining**

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The main features of collective bargaining have been listed here.

### **17.9.1 Group Activity**

The parties involved in the collective bargaining process belong to different groups, viz., the employees and the management. So, collective bargaining is a group activity. The employees are represented by their union delegates and the management, through their designated officials. The government becomes a third party, if there is a need for intervention.

### **17.9.2 Activity in Levels**

The process of collective bargaining begins with a bipartite discussion, between the management and the employees at the unit/plant level and can move up to the industry/national level. Government intervention through arbitration or adjudication is the ultimate level in the process.

### **17.9.3 Flexibility**

The aim of collective bargaining is to come out with a favorable solution, which is agreeable to both the management and the employees. Flexibility (in ideas and opinions, in demands and requests, and in decisions and agreements) is a requisite for the collective bargaining process to be effective. Negotiations enable each party to obtain the maximum concession that the opposing party is willing to offer till a final agreement is reached.

### **17.9.4 Win-win Situation**

The agreements in a collective bargaining process are based on the principle of mutual interest and should lead to a win-win situation. The process of collective bargaining facilitates reaching an agreement that will best serve the interests of all the parties concerned.

### **17.9.5 Builds Relationships**

Collective bargaining helps in building a culture of strong relationships, between the management and the employees (trade unions). It results in employment contracts being designed and implemented between the management and the trade unions, signed by both the parties. As both parties have to adhere to the terms in the contract, conflicts are prevented and this results in a dispute-free industrial environment. Refer Exhibit 17.1 for Nike's initiatives towards workers' rights in its supply chain.

**Exhibit 17.1: Nike – Promoting Workers’ Rights in its Supply Chain**

Nike, Inc. (Nike), a US-based sporting goods manufacturer, had been facing accusations regarding workplace abuses, since the mid-1990s. Several charges were made against Nike regarding the way the workers were treated at its supplier factories. It was reported that the workers were exploited, worked under poor conditions, and did not enjoy the basic right to form or join in trade unions. Nike then decided to reinforce industrial relations at its supplier factories. It began making persistent efforts to enhance conditions of workers in its global supply chain.

Nike is now making efforts to bring about a complete change in its supply chain. This initiative would include, encouraging workers to speak freely about their problems and rights. The company believes that proper communication between the workers and the supplier management would help in providing better conditions at the workplace.

Nike has announced that by 2011, it would implement an educational program that advocates the rights of workers to freedom of association. It has also declared that it would eliminate excessive overtime (number of hours worked more than those stipulated by the local laws or the code of conduct of the company) at its supplier factories. Nike requires suppliers to allow for parallel means for independent and free association and bargaining. Nike’s Code of Conduct in 2020 requires our suppliers to pay their employees at least the local minimum wage or prevailing wage (whichever is higher), including premiums for overtime worked, legally mandated benefits, and compliance with social insurance regulations required by country law. Code of Conduct also requires that any overtime must be paid at a premium rate of either 125% of base rate, or higher per local law.

*Adapted from Jonathan Birchall, “Nike to Promote Workers’ Rights in its Supply Chain,” [http://www.business-standard.com/ft/storypage\\_test.php?&autono=286314](http://www.business-standard.com/ft/storypage_test.php?&autono=286314), June 01, 2007. and <https://purpose.nike.com/human-rights> (Accessed on October 7th 2021)*

**17.9.6 An Art and a Science**

Collective bargaining is both an art and a science. It is an art because an expert in collective bargaining should be well-versed in the art of oratory, dramatics and manipulation. At the same time, it is a science because understanding the process of collective bargaining and accurately predicting the other party’s responses help in better negotiation and enhanced performance in achieving the desired results.

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**Check Your Progress-4**

14. According to J H Richardson, ‘\_\_\_\_\_’ takes place when a number of work people enter into a negotiation as a bargaining unit with an employer or group of employers, with the objective of reaching an agreement on the conditions of the employment of the work people.’
- Voluntary arbitration
  - Collective bargaining
  - Adjudication
  - Workers’ participation
15. Collective bargaining is a managerial tool that facilitates an amicable and mutually acceptable agreement, between the management and the employees, to solve all employment-related problems. Identify from the following, the condition which will **hinder** the process of collective bargaining.
- There should be a single union, or in case of multiple unions, a common agreement among them.
  - Management should be open to the requests of the trade unions.
  - The role of a third party should be maximized and decisions should always be based on tripartite agreement.
  - The culture of the organization should foster the right spirit for collective bargaining to be successful.

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**17.10. Objectives of Collective Bargaining**

Following are the objectives of collective bargaining.

- To provide the workers with an opportunity to express their problems in employment-related issues
- To help in reaching a solution that is acceptable to all the parties involved
- To resolve all conflicts and disputes in a mutually agreeable manner
- To prevent future conflicts/disputes through bilateral contracts
- To develop a conducive environment for promoting healthy industrial relations
- To resolve matters through third party (government) involvement, in case of conflicting interests of the parties involved
- To provide stable and peaceful industrial relations in the organization



## Block-4 : Employee Relations

- To improve the productivity of the organization by preventing strikes, lockouts, etc.

In his book 'Labor Economics and Institutions', Prof. Butler categorized the functions of collective bargaining under three heads as given here. These views acknowledge the importance of collective bargaining in maintaining healthy industrial relations and in establishing industrial peace and harmony.

- **A process** of social change: Collective bargaining acts as a technique of long-run social change, leading to restructuring in the power hierarchy of competing groups.
- A peace treaty: Collective bargaining serves as a peace treaty between both the parties, in case of continued conflict.
- A system of 'industrial jurisprudence': Collective bargaining is a rule-making or legislative process, because it formulates terms and conditions under which, the labor and the management will cooperate and work together for a specific period.

### 17.11. Collective Bargaining Process

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There are three steps in the process of collective bargaining, namely *preparation for negotiation*, *negotiation*, and *contract administration*.

#### 17.11.1 Preparation for Negotiation

The first step in the collective bargaining process involves making necessary preparations for negotiating a contract. Both the parties should have a clear perception of the problem. They should be able to identify the discrepancies (if any) in the existing contract. This helps in formulating future requirements, for incorporation in the next contract. A strong and logical argument should then be presented for negotiation.

Information collected from both internal and external sources helps the parties to formulate their terms of negotiation and also predict those of the other party. Internal data usually consists of employee performance reports, overtime figures, reports on transfers, turnover and absenteeism, grievance and accident reports, and copies of recently-negotiated contracts. On the other hand, external data includes, statistics pertaining to the current economy at the local and national levels, the cost of living data, terms of recently-negotiated labor agreements, etc.

#### 17.11.2 Negotiation

This process is initiated when the trade union submits its demands to the management. The trade unions demand a little more than what the employees want and the management offers something less than what it intends to give to

the employees. Ultimately, the union lowers its demands and the management increases its offer and a mutually agreeable agreement is arrived at. After reaching this verbal agreement, a written contract is entered into.

In case of the management and the union representatives failing to reach an agreement, a third party (a conciliator or an arbitrator) is involved in resolving the matter. The conciliator helps the two parties resolve their differences and arrive at a conclusion. In case conciliation fails, an arbitrator hears the argument and gives his/her decision. However, if any of the two parties or both, refuse to accept the arbitrator's decision, then the adjudication stage is reached. This is the ultimate stage where the government or its representatives intervene to settle the matter. The conflicting parties will be legally bound to abide by the judgment passed during this stage.

### 17.11.3 Contract Administration

Contract administration is the last step in the process of collective bargaining and its success depends upon the labor-management relations in an organization. Since this step determines the future of industrial relations in an organization by preventing disputes, it is regarded as the most important step.

The terms of the contract should be widely circulated among all the employees. The employees, as well as the management, should respect the contract and adhere to it. The contract should contain the procedure for handling the conflict. This procedure should be meticulously followed by both the parties at the time of a conflict.

**Activity:** Aakash Manufacturers Ltd. (AML) has a highly unionized culture. The workers of AML wanted the management to introduce the system of giving bonus to them during Diwali. The workers' union made the necessary preparations in consultation with the management. The demand was then submitted to the management. What is this stage of the collective bargaining process known as? What tactics are usually used by the union and the management at this stage? How can a mutually acceptable agreement be ultimately reached if these tactics fail?

**Answer:**

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## Block-4 : Employee Relations

**Table 17.1: Types of Collective Bargaining**

Activity	Explanation
Distributive bargaining	Haggling over distribution of surplus. Wages, salaries and bonuses are discussed. One party's gain is another party's loss. More competitive. Also known as conjunctive bargaining.
Integrative bargaining	Negotiation of an issue on which both the parties may gain; or at least neither party loses. Better training programs or better job evaluation methods.
Attitudinal restructuring	Shaping and reshaping some attitudes like trust or distrust, friendliness or hostility between labor and management.
Intra-organizational bargaining	Aims at resolving internal conflicts. This is a type of maneuvering to achieving consensus with workers and management.

*Source" ICFAI Research Center*

### **Reasons for limited success of collective bargaining in India**

Though collective bargaining is an important tool in the hands of management and trade unions to settle various issues amicably without hampering the business of the organization, its success is limited. The reasons for its limited success may be as follows:

- a) *Management's attitude:* In India, managements have a negative opinion on trade unions. They perceive trade unions as a threat to smooth functioning of business and discourage employees joining trade unions. A strong trade union is essential for effective implementation of collective bargaining mechanism.
- b) *Problems in unions:* There are not many strong unions in India. Indian trade unions are facing the problems of multiplicity of unions, inter and intra-union rivalry, weak financial position and non-recognition of workers union by management. Unions with multiple problems internally cannot initiate strong arguments during negotiations.
- c) *Political interference:* Almost all unions are associated themselves with some political party or other. To protect their own unions, the political parties interfere into the matters and create inter-union rivalries. Sometimes, the political party's ideology may not support the welfare of workers.
- d) *Lack of support from Government:* The government has not been making any strong efforts for the development of collective bargaining. The government has imposed many restrictions regarding strikes and lockouts, which act an obstacle for the development of collective bargaining.

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**Check Your Progress-5**

16. In the collective bargaining process, information from both internal and external sources helps the management and the employee unions to frame their terms of negotiation and also anticipate the terms of negotiation of the other party. Identify the **internal** sources of information.
- Reports on transfers, turnover, and absenteeism
  - Copies of recently negotiated contracts
  - Data relating to the cost of living
  - Terms of recently-negotiated labor agreements in similar industries
- Only i
  - Only iv
  - Only i and ii
  - Only iii and iv
17. In the **negotiation** step of the collective bargaining process, \_\_\_\_\_ can get involved as a third party to facilitate the negotiation process and help the management and the union representatives, resolve their differences amicably and reach an agreement.
- Conciliator or arbitrator
  - Industrial tribunal or National tribunal
  - Court of Enquiry
  - Labor Court or Adjudicator
18. 'Administration of the contract is the most important step in the collective bargaining process.' Which of the following statements in this regard is **false**?
- The employees and the management should respect the contract and abide by the terms laid down in it.
  - A contract should lay down the procedure for handling industrial disputes.
  - Both parties should follow the dispute resolution procedure scrupulously, whenever a conflict arises.
  - Circulation of the terms of the contract and the agreement should be limited.

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### 17.12. Concept of Workers' Participation in Management

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The concept of workers' participation aims at providing an opportunity to the workers to take part in the management decision-making. In some organizations, employees are required to just give their suggestions; the final decision-making authority vests with the management. In others, the workers might be involved in taking only operational decisions. In some places, workers might get to actively participate in all the decisions of the organization, including those at the strategic level.

Worker's participation in management is a process wherein the workers participate in the decision making process of an organization. According to Keith Davis, "Workers' participation refers to the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share in responsibility of achieving them". The terms participative management and worker's participation in management are often used interchangeably. Participation mainly includes the willingness of the workers to take up the responsibilities.

R. Tannenbaum and Massarik view workers' participation as "a formal method of providing an opportunity for every member of the organization to contribute his brain and ingenuity as well as his physical efforts to the improvement of organizational effectiveness."

Arun Monappa and Mirza Saiyadin classified the degree of influence that the workers are allowed to exercise into five levels. These are:

- ***Informative participation:*** This level involves one-way communication from the management to the workers on information pertaining to the balance sheet, production targets, introduction of new technology, etc. Such information is shared with the workers and the workers do not play a role in organizational management.
- ***Consultative participation:*** At this level, worker representatives (in the form of work committees and joint management councils) are consulted on matters pertaining to employee benefits, employee welfare, and work conditions. Workers' recommendations are considered, but the ultimate decision-making power lies with the management.
- ***Associative participation:*** At this level of participation, the management is under a moral obligation to accept and implement the unanimous decision of the workers' council. Workers at this stage play a very important role.
- ***Administrative participation:*** At this level of participation, the workers' council is given certain alternatives to select the one which it wants to implement. Workers at this level enjoy greater freedom than those in the previous levels.

- Decisive participation: At this level, decisions pertaining to production and welfare are jointly taken by the management and the worker representatives. As decisions are taken with mutual consent, both parties are obliged to abide by the decisions. This helps in successfully implementing the decisions.

The participation of workers in management entails two-way communication, which results in better flow of ideas and opinions. This helps the management in designing and implementing employee-friendly policies with minimum conflicts. It gives the employees a feeling of belongingness and commitment to the organization. It enhances their morale and self-esteem, as they are contributing physically, as well as intellectually to the organization.

### **17.13. Purpose of Workers' Participation**

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Workers' participation in management ensures optimum utilization of the capabilities of workers, so that they are able to make a significant contribution to the effectiveness and economic growth of the organization. The rationale behind workers' participation may be stated as follows.

- It reduces the gap between the management and the workers, by allowing the workers to participate in managerial functions.
- Workers feel valued, which makes them more dedicated to their work.
- Workers feel that they have the ability to influence organizational decisions, which makes them more responsible in carrying out their duties.
- Since the workers are involved in decision making, any change in the organization can be implemented, without resistance from them.
- Participation ensures that each party understands the problems and limitations of the other. Thus, it helps in reducing industrial conflict.
- Participation aims at equal distribution of power in the industry, so that power is shared among those involved in organizational work.
- Participation facilitates effective communication, between the workers and the management.
- The increased use of technology in industry has resulted in complex production operations. The cooperation of the workers is necessary for their successful execution.

Thus, participation improves the progress and prosperity of the enterprise as the workers put in their best efforts. Psychologically, it helps in fulfilling the non-monetary needs of the employees and, sociologically, it helps in reducing industrial disputes. This creates a positive atmosphere and increases interest in the work being performed.

## Block-4 : Employee Relations

Example: Every year at Toyota, there is an occasion for company management and employee representatives to discuss company-wide workplace and management issues while looking back on the previous year. In 2021, on February 24<sup>th</sup> 2021 the discussion meet was conducted. In total, 380 people participated, including employee representatives from various workplaces on-site as well as via virtual online participation. The issues including dealing with pandemic like crisis and worksite issues<sup>3</sup>. Exhibit 17.2 provides the different forms of workers' participation.

### **Exhibit 17.2: Forms of Worker's Participation in Management**

Some of the most important forms of worker's participation in management (WPM) are as follows: 1. Suggestion Scheme 2. Works Committee 3. Joint Management Councils (JMCs) 4. Board Representation 5. Co-partnership 6. Workers Complete Ownership.

#### ***1. Suggestion Scheme:***

Under this scheme, a suggestion committee is constituted consisting of equal number of members from management and workers. A suggestion box is installed at an appropriate place in the organization. Workers are invited and encouraged to put their suggestions for improving working of the organization into the suggestion box. The suggestion committee periodically scrutinizes the suggestions given by the workers. Good suggestions are accepted and implemented and also rewarded. This encourages workers to make more and better suggestions.

#### ***2. Works Committee:***

Under section 3 of the Industrial Disputes Act, 1947, and the appropriate Government may require an enterprise employing 100 or more workers, to constitute a works committee with equal number of representatives from the employees and the management. The main purpose behind constituting works committees is to evolve ways and means for maintaining cordial and harmonious relations between the employees and the management.

#### ***3. Joint Management Councils (JMCs):***

JMCs were introduced first in 1958. These councils are formed at plant level with equal number of representatives from employers and employees. These are mainly consultative and advisory ones. The responsibility of the JMCs is relating to matters such as working conditions indiscipline, absenteeism, training, safety, accident prevention, preparation of holiday schemes, etc.

#### ***4. Board Representation:***

Under this scheme, one or two representatives of workers are nominated or elected on the Board of Directors. The basic idea behind incorporating workers'

*Contd. ....*

<sup>3</sup> <https://toyotatimes.jp/en/insidetoyota/0003.html> (Accessed on October 8th 2021)

representation on the Board of Directors is to safeguard the workers' interest, usher industrial harmony and good relations between the workers and management. This is the highest form of workers' participation in management.

The Government itself, as an employer, introduced this scheme in several public sector enterprises such as Hindustan Antibiotics Ltd., Hindustan Organic Chemicals Ltd., National Coal Mines Development Corporation, Bharat Heavy Engineering Ltd., National Textile Mills, etc.

**5. Co-partnership:**

Co-partnership means employees' participation in the share capital of their own company. Under this scheme, workers are induced to buy equity shares of the company. Workers may be allowed to make payments in installments, advance loans or even give financial assistance to enable workers to buy equity shares. Workers hold sixty-one per cent of the shares of Otto India, Calcutta and forty-one per cent of the shares of Sehgal Sanitary Fittings, Jalandhar, for Exhibit.

**6. Workers Complete Ownership:**

Under this scheme, workers acquire complete control of management of their enterprise through an elected board or/and Workers' Council. This system of participation is also called "self-management". This prevails in Yugoslavia. In this system, two different sets of persons perform two distinct types of functions, namely, managerial and operative.

Besides, the following are the alternative forms of workers' participation in management-

- i) Collective bargaining    ii) Empowerment    iii) Quality circles.

Source: "Forms of Worker's Participation in Management (WPM)"  
<http://www.yourarticlelibrary.com/management/forms-of-workers-participation-in-management-wpm/35394>

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**Check Your Progress-6**

19. \_\_\_\_\_ may be defined as 'a formal method of providing an opportunity for every member of the organization to contribute his/her brain and ingenuity as well as his/her physical efforts to the improvement of organizational effectiveness.'
- a. Collective bargaining
  - b. Industrial dispute prevention machinery
  - c. Workers' participation in management
  - d. Trade unionism
20. According to Arun Monappa and Mirza Saiyadin, the degree of influence that workers are allowed to exercise in the management, can be classified into five levels. The \_\_\_\_\_ level of workers' participation entails one-



#### Block-4 : Employee Relations

way communication from the management to the workers where the workers have no role to play in organizational management.

