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1.1 Background

The liberalization policy, declared in 1991 by the Government of India, exposed the Indian companies to global competitive pressures and opportunities. Traditionally, Indian companies were neither encouraged nor equipped to compete with international giants. The Process of Economic Liberalization initiated in India since 1991-92 aimed at raising the allocate efficiency of resources, increasing returns on investments to promote accelerated growth and development in overall economy. The economic liberalization process and priority given to market orientation paved way to develop measures to turn these unites as commercially viable and profit generating enterprises. Such changes were much tangible in a few public sector undertaking like Banking, manufacturing industries, Hotel, Airline.

Liberalization made it almost mandatory to acquire latest technology and new techniques that could significantly reduce the cost of products and improve their quality. Companies in India have responded to the challenges of globalization in various ways. In effect globalization era, involving 'labour re-co modification' has resulted in labour market insecurity, employment insecurity, work insecurity, job insecurity, skill reproduction insecurity, income insecurity and representation insecurity. Under effect of liberalization, organizations started moving towards deregulation, de-reservation, disinvestment and sale of the public sector units, and restructuring in the private sector. Both public and the private sector units have been reducing their work force over the last one-decade under 'early separation schemes' known as Voluntary Retirement Schemes (VRS).
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Das & Shukla (11) stated that VRS has come and it will stay so long as the organizations have excess unproductive manpower. But top management should now trend carefully make a planned projection of the number of people they need to hire to avoid this unpleasant development in employment relationship like offering VRS. Moreover, VRS should be well planned and properly managed to ensure that a person who has given the best of his/her to the organization should not be on the road with a begging bowl, which ultimately brings a bad name to the image of the organization.

Voluntary retirement is perceived as a measure to shed the work force whose marginal productivity is zero. Further, it is argued that this could be introduced in an industrial organization for maintaining its cost effectiveness in an increasingly competitive world. Moreover, voluntary retirement is accompanied by technological modernization that warrants the replacement of labour with capital. Technological modernization improves the productivity of existing workforce so much so that a section of the existing workforce becomes again redundant even as modernization enhances the installed capacity of the technology. The workforce that becomes redundant in this process has to retire or be retrenched.

The 1991 Narasimhan Committee I in its recommendations, observed: “The committee’s approach to financial sector reform is to ensure that the financial services operate on the basis of operational flexibility and functional autonomy with a view to enhancing efficiency, productivity and profitability. A vibrant and competitive financial system alone will be able to sustain the ongoing structural reforms of the real sector economy”. The committee pointed out to the need for manpower planning to achieve this objective,
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both in terms of reducing existing staff and curtailing new recruitment
[Anand (2)].

Both public and the private sector units have been reducing their work force over the last one-decade under 'early separation schemes' known as Voluntary Retirement Schemes. The Government of India in order to facilitate the restructuring exercises by the employers and to minimize the social cost of reforms especially in the absence of any social security system for the workers, established 'social safety net' - a National Renewal Fund (NRF) vide GOI resolution 3rd February, 1992, which became operational in early 1993 (....18). The objectives and scope of the NRF had been:

(a) to provide assistance to cover the costs of retraining and redeployment of employees arising as a result of modernization, technology upgradation and industrial restructuring.

(b) to provide funds, where necessary, for compensation of employees affected by the restructuring or the closure of industrial units, both in public and private sector.

(c) to provide funds for employment generation schemes both in the organized and unorganized sectors in order to provide a safety net for labour needs arising from the consequences of industrial restructuring. Although the scope of the fund included in it the private sector

The rational behind the introduction of voluntary retirement scheme (VRS) in India is that any industrial organization has to operate within the existing
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legislative framework, which does not allow the organization to shed the redundant workforce without adequate compensation.

Employers refer to VRS as ‘golden handshake’, trade unions call it ‘voluntary retirement scheme’, and for the government, it is ‘unstated exit policy’ which means that an exit policy which may not exit on paper. VRS is one of the strategies introduced in the early 1980s in central public sector undertaking (PSUs) to reduce the so-called surplus or redundant workforce. It gained publicity after the introduction of new economic policy in 1991. In India the government employs more than 70 per cent of the organized workforce; it uses all its channels to reduce the organized sector of the workforce without antagonizing the trade unions. It is envisaged in the new economic policy that VRS can provide minimum sustenance security to the retired individual and his family.

The trade unions play a crucial role in introducing the VRS in any organized sector firm. The scheme cannot be implemented without, at least the tacit approval of representative union. Sometime without the consent of the trade unions, workers legalized the VRS by accepting it en masse.

After Liberalization the transformation was found in number of spears of management starting from cutting of expenditure on various perks provided to personal in the industry, inventory management and right sizing of manpower to reduce the cost and imbibing efficient management system into the industry. Among these the downsizing the manpower and application of computer aided technology was more glaring in most all the industries. The transformation from traditional service oriented industry to
commercial business was much reflected in the banking industry of the country more so in the public sector banks.

The year 2000-01 was watershed in the history of Banking Industry of India, mostly in public sector banks. The industry which were feeling the heat of market competition and bogged with bloated manpower cost accounting to 27 percent of the income against 4 percent in foreign owned banks and 6 to 7 percent amongst new private banks took major initiative to reduce the manpower by providing golden handshake to employees to right size their number, to reduce the average age group of employees, to improve the efficiency of the personal through technical orientation and become commercially competitive. The probability of the public sector bank improved relative to that of the private and foreign banks but this has been partly because of their declining asset base as they are losing ground in their ability to attract deposits at favorable net interest rates. Also, private and foreign banks have been more prudent in their expenditures on provisioning and their operating expenses have risen in the latter half of the decade as they have made large investments in technological upgradation [D’Souza (13)].

The blanks which provided employment to largest number of people and recognized the experience of its personnel as capital, for the first time took a decision to send all the willing employees from the industry with introduction of Voluntary Retirement Scheme (VRS).

The downsizing/rightsizing exercise is made for more than 63000 people to come out from the formal white colored employment into the free market with option to complete the existing socio-economic fabric of the society.
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This was perhaps the biggest of ever such departure of the personnel from any single industry in the county in a short period of one year and pre-scheduled entry of skilled trained and experienced personnel into the society with free time and working ideas. The pre-scheduled entry is expected to alter the existing social equations in the society with the entry of new knowledgeable and trained leadership.

Voluntary Retirement Scheme (VRS) is not a new concept to Indian industries. It was practiced both in public and privately owned service and manufacturing industries before rehabilitation or closure and a few service industries like airline, hotel and banking to revamp the operation and improve the manpower efficiency. The introduction of VRS in any industry has been recognized to address two major issues, one is to introduce younger and technical savvy workforce to improve the efficiency and the other is to reduce the cost on workforce. The banks have considered this to fulfill the second option and had not shown eagerness to recruit and introduce younger staff into the industry as most of the banks are already saturated with required manpower.

