CHAPTER-I

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HUMAN RESOURCE MANAGEMENT

Leadership and Motivation are an art rather than a science related to human resources employed in any productive organization in order to have the best results. Proper management of the human being engaged in a particular concern includes planning, organizing, directing and controlling the function of procuring, developing, maintaining and utilizing human forces, so that the objectives, for which the organization functions, may be achieved in a better way. So to say, it is related to the process of development and utilization of human resources.

"Human Resource management is a part of general management which is primarily concerned with human relationship in any organization, promoting and stimulating the employees to make their fullest contribution to the purpose of the organization. It ameliorates the potentialities and adeptness of human power engaged. The term being wide, it applies not only to industrial or commercial organizations but to almost every field of employment. It is both an art and a science of employing, training and maintaining fully competent human force in such a wise manner as to get the objectives of the organization quickly and fully achieved. "Personnel management also deals with the objectives that all levels of personnel are served to the highest possible degree and the objectives that are duly considered by the society and by which it is served as well. It provides maximum job satisfaction to the employees and utilises the manual skill to the optimum extent, develops the agility, efficiency and amenability of the personnel. This term is being used, these days, in a wider sense; it is now not only related to industrial and commercial organization, but it may extend to many organisations with any objective. Even a nation can become an organization for particular purpose and its countryman may be called personnel in its achievements.

Gujarat is one of the leading Industrial states in India and textile Industry in particular had contributed in a big way to the industrialisation of the state. In fact, development of many industries like, Dyestuff, Chemicals, Engineering/Foundry and Cotton farming is solely dependent on this sector. The State is well known for development of Hybrid Cotton, Ginning,
powerlooms, composite mills, spinning units and independent processing Houses

Textile Industry in general has suffered a setback, in specific, in organised sector all over the country in the recent past. Gujarat was not an exception to this development. However, growth is prominently observed in decentralised sectors e.g. Powerloom and textile Processing, mainly in Surat and Ahmedabad. Overall economic growth of the State is very much dependent on this sector. 24% to 28% of fixed investment, production value and employment of the SSI (Small Scale Industry) sector are from textiles alone. Further, 23% of GSDP comes out of textiles in the State, 16% of the cultivated land area of the state is for cotton and Gujarat is the largest cotton producer in the country. About 30% of woven fabric from organised sector and 25% of decentralised powerloom sector of the country comes from this State alone. Large Fabric Process Houses are concentrated in Ahmedabad (250) and Surat (350) in the State. Surat is the largest Centre of Art Silk Fabric producing over 40% of the Art Silk fabric produced in the country. The State accounts for 12% share of the total textile exports of the country. A large number of Garment Units and Garment Processing Units are developed in urban areas of the State.

Realising the need, State government has, therefore, taken active step in developing Apparel Park, one at Surat and the other at Ahmedabad under active support of Union Ministry of Textile. Besides, Jetpur, a Centre of Saree Printing, has been already earmarked for setting up a Textile Park in near future.

GUJARAT TEXTILE INDUSTRY

In Gujarat, textile industry mainly manufactures cotton-based fabrics in Mill Sector. The major reason is being easy availability of the basic raw material in the State, i.e. cotton. Similarly, many spinning units producing only 100% cotton yarns were established in the state. The State happened to be more conservative with cotton textile products mainly in organised sector. Surat art silk manufacturers are only exceptions, weaving, Synthetic Textiles in decentralised sector. Similarly, independent processing units' process
synthetic blended and cotton fabrics. Clusters of processing units are located at Surat, Ahmedabad (Narol) and Jetpur. Though these units fall under decentralised sector, some of them operate on medium scale production capacity having good capability of processing wide range of fabrics.