- a. Informative participation
  - b. Decisive participation
  - c. Administrative participation
  - d. Consultative participation
21. The degree of influence that workers are allowed to exercise in the management can be classified into five levels. Arrange the following levels in descending order from the maximum to minimum degree of participation.
- i. Consultative participation
  - ii. Administrative participation
  - iii. Decisive participation
  - iv. Informative participation
  - v. Associative participation
- a. iv, iii, i, ii, v
  - b. iii, ii, v, i, iv
  - c. v, i, iii, ii, iv
  - d. i, iii, iv, v, ii

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#### 17.14. Summary

- Industrial relations refer to the relationship, between the management and the employees of an industry.
- There are several approaches to industrial relations, based on different perspectives, namely psychological, sociological, human relations, socio-ethical, Gandhian, and systems approaches.
- The employees, management, and the trade unions are the three major players in industrial relations. The government plays a limited role.
- There are several means of preventing industrial disputes like worker participation, employee grievance redressal machinery, voluntary arbitration, conciliation, court of enquiry, tripartite bodies, and adjudication.
- Collective bargaining is the process of negotiation between the management and the worker representatives for resolving differences related to wages, bonus, and other benefits; employee working conditions; and grievance redressal procedure.
- The collective bargaining process involves three steps: preparation for negotiation, negotiation, and contract administration.

- The concept of workers' participation aims at providing an opportunity to the workers to take part in the management decision-making.
- The basic purpose of worker participation is to bridge the gap between the management and the workers by authorizing the workers to take part in managerial functions.

#### **17.15. Glossary**

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- Industrial relations: It is defined as the relationship between the management and the employees of an industry. According to the International Labor Organization (ILO), industrial relations deal with either the relationships between the state and employers' and workers' organizations or the relations between the occupational organizations themselves.
- Collective bargaining: It is a managerial tool that helps in solving employment related issues between the management and the employees in a friendly and amicable manner. In certain cases, third-party intervention might be necessary to resolve the issues.

#### **17.16. Self-Assessment Test**

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1. Industrial relations can be defined as the relationship between the management and the employees of an industry. Explain the concept and objectives of industrial relations. What are the different approaches to industrial relations?
2. In industrial relations, three parties — the management, the workers, and the union — play an important role while the government intervenes only in certain situations. What are the roles played by each of these parties in industrial relations?
3. Over the years, the management and the workers have become aware that maintaining harmonious industrial relations will help the organization survive in this highly competitive environment. As a result, the focus has been on preventing industrial disputes. What are the various ways of preventing industrial disputes?
4. Collective bargaining is a managerial tool that facilitates an amicable and mutually acceptable agreement between the management and the employees to solve all employment-related problems. Explain. What are the features and objectives of collective bargaining?
5. The process of collective bargaining involves three steps – preparation for negotiation, negotiation, and contract administration. Explain these steps.
6. The concept of workers' participation aims at providing an opportunity to the workers to take part in management decision-making. Explain the concept and purpose of workers' participation in management.

### **17.17. Suggested Readings/Reference Material**

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### **17.18. Answers to Check Your Progress Questions**

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Following are the answers to the Check Your Progress questions given in the Unit.

**1. (a) It is for the benefit of the workers and not the management.**

Industrial relations are based on mutual compromise and adjustment, for the benefit of **both** the workers and the management. It is an outcome of employer-employee relationship in an organization. It facilitates harmonious relationships in an organization by setting a framework to guide the management and the employees.

**2. (d) Human resources approach**

The different approaches to industrial relations are psychological approach, sociological approach, socio-ethical approach, Gandhian approach, human relations approach and systems approach. Human resources approach is an approach to human resource management.

**3. (c) Psychological**

Perceptions of both parties (workers and managers) regarding a particular aspect varies and as a result, some minor issues get

aggravated into major problems. Differing personalities and strained inter-group and interpersonal relationships, act as an impetus for such issues to arise and get aggravated.

**4. (b) Sociological approach**

The sociological approach considers the industry as a social system. The various groups in the system are viewed as communities made up of individuals with differing attitudes, customs, perceptions, and social status. These differences among individuals, as a result of their social upbringing and association, create conflict and competition among the members of an industrial society.

**5. (a) Gandhian**

According to the Gandhian approach, industrial problems should be solved peacefully using non-violent methods. The approach follows the principles of Mahatma Gandhi. According to him, a peaceful way of resolving conflicts is through non-violence. In the same way, problems in the industry should be solved through satyagraha and non-violence rather than by resorting to violent deeds and crimes. The workers' right to strike is accepted, but the emphasis is on peaceful strikes. According to this approach, a strike should only be for reasonable demands and as far as possible, should be avoided in industries, which provide essential services to the public.

**6. (c) Tripartite bodies**

Employees/ workers are the pillars on which the organization is built. They are the chief contributors to the organizational objectives, and are the organization's most valuable resource. Trade unions, as discussed, constitute the employee representative bodies in an organization. The role of the management in industrial relations has slowly undergone a metamorphosis from an exploitative authoritative style to a more participative style; management policies can help in maintaining high employee morale and in preventing industrial conflicts and disputes. The role of tripartite bodies is limited to helping the Government (on a need basis) in settling industrial disputes through agreements.

**7. (b) Benevolent authoritative**

Under the benevolent authoritative style, employers look upon the workers as children, who require careful guidance. The management is kind, but strict toward the workers. Under the exploitative authoritative style, working conditions are pathetic, with the absence of even basic

#### **Block-4 : Employee Relations**

amenities like water. Under the consultative management style, employees are treated as mature and intelligent individuals with a right to express their opinions. In the participative style, the employees are treated as stakeholders in the organization.

#### **8. (d) Exploitative authoritative**

Under the exploitative authoritative style, the management is impervious to the needs and demands of the workers. The workers are ruthlessly exploited and are paid low wages, despite working for unduly long hours. Under the benevolent authoritative style, the employers look upon the workers as children who require careful guidance. Under the consultative management style, the employees are treated as mature and intelligent individuals with a right to express their opinions. In the participative style, the employees are treated as stakeholders in the organization.

#### **9. (b) Exploitation**

Government acts as a mediator in industrial relations through the process of conciliation, arbitration, and adjudication.

#### **10. (c) National tribunal**

National tribunal is constituted when an industrial dispute affects more than one state in the country or when the firm in question operates in more than one state. A labor court is constituted by the state government for the settlement of industrial disputes. Industrial tribunals deal with matters within the jurisdiction of labor courts and matters related to compensation, work hours, etc. The Court of Enquiry can be constituted by the government to inquire into the dispute and come out with the facts of the dispute. This court does not have any power to give its verdict on the dispute and only assists the process of conciliation.

#### **11. (d) Voluntary arbitration**

Voluntary arbitration is an initiative taken by the two parties involved in the dispute, to invite the intervention of a third party for settlement. The arbitrator is chosen by mutual agreement of both the parties. Both the parties have to abide by the decision of the arbitrator.

#### **12. (c) i/q, ii/r, iii/s, iv/p**

Workers' participation in management allows the employees to get involved in the management decisions, and therefore abide by the decisions taken. This enhances their commitment and loyalty for the organization. Voluntary arbitration is an initiative taken by the two

parties involved in the dispute, to invite the intervention of a third party for settlement. The arbitrator is chosen by mutual agreement of both the parties. If the management and the unions fail to resolve their differences through collective bargaining or arbitration, the next step is conciliation. The conciliator facilitates an agreement between the two parties by offering advice and consultancy. The conciliating authority can be the Conciliation Officer of that area/industry or a Board of Conciliation, constituted by the government. To avert strikes and lockouts, the last resort is adjudication. At this stage, the legal machinery of the state intervenes to settle the dispute and provides guidelines to the management and the employees. The decision taken at this stage has a legal binding on both the parties.

### **13. (a) Tripartite bodies**

Tripartite bodies like the Indian Labor Conference, Standing Labor Committee and Industrial Committees help the government in settling industrial disputes, through agreements. They do not have the judicial authority to pass judgments that have legal binding on the concerned parties. The authorities that may be involved in different stages of adjudication are: Labor courts, Industrial tribunals, and National tribunals. A Labor Court can be constituted by the state government for settlement of industrial disputes. It deals with matters related to standing orders application and interpretation, discharge or dismissal of a worker, withdrawal of customary benefits, and a strike or a lock out. Industrial Tribunals deal with all matters within the jurisdiction of labor courts and matters related to compensation, work hours and shifts, leaves and holidays, payment of bonus, provident and gratuity, discipline, retrenchment, and closure of the establishment. National Tribunals are constituted, when an industrial dispute affects more than one state in the country or when the firm in question operates in more than one state. They cover all the issues covered under the industrial tribunals.

### **14. (b) Collective bargaining**

The term 'collective bargaining' was coined by Sydney Webb and Beatrice Webb, who believed that collective bargaining was the collective equivalent to individual bargaining, whose primary aim was achieving economic advantage. This viewpoint of Sydney Webb and Beatrice Webb was popularly known as the 'critical viewpoint'. According to J. H. Richardson, 'Collective bargaining takes place when a number of work people enter into a negotiation as a bargaining unit with an employer or group of employers with the objective of reaching an agreement on the conditions of the employment of the work people.'

#### Block-4 : Employee Relations

**15. (c) The role of a third party should be maximized and decisions should always be based on tripartite agreement.**

The following conditions favor collective bargaining: there should be a single union, or in case of multiple unions, a common agreement among them; management should be open to the requests of the trade unions; the culture of the organization should foster the right spirit for collective bargaining to be successful; the role of a third party should be **minimized** and agreements should be based on **bipartite** bargaining; all the parties involved should aim at a win-win situation and not a win-lose situation.

**16. (c) Only i and ii**

The internal sources of information are copies of recently negotiated contracts; reports on transfers, turnover, and absenteeism; overtime reports; grievance and accident reports; and employee performance reports. On the other hand, external sources of information include, current and historical data of the economy (at the national and local levels); data relating to the cost of living; and terms of recently-negotiated labor agreements in similar industries.

**17. (a) Conciliator or arbitrator**

The conciliator plays a consultant's role, helping the parties to resolve their differences and reach an agreement in the **negotiation** step. In case the conciliation fails, the arbitrator hears the arguments of the two parties and gives a decision. If either or both the parties decline to abide by the decision of the arbitrator, then the conflict reaches the stage of adjudication.

**18. (d) Circulation of the terms of the contract and the agreement should be limited.**

The terms of the contract and the agreement reached have to be **widely** circulated among all the employees.

**19. (c) Workers' participation in management**

R. Tannenbaum and Massarik defined the term workers' participation in management as, 'a formal method of providing an opportunity for every member of the organization to contribute his brain and ingenuity as well as his physical efforts to the improvement of organizational effectiveness'. The concept of workers' participation aims at providing an opportunity to the workers to take part in managerial decision making.

**20. (a) Informative participation**

At the informative participation level of workers' participation, information regarding the balance sheet, production targets, new

technology introduction, etc. is shared with the workers. At the decisive participation level, decisions are taken jointly on matters relating to production and welfare. In administrative participation, the workers' council is given certain alternatives from which it can select the one it wants to implement. In the consultative participation level, the recommendations of the workers are given due consideration, but the final decision-making authority vests with the management.

**21. (b) iii, ii, v, i, iv**

As proposed by Arun Monappa and Mirza Saiyadin, the five levels into which the degree of influence that workers are allowed to exercise, in their **descending** order of participation are: Decisive participation level, administrative participation level, associative participation level, consultative participation level, and informative participation level.



## Unit 18

### Quality of Work Life

#### Structure

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- 18.1. Introduction
- 18.2. Objectives
- 18.3. Definition and Concept of Quality of Work Life (QWL)
- 18.4. Methods to Improve QWL
- 18.5. Benefits of QWL Programs
- 18.6. Effective Implementation of QWL Programs
- 18.7. Summary
- 18.8. Glossary
- 18.9. Self-Assessment Test
- 18.10. Suggested Readings/Reference Material
- 18.11. Answers to Check Your Progress Questions

#### 18.1. Introduction

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In the previous unit, we have discussed about industrial relations, collective bargaining, and workers' participation in management about trade unions. In this unit, we shall discuss quality of work life.

In today's dynamic business environment, organizations face tremendous pressure due to global competition, increasing competition for a talented workforce, constantly improving techniques of production, introduction of new technology, and employees, who want to achieve a balance between work and life. In this regard, the success of an organization depends upon its method of attracting, recruiting, motivating, and retaining its workforce. Organizations should adopt a strategy for improving the employees' quality of work life (QWL) which will not only help to achieve their own objectives but also to fulfill their employees' needs. QWL can be viewed as an alternative to the control approach that organizations use to deal with people.

This unit will discuss the definition and concept of quality of work life. We shall then move on to discuss the methods that can be used to improve the quality of work life, and the benefits of such quality of work life programs. Finally, we shall discuss how to implement quality of work life programs effectively.

## 18.2. Objectives

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By the end of this unit, students should be able to:

- Define and explain the concept of quality of work life.
- Discuss the various methods to enhance the quality of work life of employees.
- Recognize the benefits of quality of work life programs.
- Identify the challenges in implementing quality of work life programs and the factors to be considered for their effective implementation.

## 18.3. Definition and Concept of Quality of Work Life

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The American Center for the Quality of Work Life defined QWL as “Any activity which takes place at every level of an organization, which seeks greater organizational effectiveness through the enhancement of human dignity and growth... a process through which the stakeholders in the organization – management unions and employees – learn how to work together better...to determine for themselves what actions, changes, and improvements are desirable and workable, in order to achieve the twin and simultaneous goals of an improved quality of life at work for all members of the organization and greater effectiveness for both the company and the unions”. Walton. R.E, (1973) has devised an eight point criteria to measure the ‘Quality of Working Life’. The categories are: (i) adequate and fair compensation, (ii) safe and healthy working environment, (iii) opportunity to develop human capabilities, (iv) growth and security, (v) Social integration, (vi) constitutionalism, (vii) total life space and (viii) social relevance. According to Lippitt, G.L. (1978), QWL broadly refers to ‘the degree to which work provides an opportunity for an individual to satisfy a wide variety of personal needs to survive with some security, to interact with others, to have a sense of personal usefulness, to be recognized for achievement and to have an opportunity to improve one’s skills and knowledge’.

The phrase ‘Quality of Work Life’ (QWL) connotes different meanings to different people. Some employers consider it an industrial democracy or co-determination whereas for others, particularly managers and administrators, the term denotes improvement in the psychological aspects of work to improve productivity. Unions and workers interpret it differently as equitable sharing of profits, job security, healthy and congenial working conditions. Some others view it as a tool for improving social relationship at workplace. Finally, some others take a broader view of workplace climate by humanizing work, and changing the structural and managerial systems.

In recent years there has been increasing concern for QWL due to the many factors: such as increase in education level and job aspirations of employees,

#### Block-4: Employee Relations

association of workers, significance of human resource management and development, unionization, growing of knowledge in human behavior etc.

The bases on which the QWL programs can be evaluated are:

- *Fair compensation and job security:* According to many motivational theories, a fair and just compensation motivates the employees to perform better. Employees should be paid based on the work done, responsibilities undertaken, and individual skills, performance, and accomplishments. Compensation packages should be designed based on the increase in the cost of living index and the industry standards. Like fair compensation, employees are also concerned about job security. Regular employees in an organization enjoy job security and it improves their QWL. However, employees recruited on a temporary, probationary, or casual basis feel insecure and their feeling of belongingness to the organization dwindles over time.
- *Healthy working conditions/Healthy working environment:* The primary objective of an organization should be to provide a healthy work environment for employees. In order to meet legal and humanitarian standards, organizations should maintain the physical and psychological health of their workers. The study of Ergonomics or Human Engineering stresses the provision of better plant layout and improved equipment design. Organizational stress is now a hot topic under employee health. “Stress is a dynamic condition in which an individual is confronted with an opportunity, constraint, or demand related to which he or she desires and for which the outcome is perceived to be both uncertain and important”.

Occupational stress, which may arise, as a result of the basic nature of work, hours of work, the work environment, the worker’s skills, or lack of resources to accomplish the tasks, greatly affects employee productivity. An HR manager should identify stress causing factors and find ways to eliminate them. Organizations should also recognize the necessity for leisure in their employees’ life. Organizational health programs (like diet control, physical exercise, etc.) should be designed to educate employees on ways to improve and maintain their health. Execution of such health programs, helps in reducing absenteeism and employee turnover. Exhibit 18.1 describes how TCS deals with employees’ well-being at the work place.

#### **Exhibit 18.1: Employee Well-being –TCS Way**

In March 2020, when the pandemic was at its worst in most countries, everyone on the TCS HR team picked up the phone and personally spoke to all the 450,000+ associates to enquire about their well- It was a simple

*Contd. ....*

call but created for him a reassuring moment at a time of great uncertainty.

TCS's three guiding principles for employee wellness

- A. Fit at Work, Fit at Home, Fit4Life: Fit4Life – a special initiative focusing on employee outreach programs for fitness and physical well-being aims to engage TCS employees using the pursuit of fitness as a common activity and goal. Since Fit4Life was available as a tool and online app to record activities, including yoga, zumba or any form of exercise. TCSers could continue to use it, despite the physical and social distancing.
- B. OneTCS: Employee Engagement Beyond Boundaries: TCS saw in a commonly used collaboration tool, an opportunity to engage associates across geographies, and #OneTCS was born. OneTCS was represented by way of a weekly digital bulletin updating TCSers not just about the pandemic, but also of how all of them, as a singular entity, were working together through the challenge.
- C. TCS Cares: Sometimes it is okay not to feel okay: A specially designed interactive session, TCS Cares, helps employees cope with mental health issues such as anxiety, as well as behaviors such as time management and so on.

Source: <https://www.tcs.com/tcs-way/employee-health-wellness-tcs-wellbeing>, Accessed on October 08, 2021.

- **Provide personal and career growth opportunities:** Organizations should provide their employees scope for personal/ professional development and growth, and also prepare them to accept responsibilities at higher levels. They should also make sure that the job assignments given to an employee have a positive impact on his/her self-confidence, motivation, involvement, and autonomy. The promotional policies of the organization should be in line with the organizational culture and should promote healthy competition. The promotional policies of an organization should be executed in a fair manner, as any deviations would lead to employee dissatisfaction and result in low QWL.
- **Participative management style and recognition:** Flat organizational structures help organizations in making employee participation much easier. For example, Genesis 10, business and technology consultants, is a flat organization that has self-managed teams, operating in various regional locations. Each team member can directly communicate with the organization's top management. Thus, there is no bureaucracy and decisions can be taken easily. A participative style of management improves the quality of work life, as the employees feel that they

#### Block-4: Employee Relations

are given recognition. The employees have control over their work processes and offer innovative ideas to improve them.