The ministry of labour has circulated a note among other ministries for creating a legislative framework for voluntary settlement of dispute between employees and employer instead of taking recourse to tripartite systems like labour courts and tribunals. The note also state the reasons: The changes taking place due to globalization and market driven economy demand that the approach of voluntary resolution of disputes should take prime place and should be strengthened over the legalistic approach of settlement of disputes by courts. In this regard, the note has drawn up a proposal for creation of bargaining councils to settle employer-employee disputes. The councils are
expected to remove a major chunk of industrial dispute from the ambit of labour courts and tribunals. The proposed council located within industrial plants will also help a company to deal with multiple unions having different view on a given issue. The note also proposed certain amendments to the Industrial Disputes Act, which includes a provision to allow employers to dispense with the services of workmen who do not perform or are undisciplined. In additional, the note proposed to retrench workmen or close down the industries, which are sick by paying proper and enhanced retrenchment compensation to ensure social security for the retrenched worker. (….17)

Despite the fact that liberalization and globalization have widened the markets for many sunrise industries, the number of companies announcing VRS is on the rise. The following factors are leading the employers to introduce VRS in their companies general recession and its after-effect, decline in demand and profit, severe competition at global level, need for improvement in labour productivity and reduction in costs especially wage bill, avoidance of sickness and losses, achieving economics of scale by centralizing operations, mergers and amalgamations, regain of market shares, etc. In addition, hesitance of buyers in absorbing surplus workforce during mergers, problem in confidentiality also led to introduction of VRS. This seems to be common for both public and private companies. However, public sector companies find it difficult to implement the scheme due to financial inadequacy and protest from trade unions. The government is considering an umbrella VRS for central public sector undertaking, which could be attractive.
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The main objective behind the scheme is to send out those who cannot be retained to new skill. The premise of the argument appears to be weak. The liberalization policy, in its anxiety to modernize, restructure and globalize the products of Indian industry, is wasting precious labour force that could have been modernization through retraining and on-the-job training. Precious skills and abilities of the retrenched workforce are equated with worn out physical capital that may not be susceptible to repair or modernization. Are human beings not capable of learning and modification of their knowledge, skills and applying the same to produce higher output? The current emphasis on restructuring does not allow such questions.

Further, manpower reduction in the Indian context also carries many social implications. In a country characterized by one of the highest unemployment rate in the world, employment is also a status symbol in the society. In one of the organizations in Bihar, a northern state of India, employees frequently stated, "... Loss of job also creates problems in the marriage of children. The families of prospective fiancée of our children resist such marriages as our unemployment affects the income of our joint families adversely......"

Policy makers in developing countries like India have also been influenced and pressurized by the 'market thinking' and have been seeing the 'institutions' as hindrances in their pursuit of development of India. Since July 1991, the economic policy reforms related to macro economic stabilization and structural adjustments have been pursued in India, based on the dictums of the now 'little' infamous Washington Consensus. The first stage of reforming the economy under it involving bringing down inflation, trade liberalization, privatization of state owned enterprises and getting the prices right, is still on, and the second generation of reforms involving
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boosting the competitiveness of private sector by using the instruments of diluting labour legislation, change in work practices, restructuring of government and social ministries are fiercely deliberated at the highest policy making level.

Mundle (34) observed that stabilization cannot be painless, especially adjustment. Therefore, Mundle pointed out that it would be unethical and contrary to all modern principles of welfare if the burden of such austerity and adjustment were allowed to fall on disadvantaged groups and social classed poor people in general.

Structural adjustment is one of the most widely discussed and debited subjects among the economists and policy makers in current year. [Papola (36)]

Further, the existing labour laws prevent the employers from terminating the services of the employees easily. Organizations have responded to this difficulty through Voluntary Retirement Schemes (VRS). Union leaders also appear to have accepted the ground realities of VRS. The management frequently responds the resistance to VRS from unions by projecting a threat to the survival of the organization.

1.2 Voluntary Retirement Scheme

The globalization has increased the competition all over the world in each and every field and at each and every corner of the world. Such competition is about products, their qualities, their prices, and their marketing
strategies. Each organization is fighting for existence or to remain in the competition. But it is very difficult to achieve the objective of getting the profit and to remain in the competition.

Because the developing nations like India were pressurized to liberalize policy means to make the market free, by removing tariff and non-tariff restrictions. Due to liberalization, the Giant corporations and Multinational corporations entered in the Indian market. Such MNCs and Giant corporations were having ample financial background, and latest or modern technology. Due to automation, more fast and superior production is possible at very low cost and as the cost of production is low the selling prices are also kept low. Now instead of actual exporting the goods to developing countries they have started their manufacturing units in such developing countries and started capturing the world market.

The term ‘retirement’ implies leaving or withdrawing from a specific act or employment in the field of industrial relation, it implies termination of employer employee relationship at the culmination of pre-agreed terms/conditions or on attaining age of super annulations. On the other hand, the term ‘voluntary retirement’ refers to a situation where an employee resigns from his/her job and there by terminates the employer-employee relationship before the maturity of terms and conditions of employment. The causes for using VRS by an employer include: surplus labour, technological development (the worker becomes unsuitable for employment as well as retraining/redeployment), legal difficulties (i.e., retrenchment not allowed under section 25(N) of the Industrial Disputes Act, 1947) and sick units. The basic purpose of VRS is to work for the reduction of unwanted workforce.
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Thus, neither exposed to difficult situation of neither being able to retrench surplus workers nor being able to close a loss making or sick unit, the employers resorted to VRS as the most suitable device for coming out of this thorny situation. Therefore, both public and private sector companies introduced VRS as strategy to attract workers to seek voluntary termination of employer-employees relationship.

In the context of Public Sector the Board of Public Enterprises stipulated as follows:

VRS is open to employees who have completed 10 years of service or have attained 40 years of age.

Management of an enterprise has right not to consider any request under VRS.

Termination payment includes:

* Balance of PF accumulation
  * Leave encashment as per rules

* Gratuity as per Gratuity Act

* One/three months notice pay as applicable

* Ex-gratia payment equivalent to 1.5 months’ emoluments (pay and dearness allowance) for each completed years of service or
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the monthly emolument at the time of retirement or salary for the remaining period of service which ever is less.

Travel for self and family to the place of settlement as per leave travels entitlement

Voluntary Retirement Scheme – a compensation package for exit policy – is not new in the Indian context [Dwivedi (16)]. According to Dwivedi, what is new to this context is its methods and styles of implementation, which emerged immediately after declaration of new economic reforms for the Indian economy.

In order to achieve the competition the industries in the developing countries including India are adopting the measures like restructuring, reorganizing, rationalizing of operation and technological upgradation etc. These measures are not useful only for their survival but also for their growth. Some industries which are utilizing the old technology like textile industries, pharmaceutical, engineering, coal, mines etc. are collaborations with the MNCs, are forced by the MNCs to adopt urgent measures like to rationalize or downsize their manpower to remove the inefficiency in the organization. There are around 235 public sector units in India. The government referred 58 units, which are recurring making losses or sick units are decided to be closed or liquidated. There are 2 lakhs workers employed in these units, these will be immediate problem of their survival. In the Western Countries like England, America and Europe, U.K. no such care of workers survival is taken. The employers are having the freedom to ‘higher and fire’ such workers e.g. The Giant corporations in America like IBM reduced its strength by thousands peoples within one day. But for such
acts there are highly regulated labour laws in India. Even though the organization is needed to increase the permanent work force or in case of lay off or about closure or retrenchment the permission is required to be taken. This amendment have created the obstacles in declaring the closure and lay off to the employer. This amendment in the Industrial Dispute Act is made for the purpose of protecting the workers. According to this Act there was no requirement of taking permission of the business closure or while declaring the lay off. If the workers are below 300 in the organization later on this limit reduced up to 100 workers, but at present since 24th June 2004 this limit again has raised up to 1000 workers i.e. if the workers are below 1000 then no permission of the government is required for declaring lay off or the closure by the employer. Hence there are great difficulties in restructuring the excess manpower.

A study by Bhattacharya and Mitra (8) based on data from 1981 and 1991 census reveals that the unemployment in the country rose sharply from 11 million in 1991 to 17 million in 1991–1992 and further to 21 million in 1991 to 17 million in 1993–1994. In these prevailing circumstances the voluntary retirement scheme (VRS) pursued by organizations both in public and private sector undertaking in India to meet the pressure of globalization and competition, has been acting as fuel to the ongoing fire in the value eroded society, especially for the old, retired and people with ill health.