Ready-made garment manufacturers and hosiery knit wear units also exist in Small Scale Industry category. In early 1990s, Gujarat saw a dramatic change in its textile industry scenario where quite a few textile mills started manufacturing denim. The Arvind Mills, Ashima Textiles, Soma Textiles, Modern Denim. Arvee Denim started manufacturing denim. So many mills at a time fetched a new name for Ahmedabad: “Denim City of India” whereas city of Surat became Silky City of India.
(See: annexure III)

INDIAN GOVERNMENT AND TEXTILE INDUSTRY

The government of India adopted a new economic policy whereby it relaxed and in certain cases removed restrictions on import and export. This resulted in significant changes in industrial and business sectors. One of the important aspects of the liberalized economic policy is the Exit Policy.

Under this policy the government has allowed business and industrial establishment, to reduce their excess staff and employees. The reduction of excess staff is a result of restructuring of organisation due to moderning, applying new technology and new methods of operation, so that the industrial organisation could operate economically and withstand the competition with companies and organisations which have accepted foreign collaborations, innovative methods and technology upgradation, rendering some employees surplus.

Since the procedure under Industrial Disputes Act 1947, for retrenching involves a lot of legal hurdles and complex procedures, the government authorized schemes of voluntary retirement of employees after offering them suitable voluntary retirement benefits, and giving some tax relief on such payments to employees who are eligible to retire voluntarily under the guidelines issued by the government and income tax authorities.
In the Five Year Plans which were adopted and implemented by the government it had established and developed public sector undertakings to create employment and also to augment the increased demands of industrial goods, fertilizers and other core industries. The encouragement given to public sector was so significant that it created employment opportunities on a mass scale. Most of the public sector undertakings were not cost effective. The trade unions have been opposing retrenchment under the existing labour laws. The government, therefore, found a solution to the problem of surplus staff by allowing voluntary retirement both in public and private sectors. The human resources in the industrial sector have become surplus on account of (a) existing level of technology (b) will become surplus with adopting of newer technologies and technological upgradation. If the textile industry adopts latest technology in manufacturing units, 15 million workers in the industry would be out of their jobs, around 2-4 million workers are found surplus in the various sick industrial units all over India. Similarly, millions have been found surplus in government undertakings.

**EFFECTS OF EXCESS MANPOWER**

- Excess manpower results in high labour costs which increase the production cost and thus ending in high product or service costs.
- It reduces the competitive ability of the enterprise.
- Excess manpower in any business activity or industrial establishments reduces employee efficiency and labour productivity.
- Surplus human resources pose threat for technology upgradation which is essential in the competitive market.
- Surplus labour may result in poor industrial relations and unrest amongst labour.

**LEGAL HURDLE FOR EXCESS MANPOWER AND SOLUTIONS**

As already pointed out earlier the Industrial Disputes Act, 1947 as it is existing puts restrictions on employers in the matter of reducing excess staff
by retrenchment, by closures of establishment. The unions strongly oppose any plans of retrenchment and reduction of staff and workforce. The government had taken a decision to amend the labour laws, whereby the employers could trim its workforce legally after complying with the conditions of the labour laws. However, the unions in our country have been opposing such amendment of labour laws. For reasons which include political reason, the government has not implemented its decision to amend the Industrial Disputes Act, 1947. However, a way was found by allowing employers including those in the government undertakings, to offer voluntary retirement schemes to off-load the surplus manpower. The voluntary retirement schemes were not vehemently opposed by the unions, because the very nature of its being voluntary and not using any compulsion.

EXIT POLICY

Voluntary Retirement Schemes – have been legally found to be giving no problem to employers, employees and their unions. The essence of the voluntary retirement scheme which is approved by the government involves voluntary separation of employees who are above the age of 40 years or have served the company or establishment for minimum 10 years. The company may offer different separating benefits to employees in different age groups subject to overall benefits which are tax exempted up to a limit of Rs. 5 lakhs. Public sector undertakings, however, have to obtain prior approval of the government before offering and implementing the voluntary retirement schemes.