- **Work-life balance:** Organizations should not damage the personal and social lives of employees by forcing onto them demanding working hours, overtime work, business travel, untimely transfers, etc. Instead, they should give time to the employees to relax and offer suggestions on how to achieve a balance between their personal and professional lives. Some organizations have introduced the concept of alternative work schedules (like working from home, compressed workweek, flexible working hours, telecommuting, and part-time employment) for the comfort and convenience of their employees.

##### ***Telecommuting***

Telecommuting allows workers to work from home. Hence employees who have a long drive to the office or young children are allowed to spend more time at home. Depending on the nature of the job, one may be able to use own equipment such as computer, telephone and fax machine and have the company reimburse the expenses. If working away from the office on a full-time basis isn't practical, then the company may be willing to allow the employee to telecommute one or two days a week, depending on the requirement.

##### ***Working Part-Time***

If employer values the employee's contribution or feels highly difficult to replace, it might be willing to work out a part-time arrangement to retain the employee.

##### ***Flextime***

Flextime allows employees to choose their work time hours or schedules to maintain a full-time work schedule while working different hours than the traditional schedule. It can include working a set shift every week or sometimes working longer hours on some days and shorter hours on others (Refer Exhibit 18.2).

#### **Exhibit 18.2: Work life balance**

*Some of the examples of work-life balance provided by reputed companies are given below:*

**Starbucks:** The 'Starbucks College Achievement Plan' gives employees who work more than 20 hours a week the opportunity to complete a bachelor's degree with full tuition coverage for every year of college through Arizona State University.

**American Express:** American Express offers flexible work arrangements to some employees so that they can work on their own schedule.

*Contd. ....*

**Pfizer Inc.:** While Pfizer benefits vary by country, the company does offer online mentorship resources to all employees.

**Cisco:** All teams at Cisco are provided with a "Fun Fund" which can be spent on celebrations and fun activities.

**Nike:** Employee benefits vary by position, experience and location. However, some workers receive perks like paid sabbaticals, fitness discounts and tuition assistance.

**Capital One:** Capital One's Employee Assistance Program offers counseling services to all employees.

**Southwest Airlines:** Perhaps the biggest perk of working for Southwest Airlines is that all employees have free unlimited travel privileges for themselves and eligible dependents on Southwest flights.

Source: <https://www.cnn.com/2017/05/03/the-20-best-companies-for-work-life-balance.html>

**Work- Life Integration:** The degree to which a person is able to successfully combine paid work with other aspects of personal life has been termed 'work-life integration'. We are now living in a 24/7, seven day a week, always connected business environment. Now, the new phrase is 'work life integration,' where professionals have to blend what they do personally and professionally in order to make both work.

Reasons for work life integration:

The boundaries between family and career are not clear.

Employees are willing to give up their personal time to do work and many have no choice.

There are more employees working remote than ever before. These reasons necessitated for HR managers to have work life integration. Work life integration is going to become a more common way of how people manage their career and personal lives every year. 'Work-Life Balance' is being replaced now with 'Work-Life Integration'. This new policy is an outward manifestation of a commitment to creating a culture and environment where employees can consistently perform at their best.

**Fun at workplace:** Organizations are making their offices a fun place to work, by organizing events like sports, fashion shows, etc. Employees are also being given dating allowances, anniversary gifts, holiday packages, birthday gifts, etc.

**Social Integration at Work:** The work environment must provide opportunities for preserving an employee's personal identity and self-esteem through freedom from prejudice, autonomy and a sense of community interpersonal openness. Social integration in the work force can be established by transparent interpersonal relationships. It refers to social relations that employees share at

#### Block-4: Employee Relations

work place with others. The opportunity for socialisation with colleagues is an important aspect of Quality of Work life.

*The QWL is very significant in the context of loyalty and commitment to work, motivation and job performance. It is directly related to the degree of satisfaction that the members of an organization experience by meeting their experiences in the organization. Management expectations are strongly linked with the organizational quality of work life.*

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#### **Check Your Progress-1**

1. The American Centre for the Quality of Work Life defines QWL as “any activity which takes place at every level of an organization which seeks greater organizational effectiveness through the enhancement of \_\_\_\_\_”.
  - a. human dignity and growth
  - b. skills and bargaining power
  - c. production techniques and product quality
  - d. employee benefits and living standards
2. Fair compensation and job security, drive people toward higher productivity and more commitment. \_\_\_\_\_ is/are the basis/bases on which pay should be fixed for an employee.
  - a. Responsibilities undertaken
  - b. Individual skills
  - c. Performance and accomplishments
  - d. All of the above
3. The developments made in \_\_\_\_\_ paved the way for promoting physical and psychological safety of workers, through better layout of plants and improved equipment design.
  - a. Environmental conditions
  - b. Ergonomics
  - c. Quality of work life
  - d. Quality circles
4. The causes of occupational stress are \_\_\_\_\_.
  - i. The basic nature of work
  - ii. Work environment
  - iii. Worker’s skills
  - iv. Availability of surplus resources

- a. Only i, ii, and iii
  - b. Only i, ii, and iv
  - c. Only ii, iii, and iv
  - d. i, ii, iii, and iv
5. Employee productivity is greatly affected by occupational stress, which does **not** arise due to \_\_\_\_\_.
- a. Basic nature of work
  - b. Lack of resources to accomplish a task
  - c. Family problems
  - d. Work environment

#### 18.4. Methods to Improve QWL

The objective of QWL is to identify and implement alternative programs, aimed at enhancing the quality of professional, as well as personal life of employees, by satisfying their economic, social, and psychological needs. Implementation of these programs, results in enhanced productivity, level of satisfaction, morale, etc., as the employees enjoy a work environment, which enables work-life balance. Following are some of the QWL programs:

##### 18.4.1 Alternative Work Schedule (AWS)

AWS programs give freedom to the employees to choose their own work schedules. This enables them to achieve work-life balance and helps in enhancing their productivity and quality of work. AWS programs provide flexibility in designing the employee's work schedule, provided that he/she takes up the responsibility of finishing the job, within the deadline. Alternative work schedules are categorized into: flexible work schedule/ flexi time and compressed work schedule.

##### Flexible Work Schedule (FWS)/ Flexi time

In a FWS, the workday is divided into two parts: core hours and flexible hours. Core hours refer to the select period of time, when all employees must be present at the workplace and flexible hours are that part of the workday, when employees can select and change their arrival and departure times within bands (limits) laid down by the management. Under this system, it is mandatory that the employee work for a specific number of hours that are decided based on the organization's operational requirements, the employee's limitations, and regulatory restrictions. Exhibit 18.3 talks about, how Microsoft's shift to flexible work hours. Flexible work schedule/ flexi time may be classified as follows:



#### Block-4: Employee Relations

- ***Flexitour***: This comprises a fixed schedule where the employee may decide on his/her daily arrival and departure times. The work schedule should add up to 8 hours a day, for the number of workdays in a week. Arrival and departure times should be within the set flexible time limits and should include the core hours.
- ***Gliding schedule***: In this schedule, the employee should work for 8 hours a day, but may select his/her arrival time that can be changed on a daily basis, as long as it falls within the flexible time limit. It is not a fixed schedule, but the timings decided by the employee should cover core hours.
- ***Variable day***: In this schedule, an employee has a basic weekly working-hour requirement. The number of hours worked each day may, however, be varied. It is not a fixed schedule and should include core hours.
- ***Variable week schedule***: In this schedule, an employee has a basic work-hour requirement per pay period. The work schedule must include core hours daily, but the number of hours worked on a particular day and in a week may be varied. It is not a fixed schedule.
- ***Maxiflex***: In this schedule, core hours should be adhered to only on some days in the pay period. Arrival and departure timings and the number of hours worked on a given day or week can be varied, as long as the total work hours in the pay period are maintained. It is not a fixed schedule.

#### Exhibit 18.3 Microsoft Shift to Flexible Work

Microsoft's move is a little startling in light of CEO Satya Nadella's public dislike of remote work. Back in May, he told The New York Times that he believed in-office work was better for employees' mental health—and for teams' collaboration.

According to Microsoft's new guidelines, employees who want flexible work will have the option to work from home for less than 50 percent of their week. Those who want to work remotely full-time will need to clear it with their manager, and, if approved, give up their in-office space.

Microsoft is leaving decisions around remote workers' compensation up to lower-level managers: "The guidance is there for managers and employees to discuss and address considerations such as role requirements, personal tax, salary, expenses, etc."

<https://insights.dice.com/2020/10/13/microsoft-shifts-to-flexible-work-following-google-and-other-firms/>

#### Compressed Work Schedule (CWS)

CWS helps employees reduce the workweek from five to two, three, or four days depending on the number of hours they require to do the work. These are fixed schedules where the employee decides on his/her arrival and departure

timings in advance. CWS results in lower labor turnover, increased satisfaction and employee morale, and decreased overtime.

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**Check Your Progress-2**

6. Flexitour, gliding, and variable day are classifications of \_\_\_\_\_.
  - a. Flexi time
  - b. Compressed workweek
  - c. Flexi place
  - d. Part-time employment
7. Alternative work schedules (AWS) is an option of enhancing the quality of work life in an organization. The **two** heads under which AWS may be broadly classified are \_\_\_\_\_.
  - i. Compressed workweek
  - ii. Flexi place
  - iii. Flexible work schedule
  - iv. Part-time employment
  - a. i and ii
  - b. ii and iii
  - c. i and iii
  - d. ii and iv
8. The primary objective of flexi time schedule is to complete the work by the deadline, with the employees having the freedom of designing the work-schedule, according to their convenience. A particular type of flexi time in which the employee is required to work for 8 hours a day, but has the freedom to start and quit at any time is called \_\_\_\_\_.
  - a. Flexi place
  - b. Flexitour
  - c. Gliding time
  - d. Compressed workweek
9. \_\_\_\_\_ is a type of flexi time in which the employee is given the freedom to opt for the start and quit time for a particular period.
  - a. Flexitour
  - b. Gliding time
  - c. Part-time employment

#### Block-4: Employee Relations

- d. Job-sharing
- 10. The type of flexi time arrangement in which an employee is required to complete 40 hours per week, but the number of hours in a day may be variable is known as \_\_\_\_\_.
  - a. Compressed workweek
  - b. Flexitour
  - c. Gliding time
  - d. Variable day
- 11. Medico Docs, a small company dealing in medical transcriptions, decided to give its employees the option of compressed workweek, so as to reduce absenteeism and labor turnover and increase employee morale. What does this method of improving quality of work life entail?
  - a. Working extra time each day to reduce the number of work-days in the week
  - b. Giving the freedom to opt for the daily work start and end time for a particular period, say, a week or a month
  - c. Giving the freedom to start and end work at any time of the day, on the condition that the employee completes 8 hours of work a day
  - d. Requiring an employee to complete 40 hours per week, with the freedom to vary the number of hours he/she works in a day

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#### 18.4.2 Flexi place/Telecommuting

Flexi place gives an employee the freedom to select the location of work, provided he/she can be readily contacted. This arrangement requires a formal commitment between the employer and the employee and they should be able to communicate through e-mail, phone, modem, fax, or pager. Exhibit 18.4 tells us how the word 'telecommuting' is coined.

##### **Exhibit 18.4: Jack Nilles – The Pioneer of Telecommuting**

In the year 1973, Jack Nilles, a rocket scientist, received a grant to study the transportation problems in California. One day, while caught up in a traffic jam in Los Angeles, he was struck with the idea that employees could be given the opportunity to work from home, instead of commuting to office every day. This would lead to considerable savings, in terms of both time and

*Contd. ....*

gasoline. According to him, if a larger number of workers worked in this manner, highways would become less congested and the level of pollution would also be reduced. This led to the coining of the term “telecommuting”.

*Adapted from “When the Office is Home,”  
www.theweekmagazine.com/article.aspx?id=1263, June 01, 2006/January 06, 2006.*

### 18.4.3 Part-time Employment

Part-time employees work for fewer hours each week, compared to full-time employees. They are also paid a proportion of what is paid to full-time employees. There are either fixed days or hours each week or a flexible schedule. Part-time employment can be permanent part-time, job-sharing, temporary part-time or phased retirement. Part-time employment is used, when there are regular ups and downs in workload, during a day or week. Part-time employment helps in reducing labor costs, turnover, absenteeism, and tardiness.

**Activity:** PL Systems was in the news recently for its quality of work life program designed for the employees. The company announced in January 2009 that instead of just adhering to the traditional work-schedule, it would allow its employees to choose a work-schedule, which suited their needs. These work schedules included alternative work schedules, telecommuting, and part-time employment. Explain in detail the options open to the employees, under each of these arrangements.

**Answer:**

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### 18.4.4 Job Enrichment

This program deals with redesigning employee jobs to give the employees, liberty and responsibility in attaining their work targets.

### 18.4.5 Job Rotation

Under this program, employees in an organization are periodically assigned different kinds of work, so as to reduce the monotony in work. This also helps the employees gain multi-job and multi-functional knowledge and skills.

## Block-4: Employee Relations

### 18.4.6 Job Enlargement

The basic purpose of this program is to add more duties and tasks to the existing job of the employee, so as to make it more challenging and rewarding. This will enhance the employee's self-esteem and satisfaction.

### 18.4.7 Autonomous Work Groups/ Self-Managed Teams

Self-managed teams have evolved as a modern approach to QWL. In such employee-participation programs, some employees from a group are allowed to recruit team members, select team leaders, etc. They also enjoy decision making power on production methods, task distribution, and designing of work schedules.

### 18.4.8 Socio-technical Systems

Under these programs, the workplace is redesigned technologically, as well as physically, with human considerations for the workforce.

**Activity:** Deepanjali, an employee of Total Telecom, is the mother of two children aged two and five. She wanted an arrangement in which she could continue to work and at the same time, spend time with her children. After a discussion with her immediate superior and the HR Manager of the company, she was given the option to choose between 'Compressed work week' and "telecommuting". What do these arrangements entail? Which, according to you, would be most suitable for Deep Anjali?

**Answer:**

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**Activity:** Prakash works as a software developer at Integrated Infosystems. His performance has been consistently good for the last three years that he has been with the company. The project coordinator decided on the "job-enlargement" method, to enhance his self-esteem and job satisfaction. Suggest ways in which this method may be used, in order to achieve this goal.

*Contd. ....*

**Answer:**


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**Check Your Progress-3**

12. Flexi place is a method of improving quality of work life which gives an employee the freedom to select the location of work. It requires a formal commitment, between the employer and the employee. This kind of arrangement is also known as \_\_\_\_\_.
- telecommuting
  - variable day
  - flexitour
  - gliding
13. Prasad, a chemical engineer has been working with Active Chemicals, a manufacturer of industrial chemicals. Since he joined the company four years ago, he has been designated as the team leader of a unit producing industrial sulphur. The work had become monotonous for him of late. His manager sensed this monotony and decided to move Prasad to the research and development unit for 6 months. This method of improving the QWL of employees is known as \_\_\_\_\_.
- Job enlargement
  - Flexi place
  - Job rotation
  - Job enrichment
14. Programs, which involve redesigning the workplace not only technologically, but also physically, with human considerations for the workforce, in order to improve the quality of work life, adopt the \_\_\_\_\_.
- Ergonomics approach
  - Socio-technical systems approach
  - Job enrichment technique
  - Quality circles technique

#### Block-4: Employee Relations

15. \_\_\_\_\_ as a method of quality of work life improvement helps the employee gain cross-functional knowledge.
- Apprenticeship
  - Flexi place
  - Job rotation
  - Job enlargement
16. Sugandhi, an employee of Best Bank, works from 9 a.m. to 2 p.m., instead of the bank's regular work hours, which are from 9 am to 6 pm. She has opted for this so that she can be at home when her five-year-old daughter comes back from school in the afternoon. This is an example of \_\_\_\_\_.
- Variable day
  - Part-time employment
  - Compressed workweek
  - Telecommuting
17. UPL, a manufacturer and retailer of consumer durables, was in the process of revamping their women's toiletry line. Naresh, a sales manager was given charge of this project, in addition to his existing responsibility of meeting sales targets for his region. He was given the task of identifying target customers, understanding their needs, making suggestions for improvement in the existing product, and taking any other decision that he might feel is necessary to satisfy customer needs. This made his job more challenging. It may be said that the quality of Naresh's work life was enhanced by \_\_\_\_\_.
- Job enrichment
  - Flexitour
  - Job rotation
  - Job analysis

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#### 18.5. Benefits of QWL Programs

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Effective execution of the QWL programs will result in a number of benefits like productive, contented, and healthier employees. It also helps in developing profitable, adaptable, and efficient organizations. Following are some other benefits of QWL programs.

- They help employees balance their personal and professional lives better, thus leading to reduction in stress.

- QWL programs like flexi time lead to a reduction in employee turnover and delays at the workplace. Such programs also enhance the physical and psychological health of the employees, thus bringing down the absenteeism rate.
- As the management supports the personal priorities of the employees, it improves the confidence of the employees and their level of job satisfaction and commitment toward organizational goals.
- These programs help in the development and growth of individuals in their professional and personal lives.
- QWL programs conducted by the management in association with the union help in:
  - Improving communication and minimizing conflicts, between the labor and the management.
  - Effective negotiation that would help in designing contracts that will satisfy the labor and the management.
  - Improving the efficiency of the management and strengthening employee organizations. This leads to an improvement in the terms and conditions of employment.
  - Encouraging participative management and involving the employees in decision making.

#### **18.6. Effective Implementation of QWL Programs**

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At the time of implementing QWL programs, organizations confront a number of challenges, because of various factors that are internal (like lack of cooperation from the management), as well as external (like changes in the economy) to the organizations. The following factors help in the effective implementation of the QWL programs.

- Management should realize that they should provide the employees with a good QWL, in order to make them work effectively and feel motivated. The company in turn benefits from increased productivity and improvement in the quality of work.
- Employees should be made to realize the benefits of QWL programs, so as to ensure their cooperation in implementing these programs.
- The management should try to reduce the effects of conflicting principles of industrial engineering and that of QWL programs, by carefully designing the new plant, equipment placement, and space layout.

Other challenges are: bringing down recruiting costs and labor costs in part-time employment options, increasing communication between the partners involved in job-sharing and preparing their work schedules, and trying to curtail energy consumption that increases as a result of flexi time programs.