As the rules are not favorable for hire and fire to the Indian employers, but now the employers have found the new method of discharging surplus labour, which is ‘Voluntary Retirement Scheme’ or ‘Golden Hand Shake’ or ‘Early Separation Schemes’ etc. These Voluntary retirement schemes are not new to the industries because some public and private sector undertakings
like Hindustan Aeronautics Ltd. And M/S Guest keen Williams Ltd, Indian Railways have implemented the voluntary retirement scheme for reducing surplus labour force before 1976. This scheme has gathered the momentum since the 1980s, and in the last 4 to 5 years this scheme has geared up at a fast speed. The large companies in public sector as well as private sector undertakings have introduced the voluntary retirement scheme. The employers who applies for permission to downsize either by retrenching or by laying off workers, is almost never given by the state government on the ground of social security of the employees. The voluntary retirement scheme is less painful strategy which is more acceptable. The basic principal of voluntary retirement scheme is that it is better choice then retrenchment. VRS offers an attractive package of benefits, so that it enables the organization to rationalize the labour strength, attain cost effectiveness and to minimize the cost of production. VRS helps to simulate the growth in short run by increasing the productive efficiency. The insertion of technology also becomes possible at each stage of operations so the standardization becomes possible. Due to the standard products at low cost, of good size, shape and at more attractive prices increases the demand and becomes more competitive.

1.2.1 Origin of Voluntary Retirement Scheme

Voluntary Retirement is not a new concept. It is in practice in the public sector since many years. This scheme is in practice at all the states in India. The concept of ‘Voluntary Retirement’ is originated in the foreign nations. It is brought in India by the foreign banks and the Multinational Corporations. The first VRS was brought in to India by the City Bank of America in 1977, 1981 and 1993 and British Standard Chartered Bank in 1994, 1996 and in
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In 1927, the International Economic Conference included in the concept of rationalization, the concept of labour efficiency, standardization of products, conservation of raw materials and power, simplification distribution procedures minimize the financial charges with the concept of rationalization. The advisory committee of ILO defined the rationalization as any reform tending to replace habitual antiquated practices by means of methods based in systematic reasoning, but it is closely associated with the labour utilization. The other terms associated with the concept of rationalization are automation, modernization and mechanization. All of them involve the changes in manpower utilization. The opponents to this approach believes that the modeling of labour market as producing just 'efficient employment contracts' and by neglecting all the unique characteristics of labour market that makes it 'holistically efficient' as a 'social institution' is highly undermined in order to improve the above mentioned Pareto efficiency. According to these scholars 'labour' is not a commodity as had been recognized and declared by the International Labour Organization (ILO) in 1944. (....20)
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The concept of rationalization or changes in the manpower originated in Toyota Japan, which was manufacturing critical automatic parts, this corporation allowed a complete freedom to ‘hire and fire’ at any time at short notice and can remove the employees anywhere in the industry. Firstly it was opposed by the unions, but afterwards it was accepted.

The rationalization and manpower reduction are much familiar in the Western countries because the industrial structuring is already in practice since many decades there. The rationalization means to reduce the fats to keep the maximum flexibility in maintenance and utilization of workforce. The employment declines because of automation and rationalization and creates the economic and social problems. The economic problems are level of incomes gets, low, the expenses cannot be incurred and there will be a problem of investment of the savings etc. where as the social problems includes the psychological adjustment.

Indian labours have always opposed to the rationalization, because the old workers are required to be replaced by new workers if the automation measures are adopted in the organization. After the Second World War there was a problem of surplus labour as well as replacement of old machineries. In 1950, the Fiscal commission in India felt that the labour productivity in iron and steel and coal industries is declined because of surplus labours. But it was very difficult to retrench the workers in difficult economic situations.

In the post war years employer tried the method of agreement to rationalize. Such agreement was reached between Kanpur Textile industrialists and INTUC and HMS unions. In this agreement the necessity of retrenchment was accepted and was partially implemented but afterwards
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the INTUC union changed the stand and opposed to the employers association.

The expert team of ILO arrived in India and made its recommendation that the productivity should be easily increased with the same work force, but with change of methods and managerial processed, added to union thinking as well. In the meeting at Rajkot in 1954 the AITUC union changed its stand and agree to allow rationalization of labour, but only if the some benefits are given to the workers and community. This was assign to change the government policies from time to time.

Arora (3) emphasized that it the most humane technique for downsizing the workforce in an organization. The voluntary retirement scheme is virtually corporate India’s only option today for shedding manpower.

Rationalization Policy

The rationalization policy was adopted by the employers in first 3 plans but was opposed by the government by imposing many restrictions upon it. The first plan proposed the followings elements:

1. The stress should be given on natural separation.
   2. There should be provision for alternate employment to the affected person.

3. The liberal separation allowance should be given.
4. The technical examination of the workload should be there.
5. There should be retraining arrangements.
6. Due to such change if gains are there, it should be shared.
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There were no proposals made up to the third plan. The third plan also standard of living cannot be increased unless the productivity is increased because the increased productivity will increase the sales turnover and profit and ultimately the wages of worker.

At the 15th Industrial Labour Conference in 1957 made the model agreement to guide the employees. The conference suggested the following precautions:

There should not be retrenchment or loss of earning of existing employees. If they have made the agreement, then alternative jobs should be made available.

The union should be informed, about the changes in the work flow and the earnings of the effected employees.

The employer should inform the number of reductions to be made and its effect on existing jobs.

The benefits of rationalizations should be shared equally between employer, employees and the community equally.

After the notice the employer can freely discuss the changes and should provided the required information demanded by the workers.

The unions should present their arguments within a week after discussions.
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There should be proper assessment of workload by the mutual agreement and suitable improvements should be made in it.

The notice of the proposed changes should be given in detail such as the propose change, date of change, proposed duties and job assigned etc.

The changes to be made in machinery, layout and organization and rational use of labour, material etc without violating the law.

If there is difference then the dispute provision should be applied. The Industrial Labour Conference reaffirmed the 1957 principles. In 1967, the discussion of automation came. The issue was raised again in 1968 and the unions were against the automation due to unemployment problem. The supreme court have provided to the tribunals the power of reinstatement in case of dismissal of the workers and the tribunal can intervene in case of dismissal if:

The management of victimization of the worker in case of unfair labour practices.

The management is guilty when the basic error of violation of natural justice. There is want of good faith.

After having examined and management found guilty is punished.

The rationalization was adopted by many industries to reduce the employees and for this many tactics e.g. in jute industry, initially sealing off looms or
reducing the number of shifts or badlies of workers or substitute workers, availability of raw materials or fluctuations in market demand for finished products, technological changes in large industries, transfer of employees at other places.

Twenty years after the Independence some companies adopted the use of computer. In Indian Railways, the computers, were installed in five zones at Chittaranjan Locomotive works, the Diesel Locomotive works in Varanasi, in Integral Coach Factory at Perambur etc. but even though after computerization there were retrenchment resulted.

After the recommendations of 15th ILC the workers organizations became favorable to introduce the rationalization by mutual agreements. The tripartite committee set up National Productivity Council which laid down certain guidelines for sharing the gains of productivity by rationalization.

The National Commission 1969

This commission suggested certain guideline for rationalization that the rationalization can be made by the agreement between employers and employees. The scheme for rationalization should complete the following conditions:

- It should result in higher productivity and efficiency.
- It should accommodate all surplus labour.
- It should increase the level of earnings of the workers.
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It should lead reduction in costs and be a benefit to the community.