Why VRS?:
- Recession in business
- Intense competition which makes the establishment unviable unless downsizing is resorted to
- Changes in technology, production process, innovation, new product line
- Realignment of business – due to market conditions
- Join-ventures with foreign collaborations
- Takeovers and mergers
- Business re-engineering process.
- Product/Technology obsolescence.

Procedure for VRS:

The employer has to issue a circular communicating his decision to offer voluntary retirement scheme – mentioning therein.

(a) The reasons for downsizing
(b) Eligibility i.e. who are eligible to apply for voluntary retirement.
(c) The age limit and the minimum service period of employees who can apply
(d) The benefits that are offered.

It should be noted that employees who offer to retire voluntarily are entitled as per law and rules the benefits of provident fund, gratuity and salary for balance of privilege leave up to the date of their retirement, besides the voluntary retirement benefits.

a) The right of an employer to accept or reject any application for voluntary retirement.

b) The date upto which the scheme is open and applications are received for consideration by the employer.

c) The circular may indicate income tax incidence on any voluntary retirement benefits which are in excess of Rs. 5 lakhs, which is maximum tax free benefit under such schemes.

d) It should also indicate that those employees who opt for voluntary retirement and accept the benefits under such scheme shall not be eligible in future for employment in the establishment.

Government of India has taken a lot of steps to develop the textile Industry and so many tax benefit also announced to motivate textile sector which is generate foreign exchange for the economy. Now scenario has been changed because of recession in world economy developed countries reduced import and therefore Indian textile sector is passing through critical time. Those companies which has invested for expansions in now facing financial crisis because lack of demand like Arvind mills limited, Lalbhai group of company.
ATTITUDE SURVEYS AND JOB SATISFACTION

The knowledge of employee attitudes can be helpful to managers in attempting to predict employee behaviour of Textile Company. The typical attitude survey presents the employee with a set of statements or questions with a rating scale indicating the degree of agreement. Some examples might include: This organisation's wage rates are competitive with those of other organisations; my job makes the best use of my abilities; and I know what my boss expects of me. Ideally, the items should be tailored to obtain the specific information that management desires. An individual's attitude score is achieved by summing up responses to his or her questionnaire items. These scores can then be averaged for work group, teams, departments, divisions, or the organisation as a whole.

Using the attitude surveys on a regular basis provides managers with valuable feedback on how employees perceive their working conditions. Policies and practices that management views as objective and fair may be seen as inequitable by employees in general or by certain groups of employees. If distorted perceptions lead to negative attitudes about the job and organisation, it's important for management to know about it. If we move from the individual level to that of the organisation, there is renewed support for the original satisfaction-likeliness-performance relationship. When satisfaction and productivity data are gathered for the organisation as a whole, rather than at the individual level, we find that organisations with more satisfied employees tend to be more effective than organisations with fewer satisfied employees.

JOB SATISFACTION

Study finds a consistent negative relationship between satisfaction and absenteeism, but the correlation is moderate. Although it certainly makes sense that dissatisfied employees are more likely to miss work, other factors have an impact on the relationship and reduce the correlation coefficient. Satisfaction is also negatively related to turnover, but the correlation is stronger than what we found for absenteeism. Other factors, such as labour market conditions, expectations about alternative job opportunities, and
length of tenure with the organisation are important constraints on the actual decision to leave one's current job. It seems logical to assume that job satisfaction should be a major determinant of an employee's organisational citizenship behaviour (OCB). Satisfied employees would seem more likely to talk positively about the organisation, help others, and go beyond the normal expectations in their job. Moreover, satisfied employees would seem more likely to talk positively about the organisation, help others, and go beyond the normal expectations in their job. Moreover, satisfied employees might be more prone to go beyond the call of duty because they want to reciprocate their positive experiences. Motivation theories basically propose that individuals are motivated to the extent that their behaviour is expected to lead to desired outcomes. The image is that of rational exchange: the employee essentially trades effort for pay, security, promotions, and so forth. But as affective events theory demonstrated, people aren't cold, unfeeling machines. Their perceptions and calculations of events are filled with emotional content that significantly influences how much effort they exert. Moreover, when you see people who are highly motivated in their jobs, they are emotionally committed. People who are engaged in their work become physically, cognitively, and emotionally immersed in the experience of activity, in the pursuit of a goal.