## Block-4: Employee Relations

### Social Relevance of Work Life:

Social relevance is a distinct concept in organizational behaviour that relates to an employee's desire to remain with an organization out of a sense of loyalty, emotional attachment and financial need (Meyer et al., 1989). Employees must understand how his/her work in the organisation helps the society. This is essential to give the employee a sense of value of his/her work and the contribution he or she makes to society. To build relevance of the employee's contribution to the society, the organization must clearly communicate the relevance of one's work in the social context. It is an indicator of healthy work organisation. This approach in companies creates an egalitarian environment. This leads to organizational commitment which can be defined as the relative strength of an individual's identification with and involvement in a particular organization (Porter and Smith, 1970). Employees' commitment leads to better employee performance and engagement.

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### Check Your Progress-4

18. One of the benefits of quality of work life programs is that employees can balance their work life and personal life better, thereby reducing \_\_\_\_\_.
    - a. Stress
    - b. Employee participation
    - c. Personal/professional development
    - d. Job security
  19. Effective implementation of quality of work life (QWL) programs requires the fulfillment of certain conditions. Which of the following is **not** among these conditions?
    - a. Management should realize that employees, in order to work effectively and feel motivated, should be provided with a good quality of work life.
    - b. Management should attempt to minimize the effects of conflicts, between the principles of industrial engineering and the principles of QWL programs.
    - c. Employees should realize the benefits they can reap, by adopting QWL programs.
    - d. Union should realize the job insecurity that results from adopting QWL programs.
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### 18.7. Summary

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- QWL refers to the quality of relationship that exists between the employees and the total work environment. It is viewed as an alternative to the control approach of dealing with people that organizations adopt.
- QWL programs can be evaluated based on several factors such as fair compensation and job security, healthy work environment, provision of personal and career growth opportunities, participative management style and recognition, work-life balance, and fun at the workplace.
- The various programs undertaken by the organizations, in order to improve the QWL of its employees are alternative work schedule (in the form of flexi time and compressed work-week), part-time employment, flexi place/ telecommuting, job enrichment, job rotation, job enlargement, autonomous work groups/self-managed teams, and socio-technical systems.
- QWL programs, when executed in an effective manner can lead to productive, contented, and healthier employees. These programs also help in developing profitable, adaptable, and efficient organizations.
- Organizations confront challenges, due to both internal as well as external factors, while implementing QWL programs. Realization among the management and employees, about the benefits and importance of QWL programs helps in their effective implementation.

### 18.8. Glossary

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**Alternative Work Schedule (AWS) (Methods to improve QWL):** These programs give freedom to the employees to choose their own work schedules. These programs provide flexibility in designing the employee's work schedule, provided that he/she takes up the responsibility of finishing the job, within the deadline.

**Autonomous work groups/ self managed teams (Methods to improve QWL):** In these programs, some employees from a group are allowed to recruit team members, select team leaders, etc. They also enjoy decision making power on production methods, task distribution, and designing of work schedules.

**Compressed Work Schedule (CWS) (subtype of AWS):** CWS helps employees reduce the workweek from five to two, three, or four days, depending on the number of hours they require to do the work. These are fixed schedules, where the employee decides on his/her arrival and departure timings in advance.

**Flexi place/telecommuting (Methods to improve QWL):** Flexi place gives an employee the freedom to select the location of work, provided he/she can be readily contacted. This arrangement requires a formal commitment, between the employer and the employee and they should be able to communicate through e-mail, phone, modem, fax, or pager.

#### **Block-4: Employee Relations**

**Flexible Work Schedule (FWS)/ flexi time (subtype of AWS):** In a FWS, the workday is divided into two parts: core hours and flexible hours. Core hours, refer to the select period of time, when all employees must be present at the workplace, and flexible hours are that part of the workday, when employees can select and change their arrival and departure times, within bands (limits) laid down by the management.

**Flexitour (subtype of FWS):** This comprises a fixed schedule, where the employee may decide on his/her daily arrival and departure times. The work schedule should add up to 8 hours a day for the number of workdays in a week. Arrival and departure times should be within the set flexible time limits and should include the core hours.

**Gliding schedule (subtype of FWS):** In this schedule, the employee should work for 8 hours a day, but may select his/her arrival time that can be changed on a daily basis, as long as it falls, within the flexible time limit. It is not a fixed schedule, but the timings decided by the employee should cover core hours.

**Job enlargement (Methods to improve QWL):** The basic purpose of this program is to add more duties and tasks to the existing job of the employee, so as to make it more challenging and rewarding. This will enhance the employee's self-esteem and satisfaction.

**Job enrichment (Methods to improve QWL):** This program deals with redesigning employee jobs to give the employees liberty and responsibility in attaining their work targets.

**Job rotation (Methods to improve QWL):** Under this program, employees in an organization are periodically assigned different kinds of work so as to reduce the monotony in work. This also helps the employees gain multi-job and multi-functional knowledge and skills.

**Maxiflex (subtype of FWS):** In this schedule, core hours should be adhered to only on some days in the pay period. Arrival and departure timings and the number of hours worked on a given day or week can be varied, as long as the total work hours in the pay period are maintained. It is not a fixed schedule.

**Part-time employment (Methods to improve QWL):** Part-time employees work for fewer hours each week, compared to full-time employees and are paid a proportion of what is paid to full-time employees. There are either fixed days or hours each week, or a flexible schedule.

**Quality of Work Life (QWL):** The American Center for the Quality of Work Life defined QWL as: any activity which takes place at every level of an organization, which seeks greater organizational effectiveness through the enhancement of human dignity and growth... a process through which the stake holders in the organization – management unions and employees – learn how to work together better...to determine for themselves what actions, changes, and improvements are desirable and workable in order to achieve the twin and simultaneous goals of an improved quality of life at

work for all members of the organization and greater effectiveness for both the company and the unions.

**Socio-technical systems (Methods to improve QWL):** Under these programs, the workplace is redesigned technologically, as well as physically, with human considerations for the workforce.

**Variable day (subtype of FWS):** In this schedule, an employee has a basic weekly working-hour requirement. The number of hours worked each day may, however, be varied. It is not a fixed schedule and should include core hours.

**Variable week schedule (subtype of FWS):** In this schedule, an employee has a basic work-hour requirement per pay period. The work schedule must include core hours daily, but the number of hours worked on a particular day and in a week may be varied. It is not a fixed schedule.

### **18.9. Self-Assessment Test**

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1. In order to satisfy the organizational as well as employee needs, organizations need to improve the quality of work life (QWL) of their employees. Explain the concept of QWL in this context.
2. The success of QWL programs in organizations can be evaluated, based on certain factors. Explain these factors.
3. Organizations have come up with a lot of innovative methods to improve the quality of work life of their employees. Discuss these methods.
4. In an organization, the successful implementation of QWL programs, results in a whole lot of benefits to the employees and the management. What are the benefits that accrue as a result of QWL programs?
5. When implementing QWL programs, organizations face a number of challenges, due to internal and external factors. Keeping in view the kind of challenges that may arise, list out the various ways in which such programs can be effectively implemented in an organization.

### **18.10. Suggested Readings/Reference Material**

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#### **Block-4: Employee Relations**

- 6 K. Aswathappa. Human Resource Management: Text and Cases. Tata McGraw Hill, 2016.
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#### **18.11. Answers to Check Your Progress Questions**

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Following are the answers to the Check Your Progress questions given in the Unit.

##### **1. (a) human dignity and growth**

The American Centre for the Quality of Work Life defines QWL as “Any activity which takes place at every level of an organization, which seeks greater organizational effectiveness through the enhancement of human dignity and growth... a process through which the stake holders in the organization – management unions and employees – learn how to work together better...to determine for themselves what actions, changes and improvements are desirable and workable, in order to achieve the twin and simultaneous goals of an improved quality of life at work for all members of the organization and greater effectiveness for both the company and the unions”.

##### **2. (d) All of the above**

Economic interests of people drive them to work at a job and employee satisfaction depends at least partially, on the compensation offered. Organizations should design the compensation to match the increase in the cost of living index and the industry standards. Pay should be fixed on the basis of the work done, responsibilities undertaken, individual skills, performance and accomplishments.

##### **3. (b) Ergonomics**

To meet legal and humanitarian standards, organizations should maintain the physical and psychological health of the work environment for the workers. The developments made in Ergonomics (Human Engineering) in the 1950s, paved the way for promoting the physical and psychological safety of workers, through the better layout of plants and improved equipment design.

##### **4. (a) Only i, ii, and iii**

Occupational stress may be due to the basic nature of work, hours of work, work environment, worker’s skills, or lack of resources to accomplish the tasks. Employee productivity is greatly affected due to

occupational stress. An HR manager should identify the factors that cause stress and find ways to eliminate them.

**5. (c) Family problems**

Occupational stress may be due to the basic nature of work, hours of work, work environment, worker's skills, or lack of resources to accomplish the tasks.

**6. (a) Flexi time**

Alternative work schedules may be classified into compressed workweek and flexible work schedule. Flexible work schedule/ flexi time may in turn be classified as flexitour, gliding, variable day, and variable week.

**7. (c) i and iii**

AWS may be classified into compressed workweek and flexible work schedule/ flexi time. Flexi place and part-time employment are other ways of enhancing quality of work life in an organization.

**8. (c) Gliding time**

Gliding time is a type of flexi time where the employees can start and quit at any time on the condition that they complete 8 hours of work a day. Flexi place gives an employee the freedom to select the location of work. Flexitour allows the employee the freedom to opt for the start and quit time for a particular period, say a week or a month. Compressed workweek helps employees, reduce the workweek from five days to two, three, or four days, depending on the number of hours they need to do the work.

**9. (a) Flexitour**

Flexitour is a type of flexi time in which the employee is given the freedom to opt for the start and the quit time for a particular period, say, a month. Gliding time is a type of flexi time, where the employees can start and quit at any time, on the condition that they complete 8 hours of work a day. Part-time employment option, either has fixed days and hours each week or a flexible schedule. Part-time employees work for less than 35 hours per week. Job-sharing is a type of part-time employment.

**10. (d) Variable day**

Variable day is a type of flexi time, which requires an employee to complete 40 hours per week, but the number of hours in a day can vary. Flexitour is another type of flexi time in which the employee is given

#### **Block-4: Employee Relations**

the freedom to opt for the daily start and end time for a particular period, say a week or a month. In case of gliding time, the employee can start and end work at any time on the condition that they complete 8 hours of work per day. Compressed workweek helps employees reduce the work week from five to two, three or four days depending on the number of hours they need to do the work.

#### **11. (a) Working extra time each day to reduce the number of work-days in the week**

Compressed workweek (CWW) refers to working extra time each day, to reduce the number of days in the workweek. It helps employees to reduce the workweek from five to two, three or four days depending on the number of hours they require to do the work. CWW results in lower labor turnover, increased satisfaction, decreased overtime, and increased employee morale.

#### **12. (a) telecommuting**

Flexi place gives an employee the freedom to select the location of work. It is also known as telecommuting. The employer and the employee may communicate through e-mail, phone, modem, fax or pager. Advancements in communication technology have made this kind of an arrangement through networking possible. Variable day is a type of flexi time, which requires an employee to complete 40 hours per week and the number of hours he/she works in a day can vary. In flexitour, the employee is given the freedom to opt for the start and end time for a particular period, say, a week or a month. Gliding allows the employee to start and end work at any time of the day, on the condition that he/she completes 8 hours of work a day.

#### **13. (c) Job rotation**

Job rotation reduces monotony in work, because employees are periodically given different kinds of work assignment. Job enlargement aims at making an employee's job more challenging and rewarding, by adding more duties and tasks to the existing ones. Job enrichment aims at redesigning jobs, to give employees freedom and responsibility in achieving their work goals. Flexi place gives an employee the freedom to select the location of work.

#### **14. (b) Socio-technical systems approach**

Socio-technical systems involve redesigning the workplace not only technologically but also physically with human considerations for the workforce. Ergonomics is the study of the relationship, between people and their work environments. Job enrichment aims at redesigning

employee jobs to give employees, freedom and responsibility in achieving their work goals. A quality circle involves participation from a small group of employees doing the same type of work in a team, to enhance their productivity and quality of work. These employees meet regularly to identify, analyze, and solve work-related problems.

**15. (c) Job rotation**

In order to reduce monotony in work, employees are periodically given different kinds of work assignments. This also helps them gain multi-job and multi-functional knowledge and skills.

**16. (b) Part-time employment**

Part-time employment option either has fixed days and hours each week or a flexible schedule. Part-time employees work for less than 35 hours per week. Variable day requires an employee to complete 40 hours per week and the number of hours he/she works in a day can vary. Compressed workweek helps employees reduce the work week from five to two, three or four days depending on the number of hours they need to do the work. Flexi place, also called telecommuting, gives an employee the freedom to select the location of work. The employer and the employee may communicate through e-mail, phone, modem, fax, or pager.

**17. (a) Job enrichment**

Job enrichment aims at redesigning employee jobs to give employees freedom and responsibility in achieving their work goals. Job rotation reduces monotony in work, because under this option, employees are periodically given different kinds of work assignment. Job analysis is the process of determining and recording information about a specific job, including the tasks involved, knowledge and skill set required, responsibilities attached to the job and the abilities required to perform the job successfully. Flexitour is a type of alternative work schedule.

**18. (a) Stress**

One of the benefits of quality of work life programs is that employees can balance their work life and personal life in a better way. This in turn results in stress reduction.

**19. (d) Union should realize the job insecurity that results from adopting QWL programs.**

There should be a change in the management's attitude. Management should realize that for employees to work effectively and feel



#### **Block-4: Employee Relations**

motivated, they should be provided with a good quality of work life. If employees are made to realize the benefits/ they can reap by adopting QWL programs, their cooperation in implementing the programs can be assured. The management should try to minimize the effects of conflicts between the principles of industrial engineering and those of QWL programs. The management should communicate with the unions and gain their support in order to overcome issues in implementation caused by resistance/non-cooperation from the unions.

## Unit 19

### Quality Circles

#### Structure

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- 19.1. Introduction
- 19.2. Objectives
- 19.3. Definition and Concept of Quality Circles
- 19.4. Objectives of Quality Circles
- 19.5. Development and Working of a Quality Circle
- 19.6. Problem-solving Techniques in Quality Circles
- 19.7. Solving Issues in Implementing Quality Circles
- 19.8. Summary
- 19.9. Glossary
- 19.10. Self-Assessment Test
- 19.11. Suggested Readings/Reference Material
- 19.12. Answers to Check Your Progress Questions

#### 19.1. Introduction

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In the previous unit, we have discussed about quality of work life. In this unit, we shall discuss quality circles.

Dr. Kaoru Ishikawa of Tokyo University and the Union of Japanese Scientists and Engineers, introduced the concept of quality circles (QCs), during the 1960s. This concept included the participation of not only the management, experts, and quality control staff on issues related to quality, but also the organization's total workforce. During the initial years of introducing this concept, the Japanese focused on improving product quality. These days, QCs are also used to bring about improvements in areas like safety, training methods, clerical problems, and cost reduction.

The Quality Circle Forum of India (QCFI) was founded in April 1982, in order to promote the concept of quality circles in India. It was established as a non-profit organization, with no political affiliations. The main aim of the forum is to create awareness about quality circles in India and to impart the skills that are required to implement them in organizations. QCFI believes that the concept of quality circles has tremendous implications and prospects for a developing country like India. The forum promotes the concept of quality circles through

## **Block-4: Employee Relations**

its twenty Chapters, located throughout the country. It also offers various courses, conducts training programs, and brings out its own publications, on the concept of quality circles.<sup>4</sup>

This unit will discuss the definition, concept, and importance of quality circles. We shall then move on to discuss the development and functioning of a quality circle. Finally, we shall discuss the various problem-solving techniques in quality circles, and study ways to solve issues that arise, while implementing quality circles.

### **19.2. Objectives**

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By the end of this unit, students should be able to:

- Define and explain the concept of quality circles.
- Identify the objectives of quality circles.
- Demonstrate the development and working of a quality circle.
- Discuss the various problem-solving techniques in quality circles.
- Recognize the issues involved in implementing quality circles and the ways of dealing with them.

### **19.3. Definition and Concept of Quality Circles (QC)**

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According to Edwin B. Flippo, QC is a self-governing group of workers. They may operate with or without their supervisors. They meet voluntarily on a regular basis to identify, analyze, and find solutions to problems in their area of work. Participants in QCs, lay thrust on improving the quality, productivity, and total performance of the organization, and augmenting the quality of work life of the employees. Apart from this, QCs also aim at improving the human resources in the organization, by encouraging employee participation and improving individual skills.

QCs are often confused with task forces. A task force is a set of highly-skilled people selected by the management, from various functions for solving work-related problems. A QC, on the other hand, involves employees belonging to the same work group, participating voluntarily to solve work-related problems and to improve the quality of their work and work life. Both task forces and QCs are alike in the sense that they have a temporary existence and can be dissolved at any time.