The Ramanujam committee recommended that the surplus workers should be absorbed. It said “If there is any surplus labour for any reasons, such surplus labour shall be absorbed in any other plants under the same management on jobs of similar nature without reduction in emoluments either by operation additional shifts, or seven days working or expansion of the capacity.

Oppositions by the unions

Since beginning the unions opposed to the rationalization, even in 1980s when the rationalization was essential the unions argued that the separation should be on natural basis. However the unions agreed to allow employers not to till up the posts where the employees are retired or left by their own. The nation wide strike was called by the left union on 9th September 1993, against the liberalization policy. But this strike had no effect either in government policy as well as on the employers. The INTUC and other center unions joined together in order to oppose the employment policy or exit policy. The unions criticized the establishments under National Renewal Fund (NRF), as the thrust appears separation or VRS rather than redeployment, and also attempted to amend the ID Act, the clauses on retrenchment closure and lay off etc.

The unions are opposing the rationalization or VRS because:

VRS leads to abolition of job.

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There will be loss of membership of the unions.

The financial benefits given by the employers will misguide the workers.

If more benefits are given they have to sale the assets like Land or building or plant and machinery.

The unions generally opposes to the VRS because that opposition will create them a bargaining power and while bargaining they can demand good bargaining terms and conditions. For those who are taking VRS, some times the vacancies are created, or keeping the position of union leaders intact, or to increase the membership of the union, creates obstacles by filing the cases in the courts and obtaining the interim stays and put the pressures. The unions also co-operates VRS because improved understandings of companies position and difficulties. Some times the company workers put the pressure on unions not to oppose the scheme in this situation unions remains constant.

The Industrial Dispute Act, have imposed restrictions on lay off and retrenchment of the workers. The worker who is working for not less than one year and in that organization if certain numbers of employees are employed cannot be retrenched unless the following conditions are fulfilled:

One month’s notice is given.

Compensation of 15 days pay, for each completed years of service.
Notice is sent to the appropriate Government.

The original provision in the restriction was kept on the enterprises employing 300 or more workers. In 1982, the amendment was made and this was reduced 100 or more workers. Again the amendment was made on 24th July 2004 and the numbers of workers are increased up to 1000 or more workers. This restriction for the enterprises in West Bengal is kept up to 50 or more workers. The provisions of change of ownership are observed by section (25FF) and the closure is discharged by the section (25FFA). If the notice period is further extended for more than two months, then the compensation is restricted up to 3 months pay. These provisions are not applicable to the seasonal employment, construction activities etc. Generally the preference for retrenchment is give by ‘Last in first out’ method. If the circumstance for such retrenchment are beyond the capacity of the employer such as shortage of raw material, the financial difficulties, stock accumulation due to lack of orders, expiry of license or exhaustion of minerals in case of mining activities. The employers of big industries are putting the pressure on the government to revise or amend the clauses of ID Act but the government is not paying attention upon it, but indirectly in favour of Voluntary Retirement Schemes. The permanent employees resisted this system forced the unions and managements the much more market oriented requirements of the 1990 through the VRS.

Definition of Retirement

The word ‘RETIRE’ has been defined in the concise Oxford Dictionary as cease from office or give up the office or profession or employment. Due to 24
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large scale modernization and the liberalization, the most of the workers have become surplus in large number of organizations. Therefore there is a question of million dollar, that how to minimize or right size the workforce. The labour laws are not specially made for VRS. Most of the organizations having availability of funds have adopted the process of VRS for restructuring, but there are lots of problems in implementation of VRS.

The voluntary retirement received legislative recognition in 1953. When the definition of retrenchment was enlarged in Industrial Act, 1947 by inserting section 2(00) in the Central Act. The section 2(00) also asserts that retrenchment does not include the voluntary retirement of the workmen.

The chapter VB of Industrial Dispute Act have made the provisions on Lay off, retrenchment and closure. The amendment made in the ID Act on 24th July 2004 have increased the strength from 100 workers to 1000 workers now. If retrenchment or lay off is required then special permission of the government is required which is generally not given.

Therefore VRS is the new way found out to the cash reach establishments to minimize the strength of the workers. VRS affects the employers, employees and the unions at a time. It is also very much sensitive issue with many psychological reactions.

The voluntary retirement has become a necessary feature of industrial economy where the survival is dependent upon the competing efficiency. The World Bank and International Monetary fund has 189 member countries, hence there are 189 country players in the global economies. The new economic policy passed by the government affects the enterprises in that
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country. In the new global village we observes the trends like privatization, disinvestments, foreign collaborations the liberalization etc. The disinvestments and privatization policies are adopted in order to remove the public debts and inefficiency in the organization, on the other hand the government is also responsible to make available the infrastructure facilities which requires the funds which are raised by disinvesting the public sector units.

The government labour policy has direct impact on Human Resource Management the Article 15, 16 and 17 relates with Human Resource Management. According to the Article 16 of the New Industrial Policy if the workmen refuse to undergo training they can be retrenched without obtaining government license.

1.2.2 Definition of Voluntary Retirement

“Voluntary” means without compulsion or willingly. Therefore Voluntary Retirement is an act on the part of the employee to give up the employment willingly and without compulsion from the employer. It is an unilateral act on the part of an employee to cease the contract of employment with the employer. The word “Voluntary Retirement” has received the legislative recognition in 1953 when section 2(00) was included in the Industrial Disputes Act. The said section 2(00) asserts that retrenchment does not include Voluntary retirement of the workmen. There is no need of disclosing the reason for VRS.

There are no rules or laws for VRS and prior consent of the unions is also not necessary for taking VRS. Submitting an application by the employee is just
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like a proposal for bringing the contract of service to an end, such termination of contract of service is observed by the sections 4 & 5 of the Contract Act, 1872.

The concept of Voluntary Retirement is made clear by Division Bench of Madras High Court that unless the termination of service is the result of a voluntary move on the part of the employee, he cannot be said to have “voluntarily retired”. Mere submission of an application of voluntary retirement is not enough but the employer has the power to terminate the service, Such power may be exercised by a notice or by giving one months pay with notice.

The Andhra Pradesh High Court have summarized the general principles about the Voluntary Retirement about the public service, is that after joining the public service the person cannot leave the service till his date of retirement. But the government has made the provision of voluntary retirement to the public servants before he attains the age of retirement or superannuation. The voluntary retirement is a condition of service gives an option to the public servant to retire voluntarily qualifying age or qualifying service. Here the servant makes a request to retire voluntarily and the employer acceptance, but in case of absence of rules or no much scheme is declared by the government, then the employee have no right to ask for voluntary retirement. The rules providing the voluntary retirement may be of two types:

* The rules of voluntary retirement after attaining a particular age or after completing a particular years of service.
As per the first rule the VRS becomes the right of an employee where as in second case VRS is the request to the employer after he becomes eligible and hopes so. The Voluntary Retirement is not opposing to the public policy but helps to furtherance of it. The package of VRS is providing benefits apart from regular retirement such as Provident Fund, Gratuity, Leave encashment, the notice pay and 45 days salary. The union cabinet has fixed 40 as qualifying age and 10 years service period for making application by employee for VRS. The parliament also have announced the fiscal concessions upon such schemes e.g. The tax limit has been raised up to Rs. 5,00,000. The Railways has announced the VRS in 1977 and it is held by the court in one case that to take the VRS is the right of the employee and the consent cannot be rejected.