The ability to lead others is a fundamental quality sought by organisations. Effective leaders almost all rely on the expression of feelings to help convey their messages. In fact, the expression of emotions in speeches is often the critical element that results in individuals accepting or rejecting a leader's message. When leaders feel excited, enthusiastic, and active, they may be more likely to energize their subordinates and convey a sense of efficacy, competence, optimism, and enjoyment. Politicians, as case in point, have learned to show enthusiasm when talking about their chances for winning an election, even when polls suggest otherwise. Corporate executives know that emotional content is critical if employees are to buy into their vision of their company's future and accept change. When new visions are offered, especially when they contain distant or vague goals, change is often difficult to accept. An early, but often controversial model of leadership was developed by Fred
Fiedler and his associates. This model builds upon the previous distinction between task and employee orientation, and suggest that the most appropriate leadership style depends on whether the overall situation is favourable, unfavourable, or in an intermediate stage of favourability to the leader. As the situation varies, leadership requirements also vary.

Fiedler shows that a leader's effectiveness is determined by the interaction of employee orientation with three additional variables that relate to the followers, the task, and the organization. They are leader-member relations, task structure, and leader position power. Leader-member relations are determined by the manner in which the leader is accepted by the group. If, for example, there is group friction with leader, rejection of the leader, and reluctant compliance with orders, then leader-member relations are low. Task structure reflects the degree to which one specific way is required to do the job. Leader position power describes the organization power that goes with the position the leader occupies. Examples are power to hire and fire, status symbols, and power to give pay raises and promotions. Employee-oriented manager is most successful in situations that have intermediate favourableness to the leader.

In highly unstructured situations the leader's structure and control are seen as removing undesirable ambiguity and the anxiety that results from it, so routine and the leader has good relations with the employee, they may perceive a task orientation as supportive to their job performance (clearing the path.) The remaining broad middle ground requires better leader-member relations to be established, so a more considerate, employee-oriented leader is effective.

Despite criticism, Fiedler's contingency model has made a major contribution to discussion on leadership style. For example, managers are encouraged to:

- Examine their situation—the people, task organization
- Be flexible in the use of various skills within an overall style
- Consider modifying elements of their jobs to obtain a better match with their preferred style.
Motivation and Leadership are the part of personnel administration as a discipline of study is relatively recent; the precepts upon which its current concepts are based had their origins deep in history. For example, the “minimum wage rate” and “incentive wage plans”, financial motivation and positive leadership style, were included in the Babylonian Code of Hammurabi around 1800 B.C. The Chinese, as early as 1650 B.C. had originated the principle of “division of Labour” and they understood the meaning and implications of labour turnover even in 400 B.C. The “Span of Management” and the related concepts of organization were well understood by Moses around 1200 B.C. and the Caldrons had incentive wage plans around 400 B.C. The ancients, with their stone axes, adages and other flint tools, may not have appreciated the principle of “transfer of skill from the humans to the machine”, but they were nevertheless applying the principle of “transfer of skill from the humans to the machine”, and separated them from large numbers of other human beings.

In India, Kautalya observed that there was a sound base for systematic management of Leadership and Motivation as early as the fourth century B.C. The government then took active interest in the operation of public and private sector enterprises and provided systematic procedures for regulating employer-employee relationship. Charm has described the contribution of Kautalya in the field of “staffing and personnel management”.

Some authorities have preferred to study the growth of personnel management on the basis of the classification give below.