### **19.4. Objectives of Quality Circles**

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The philosophy behind QCs is to motivate people to work together to meet organizational goals, by providing opportunities to satisfy individual needs and improving the quality of work life. The basic objectives of a QC are:

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<sup>4</sup> <https://qcfi.in/about-qcfi/>

- To enhance, develop, and utilize human resources in an effective manner
  - To improve the quality of products as well as productivity
  - To improve the quality of work life
  - To motivate employees by encouraging them to take part in organizational activities and by giving due recognition to their achievements
  - To improve the employees' leadership, problem-solving, interpersonal, and conflict resolution skills
  - To sharpen and utilize the creative and innovative skills of an individual.
- 

### **Check Your Progress-1**

1. During the early years of the evolution of the concept of quality circles, the Japanese emphasized on improvement of \_\_\_\_\_.
  - a. Safety issues
  - b. Manufacturing processes
  - c. Product quality
  - d. Training techniques
2. \_\_\_\_\_ is a self-governing group of workers, with or without their supervisors, who voluntarily meet on a regular basis to identify, analyze and solve problems in their work field.
  - a. Task force
  - b. Quality circle
  - c. Task group
  - d. Trade union
3. According to Edwin Flippo, a quality circle is a self-governing group of workers. Which of the following statements is **false** with respect to his definition?
  - a. Quality circles may operate with or without their supervisors.
  - b. The groups meet voluntarily on a regular basis.
  - c. The purpose of the meeting is to identify, analyze and solve problems.
  - d. The problems discussed are related to the personal life of the workers.
4. The original objective of the concept of quality circles (QC) was to enhance product quality which later has been extended to the development of \_\_\_\_\_ in the organization.
  - a. Work conditions
  - b. Human resources
  - c. Marketing strategies
  - d. Task fragmentation

#### Block-4: Employee Relations

5. Though quality circles are different from task forces, they are similar in one aspect. Identify this aspect.
  - a. Both comprise of a set of highly skilled people.
  - b. Both have temporary existence.
  - c. Both comprise of workers from various functions.
  - d. The formation of both these groups is voluntary.
6. In the case of task force, group objectives are selected by the \_\_\_\_\_, and in quality circles, group objectives are selected by the \_\_\_\_\_.
  - a. Members, management
  - b. Management, members
  - c. Supervisors, mediators
  - d. Mediators, supervisors
7. One of the differences between quality circles (QC) and task forces (TF) is that \_\_\_\_\_.
  - a. In task forces, members' skill does not matter, while in quality circles it is important to have skilled employees.
  - b. Members in task forces are appointed by the management, whereas in quality circles, membership is voluntary.
  - c. The only aim of task forces is people building, whereas in quality circles it is problem solving.
  - d. The source of members in task force is from the same work area, whereas in quality circles it is from various functions.
8. The underlying philosophy of a quality circle is to motivate people to collectively work towards organizational goals, by providing opportunities to satisfy individual needs and improve the quality of work life. Which of the following is **not** true with respect to the objectives of quality circles?
  - a. To improve the quality of work life
  - b. To enhance, develop and utilize human resources effectively
  - c. To improve the quality of products and productivity
  - d. To motivate employees to work only within their functions and not to participate in organizational activities

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#### 19.5. Development and Working of a Quality Circle

The concept of QC is used in organizations for bringing about changes in the areas of team work, problem solving, employee discipline, inter-personal relations, communication, participation, job satisfaction, and productivity; these

changes in turn lead to organizational effectiveness. Following are the stages involved in the development and working of a QC in an organization.

- i. **Getting started:** This stage involves promoting and communicating the need for and the benefits of QC to the organization. Participation in a QC is voluntary; therefore, employees should clearly understand the importance of a QC and accept it.
- ii. **Composition of QC:** A QC should comprise six to twelve members from different workplaces in the organization. They should be either from the same work area or should be working on the same project. Membership is permanent, except if the person leaves the work area. The various roles in the QC organizational structure are:
  - *Steering committee:* This is at the highest level of a unit/division and looks after the activities of the QCs in that particular unit/division; it also acts as an advisory board.
  - *Facilitator:* The facilitator is the manager of a particular shop/department/section. He/she guides and directs the functions of the QCs in his/her area and encourages the other executives to take part in supporting the functions of the QC.
  - *Coordinator:* The coordinator works on behalf of the management. He/she is responsible for coordinating the activities of the QCs, and helps in their smooth and effective functioning.
- i. **Initial problem solving:** The data collection and data analysis stages precede this stage. These stages help in making an analysis of the causes behind a problem and in finding a solution, by using methods like brainstorming. These solutions are further analyzed to reach a final decision through collective opinion. Participants meet on a regular basis to solve the problems.
- ii. **Presentation of suggestions:** After arriving at a solution to a particular problem, the QC members submit it to the management for approval, either through an oral presentation or a project report. This in turn helps in promoting communication, between the management and the workers, in displaying the degree of involvement and interest of the management in QC activities, in improving relations between the QC members and the management, and finally, in providing an opportunity for the efforts of the QC members to be recognized.
- iii. **Execution:** This stage involves implementation of the suggestions, which have been approved in the previous stages. Based on the nature of the suggestion, tasks are assigned to the relevant groups. This may involve only one workplace or a group.

**Check Your Progress-2**

9. A quality circle should consist of a **minimum** of \_\_\_\_\_ members.
  - a. Six
  - b. Twelve
  - c. Four
  - d. Two
10. \_\_\_\_\_ is the first phase in the development and working of a quality circle.
  - a. Data collection and analysis
  - b. Execution
  - c. Promoting and communicating the need for a quality circle
  - d. Initial problem solving
11. A quality circle involves participation of a small group of employees, doing the same type of work in a team, to enhance their productivity and quality of work. The **maximum** number of members that a quality circle should consist of is \_\_\_\_\_.
  - a. Fourteen
  - b. Twenty-three
  - c. Six
  - d. Twelve
12. Although participation in a quality circle is voluntary, the nature of membership is \_\_\_\_\_.
  - a. Permanent membership, which continues till the worker leaves the organization
  - b. Temporary membership, which expires in six months, after which it has to be renewed
  - c. Permanent membership, until such time the person leaves the work area
  - d. Temporary membership, which changes from one issue to another
13. Among the various roles in the quality circle organizational structure, \_\_\_\_\_ is at highest level of a unit/division and looks after the activities of the quality circles (QCs) in that particular unit/division.
  - a. Facilitator
  - b. Steering committee
  - c. Ad hoc committee
  - d. Coordinator

14. In the development of a quality circle, which is the phase that immediately follows the stage of initial problem solving?
- Promoting and communicating the need for a quality circle
  - Composition of a quality circle
  - Presentation of suggestions
  - Execution
15. \_\_\_\_\_ is/are the area(s) which is/are usually **not** aimed at for improvement by the encouragement of quality circles.
- Teamwork
  - Employee discipline
  - Communication
  - Participation
  - Job satisfaction
  - New product development
- Only i
  - Only ii and v
  - Only iii and iv
  - Only vi
16. Once the quality circle (QC) members come out with a solution to a particular problem, they submit it to the management for approval. They usually submit it in the form of a \_\_\_\_\_.
- Oral presentation
  - Project report
  - Chart
  - Cause and effect diagram
- Only i
  - Only iv
  - i or ii
  - ii or iii

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### 19.6. Problem-solving Techniques in Quality Circles

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Based on the fact that the group comprises members from the same work group or those performing the same work, several techniques are used by QCs for identifying, analyzing, and solving problems at the workplace. Following are the most commonly used problem-solving techniques in QCs.



#### Block-4: Employee Relations

This chart was developed by an Italian economist Vilfredo Pareto. Pareto analysis is based on the Pareto principle, which states that 80% of the effect comes from 20% of the cause. It is also called an 80/20 rule. For example, in the economy, 20 % of the population controls 80% of the world's income. In quality control, 20 % of people usually Pareto charts have vertical bars in descending order from left to right and a line that shows the cumulative frequency. The bar with the highest value comes in the extreme left, and the lowest value moves to the absolute right. The X-axis represents the variable of interest like defects, complaints, cost, etc. and Y-axis represents the frequency. Pareto charts help to identify the most and least essential components in the data. These are the following steps in creating a Pareto Chart:

- a. Decide the variable under study
- b. Decide the type of measurement
- c. Specify the time for the chart
- d. Collect data for each axes
- e. Specify the scales of measurement
- f. Draw vertical bars for each category in descending order
- g. Draw the cumulative curve by calculating the percentage

For example, A software firm identifies few errors with all the newly developed software and also recorded the frequency of each error for the last one year.(Refer Table 19.1).

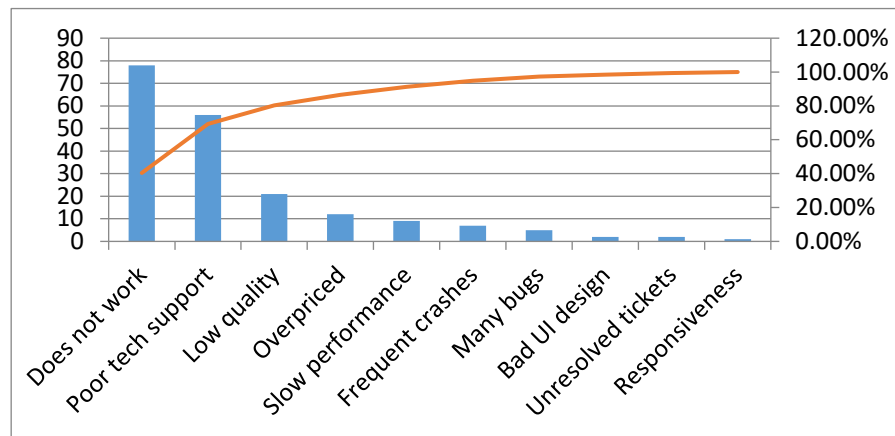
**Table 19.1: Error Count**

Error	Count
Does not work	78
Poor tech support	56
Low quality	21
Overpriced	12
Slow performance	9
Frequent crashes	7
Many bugs	5
Bad UI design	2
Unresolved tickets	2
Responsiveness	1

*Source: ICFAI Research Center*

Microsoft Excel provides a simple mechanism to create a Pareto chart. The simple steps are selecting the data, insert charts, the select histogram in the left pad, and click to Pareto thumbnail and finally click ok. (Figure 19.1)

Figure 19.1: Pareto Chart



Source: ICFAI Research Center

Pareto chart is a prevalent quality control tool. The tool has multiple benefits like it visually appealing, easy to understand the problem, enhances problem-solving skills, requires limited statistical skills, and improves decision making for managers. But, it has some limitations too. The first limitation is that Pareto charts are based on past data, and if records are adequately collected, cleaned, or stored, then it will affect the results. The second limitation is the lack of Pareto charts' ability to identify the cause of the problem; it only highlights the significant issues. Unlike other tools like the fishbone diagram, this shows the root cause of the problem also. So, Pareto analysis is not sufficient as a single tool for quality control.

It is not easy to define the causes of problems all the time. Project teams and quality managers spend many hours to detect the causes and decide methods to solve them. Pareto Analysis is a valuable technique for making decisions in quality management that helps to analyze the defects and their causes. It is easy to use it for various purposes, such as visualizing the importance of multiple categories, prioritizing the customer needs, analyzing the opportunities for investment, etc.

### 19.6.1 Brainstorming Sessions

This technique, also called 'cerebral popcorn', helps in activating individual and group creativity and in generating a number of ideas. Brainstorming sessions create an open environment, devoid of criticism for the employees to freely participate and propose any ideas that come to their mind and where one idea leads to another. The positive and negative aspects of each idea are then discussed before a final decision is reached. Exhibit 19.1 talks about ways to make brainstorming sessions more efficient:

## Block-4: Employee Relations

### **Exhibit 19.1: Ways to make brainstorming sessions more efficient**

*Brain writing:* In this method, the team leader shares a topic with the team where all team members have to write down their idea. This method motivates everyone on the team to share their suggestion and maintain the proportion of attention given to all members views

*Mind Mapping:* Mind mapping is the most reliable visual tool used to enhance the brainstorming process by enabling you, to organize the ideas and information you have gathered. It helps you to draw a relationship between ideas and concepts

*Rapid Ideation:* In this method, the team leader share topic beforehand and the team member has to pen down their ideas before a specified deadline. The time limit for a session varies based on the complexity of the topic ranging from 5 to 45 minutes

*Reverse Brainstorming:* In reverse brainstorming, participants are, requested to come up with problems that can cause failure. Once you have a list of the problem that can arise, you come up with solutions for that problem in an ordinary brainstorming meeting

*Round Robin Brainstorming:* A facilitator records all the ideas shared to be discussed later on. It is important not to evaluate any idea until everyone has shared their suggestions. You can also prevent a repeat of a statement in this method

Source: <https://www.passionateinmarketing.com/methods-for-effective-brainstorming-session/> August 24, 2021

### **19.6.2 Cause and Effect or Fishbone Diagrams**

After identifying a problem, the members of the QC suggest plausible reasons for the problem. In the process, it is observed that the reasons for a particular problem are the results of some other causes and that it basically represents a chain reaction. Identifying the root cause will solve the problem. When all the causes are diagrammatically represented, a figure bearing a resemblance to the bony structure of a fish is obtained; this is called the ‘fishbone diagram’ or ‘the cause and effect diagram’.

### **19.6.3 Sampling and Charting Methods**

In this method, the members observe the events in the workplace and represent them diagrammatically to display important relationships. Pareto analysis, line graphs, and frequency distribution are some of the techniques used in this method.

**Activity:** The customers of Kisaan Cooperative Bank repeatedly complained about the delay in operations at the bank, which resulted in long queues. The Head Teller was asked to organize a Quality Circle to find out the reason and a solution for such delay. The QC observed that a major area of delay was in cash disbursements. The delay was found to be caused by the unfamiliarity of the tellers with customers' signatures. For each transaction, they had to check the signature with the help of a new software application, which had been introduced recently. Being new to the software, the tellers were taking time to navigate through it. This was identified using the fishbone diagram technique. After identifying the problem, the team decided to use the "cerebral popcorn" technique to arrive at a solution. What do the fishbone and cerebral popcorn techniques involve?

**Answer:**

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### **Check Your Progress-3**

17. \_\_\_\_\_ is **not** among the popular techniques used by quality circles to identify, analyze and solve the various problems they come across in the workplace.
  - a. Fish bone diagram
  - b. Critical incident technique
  - c. Brainstorming session
  - d. Sampling and charting method
18. Sampling and charting methods used by quality circles requires the members to observe events in the workplace and present them diagrammatically in a way that demonstrates important relationships. \_\_\_\_\_ is a method, which is **not** used in doing this.
  - b. Pareto analysis
  - c. Line graphs
  - d. Frequency distribution
  - e. Fish bone diagram

#### Block-4: Employee Relations

19. The brainstorming sessions used by quality circles to identify, analyze and solve the various problems they come across in the workplace are also known as \_\_\_\_\_.
- Cerebral popcorn
  - Flexitour
  - Gliding time
  - Broadbanding

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#### 19.7. Solving Issues in Implementing Quality Circles

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Incompatibility between the basic principles of the organization and those of the QC can lead to serious problems in some organizations. Certain precautions have to be followed, if QCs are to be successfully implemented in organizations. Following are the major problems that may arise during the development of QCs and the ways of dealing with them.

- ***Understand the concepts:*** A lack of understanding of the basic concepts, may lead to problems in an organization. The middle level managers see QCs as a threat to their authority and importance, while the workers perceive QCs as a tool that will not benefit them and that will, in fact, reduce their power and scope for bargaining. Therefore, appropriate steps should be taken by the management to explain the concept and advantages of QCs and the benefits that will accrue from them.
- ***Education:*** In the Indian scenario, the lack of leadership skills and proper education, acts as a bottleneck in the successful operation of QCs. Providing necessary training to the workers and leaders of QCs and educating them on the benefits of QCs to the entire organization, can help in solving this problem.
- ***Execution delays:*** A delay in the implementation of suggestions makes the workers feel that the management is not interested in their work and this seriously affects the functioning of the QCs. Therefore, the suggestions should be implemented immediately without any delay. QC members should be informed in case of a delay, due to some reason.
- ***Interference and interruption:*** Interference of non-members in the activities of QC creates problems. The management can avoid this by encouraging these workers to get involved in the work of the QCs and view their presentations. This will motivate them to join the existing QCs or form new ones.
- ***Operational problems:*** Not allowing members to hold meetings during office hours, absence of a facilitator, irregularity in conducting meetings, etc., are some of the operational problems that can adversely affect the working of QCs.

Forming QCs in the whole organization, holding meetings as per schedule, and conducting steering committee and coordination committee meetings, will help in solving such problems and in ensuring the effective functioning of the QCs.

**Activity:** The top management of Shireen Consumer Goods Ltd. realized the importance of quality circles and decided to initiate and implement them in the organization. When the management made the proposal to the employees, there was no positive response. The workers were apprehensive about it as they felt that it would not result in any benefit to them. What steps should the management take to remove the misconception among employees and enable initiation of QCs? What must be done to ensure its successful continuation in the system?

**Answer:**

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All the problems just mentioned can be solved, through the support of the top management. The top management should create an atmosphere where the management and the workers cooperate with each other for the smooth functioning of the organization. In the long run, this will prove beneficial to both the management and the workers.

### Problems with Quality Circles

Quality circles are usually known to find, analyze, and solve quality and other work related problems of a particular department/section/area. As it is well discussed that quality circles have series of benefits but it is not problem free. Some of the concerns are given below:

- a. Group behavior: Most of the times, group performance is shown to outperform individual performance but, sometimes, group performance could be affected by poor communication, unequal contribution, personal issues etc. And, quality circle is a voluntary membership; some members could leave the group during the process.
- b. Negative attitude: Top management as well as employees could be hesitant about functioning of quality circles. Top management may feel the loss of power and authority over the group. Employees may also be not interested to participate in the

#### Block-4: Employee Relations

- quality circle groups because it may consume extra time, energy and probably go unpaid.
- c. Lack of trained members: Members of quality circles may not be well trained or capable to solve the problems. Even members have technical skills but they may lack in interpersonal skills like leadership skills, communication skills, decision making skills etc.
  - d. Lack of management support: Quality circles need to have complete support from top management, in order to perform effectively. Top management needs to provide all the required resources on time to group. But many a times, quality circles did not receive sufficient resources.
  - e. Non-implementation of suggestion: It could be demotivating for the group that quality circle's suggestions have not been implemented. It may happen that solutions offered by quality circles could be difficult to implement in short term.
- 

#### Check Your Progress-4

- 20. Intuitive Designs Ltd. has had problems in implementation of quality circles (QC) among its employees and managers. Instead of withdrawing the system, the company decided to introduce measures, so that the negative aspects in the current system may be eliminated. Identify the measure that the company should **not** take in its quest to make quality circles successful.
    - a. Arranging for counseling of managers and workers to explain the concept and advantages attached to it
    - b. Providing necessary training and education to workers and leaders of QCs
    - c. Implementation of suggestions of QCs immediately by the management, so that there is no assumption that the management does not have sufficient interest
    - d. De-motivating non-members from getting involved in the QC work, so that they do not interfere or interrupt in the functioning of the circles
  - 21. Disallowing members from holding meetings during office hours, irregularity in conducting meetings, absence of a facilitator, etc., which can hamper the working of quality circles, are examples of problems arising out of \_\_\_\_\_.
    - a. Lack of education and leadership skills
    - b. Lack of adequate support from the top management
    - c. Execution delays
    - d. Interference by non-members
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### 19.8. Summary

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- The concept of quality circles (QC) was introduced by Dr. Kaoru Ishikawa of Tokyo University and the Union of Japanese Scientists and Engineers, during the 1960s. A QC is a self-governing group of workers, whose objective is to improve the quality, productivity, and total performance of an organization, and augment the quality of work life of employees.
- The main objective of a QC is to motivate people to collectively work toward organizational goals, by providing opportunities to satisfy individual needs and improve the quality of work life.
- There are five stages involved in the development and working of a QC, namely getting started, composition of the QC, initial problem solving, presentation of suggestions, and execution.
- The popularly used problem-solving techniques in QCs are brainstorming, cause and effect or fishbone diagrams, and sampling and charting methods.
- Problems arise in the development and implementation of QCs, due to lack of understanding of the concepts, lack of proper education and training, delays in execution, interference and interruption in carrying out QC activities, and operational problems. These issues can be solved through adequate support from the management.

### 19.9. Glossary

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**Brainstorming sessions (cerebral popcorn):** These help in activating individual and group creativity and in generating a number of ideas. They create an open environment, devoid of criticism for the employees to freely participate and propose any ideas that come to their mind and where one idea leads to another. The positive and negative aspects of each idea are then discussed before a final decision is reached.

**Cause-and-effect (Fishbone) diagrams:** After identification of the problem, the members of the QC are required to suggest the probable reasons behind the problem. In the process, it is observed that the reasons for a particular problem are the result of some other causes. Basically, it is a kind of chain reaction. Identifying the root cause helps in effectively solving the problem. When all the causes are represented diagrammatically, a figure resembling the bony structure of a fish.

**Quality Circle (QC):** According to Edwin B. Flippo, QC is a self-governing group of workers that may operate with or without their supervisors. They meet voluntarily on a regular basis to identify, analyze, and find solutions to problems in their area of work. A QC involves employees belonging to the same work group, participating voluntarily to solve work-related problems and to improve the quality of their work and work life.



## Block-4: Employee Relations

**Sampling and charting methods:** In these methods, the members observe the events in the workplace and represent them diagrammatically to display important relationships. Pareto analysis, line graphs, and frequency distribution are some of the techniques used in this method.

**Task force:** It is a set of highly-skilled people selected by the management from various functions for solving work-related problems.

### 19.10. Self-Assessment Test

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1. The concept of QC was introduced in the 1960s and its main objective was to improve product quality. However, in the later years, it had several other objectives, apart from improving product quality. Define and explain the concept of quality circles. Apart from improving product quality, what are the areas which were later aimed at for improvement?
2. What is the difference between Quality Circles and Task Forces? List out the objectives of Quality Circles.
3. The concept of QC is adopted to bring about organizational effectiveness. What are the stages involved in the development and working of QCs in an organization?
4. Quality circles use several techniques to identify, analyze, and solve the various problems they encounter at the workplace. Explain the various problem-solving techniques in quality circles.
5. Major problems can arise during the development of the QC in an organization. Explain the problems that occur during development and implementation of QCs. Also explain the measures which might be taken to solve them.

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### **19.12. Answers to Check Your Progress Questions**

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Following are the answers to the Check Your Progress questions given in the Unit.

#### **1. (c) Product quality**

During the early years of the evolution of quality circles, the Japanese emphasized improvement in product quality. This concept has now been extended to achieve improvements in areas like safety, training techniques, and cost reduction.

#### **2. (b) Quality circle**

Quality circle is a self-governing group of workers, with or without their supervisors, who voluntarily meet on a regular basis to identify, analyze and solve problems in their work field. The pioneers of the concept of quality circles are Dr. Kaoru Ishikawa and the Union of Japanese Scientists and Engineers. After a decade of its introduction, they came up with the idea of including not only the management, experts and quality control staff in quality-related issues, but the total work-force of the organization.

#### **3. (d) The problems discussed are related to the personal life of the workers.**

According to Edwin B. Flippo, “a QC is a self-governing group of workers, with or without their supervisors, who voluntarily meet on a regular basis to identify, analyze and solve problems in their work field.”

#### **4. (b) Human resources**

Though the original objective of a QC was to improve product quality, it also aims at enhancing the human resources in the organization. This means encouraging employee participation and improving individual skills, and thereby raising the quality and productivity of the organization.

#### **Block-4: Employee Relations**

**5. (b) Both have temporary existence**

The similarity between a task force and a quality circle is that both of them have temporary existence, as they can be dissolved at any time. A task force comprises a set of highly-skilled people selected by the management from various functions, to solve work-related problems. A quality circle involves employees belonging to the same work group, participating voluntarily to solve work related problems and to improve the quality of their work and work life.

**6. (b) Management, members**

In the case of task force, group objectives are selected by the management, and in the case of quality circle, group objectives are selected by the members.

**7. (b) Members in task forces are appointed by the management whereas in quality circles, membership is voluntary.**

A major difference between quality circles and task groups is that members in task forces are appointed by the management, whereas in quality circles, membership is voluntary. Other differences are that QC comprises of members from the same group, whereas TF comprises of members from various functions; TF is a set of highly skilled people, while in QC skill is not a pre-requisite for membership.

**8. (d) To motivate employees to work only within their functions and not to participate in organizational activities**

The main objectives of quality circles are to improve the quality of work life, to enhance, develop and utilize human resources effectively, to improve the quality of products and productivity, and, to motivate employees by encouraging them to participate in organizational activities and by recognizing their achievements.

**9. (a) Six**

A quality circle should consist of six to twelve members from different work places in the organization. These members should either be from the same work area or work on the same project.

**10. (c) Promoting and communicating the need for a quality circle**

Similar to the organizational change process, the first step in the development and working of a quality circle involves promoting and communicating its need and its advantages to the organization. As

participation is voluntary, people in the organization should clearly understand the essence of a QC and accept it wholeheartedly.

**11. (d) Twelve**

A quality circle should consist of six to twelve members from different work places in the organization. These members should either be from the same work area or those who are working on the same project.

**12. (c) Permanent membership until such time the person leaves the work area**

While the nature of existence of quality circles is temporary, as they can be dissolved at any time, the nature of membership awarded to its members is permanent until such time that the person leaves the concerned work area.

**13. (b) Steering committee**

Steering committee is at the highest level of a unit/division and looks after the activities of the QCs in that particular unit/division. It also acts as an advisory board.

**14. (c) Presentation of suggestions**

In the development of a quality circle, the phase that follows the stage of initial problem solving is the presentation of suggestions. Promoting and communicating the need for a quality circle and composition of quality circle are the first and second stages respectively. The third stage is initial problem solving and the fourth stage is presentation of suggestions. Execution is the last stage in this process.

**15. (d) Only vi**

New product development is not a relevant option. The quality circle concept is adopted to bring about improvement in the areas of teamwork, problem solving, employee discipline, interpersonal relations, communication, participation, job satisfaction, and productivity in organizations. These improvements will eventually ensure organizational effectiveness.

**16. (c) i or ii**

Once the QC members come out with a solution to a particular problem, they submit it to the management for approval, either through an oral presentation or a project report. This helps in promoting communication between the management and the workers, showcases the level of involvement and interest of the management in QC activities, improves relations between the QC members and the management, and finally provides an opportunity to recognize the efforts of the QC members.

#### **Block-4: Employee Relations**

##### **17. (b) Critical incident technique**

Several techniques like fish bone diagrams, brainstorming sessions and sampling and charting methods are used by quality circles to identify, analyze and solve the various problems they come across in the workplace. Critical incident technique is a method which is usually used in job analysis.

##### **18. (d) Fish bone diagram**

Pareto analysis, line graphs and frequency distribution are some of the techniques used in the sampling and charting methods. Fish bone diagram/ cause and effect diagram is another problem solving technique in quality circles.

##### **19. (a) Cerebral popcorn**

Brainstorming technique creates an open environment free of criticism, encouraging employees to participate and suggest any ideas that come to mind and where one idea leads to another. Impractical and unreasonable ideas are also stimulated and recorded without being suppressed. This process has been termed as “cerebral popcorn” as it helps in generating a number of ideas.

##### **20. (d) De-motivating non-members from getting involved in the QC work so that they do not interfere or interrupt in the functioning of the circles.**

Sometimes, non-members interfere in QC activities and create problems. Such problems can be avoided if the management encourages these workers to get involved in the work of the QCs and view their presentations. This will motivate them to start a new QC or join the existing ones in their workplace.

##### **21. (b) Lack of adequate support from the top management**

Members not being allowed to hold meetings during office hours, irregularity in conducting meetings, absence of a facilitator, etc., which can hamper the working of quality circles, are examples of operational problems. These problems can be avoided with adequate support from the top management.

## Unit 20

# Emerging Challenges of HRM

### Structure

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- 20.1. Introduction
- 20.2. Objectives
- 20.3. HR Policies and Emerging Challenges:
- 20.4. Employee Engagement
- 20.5. Leadership Development
- 20.6. Succession Planning
- 20.7. Emotional Agility
- 20.8. Retention
- 20.9. Exit Management
- 20.10. Outsourcing
- 20.11. Role of IT and IT Software
- 20.12. Summary
- 20.13. Glossary
- 20.14. Self-Assessment Test
- 20.15. Suggested Reading/ Reference Material
- 20.16. Model Answers

### 20.1. Introduction

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“People are definitely a company’s greatest asset. It doesn’t make any difference whether the product is cars or cosmetics. A company is only as good as the people it keeps.” – Mary Kay Ash

Human resources play a pivotal role in the organizations in myriad areas and contribute to organizations’ profit and worth. An organization consisting of qualified, courteous and helpful employees is automatically differentiated from a competitor. Today’s knowledge economy distinguishes one organization from another with the single most important and powerful factor that is the Human Resources. Employees who have well-rounded expertise provide a number of services to the employers, maintains and control various operations of the organization, and strengthen business operations. It is the employees’ efficiency

## **Block-4: Employee Relations**

and talent that determines the pace and growth of the organizations. When employees leave their organisation they might be replaced by some other person but their expertise, experience, knowledge, capability and skill-sets cannot be replaced as every individual has a different skill-set and knowledge.

In 1999, Peter Drucker has said that “The most valuable assets of a 20th-century company were its production equipment,.....The most valuable asset of a 21st-century institution, whether business or non-business, will be its knowledge workers and their productivity.” Therefore, it is prudent for human resource department to manage its employees in the most effective manner and make judicious use of their skills and knowledge. Technological advances, Workforce Demographics, Globalization and Liberalization have changed the way business is being done and consequently various challenges are emerging in the field of HRM. This had led to a paradigm shift in the roles performed by HR professionals. The greatest challenge to HRM lies in its major functions, acquisition, development and retention of talented employees in the organization. Employees are human assets that increase in value when appropriate policies and programs are applied. Effective organizations recognize that their employees do have value; just as (or even more than) the organization’s physical and capital assets have value. Employees are a source of sustainable competitive advantage.

### **20.2. Objectives**

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By the end of the Unit, the student should be able to understand:

- Recall the emerging challenges of HRM and their relationship with HR policies
- Recall how leaders keep their employees engaged
- List the Leadership challenges and recall the need for leadership development programs and succession planning
- Recall how emotional agility brings in value-driven actions through persistent efforts
- Define the concept of exit management and retention strategies
- List the challenges involved in outsourcing
- State the role of IT and IT software

### **20.3. HR Policies and Emerging Challenges**

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HR policies are defined as the body of rules and principles of conduct which aids in governing the organization in its relationship with employees. HR policies provide guidelines for employment relationships in the organization to ensure consistency in action and equity in its relation with employees.

HR policies are crucial to manage the emerging challenges. HR managers today are more involved in partnering with their top managers in both designing and implementing their companies' strategies. Top management wants to see, precisely, how the HR manager's plans will make the company more valuable.

HR develops new policies and procedures to respond to emerging challenges. Innovative and unconventional HR policies, procedures and practices, many a time bring huge profits to organizations. Exhibit 20.1 talks about 4 HR practices adopted by Netflix, that makes them stand apart from rest and sets its reputation as an attractive, and most sought-after employer.

**Exhibit 20.1: Netflix's 4 Unique HR Practices**

"A great culture that focuses on freedom & responsibility and tries to avoid the pitfalls of typical Hollywood. You work among the best and brightest. You're treated like an adult in terms of how & when to do your work— as long as it gets done and is done well." – Current Netflix employee, Glassdoor, What It's Really Like to Work at Netflix

The testimonial of the employee tells it all. What are those HR practices that make Netflix most sought after organization. Here we go,

1. To improve productivity, think like a sports coach: "If someone is not extraordinary...let them go."
2. To engage staff, give them power: "If you want to build a ship, don't drum up the people to gather wood, divide the work, and give orders. Instead, teach them to yearn for the vast and endless sea."
3. To get results, only hire the best: "Only hire people who will put the company's interests first, who understand and support the desire for a high-performance workplace."
4. To motivate your workforce, tell the truth about performance: "If you talk simply and honestly about performance on a regular basis, you can get good results—probably better ones than a company that grades everyone on a five-point scale."

Source: <https://www.process.st/hr-practices/> February 10, 2021

In the context of changing environment, HR managers now have to focus on strategic issues to face the emerging challenges like:

- Employee Engagement
- Leadership Development
- Succession Planning
- Emotional Agility
- Retention



## Block-4: Employee Relations

- Exit Management
- Outsourcing
- Role of IT and IT Software- People Soft, SAP HR

### 20.4. Employee Engagement

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Employee engagement is the emotional commitment the employee has to the organization and its goals. This emotional commitment means engaged employees actually care about their work and their company. They don't work just for a paycheck, or just for the next promotion, but work on behalf of the organization's goals.

**Employee engagement** is an emergent property of the relationship between an organization and its employees. An "engaged employee" is one who is fully absorbed by and enthusiastic about their work and so takes positive action to further the organization's reputation and interests. An organization with 'high' employee engagement might therefore be expected to outperform those with 'low' employee engagement.

Acquisition, developing and retaining employees has become a big challenge to HR professionals. Employee engagement is another important challenge faced by HR professionals in the present scenario.

Globalization and liberalization have changed the business activities and in the process HR professionals have to cope up with the market demands and challenges in order to remain competitive in the knowledge society. Effective leaders can enhance worker productivity and employee engagement by being demanding and considerate.

### 20.5. Leadership Development

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Leadership development refers to any activity that enhances the quality of leadership within an individual or organization. Center for Creative Leadership, top-ranked, global provider of leadership development, routinely asks in its Leadership Development Programs to name three most important leadership challenges. In their recent program they studied the differences of seventeen categories of leadership challenges between leaders and managers of public sector and private sector companies. Table 20.1 presents a comparative analysis of the top six categories of leadership challenges.

**Table 20.1: Leadership challenges for Public and Private Sector Employees**

ector	anaging and Motivating Subordinates	rsonal Leadership	rganizational operations and performance	lancing Multiple Work priorities	lent Management	unday Spanning
Public	15.2	14.9	9.7	7.8	7.9	7.0
Private	12.0	18.0	11.2	9.6	6.6	8.0

*Source: Public Sector Leadership Challenges: Are they Different and Does it matter? Center for Creative Leadership, 2014*

Table 20.1 shows that for public sector leaders, the top challenges are managing and motivating subordinates, followed by personal leadership and organizational operations and performance. But for private sector leaders, the top challenges are personal leadership, followed by managing and motivating subordinates and organizational operations and performance. The study shows that leading in the public sector has some subtle and additional challenges that require targeted leadership skills and development.

A recent research has revealed that more than a third of organizations are doing an average job, at implementing leadership development programs. According to a survey by Brandon Hall Group's State of Leadership Development Study, thirty-six percent of organizations admitted that their leadership development practices and programs are below average.

Development of leaders is important in keeping management team motivated and engaged and then prepare them to take on more responsibilities in the future. Therefore, organizations should make leadership development practices and programs part of the culture, create opportunities for them to use their skills and knowledge, motivate them and give them a chance to develop their skills.

#### **Reasons for having leadership development programs:**

- The business and economic climate is more challenging today than ever before and not likely to get any easier.
- Competition is global - even if your business is local. Competitive products come from anywhere.
- It is increasingly difficult to create a high performing organization.

#### Block-4: Employee Relations

- Knowledge workers require a different way of being managed, and respond to a different type of leadership.
- Customer loyalty can no longer be taken for granted. It has to be re-earned every day.
- Financial pressures require that organizations do more and more with less and less every year.
- Business stability is a thing of the past. White water rafting is a more accurate description of today's business environment

Leadership and management skills are among the most critical resources for facing these challenges. Leadership accountability is an essential feature of leadership development. Exhibit 20.2 gives a brief on how leaders spark and sustain change.

#### **Exhibit 20.2 Leadership Accountability**

*Organizations become effective when leaders show accountability to their acts which turn like a snowball.*

Transforming an ineffective leader to an effective leader is not an easy job. Peter Fuda and Richard Badham in their Doctoral Research Project interviewed seven CEOs to find the success stories behind transforming themselves and their organizations as effective. They found seven important factors, used as metaphors, of which they applied four metaphors to more than 10000 managers on four countries to transform them into effective leaders.

The four metaphors used are: Fire, Snowball, Mask and Movie.

#### **Fire**

Fire represents ambition. To achieve something, motivation is required. Fire creates fear and this fear initiates achievement. But the real motivator is aspiration. The authors find that sustainable change requires the fire of a 'burning ambition'.

#### **Snowball**

Snowball represents accountability. When leader shows accountability by involving his subordinates, they too get inspired and become accountable to their acts. The momentum of accountability turns like a snowball to become effective.

#### **Mask**

Mask represents authenticity. When leaders uncover themselves with true identity of themselves by dropping their inner conflicts, they could emerge as successful leaders and enhance their relationships and business outcomes

*Contd. ....*

**Movie**

Movie represents evaluating one's behavior and performance and making required amendments. Leaders have to view and edit their performance to realize their vision

The authors experimented with these metaphors on all types of organizations and at all levels of managers and conclude that to be an effective leader, one has to identify his burning ambitions, become accountable to his actions, uncover the masks he possesses to represent his real picture and constantly review and edit his performance like a movie director.

*Reference: Peter Fuda and Richard Badham, Fire, Snowball, Mask, Movie: How Leaders Spark and Sustain Change, HBR, November 2011*

The manual on social entrepreneurship prepared by Schwab Foundation for Social Entrepreneurship of World Economic Forum (2004) identifies four key leadership challenges for social entrepreneurs:

- **Building a Management Team-** It consists of three elements-external recruiting, internal leadership and retention. That means, they need to put efforts to get best talent who are founder fit and cultural fit with exceptional skills. The management team needs to be strong so the efforts should concentrate on recruiting for high responsibility positions, developing their internal talent pool and retaining their best employees.
- **Delegation and Succession-** Delegation is important in day-to-day business and social entrepreneurs have to delegate some of their responsibilities which enhance the work life balance for them and trust among the delegated, leading to high retention. Succession planning is reported to be more challenging than delegation. The successful future of a social enterprise depends heavily on the openness of the founder for a succession plan as no one is irreplaceable.
- **Balancing and Integrating-** Balancing manifold multiple roles and integrating conflicting stakeholder interests inside and outside the organization are true challenges for social entrepreneurs.
- **Personal and Professional Development-** Leadership and leadership skills development is about self-leadership and self-development. A mature personality is required to strike the right balance between showing pathways forward while empowering team members.

Daniel Goleman, the author of 'Emotional Intelligence' said that while the qualities traditionally associated with leadership—such as intelligence, toughness, determination, and vision—are required for success, they are insufficient. Truly effective leaders are also distinguished by a high degree of emotional intelligence, which includes self-awareness, self-regulation,

#### Block-4: Employee Relations

motivation, empathy, and social skills. In his recent article, he says that leaders must learn to focus their attention to themselves, others and the wider world.<sup>5</sup>

Putting all the three together-by heeding to their inner self, controlling their impulses and being aware of others' needs and expectations and connectivity with wider world make the most successful leaders. Such leaders are capable of developing their followers too.<sup>6</sup>

Another important feature for leadership development is the ability to lead in difficult times. Leadership development is essential, especially in turbulent times (Exhibit 20.3).

#### Exhibit 20.3: Leading during Difficult Times

##### Case 1:

This is the case of the Chilean Mine Rescue lead by Andre Sougarret, a mining engineer of El Teniente, world's largest underground mine. He, with his team of 32 managers, has shown tremendous leadership qualities to rescue the trapped miners. On August 5, 2010; 700,000 metric tons of rock caved in blocking passage to the tunnels of San Jose copper and gold mine in Chile's Atacama Desert. While 33 men working deep underground were trapped, those present near the entrance escaped unhurt. The gravity of the situation increased after two days when a second rock fall blocked ventilation shafts and the probability of getting them out alive appeared remote. On October 13, after 69 days of the incident (17 days of search and 52 days of rescue operations) the trapped miners were brought out alive. The rescue operation was an extraordinary effort of the team.

##### Implementation involves three tasks

Envision	Enrolling	Engagement
Promote realism and hope	Finding the helpful ones	Action through disciplined execution
Moving from the existing condition to the desirable one.	Motivating them to address the problem	Rapid innovation
	Excluding the irrelevant people	Encourage the team to do things quickly and efficiently

<sup>5</sup> *The Focused leader, Harvard Business Review, December 2013*

<sup>6</sup> *What makes a leader? Harvard Business Review, January 2004*

**What leadership traits are required to lead in a crisis?**

- Establishing situational awareness which keeps changing
- Consultation and conversation with experts, For example Sougarret held conversations with mine workers, geologists and drilling experts
- Understanding the dangers involved- In this case the danger was that the miners could perish before rescuers could reach them
- Boosting the morale of the families and giving them hope without disguising the truth about the odds against them
- Though outcome is not clear, showing determined effort and commitment to overcome the difficulties
- Understanding and assessing possible options to adopt and executing multiple options to solve the problem in quickest possible time
- Finding new innovative ways to overcome the crisis
- Inspiring the technical team to do their best
- Updating the family members everyday directly
- Appreciating and encouraging Team work

*Reference: Faaiza Rashid, Amy C. Edmondson, and Herman B. Leonard, Leadership Lessons from the Chilean Mine Rescue, Harvard Business Review, July- August 2013*

Thus leadership development is a multi-dimensional concept requiring comprehensive leadership qualities. Companies with effective leaders execute better, and deliver more powerful, tangible business results. Leadership Development is essential to the success of an organization.

**Succession Planning**

Succession planning is a process whereby an organization ensures that employees are recruited and developed to fill each key role within the company. Succession planning is a process of planning in the advance the future successive leaders of the organization in case of regular retirement, or emergencies such as sudden death, terminal illness, voluntary retirement of the top managing employees, or when they leave the organization. Succession planning is the advanced planning of the future needs of the organization. It refers to the identification and development of potential successors in a company. Succession planning is a process for identifying and developing internal people with the potential to fill key business leadership positions in the

#### **Block-4: Employee Relations**

company. The top talent in the corporation must be managed for the greater good of the enterprise.

Irrespective of the type of organizations, the size of organizations, every organization needs succession planning. However, not many organizations have introduced the concept of succession planning and prepare for their successive leaders. Top management put forth the names of the employees based on certain parameters such as those who have contributed for the growth of the organization, have positive attitude, are strong players with great potential in their organizations, etc. Such planning aids other senior leaders in identifying potential candidates who can be promoted or reassigned when they are looking for an employee to fill a key role. For example, when a Managing Director leaves his company suddenly, the company does not know how to manage and function. They must have an ad-hoc Managing Director to take the responsibility of the organization. Successful organizations balance between identifying talent internally, gathering people from outside and devising their plans with intention. Such organizations recruit and retain candidates with the right knowledge, skills and experience, built their resumes, and invest in the employees to train and develop them. Succession plans also require leaders who are willing to help, and mentor these potential employees and prepare to exit. Succession planning can help maintain growth and stability as well as encourage retention and promotion from within.

**Example:** Steve Jobs, CEO of Apple, before stepping down from his position prepared his powerful and unique succession plan which was built on his experience in leadership, media, and innovation. Founded in 2008, Apple University has a leadership curriculum with content and materials based on Job's experiences. Its purpose is to "teach Apple employees how to think like Steve Jobs and make decisions that he would make." This digital curriculum is a great example of how technology can be used to prepare a company's leadership succession.

Besides Apple University, Steve Jobs was also working hard to prepare Tim Cook for the position of CEO. Cook took on a variety of different operational roles including manufacturing, distribution, sales, and supply chain management before working directly with Jobs to gain experience in the CEO role.

In his resignation letter, Steve Jobs wrote, "As far as my successor goes, I strongly recommend that we execute our succession plan and name Tim Cook as CEO of Apple."

Very few organizations prepare for their successive leaders. When a CEO exits suddenly, they do not know how to manage and incur great losses. They must have an ad-hoc CEO to take hold of the organization. Successful organizations balance between identifying talent internally and also getting people from outside.

Benefits of Succession planning<sup>7</sup>:

- Retention of talent in the organization.
- Acquisition of talent at the right time.
- Meeting the future needs of the organization.
- Aligning strategic goals and human resources to enable the “right people in the right place at the right time” to achieve desired business results.
- The development of qualified pools of candidates ready to fill critical or key positions.
- Providing stability in leadership and other critical positions and ensuring the uninterrupted delivery of services and programs.
- Identifying workforce renewal needs as a means of targeting necessary employee training and development.
- Helping individuals realize their career plans and aspirations within the organization.

## **20.6. Succession Planning - A 5 Step Process**

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### *Step 1: Identify critical positions*

Critical positions are the focus of succession planning efforts. Without these roles, the department or agency would be unable to effectively meet its business objectives. A risk assessment may also be conducted and compared to current and future vacancies to identify critical positions within the organization.

### *Step 2: Identify competencies*

Providing employees a clear understanding of capabilities needed for successful performance in key areas and critical positions.

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<sup>7</sup>

[http://www2.gnb.ca/content/gnb/en/departments/human\\_resources/career\\_development/content/succession\\_planning/benefits.html](http://www2.gnb.ca/content/gnb/en/departments/human_resources/career_development/content/succession_planning/benefits.html)



## **Block-4: Employee Relations**

### *Step 3: Identify succession management strategies*

The next step is to choose from a menu of several human resource strategies, including developing internal talent pools, onboarding and recruitment to address succession planning.

### *Step 4: Document and implement succession plans*

The next step is to document the strategies in an action plan. The Succession Planning: Action Plan provides a mechanism for clearly defining timelines and roles and responsibilities.

### *Step 5: Evaluate Effectiveness*

To ensure that the department or agency's succession planning efforts are successful, it is important to systematically monitor workforce data, evaluate activities and make necessary adjustments.

### **It is a Systematic Process For:**

- Identifying critical positions that are instrumental to achieving strategic and operational goals
- Anticipating gaps in those positions due to retirements and other factors
- Defining the qualifications and competencies required to perform successfully in the positions
- Implementing focused strategies to attract and develop pools of qualified candidates who will be ready to compete for critical positions as they become vacant
- Enabling individual employees to become “the best they can be” and helping them to get ready for emerging opportunities
- Facilitating the timely transfer of knowledge from incumbents to successors; and
- Ensuring that supportive strategies and processes are in place to retain and fully engage employees.

Michael Armstrong (2004) differentiates between traditional approach and modern approach of succession planning. Under the traditional approach, those with potential for promotion are placed in boxes as possible successors to managers as and when need arises. It was found that such type of exercise was not able to serve the purpose because the identification of the right person becomes difficult. He suggests that through talent management succession planning can be successfully done. Talent management is about creating and developing a pool of talented people, who are used to operating flexibly, and

from which successors can be appointed or new roles filled. Talent audits also help in the process, which indicate the possible dangers of talented people leaving and how to retain them.

The aim of succession planning is to ensure that, as far as possible, suitable managers are available to fill the vacancies created. It also aims to ensure that a cadre of managers is available to fill the new appointments.

The information for management of succession planning can be obtained from:

- Organization Reviews
- Demand and Supply forecasts
- Performance assessments
- Identification of potential candidates

**Table 20.2: Example to Show how Required Information is Recorded for Succession Planning**

Management Succession Schedule					Department		Director/Manager		
Present Managerial and Supervisory Staff							Possible successors		
Name	Position	Age	Date due for replacement	Rating		If promotable indicate what position and when	Names (1 <sup>st</sup> and 2 <sup>nd</sup> Choice)	Positions	When ready
				Performance	Potential				

Source: Michael Armstrong, *Human Resource Management*, pp 603

## 20.7. Emotional Agility

The concept of emotional agility is an offshoot of Steven C. Hayes' work on Acceptable and Commitment Therapy (ACT), which he defines as a "psychological intervention that uses acceptance and mindfulness strategies, together with commitment and behavior change strategies, to increase psychological flexibility". Psychological flexibility means contacting the present moment fully as a conscious human being and changing or persisting in behavior in the service of chosen values. Emotional agility is to drive negative and difficult thoughts arising both at workplace and home and bring in value-driven actions through persistent efforts. Exhibit 20.4 tells us how to develop emotional agility.

**Exhibit 20.4: Emotional Agility**

Negative and difficult thoughts and feelings have no place at the office. Executives, and particularly leaders, should be either stoic or cheerful; they must project confidence and damp down any negativity bubbling up inside them. But that is not possible always. All human beings have feelings, expressions and inner stream of thoughts that include criticism, doubt, and fear. The common problem with executives is they face recurring emotional challenges at work—anxiety about priorities, jealousy of others' success, fear of rejection, distress over perceived slights—who have devised techniques to “fix” them: positive affirmations, prioritized to-do lists, immersion in certain tasks.

David and Congleton have worked with leaders in various industries to analyze emotional agility, which enables people to approach their inner experiences in a mindful, values-driven, and productive way rather than buying into or trying to suppress them. They cite two cases:

**Case 1:** Cynthia, a senior corporate lawyer with two young children always used to feel intense guilt about missed opportunities—both at the office, where her peers worked 80 hours a week while she worked 50, and at home, where she was often too distracted or tired to fully engage with her husband and children. She used to feel guilty in both aspects and wanted to be a good worker in the office and also a good mother.

**Case 2:** Jeffrey, a rising-star executive at a leading consumer goods company, though intelligent, talented, and ambitious, was often angry—at bosses who disregarded his views, subordinates who didn't follow orders, or colleagues who didn't pull their weight. He used to lose his temper several times at work and been warned to get it under control.

In both the cases, they were feeling discomfort which they wanted to avoid. They were being controlled by their inner experience. The authors offer four practices (adapted from Acceptance and Commitment Therapy, or ACT) designed to help the two cases and also in general to develop emotional agility:

- Recognize your patterns- The first step in developing emotional agility is to notice when you've been hooked by your thoughts and feelings.
- Label your thoughts and emotions- Labeling allows you to see them as transient sources of data that may or may not prove helpful.
- Accept them- Respond to your ideas and emotions with an open attitude, and to show yourself (and others) some compassion and examine the reality of the situation.
- Act on your values- You can decide to act in a way that aligns with your values.

Developing emotional agility is no quick fix- but over time, leaders who become increasingly adept at it are the ones most likely to thrive.

Source: <http://hbr.org/2013/11/emotional-agility/ar/pr>

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### Check Your Progress-1

Indicate your choice of the answer from the options given by putting a ✓ mark.

1. Employee engagement refers to
  - a. High productivity
  - b. Employee job satisfaction
  - c. Emotional commitment to the job
  - d. High reputation of the organization
  - e. All
2. Any activity that enhances the quality of leadership within an individual or organization refers to
  - a. Employee engagement
  - b. Leadership development
  - c. Emotional agility
  - d. Leadership commitment
  - e. None
3. What is that called which includes self-awareness, self-regulation, motivation, empathy, and social skills?
  - a. Employee engagement
  - b. Leadership development
  - c. Emotional agility
  - d. Emotional intelligence
  - e. Emotional commitment
4. According to Jack Zenger and Joseph Folkman, Which leadership style contributes to higher employee engagement? Who are the effective leaders that can enhance productivity and employee satisfaction?
  - a. Enhancers
  - b. Drivers
  - c. Enhancers and Drivers
  - d. All.
  - e. None

#### **Block-4: Employee Relations**

5. Which of the following is identified as leadership challenge for social entrepreneurs by Schwab Foundation for Social Entrepreneurship of World Economic Forum?
  - a. Employee engagement
  - b. Leadership development
  - c. Emotional agility
  - d. Building a Management Team
  - e. None
6. Who is the author of the book 'Emotional Intelligence'?
  - a. Daniel Goleman
  - b. Steven C. Hayes
  - c. Doris Kearns'
  - d. Amy C. Edmondson
  - e. None
7. Which is the metaphor used by Peter Fuda and Richard Badham in their Doctoral Research Project to explain leadership accountability?
  - a. Movie
  - b. Theatre
  - c. Cinema
  - d. Picture
  - e. None
8. Which of the following is the leadership challenge mentioned in the manual on Social Entrepreneurship prepared by Schwab Foundation for Social Entrepreneurship of World Economic Forum?
  - a. Employee engagement
  - b. Workforce diversity
  - c. Delegation and Succession
  - d. Social enterprising
  - e. All.

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#### **20.8. Retention**

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Employee retention refers to the ability of an organization to retain its employees. Employee retention can be represented by a simple statistic (for example, a retention rate of 80% usually indicates that an organization kept 80%

of its employees in a given period). However, many consider employee retention as relating to the efforts by which employers attempt to retain employees in their workforce.

Retention, in simple terms, means keeping good and talented people in the organization and manage them to get best results so as to increase the productivity of the company. It not only aims at retaining the employees but also ensures customer satisfaction and customer retention. The best recipe for retention is to keep the morale of its employees high. Exhibit 20.5 gives a list of employee retention strategies that boost employee satisfaction.

For retention of talented employees, the key is providing interesting career with development prospects in the organization.

off late, organization is facing a major challenge to retain its worthy and talented employees. The HR can control the number of employees leaving the organization but can't completely stop it.

Let us understand the challenges to employee retention:

- **Monetary Dissatisfaction** – High salary expectations by the employees is one of the major reasons why an employee quits the organization. Retention of the employees becomes a problem when they quote for an exceptionally high salary falling beyond salary budget of the organization and is just not willing to compromise. Such employees should understand the limitation of the management and quote something which matches the budget of the organization.
- **High job opportunities**- Today, there is no dearth of opportunities. To attract best talents, organizations offer lucrative opportunities which employees do not hesitate to take. Refraining employees to look for a change is a big challenge for HR. No counselling helps in such cases and it becomes difficult to retain good resources for long.
- **Hiring the Wrong Candidate** – Recruitment of the right candidate is crucial for an organization. Candidates sometimes, at the time of interview, speak lies for getting a job. Once selected, later the candidate realizes the mismatch of person-job.
- **Lack of Job Rotation** – some employees have a tendency to get bored when they perform the same monotonous job for long period of time. The job which might have been interesting and motivating during the starting phase, soon become monotonous. In such a situation, HR must do a job rotation and provide employees the opportunity to learn and perform new jobs similar in nature. Lack of job rotation, employees might look for other opportunities in other organizations.
- **Unrealistic Expectations of Employees** – It is impossible for any organization to meet the expectations of all the employees. Sometimes, when the unrealistic

## Block-4: Employee Relations

expectations of the employees are not met by the employers, they start looking for a job change.

### **Exhibit 20.5: 10 Commandments for Employee Retention**

The average employee retention rate is 90%. But according to Klynveld Peat Marwick Goerdeler (KPMG), a global organization of professional firms that focuses on audit, tax, and advisory services, India has an average employee retention rate of 80-85%. The result was based on a collection of retention rate statistics in industries like retail, insurance, financial services, banking, automotive, IT, NGO, transport and logistics, and telecom.

Here are some of the most effective employee retention strategies that can boost employee satisfaction:

1. Conduct a thorough hiring process
2. place value on good work-life balance.
3. place value on good work-life balance.
4. offer convenience, flexibility, and perks
5. relax your company policies
6. focus on leadership rather than management
7. focus on development, create a path forward
8. constantly improve your employer brand
9. stay competitive in your specific market
10. participate in improving the job market through volunteering schemes

Source: [https://www.randstad.in/workforce360/archives/how-to-improve-your-companys-employee-retention-rate\\_](https://www.randstad.in/workforce360/archives/how-to-improve-your-companys-employee-retention-rate_), April 30, 2021

## **20.9. Exit Management**

Employee exit management is the process used within many businesses to terminate employees in a professional manner. It applies to employees who have resigned and those that have been terminated by the company.

When an employee is terminated there are a number of considerations that an organization needs to make in order to cleanly end the relationship between the company and the employee. The company as a legal entity has a responsibility to the employee which may extend beyond the period of employment and this is the primary focus of the exit procedure.

Employee exit interviews are important to HR management for monitoring employee retention and engagement. It's important to understand why an employee leaves and what you can do to avoid regrettable employee losses. Regardless of why an employee leaves, employee exit interviews provide a

wealth of information to employers. Exit interviews can change the climate of an organization by helping management know what they do better to retain talent, prevent bad hires and improve management practices generally.

It's helpful to classify every exit into one of four categories, as the information gathered from each situation will inform different parts of the organization. Depending on the employee exit classification, the information from the exit interview will provide different, but valuable information.

1. **Win-win:** The exit is good for the company, and good for the employee.  
Example: An underperforming employee leaves to attend graduate school.
2. **Lose-lose:** The exit is bad for the company, and bad for the employee.  
Example: A great employee leaves because of family complications.
3. **Lose-win:** The exit is bad for the company, but good for the employee.  
Example: A great employee leaves because of a great new job opportunity elsewhere.
4. **Win-lose:** The exit is good for the company, but bad for the employee.  
Example: An unethical employee is fired.