The Natural oil and gas commission of government of India has the Voluntary Retirement Scheme on permanent basis Bharat Gold Mines introduced the VRS in 1981. The retired Judge Mr. Justice M.G. Chitale, of Bombay High Court and Ex-president of Industrial Court Maharashtra, gave the approval to the Voluntary Retirement Scheme of Cable Corporation of India Limited under his award. The Bombay Calcutta Port Trusts and Madras City Corporations also implemented the Voluntary Retirement Scheme, Cadbury India Ltd. Premier Automobiles Ltd, Corona Ltd, Godrej Soaps Ltd. Implemented VRS in 1992. Batliboi & Co. Ltd introduced VRS in 1987 and received in 1988, and 1991. Sandoz implements the VRS in 1994. Bayer, Crompton Greaves, Indian Standard Metals also implemented it. The main aim of declaring VRS was to reduce the workforce and the Voluntary
Chapter 1. Introduction

Retirement Scheme was implemented in Private as well as Public Sector undertakings.

Voluntary Retirement Differs from Retrenchment

The retrenchment means termination of service of a workman for any reason or punishment by any disciplinary action but does not include –

- The Voluntary Retirement Scheme.
- Retirement by reaching at the age of superannuation.

In one case the company from U.P. declared the VRS. Some workers accepted the scheme and resigned and took the benefit of the scheme. After 5 years they raised a dispute which was referred by Industrial Tribunal and Tribunal given the judgment in favors of workmen and directed their reinstatement and back wages on the ground that the scheme was not in the standing order.

The company filed the writ petition in the High court ad High court also gave the judgment against the company, the reason was that the company have violated the provisions of Section 9A, of the ID Act and section 6N of the U.P. ID Act, 1947.

Voluntary Retirement Scheme is Contractual in nature

In the case of Voluntary Retirement Scheme declared by the Nationalized and State Banks the Supreme Court held that declaration of VRS is not
proposal but it is an invitation, the banks has the right to accept or reject the application or to change the conditions which are declared in the scheme. Where as the employee cannot withdraw his application as have no enforceable right according to section 5 of the contract Act 1972. For its validity the acceptance for VRS is required to be communicated to the applicants.

In one case decided by Karnataka High court compulsory retirement is the discretion given to the employer to retire an unwanted employee irrespective of whether the employees are surplus or no, where as voluntary retirement is the choice given to an employee. The employee can seek VRS without objection from the management.

1.3 Merits of voluntary retirement Scheme

There is no legal obstacle in implementing VRS - as is predominantly encountered in retrenchment under the labour laws.

It offers to the employee an attractive financial compensation than what is permitted under retrenchment under the law.

Voluntary nature of the schemes precludes the need for enforcement which may give rise to conflicts and disputes.

It allows flexibility and can be applied only to certain divisions, departments where there is excess manpower.
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It allows overall savings in the employee costs thus lowering the overall costs.

1.4 Demerits of VRS

To a certain extent it creates fear, a sense of uncertainty among employees. Sometimes the severance costs are heavy and outweigh the possible gains. Trade unions generally protest the operation of such schemes and may cause disturbance in normal operations. Some of the good, capable and competent employees may also apply for separation which may cause embarrassment to the managements.

It is found in practice that organizations may have to repeat the scheme if there is no response or poor response to the scheme by the employees. However, there are instances when the managements have really made the schemes very attractive by making it “Golden Hand Shake.”

It is incumbent on the establishments that they do not recruit similar staff immediately after the implementation of voluntary retirement scheme. Such recruitment, in spirit and essence is contrary to the principle of staff being excessive or surplus. In case disciplinary action is pending against an employee, who has sought Voluntary Retirement, the Disciplinary Authority shall, after considering all facts, convey to the Competent Authority whether the request of the employee should be accepted or not. In case the Disciplinary Authority decides that the request of such an employee for Voluntary Retirement be not accepted, the same shall be communicated to
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the employee in writing and he shall have a right to make an appeal as provided under section 9 (v).

1.5 Scope of Voluntary Retirement Scheme

The most defective changes took place in the period 1985-95. The Rajeev Gandhi visited U.S.A. and other countries, and he observed certain key factors required for the development of India. There were many drawbacks in the Indian industries like obsolete machinery, high cost of production low quality, low productivity, over manning etc. The companies in both public and private sectors found that the viability of their units was in danger. Many of the units were sick, over the years and it was estimated that 1 lakh and 30 thousand sick units in our country and many marginal units were on the way of sick.

The government also made change in the policy in 1984, like partial decontrol, deregulation and de licensing and modernization, technological up gradation, competitiveness, cost effectiveness and great emphasis on quality, delivery schedule and prices. The old industries were highly sheltered and were operating in a protective market. Now the competition has become very stiff due to new industries and small-scale industries also.

Most of the industries were having the problem of reducing the cost of production for which use of modern machineries and minimizing the workforce was necessary. But Indian laws are protective to the employees and generally the permission is not given to retrench or closure or lay off. Therefore Voluntary Retirement is the new technique or the ‘Golden Hand
shake’ found to reduce the work force. It is also known as Early Separation Scheme and useful to employers, employees as well as to the society also.

The success of VRS depends on how the scheme is implemented and perception of the persons opting of VRS and survivors. The key concerns for the success of VRS are effective communication, building trust among employees about procedural justice and involvement of multiple stakeholders. Indian organizations having realized that productivity could be improved through the reduction of unsuitable or surplus existing labour for the newly acquired technologies, firms planned for reduction of unproductive labour. The existing labour laws prevent the employers from terminating the services of the employees easily. Organizations have responded to this difficulty through Voluntary Retirement Schemes (VRS).

VRS is a trend. Many organizations are providing liberal incentives in addition to the normal retirement benefits such as Provident Fund, Gratuity, and super annuation for people to leave before the normal retirement age.

This scheme is introduced by the organization to do away with surplus staff which in otherwise will a burden to the organization due to various reasons such as:

- Technological changes
- Automation
- Industrial recession
- Relocation of organization
- Foreign Investment
- Physical illness
- Absenteeism
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Scope of Voluntary Retirement Scheme at International Level

The concept of Voluntary Retirement originated in Toyota, Japan in the automobile industry. The Western Countries like America, England and Europe are the nations, where there is complete freedom of the entrepreneurs to Hire and Fire the workers. In America there are big industrial giants like IBM, can reduce their workers strength overnight by many thousands of people, by giving short notice without any trouble. Such rules are not there in India.

At present the World Bank and the International Monetary Fund have 189 member countries, which mean there are 189 country players, in the global economies on domestic as well as at the world level. The countries have to look at the movements of the goods and services, people, money and information. The countries will also try to keep control on these four factors in order to achieve the economic growth. The economic policy of each country has the final impact on private industries in that country. In the new trend of global village presently there is a trend of privatization of government industries. The governments in many countries aim that to make available the infrastructural facilities from the funds erected by such privatization. With reference to America 9% of the total assets are owned outside the America, while 4% employees work outside America. In case of UK 14% of the assets are owned outside UK and 15% of the employees works outside UK since every country is in need of economic growth, countries have started viewing the world as a single market. The developed countries have started looking at China, India, Indonesia, Brazil and Mexico as potential markets because of their population size.
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There should be sizeable labour force in the organization. Retrenchment is the policy option, has practical limitations. Therefore less painful strategy is voluntary retirement is the best option for retrenchment. The retrenchment creates the industrial unrest and it is without consent of the workmen where as VRS offers attractive package of benefits.

Throughout the world, in all the developing and developed nations like U.S.A., Canada, UK, Japan, Scandinavian countries, China, Pakistan etc, have introduced same kind of voluntary retirement schemes or voluntary severance schemes to their needs. The developed countries have adequate social security measures including unemployment insurance etc, in these countries an attempt to ensure greater transparency is made.

After the event of September 11, 2001 the world economy has lost the confidence according to the projection of the world growth has been declined from 3.5% to 2.4%. There is slow growth in both developing and advanced countries. The U.S. economy and the Japanese economy are the main economies who are affecting the world economy. The airline industry in U.S.A. is the major industry, having 24,000 flights operation daily, has been affected very badly of the enormous fall in passenger traffic.

The U.S. air industries have affected the whole chain of industries like airline, meal and catering industries, tourism, hotel and hospitality industry. U.S. airlines laid off 70,000 workers within 24 hours. British airways also followed the same workers cutting policy of many thousand jobs and have asked 36000 non-management staff to accept pay cuts, major air carriers have reduced there schedule by 20-30% and International Air Transport Agency estimates that there will be job losses in global airlines.
industry at about 2 lakhs. Boeing airlines have planned to lay off 30000 workers due to slow down in orders. Jet engine maker Rolls Royce P/C has announced the changes in production plan is necessary. Lufthansa is also going to follow the U.S. and European plans who have reduced their jobs and revised their plans. Sabena and Swiss airlines have declared the bankruptcy by immediate retrenchment and retirement of thousands of workers. Some airlines have asked the financial help and loans from their own governments.

The U.S. airlines have asked for federal aids package and the U.S. congress have agreed to give a $15 billion bail out of which 2.5 billion as immediate grants and $12.5 billions in the form of loans and credits. The US economy was experiencing slow growth before 11th September, 2001 also. The US economy is suffered by increasing unemployment, lower consumer spending, lower corporate earnings and lack of will for long term investments.

The industrial production of major industrial countries like Britain, Canada, France, Germany and Japan have gone down Japan is under financial crisis for more than one decade and there are no signs of recovery. Due to the Industrial crisis the Banking industry in Japan is also facing serious problems. The industries are also facing the problems since last decade where as British economy has slipped and have become weak since 1980.
### Table 1: Voluntary Retirement Scheme Implemented at International Level

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Unit</th>
<th>Year of VRS</th>
<th>Total VRS Granted</th>
<th>VRS Granted</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Sandoz KOLSHET</td>
<td>1994</td>
<td>415</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Whirlpool</td>
<td>2002</td>
<td>1305</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Philips India</td>
<td>1997</td>
<td>1750</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Petrochemicals</td>
<td>1999</td>
<td>2000</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Balasara</td>
<td>1997</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Otis</td>
<td>1997</td>
<td>350</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Park &amp; Davis</td>
<td>1997</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>ANZ Grindlays</td>
<td>-</td>
<td>556</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Standard Chartered</td>
<td>-</td>
<td>2522</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Foreign Banks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>U.S. Airlines</td>
<td>N.A.</td>
<td>70000</td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>British Airways</td>
<td>N.A.</td>
<td>36000 (pay cut)</td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>International Air</td>
<td>N.A.</td>
<td>200000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transport Agency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>Boeing Airlines</td>
<td>N.A.</td>
<td>30000</td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>China Government laid off</td>
<td>-</td>
<td>6.5 million workers</td>
<td></td>
</tr>
</tbody>
</table>

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From the above table, the international organizations are classified into private companies, foreign banks and the airlines. In the private organization most of the organization like Philips India, Petrochemicals, Balasara, Siemens, Otis and Park Davis companies restructured their surplus workforce in 1997. The Sandoz reduced the workforce in 1994 and Whirlpool in 2000. The foreign banks like ANZ Grindlays, Standard Chartered Bank also reduced their workforce and in the Airlines, US, British, International Air Transport Agencies, Boeing Airlines reduced workforce. The China government also laid off the workers up to 6.5 million.

There is mixed picture in Asian economies. The output in China and India is rising, where as in Malaysia, Singapore and Taiwan the output level is falling. The China and India are experiencing inflation which is a sign of prosperity according Reserve Bank of India. The global slow down and the slow down in US and European countries will affect the economies of the developing countries like India.

The World Bank also have suggested and shown the interest to assist the Sri Lankan government to cut the workforce in public sector to improve the productivity. The Sri Lanka government has huge public sector, and also have opened further recruitment centers for graduates. According to the Annual Report of Central Bank of Sri Lanka the total employees are recruited after amounts 10,94,415 and 50% of these employees are recruited after 1990. According to “Sri Lanka, Development Policy Review” of the World Bank, highlights that around 18% of the total labour force is recruited by the government in Sri Lanka.
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The North and South Europeans have rejected the foreigners in their countries and have made anti-immigrant noise. They started imposing restrictions, by keeping the wages and employment conditions down. One company tried replace the worker by non-unionised workers.

Table 2: Proposed Downsizing Plans in Selected firms at International Level

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Unit</th>
<th>No. Of Workers Planned To Cut</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Japan Airlines</td>
<td>4200</td>
</tr>
<tr>
<td>2.</td>
<td>Ford Motor</td>
<td>2000</td>
</tr>
<tr>
<td>3.</td>
<td>Chrysler</td>
<td>20000</td>
</tr>
<tr>
<td>4.</td>
<td>Procter and Gamble</td>
<td>9600</td>
</tr>
<tr>
<td>5.</td>
<td>Indian Hotel (Taj Group)</td>
<td>1100</td>
</tr>
<tr>
<td>6.</td>
<td>Nationalized Banks in India</td>
<td>90000</td>
</tr>
<tr>
<td>7.</td>
<td>Steel Authority of India</td>
<td>19600</td>
</tr>
<tr>
<td>8.</td>
<td>Motorola</td>
<td>7000</td>
</tr>
<tr>
<td>9.</td>
<td>Fiat India</td>
<td>20 to 25% of existing staff</td>
</tr>
</tbody>
</table>

From the above table it is clear that the companies at International level also have planning to restructure its workforce due to competition increased because of globalization.

The Japan Airlines is planning to downsize the workforce by 4200, the maximum workforce i.e. Nationalized Banks in India are planning to reduce the workforce by 90,000, Fiat India plans to reduce existing staff by 20 to 25%, Procter and Gamble and Chrysler are downsizing by 9600 and 20000 respectively. The Steel Authority of India Ltd. and Motorola are also planning
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to downsize by 19600 and 7000 respectively. The above reduction in the strength of worker is necessary because of surplus labour force, increased competition and adoption of automation measure on large scale.

Scope of Voluntary Retirement Scheme in India

In order to face the competition in the global market, every organization is trying for cost effectiveness, by way of insertion of automatic machineries and downsizing the surplus workforce. But the laws in India are mostly giving protection to the labours and are not allowing the ‘Hire and Fire’ policy as adopted in the other countries. A special permission of the government is required to be taken for retrenchment, closure or lay off of the workers. The Indian employers have now found one more way to downsize the employees. If it is implemented in an efficient manner and with sufficient package of compensation and by counseling to the retiring workers about their individual planning in the post VRS period. So that workers will not suffer in their retired life.

The voluntary retirement scheme is not implemented in private sector units only but also, in PSUs those who are sick and always results in, recurring losses, and are also in need of implementing the voluntary retirement scheme. On the other hand some Multi National Companies are taking over the private companies, or collaborating with the Indian Companies or also regarding the public corporations they are purchasing their equity share in the open market because they have allowed by new government policy to hold equity capital up to 40% it is raised up to 51%, in some cases up to 74% and in some cases up to 100% also of there equity capital if they are 100% export oriented units. The overall effect of such foreign ownership is
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that they are asking to reduce the old workforce by replacing new workers on contract basis. For such reduction the Indian organization are declaring the voluntary retirement scheme on large scale by bringing more attractive packages, with or without consultation with the unions. Some organizations are shifting their work places from old places to new places by new name and closing the production activities at old place and showing the surplus workforce there and declaring the VRS, the workers fears that the unit will close and accepting the VRS. The new units are started in backward areas so that these units will get the tax benefits or concessions in payment of sales tax, excise duty, custom duty etc.