**EXECUTIVE DEVELOPMENT FOR MOTIVATION AND LEADERSHIP**

1. Extensive and visible involvement by the chief executive (CEO) is critical:

In all but one of the companies, extensive and visible involvement by the CEO was described as “essential” and the “single most important determinant” of success for the executive development program. This extensive involvement helped guarantee that the company’s executive development process was consistent with the
direction the CEO wanted the company to follow. It also lent the process a credibility unachievable in any other way.

2. Corporations with a successful executive development process have a clearly articulated and understood executive development policy and philosophy:

For example, 4 of the 5 companies surveyed listed four common objectives of their executive development processes; ensuring that qualified executives would be available to fill current and future assignments; serving as a major vehicle to perpetuate the organization's heritage and shape its culture by communicating its mission, beliefs, values, and management practice; preparing executives to respond to the complex business issues of the changing environment by providing managers with the experience, knowledge, and skills they need in future assignments; and developing a cadre of individuals prepared to assume senior level general management responsibilities.

3. Successful executive development policies and strategies are directly linked to the corporation's business strategies, objectives, and challenges.

Four out of 5 companies emphasized that their executive development policies and strategies were consciously linked to the company's business plans and objectives. For example, plans to expand overseas, diversify into new product lines, or consolidate manufacturing operations have implications for management/executive development activities. In the successful programs the development process was moulded around the company's plans.

4. Successful executive development processes include three main elements: an annual succession planning process; planned on-the-job developmental assignments; and customized, internal, executive education programs supplemented by the selected use of university programs:

First, in all 5 Companies succession plans were in place and were actively managed for key positions and individuals. Secondly,
development needs were continually identified, and plans were developed and implemented to address these development needs. Third, a formal annual planning and review phase was in place to assess each candidate's progress and to review the company's replacement plans.

With respect to on-the-job development, "all the study participants agreed that it was the single most effective developmental tool available to organisation." The four types of on-the-job experience used most often were: assignment of people to membership on task forces assembled to address specific issues; job rotation experiences lasting from one to two years; overseas assignments; and temporary assignments of relatively short duration.

With respect to executive education, all the companies offered a mix of external university type programme and customized internal programs. Some of the companies expressed concern about the prohibitive costs of the external programs, although virtually all sent selected employees to them.

5. Executive development is the responsibility of line management rather than of the HR function:

In all but one of the companies in this survey, the role of the HR department was seen as crucial but advisory. HR serves as a resource for line management regarding the development programs and activities to use and how to use them. However, the actual responsibility for achieving the goals of the executive development program—deciding who will fill future positions, or how to eliminate current managers' shortcomings, for instance—is line management's responsibility.

Effective managers today must develop trusting relationships with those whom they seek to lead.
CONTIGENCY APPROACHES

The positive, participative, considerate leadership style is not always the best style to use. At times there are exceptions, and prime need for leaders is to identify when to use a different style. A number of models have been developed that explain these exceptions, and they are called contingency approaches. These models state that the most appropriate style of leadership depends on an analysis of the nature of the situation facing the leader. Key factors in the situation need to be identified first. When combined with research evidence, these will indicate which style should be more effective. Two contingency models of this nature will be briefly examined.

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**SITUATIONAL LEADERSHIP MODEL**

Another contingency approach, the situational leadership (or life-cycle) model developed by Hersey and Blanchard, suggests that the most important factor affecting the selection of a leader's style is the development (maturity) level of a subordinate. Development level is the task-specific combination of employee competence and motivation to perform. Managers assess it by examining an employee's level of job knowledge, skill, and ability, as well as willingness to take responsibility and capacity to act independently. Employees typically (according to Theory Y assumptions) become better developed on a task as they receive appropriate guidance, gain job experience, and see the rewards for cooperative behaviour. Both the competence to perform a given task and the commitment to do so can vary among employees, and therefore development levels demand different responses from leaders.

Hersey and Blanchard use a combination of guidance and supportive (also called task and relationship) orientations to create four major styles—telling, selling, participating, and delegating.