### 20.10. Outsourcing

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In business, outsourcing is the contracting out of a business process to a third-party. Outsourcing means taking some specific but limited function that a company X was doing in-house- such as Pay rolls, Performance Appraisals, or Accounts Receivable- and having another company Y perform that same function for X and then reintegrating Y's work back into the overall operation of X.

#### Reasons for outsourcing:

- Cost-effectiveness
- Reduced administrative costs
- Capitalizing on technological advances/expertise
- Redirecting HR focus towards strategy planning
- Improved customer care
- Focus on core business
- Reduced corporate overheads
- Provision of 'seamless' delivery of services
- Insufficient staff



## **Block-4: Employee Relations**

### **Process of Outsourcing:**

- Identifying core and non-core activities of the company- the activities the companies need to do in-house, as against outsourceable activities
- Find a suitable vendor for carrying out the activities-service providers

## **20.11. Role of IT in Human Resource Management**

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### **IT**

The general meaning of Information Technology (IT) refers to a set of tools and systems for collecting, organizing, storing and disseminating information, including sound, image, text or numbers.

### **Advantages of IT:**

- Accuracy in performance
- Speed of performance
- Transparency in the system
- Integrity in system design
- Extensive and timely information using the internet and intranet networks
- Accurate and rapid assessment
- Timely feedback
- Repeatable tasks by the system hardware

### **The functions of HRM are:**

- Monitoring employment
- Job Analysis
- Planning organization to provide the manpower needed
- Recruitment
- Select and hire the best and most qualified forces to Enterprise Organization
- Design and set up programs that facilitate the entry of new employees and to help them to find the right organization and its community
- Staff Training
- Training Managers
- Design, performance appraisal systems, reward, salary, communications, health and safety and discipline systems

### **Role of IT in each of the functions of HRM**

The role and impact of Information Technology (IT) on the human resource functions has been both pervasive and profound. A recent IBM-Towers Perrin study, “Priorities for comparative advantages,” noted that IT can be a potent weapon for lowering administrative costs, increasing productivity, speeding response time, improving decision making, and enhancing customer service. Ultimately, IT can provide data and communications platform that helps HR link and leverage the firm’s human capital to achieve competitive advantage.

Despite the potential benefits of IT, most organizations have a fairly dismal record of turning their investment in technology into increased productivity and strategic capability. Furthermore the overwhelming majority of HR departments have never used their systems for strategic purposes. The problems tend not to be with the availability of IT for HR application.

### **Three basic ways in which IT can impact HR**

**First**, the *operational impact* of IT; that is, alleviating the administrative burden, reducing costs, and improving productivity internal to the HR functions itself and the focus of most IT applications have been on the internal operations of HR function itself.

**Second**, the *relational impact* of IT; that is, providing managers and employees access to the HR databases, simultaneously reducing response time, and improving service levels. IT allows HR to enhance service to outsiders by providing line managers and employees with access to HR databases, supporting their HR related decisions, and increasing their ability to connect with other parts of the corporations.

**Third**, the *transformational impact* of IT; that is, organizing human interaction to create virtual teams and more flexible network organizations. Trends toward restructuring, reengineering, outsourcing and strategic alliances all represent efforts by organizations to change the way they do business.

(<http://download-reports.blogspot.in/2011/05/role-of-it-in-human-resource-management.html>).

IT has reduced the administrative burden of HRD. The use of IT has also reduced the administrative cost of the clerical activities of HRD, and processing time is also reduced as well. Now, all the employees have remote access to the HR managers.

Organizations are constantly under pressure from various aspects. Changes are to be applied, in other words, organizations are changing to adapt to their environment. Many of the old manual processes are fully mechanized. These

#### **Block-4: Employee Relations**

developments led to significant changes in occupational structure and the staff is professional. In order to change many of the previous processes and new ways of doing things via the computer, Information Technology is playing a significant role.

Some of the issues that IT organizations will result in change processes are: (Gary Dslr 2001)

- IT processes that are automated and high speed.
- Information technology jobs, virtual and remote collaboration makes possible.
- Increased interaction and immediate feedback of information technology makes possible.
- Information created, distributed, and intelligent knowledge management can be effective.
- IT performs calculations broadly and without fatigue.
- information technology, information sharing at different levels of organization

Some features of the new environment include:

- Reducing white-collar jobs
- Increase jobs-professional, managerial and technical
- The need for continuing education
- Outsourcing of jobs pact
- Lack of control over labor as before, due to a professional force
- The need to create control systems
- Reduce the absorption costs and manpower
- Attention to human resource management [must also change their ways?]. Global competition is introduced.
- Cognitive strengths and weaknesses, threats and opportunities can be organized to select, hire, develop and use
- Reduce staff stress
- Increase the quality of working life
- Appropriate and rapid response to technology changes

- Considering innovative products
- Remuneration and benefits paid based on the output of work teams
- The use of flexible working hours
- Employing methods to increase employee commitment (Zargar 2002)

### **IT Software- People Soft, SAP ERM HCM**

The emerging software such as PeopleSoft and SAP ERP HCM are very useful in developing skills of employees and play a pivotal role in HRM.

#### **20.11.1 People Soft**

PeopleSoft, Inc. was a company that provided Human Resource Management Systems (HRMS), Financial Management Solutions (FMS), Supply Chain Management (SCM), Customer Relationship Management (CRM), and Enterprise Performance Management (EPM) software, as well as software solutions for manufacturing, enterprise performance management, and student administration to large corporations, governments, and organizations. It existed as an independent corporation until its acquisition by Oracle Corporation in 2005. The PeopleSoft name and product line are now marketed by Oracle. PeopleSoft Financial Management Solutions (FMS) and Supply Chain Management (SCM) are part of the same package, commonly known as Financials and Supply Chain Management (FSCM).

#### **20.11.2 SAP HR**

Headquartered in Walldorf, Germany, with locations in more than 130 countries, SAP AG is the world leader in enterprise software and software-related services.

SAP recognizes and embraces its commitment to the communities in which we operate in the United States. We believe the private sector plays a vital role in creating a level playing field, driving innovation and building an environment that enhances education and entrepreneurship to foster economic growth.

Our social investment strategy is based on our vision to help the world run better and improve people's lives.

Our approach is driven by four core principles:

- **Create social impact.** Make strategic social investments that have a lasting benefit on society.
- **Leverage our core expertise.** Utilize our technology and talent to help find solutions to social issues.

#### Block-4: Employee Relations

- **Generate lasting impact on SAP.** Align approach to support our market and people strategy.
- **Engage multiple stakeholders.** Drive innovation through a multi-faceted dialogue with internal and external stakeholders.

SAP ERP is the name of the applications in the SAP Business Suite (and SAP Business All-In-One software). For SAP “Our people are our most important asset.” is the [??] The SAP ERP Human Capital Management solution offers a complete and integrated set of tools to effectively manage people. The solution helps to

- Hire, develop, reward, and retain talent
- Automate core HR processes to increase efficiency in HR department
- Reduce HR costs
- Enable accessibility via mobile devices, and support compliance
- Support deployment models in ways that reduce risk and cost when outsourcing HR processes or running an internal shared service center

SAP supports more than 13,000 HCM customers in 110 countries in managing their people by letting them:

- Plan and analyze the workforce
- Identify, develop, reward, and retain talent
- Automate core HR processes and payroll
- Provide high-quality HR services to a globally distributed workforce – anytime and anywhere – at low cost

**SAP ERP Human Capital Management-A Comprehensive, Integrated Solution**

**Table 20.3: Key Business Activities of SAP ERP HCM**

<b>Workforce Planning and Analytics</b>	<b>Talent Management</b>	<b>Core HR and Payroll</b>	<b>Service Delivery</b>
Give executives, HR professionals , and line managers	Effectively find, develop, reward, and retain talent. The solution supports:	Automate and integrate core HR processes. The solution supports:	Give workforce the tools to inform and serve themselves

<b>Workforce Planning and Analytics</b>	<b>Talent Management</b>	<b>Core HR and Payroll</b>	<b>Service Delivery</b>
real-time insight into Workforce data. The solution supports:			anywhere, anytime. The solution supports:
Workforce planning	Competency management	Employee administration	The framework for a shared services center
Workforce cost planning and simulation	Recruiting	Organizational management	Manager self-services
Workforce benchmarking	Employee performance management	Global employment	Employee self-services
Workforce process analytics and measurement	Talent assessment and review	Benefits management	Dedicated support for key business roles
Talent management analytics and measurement	Succession management	Time and attendance	Microsoft Office integration
	Employee development	Payroll and legal reporting	
	Compensation management	HCM processes and forms	
	Enterprise learning management		

Source: SAP ERP HCM-The Best- Run Business Run SAP <http://www.sap.com>

#### Block-4: Employee Relations

**Table 20.4: Benefits and Activities of SAP ERP HCM**

Activity	Benefits
Workforce Planning and Analytics	Enable better decision-making By identifying and filling talent gaps, talent needs are fulfilled Consistently achieve corporate objectives
Talent Management	Improve retention of key talent Improve employee satisfaction and engagement Increase organizational performance
Core HR and Payroll	Reduce risk Improve operational efficiency Reduce HR and Pay roll cost per employee Educe total cost of ownership
Service Delivery	Offer better HR services and cut HR related costs Employees concentration value generating activities
Mobility	Enable quick decision-making. Have access anywhere and anytime to business content, application and services.

Source: SAP ERP HCM-The Best- Run Business Run SAP <http://www.sap.com>

Thus SAP ERP HCM optimizes people management and makes employees do their best at applying and developing their skills and potential.

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#### **Check Your Progress-2**

Indicate your choice of the answer from the options given by putting a ♪ mark.

9. Keeping good and talented people in the organization and manage them to get best results may be called as
  - a. Exit management
  - b. Outsourcing
  - c. Retention
  - d. Employee engagement
  - e. Performance management
10. What are the aims of employee exit interviews?
  - a. Rewarding the employees
  - b. For employee engagement

- c. For Performance management
  - d. For monitoring employee retention
  - e. All
11. Contracting out a part of business process to a third-party is called as
- a. Exit management
  - b. Outsourcing
  - c. Retention
  - d. Employee engagement
  - e. Performance management
12. What are the advantages of IT to HR?
- a. Lowering administrative costs
  - b. Increasing productivity
  - c. Speeding response time
  - d. Improving decision making
  - e. All
13. Administrative burden, reducing costs, and improving productivity internal to the HR functions come under
- a. Operational Impact
  - b. Transformational Impact
  - c. Relational Impact
  - d. Transactional Impact
  - e. None
14. In 2005 PeopleSoft was acquired by
- a. TCS
  - b. Google
  - c. Oracle
  - d. Microsoft
  - e. Infosys
15. Mention the Key Business Activities of SAP ERP HCM.
- a. Workforce Planning and Analytics
  - b. Talent Management
  - c. Core HR and Payroll



## Block-4: Employee Relations

- d. Service Delivery
- e. All

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### 20.12. Summary

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In this unit, a comprehensive discussion on the emerging challenges of HRM is taken up. The recent challenges faced by HR professionals are many due to changes in the composition and expectations of the workforce and also due to demographic, societal and technological changes that are taking place. Consequently, HR professionals are also adopting new HR policies and procedures to cope up with the emerging challenges of HRM. The challenges that are taken up for discussion in this unit are Employee Engagement, Leadership Development, Emotional Agility, Retention, Exit Management, Outsourcing and Role of IT and IT Software- People Soft, SAP HR. All these emerging challenges are explained in detail with suitable examples or case studies.

### 20.13. Glossary

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1. **Employee engagement** – It is the emotional commitment the employee has to the organization and its goals. An "engaged employee" is one who is fully absorbed by and enthusiastic about his work and so takes positive action to further the organization's reputation and interests.
2. **Leadership development**- Leadership development refers to any activity that enhances the quality of leadership within an individual or organization.
3. **Emotional Agility**- It is a “psychological intervention that uses acceptance and mindfulness strategies, together with commitment and behavior change strategies, to increase psychological flexibility”.
4. **Emotional Intelligence**- Emotional Intelligence refers to self-awareness, self-regulation, motivation, empathy, and social skills.
5. **Retention**- Retention is keeping good and talented people in the organization and manage them to get best results so as to increase the productivity of the company.
6. **Outsourcing**- Outsourcing is the contracting out of a business process to a third-party and then reintegrating the work back into the overall operation of the company.
7. **Information Technology (IT)**- IT refers to a set of tools and systems for collecting, organizing, storing and disseminating information, including sound, image, text or numbers.

8. **Operational impact of IT-** Operational impact is alleviating the administrative burden, reducing costs, and improving productivity internal to the HR functions itself.
9. **Relational impact-** Relational impact of IT is providing managers and employees access to the HR databases, simultaneously reducing response time, and improving service levels in providing managers and employees access to the HR databases, simultaneously reducing response time, and improving service levels.
10. **Transformational impact of IT-** Transformational impact of IT is organizing human interaction to create virtual teams and more flexible network organizations, organizing human interaction to create virtual teams and more flexible network organizations.

#### **20.14. Self Assessment Test**

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1. Discuss on the emerging challenges to HRM.
2. How does employee engagement help in increasing productivity of organizations?
3. Explain the importance of 'Leadership Development'.
4. What do you understand by emotional agility?
5. Explain few retention strategies adopted by top companies.
6. Discuss the nature of outsourcing in India
7. Elucidate the impact of IT on HR
8. How are PeopleSoft and SAP able to meet the challenges of HRM?

#### **20.15. Suggested Reading/ Reference Material**

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1. Vikrant Verma. "Human Resource Planning & Development", Thakur Publication pvt.ltd, January 2020
2. Gary Dessler & Biju Varkkey Human Resource Management. Pearson Education; Sixteenth edition, 2020
3. Pravin Durai. Human Resource Management. Pearson Education, 2020
4. Case Studies in Human Resource Management. Dreamtech Press, 2020
5. L M Prasad. Human Resource Management. Sultan Chand & Sons, 2018
6. Raymond A.Noel, Amitabh Deo Kodwani, Employee Training and Development, 7th edition, McGraw-Hill, 2018
7. K. Aswathappa. Human Resource Management: Text and Cases. Tata McGraw Hill, 2016.

### 20.16. Answers to check your progress questions

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1. (c) **Emotional commitment to the job-** Employee engagement is the emotional commitment the employee has to the organization and its goals. This emotional commitment means engaged employees actually care about their work and their company. They don't work just for a paycheck, or just for the next promotion, but work on behalf of the organization's goals.
2. (b) **Leadership development-** Leadership development refers to any activity that enhances the quality of leadership within an individual or organization
3. (d) **Emotional Intelligence-** Daniel Goleman, the author of 'Emotional Intelligence' said that while the qualities traditionally associated with leadership—such as intelligence, toughness, determination, and vision—are required for success, they are insufficient. Truly effective leaders are also distinguished by a high degree of emotional intelligence, which includes self-awareness, self-regulation, motivation, empathy, and social skills.
4. (c) **Drivers and Enhancers-** Jack Zenger and Joseph Folkman have conducted a study on the nature of effective leaders and concluded that effective leaders should be both drivers and enhancers- demanding high accomplishments with priority to goals and objectives combined with high consideration to people and act as trusting and collaborative leaders.
5. (d) **Building A Management Team-** It consists of three elements-external recruiting, internal leadership and retention. That means, they need to put efforts to get best talent who are founder fit and cultural fit with exceptional skills. Building a management team is an important challenge for social enterprises.
6. (a) **Daniel Goleman** is the author of the book 'Emotional Intelligence'.
7. (a) Movie is used by Peter Fuda and Richard Badham in their Doctoral Research Project to explain leadership accountability. Movie represents evaluating one's behavior and performance and making required amendments. Leaders have to view and edit their performance to realize their vision.
8. (c) **Delegation and Succession** is identified as one of the important key leadership challenge for social entrepreneurs in the manual on social entrepreneurship prepared by Schwab Foundation for Social Entrepreneurship of World Economic Forum.

9. (c) **Retention-** Keeping good and talented people in the organization and to manage them to get best results may be called as Retention.
10. (d) **For monitoring employee retention-** Employee exit interviews are important to HR management for monitoring employee retention and engagement. It's important to understand why an employee leaves and what you can do to avoid regrettable employee losses.
11. (b) **Outsourcing-** outsourcing is the contracting out of a business process to a third-party.
12. (e) **All-** The advantages of IT to HR **are** Accuracy in performance, Speed of performance, Transparency in the system, Integrity in system design extensive and timely information using the internet and intranet networks, Accurate and rapid assessment, Timely feedback and Repeatable tasks by the system hardware.
13. (a) **Operational impact of IT-** operational impact is alleviating the administrative burden, reducing costs, and improving productivity internal to the HR functions itself and the focus of most IT applications have been on the internal operations of HR function itself.
14. (c) **Oracle-** In 2005 PeopleSoft was acquired by Oracle.
15. (e) **All-** The key business activities of SAP ERP HCM include Workforce Planning and Analytics, Talent Management, Core HR and Payroll and. Service Delivery.

## Human Resource Management

### Course Components

<b>BLOCK I</b>		<b>Overview of Human Resource Management</b>
<b>Unit 1</b>		Introduction to HRM
<b>Unit 2</b>		Organizational Structure and HRM
<b>Unit 3</b>		International Human Resource Management
<b>BLOCK II</b>		<b>Employment of Human Resources</b>
<b>Unit 4</b>		Human Resource Planning
<b>Unit 5</b>		Job Analysis and Design
<b>Unit 6</b>		Recruitment
<b>Unit 7</b>		Selection
<b>Unit 8</b>		Socialization
<b>BLOCK III</b>		<b>Management and Development of Human Resources</b>
<b>Unit 9</b>		Managing Careers
<b>Unit 10</b>		Performance Appraisal
<b>Unit 11</b>		Employee Training and Management Development
<b>Unit 12</b>		Compensation Management
<b>Unit 13</b>		Occupational Safety and Health
<b>BLOCK IV</b>		<b>Employee Relations</b>
<b>Unit 14</b>		Grievance Handling
<b>Unit 15</b>		Disciplinary Action
<b>Unit 16</b>		Trade Unions
<b>Unit 17</b>		Industrial Relations, Collective Bargaining, and Workers' Participation in Management
<b>Unit 18</b>		Quality of Work Life
<b>Unit 19</b>		Quality Circles
<b>Unit 20</b>		Emerging Challenges of HRM