The unions also have become weak due to reduction in the membership and the unions have no bargaining power. Many workers have lost their jobs, and the unemployment has been increased, due to VRS.

The Indian Companies cannot compete with the MNCs and Giant corporations because of lack of modern technology and sufficient financial availability. The MNCs have captured the domestic market also; therefore it is quite difficult situation for the developing countries like India to come out of the situation.

The Indian workforce is the only asset which will help us to come out of the situation. The Indians are talent peoples, if they are educated will easily capture the good labour opportunities in foreign countries also e.g. We have very good support of Non Resident Indians. They are working on the top positions in the advanced countries like USA, Europe, Japan, Australia etc. Due to IT and software industries we are getting good job opportunities and foreign exchange through outsourcing works.
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1.6 Quality of life

In quality of life research one often distinguishes between the subjective and objective quality of life:

Subjective quality of life is about feeling good and being satisfied with things in general.

Objective quality of life is about fulfilling the societal and cultural demands for material wealth, social status and physical well-being.

-- Quality-of-Life Research Center, Denmark

1.6.1 Definition of Quality of Life

Definition of quality of life is: The degree to which a person enjoys the important possibilities of his/her life. Possibilities result from the opportunities and limitations each person has in his/her life and reflect the interaction of personal and environmental factors. QOL reflects the difference, the gap, between the hopes and expectations of a person and their present experience.

In quality of life research one often distinguishes between the subjective and objective quality of life. Subjective quality of life is about feeling good and being satisfied with things in general. Objective quality of life is about fulfilling the societal and cultural demands for material wealth, social status and physical well-being.

-- Quality-of-Life Research Center, Denmark
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The best way of approaching quality of life measurement is to measure the extent to which people's 'happiness requirements' are met – i.e. those requirements which are a necessary (although not sufficient) condition of anyone’s happiness - those 'without which no member of the human race can be happy.'


QOL may be defined as subjective well-being. Recognizing the subjectivity of QOL is a key to understanding this construct. QOL reflects the difference, the gap, between the hopes and expectations of a person and their present experience. Human adaptation is such that life expectations are usually adjusted so as to lie within the realm of what the individual perceives to be possible. This enables people who have difficult life circumstances to maintain a reasonable QOL.

-- Janssen Quality-of-life Studies

Quality of Life is tied to perception of 'meaning'. The quest for meaning is central to the human condition, and we are brought in touch with a sense of meaning when we reflect on that which we have created, loved, believed in or left as a legacy.

-- Frankl VE. 'Man's search for meaning.' New York: Pocket Books, 1963

Quality of life (QOL) means a good life and we believe that a good life is the same as living a life with a high quality. The notion of a good life can be observed from subjective to the objective, where this spectrum incorporates
Chapter 1. Introduction

a number of existing quality of life theories. We call this spectrum the integrative quality-of-life (IQOL) theory and discuss the following aspects: well being, satisfaction with life, happiness, meaning in life, the biological information system ("balance"), realizing life potential, fulfillment of needs, and objective factors. The philosophy of life outlined tries to measure the global quality of life with questions derived from the integrative theory of the quality of life.

1.6.2 Origin of the term Quality of Life

The term quality of life came from Quality of work life. Quality of work life is an attempt to better personalize the workplace by improving the quality of life of an employee.

Quality of work life is defined as an attempt through a formal program to integrate employee needs and well being with the intention of improved productivity, greater worker involvement and higher level of job satisfaction.

Quality of Life is the product of the interplay among social, health, economic and environmental conditions which affect human and social development.

-- Ontario Social Development Council, 1997

The purpose of the Quality of Life Index (QOLI) is to provide a tool for community development which can be used to monitor key indicators that encompass the social, health, environmental and economic dimensions of the quality of life in the community. The QLI can be used to comment frequently on key issues that affect people and contribute to the public
debate about how to improve the quality of life in the community. It is intended to monitor conditions which affect the living and working conditions of people and focus community action on ways to improve health. Indicators for the QOL include:

**SOCIAL:** Children in care of Children’s Aid Societies; social assistance beneficiaries; public housing waiting lists etc.

**HEALTH:** Low birth weight babies; elderly waiting for placement in long term care facilities; suicide rates etc.

**ECONOMIC:** Number of people unemployed; number of people working; bankruptcies etc.

**ENVIRONMENTAL:** Hours of moderate/poor air quality; environmental spills; tonnes diverted from landfill to blue boxes etc.

-- Ontario Social Development Council, 1997

How does QOL compare with ‘Standards of Living’? Standards of Living is a measure of the quantity and quality of goods and services available to people. It measures such aspects as GDP Per Capita, life expectancy, Births/1000, Infant Mortality/1000, Doctors/1000, Cars/1000, TV/1000, Telephones/1000, Literacy levels, %GDP spent on Education, %GDP spent on Health, Cinema attendance, Newspaper circulation, Fertility Rate, Density, Population per dwelling, etc. Quality of Life is the product of the interplay among social, health, economic and environmental conditions which affect human and social development.

-- Various sources
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1.6.3 QOL system model

Three major life domains are identified:

- Being,
- Belonging, and
- Becoming.

The conceptualization of Being, Belonging, and Becoming as the domains of quality of life were developed from the insights of various writers.

The Being domain includes the basic aspects of "who one is" and has three sub-domains. Physical Being includes aspects of physical health, personal hygiene, nutrition, exercise, grooming, clothing, and physical appearance. Psychological Being includes the person's psychological health and adjustment, cognitions, feelings, and evaluations concerning the self, and self-control. Spiritual Being reflects personal values, personal standards of conduct, and spiritual beliefs which may or may not be associated with organized religions.

Belonging includes the person's fit with his/her environments and also has three sub-domains. Physical Belonging is defined as the connections the person has with his/her physical environments such as home, workplace, neighborhood, school and community. Social Belonging includes links with social environments and includes the sense of acceptance by intimate others, family, friends, co-workers, and neighborhood and community. Community Belonging represents access to resources normally available to community members, such as adequate income, health and social services,
employment, educational and recreational programs, and community activities.

Becoming refers to the purposeful activities carried out to achieve personal goals, hopes, and wishes. Practical Becoming describes day-to-day actions such as domestic activities, paid work, school or volunteer activities, and seeing to health or social needs. Leisure Becoming includes activities that promote relaxation and stress reduction. These include card games, neighborhood walks, and family visits, or longer duration activities such as vacations or holidays. Growth Becoming activities promote the improvement or maintenance of knowledge and skills.

The approach to the measurement of the quality of life mainly depends on the position of number of domains of living. Each domain contributes to one's overall assessment of the quality of life. The domains include family and friends, work, neighborhood (shelter), community, health, education and spiritual.

-- Quality of Life Research Unit, University of Toronto
Figure 1: QUALITY OF LIFE: A SYSTEMS MODEL

---The University of Oklahoma School of Social Work

1.7 Parameter / Attributes which can be used to measure QOL

Ability: Physical ability of an employee after VR. Expectations: Future expectation of VR employee.
Experiences: Post retirement experience of VR employee.
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Flexibility: Flexible living conditions.
Freedom: Financial and psychological freedom after VR. Happiness: Happiness in his/her life after VR.
Health: Good health of VR employee.
Identity: VR employee’s identity before retirement and after retirement.

Adaptation: Adaptation of new life style after VR.
Appreciation: Appreciation by Family, friends and society.
Basic Needs: Completion of all basic needs like Food, house, cloths & security after VR.
Demands and responsibilities: Job demand & responsibility given to VR employee.
Living Conditions: Difference in between present living condition and passed living condition.
Opportunities: Career opportunities after VR.

1.8 Factors affecting Quality of Life of Employees after Voluntary Retirement

1. Post-VR Occupation Status of Employees

Researcher has tried to study all the necessary factors which directly affect Quality of Life of employees after Voluntary Retirement. Post-VR Occupation shows financial status, social and psychological status of an employee. Here, researcher has taken various categories of occupation like Agriculture, Business, Contractual Job, Enhancement in Job and Not working class. These factors directly affect quality of life of employees after voluntary retirement.
2. Post-VR Day-to-Day Activity of Employees

In which type of Day-to-Day activities an employee is busy after retirement directly affects financial, social and psychological status of the employee. Here, researcher has taken various categories of day-to-day activities like Pooja & Meditation, Busy in own business, Busy in job, Housework and Social work. These factors directly affect Quality of Life of employees after retirement.

3. Post-VR Income Status of Employees

The researcher has tried to correlate the income of employees after voluntary retirement with the Quality of Life. Post-VR Income of employees directly affects their financial status and therefore their Quality of Life too. Here, researcher has taken various slabs of income like No income, Up to Rs. 6000, Rs. 6000 – 9000, Rs. 9000 – 14000 and above Rs. 14000.

4. Post-VR Family Responsibilities of Employees

The researcher has also tried to correlate Family Responsibilities of employees after voluntary retirement with their Quality of Life. Here, researcher has taken various categories of family responsibilities like Children’s Education, Daughter’s Marriage, Own house and Fulfilled All responsibilities. These factors also affect Quality of Life of employees after voluntary retirement.
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5. Post-VR Employee’s Relation with their Company

The Researcher has tried to strongly correlate Post-VR employee’s relation with their company and Quality of Life. Employee’s relation with their company directly affects social and psychological status of the employee. Here, researcher has taken three various categories to judge this relationship like Good Relation, Poor Relation and Mixed Opinion. These factors strongly affect Quality of Life of employees after voluntary retirement.

6. Post-VR Spouse Earning Condition of Employees

The Researcher has also tried to strongly correlate Post-VR spouse earning condition of employees and Quality of Life. If a VR employee is having the support of husband or wife’s income also, then it affects their financial, social and psychological status in a positive manner. Here, researcher has taken various possible scenarios to analyse spouse (Husband / Wife) earning conditions like Both working, Only Husband working, Only Wife working and Neither of them working. These factors affect Quality of Life of employees after voluntary retirement.

7. Post-VR Compensation Money Utilization by Employees

The researcher has tried to correlate Utilization of Compensation Money with Quality of Life of the employees after voluntary retirement. If an employee has invested his compensation money wisely with proper financial planning, it affects the financial and psychological status of the employee in a positive manner. Here, researcher has taken various categories of Utilization of
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Compensation Money like Property, Bank Fixed Deposits, Own Business, Children’s Marriage and Loan Repayment. These factors also affect Quality of Life of employees upto some extent after voluntary retirement.

1.9 Nature of the Study

Today in the changing scenario of industries, specially Manufacturing Industries, after computerization, modernization and to get higher profit from organization, the management of companies has started reducing workforce which eventually resulted in Voluntary Retirement Schemes (VRS). In some large companies, there have been series of schemes offered first to workmen and then for all categories of employees including the management staff. The phenomenon of loss of jobs of employees affect directly to the local communities and economy.

An employee opting for VRS in Late Career stage may not feel same impact of VRS as compared to the employee opting for VRS at Mid Career stage. There are mainly four stages of career development in the life of an employee. They are as follows:

1. Exploration stage (Age of 22-28 years)
2. Establishment stage (Age of 28-40 years)
3. Mid Career stage (Age of 40-55 years)
4. Late Career stage (Age above 55 years)

In this research, the main aim of researcher is to keep focus on the Quality of Life of Voluntary Retired (VR) employees after retirement. The researcher
will explain Quality of Life of voluntary retired employees and will give feedback of comparative study of Pre-VRS & Post-VRS condition of VR employee’s life.

For this research, the researcher has chosen two sectors i.e. Banking Sector & Manufacturing Sector as these large scale industries had such type of VR schemes and number of VRS employees are very high in these sectors.

In case of Manufacturing sector, the researcher approached both workers (Non-Executive) as well as officer (Executive) class employees. At the time of retirement, employees received approximately 8 to 10 lacs at the age of 40-45 years. In this age they couldn’t complete their family responsibilities. So, they were bound to engage themselves with some other alternate occupations. In this condition, the researcher has tried to find the following:

- Which kinds of problems were faced by VR employee from family, society and company?
- Whether company people had any attempt to see the life of VR employee after this uncertainty in life?
- Is there any kind of help provided by the management of company for re-settlement of the employee?

The researcher also selected some respondents from Banking sector too as Banking sector articulated VRS at very early stage and had offered very good and attractive compensation packages for their employees. It is also observed that after getting golden handshake, majority of bank employees invested their money in nationalized bank’s Fixed Deposits and faced financial problems due to decrease in bank interest rates thereafter.
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In Banking sector, even though employees received good compensation amount like 10 to 15 lacs, still they have faced lots of difficulties to survive. In officer (Executive) class, generally the employee’s age is around 55 years. So, it is difficult for them to get alternative job. Also, through this research, the researcher aims to keep focus on the following:

- Quality of Life of VR employees with specific response from family, society and company after VRS.
- Which kinds of problems were faced by VR employees after 2-3 years of retirement?

1.10 Scope of the Study

The scope of the subject is quite vast. There are various aspects and factors which affect Quality of Life. Here, researcher is focused on some very genuine and crucial factors like Post-Retirement Occupation Status, Day-to-Day Activity, Income Status, Family Responsibilities, Relation with their organization, Spouse Earning Condition, Compensation Money Utilization and Type of Compensation received by VR employees. Each and every aspect is so vital that it requires in-depth study independently.
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1.11 Objectives

The following objectives have been formulated for this study:

1. To examine the difference between Pre-Retirement condition and Post-Retirement condition of the VR employees.

2. To ascertain the correlation between Voluntary Retirement and Career Stage of the VR employees.

3. To analyze the reasons behind the voluntary retirement decision.

4. To study the various survival strategies of the employees after VRS.

Explication of the Objectives:

1. To examine the difference between Pre-Retirement condition and Post-Retirement condition of the VR employees.

The employees who opted voluntary retirement have felt lots of differences in their lifestyle. Before retirement they were having certain occupation, fixed & regular income and respectable social status. But after voluntary retirement joblessness and lack of income directly affected their life style. Therefore, an examination of the difference between Pre-Retirement condition and Post-Retirement condition of the VR employees constitutes a basic part of the study.
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2. To ascertain the correlation between Voluntary Retirement and Career Stage of the VR employees.

The employees who opted voluntary retirement in their Late Career stage may not feel the same impact of voluntary retirement as compared to the employees who opted voluntary retirement in their Mid Career stage. Therefore, the researcher has decided to ascertain the correlation between Voluntary Retirement and Career Stage of the VR employees.

3. To analyze the reasons behind the voluntary retirement decision.

There were many reasons which propelled the employees to opt for voluntary retirement scheme. Therefore, the researcher has decided to critically analyze all the reasons behind the voluntary retirement decision.

4. To study the various survival strategies of the employees after VRS.

After voluntary retirement the life of employees has changed completely. They had to adopt different strategies for survival. Their day to day activities played important role for their future survival. Therefore, the researcher has decided to study the various survival strategies of the employees after VRS.