A totally different approach to leadership that still has a contingency flavour has been proposed by Kerr and others. Previous leadership models have suggested that a formal leader is necessary to provide task direction, structure, and rewards, plus the consideration and social support that employees require. Unfortunately, these leadership roles may create an unhealthy dependency on the leaders which stifles subordinate growth and
autonomy. In particular, when the leader is not immediately available, work may slow or stop altogether if key roles are not played.

However, there appears to be a set of factors that act as substitutes for leadership by making leadership roles unnecessary through replacing them, or even preventing leaders from having any substantial effect on employees. These factors are found in the task, organization, and employees.

A unique substitute for leadership is the idea of self-leadership. This process has two thrusts—one, leading oneself to perform naturally motivating tasks, and secondly to manage oneself to do work that is required but not naturally rewarding. Self-leadership may involve employees' observing their own behaviour, setting their own goals, cueing themselves to perform, rehearsing effective behaviours, and administering rewards and punishments to themselves. Although self-leadership may not be possible for all employees, it may work well with those whom Hersey and Blanchard identify at the fourth level of development.

LEADERSHIP STUDIES

The leadership studies initiated in 1945 by the bureau of Business Research at Ohio State University attempted to identify various dimensions of leader behaviour. The Ohio group researchers measured various dimensions of leadership and found particularly two important dimensions: “Initiating Structure” and “Consideration.” “Initiating Structure” refers “the leader's behaviour in delineating the relationship between himself and members of the work group and in endeavouring to establish well defined patterns of organization channels of communication and methods of procedure.” On the other hand, “Consideration” refers to “behaviour indicative of friendship, mutual trust, respect, warmth in the relationship between leader and the members of his staff – analysis based on the well-known Leadership Behaviour Descriptive Questionnaire (LBDQ). By LBDQ Leadership of the seniors is judged by the subordinates and peers. The LBDQ consists of on hundred questions measuring twelve dimensions of leader behaviour. Another questionnaire in use has been Leadership Opinion Questionnaire (LOQ) which is purported to
gather data about the self-perceptions that leaders have about their own leadership styles.

MOTIVATION STUDIES

It's probably safe to say that the most well known theory of motivation in Abraham Maslow's hierarchy of needs. He hypothesized that within every human being there exists a hierarchy of five needs. These needs are:

- Physiological: Includes hunger, thirst, shelter, sex and other bodily needs.
- Safety: Includes security and protection from physical and emotional harm.
- Social: Includes affection, belongingness, acceptance, and friendship.
- Esteem: Includes internal esteem factors such as self-respect, autonomy, and achievement; and external esteem factors such as status, recognition, and attention.
- Self-actualisation: the drive to become what one is capable of becoming; includes growth, achieving one's potential, and self-fulfilment.

As each of these needs becomes substantially satisfied, the next need becomes dominant. The theory would say that although no need is ever fully gratified, a substantially satisfied need no longer motivates. So if you want to motivate someone, according to Maslow, you need to understand what level of the hierarchy that person is currently on and focus on satisfying the needs at or above that level.

Douglas McGregor proposed two distinct views of human beings: one basically negative, labelled Theory X, and the other basically positive, labelled theory Y. After viewing the way in which managers dealt with employees, McGregor concluded that a manager's view of the nature of human beings is based on a certain grouping of assumptions and that he or she tends to mold his or her behaviour toward employees according to these assumptions.

Under Theory X, the four assumptions held by managers are

- Employees inherently dislike work and, whenever possible, will attempt to avoid it.
- Since employees dislike work, they must be coerced, controlled, or threatened with punishment to achieve goals.
- Employees will avoid responsibilities and seek formal direction whenever possible.
- Most workers place security above all other factors associated with work and will display little ambition.

In contrast to these negative views about the nature of human beings, McGregor listed four positive assumptions that he called theory Y: